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

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Altona North, Vic 3025
Australia.

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Sunshine, Vic 3020
Australia.

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Internet: www.gud.com.au

28 September, 2012

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

Dear Sir

In accordance with the Listing Rules, please find attached:

1. Chairman's letter to Shareholders
2. Notice of Annual General Meeting and Explanatory Statement
3. Proxy Form
4. Annual Report to Shareholders – including Directors' Report, Finance Statements, Directors' Declaration, Audit Report and other information required under the Listing Rules.

The package including the Annual Report will be forwarded to shareholders today.

A copy of this year's Annual Report is available on the company's website at www.gud.com.au.

Yours faithfully

Malcolm G Tyler
Company Secretary

Att:

GUD Holdings Limited
ABN 99 004 400 891

000001 000 GUD
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Dear Shareholder,

On behalf of the Board of Directors, it is my pleasure to invite you to attend the Annual General Meeting of Shareholders of GUD Holdings Limited to be held at the RACV Club, Level 17, 501 Bourke Street, Melbourne on Thursday, 1 November 2012 at 11.00am (AEDT).

If you are able to attend the meeting it will facilitate your registration if you bring this letter with you. Should you be unable to attend, you are encouraged to exercise your vote by proxy on the accompanying form. Proxies may be sent by facsimile or post as set out in the details attached to the Notice of Meeting. Alternatively you may choose to avail yourself of the Investor Vote facility included on the Proxy Form.

At the conclusion of the Meeting, you will be able to join with the Directors and staff in light refreshments and view some of the product displays.

I look forward to welcoming you at GUD's Annual General Meeting.

Yours sincerely,

Ross Herron
Chairman

GUD Holdings Limited
ACN 004 400 891

NOTICE OF ANNUAL GENERAL MEETING

The 2012 Annual General Meeting of GUD Holdings Limited (the Company) will be held at the RACV Club, Level 17, 501 Bourke Street, Melbourne on 1 November, 2012 at 11:00am (AEDT) to transact the following business. Registration will commence at 10:30am (AEDT).

1. Financial statements and reports

To receive and consider the Financial Report of the Company and the Reports of the Directors and Auditor for the year ended 30 June 2012.

Ordinary Business

2. Election of Directors

To consider and, if thought fit, to pass the following as separate ordinary resolutions:

2.1 Re-election of Peter Hay

"That Mr Peter Hay, who retires by rotation in accordance with Rule 34(c) of the Company's Constitution, and, being eligible, offers himself for re-election, be re-elected."

2.2 Re-election of Mark Smith

"That Mr Mark Smith, who retires by rotation in accordance with Rule 34(c) of the Company's Constitution, and, being eligible, offers himself for re-election, be re-elected."

2.3 Election of Graeme Billings

"That Mr Graeme Billings, who was appointed as a Non-Executive Director of the Company on 20 December 2011 and, in accordance with Clause 34(b) of the Company's Constitution, holds office as a Director until the conclusion of this meeting and, being eligible, offers himself for election, be elected."

2.4 Election of David Robinson

"That Mr David Robinson, who was appointed as a Non-Executive Director of the Company on 20 December 2011 and, in accordance with Clause 34(b) of the Company's Constitution, holds office as a Director until the conclusion of this meeting and, being eligible, offers himself for election, be elected."

See the accompanying Explanatory Notes for information about the election of Directors.

3. Remuneration Report

To consider, and if thought fit, to pass the following as a non-binding ordinary resolution:

> "That the Remuneration Report for the year ended 30 June 2012 (as set out in the Directors' Report on pages 29 to 37 of the 2012 Annual Report) be adopted."

A voting exclusion statement in relation to this resolution is set out below, in the "Information for Shareholders" section.

(Note: The vote on this resolution is advisory only)

Special Business

4. Approval of Long Term Incentive Equity Plan

To consider, and if thought fit, to pass the following as an ordinary resolution:

"That the following be approved for all purposes under the Corporations Act 2001 (Cth) and the ASX Listing Rules:

- the establishment and operation of the GUD Holdings Limited Long Term Incentive Equity Plan ('Plan'), for the provision of incentives to executives ('Participants'); and
- the grant of Performance Rights, and the subsequent issue or transfer of fully paid ordinary shares in the Company to Participants under the Plan,

each as described in the Explanatory Notes accompanying this Notice of Meeting."

A voting exclusion statement in relation to this resolution is set out below, in the "Information for Shareholders" section.

5. Approval of LTI grant to Managing Director

To consider, and if thought fit, to pass the following as an ordinary resolution:

"That approval is given for the grant of 84,745 Performance Rights to the Company's Managing Director, Mr Ian Campbell, under the Long Term Incentive Equity Plan on the terms summarised in the Explanatory Notes to this Notice of Meeting."

A voting exclusion statement in relation to this resolution is set out below, in the "Information for Shareholders" section.

6. Conditional resolution to hold Director elections at special meeting

To consider, and if thought fit, to pass the following as an ordinary resolution:

"That, subject to and conditional on at least 25% of the votes cast on resolution (3), the adoption of the Remuneration Report, being cast against it:

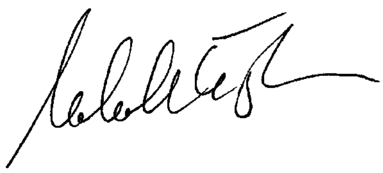
(1) an extraordinary general meeting of the Company (the 'Spill Meeting') be held within 90 days of the passing of this resolution;

(2) all of the Non-Executive Directors in office when the resolution to make the Directors' Report for the financial year ended 30 June 2012 was passed (being R M Herron, P A F Hay, M G Smith, G A Billings and D D Robinson) and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and

(3) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting."

A voting exclusion statement in relation to this resolution is set out below, in the "Information for Shareholders" section.

By order of the Board



Malcolm G Tyler
Company Secretary

Melbourne

20 September 2012

Information for shareholders

Attendance at the meeting
If you are planning to attend the meeting, please bring the Chairman's letter and/or proxy form with you to facilitate registration.

Voting
For the purposes of voting at the meeting, the Directors have determined that persons holding shares in GUD Holdings Limited registered as at 7.00 p.m. (AEDT) on 30 October 2012 will be treated as shareholders of the Company.

Appointment of proxies
A proxy form accompanies this Notice of Annual General Meeting.

A shareholder entitled to attend and vote is entitled to appoint up to two proxies. A proxy need not be a shareholder.

Where a shareholder wishes to appoint two proxies, an additional proxy form may be obtained by contacting the Company's Share Registry. A shareholder appointing two proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints two proxies but fails to specify the proportion or number of votes that each may exercise, each person appointed may exercise half the member's votes. Fractions of votes are to be disregarded.

Generally, the key management personnel (KMP) of the Company (which includes each of the Directors) and their closely related parties will not be able to vote your proxy on Items 3, 4, 5 and 6 unless you have directed them how to vote. The term "closely related party" is defined in the Corporations Act 2001 (Cth) and includes a member of the KMP's spouse, dependant and certain other close family members, as well as any companies controlled by the KMP. If you intend to appoint a member of the KMP as your proxy, please ensure that you direct them how to vote on Items 3, 4, 5 and 6. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him how to vote on Items 3, 4, 5 and 6 by marking the relevant boxes on the proxy form. However, if the Chairman of the meeting is your proxy and you do not mark any of the boxes opposite Items 3, 4, 5 and 6, he will still be able to exercise your proxy as you will be deemed to have expressly authorised him to do so.

The Chairman will vote all available proxies in accordance with the Board recommendations set out in the Explanatory Notes accompanying this Notice of Meeting.

To be valid, the proxy form, and any authority under which the form is signed, must be received by the Company or the Company's Share Registry prior to 11:00am (AEDT) on 30 October 2012.

Vote online:
www.investorvote.com.au

By mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

By hand:
Computershare Investor Services Pty Limited
452 Johnston Street, Abbotsford
Victoria 3067

Alternatively you can fax your form to:
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only:
(custodians) www.intermediaryonline.com

For enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Voting Exclusions

For all resolutions that are directly or indirectly related to the remuneration of a member of the Key Management Personnel (KMP) of the Company (being resolutions in respect Items 3, 4, 5 and 6), the Corporations Act 2001 (Cth) (Corporations Act) restricts KMP and their closely related parties from voting in their own right or as proxies in certain circumstances.

As set out above, closely related party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by the KMP.

In addition, a voting restriction applies in respect of Items 4 and 5 under the ASX Listing Rules.

Item 3

The Company will disregard any votes cast (in any capacity) on Item 3 by or on behalf of a member of the KMP named in the Remuneration Report or that KMP's closely related party unless:

- the vote is cast as proxy for a person entitled to vote on Item 3 in accordance with a direction on the proxy form; or
- the vote is cast as proxy by the Chairman where he has been expressly authorised to exercise the proxy (even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP).

Item 4

The Company will disregard any votes cast on Item 4 in any capacity by the Managing Director (being the only Director entitled to participate in an employee incentive scheme) and any of his associates.

In addition, the KMP of the Company and their closely related parties cannot vote as a proxy on Item 4, unless:

- the vote is cast as proxy for a person entitled to vote on Item 4 in accordance with a direction on the proxy form; or
- the vote is cast as proxy by the Chairman where he has been expressly authorised to exercise the proxy (even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP).

Finally, if any shareholder is an employee of the Company or an associate of such an employee, and wishes to preserve the benefit of the approvals being sought for that employee, the effect of the Corporations Act is that they should not vote on it, or they will lose that benefit except where the vote is cast by that person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form.

Item 5

The Company will disregard any votes cast on Item 5 in any capacity by the Managing Director (being the only Director entitled to participate in an employee incentive scheme) and any of his associates.

In addition, the KMP of the Company and their closely related parties cannot vote as a proxy on Item 5, unless:

- the vote is cast as proxy for a person entitled to vote on Item 5 in accordance with a direction on the proxy form; or
- the vote is cast as proxy by the Chairman where he has been expressly authorised to exercise the proxy (even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP).

Item 6

The Company will disregard any votes cast (in any capacity) on Item 6 by or on behalf of a member of the KMP named in the Remuneration Report or that KMP's closely related party unless:

- the vote is cast as proxy for a person entitled to vote on Item 6 in accordance with a direction on the proxy form; or
- the vote is cast as proxy by the Chairman where he has been expressly authorised to exercise the proxy (even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP).

Reviewing the Annual Report

If you have not received a copy of the Annual Report with this Notice of Meeting you may view the 2012 GUD Annual Report online at the Company's website www.gud.com.au.

Share Registry

Computershare Investor Services Pty Limited
GPO Box 242,
Melbourne Victoria 3001 Australia
Yarra Falls, 452 Johnston Street,
Abbotsford Victoria 3067 Australia

Enquiries within Australia – 1300 850 505
Enquiries outside Australia – +61 3 9415 4000

Website – www.investorcentre.com.au

EXPLANATORY NOTES

Item 1 – Financial statements and reports

The financial statements of the Company and its controlled entities for the year ended 30 June 2012 and the Directors' Report and Auditor's Report are set out in the GUD Holdings Limited Annual Report 2012.

Neither the Corporations Act nor the Company's Constitution requires a vote of shareholders to approve these Reports.

This item is intended to provide an opportunity for shareholders to raise questions on the Reports and on the performance of the Company generally. In addition, a reasonable opportunity will be given to members of the meeting to ask the Company's Auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Item 2 – Election of Directors

Details about the candidates for election to the office of Director are set out below.

Item 2.1 – Re-election of Peter Hay

P A F Hay LLB FAICD (Age 62)

Appointed Non-Executive Director on 26 May 2009. Mr Hay currently serves as Chairman of the Remuneration Committee.

Further details regarding Mr Hay are set out on page 40 of the Annual Report.

Board Recommendation

The Board (excluding Mr Hay because of his interest) unanimously recommends that shareholders vote in favour of the resolution to elect Mr Hay as a Director.

Item 2.2 – Re-election of Mark Smith

M G Smith Dip. Business (Marketing) FAMI CPM FAIM MAICD (Age 57)

Appointed Non-Executive Director on 26 May 2009.

Further details regarding Mr Smith are set out on page 40 of the Annual Report.

Board Recommendation

The Board (excluding Mr Smith because of his interest) unanimously recommends that shareholders vote in favour of the resolution to elect Mr Smith as a Director.

Item 2.3 – Election of Graeme Billings

G A Billings BCom FCA MAICD (Age 56)

Mr Billings was appointed a Non-Executive Director on 20 December 2011 and Chairman of the Audit & Compliance Committee on 1 January 2012.

Mr Billings recently retired from PricewaterhouseCoopers where he was a senior partner in the Assurance practice. He is a former head of the Melbourne Assurance practice as well as heading the firm's Australian and Global Industrial Products business.

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

Further details regarding Mr Billings are set out on page 40 of the Annual Report.

Board Recommendation

The Board (excluding Mr Billings because of his interest) unanimously recommends that shareholders vote in favour of the resolution to elect Mr Billings as a Director.

Item 2.4 – Election of David Robinson

D D Robinson (Age 62)

Appointed Non-Executive Director on 20 December 2011.

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

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

Further details regarding Mr Robinson are set out on page 40 of the Annual Report.

Board Recommendation

The Board (excluding Mr Robinson because of his interest) unanimously recommends that shareholders vote in favour of the resolution to elect Mr Robinson as a Director.

Item 3 – Remuneration Report

The Corporations Act requires a non-binding resolution to be put to shareholders for the adoption of the Remuneration Report. The Remuneration Report is set out on pages 29 to 37 of the GUD Holdings Limited Annual Report for the year ended 30 June 2012 and is also available from the Company's website (www.gud.com.au).

In accordance with the Corporations Act, the shareholder vote on this resolution is advisory only and does not bind the Directors of the Company. However, as explained below, the outcome of the vote could have consequences for the Board. In any event, the Board will take the discussion on this resolution and the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

The Remuneration Report provides information about:

- remuneration governance;
- executive remuneration strategy and structure;
- details of the remuneration for the Managing Director and senior executives; and
- the link between performance and remuneration outcomes.

As outlined in the Remuneration Report, the Company's remuneration strategy is designed to attract, retain and motivate appropriately qualified and experienced directors and senior executives and to ensure that the Company is 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 Company.

In brief, the Company's executive remuneration framework provides a mix of fixed and variable remuneration and has three components:

- fixed remuneration;
- short-term incentives (STI); and
- long-term incentives (LTI).

The aim of the Board is to increase gradually the 'at risk' components of executives' remuneration relative to fixed remuneration, with an ultimate goal of having around 40% of total remuneration 'at risk' (i.e. comprised of STI and LTI).

The "two strikes rule"

Last year, new laws on executive remuneration were introduced, including the "two strikes rule". Under the two strikes rule, if more than 25% of the votes cast on the resolution to adopt the Remuneration Report are "against" the resolution, the company receives a "strike".

At last year's AGM, around 43%of the votes cast in respect of the resolution to adopt GUD's 2011 Remuneration Report were voted against that resolution. Accordingly, the Company received a "first strike".

If the votes cast against this year's resolution to adopt the 2012 Remuneration Report again exceed 25% of the total votes cast, the Company will receive a "second strike". If a company receives two strikes, it is required to put a resolution to the meeting to determine whether the Company's Directors (who were in office at the time the 2012 Remuneration Report was approved) will need to stand for re-election at a special meeting.

As a result of this, this Notice of Meeting includes a "conditional" resolution (Item 6). This resolution will be put to the meeting, but even if it is passed, it will only become effective if, on the basis of the formal results of the poll, it is evident that the Company has received a second strike. Further detail is included in the Explanatory Notes to Item 6.

Review of remuneration practices

As foreshadowed at last year's Annual General Meeting, we have undertaken a comprehensive review of our remuneration strategy and framework for the Managing Director and senior executives with assistance from external advisors. Throughout the process, we have consulted with shareholders and other stakeholders and our new remuneration arrangements take into account their views.

Key changes are set out in the Remuneration Report itself but we would also like to highlight two of them here.

- A new Long Term Incentive Equity Plan (the subject of Item 4 of this Notice of Meeting) has been developed and will be implemented subject to shareholder approval being obtained. The new equity plan will replace the current cash incentive LTI program and will incorporate a performance hurdle that is consistent with market practice and that will drive company performance.

- The Managing Director's remuneration level has been revisited. In particular, we have determined that his fixed remuneration will remain frozen for the 2012/2013 financial year. The components of the total remuneration package will be adjusted to provide a greater emphasis on variable performance-based remuneration.

Members will be given a reasonable opportunity at the AGM to ask questions about, and make comments on, the Remuneration Report and the Company's remuneration arrangements.

The Board believes that the Company's remuneration arrangements, as set out in the 2012 Remuneration Report, are fair, reasonable and appropriate and support the strategic direction of the Company.

The voting exclusion statement for this resolution is set out on page 4 of this Notice of Meeting. Please refer to the Information for Shareholders in relation to important information relating to voting on this item.

Board Recommendation

The Board unanimously recommends that shareholders vote in favour of this resolution.

Item 4 – Approval of Long Term Incentive Equity Plan

The Company is seeking shareholder approval for a new employee share plan, the GUD Holdings Limited Long Term Incentive Equity Plan (**Plan**), which will replace the current cash incentive LTI program.

The Company's remuneration structure aims to align long term incentives for senior executives with the delivery of sustainable value to shareholders. This alignment of interests is important in ensuring that executives are focused on delivering sustainable returns to shareholders, while allowing the Company to attract and retain executives of a high calibre. The Plan aims to link the long term remuneration of executives with the economic benefit derived by shareholders over a three year period and will, subject to shareholder approval, form part of the Company's overall remuneration strategy.

The Plan is being introduced following a review of the Company's remuneration strategy and to address concerns raised about the current cash incentive LTI program.

A summary of the rules for the Plan is set out below. The Rules set out the general terms under which equity grants will be made. An equity grant under the Plan is subject to both the Rules and the terms of the specific grant as set out in an individual participant's offer documents. The proposed terms (including the vesting/performance conditions) of the grants proposed for the current financial year are set out below.

In the future, it is proposed that grants will be made annually at the commencement of each financial year. The Board will have discretion to make grants at other times, including on the commencement of employment by a person deemed by the Board to be eligible to participate in the Plan. While the Plan Rules provide the Board with flexibility in the design of the annual offer, the Board currently intends to make future offers on terms consistent with the terms of the offer proposed for the current financial year.

Reasons for seeking approval

Shareholder approval of the Plan is sought for all purposes under the Corporations Act and the ASX Listing Rules, including but not limited to ASX Listing Rule 7.2 (exception 9), so that any shares issued under the Plan will be excluded from the calculation of the maximum number of new shares that can be issued by the Company in any 12 month period (currently 15% of shares previously on issue) for a period of 3 years from the date of approval.

Summary of key terms of the Plan

The Board is responsible for administering the Plan in accordance with the Plan Rules and the terms and conditions of the specific grants to participants in the Plan. The key terms of the Plan are as follows:

Securities offered	Grants made under the Plan may take the form of rights to receive fully paid ordinary shares in the Company (**Performance Rights**) or options over fully paid ordinary shares in the Company (**Options**) (together referred to as "Incentive Securities").
Eligible to participate	The Board has the discretion to determine who is eligible to participate in the Plan from time to time. An Eligible Employee is defined broadly in the Plan Rules as an employee of the Group (including a director employed in an executive capacity) or any other person who is declared by the Board to be eligible to receive a grant of Incentive Securities under the Plan.
Vesting/performance conditions	The vesting of Incentive Securities will be subject to satisfaction of vesting/performance conditions as determined by the Board and advised to the participant at the time of the grant. This allows the Company to tailor the conditions applying to a grant to reflect the Company's circumstances from time to time and market practice as it evolves. Upon vesting of Incentive Securities, participants will become entitled to fully paid ordinary shares in the Company (**Shares**). The Board can decide whether to purchase Shares on-market or issue new Shares for the purposes of the Plan.

Price	Unless the Board determines otherwise, no payment is required by the participant for the grant of an Incentive Security, as the grant will constitute part of the participant's remuneration. The Board may determine that an exercise price is payable to exercise an Option.
Lapse of unvested Incentive Securities	Unvested Incentive Securities may lapse on the earliest of: • in the case of Options, the date of expiry of the exercise period; • the participant dealing in respect of an Incentive Security in contravention of the Plan Rules; • the Board determining that the participant has acted fraudulently or dishonestly or acted in a way that brings the Group or any company within the Group into disrepute or breached his or her employment obligations; • at the Board's discretion, on cessation of employment in certain circumstances, or upon a change of control of the Company in certain circumstances; • failure to meet a performance condition applicable to the Incentive Security within the prescribed period; or • where the participant elects to surrender their Incentive Securities by written notice to the Company.
Cessation of employment	Unless the Board determines otherwise, where a participant ceases employment before their Incentive Securities have vested or become exercisable due to: • termination for cause - all Incentive Securities held by the participant will lapse or be forfeited (as the case may be); or • for any other reason – all Incentive Securities held by the participant will remain on foot, subject to the original performance conditions and will be tested in the ordinary course. The Board has discretion to determine an alternative treatment for a particular grant and/or participant. This discretion may be exercised by the Board in appropriate circumstances to accelerate vesting of some or all of a participant's Incentive Securities so that they vest on termination.
Treatment of unvested Incentive Securities on a change of control	In the event of a Takeover Bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in Control of the Company (**Change of Control Event**), the Board has the discretion to determine that vesting of some or all of a participant's Incentive Securities should be accelerated. If the Board determines that only some of a participant's Incentive Securities will vest, any Incentive Securities that remain unvested will remain on foot, unless the Board determines otherwise. Under the Plan Rules, the Board has the discretion to determine, in respect of specific offers, an additional or different treatment that will apply to unvested Incentive Securities where a Change of Control Event occurs.
Adjustment of Incentive Securities	In the event of any capital reconstruction or a bonus issue or rights issue by the Company, the Company may adjust the terms of the Incentive Securities granted to a participant so as to ensure no material advantage or disadvantage to the participant. If shares are offered pro-rata for subscription to the Company's shareholders generally by way of a rights issue prior to the vesting and/or exercise (where applicable) of any Incentive Securities, the Board may in its discretion adjust the number of Incentive Securities or Shares to take account of the rights issue. The Board would have regard to relevant ASX Listing Rules in determining any such adjustment and, for example, in determining the number of securities represented by a Incentive Security following a discounted rights issue, the Board would take into account the principles underlying ASX Listing Rule 6.22 when calculating the forgone value of the opportunity to participate in the discounted rights issue.
Restrictions on dealing	The Board may impose any restriction as to disposal or other dealing by the participant for any period in respect of any Shares allocated upon vesting and/or exercise (where applicable) of the Incentive Securities, either as part of the terms and conditions at grant or at any time after the grant but prior to exercise (in the latter case, only with the participant's consent).
Administration of the Plan	The Plan is to be administered by the Board in accordance with the Rules. The Board may delegate its powers or discretions under the Rules to a committee, a related body corporate of the Company or a third party, for such periods and on such conditions as the Board thinks fit.

Other terms applicable to proposed grants

Incentive Securities will not attract dividends or voting rights until they vest and are exercised and Shares are allocated (whether or not the Shares are subject to non-disposal restrictions). A participant may not sell, assign, transfer or otherwise deal with, or grant a security over, unvested Incentive Securities. A participant is prohibited from entering into any arrangement to hedge or otherwise affect their economic exposure to their unvested Incentive Securities.

The voting exclusion statement for this resolution is set out on page 4 of this Notice of Meeting. Please refer to the Information for Shareholders in relation to important information relating to voting on this item.

Board Recommendation

The Board (with Mr Campbell abstaining) recommends that shareholders vote in favour of this resolution.

Item 5 - Approval of LTI grant to Managing Director

In accordance with ASX Listing Rule 10.14, shareholder approval is being sought for the proposed grant of 84,745 Performance Rights to the Managing Director, Mr Campbell under the new Long Term Incentive Equity Plan ('Plan') (as described in Item 4) and on the terms set out below.

The proposed grant of Performance Rights to the Managing Director is part of his LTI opportunity for the 2012/2013 financial year. The number of Performance Rights was calculated by applying the formula:

= BS x 60% / VWAP, where

BS is the Base Salary of the Managing Director in FY13, namely $1,180,264

VWAP is the volume weighted average price of GUD shares calculated over the 21 trading days in June 2012, in this case $8.3563, immediately prior to the commencement of the three year performance measurement period

Approval is being sought to allow the Company flexibility to either issue new shares or purchase shares on market for allocation to Mr Campbell upon vesting and exercise of the Performance Rights.

Information on the general operation of the Plan is set out in Item 4 above.

If the applicable vesting conditions attaching to the Performance Rights are satisfied, Mr Campbell will be allocated fully paid ordinary shares in the Company. Performance Rights do not carry any dividend or voting rights prior to vesting and exercise.

As the Performance Rights will form part of the Managing Director's remuneration package, they will be granted at no cost to him.

If approved, the Performance Rights will be granted shortly following this Annual General Meeting (and, in any event, no later than 12 months after the meeting or any adjournment of the meeting).

Performance conditions

The performance conditions will be measured over a three year period commencing at the beginning of the relevant financial year. Vesting will be determined by measuring the Company's Total Shareholder Return ('TSR') relative to a comparator group.

TSR measures the growth in the price of shares plus cash distributions notionally reinvested in shares. In order for any of the Performance Rights to vest, GUD's TSR must be equal to or greater than the median TSR performance of the comparator group.

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

The proportion of the grant of Performance Rights that vests will be 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

Other information relating to the LTI grant

- Mr Campbell is the only Director of the Company entitled to participate in the Plan.
- There is no loan scheme in relation to the Plan.
- No securities have as yet been received by anyone under the Plan (as it is a new Plan for which shareholder approval is being sought at this Meeting).

The voting exclusion statement for this resolution is set out on page 4 of this Notice of Meeting. Please refer to the Information for Shareholders in relation to important information relating to voting on this item.

Board Recommendation

The Board (with Mr Campbell abstaining) recommends that shareholders vote in favour of this resolution.

Item 6 – Conditional resolution to hold Director elections at special meeting

This resolution will be put to the meeting in the usual course. However, even if it is passed, it will only become effective if, based on the formal results of the poll, it is clear that more than 25% of the votes cast on Item 3 are against the adoption of the 2012 Remuneration Report and, accordingly, that the Company has received a “second strike”.

If this resolution is passed, and becomes effective based upon the results of the poll on Item 3, then it will be necessary for the Board to convene a further general meeting (“Spill Meeting”) of the Company within 90 days of the AGM in order to consider the composition of the Board.

If a Spill Meeting is held, the following Directors will automatically vacate office at the conclusion of the Spill Meeting unless they are willing to stand for re-election and are re-elected at that meeting:

- R M Herron
- P A F Hay
- M G Smith
- G A Billings
- D D Robinson

Even if Mr Smith, Mr Hay, Mr Billings and Mr Robinson are elected at this year’s AGM, they will still need to be re-elected at the Spill Meeting to remain in office after the Spill Meeting.

The total cost to the Company of holding a Spill Meeting is expected to be approximately $75,000. Further, holding a Spill Meeting would cause significant disruption to the running of the Company as a result of management distraction, the time involved in organising such a meeting and the diversion of resources.

The Explanatory Notes to Item 3 contains further information relevant to this item of business.

The voting exclusion statement for this resolution is set out on page 4 of this Notice of Meeting. Please refer to the Information for Shareholders in relation to important information relating to voting on this item.

Board Recommendation

The Board unanimously recommends that shareholders vote against this resolution on the basis that it would be extremely disruptive to the Company.

GUD Holdings Limited

ABN 99 004 400 891

⊢ 000001 000 GUD
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

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Proxy Form

Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au

- ☑ **Cast your proxy vote**
- ☑ **Access the annual report**
- ☑ **Review and update your securityholding**

Your secure access information is:
Control Number: 999999

SRN/HIN: I9999999999 **PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 11:00am (AEDT) Tuesday, 30 October, 2012

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose (except in relation to items 3, 4, 5 and 6 where you have appointed a member of the key management personnel of the Company or one of their closely related parties as your proxy, in which case there are additional restrictions explained below). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Default to the Chairman of the Meeting: Any directed proxies that are not voted on a poll at the meeting will automatically default to the Chairman of the Meeting, who is required to vote proxies as directed.

Proxy voting by key management personnel: The key management personnel of the Company and their closely related parties will not be able to vote your proxy on items 3, 4, 5 or 6 unless you direct them how to vote. If you intend to appoint a member of the key management personnel or one of their closely related parties as your proxy, please ensure that you direct them how to vote on these items. If you intend to appoint the Chairman of the Meeting as your proxy, you can direct him how to vote by marking the boxes for items 3, 4, 5 and 6.

However, if the Chairman of the Meeting is your proxy and you do not mark any of the boxes opposite these items, he will still be able to exercise your proxy as you will be deemed to have expressly authorised him to do so.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate “Certificate of Appointment of Corporate Representative” prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE,
or turn over to complete the form ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

I 9999999999 I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of GUD Holdings Limited hereby appoint

☐ **the Chairman of the Meeting** **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of GUD Holdings Limited to be held at the RACV Club, Level 17, 501 Bourke Street, Melbourne on Thursday, 1 November, 2012 at 11.00am (AEDT) and at any adjournment of that meeting.

IMPORTANT NOTE:
Chairman authorised to exercise proxies on remuneration related resolutions (Items 3, 4, 5 and 6): Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of Item/s 3, 4, 5 and 6 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my/our proxy even though Item/s 3, 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel.

The Chairman of the Meeting intends to vote all available proxies in favour of all items of business with the exception of Item 6, where he will be voting Against.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

		For	Against	Abstain
Item 2.1	Re-election of Peter Hay	☐	☐	☐
Item 2.2	Re-election of Mark Smith	☐	☐	☐
Item 2.3	Election of Graeme Billings	☐	☐	☐
Item 2.4	Election of David Robinson	☐	☐	☐
Item 3	Remuneration Report	☐	☐	☐
Item 4	Approval of Long Term Incentive Equity Plan	☐	☐	☐
Item 5	Approval of LTI grant to Managing Director	☐	☐	☐
Item 6	Conditional resolution to hold Director elections at special meeting	☐	☐	☐

Important for Item/s 3, 4, 5 and 6 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default
If you wish to give the Chairman of the Meeting specific voting directions on Item/s 3, 4, 5 or 6, you should mark the appropriate box/es opposite Item/s 3, 4, 5 or 6 (directing him to vote 'for', 'against' or to 'abstain' from voting). If you have appointed the Chairman of the Meeting as your proxy (or the Chairman of the Meeting becomes your proxy by default), and you do not mark the box/es above, you are expressly authorising the Chairman of the Meeting to vote in favour of Item/s 3, 4 and 5 and against Item 6 (see Step 1 above).
The Chairman of the Meeting intends to vote all available proxies in favour of each item of business with the exception of item 6 where the Chairman of the Meeting will be voting Against.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ____________________ **Contact Daytime Telephone** ____________________ **Date** ___ / ___ / ___

GUD HOLDINGS ANNUAL REPORT 2012

CONTENTS

2011/12

SIGNIFICANT RESULTS AND ACTIONS 2011/12

- Sales grew to $609.1 million, including a full 12-months' contribution from Dexion.
- The 19.4% stake in Breville, acquired in May 2009, was sold in February 2012, for a net gain of $49.4 million.
- Underlying EBIT declined 9%, due to the effects of challenging market conditions affecting the Consumer businesses and prolonged wet and cold conditions reducing demand for Davey's product range.
- The group had a strong balance sheet position at year-end with net debt at $17.4 million, down from $102.1 million at 30 June 2011.
- Following the strength of financial position afforded by the Breville share sale, a special cash dividend of 35 cents per share fully franked was declared.
- Further opportunities to improve the operational performance of the Dexion business were identified and instigated during the year.

STRATEGIC DIRECTION GUD Holdings is the manager of a diversified portfolio of branded products and services companies. The Group consists of four business segments – Consumer, Automotive, Water and Industrial. Within these segments resides one of the premier collections of brands in the Asia-Pacific region. ○ GUD's Consumer business comprises the market-leading Sunbeam and Oates brands, in small electrical appliances and cleaning products respectively. The Automotive segment manages the two leading brands in aftermarket automotive filtration – Ryco and Wesfil, while in Water GUD is privileged to own and manage Davey, an Australian heritage brand. ○ The Industrial business consists of Lock Focus, a niche brand in the security industry, and Dexion, a leader in storage solutions for industrial and commercial facilities in Australia, New Zealand, Asia and the Middle East. ○ GUD's principal aptitudes are in product design and development, supply chain optimisation, product sourcing and, importantly, brand management. ○ GUD fervently believes in the importance of its brands having enduring ties with their respective target audiences; it is the Group's brands that provide the platform for sustained financial success. ○ The Group's principal objectives are to produce long-term shareholder returns above the cost of capital and to maximise the value of its most important asset – its brand portfolio.

Chairman and Managing Director's Review

The widely publicised headwinds that slowed economic activity in the non-mining sector of the Australian economy had a major influence on GUD's trading performance in the 2011/12 financial year.

Trading conditions in the consumer businesses – Sunbeam and Oates – were challenging and extremely competitive as retail customers and competitive brands fought to retain unit volumes and market shares.

Davey was faced with a second consecutive year of relatively wet weather patterns across most regions of Australia and this manifested in further reduced demand for key products in its range, especially swimming pool equipment, firefighting pumps and farm irrigation pumps.

Similar to the consumer businesses, Ryco and Wesfil competed for slowly growing market volumes in an environment of extreme competitive pressure. The strength of the Ryco and Wesfil brands, which hold the number one and two positions in the filtration aftermarket respectively, showed through as both gained market share in this aggressive setting.

The Industrial division of Dexion experienced an order shortage that continued from the previous financial year until November 2011 when customers began committing to major projects that had been delayed for some time. As a result, by January 2012 Dexion's order bank had grown to its healthiest level experienced in some years and the flow of orders since has retained that strong order balance into the 2012/13 financial year.

In the context of the trading conditions detailed above, the financial performance reported for 2011/12 was essentially solid. Highlights of that performance were:

1. Sales growth of 3% on the prior year's level to a record $609.1 million. The 2011/12 year included a full 12 months' contribution from Dexion whereas in 2010/11 Dexion was included for only 10 months following its acquisition by GUD.
2. An uplift in sales occurred in Automotive and Industrial while Consumer and Water reported sales declines for the reasons noted above.
3. Reported net profit after tax was a record $92.8 million and this included a post-tax contribution of $49.4 million from the sale of the Breville shareholding.
4. Underlying net profit after tax declined 10% to $44.1 million from the prior year, but it should be noted that $3.1 million of Breville dividends were relinquished due to the sale of the stake. With this included underlying net profit would have declined only 4%.
5. Operating cash flow declined 16% to $56.9 million, principally due to payment of restructuring costs in Dexion that were provided for in the previous financial year.
6. A continuation of the recent record of solid, year-end balance sheet positions. The sale of the Breville shares enabled GUD to improve its year-end net debt position to a level of only $17.4 million compared with $102.1 million at the prior year-end. This strong position provides the Group with a number of future capital management options, which could include further special cash dividends, share buy-backs or investments in acquisition opportunities.
7. A total of $1 per share was declared in dividends over the year, consisting of 65 cents per share in ordinary dividends and 35 cents per share in the special cash dividend. All dividends were fully franked, providing shareholders with tax-effective rewards for maintaining their interest in, and support for, the GUD group.

In many ways the 2011/12 year was similar to the prior year, with the exception that trading conditions became increasingly more competitive. For the second consecutive year GUD benefited, in net terms, from the strong Australia dollar.

As a net importer of products which are sourced predominantly from China in US dollars, GUD's businesses, especially Sunbeam, Oates, Ryco and Wesfil, received margin benefits from the strong local currency. In 2011/12 some of this short-term benefit was invested in activities that supported the brands in an environment in which customers were actively engaged in strategies aimed at growing their own brands. This move to a heightened focus on house brands has been reported widely insofar as it relates to the Australian grocery trade, but it is also occurring in mass merchants, electrical specialists and department stores.

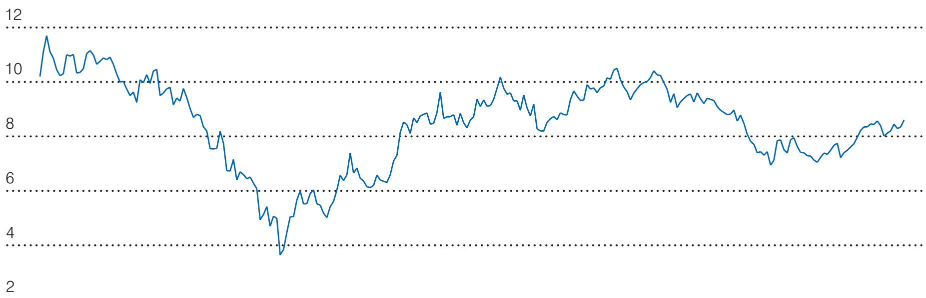
Not only are product markets becoming more competitive through increasing housebrand presence, but additional pressure is bearing down on home-grown brands from the growing presence of international brands. These have been around for some time but their search for growth has turned to the Asian Pacific economies as their home markets, especially in Europe, suffer from recessionary conditions.

The principal element to continued financial success in this environment is a strong brand. GUD is fortunate to possess a stable of market-leading brands that, while not immune to competitive actions and pressures, at least provide the basis for sustainable competition as long as those brands are managed sensibly and logically.

GUD conducts annual brand health surveys across the brands in its portfolio and the results of these confirm the high regard in which these brands are held by their respective target audiences. However, brands cannot be left unattended; they require active management, ongoing investments in new products and in marketing communications to maintain the interest of the target audience, so that they believe it is worthwhile purchasing a quality branded offer instead of a lesser housebrand offer.

Over time GUD's businesses have been active on all these fronts with their respective brands and will remain so into the future.

GUD closed the 2011/12 financial year in a particularly strong financial position. This position, which included an extremely low gearing level, was assisted by the sale of the 19.4% shareholding in Breville Group. This shareholding provided the basis for the proposed acquisition of Breville in the 2009/10 year, which was subsequently opposed by the ACCC.



Share price performance GUD Holdings ($A) July 2007–June 2012

With little prospect of acquiring Breville in the future, GUD liquidated the shareholding in February 2012. The strength of financial position that this has resulted in, has permitted the payment of the 35 cents per share special cash dividend previously mentioned. It also provides GUD with capital management flexibility into the future.

People, Health and Safety

GUD employed 1,590 people at 30 June 2012 compared with 1,576 at the end of the prior year. There were no major acquisitions or divestments during the year and no significant restructuring activities to affect employee numbers.

The Company continued its emphasis on health and safety in the workplace through the Group Occupational Health and Safety Steering Committee. Representatives from each business meet monthly to review policies and procedures and general matters relating to health and safety.

This year's focus has been on reinforcing GUD's culture, health and safety management and reporting requirements into Dexion. This program extends beyond Australia and New Zealand to include Dexion's operations in China and Malaysia.

Over the year the other GUD businesses maintained their record of low lost time injuries and continued to look for innovative ways to refresh the safety message. A system of internal peer group audits occurs across all major sites in the Group, with businesses encouraged to conduct similar audits at smaller interstate sites.

For many years GUD's businesses have been reporting on a number of lead safety performance measures; a focus on these and other important indicators assists in enabling the maintenance and extension of the strong health and safety culture amongst all Group employees.

Sustainability

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

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

GUD views sustainability on two levels:

1. striving to design and make more environmentally sustainable products, in terms of efficiency and materials usage; and
2. auditing the Group's manufacturing and distribution operations and processes to optimise performance.

During the year the Group moved to formalise the integration of these programs by establishing a number of cross-functional teams within the businesses to collect and analyse data, identify Group-wide sustainability objectives and opportunities, and to devise and implement action plans at Group level and at individual business level.

We will provide information about these initiatives on a separate sustainability reporting page at **www.gud.com.au**.

Board

During the year, two longstanding directors of GUD completed their service with the Company and retired from the Board.

Clive Hall, Chairman since April 2004, retired in December 2011. Clive served a total of just over 12 years as a Non-Executive Director on GUD's Board, having been appointed in September 1999. Through this period Clive has been instrumental in the successful progression of the business, which has almost doubled its sales revenue and improved its underlying EBIT threefold.

$609.1M

Record level of sales, up 4% on the prior year

$17.4M

Year end net debt position

2%

Uplift in full year dividend to 65 cents per share fully franked

Roger Wodson, the Group's Finance Director, was part of this transition for almost the same length of time as Clive. Roger joined in February 2000 as Chief Financial Officer, was appointed to the Board in June 2001 and also retired at the end of calendar year 2011. Roger actively participated in the numerous restructuring and acquisition initiatives over his tenure, and it is these activities that have underpinned the growth in GUD's financial performance since the turn of the millennium.

Clive and Roger are thanked for their substantial contributions to GUD's recent success.

Future Direction

The continued prosperity of GUD remains steadfastly based on consistent, active management of the Group's unique and unsurpassed portfolio of market-leading brands. Strong brands provide the platform for sales revenue growth and for superior margin generation.

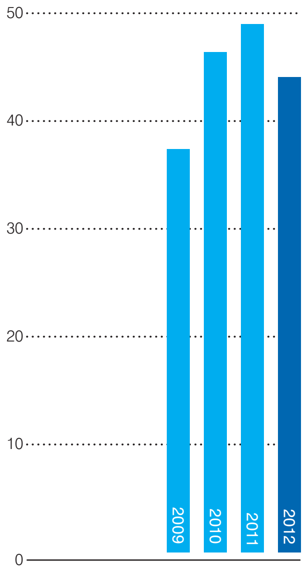
Effective brand management involves working continually to improve product and service offerings. A strong culture of innovation is in place in all businesses, spanning products, processes and technologies. New products drive sales growth and brand strength provides margin support.

As much as brands are important for sales growth and margin generation, an entrenched culture of active cost control ensures GUD's businesses remain competitive in all served markets. Attendant to this is a continual focus on working capital management consistent with the Group's Cash Value Added Principles.

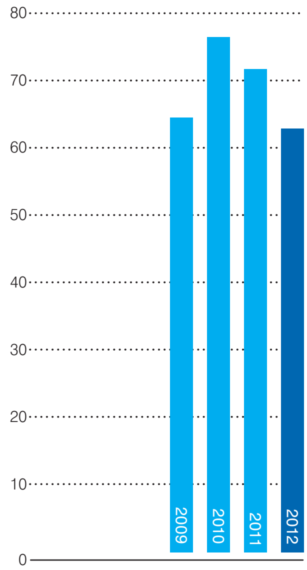
The Board and Management remain firm in the belief that strong brand management, tight cost control and application of Cash Value Added Principles combine to ensure that superior shareholder returns will be generated over the long term.

R M Herron Chairman of Directors

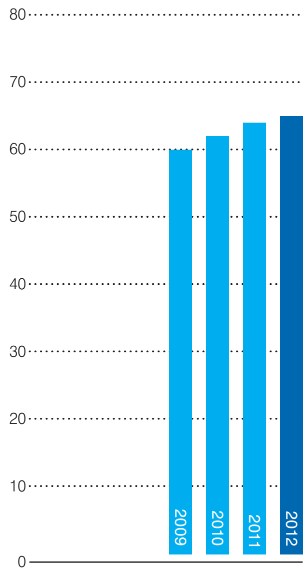
Ian Campbell Managing Director



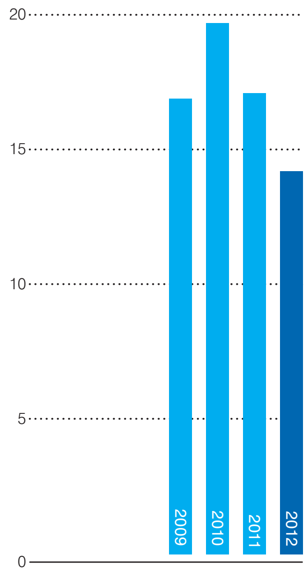
Underlying profit after tax
$ million



Underlying earnings per share
cents



Dividends declared per share
cents



CVA return
%

$49.4M

Net gain from sale of Breville shareholding

35 cents per share

Special cash dividend paid

Summary of Operations

CONSUMER PRODUCTS

Sunbeam

Products

Small electrical appliances – Café Series® range of commercial quality, high-performance household products, electric blankets, toasters, kettles, irons, food preparation appliances, espresso machines, cooking appliances

Significant Events

Continued sponsorship of *MasterChef®* Australia resulting in improved Sunbeam brand health

New television commercials developed and aired during *MasterChef®* season

Repositioned product pricing to maintain competitiveness

Maintained market-leading position

Launched new premier products – planetary Mixmaster®, Café Series kettle and new espresso machine

Future Direction

Continue with aggressive new product launch program, especially for Christmas 2012

Continue to actively manage the supplier base to ensure products match Sunbeam's quality standards and delivery schedules

Invest in new products and new marketing programs to support the position of the Sunbeam brand and to drive future profit growth

Oates

Products

Cleaning products including janitorial and chemicals. Mops and buckets, brushware, cloths and wipes, scourers and sponges, Research Chemicals and Citrus Resources speciality cleaning chemicals

Significant Events

Maintained leadership in Australian cleaning products industry

Developed retail citrus chemical product range that was launched late in the year

Maintained market leadership in grocery sector in face of growing housebrand competition

Future Direction

Maximise returns from retail chemical range

Maintain focus on product innovation and design

Continue to seek growth through complementary acquisitions

WATER PRODUCTS

Depend on Davey Water Products

Products

Davey water pumps and associated equipment including salt water chlorinators, swimming pool filters, Rainbank® controllers, Firefighter® pumps, Steriflo UV water treatment units, Filterpure cartridge filtration and Microlene water purifiers

Significant Events

Experienced second consecutive year of reduced demand due to prolonged wet and cool weather in Australia

Export sales and margins affected by strength of Australian dollar

Maintained tight control over costs and balance sheet, limiting profit decline from sales loss

Significant new product launches in second half and into FY13

Future Direction

New products to drive revenue and margin growth

Positioned well to benefit from upturn in demand when weather improves

Build the business in the Australia water treatment segment with new product offerings

Build market share in swimming pool market with new products and new customers

INDUSTRIAL PRODUCTS

LOCKFOCUS

Products

Locking systems and other security products including Lock Focus garage door locks, metal furniture locks, caravan and 4WD locking systems, *rosslinear*® electronic access products and Kiroo electrical cabinet hardware

Significant Events

Market conditions tough over the year in a number of targeted growth segments

Many customers moved to three or four-day weeks reflecting underlying demand conditions

Product margins held and costs were tightly controlled

Future Direction

Continue to seek growth avenues for electronic locking systems

Continue to develop business in window and door original equipment manufacturing segment

Continue to invest in new product development for other identified growth markets

DEXION®

Products

Industrial and commercial storage equipment and associated whole-of-project management, Dexion warehouse racking and automated systems, Dexion office commercial fit out equipment and services, Elite Built filing cabinets and office storage equipment, Compactus® mobile storage units

Significant Events

First full financial year under GUD ownership

Substantial order flows commenced November 2011 for the warehouse racking business following a prolonged order shortage

Commercial business experienced low demand in the reseller segment of the market

Further restructuring of Commercial announced to position it successfully in the future

Product harmonisation program completed and launched in the warehouse racking business

Future Direction

Complete transition of Commercial business to full outsourced structure

Capitalise on the benefits generated through the product harmonisation program

Service existing order bank in line with project schedules

Continue with internal improvement programs to improve profit margins

Implement brand architecture direction for Dexion brand

AUTOMOTIVE PRODUCTS

RYCO FILTERS

GOSS QUALITY PRODUCTS

WESFIL

Products

Automotive aftermarket products – automotive oil, air, fuel, cabin air and transmission filters, fuel pumps, engine management replacement parts, automotive service consumables

Significant Events

Wesfil continued to provide the principal contribution to growth

Ryco increased market share in both Australia and New Zealand

Ryco Australia relocated to new purpose-built premises late in the year

Planned for major revamp and relaunch of the Goss engine parts brand

Future Direction

Continue Ryco's successful marketing programs directed to motor mechanics and workshops

Continue Wesfil's successful responsive-service approach to the market

Consolidate Ryco Australia's operations in the new facility

The Consumer segment of GUD's portfolio comprises two market-leading and well-regarded brands – Sunbeam and Oates.

Consumer

David Jackson
Chief Executive Officer
Sunbeam Corporation Ltd

Christine Johnston
General Manager
Sunbeam Corporation Ltd (NZ)

Performance Summary

	2012 $'000	2011 $'000
Segment Sales	219,164	235,880
Underlying Segment Profit	32,675	38,847
Segment Assets	121,912	123,298

Sunbeam has been a leader in the Australian and New Zealand household small appliances market since the 1950s, when it established its presence with innovative products including the Sunbeam Mixmaster® and the versatile electric frypan.

Oates has been established in the Australian cleaning products sector since early in the 20th century. It holds a unique position in the market having a strong franchise with both professional cleaners and Australian householders and accesses these users through a blend of industrial/commercial distributors and traditional retail outlets such as supermarkets, hardware stores and mass merchants.

Competitive conditions in the appliances and cleaning products sectors led to a 7% decline in sales in 2011/12. Underlying EBIT was down 15% on the prior year to $33.0 million, but with tight management of gross profit margins assisted by the Australian dollar, and diligent control on overhead costs, the EBIT/sales margin declined only slightly to 15%.

Despite the drop in sales and EBIT, the level of profit margin and the Cash Value Added Return generated remain well ahead of most comparable businesses.

SUNBEAM

The small appliances market has been one of the standouts for retailers operating in the broader electrical consumer products category. In both Australia and New Zealand small appliances have not suffered the same degree of price erosion that has occurred on flat panel televisions and digital cameras, in particular.

However, despite this relative performance, trading conditions for brands within small appliances have not been without their challenges. Most individual product categories in small appliances, of which there are in excess of 30, have seen an increasing incidence of retailer own-brands and of category specialists.

When combined, these trends have worked to place extraordinary pressures on broadly-based brands such as Sunbeam. To retain its market presence Sunbeam repositioned pricing across a number of core product categories and this was successful in the business reporting stable unit sales volume over the year and the maintenance of its long-standing market leadership position in Australia.

The electrical retailing industry in Australia has been undergoing substantial structural change for some years and these trends continued in 2011/12. Consumers are moving away from traditional independent electrical specialists and department stores and purchasing appliances in mass merchants and chain specialists.

In addition to this, newer forms of distribution channels are emerging, such as supermarkets and internet retailers.

Along with changing consumer preferences and needs, the increasing brand competition and changing retail structures provide existing brands with significant extrinsic challenges.

The ability to read consumers' future needs, to design and develop products to meet those needs and to get those products to market in a timely fashion and through relevant distribution channels, have become the critical skills for ensuring longevity in this industry.

Any major brand like Sunbeam must have an extensive and robust new product development program. Sunbeam continues to invest heavily in supporting a substantial product development resource to deliver to the market products with new features, contemporary design elements, utilising new and environmentally-friendly materials.

The business is supporting its product innovation initiatives with relevant market support activities. In Australia, Sunbeam has been the major small appliance sponsor of the hugely successful *MasterChef*® program which has screened for four seasons on the Ten Network. Through this sponsorship, Sunbeam has benefited from extensive exposure of its food preparation products in working situations, while also connecting more broadly with a younger target audience.

In the 2012 *MasterChef*® season Sunbeam developed and aired new television commercials showcasing three new Café Series® products which were launched over the broadcast period. The business has in place a progressive new product program for the second half of calendar 2012, following on from the launch of the new Café Series® espresso machine, planetary Mixmaster® and variable temperature kettle.

David Birch
Chief Executive Officer
E D Oates Pty Ltd

OATES

Despite its broad spread of customer types – including grocery, hardware and mass merchant retailers along with commercial and industrial cleaning products suppliers – Oates was affected by the intensely competitive conditions that characterised the retail industry over the last financial year.

It has become clear that consumers have changed their shopping behaviour and, despite what appears to be never-ending discount-led promotions, consumers have tired of these and are purchasing only those items they absolutely need.

The pressures for price-led promotions along with the loss of ranging at a major mass merchant retailer due to its pursuit of a housebrand strategy, led to Oates experiencing a drop in sales over the 2011/12 year. However, a strong focus on product cost, coupled with tight overhead cost control led to a profit result that was in line with the prior year.

As has been widely reported, the Australian grocery trade, which is a major customer segment for Oates, has become increasingly competitive. One major participant in this market announced its intention to double sales of its own-label products across a breadth of categories. Similarly, its major competitor has been introducing housebrand products across many categories and has been aggressive in positioning its price competitiveness through its television advertising campaign.

The challenges that these initiatives spawn for brand owners such as GUD, are considerable but not insurmountable. The fundamentals remain the key; understanding consumer needs, product innovation and relevance and connection with consumers are the platforms that need to be in place to secure a position on the shelves of retailers.

Oates is in an extremely strong position as it leads the market not only through retail channels but also in the critical and demanding commercial and industrial markets, where its products are the tools of trade for professional cleaners.

The ability of the Oates business to understand the specific requirements of cleaning professionals, to convert this understanding to a customised product range and then develop associated consumer products that lives up the brand's reputation of 'Oates cleans best', uniquely positions the business in this industry.

The chemical products business, acquired by Oates in June 2010, has gone through a major cosmetic overhaul of its presentation to end users. At the same time a retail range has been developed and this achieved its first sales towards the end of FY2011/12.

With exposure to consumers through the retail range and with an appealing, freshened presentation for professional cleaners along with more comprehensive communication vehicles, including a new catalogue and dedicated website, the expectations are that these initiatives will provide a solid platform for growth in chemical sales.

As the industry leader Oates is well placed to tackle the challenges provided by end users and by distribution channel participants. The business's commitment to new products, to sophisticated channel management and to industry-leading levels of customer service, position it well to deliver profitable growth for GUD's shareholders.

Geoff Charnley
Chief Executive Officer
Lock Focus Pty Ltd

Performance Summary

	2012 $'000	2011 $'000
Segment Sales	204,811	167,497
Underlying Segment Profit	7,771	6,167
Segment Assets	179,664	173,958

GUD's Industrial segment includes the Lock Focus security products business that has been in GUD ownership since 1993 and Dexion, which was acquired in the 2010/11 financial year.

Industrial

The financial results for Industrial Products included a 22% increase in sales to just under $205 million and a 26% uplift in underlying earnings before interest and tax to $7.8 million. The improvement evident in the numbers quoted is due to two factors – the first being a full year's trading for Dexion, compared with only 10 months previously, and the effects of operational improvements in Dexion. The underlying EBIT/sales ratio of 4% was in line with the prior year and is not, at this stage, at the level required to provide shareholders with satisfactory returns.

LOCK FOCUS

The performance of Lock Focus in the 2011/12 financial year was very similar to that reported for the previous year. As a supplier of components to original equipment manufacturers such as caravan builders, window and door fabricators and makers of metal furniture, Lock Focus was exposed to the economic malaise that affected all these customer groups.

This was the second consecutive year that these major customer industries experienced reduced levels of demand, which in turn led to lower sales for Lock Focus. Indicative of this systemic downturn is the fact that many customers were forced to operate on shortened hours, in most cases on three or four-day rosters.

This business has been cognisant of the need to find new customers and new end uses for its product range and although much work has been done with potential customers this has not resulted, as yet, in substantial new revenue streams. However, progress with some is sufficiently advanced that sales should accelerate in the 2012/13 financial year.

Lock Focus was able to preserve its trading margin and to tightly control overhead costs in this period of sustained demand reduction. Its profitability was affected by the low sales volume levels and the impact this had on factory recoveries.

This business's foray into electronic locking systems has not progressed as rapidly as expected, partly due to the industrial downturn noted above. However, late in the year two exciting and substantial opportunities arose and these are being pursued with the view that significant sales should develop in the current financial year.

To further support growth in 2012/13 Lock Focus identified a partner with the capability to assist the business to maximise opportunities provided by having a retail product range. There is an inherent demand from consumers for replacements of Lock Focus products that have worn out over time; for example, garden shed locks and garage door locks. The retail ranging of these replacements will work to satisfy that demand.

Although it has experienced tough trading conditions over the last two years, there is confidence, with new products and new channels to market, that Lock Focus should produce improving returns in coming years.

Peter Farmakis
Chief Executive Officer
Dexion Limited

DEXION

2011/12 was the first full year of GUD's ownership of the Dexion business.

In the prior year there were a substantial number of activities initiated aimed at structuring both of Dexion's business arms to operate competitively in the future. These were outlined in detail in last year's Annual Report and it is difficult to see the impact of these reflected in the financial performance for FY2011/12. This is due to a number of factors including the timing of the actions in relation to benefits fully flowing but, more importantly, the effect that dramatically reduced demand has had on both the industrial and commercial business units.

The industrial part of Dexion supplies the logistics industry with warehouse storage equipment and systems and does this through an integrated project management approach. Much of the demand comprises large, custom-designed and constructed distribution centres, which could include elements of automation. For the first five months of the 2011/12 financial year the Australian industrial business experienced a period in which no major project order was confirmed, despite the business having a multitude of proposals in the market, none of which it had lost to competitors.

The financial impact of the previous year's restructuring was essentially voided by this lack of large orders. However, from November the situation changed dramatically, and by the end of the first half Dexion had accumulated over $60 million in large project orders, some of which had been active as quotations for over two years.

For the industrial business the second half represented a period of managing production capacity and utilisation between King's Park, Kuala Lumpur and Shanghai to meet project deadlines and customer expectations.

Not only did project confirmations occur in the Australian market, but activity in Asian and Middle Eastern markets also spiked. These regions provide Dexion with its largest growth potential. By having manufacturing facilities in Malaysia and China the business is well positioned, both geographically and from a cost competitiveness perspective, to compete for the projects that inevitably will surface in those rapidly growing regions.

Conversely, the commercial arm of Dexion, which supplies storage equipment and systems for offices, libraries and educational institutions, enjoyed a reasonable amount of activity in the project sector of its market, but suffered markedly in its reseller channel. This channel comprises major retail entities selling office equipment and consumables, including Dexion's range of filing cabinets and tambour door cabinets.

It is apparent that the market for new office storage equipment has declined markedly through resellers and unlike the industrial project market there is no evidence so far of a recovery in this sector.

One of the major cost reduction and operational efficiency projects commenced in the 2011/12 financial year was the implementation of a standard product range in the industrial business across all three manufacturing locations. The intention was to have a common product offering to simplify project design and to allow the business the flexibility to source product from any of the three factories depending on their order load.

The result of this initiative was the launch of the Speedlock® S8 common product platform in Australia in early 2012 followed by New Zealand in the first half of 2012/13. The full financial effect of this major initiative was not evident in 2011/12 due to timing and will commence flowing in the current year as all markets take up the new range and embed it into project quotations.

Despite the restructuring actions that were undertaken in the commercial business in 2010/11, including the closure of the Bayswater factory and the outsourcing of the business's standard product range, it became apparent that with the current level of market demand, the business remained unviable in its current profile. Shortly after the end of the 2011/12 year the decision to completely cease Australian manufacturing and to source the full product range from offshore suppliers, was taken and implemented.

Eventually, Dexion Commercial will have the same structure and embody the same functions as most of GUD's other businesses. It will focus on product design and development, source its products from qualified offshore suppliers and use the strength of its brands to compete effectively in the marketplace. Once this new structure is fully in place, the business will be well positioned to enjoy the benefits from the upturn in demand, when it occurs.

It is fair to state that the financial progress with Dexion, since acquisition, has not been as rapid as anticipated. The complexity of the issues to be addressed and the downturn in the markets that occurred almost coincident with the acquisition, have contributed to this relative lack of progress.

However, with a much improved cost base in both the industrial and commercial arms of the business and with the substantial opportunities that are opening up in Asia and the Middle East, Dexion should be in a strong position to complement GUD's growth and to generate the levels of return expected at the time of acquisition.

Davey is a leading brand in the water products market. It sells its broad product range in Australia, New Zealand and a number of long standing export destinations. Davey's heritage comes from providing regional householders and farmers with a dependable range of pumps and associated water-related products. Davey's commitment to dependability, which is built into its award-winning new products, has driven growth into new market segments, including rainwater harvesting and water treatment.

Water

New Davey PowerMaster® ECO series pool pump, with 8 star energy efficiency

Carsten Andersen
Chief Executive Officer
Davey Water Products Pty Ltd

Performance Summary

	2012 $'000	2011 $'000
Segment Sales	99,168	107,299
Underlying Segment Profit	7,528	9,026
Segment Assets	86,580	96,584

DAVEY WATER PRODUCTS

The Davey brand is long-established in Australia and has a strong presence in New Zealand and in selected international markets. Traditionally known for its household water pressure systems, Davey has grown in recent years through acquisition and by in-house product development activities to have a broad footprint in a number of major water products markets.

Davey has acquired and developed an unsurpassed range of capabilities including water pumping, water treatment and water control which position it uniquely to meet changing market requirements in the future.

For the second consecutive year Davey experienced weather-induced lower demand across its product range in its Australian home market. The wet and cool conditions that prevailed over most of Australia, which led to the official ending of the decade-long drought, translated into lower sales. When Australia has experienced its two wettest consecutive winters on record there is little, if any, need for household firefighter pumps, irrigation and other farm pumps, swimming pool pumps and other equipment and rainwater harvesting equipment.

The 8% reduction in sales over the prior year was the sole reason for the 17% decline in underlying profitability (EBIT). Gross profit margin improved slightly compared with the prior year and Davey management maintained tight control of overhead spending, without jeopardising the future. Inventories declined over the year and the need for external product storage was eliminated as a result, leading to reduced cost.

Davey has traditionally enjoyed a significant export business and although international markets did not suffer from the same weather-related demand drops that affected the local market, Davey's returns from these markets was influenced detrimentally by the rising uncompetitiveness of the Australia dollar.

The European distribution businesses servicing the swimming pool markets in that region, that were acquired late in 2010/11, also suffered from prolonged low demand, essentially due to the economic malaise that currently pervades Southern Europe. These businesses are well placed for the eventual recovery in the demand for swimming pool equipment in that region and provide Davey with a base from which to access other water products markets.

Similarly, in its traditional markets Davey is in a good position to benefit from the recovery that will eventuate. In the last quarter of 2011/12 the business launched a number of noteworthy new products and to follow this activity has a number of further new product introductions scheduled for 2012/13.

Davey has led the local market with product innovation activities and this continues with many major product groups to experience the introduction of next generation, feature-rich products in salt water chlorinators and UV sterilisation, amongst others, in the current year. Much of the new product direction is focused on inclusion of environmental and energy saving features across the entire Davey range.

Evidencing Davey's consistent approach to innovation in this respect was the success of the Powermaster Eco pool pump at the recent 2012 Splash pool industry awards. This recently introduced pump took out the awards for Product of the Year and Energy Saving product.

Not content to ride the industry's cycles, management have been active in gaining new customers on the strength of the business's superior, innovative product and service offers. The expansion of the customer base, especially in the local market, provides the business with a solid platform to benefit from the recovery in demand once drier conditions return, as they inevitably will.

The strength of GUD's brands in the automotive aftermarket, based on heritage and longstanding brand support activities for both Ryco and Wesfil, underpinned another solid performance for this business segment in the 2011/12 financial year.

Automotive

Bob Pattison
Chief Executive Officer
GUD Automotive Pty Ltd

Terry Cooper
Managing Director
Wesfil Australia Pty Ltd

RYCO, WESFIL, GOSS

The year was one in which some significant changes occurred to the ownership structures of major distributors in the automotive aftermarket and these changes galvanised revised selling and marketing approaches to secure the brands' positions for the future.

Modest sales growth was evident in 2011/12, with Wesfil again being the principal contributor. EBIT grew 7% due to the 5% sales growth and the majority of the profit increase came similarly from Wesfil. The Wesfil business, which has been a part of GUD since 1996, accesses the market through a large customer base consisting chiefly of small automotive parts resellers. The Wesfil brand proposition, which includes a close-to-the-market position coupled with high levels of customer service, appears to have driven the consistency of sales momentum developed in recent years.

Ryco, the strongest brand in GUD's portfolio across a comprehensive range of brand health measures that are surveyed annually, grew market share and retained its number one position in aftermarket filtration.

Ryco accesses the market through major wholesale distributors in both Australia and New Zealand and recent changes to the ownership of two major participants in this sector have required fine tuning to Ryco's approach. However, the focus remains on providing the trade – mechanics and workshop owners and managers – with the essential information they need to make an informed decision about which filter to fit, given the diversity that exists in filter quality and pricing across all competing brands.

As the market for automotive filters is growing relatively slowly – the increase in car numbers is being offset by longer filter life and extended service intervals – both businesses have been seeking growth through adding logical product extension programs to their respective ranges.

Performance Summary

	2012 $'000	2011 $'000
Segment Sales	85,932	82,115
Underlying Segment Profit	27,598	25,877
Segment Assets	34,476	33,570

In recent years Ryco has added a cabin air filtration program and launched a transmission kit program in 2011/12. Both of these are gathering sales momentum and are partially behind the growth in Ryco's market share noted earlier.

GUD Automotive, Ryco's operating business, marked a major milestone late in the financial year by relocating from its long-time home at Tottenham in Melbourne's west to a purpose-built warehouse and office facility in nearby Altona North. The Tottenham complex was originally an automotive filter factory, one of four that GUD managed in the late 1990s in the Sunshine area. Ryco had been resident at Tottenham since the early 1980s and the property lease was due to expire in mid-2012. The opportunity was taken to move the business to a facility more equipped to meet today's logistics, distribution and customer service needs.

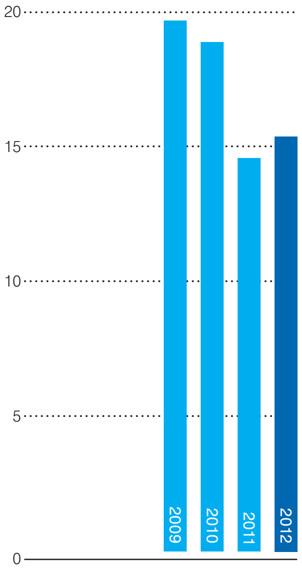
With the relocation of Ryco, GUD's automotive businesses are unbeatably structured to meet present and future market needs.

Through its seven branches spread across Australia, Wesfil is strongly positioned to support high levels of frequent customer service, while Ryco, with a new efficient warehousing facility, is likewise situated effectively to service its large wholesale distributor and retailer customer bases.

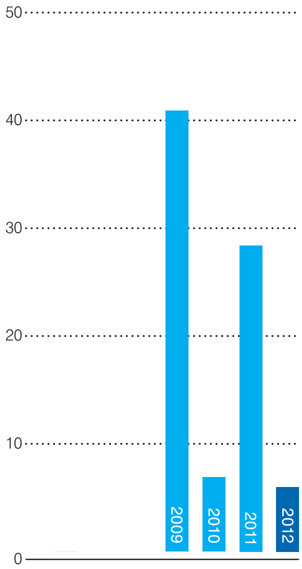
The uniqueness of this market-serving infrastructure, coupled with Ryco and Wesfil's brand strengths, reliable supply sources, disciplined product quality processes and broad applications coverage, should underpin the Automotive business's ability to continue to deliver first-rate returns over time.

As outlined in the earlier pages, 2011/12 represented a year of financial consolidation for GUD, including a full year's contribution from the Dexion business, no acquisitions and limited expenditure on business integration and restructuring costs ($0.8 million net of tax) across the Group.

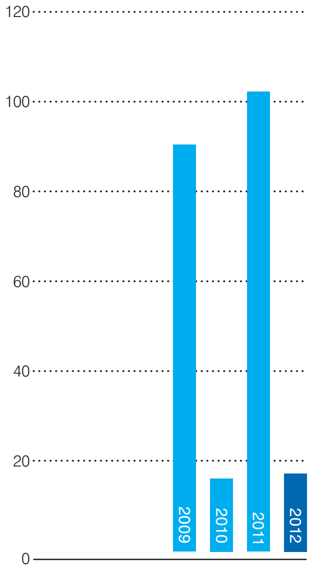
Finance Report



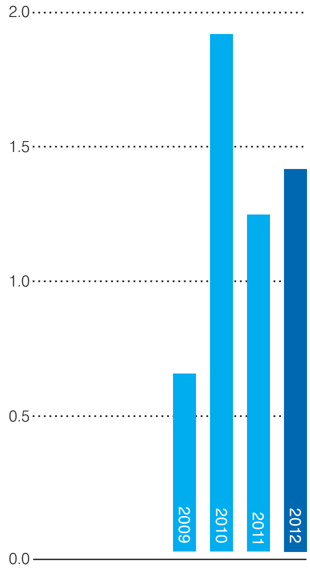
Working capital
% of sales



Gearing
% net debt to total capital



Net Borrowings
$ millions



NTA (net tangible assets)
per share $

During 2011/12, GUD's financial focus remained on unlocking value through business improvement, realising the gain from the Group's passive investment in the Breville Group, as well as maintaining the Group's strong discipline over foreign exchange risk and balance sheet management.

The Company finished the year with low gearing and net debt allowing the Board to approve a final and a special cash dividend both of 35 cents per share, fully franked.

The Group achieved an underlying EBIT of $70.3 million, down 9% from the prior year. The efforts made to underpin the result have largely been outlined at length, although it is worthwhile noting that the Group's foreign currency management policies also contributed to the result by eliminating the impacts of the currency swings during the year therefore avoiding cost overruns in the supply chain.

The Consolidated Income Statement also reported a pre-tax gain on the Breville sale of $63.7 million, associated capital gains tax of $14.3 million after utilising $4.8 million of tax offsets from capital losses not previously recognised. The Net Profit after Tax gain on the sale was therefore $49.4 million.

The Company reported a net financing cost of $9.1 million which was slightly higher than the prior year's net $8.9 million, driven partly from the timing of the Dexion purchase in FY2010/11 and the Breville sale in FY2011/12 rather than from working capital impacts.

Consequently, the Group reported Profit after Tax for the year of $92.8 million, and an underlying Net Profit after Tax of $44.1 million after excluding the Breville share sale and integration and restructuring costs.

The policy of marking the Breville investment to market in prior financial periods, in line with accounting standards, had previously recognised $45.2 million of the net gain in the statement of Other Comprehensive Income; the addition to the net tangible assets of the Group in 2011/12 was therefore $4.2 million.

The Group also continued to focus on the Cash Value Added (CVA) in each business, and particularly the need for strong working capital management as a key driver for CVA. That said, working capital did grow in 2012 to 15.4% of sales as the sales growth occurred in segments typically involving longer cash cycles.

While customer insolvencies increased, especially in the Consumer segment, compensating controls, including tight debtor management and the use of debtor insurance, resulted in negligible financial impacts from bad debts.

Finally, the strong Net Profit and dividend reinvestment elections by shareholders totalling $12.3 million allowed the Group to end 2011/12 with gearing of 6%, and net debt of $17.4 million which will increase in the coming months as the capital gains tax and previously mentioned dividends are paid.

CVA Return Summary FY2009 to FY2012[1]

Segment	FY2009 %	FY2010 %	FY2011 %	FY2012 %
Consumer	17.6	19.0	21.8	19.9
Automotive	43.2	47.8	53.2	55.8
Water	12.3	15.6	9.2	7.9
Industrial	9.1	11.5	7.1	7.3
Group	16.9	19.7	17.1[2]	14.2[2]

[1] Excluding acquisition, integration and restructuring costs

[2] Excluding Dexion, CVA was 19.9% in FY2011 and 17.8% in FY2012.

For further details on the result by segment, refer to Note 4. Segment information

Corporate Governance

The Board is committed to conducting the Company's business ethically and in accordance with high standards of corporate governance.

This statement sets out the key elements of our corporate governance framework that has operated throughout the year, unless otherwise indicated.

ASX Corporate Governance Principles

The Company considers that the corporate governance framework and practices comply with the ASX Corporate Governance Council's Principles and Recommendations, released in revised form in August 2007 and amended in 2010.

The table at the end of this statement cross references the disclosures and statements in this corporate governance statement to the ASX Principles.

The Company's corporate governance framework is kept under review, and changes are made in response to changes in the Company's business or applicable legislation and standards.

1. THE BOARD OF DIRECTORS

The Board operates in accordance with the general principles set out in its General Policy on Corporate Governance available to view in the corporate governance section of the Company's website at www.gud.com.au. The policy establishes the functions reserved to the Board and those delegated to Senior Executives, as described below.

1.1 Role of the Board

The role of the Board of Directors is to protect and optimise the performance of the Group, and accordingly the Board takes accountability for approving strategic direction, establishing policy, overseeing the financial position and monitoring the business and affairs of the Group on behalf of shareholders.

The Board has delegated responsibility for the operation and administration of the Company to the Managing Director who, along with the senior management team, is accountable to the Board.

The various business operations within the Group are delegated to divisional Chief Executives who, together with their management teams, manage the businesses within an agreed framework of strategic plans, budgets, targets, standards and policies.

To assist the Board to maintain its understanding of the businesses and to assess the management team, Directors regularly receive detailed briefings from each member of the Executive general management team and visit operating locations.

Directors receive a comprehensive monthly performance report from the Managing Director, whether or not a Board meeting is scheduled, and have unrestricted access to Company records and information.

The Board strives to create shareholder value and ensure that shareholder funds are safeguarded.

To fulfil this role, the Board is concerned with:

- approving the strategic direction for the Company;
- overseeing the long-term performance against targets and objectives;
- monitoring ethical standards, environmental and safety performance and legal compliance;
- monitoring the Group's financial performance;
- approval of budgets, including significant capital expenditure;
- establishing and maintaining the quality of the Executive team and, in particular, monitoring and assessing the performance of the Managing Director;
- assessing business risk profile, risk management and business continuity plans, the adequacy of policies, internal controls and organisation structures; and
- reporting to shareholders on the direction, governance and performance of the Company.

The Board reviews its composition and processes annually (as detailed below).

1.2 Composition of the Board

The composition of the Board is determined using the following principles:

- The Board may, in accordance with the Constitution, comprise up to 10 Directors.
- The Chairman of the Board should be an independent Non-Executive Director.

The Board considers that a diverse range of skills, experience and knowledge is required to effectively govern the Company's business. With assistance from the Nominations Committee, the Board works to ensure that the Board achieves optimal composition for the Company's needs. The Board is satisfied that the Board currently comprises Directors with a broad range of experience having a proper understanding of the current and emerging issues facing the Company, and who can effectively review and challenge management's decisions.

The Board is currently comprised of five Non-Executive Directors (including the Chairman) and one Executive Director (the Managing Director and Chief Executive). Details of the skills, experience and expertise of the Directors, and of the Company Secretary, as well as the period for which the Director has held office are set out on page 40.

1.3 Independence

The Chairman and all Non-Executive Directors are independent in accordance with the definition recommended in the ASX Corporate Governance Council Guidelines, having no business or other relationship that could compromise their independence.

The Board has adopted guidelines to determine materiality thresholds for the purposes of that definition. Broadly speaking, these guidelines seek to determine whether the Director is generally free of any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company. Such relationships could include where the Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the past three years has been employed in an executive capacity by the Company or a group entity, or has been a Director after ceasing to hold any such employment;
- within the past three years was a principal of a material professional adviser or a material consultant to the Company or another group entity or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or a group entity, or an officer of, or otherwise associated directly or indirectly with, a material supplier or customer; or
- has a material contractual relationship with the Company or a group entity other than as a Director of the Company.

The Board believes the separation of the roles of Chairman and Chief Executive and the predominance of independent Non-Executive Directors is appropriate.

Directors have agreed to advise the Board, on an ongoing basis, of any interest that could potentially conflict with those of the Company.

1.4 Access to Independent Advice

Subject to prior consultation with the Chairman, Directors may seek independent advice from a suitably qualified expert at the Company's expense, as set out in the General Policy on Corporate Governance, available in the Corporate Governance section of the Company's website.

1.5 Directors' Interests and Benefits

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

Directors	Shares Held Beneficially 30/6/2012 Own Name	Private Company/ Trust	Total 30/6/2012	Total 30/6/2011
R M Herron	10,768	12,442	23,210	23,210
P A F Hay	3,707		3,707	2,893
M G Smith		5,560	5,560	5,560
G A Billings			Nil	NA
D D Robinson			Nil	NA
I A Campbell	138,241	153,750	291,991	278,954

1.6 Term of office and Re-election of Directors

In the appointment of Directors, the Board has sought advice from independent sources and undertaken independent professional searches for suitable candidates possessing the appropriate range of skills, expertise and competencies. In June 2011, the Board adopted a Diversity Policy – see section 5.4 below.

In making recommendations to the Board regarding the appointment of directors, the Nominations Committee periodically assesses the appropriate mix of skills, experience, and expertise required by the Board and assesses the extent to which the required skills and experience are represented on the Board. The Nominations Committee also takes qualitative factors into account, such as diversity and cultural fit. To facilitate this process, the Nominations Committee maintains a skills matrix and profile of existing Board members in order to guide the development of the skills/experience criteria for any Board position to be filled. The Nominations Committee also takes into account succession plans for Directors more broadly as well as information resulting from the performance reviews of the Board, its committees and individual Directors as described in section 3.1 below. Where a potential 'gap' is identified in the backgrounds, experiences or skill-sets that are considered desirable or necessary for the Board's continued effectiveness, this information is used to inform the selection of new Director candidates.

New Directors receive a comprehensive information pack and special briefings from management and visit key operating sites to assist them to quickly understand GUD's businesses and issues.

All Directors (except the Managing Director) are elected by shareholders at the Annual General Meeting following their appointment and thereafter are subject to re-election at least once every three years.

The Board has adopted a retirement age policy for Directors, being the conclusion of the Annual General Meeting following a Director's 68th birthday. This may be varied by the Board on an annual basis. In recent years, Non-Executive Directors have been appointed on the basis that they would not seek to serve more than 10 years. This may be varied by the Board on an annual basis.

Executive Directors cease to be Directors when they cease to be Executives.

Directors are, at their own expense, expected to maintain a level of knowledge appropriate to their appointment.

2. BOARD COMMITTEES

The Board generally operates as a whole across the range of its responsibilities but, to increase its effectiveness, uses committees where closer attention to particular matters is required. The role of the Board Committees is to make recommendations to the Board on matters set out in each Committee's Charter. The Charters for the Audit & Compliance Committee, the Remuneration Committee and the Nominations Committee are available on the corporate governance section of the Company's website at www.gud.com.au.

Board Committees comprise Non-Executive Directors. Details regarding the role of each Committee and their composition as at 30 June 2012 are set out as follows:

2.1 Audit & Compliance Committee

G A Billings (Chairman), R M Herron, P A F Hay, M G Smith and D D Robinson.

The Committee comprises only Non-Executive Directors, all of whom are currently considered by the Board to be independent. The Chairman of the Committee is an independent Non-Executive Director who is not the Chairman of the Board.

In accordance with its charter, the Committee primarily assists the Board in fulfilling its responsibilities relating to accounting and compliance obligations of the Company and advises the Board on matters of financial significance or compliance with legal and contractual obligations. The Committee reviews the integrity of the Company's financial reporting and oversees the independence of the external auditors. It also:

- reviews the scope, performance and fees of the external auditor;
- oversees and appraises the quality of audit and reviews conducted by the external auditors;
- maintains communications between the Board, external auditors and management;
- reviews financial information prepared by management for external parties;
- reviews accounting policies and practices; and
- monitors compliance with applicable policies and controls.

By invitation, the Managing Director, Chief Financial Officer, Company Secretary, Group Financial Controller and representatives of the Company's external auditor are present for most of the proceedings.

The external auditor is appointed by the Board and approved by shareholders in accordance with the requirements of the Corporations Act. The Committee is responsible for reviewing the terms of appointment of the external auditor and for making recommendations to the Board regarding the appointment of the external auditor.

The Company has a formal policy on auditor independence, which is kept under review, including processes adopted by the external auditor and the Company to ensure independence is maintained, such as the rotation of the external audit personnel and restrictions on the external auditor providing services which may compromise independence.

Non-audit services that may be required by the Company have been categorised into those that the external auditor:

– is permitted to provide;
– is permitted to provide subject to Committee approval; or
– is not permitted to provide.

Non-audit services that the external auditor is not permitted to provide includes accounting assistance, mergers and acquisition origination or completion, actuarial services, valuation and fairness opinions, internal audit services, advice on deal structuring, executive recruitment services, corporate strategy advice, legal services, general risk management reviews or services or acting as a broker, promoter or underwriter.
The policy recognises that there may be circumstances where the external auditor may perform non-audit services without prejudicing the auditor's independence. Such circumstance may include small or minor tasks of an assurance or compliance nature or cases where the auditor is uniquely positioned to provide the services. A regime of approval limits is set out in the policy for the approval of non-audit services provided by the external auditor. The Committee also notes the external auditor's policy requiring the partner managing the Company's audit to be rotated within five years from the date of appointment. The external auditor attends the Annual General Meeting and is available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report.

2.2 Remuneration Committee

P A F Hay (Chairman), R M Herron, M G Smith, G A Billings and D D Robinson.

The Committee comprises only Non-Executive Directors, all of whom are currently considered by the Board to be independent. The Chairman of the Committee is an independent Non-Executive Director.

In accordance with its charter, the Committee advises the Board on remuneration policies, practices and recommendations regarding the level and form of Executive remuneration, in particular that of the Managing Director and senior management reporting to the Managing Director.

By invitation, the Managing Director and Company Secretary are present for most of the proceedings.

The Remuneration Report on pages 29–37 includes further details on the Company's remuneration policy and its relationship to performance.

2.3 Nominations Committee

R M Herron (Chairman), P A F Hay, M G Smith, G A Billings and D D Robinson.

The Committee comprises only Non-Executive Directors, all of whom are currently considered by the Board to be independent. The Chairman of the Committee is an independent Non-Executive Director.

The Committee has adopted a charter whereby its primary objective is to assist the Board in fulfilling the Board's responsibilities relating to the future tenure, size, diversity and composition of the Board, including succession planning.

The Managing Director has the right to receive notices of all Committee meetings and to attend and speak at such meetings.

2.4 Directors' Attendances at Meetings

The Board held 10 meetings during the year.

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

	Board		Audit & Compliance Committee		Remuneration Committee		Nominations Committee	
Directors	Held – a	Attended – b	Held – a	Attended – b	Held – a	Attended – b	Held – a	Attended – b
C K Hall[1]	5	5	2	2	4	4	2	2
R M Herron	10	10	4	4	9	9	3	3
P A F Hay	10	10	4	4	9	9	3	3
M G Smith	10	10	4	4	9	9	3	3
G A Billings[2]	6	6	3	3	5	5	1	1
D D Robinson[3]	5	5	2	2	5	5	1	1
I A Campbell	10	10						
R J Wodson[1]	5	5						

a – Meetings held while a member. b – Meetings attended.

[1] Retired 31 December 2011
[2] Appointed 20 December 2011
[3] Appointed 20 December 2011 (post meeting)

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

3. PERFORMANCE EVALUATION AND REMUNERATION

3.1 Performance Evaluation

The Nominations Committee includes in its charter the role of evaluating the Board's performance. This is conducted through an annual internal assessment. Directors provide written feedback in relation to the performance of the Board, its committees, and individual directors against a set of agreed criteria. This feedback is reported by the Chairman of the Nominations Committee to the Board following the assessment.

For the 2012 financial year, a performance evaluation was led by the Chairman. The purpose of the review was to assess strengths and weakness of the Board, its committees and individual directors, and identify areas that might be improved. The findings of this performance review have been considered by the Board and have been, and continue to be, taken into account in nominating existing Directors for re-election, identifying and nominating new candidates for appointment as Director, and in planning and conducting Board and committee matters.

Executives and managers are also subject to an annual performance review in which performance is measured against agreed business objectives.

For the 2012 financial year, the performance of the Managing Director was assessed by the Board against achievement by the businesses and the Managing Director of agreed objectives. The performance of the Company's Senior Executives during the 2012 financial year was reviewed by the Managing Director and by the Remuneration Committee in June 2012.

More detail on the criteria against which the performance of the Managing Director and other executives is set out in the Remuneration Report on pages 29–37 of this Report.

3.2 Director and Executive Remuneration

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced personnel. Performance, duties and responsibilities, market comparison and independent advice are all considered as part of the remuneration process.

In accordance with principles of good corporate governance, Non-Executive Director remuneration is currently structured so that Non-Executive Directors do not receive any remuneration that is linked to the Company's performance, nor do they receive any retirement or termination benefits other than superannuation.

In the past, the Company paid retiring allowances to Non-Executive Directors. On 23 June 2003, the Board resolved to cease offering retiring allowances for Non-Executive Directors appointed after that date. Only one of the Directors in office during the year (Mr C K Hall) was appointed prior to that date and so received a retiring allowance, which was paid on his retirement at 31 December 2011.

The structure and details of the remuneration paid to the Directors and Senior Executives during the period are set out in the Remuneration Report on pages 29–37 of this Report and Note 21 to the financial statements.

4. RISK MANAGEMENT AND INTERNAL CONTROLS

4.1 Risk Management Framework

The Board, through the Audit & Compliance Committee, is responsible for ensuring there are adequate policies in relation to risk management and internal compliance and control systems. It is part of the Board's oversight role to regularly review the effectiveness of the Company's implementation of that system.

In brief, the Company's risk management framework is designed to ensure strategic, operational, legal, reputational, product quality, brand, technological and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives, as well as to identify any material changes to the Company's risk profile.

Where considered appropriate, and where it is possible and practicable to transfer a particular risk, and in order to protect shareholders' funds, the Company carries insurance that the Board considers is sufficient for the size and nature of the Company's businesses.

The Company's Risk Management Policy statement is available in the Corporate Governance section of the Company's website www.gud.com.au.

4.2 Internal Controls Framework

During the year, the Board reviewed the Company's risk management policies and procedures.

A formal review of risks is carried out semi-annually by each division and the corporate head office. The Board has adopted a policy of reviewing risks through a half-yearly reporting process.

Decisions on financial risk management are made by the Group Financial Risk Management Committee, chaired by the Chief Financial Officer, which operates within established policies, procedures and limits that are regularly reviewed by the Board and external advisers. These policies prohibit speculative transactions, restrict hedging to preset limits and require senior management approval of hedging instruments.

Each of the businesses has established IT disaster recovery programs. In addition, all major businesses, apart from Dexion, have business continuity plans in place. These plans are of an operational nature and address the major risks in each business. Plans are required to be reviewed by businesses semi-annually with copies submitted to the corporate head office. The program is to be extended to the Dexion businesses during the current financial year, following a period of significant restructuring.

4.3 Managing Director and Chief Financial Officer Certifications

The Managing Director and Chief Financial Officer have made the following certifications to the Board:

- that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control, which implements policies adopted by the Board;
- that the Company's financial records have been properly maintained in accordance with the Corporations Act;
- that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects in relation to financial reporting risk; and
- that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operating results and that they are in accordance with relevant accounting standards and the *Corporations Act 2001*.

5. GUD GOVERNANCE POLICIES

5.1 Integrity, Ethical Standards and Compliance

The Company is committed to practicing high standards of business conduct and corporate governance. The Board considers that the Company's reputation for honesty, integrity, excellence and fairness is one of the Company's most important assets.

The Board believes it is important to provide a clear set of values that emphasis a culture of strong corporate governance, solid business practices and good ethical conduct. To this end, the Company has a general Company Code of Conduct, which applies to all employees, including policies and standards on issues of business ethics and integrity, and reporting and investigating unethical practices. The Board has also adopted a number of other policies, including a general policy on Corporate Governance, a code of conduct specifically for Directors in relation to directors' duties and conflicts of interest, and a share dealing policy, which together include procedures for dealing in Company shares, conflicts of interest, obtaining independent professional advice at the Company's expense, and full and timely access to such information necessary for Directors to discharge their responsibilities. These policies and codes may be found in the corporate governance section of the Company's website at www.gud.com.au.

The Board also receives regular reports on legal and environmental compliance to ensure the Company complies with its legal and environmental obligations.

5.2 Dealing in Shares

Under the Company's Dealing in Shares Policy, there are prohibited periods during which key management personnel may not deal in any GUD securities. Those prohibited periods are from 15 June and 15 December in each year until two days after the release to the ASX of the Company's financial statements for the year-end or half-year-end, as the case may be. There may be exceptional circumstances when dealing is permitted during a prohibited period. No such cases have occurred in the 2012 financial year.

Subject to the above and subject to the Corporations Act, a Director, Executive or employee or their associates may:

- deal in GUD securities (provided a person is not in possession of inside information relating to that security):
  1. during the period commencing two (2) days after release and ending thirty (30) days after release of information of a financial nature to the ASX. Such releases include annual, half-yearly and, if required, quarterly ASX releases and any ASX release of an address made to shareholders at an AGM;
  2. with the consent of the Chairman, if that person is a Director or an Executive or their associate; or
  3. with the consent of the Managing Director or Company Secretary, if that person is an employee or an associate of an employee;
- acquire GUD securities by conversion of existing securities;
- acquire securities under a bonus issue or dividend reinvestment, rights issue or top-up plan that is available to all security holders of the same class; and
- acquire or agree to acquire securities under a company's sponsored share or option plan;

provided that any such trade would not constitute insider trading or otherwise be prohibited under the Corporations Act.

Full details of the Dealing in Shares policy may be found on the Company's website at www.gud.com.au.

In accordance with section 206J of the Corporations Act, key management personnel are prohibited from hedging unvested equity entitlements, or equity entitlements that remain subject to a holding lock, under the Company's equity-based remuneration schemes which, subject to shareholder approval, are to be introduced this year.

Each Non-Executive Director has entered into a contract with the Company to advise the Company when any interest in any securities in the Company held by that Director changes and to advise the Company of the Director's interest in securities at the date of retirement.

5.3 Health and Safety

The Company continued its emphasis on health and safety in the workplace through the Group Occupational Health and Safety Steering Committee. Representatives from each business meet monthly to review policies and procedures and general matters relating to health and safety.

This year's focus has been on reinforcing GUD's culture, health and safety management and reporting requirements into Dexion. This program extends beyond Australia and New Zealand to include Dexion's operations in China and Malaysia.

Over the year the other GUD businesses maintained their record of low lost time injuries and continued to look for innovative ways to refresh the safety message. A system of internal peer group audits occurs across all major sites in the Group, with businesses encouraged to conduct similar audits at smaller interstate sites.

For a number of years businesses have been reporting on four lead safety performance measures; a focus on these and other important indicators assists in enabling the maintenance and extension of the strong health and safety culture amongst all Group employees.

The Board receives monthly reports on Occupational Health and Safety (OH&S) and reviews all incidents resulting in lost time injuries and medically treated injuries. Each operating unit is subject to regular health and safety inspections.

5.4 Diversity

GUD is committed to being an inclusive workplace that values and promotes diversity. Diversity encompasses gender, race, ethnicity and cultural background, age, physical abilities and religious beliefs.

Encouraging and fostering diversity enables GUD to attract people with the best skills and attributes, and to develop a workforce which is best placed to deliver value to our shareholders, customers and the communities we serve. We see additional benefits from diversity being a broader pool of high-quality candidates and employees and improved employee retention.

GUD's diversity policy outlines GUD's commitment to improving diversity in the workplace and supplements our employment policies and standards, including as set out in the GUD Code of Conduct. A copy of the diversity policy is available in the Corporate Governance section of the Company's website at www.gud.com.au.

GUD's approach to improving diversity within the Company will assist achieving the following objectives:

1. a diverse and skilled workforce, leading to improved in-service delivery and achievement of corporate goals;
2. a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
3. improved employment and career development practices and opportunities for all staff;
4. a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives;
5. rewarding and remunerating fairly; and
6. awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all.

In accordance with the ASX Corporate Governance Principles and Recommendations, the Board through its Nominations Committee has established measurable objectives for achieving diversity that are in line with GUD's circumstances and the industries in which it participates. These measurable objectives, and progress in achieving them, will be reviewed by the Board annually.

Details of measurable objectives that were set for the 2012 financial year, and the Company's progress in achieving them, are set out below:

Objective	Initiatives to achieve the objective	Status of the objective
1. As a general principle, the recruitment/selection process for Board candidates will: a. have as a primary focus getting the right person for the job; b. ensure that the candidate pool has no undue restrictions for representation; and c. ensure that, at both the initial candidate selection and the interview phase, a diverse pool of candidates is presented. The measurable objective in this process will be for the recruitment consultant/executive search firm engaged on a Board candidate search to provide the Chairman of the Nominations committee: i. a confidential listing of all candidates available for possible consideration applying the Board-mandated skills/experience criteria for the particular Board position to be filled – together with a statement of percentage female representation in the listing; and ii. a confidential listing of all candidates recommended by the search firm for consideration by the Board for personal interview – together with a statement of percentage female representation. This listing is available to be shared with Board members.	Objectives incorporated into recruitment/selection processes	Ongoing, applied during the year in the selection of two new Board members appointed in December 2011
2. To facilitate this process, the Board will maintain a skills matrix and profile of existing Board members in order to guide the development of the skills/experience criteria for any Board position to be filled.	Board skills matrix maintained	Ongoing
3. The Board will, having regard to the profile and timing of the appointment and retirement of Directors, endeavour to have a number of female members on the Board that is in proportion to the female members represented in the workforce of GUD Holdings Limited, but in any event not less than one female member.	Objectives incorporated into recruitment/selection processes	This remains a longer-term objective

The following table shows the proportional representation of men and women at various levels within the GUD workforce:

Level	Proportion of men %	Proportion of women %
Non-Executive Directors	100	0
Senior Management	86	14
Other levels	74	26
Total	75	25

5.5 Political Contributions

The Company maintains a position of impartiality with respect to party politics and does not contribute funds to any political party or candidate for public office.

5.6 Continuous Disclosure and Communication with Shareholders

The Company endeavours to ensure that shareholders are regularly and fully informed of all major developments affecting the Company.

To achieve this, the Company has implemented the following procedures:

- The Annual Report is sent to all shareholders unless requested otherwise.
- Information relating to the Company, including the Annual Report, half-year announcement to the ASX and other major ASX announcements, is publicly available on the Company's website at www.gud.com.au, under Investor Relations.
- Individual shareholders are given an opportunity to raise questions at the Annual General Meeting and the Company encourages full participation of shareholders to ensure a high level of accountability and discussion of the Company's strategy and performance. The Company also invites the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit, and the preparation and content of the auditor's report.
- There is regular dialogue with institutional investors and any presentation material is contemporaneously made available to all shareholders by announcement to the ASX.
- The Company and each of its divisions have websites – see details on inside back cover of this Annual Report.
- Documents that are released publicly, including policies and charters described in this statement, are made available on the Company's website at www.gud.com.au.

The Company is committed to providing relevant and timely information to its shareholders and to the broader market, in accordance with its obligations under the ASX continuous disclosure regime. The Board has a Continuous Disclosure Programme, details of which are accessible in the Corporate Governance section on the Company's website which establishes procedures to ensure that Directors and management are aware of, and fulfil, their obligations in relation to the timely disclosure of price sensitive information.

ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations

	ASX Principle		Reference[1]	Compliance
Principle 1	**Lay solid foundations for management and oversight**			
1.1	Companies should establish the functions reserved to the Board and those delegated to Senior Executives and disclose those functions.		1.1	Comply
1.2	Companies should disclose the process for evaluating the performance of Senior Executives.		3.1, 3.2 and Remuneration Report	Comply
1.3	Companies should provide the information indicated in the guide to reporting on Principle 1.		1.1, 3.1	Comply
Principle 2	**Structure the Board to add value**			
2.1	A majority of the Board should be independent Directors.		1.3	Comply
2.2	The Chair should be an independent Director.		1.2, 1.3	Comply
2.3	The roles of Chair and Chief Executive Officer should not be exercised by the same individual.		1.3	Comply
2.4	The Board should establish a nomination committee.		2, 2.3	Comply
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.		3.1	Comply
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2.		1.2, 1.3, 1.5, 2.3, 2.4, 3.1 and website	Comply
Principle 3	**Promote ethical and responsible decision-making**			
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to:		5.1 and website	Comply
	3.1.1	the practices necessary to maintain confidence in the Company's integrity;	5.1 and website	Comply
	3.1.2	the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and	5.1 and website	Comply
	3.1.3	the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	5.1 and website	Comply
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity, and for the Board to assess annually both the objectives and progress in achieving them.		5.4	Comply
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board In accordance with the diversity policy and progress towards achieving them.		5.4	Comply

Principle 3	**Promote ethical and responsible decision-making** continued		
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior Executive positions and women on the Board.	5.4	Comply
3.5	Companies should provide the information indicated in the guide to reporting on Principle 3.	5.1, 5.4 and website	Comply
Principle 4	**Safeguard integrity in financial reporting**		
4.1	The Board should establish an audit committee.	2.1	Comply
4.2	The audit committee should be structured so that it: – consists only of Non-Executive Directors; – consists of a majority of independent Directors; – is chaired by an independent Chair, who is not Chair of the Board; and – has at least three members.	2.1	Comply
4.4	The audit committee should have a formal charter.	2.1	Comply
4.5	Companies should provide the information indicated in the guide to reporting on Principle 4.	2.4 and website	Comply
Principle 5	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	5.6 and website	Comply
5.2	Companies should provide the information indicated in the guide to reporting on Principle 5.	5.6 and website	Comply
Principle 6	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	5.6	Comply
6.2	Companies should provide the information indicated in the guide to reporting on Principle 6.	5.6	Comply
Principle 7	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	4.1, 4.2	Comply
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	4.1, 4.2, 4.3	Comply
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	4.3	Comply
7.4	Companies should provide the information indicated in the guide to reporting on Principle 7.	4.1, 4.2, 4.3 and website	Comply
Principle 8	**Remunerate fairly and responsibly**		
8.1	The Board should establish a remuneration committee.	2.2	Comply
8.2	The remuneration committee should be structured so that it: – consists of a majority of independent Directors; – is chaired by an independent Chair; – has at least three members.		
8.3	Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and Senior Executives.	2.2 and Remuneration Report	Comply
8.4	Companies should provide the information indicated in the guide to reporting on Principle 8.	2.2, 2.4, 5.2, Remuneration Report and website	Comply

[1] All references are to sections of this Corporate Governance Statement unless otherwise stated. References to the website are references to the corporate governance section of the Company's website at www.gud.com.au.

Message from the Board

Dear Shareholder,

We are pleased to present GUD's FY2012 Remuneration Report ('Report').

As foreshadowed at last year's Annual General Meeting, we have undertaken a comprehensive review of our remuneration strategy and framework for the Managing Director and Senior Executives with assistance from advisers PricewaterhouseCoopers (PwC) and taking into account views expressed by shareholders.

From the review, we have developed a new remuneration strategy and guiding principles consistent with our strategic vision for the Company. To support our strategy, and to ensure that our remuneration practices are reasonable and market competitive, we have also identified a consistent peer group comprising 11 companies of similar size and comparable operating model for benchmarking Managing Director and Senior Executive remuneration, including adoption of a desired market positioning around the median of the peer group.

We believe that this remuneration strategy will support GUD's performance culture and will provide the Managing Director and Senior Executives with appropriate reward for the achievement of GUD's strategy and business objectives.

As a result of the review, a number of changes will be implemented for the FY2013 financial year. These are highlighted below.

Shareholder concern	GUD response
Managing Director's remuneration level	Taking into account shareholder feedback at the annual general meeting, the Managing Director's fixed remuneration will remain frozen at $1,180,263 for FY2013. The Managing Director's total remuneration package has been adjusted for FY2013 to provide a greater emphasis on variable performance-based remuneration.
LTI plan – cash-based plan and vesting schedule	In FY2013, subject to approval by shareholders at the Annual General Meeting, we will introduce performance rights to replace the cash rewards under the LTI plan with effect for LTI periods ending in FY2015 and raise the height of the vesting hurdles to market-typical levels, i.e. 50% of the award vesting at median performance and 100% vesting at the 75th percentile of the comparator group based on Standard and Poor's ASX Small Ordinaries index. The number of performance rights to be awarded will be based on a percentage of fixed remuneration in the year of LTI grant, rather than at time of vesting.

We have made a number of changes to this year's Report to improve the clarity of presentation of our remuneration strategy and policies, practices and outcomes. We welcome ongoing feedback from shareholders to further improve transparency and communication.

R M Herron Chairman

P A F Hay Chairman of the Remuneration Committee

Remuneration Report

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

The report is outlined in the following sections:

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

1. WHO THIS REPORT COVERS

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

The following individuals had authority and responsibility for planning, directing and controlling the activities of the Group during the financial year ended 30 June 2012:

Non-Executive Directors

Name	Role
R M Herron	Non-Executive Director and Chairman, appointed Chairman 1 January 2012
C K Hall	Former Non-Executive Director and Chairman, retired 31 December 2011
P A F Hay	Non-Executive Director, Chairman of Remuneration Committee
M G Smith	Non-Executive Director
G A Billings	Non-Executive Director, appointed 20 December 2011
	Chairman of Audit and Compliance Committee, appointed 1 January 2012
D D Robinson	Non-Executive Director, appointed 20 December 2011

Executive Directors

Name	Role
I A Campbell	Managing Director
R J Wodson	Finance Director, retired 31 December 2011

Senior Executives

Name	Role
M Fraser	Chief Financial Officer, appointed 1 January 2012
D Jackson	Chief Executive Sunbeam Corporation Ltd
D Birch	Chief Executive E D Oates Pty Ltd
R Pattison	Chief Executive GUD Automotive Pty Ltd
P Farmakis	Managing Director Dexion Limited
C Andersen	Chief Executive Davey Water Products Pty Ltd
T Cooper	Managing Director Wesfil Australia Pty Ltd

2. REMUNERATION GOVERNANCE

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

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

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

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

During FY2012, the Remuneration Committee employed the services of PwC to review the Board's remuneration policies and provide recommendations on the ongoing remuneration strategy and structure which cover KMP. Under the terms of the engagement, PwC provided a remuneration recommendation as defined in section 9B of the *Corporations Act 2001* and was paid $85,000 for these services.

PwC has confirmed that the recommendations were made free from undue influence by the Group's KMP.

The following arrangements were made to ensure that the remuneration recommendation was free from undue influence:

– PwC was engaged by, and reported directly to, the Chairman of the Remuneration Committee. The agreement for the provision of remuneration consulting services was negotiated and executed by the Chairman of the Remuneration Committee under delegated authority on behalf of the Board.

– The report containing the remuneration recommendation was provided by PwC directly to the Chairman of the Remuneration Committee.

– Management provided factual information to PwC throughout the engagement about company processes, practices and other business issues. However, PwC did not provide any member of management with a copy of the draft or final report that contained the remuneration recommendation.

As a consequence, the Board is satisfied that the recommendations were made free from undue influence from any KMP.

In response to the issues raised by shareholders at last year's AGM (and at other times) and following the PwC review, a number of changes will be implemented for the FY2013 financial year, which are highlighted below.

Shareholder concern	GUD response
Managing Director's remuneration level	Taking into account shareholder feedback at the annual general meeting, the Managing Director's fixed remuneration will remain frozen at $1,180,263 for FY2013. The Managing Director's total remuneration package has been adjusted for FY2013 to provide a greater emphasis on variable performance-based remuneration.
LTI plan – cash-based plan and vesting schedule	In FY2013, subject to approval by shareholders at the Annual General Meeting, we will introduce performance rights to replace the cash rewards under the LTI plan with effect for LTI periods ending in FY2015 and raise the height of the vesting hurdles to market-typical levels, i.e. 50% of the award vesting at median performance and 100% vesting at the 75th percentile of the comparator group based on Standard and Poor's ASX Small Ordinaries index. The number of performance rights to be awarded will be based on a percentage of fixed remuneration in the year of LTI grant, rather than at time of vesting.

3. MANAGING DIRECTOR AND SENIOR EXECUTIVE REMUNERATION STRATEGY AND STRUCTURE

After a comprehensive review in FY2012, we have developed a new remuneration strategy and guiding principles that support our strategic vision.

Remuneration strategy

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

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

– The remuneration structure is relevant and simple for Senior Executives and shareholders to understand.
– Our remuneration practices support the delivery of long-term business strategy and provide a clear link between Group performance and remuneration outcomes.
– Remuneration levels are sufficient to attract and retain key talent and be competitive against relevant companies.
– We have clearly defined and disclosed remuneration processes and structures which 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 thus remains aligned to shareholder interests.

Remuneration structure

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

– fixed remuneration;
– short-term incentives (STI); and
– long-term incentives (LTI).

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

Our aim is to increase gradually the 'at-risk' components of executives' remuneration relative to fixed remuneration, with an ultimate goal of around 40% 'at risk' (i.e. STI and LTI), and nearer 60% for the Managing Director.

Fixed remuneration

The remuneration packages for the Managing Director and Senior Executives contain a fixed amount that is not performance-linked. They generally consist of salary and vehicle entitlement, as well as employer contributions to superannuation funds. Fixed remuneration for Senior Executives is determined by the scope of their positions, and the knowledge, experience and skills required to perform their roles. Independent consultants provide analysis and advice to ensure the packages are competitive in the market with comparable roles. In addition, as a result of the review, to support our strategy, and to ensure that our remuneration practices are reasonable and market competitive, we have identified a peer group of similar size and comparable operating model for benchmarking Managing Director and Senior Executive remuneration. We have adopted a desired market positioning around the median of the peer group.

The Remuneration Committee, through a process that considers individual, business unit and overall performance of the Group, reviews fixed remuneration annually. Fixed remuneration levels are generally not adjusted during the year unless the individual is promoted or there is a substantial change in market rates.

STI

The STI plan provides an annual cash bonus for meeting or exceeding an agreed CVA target and is paid following the announcement of the Group's year-end results. The CVA target for each business unit and the Group overall is established each year by the Board. The Group's corporate head office executives receive an STI payment where the Group meets its CVA target or a lesser amount where only some of the businesses meet their CVA target. Divisional executives receive an STI payment where their business meets its CVA target.

The Board continues to view CVA as the most appropriate annual performance condition as it measures a true level of performance of the business without the distorting effect of financing decisions or accounting charges such as depreciation and amortisation. CVA measures the return on undepreciated and unamortised net assets invested. CVA is effective because it is the measurement that most closely compares trading profit performance (being reported profit adjusted for non-recurring items) with undepreciated and unamortised net assets invested. Targets are set at the beginning of each financial year. As in previous years, acquisition costs are excluded from the CVA calculation, as the Board considers that including them could discourage growing the business through acquisitions.

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

	% of Salary	
STI	**At Threshold and Target Performance**	**Stretch Performance**
Executive Directors		
I A Campbell	35.0	42.0
R J Wodson, *retired 31 December 2011*	40.0	60.0
Senior Executives		
M Fraser, *appointed 1 January 2012*	35.0	52.5
D Jackson	35.0	52.5
D Birch	35.0	52.5
R Pattison	35.0	52.5
P Farmakis	35.0	52.5
C Andersen	35.0	52.5
T Cooper	35.0	52.5

The Remuneration Committee and Board approve the Managing Director and Senior Executive STI bonuses, determined in accordance with the plan rules.

Details of the CVA STI bonuses payable to the Managing Director and Senior Executives for the year ended 30 June 2012 are set out in section 4 of this Report.

LTI

The Board considers that measuring executives' performance for LTI purposes by reference to the Group's 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 resources industries. It was chosen on the basis that it is the most effective way to measure and reward the extent to which shareholder returns are generated relative to the performance of companies that compete with the Group for capital and employees.

LTI – current practice

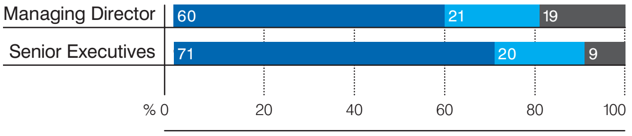
The current LTI is provided as an annual cash reward consisting of tranches covering rolling three-year measurement periods. There is a phasing-in of one-year and two-year measurement period tranches for Senior Executives as they are introduced to the incentive scheme.

A bonus is paid where the Group's TSR over the measurement period is equal to or exceeds the median (50th percentile) of the comparator group ranked by TSR. The bonus increases up to the maximum payment when Group TSR equals or exceeds the 75th percentile of the comparator group. In assessing whether the TSR hurdle has been met, the Remuneration Committee receives independent data.

The LTI bonus for target performance varies from 33% of salary for the Managing Director, to 15% of salary for Senior Executives.

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

Within that framework, the relative proportion of the Managing Director's and Senior Executives' 2012 target total remuneration packages that is performance-based is shown below.



2012 target total remuneration package
Fixed STI LTI

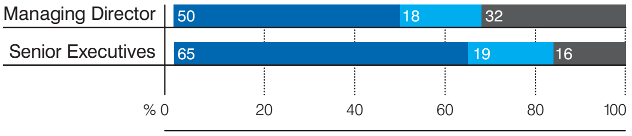
LTI – FY2015 and beyond

In the review conducted in 2012, the Board decided that future LTI awards are to be provided as performance rights, which can be converted to GUD shares if the performance hurdle is achieved over a forward-looking three-year performance period. The new plan is in line with market norms, supports the delivery of the Group's long-term strategy and ensures that the Managing Director and Senior Executives hold an exposure to equity. LTI targets will be set as a percentage of the Managing Director's and Senior Executives' salary on grant, stated as a number of shares determined by applying the share price at grant. The first award under the new plan will, subject to shareholder approval at the 2012 Annual General Meeting, be granted in FY2013, and will vest, based on the TSR performance hurdle being achieved, at the end of FY2015. During the transition to the new plan, the current plan will remain in place, with cash awards vesting in respect of FY2012, FY2013 and FY2014, if the performance hurdle is met.

The vesting schedule for future 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

As a result of the changes to the LTI plan, from FY2015 the target remuneration mix for the Managing Director and Senior Executives will change as follows:



From 2015 target total remuneration package
Fixed STI LTI

4. DETAILED REMUNERATION FOR THE EXECUTIVE DIRECTORS AND SENIOR EXECUTIVES

Executive remuneration for year ending 30 June 2012.

Details of the remuneration and benefits paid to the Executive Directors and Senior Executives during the year are included in the following table.

		Short-term employment benefits					Other long-term benefits	Post-employment benefits	Retirement benefits	Total	Proportion of total which is performance-related
	Year	Salary and Fees $	STI Cash Bonus $	LTI Cash Bonus $	Income Protection Premium $	Car Benefits $	Long Service Leave $	Superannuation $	Retirement $	$	%
Executive Directors											
I A Campbell	2012	1,060,536	269,786	658,714	3,193	74,764	18,415	44,963	–	2,130,371	43.6
	2011	1,154,996	310,169	625,000	3,512	91,451	20,082	44,962	–	2,250,172	41.6
R J Wodson[1]	2012	299,662	60,044	91,202	–	19,684	3,604	50,000	822,020	1,346,216	11.2
(Retired Dec 11)	2011	422,000	168,135	180,000	818	25,773	6,793	50,000	–	853,519	40.8
Senior Executives											
M Fraser	2012	210,999	49,565	–	349	9,666	371	25,000	–	295,950	16.7
(Appointed Jan 12)	2011	–	–	–	–	–	–	–	–	–	0.0
D Jackson	2012	341,858	128,031	73,533	697	24,000	2,642	49,988	–	620,749	32.5
	2011	317,601	141,568	71,480	767	24,000	1,832	57,163	–	614,411	34.7
D Birch	2012	260,404	105,116	56,012	–	24,200	4,340	46,873	–	496,945	32.4
	2011	248,000	130,200	55,800	–	24,200	4,133	44,640	–	506,973	36.7
R Pattison	2012	292,000	147,276	61,342	2,846	25,749	4,866	49,998	–	584,077	35.7
	2011	282,041	142,590	61,110	2,710	26,061	–	48,888	–	563,400	36.2
P Farmakis	2012	490,000	–	74,235	697	–	6,533	25,000	–	596,465	12.4
	2011	490,000	–	–	640	–	4,900	25,000	–	520,540	0.0
C Andersen	2012	340,167	–	71,122	697	28,318	3,370	50,000	–	493,674	14.4
	2011	321,000	–	69,336	767	22,985	1,185	57,580	–	472,853	14.7
T Cooper	2012	259,260	108,294	52,054	2,415	–	18,834	50,000	–	490,857	32.7
	2011	220,000	115,500	49,500	2,107	–	14,301	63,300	–	464,708	35.5
Total Remuneration of Executive Directors and Senior Executives of the Group											
	2012	3,554,886	868,112	1,138,214	10,894	206,381	62,975	391,822	822,020	7,055,304	
	2011	3,455,638	1,008,162	1,112,226	11,321	214,470	53,226	391,533	–	6,246,576	
Total Remuneration of Non-Executive Directors											
	2012	581,753	–	–	–	–	–	52,015	451,375	1,085,143	
	2011	507,092	–	–	–	–	–	45,637	–	552,729	
Total Remuneration (Compensation of Key Management Personnel of the Group)											
	2012	4,136,639	868,112	1,138,214	10,894	206,381	62,975	443,837	1,273,395	8,140,447	
	2011	3,962,730	1,008,162	1,112,226	11,321	214,470	53,226	437,170	–	6,799,305	

[1] During FY2012, a termination payment in excess of one year's base salary was made to the outgoing Finance Director, in accordance with his contract which was entered into prior to 24 November 2009.

The Board notes that PricewaterhouseCoopers, in their report to the Remuneration Committee, stated that the Managing Director's remuneration is at about the 75th percentile of the group of peer companies. The Board considers this appropriate, having regard to the Managing Director being a long-serving and successful managing director, and the Board's desire to retain the Managing Director.

5. LINK BETWEEN PERFORMANCE AND REMUNERATION OUTCOMES

GUD's operating performance has been solid and consistent and has delivered superior Total Shareholder Returns.

STI

In the current year, the following businesses in the Consolidated Entity exceeded CVA targets: Sunbeam, GUD Automotive, Oates and Wesfil. As a result executives of those business units received an STI bonus payment based on achieving or exceeding the business unit CVA performance. In addition, corporate executives, including the Managing Director and Chief Financial Officer, received a bonus reflecting the achievements of CVA targets by some but not all of the businesses.

STI bonus payable for the Year Ended 30 June 2012	Maximum STI Opportunity	Actual STI bonus payment* $	Actual STI bonus payment as a % of maximum STI	Forfeited %
Executive Directors				
I A Campbell	500,000	269,786	54	46
R J Wodson[1]	127,200	60,044	47	53
Senior Executives				
M Fraser[2]	105,000	49,565	47	53
D Jackson	179,475	128,031	71	29
D Birch	136,710	105,116	77	23
R Pattison	149,730	147,276	98	2
P Farmakis	257,250	–	0	100
C Andersen	173,591	–	0	100
T Cooper	127,050	108,294	85	15

* A minimum level of performance must be achieved before any STI bonus is payable. Therefore the minimum potential value of the STI which was awarded in respect of FY12 was nil.

[1] Mr Wodson left the Company on 31 December 2011. Consequently, the maximum STI opportunity was pro rata half of a full-year opportunity.

[2] Mr Fraser joined the Company on 1 January 2012. Consequently, the maximum STI opportunity was pro rata half of a full-year opportunity.

The payment relates to STI bonus earned in the year ended 30 June 2012 and paid in July 2012.

LTI – Cash Incentive Plan

LTI performance bonuses were achieved for all TSR performance tranches.

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

TSR Performance Tranche	Current Year (to 30 June 2012)	Prior Year (to 30 June 2011)
1 Year Tranche	51st percentile	60th percentile
2 Year Tranche	60th percentile	72nd percentile
3 Year Tranche	72nd percentile	84th percentile

Accordingly, the following table discloses the maximum LTI opportunity, the amounts paid and resulting opportunity forfeited.

Three Year Performance Bonus (LTI) paid for the Year Ended 30 June 2012	Maximum LTI opportunity*	Amount Paid $	Payable %	Forfeited %
Executive Directors				
I A Campbell	703,000	658,714	94	6
R J Wodson	95,400	91,202	96	4
Senior Executives				
M Fraser[1]	–	–	n/a	n/a
D Jackson	76,918	73,533	96	4
D Birch	58,590	56,012	96	4
R Pattison	64,170	61,342	96	4
P Farmakis	110,250	74,235	67	33
C Andersen	74,396	71,122	96	4
T Cooper	54,450	52,054	96	4

*The payment relates to Three Year Performance Bonus earned in the year ended 30 June 2012 and paid in July 2012. The minimum value of the bonus was nil.

[1] Mr Fraser joined the Company on 1 January 2012. By the terms of his contract he does not participate in an LTI for the period of six months ended 30 June 2012, but does so for the 18-month period ended 30 June 2013.

Company performance and shareholder wealth

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

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

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. This has contributed to the Company generating increased shareholder returns, as set out in the table below.

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* $m	EPS* Cents	Total DPS Cents	Opening Share price $	Closing Share price $	Dividend yield %
30 June 2008	68.4	69.6	68.0	9.18	7.57	9.0
30 June 2009	60.8	64.5	60.0	7.57	6.42	9.3
30 June 2010	71.6	76.5	62.0	6.42	8.65	7.2
30 June 2011	77.1	71.7	64.0	8.65	9.10	7.0
30 June 2012	70.3	62.9	65.0	9.10	8.60	7.6

* EBIT and EPS are presented before significant one-off items.

6. SERVICE AGREEMENTS

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

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

Name	Notice periods/ termination payment
I A Campbell	– Fixed term until 1 July 2013. – A notice period of six months by either party applies, except in the case of termination by the Company for cause. – On termination otherwise than for cause, Mr Campbell is entitled to a payment of an amount that is equal to his average annual base salary for the three years up to termination.
Senior Executives	– Unlimited in term. – One or three months' notice by either party (or payment in lieu), except T Cooper whose contract requires 12 months' notice. – On termination, Senior Executives are entitled to receive their statutory entitlements of accrued annual and long service leave, together with superannuation benefits. – Apart from Mr Cooper and Mr Farmakis, no current Senior Executive contract includes termination benefits additional to the notice period and statutory entitlements described above. – 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, Mr Cooper would be entitled to a termination payment of 12 months' salary package. – Mr Farmakis is employed under a contract entered into in January 2007. Whilst the contract provides for three months' notice of termination by either party, if the Company terminates the contract Mr Farmakis is entitled to a termination payment of twelve months' salary package.

During FY2012, a termination payment in excess of one year's base salary was made to the outgoing Finance Director, in accordance with his contract which was entered into prior to 24 November 2009.

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 $800,000, approved by shareholders at the 2008 Annual General Meeting.

In determining the level of fees, external professional advice and available data on fees payable to Non-Executive Directors of similarly 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 FY12 are set out in the table below.

	Board	Audit and Compliance Committee	Remuneration Committee	Nominations Committee
Chairman of	$221,376	$10,000	$10,000	Nil
Members of	$88,752	Nil	Nil	Nil

In accordance with rule 36 of the Constitution, Directors are permitted additional fees for special services or exertions.

No such fees were paid during the year. Directors are also entitled to be reimbursed for all business-related expenses, including travel on Company business, as may be incurred in the discharge of their duties.

Equity participation

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

Nevertheless, most Directors hold shares, either directly or indirectly, in the Company. Details of shareholdings may be found in the Corporate Governance Statement.

Retiring allowance for Directors

Prior to 23 June 2003, the Company paid retiring allowances to Non-Executive Directors. The outgoing Chairman, Mr C K Hall was appointed prior to June 2003, and was the only remaining Non-Executive Director eligible to receive a retiring allowance under an agreement entered into at the date of his appointment.

The accrued benefit for Mr Hall was frozen in 2007. On his retirement from the Board on 31 December 2011, Mr Hall was paid the accrued benefit of $451,375.

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 2012 are set out in the table below.

		Short-term employee benefits	Post-employment benefits		
Non-Executive Directors	Year	Directors' Fees $	Superannuation* $	Retirement $	Total $
R M Herron	2012	167,722	15,095	–	182,817
(appointed Chairman, 1 January 2012)	2011	98,572	8,871	–	107,443
C K Hall (former Chairman,	2012	120,031	10,460	451,375	581,866
retired 31 December 2011)	2011	221,376	19,924	–	241,300
P A F Hay	2012	103,000	9,270	–	112,270
	2011	98,572	8,871	–	107,443
M G Smith	2012	93,000	8,370	–	101,370
	2011	88,572	7,971	–	96,543
G A Billings	2012	51,500	4,635	–	56,135
(appointed 20 December 2011)	2011	–	–	–	–
D D Robinson	2012	46,500	4,185	–	50,685
(appointed 20 December 2011)	2011	–	–	–	–
Total Remuneration of	**2012**	**581,753**	**52,015**	**451,375**	**1,085,143**
Non-Executive Directors	2011	507,092	45,637	–	552,729

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

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 2012.

Directors, Company Secretary, Directors' Meetings and Directors' Shareholdings

The names of the Directors who held office during the financial year and details of current Directors' qualifications, age, experience and special responsibilities are set out on page 40. The qualifications and experience of the Company Secretary is also set out on page 40.

Details of Directors' meetings and Board Committees, including attendances, are on page 22 and Directors' interests in the Company on page 21.

Corporate Governance Statement

The Corporate Governance Statement of the Directors contained on pages 20–27 is incorporated by reference.

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, there were no significant changes in the nature of the activities of the Consolidated Entity during the year.

Review of Operations and Results

A review of the operations of the Consolidated Entity during the financial year and the results of those operations are set out on pages 6–17 of this Annual Report.

Significant Changes

In the opinion of the Directors, other than referred herein, there were no significant changes in the state of affairs of the Consolidated Entity during the year.

Events after Balance Date

Final Dividend Announcement

On 26 July 2012, the Directors declared a fully franked final dividend for the financial year ended 30 June 2012 of 35 cents per ordinary share. Shares will trade ex-dividend on 14 August 2012, with the record date of 20 August 2012. The dividend will be paid on 3 September 2012. The GUD Dividend Reinvestment Plan remains active for this dividend. Terms and conditions are outlined in Note 5 to the financial statements on page 57.

Special Cash Dividend Announcement

On 26 July 2012, the Directors also declared a fully franked cash dividend of 35 cents per ordinary share. Shares will trade ex-dividend on 31 July 2012 with the record date of 7 August 2012. The cash dividend will be paid on 16 August 2012. The GUD Dividend Reinvestment Plan will not operate in respect of this dividend.

Likely Developments

Likely developments in, and expected results of, the operations of the Consolidated Entity in subsequent years are referred to on page 5 in this Report.

The Consolidated Entity will continue to pursue its policy of increasing the profitability and market share of its major business sectors in the next financial year.

Further information as to likely developments in the operations of the Consolidated Entity would be likely to result in unreasonable prejudice to the Consolidated Entity and has not, therefore, been included in this Report.

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.

Dividends

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

- A final ordinary dividend of 35 cents per share in respect of the year ended 30 June 2011 was declared on 28 July 2011 and paid on 14 September 2011, amounting to $24,181,364. This final dividend was fully franked.
- An interim ordinary dividend of 30 cents per share in relation to the year ended 30 June 2012 was declared on 24 January 2012 and paid on 6 March 2012, amounting to $21,032,216. This dividend was fully franked.
- A final ordinary dividend of 35 cents per share in respect of the year ended 30 June 2012 was declared on 26 July 2012 payable on 3 September 2012 to shareholders registered on 20 August 2012. This dividend will be fully franked, amounting to $24,781,209.
- A special dividend of 35 cents per share was also declared on 26 July 2012 payable on 16 August 2012 to shareholders registered on 7 August 2012. This dividend will be fully franked and amount to $24,781,209.

Share Capital

At 30 June 2012, there were 70,803,455 ordinary shares on issue. During the year, the Company issued 1,713,844 new shares under the GUD Dividend Reinvestment Plan.

Auditor Independence

There is no 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 80 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 22 to the financial statements.

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

No options were granted during the year and no options have been granted since the end of the financial year. No options were exercised during the financial year.

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, foreign exchange and commodity price 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.

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 on pages 29–37, 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 on pages 29–37, which forms part of this Directors' Report, and in summary in Note 21 to the financial statements.

Rounding Off

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

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

I A Campbell Managing Director

Dated at Melbourne, 26 July 2012

Board of Directors

From left to right:
Ross Herron, Peter Hay,
Mark Smith

From left to right:
Graeme Billings, David Robinson,
Ian Campbell

Corporate Executives

From left to right:
Malcolm Tyler, Martin Fraser,
David Draycott

DIRECTORS

R M Herron* FCA FAICD (Age 62)

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 Pricewaterhouse Coopers) and retired as a partner of PricewaterhouseCoopers in December 2002. Mr Herron is currently President and Chairman of the Royal Automobile Club of Victoria (RACV) Ltd (Non-Executive Director since July 2007). He is also a Non-Executive Director of Select Harvests Limited (since January 2005) and a major industry superannuation fund. Mr Herron is a former Director of Heemskirk Consolidated Limited (retired February 2011) and Customers Limited (retired July 2012).

P A F Hay* LLB FAICD (Age 62)

Appointed Non-Executive Director on 26 May 2009. Appointed Chairman of the Remuneration Committee on 22 June 2010. Mr Hay is currently Chairman of the Advisory Board at Lazard in Australia. He is also a Director of Alumina Limited (since December 2002), Australia and New Zealand Banking Group Limited (since October 2008) and Myer Holdings Limited (since February 2010). Mr Hay is a Director of Landcare Australia Limited and Epworth Foundation, and is a member of the Australian Government Takeovers Panel (since May 2009). Mr Hay is a former Director of NBN Co Limited (retired August 2012).

M G Smith* Dip. Business (Marketing) FAMI CPM FAIM MAICD (Age 57)

Appointed Non-Executive Director on 26 May 2009. Mr Smith is a Non-Executive Director of Toll Holdings Limited (since July 2007). Mr Smith is currently Chairman of SIFE Australia Ltd and Chairman of the Humour Foundation. Mr Smith is a former Managing Director of Cadbury Schweppes Australia and New Zealand (2003 to 2007) and a Member of the Asia Pacific Regional Board, a former Managing Director of Confectionery ANZ and prior to that, three years as Director of Marketing for Cadbury Trebor Bassett in the UK and senior roles in Cadbury Schweppes' North American operations. He is also a former Chairman of Food Holdings Limited (retired August 2011).

G A Billings* BCom FCA MAICD (Age 56)

Appointed Non-Executive Director on 20 December 2011. Appointed Chairman of Audit and Compliance Committee on 1 January 2012. Mr Billings has been a Chartered Accountant since 1977. Mr Billings recently retired from Pricewaterhouse Coopers where he was a senior partner in the Assurance practice. He is a former head of the Melbourne Assurance practice as well as heading the firm's Australian and Global Industrial Products business. Mr Billings was appointed as a Director of National Can Industries Ltd on 8 June 2012.

D D Robinson* (Age 62)

Appointed Non-Executive Director on 20 December 2011. Mr Robinson has spent the past 22 years with global automotive parts, general industrial and consumer products manufacturer and marketing company Robert Bosch GmbH. Most recently he was President of Robert Bosch Australia and Robert Bosch New Zealand.

I A Campbell FAICD (Age 62)

Appointed Managing Director on 5 October 1998. Mr Campbell is a Non-Executive Director of Mirrabooka Investments Limited (since November 2007). He is also Vice-President of Ai Group (Vic.).

* All Non-Executive Directors are independent.

CORPORATE EXECUTIVES

M G Tyler Company Secretary LLB BCom (Hons) MBA ACIS

Mr Tyler is an associate of Chartered Secretaries Australia, a former partner with Freehills and general counsel with Southcorp Limited. He has held a legal practicing certificate in Victoria for 26 years.

M A Fraser Chief Financial Officer B Bus, EMBA, GAICD, FCA

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

D A Draycott General Manager Strategy and Planning
Dip. Bus. Studies, Grad. Dip. Accounting, AMAMI

Mr Draycott has been with GUD for 15 years in the corporate planning and strategy role. Prior to GUD he was with Bunge Australia, Metal Box UK and A C Nielsen.

Financial Statements

Consolidated Income Statement

For the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Revenue	2a	610,830	596,427
Cost of goods sold		(364,470)	(356,118)
Gross profit		246,360	240,309
Other income	2b	448	377
Marketing and selling		(70,866)	(65,828)
Product development and sourcing	2c	(11,968)	(8,261)
Logistics expenses and outward freight		(51,814)	(50,300)
Administration		(39,998)	(37,677)
Acquisition, integration and restructuring costs	2c	(1,089)	(12,299)
Other		(1,861)	(1,545)
Results from operating activities		69,212	64,776
Interest income		413	440
Net gain on sale of available for sale asset	10	63,666	–
Finance costs	2c	(9,542)	(9,347)
Net finance income/(costs)		54,537	(8,907)
Profit before income tax		123,749	55,869
Income tax expense	3	(30,987)	(16,213)
Profit for the year		92,762	39,656
Earnings per share:			
Basic earnings per share (cents per share)	27	132.3	58.1
Diluted earnings per share (cents per share)	27	132.3	58.1

Notes to the consolidated financial statements are annexed.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	2012 $'000	2011 $'000
Profit for the year	92,762	39,656
Other comprehensive income		
Exchange differences on translating results of foreign operations	(327)	(1,014)
Fair value adjustments recognised in cash flow hedge reserve	3,234	(5,824)
Net change in fair value of cash flow hedges transferred to inventory	(770)	(528)
Fair value adjustment of available for sale asset	(897)	29,085
Net change in fair value of available for sale asset transferred to income statement	(63,666)	–
Income tax on other comprehensive income	18,631	(6,820)
Other comprehensive income for the year, net of income tax	(43,795)	14,899
Total comprehensive income for the year	48,967	54,555

Notes to the consolidated financial statements are annexed.

Consolidated Balance Sheet

As at 30 June 2012

	Note	2012 $'000	2011 $'000
Current assets			
Cash and cash equivalents	6	19,247	16,081
Trade and other receivables	7	88,164	85,188
Other assets	8	9,002	7,902
Inventories	9	102,170	103,190
Total current assets		218,583	212,361
Non-current assets			
Other financial assets	10	2,795	83,324
Property, plant and equipment	11	33,132	32,122
Deferred tax assets	3c	1,541	2,086
Goodwill	12	106,759	106,794
Other intangible assets	13	66,012	64,618
Total non-current assets		210,239	288,944
Total assets		428,822	501,305
Current liabilities			
Trade and other payables	14a	85,018	82,996
Borrowings	15a	6,899	6,642
Current tax payables	3e	12,320	723
Provisions	16a	15,664	21,567
Total current liabilities		119,901	111,928
Non-current liabilities			
Borrowings	15b	29,718	111,509
Other financial liabilities	14b	139	426
Deferred tax liabilities	3c	304	16,391
Provisions	16b	5,101	3,407
Total non-current liabilities		35,262	131,733
Total liabilities		155,163	243,661
Net assets		273,659	257,644
Equity			
Share Capital	17	182,324	170,063
Reserves	18	(59)	43,736
Retained earnings		91,394	43,845
Total equity		273,659	257,644

Notes to the consolidated financial statements are annexed.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Retained earnings			
Retained earnings at the beginning of the year		43,845	47,052
Profit for the year		92,762	39,656
Dividends paid	5	(45,213)	(42,863)
Retained earnings at the end of the year		91,394	43,845
Reserves			
Foreign Currency Translation Reserve:			
Balance at the beginning of the year		(1,458)	(444)
Exchange differences on translating foreign operations		(327)	(1,014)
Balance at the end of the year		(1,785)	(1,458)
Cash Flow Hedge Reserve:			
Balance at the beginning of the year		–	4,446
Fair value adjustments transferred to equity – net of tax		2,264	(4,077)
Amounts transferred to inventory – net of tax		(538)	(369)
Balance at the end of the year		1,726	–
Available for Sale Asset Revaluation Reserve:			
Balance at the beginning of the year		45,194	24,835
Fair value adjustment – net of tax		(628)	20,359
Amount reclassified to income statement – net of tax		(44,566)	–
Balance at the end of the year		–	45,194
Reserves at the end of the year		(59)	43,736
Share capital			
Share capital at the beginning of the year – 69,089,611 (1 July 2010 – 65,885,213) fully paid shares		170,063	142,229
Dividend reinvestment plan	17	12,261	12,921
Share purchase plan	17	–	14,913
Share capital at the end of the year – 70,803,455 (30 June 2011 – 69,089,611) fully paid shares		182,324	170,063
Total equity		273,659	257,644
Total equity summary			
Balance at the beginning of the year		257,644	218,118
Profit for the year		92,762	39,656
Other Comprehensive Income		(43,795)	14,899
Total Comprehensive Income		48,967	54,555
Transactions with owners recognised in equity			
Dividend reinvestment plan		12,261	12,921
Share purchase plan		–	14,913
Dividends paid		(45,213)	(42,863)
Total transactions with owners		(32,952)	(15,029)
Balance at the end of the year		273,659	257,644

The amounts recognised directly in equity are net of tax.
Notes to the consolidated financial statements are annexed.

Consolidated Cash Flow Statement

For the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts from customers		666,808	652,373
Payments to suppliers and employees		(593,616)	(561,673)
Income taxes paid		(16,300)	(22,903)
Net cash provided by/(used in) operating activities	23	56,892	67,797
Cash flows from investing activities			
Payments for property, plant and equipment		(8,523)	(7,613)
Proceeds from sale of property, plant and equipment		119	104
Proceeds from sale of available for sale investment		81,845	–
Payments for intangible assets and product development costs		(6,927)	(5,354)
Dividends received from listed security investment		1,756	3,636
Acquisitions		–	(91,327)
Net cash provided by/(used in) investing activities		68,270	(100,554)
Cash flows from financing activities			
Net (repayments)/proceeds of borrowings		(81,420)	46,425
Net proceeds of share issues		–	14,913
Interest received		413	440
Interest paid		(8,365)	(8,151)
Dividends paid		(32,952)	(29,942)
Net cash provided by/(used in) financing activities		(122,324)	23,685
Net increase in cash held		2,838	(9,072)
Cash at the beginning of the year		16,081	25,472
Overdraft acquired from acquisitions		–	62
Effects of exchange rate changes on the balance of cash held in foreign currencies		328	(381)
Cash at the end of the year	6	19,247	16,081

Notes to the consolidated financial statements are annexed.

Notes to the consolidated financial statements

1. SUMMARY OF ACCOUNTING POLICIES

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 2012 comprise the Company and its subsidiaries (together referred to as the 'Consolidated Entity').

Basis of Preparation

Statement of compliance

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 26 July 2012.

Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost, except for derivative financial instruments and available for sale assets which are measured at fair value.

Functional and presentation currency

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

Use of estimates and judgements

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

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

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

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

Significant accounting policies

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

a. Principles of consolidation

The consolidated financial statements are the financial statements of all the entities that comprise the Consolidated Entity, being the Company and its subsidiaries as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements. A list of subsidiaries appears in Note 19 to the consolidated financial statements.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the Consolidated Entity are eliminated in full.

b. Business combinations

On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the fair values of the identifiable net assets acquired exceed the cost of acquisition, such excess is credited to the income statement in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

Transaction costs incurred in connection with a business combination are expensed as incurred.

c. Foreign currency

Foreign currency transactions

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

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

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

Foreign operations

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

Goodwill, fair value adjustments, assets and liabilities arising on the acquisition of a foreign operation are translated at exchange rates prevailing at the reporting date.

Notes to the consolidated financial statements

1. SUMMARY OF ACCOUNTING POLICIES CONTINUED

d. Revenue recognition

Sale of goods

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

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. As soon as 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. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to work performed. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statement.

e. Finance income, dividend income, finance costs and dividends paid

Dividend income is recognised when the right to receive payment is established. Finance income is comprised of interest income and gains on disposal 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 and dividends paid are classified as expenses or as distributions of profit 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 through the income statement. Interest expense on borrowings is recognised on an effective interest basis.

f. Financial instruments

Non-derivative financial instruments

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

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts, where they occur, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Investments

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

Available for sale assets are measured at fair value in accordance with AASB 139, based on the quoted share price at each reporting date. The changes in fair value are recognised directly in a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to the income statement.

Loans and receivables

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

Share capital

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

Debt and equity instruments

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

Payables

Trade payables and other accounts payable are measured at cost.

Borrowings

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

Derivative financial instruments

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

1. SUMMARY OF ACCOUNTING POLICIES CONTINUED

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

Cash flow hedges

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

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

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

Derivatives that do not qualify for hedge accounting

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

g. Income tax

Current and deferred tax expense

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

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or 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 tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is recognised 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.

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. GUD Holdings Limited is the head entity in the tax-consolidated group.

h. 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.

Notes to the consolidated financial statements

1. SUMMARY OF ACCOUNTING POLICIES CONTINUED

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 is recognised in the income statement immediately. An impairment of goodwill is not subsequently reversed.

i. Goods and services tax

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

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

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

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

j. 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.

k. Property, plant and equipment

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

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight-line basis 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

l. Leased assets

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

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

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

m. Intangible assets

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 three years.

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 (see Note 12).

1. SUMMARY OF ACCOUNTING POLICIES CONTINUED

Goodwill

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

Other intangible assets

Other intangible assets that are acquired by the Consolidated Entity, which have finite lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

The carrying value is tested for impairment as part of the annual testing of cash generating units (see Note 12).

Amortisation is recognised in the income statement over the following number of years:

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

Intangible assets acquired in a business combination

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

n. Employee benefits

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

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

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

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

o. Provisions

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

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

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

Onerous contracts

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

Restructuring

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

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

Warranties

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

p. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2012, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except for:

- IFRS 9 Financial Instruments, which becomes mandatory for the Group's 2016 consolidated financial statements and could change the classification and measurement of financial assets, liabilities and hedging. The Group does not plan to adopt this standard early and the extent of the impact has not been determined; and
- IFRS 13 Fair Value Measurement, which becomes mandatory for the Group's 2014 consolidated financial statements and replaces fair value measurement guidance in individual IFRSs with a single source of fair value measurement guidance. The Group does not plan to adopt this standard early and the extent of the impact has not yet been determined; and
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements, which becomes mandatory for the Group's 2014 consolidated financial statements and will remove requirements to make individual key management personnel disclosures in the notes to the financial statements. Early adoption of these amendments is not permitted.

Notes to the consolidated financial statements

2. PROFIT FROM OPERATIONS

	2012 $'000	2011 $'000
a. Revenue		
Sale of goods	609,074	592,791
Dividends received from investment in listed security	1,756	3,636
Total revenue	610,830	596,427
b. Other income		
Other	448	377
	448	377
c. Expenses by nature		
Profit before income tax has been arrived at after charging the following expenses:		
(Write-back)/write-down to value of inventory obsolescence provision	(78)	174
(Gain)/loss on sale of plant and equipment	(2)	1,947
Operating lease rental expense: Minimum lease payments	18,415	18,204
Net foreign exchange gain	(1,144)	(4,733)
Employee benefits:		
Wages and salaries (including on-costs)	100,205	94,763
Contributions to defined contribution plans	7,651	7,526
Movements in provisions for employee benefits	(442)	5,829
Depreciation and amortisation:		
Depreciation of plant and equipment	7,998	8,056
Depreciation of leased plant and equipment	111	223
Amortisation of product development costs	3,854	4,148
Amortisation of other intangibles	1,741	1,422
Total depreciation and amortisation	13,704	13,849
Product development costs:		
Expensed directly to income statement	11,968	8,261
Amortisation of product development costs	3,854	4,148
Total product development sourcing and amortisation	15,822	12,409
Acquisition, integration and restructuring costs:		
Acquisition costs	–	2,344
Integration and restructuring costs	1,089	9,955
Acquisition, integration and restructuring costs	1,089	12,299
Finance costs:		
Interest expense	9,122	9,347
Revaluation of interest rate swaps	420	–
Finance costs	9,542	9,347

The ineffective portion of cash flow hedges that is recognised in the income statement is nil (2011: nil).

3. TAXATION

	2012 $'000	2011 $'000
a. Income tax expense recognised in the income statement		
Prima facie income tax expense calculated at 30% (2011: 30%) on profit	37,125	16,761
Increase/(decrease) in income tax expense due to:		
Non-deductible expenditure	334	1,178
Under/(over) provision of income tax in prior year	239	14
Utilisation of capital losses not previously recognised	(4,786)	–
Research and development incentives	(1,067)	(1,121)
Non-assessable income	(858)	(619)
Income tax expense	30,987	16,213
Tax expense comprises:		
Current tax expense	27,659	16,679
Adjustments recognised in the current year in relation to the current tax of prior years	239	14
Deferred tax expense relating to the origination and reversal of temporary differences	3,089	(480)
Total tax expense	30,987	16,213

	2012 – $'000			2011 – $'000		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
b. Income tax expense recognised in other comprehensive income						
Exchange differences on translating results of foreign operations	(327)	–	(327)	(1,014)	–	(1,014)
Fair value adjustments transferred to cash flow hedge reserve	3,234	(970)	2,264	(5,824)	1,747	(4,077)
Net change in fair value of cash flow hedges transferred to inventory	(770)	232	(538)	(528)	159	(369)
Fair value adjustment of available for sale asset	(897)	269	(628)	29,085	(8,726)	20,359
Net change in fair value of available for sale asset transferred to income statement	(63,666)	19,100	(44,566)	–	–	–
	(62,426)	18,631	(43,795)	21,719	(6,820)	14,899

Tax consolidation

The Company and its wholly-owned Australian resident subsidiaries have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is GUD Holdings Limited. The members of the tax consolidated group are identified in Note 19.

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.

Notes to the consolidated financial statements

3. TAXATION CONTINUED

Taxable and deductible temporary differences arise from the following:

2012	Opening balance $'000	Recognised in Income Statement $'000	Recognised in Equity $'000	Closing balance $'000
Deferred tax assets:				
Employee benefit provisions	5,032	(172)	–	4,860
Warranty provisions	916	(251)	–	665
Inventory	983	34	–	1,017
Accrued expenses	528	45	–	573
FX option premium	544	(33)	–	511
Other	4,223	(1,944)	–	2,279
	12,226	(2,321)	–	9,905
Set-off of tax	(10,140)	1,776	–	(8,364)
	2,086	(545)	–	1,541
Deferred tax liabilities:				
Property, plant and equipment	1,316	77	–	1,393
Capitalised product development	2,864	722	–	3,586
Other intangible assets	2,982	(31)	–	2,951
Available for sale asset revaluation reserve	19,369	–	(19,369)	–
Cash flow hedge reserve	–	–	738	738
	26,531	768	(18,631)	8,668
Set-off of tax	(10,140)	1,776	–	(8,364)
	16,391	2,544	(18,631)	304
Net deferred tax assets				1,237

2011	Opening balance $'000	Acquisition $'000	Recognised in Income Statement $'000	Recognised in Equity $'000	Closing balance $'000
Deferred tax assets:					
Employee benefit provisions	3,267	2,181	(416)	–	5,032
Warranty provisions	1,012	3	(99)	–	916
Inventory	797	588	(402)	–	983
Accrued expenses	2	206	320	–	528
FX option premium	1,035	–	(491)	–	544
Other	650	2,057	1,516	–	4,223
	6,763	5,035	428	–	12,226
Set-off of tax	(6,315)	(855)	(2,970)	–	(10,140)
	448	4,180	(2,542)	–	2,086
Deferred tax liabilities:					
Property, plant and equipment	430	626	260	–	1,316
Capitalised product development	2,877	–	(13)	–	2,864
Other intangible assets	3,004	166	(188)	–	2,982
Available for sale asset revaluation reserve	10,642	–	–	8,727	19,369
Cash flow hedge reserve	1,907	–	–	(1,907)	–
Other	48	63	(111)	–	–
	18,908	855	(52)	6,820	26,531
Set-off of tax	(6,315)	(855)	(2,970)	–	(10,140)
	12,593	–	(3,022)	6,820	16,391
Net deferred tax liabilities					(14,305)

3. TAXATION CONTINUED

	2012 $'000	2011 $'000
c. Deferred tax balances		
Deferred tax assets	1,541	2,086
Deferred tax liabilities	(304)	(16,391)
Net deferred tax assets/(liabilities)	1,237	(14,305)

Deferred tax assets/liabilities is comprised of the estimated future benefit/liability at the applicable rate.

	2012 $'000	2011 $'000
d. Unrecognised deferred tax balances		
The following deferred tax assets have not been brought to account as assets:		
Tax losses – capital	–	2,435

e. Current tax payables

The current tax payables balance of $12,320,000 includes an amount of $14,290,000 in respect of capital gains arising from the sale of an investment (see Note 10). This is offset by payments on account in excess of the normal tax liability.

4. SEGMENT INFORMATION

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

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

	For the year ended 30 June 2012					
Business segments	Consumer Products $'000	Automotive Products $'000	Water Products $'000	Industrial Products $'000	Unallocated $'000	Total $'000
Total segment revenue (external)	219,164	85,932	99,168	204,811	1,755	610,830
Underlying EBITDA pre-acquisition, integration and restructuring costs	39,362	28,127	9,775	12,284	(5,543)	84,005
Less: Depreciation	(2,737)	(529)	(1,904)	(2,933)	(6)	(8,109)
Less: Amortisation of intangibles	(3,672)	–	(343)	(1,580)	–	(5,595)
Underlying EBIT pre-acquisition, integration and restructuring costs	32,953	27,598	7,528	7,771	(5,549)	70,301
Integration and restructuring costs	(278)	–	–	(628)	(183)	(1,089)
Segment result (EBIT)	32,675	27,598	7,528	7,143	(5,732)	69,212
Net finance income						54,537
Profit before income tax						123,749
Income tax expense						(30,987)
Profit for the period						92,762
Segment assets	121,912	34,476	86,580	179,664	6,190	428,822
Segment liabilities	24,690	7,824	12,117	54,462	56,070	155,163
Segment acquisition of assets	6,763	1,901	2,357	4,424	5	15,450

Notes to the consolidated financial statements

4. SEGMENT INFORMATION CONTINUED

	For the year ended 30 June 2011					
Business segments	Consumer Products $'000	Automotive Products $'000	Water Products $'000	Industrial Products $'000	Unallocated $'000	Total $'000
Total segment revenue (external)	**235,880**	**82,115**	**107,299**	**167,497**	**3,636**	**596,427**
EBITDA pre-acquisition, integration and restructuring costs	45,653	26,447	11,488	10,170	(2,834)	90,924
Less: Depreciation	(2,679)	(570)	(2,120)	(2,902)	(8)	(8,279)
Less: Amortisation of intangibles	(4,127)	–	(342)	(1,101)	–	(5,570)
Underlying EBIT pre-acquisition, integration and restructuring costs	38,847	25,877	9,026	6,167	(2,842)	77,075
Acquisition, integration and restructuring costs	–	–	(880)	(8,882)	(2,537)	(12,299)
Segment result (EBIT)	38,847	25,877	8,146	(2,715)	(5,379)	64,776
Net finance costs						(8,907)
Profit before income tax						55,869
Income tax expense						(16,213)
Profit for the period						39,656
Segment assets	123,298	33,570	96,584	173,958	73,895	501,305
Segment liabilities	27,733	11,715	16,042	55,201	132,970	243,661
Segment acquisition of assets	6,472	444	4,803	64,145	1	75,865

Segment result excludes finance costs, interest revenue and income tax expense.
The Consolidated Entity operates primarily in one geographical segment: Australasia.

Business segments

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

Consumer Products (Sunbeam and Oates)

Small electrical appliances and cleaning products.

Automotive Products (Ryco, Wesfil, Goss)

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

Water Products (Davey)

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

Industrial Products (Dexion and Lock Focus)

Manufacturer and provider of industrial storage and automation solutions plus disc tumbler locks for furniture, doors and safe locking systems.

5. DIVIDENDS

Recognised amounts Fully Paid Ordinary Shares	Cents per share	Total amount $'000	Date of payment	Tax rate %	Percentage franked %
2012					
Final dividend in respect of the 2011 financial year	35	24,181	14 September 2011	30	100
Interim dividend in respect of the 2012 financial year	30	21,032	6 March 2012	30	100
Total dividends		45,213			
2011					
Final dividend in respect of the 2010 financial year	34	23,019	30 September 2010	30	100
Interim dividend in respect of the 2011 financial year	29	19,844	9 March 2011	30	100
Total dividends		42,863			

Unrecognised amounts Fully Paid Ordinary Shares	Cents per share	Total amount $'000	Date of payment	Tax rate %	Percentage franked %
2012					
Final dividend in respect of the 2012 financial year	35	24,781	3 September 2012	30	100
Special cash dividend	35	24,781	16 August 2012	30	100

	GUD Holdings Limited	
Dividend franking account	**2012 $'000**	2011 $'000
30% (2011: 30%) franking credits available to shareholders of GUD Holdings Limited for subsequent financial years	**36,593**	28,508

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

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. The special cash dividend will not be eligible for the DRP.

The Directors have determined that the allocation price for shares issued under the DRP for the final 2012 dividend will be calculated at a 2.5% discount to the volume weighted average price of GUD ordinary shares on each of the five consecutive trading days following the record date 20 August 2012 for participation in the DRP, being 21 August 2012 to 27 August 2012.

The last date for receipt of applications to participate in or to cease or vary participation in the DRP is by 5:00pm (EST) on 20 August 2012. Additional shares will be issued to participants on 3 September 2012.

6. CASH AND CASH EQUIVALENTS

	2012 $'000	2011 $'000
Current		
Cash and cash equivalents	**19,247**	16,081

Notes to the consolidated financial statements

7. TRADE AND OTHER RECEIVABLES

	2012 $'000	2011 $'000
Current		
Trade receivables[1]	86,171	85,739
Less: Allowance for doubtful debts[2]	(809)	(551)
Net trade receivables	85,362	85,188
Derivatives – Foreign currency forward contracts, options and collars	2,802	–
Other financial assets	2,802	–
	88,164	85,188

[1] The group's policy is that cash received at the bank on the first day after the month end is included in the cash at bank figure and set-off against trade receivables in order to take into account cash in transit. This amounted to $7.1 million at 30 June 2012.
[2] 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.

	2012 $'000	2011 $'000
Movement in allowance for doubtful debts		
Balance at the beginning of the year	(551)	(464)
Acquisitions	–	(76)
Doubtful debts recognised	(393)	(329)
Amounts written-off as uncollectible	135	318
Balance at the end of the year	(809)	(551)

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

Impaired receivables are those receivables for which a specific doubtful debt provision has been recognised. Receivables that are past due but not impaired are those receivables the Directors believe to be fully recoverable and as a result, have not recognised any amount in the doubtful debt provision for them.

2012 Ageing of trade receivables	Gross $'000	Impairment $'000	Net $'000
Not past due	60,863	(104)	60,759
Past due 1 – 60 days	20,934	(246)	20,688
Past due 61 – 120 days	2,634	(65)	2,569
Past due 121 – 365 days	1,062	(282)	780
Past due more than one year	678	(112)	566
Total trade receivables	86,171	(809)	85,362

2011 Ageing of trade receivables	Gross $'000	Impairment $'000	Net $'000
Not past due	65,696	(77)	65,619
Past due 1 – 60 days	15,640	(169)	15,471
Past due 61 – 120 days	2,558	(43)	2,515
Past due 121 – 365 days	1,026	(232)	794
Past due more than one year	819	(30)	789
Total trade receivables	85,739	(551)	85,188

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

8. OTHER ASSETS

	2012 $'000	2011 $'000
Current		
Prepayments	3,525	4,902
Other	5,477	3,000
	9,002	7,902

9. INVENTORIES

	2012 $'000	2011 $'000
Current		
Raw materials and stores	17,903	18,988
Work in progress	3,513	4,856
Finished goods	80,754	79,346
Total inventory	102,170	103,190

Inventories disclosed above are net of the provision for obsolescence.

10. OTHER FINANCIAL ASSETS

	Note	2012 $'000	2011 $'000
Non-current			
Loans receivable – related parties	25	295	564
Loans receivable – third parties		2,500	–
Available for sale asset		–	82,749
Derivatives – Foreign currency forward contracts, options and collars	26	–	11
		2,795	83,324

On 28 February 2012, GUD Holdings Limited sold its investment in Breville Group Limited at a price of $3.35 per share. A pre-tax gain of $63,666,000 was recognised on the sale, which is disclosed separately on the face of the income statement. A capital gain tax liability of $14,290,000 net of carried forward capital losses has been accrued in respect of the sale.

Notes to the consolidated financial statements

11. PROPERTY, PLANT AND EQUIPMENT

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

	Equipment under finance lease at cost $'000	Plant and Equipment at cost $'000	Total $'000
Gross carrying amount			
Balance at 1 July 2010	3,113	49,161	52,274
Acquisitions	–	19,227	19,227
Additions	–	7,613	7,613
Disposals	(1,338)	(7,330)	(8,668)
Foreign currency movements	–	(1,436)	(1,436)
Balance at 30 June 2011	1,775	67,235	69,010
Additions	100	8,423	8,523
Disposals	–	(4,698)	(4,698)
Reclassification	(1,268)	1,268	–
Foreign currency movements	–	364	364
Balance at 30 June 2012	607	72,592	73,199
Accumulated depreciation and amortisation			
Balance at 1 July 2010	(1,540)	(32,514)	(34,054)
Depreciation expense	(223)	(8,056)	(8,279)
Impairment due to restructuring	–	(1,680)	(1,680)
Disposals	868	5,842	6,710
Foreign currency movements	–	415	415
Balance at 30 June 2011	(895)	(35,993)	(36,888)
Depreciation expense	(111)	(7,998)	(8,109)
Disposals	–	4,581	4,581
Reclassification	825	(825)	–
Foreign currency movements	–	349	349
Balance at 30 June 2012	(181)	(39,886)	(40,067)
Carrying amount			
As at 30 June 2011	880	31,242	32,122
As at 30 June 2012	426	32,706	33,132

12. GOODWILL

	2012 $'000	2011 $'000
Gross carrying amount		
Balance at the beginning of the year	106,794	43,872
Acquisitions	–	62,907
Net foreign currency difference arising on translation of financial statements of foreign operations	(35)	15
Balance at the end of the year	106,759	106,794

All intangible assets with indefinite lives (goodwill and brand names), have been allocated for impairment testing purposes to cash generating units (or groups of units). Refer below for the allocation of goodwill and brand names. The Directors have assessed that no impairment charge is required for the year ended 30 June 2012. Additional information relating to brand names is included in Note 13.

	2012 – $'000		
	Goodwill	Brand Names	Total Assets with Indefinite Lives
Allocation of goodwill and brand names			
Automotive Products	1,497	1,000	2,497
Lock Focus	5,300	–	5,300
Sunbeam	463	24,549	25,012
Oates	5,166	8,900	14,066
Water Products	34,824	3,215	38,039
Dexion	59,509	11,675	71,184
	106,759	49,339	156,098

	2011 – $'000		
	Goodwill	Brand Names	Total Assets with Indefinite Lives
Allocation of goodwill and brand names			
Automotive Products	1,497	1,000	2,497
Lock Focus	5,300	–	5,300
Sunbeam	463	24,492	24,955
Oates	5,166	8,900	14,066
Water Products	34,854	3,215	38,069
Dexion	59,514	11,633	71,147
	106,794	49,240	156,034

Each cash generating unit'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 2013 year and forecasts for a further four years which are extrapolated in perpetuity using a long-term average growth rate consistent with the sectors in which the cash generating units operate. The values assigned reflect past experience or, if appropriate, are consistent with external sources of information.

The cash generating units within the Consumer Products business segment are Sunbeam and Oates. The pre-tax discount rate applied to Sunbeam cash flows was 14.29% (2011: 14.34%). The pre-tax discount rate applied to Oates cash flows was 14.29% (2011: 14.70%).

The Water Products group is both a cash generating unit and a business segment. The pre-tax discount rate applied to cash flows was 14.29% (2011: 14.70%).

The cash generating units within the Industrial Products business segment include Dexion and Lock Focus. The pre-tax discount rate applied to the Lock Focus cash flows was 14.29% (2011: 13.24%). The pre-tax discount rate applied to the Dexion cash flows was 14.29% (2011: 14.70%).

The five-year cash flow projections are based on the 2013 year budget (2011: based on 2012 budget) and an ongoing growth rate of 3% is considered reasonable in light of past performance and is consistent with the sectors in which the cash generating units operate.

Notes to the consolidated financial statements

13. OTHER INTANGIBLE ASSETS

	Product Development Costs $'000	Brand Names, Business Names and Trademarks $'000	Patents, Licences and Distribution Rights $'000	Software $'000	Customer relationships $'000	Total $'000
Gross carrying amount						
Balance at 1 July 2010	24,580	37,811	4,791	–	–	67,182
Acquisitions	–	11,697	–	4,564	1,452	17,713
Additions from internal developments	4,384	–	–	–	–	4,384
Additions	–	–	120	850	–	970
Disposals	(4,723)	–	–	(452)	–	(5,175)
Foreign currency movements	–	(268)	2	(61)	–	(327)
Balance at 30 June 2011	24,241	49,240	4,913	4,901	1,452	84,747
Additions from internal developments	5,809	–	–	–	–	5,809
Additions	–	1	87	1,030	–	1,118
Disposals	(4,856)	–	(4,325)	–	–	(9,181)
Foreign currency movements	–	98	(1)	(1)	–	96
Balance at 30 June 2012	25,194	49,339	674	5,930	1,452	82,589
Accumulated amortisation						
Balance at 1 July 2010	(14,820)	–	(4,378)	–	–	(19,198)
Amortisation expense	(4,148)	–	(321)	(863)	(238)	(5,570)
Disposals	4,152	–	(9)	449	–	4,592
Foreign currency movements	–	–	–	47	–	47
Balance at 30 June 2011	(14,816)	–	(4,708)	(367)	(238)	(20,129)
Amortisation expense	(3,854)	–	(232)	(1,220)	(289)	(5,595)
Disposals	4,753	–	4,325	–	–	9,078
Foreign currency movements	–	–	7	67	(5)	69
Balance at 30 June 2012	(13,917)	–	(608)	(1,520)	(532)	(16,577)
Carrying amount						
As at 30 June 2011	9,425	49,240	205	4,534	1,214	64,618
As at 30 June 2012	11,277	49,339	66	4,410	920	66,012

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

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

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

14. TRADE AND OTHER PAYABLES

	2012 $'000	2011 $'000
a. Current		
Accrued expenses	22,267	20,124
Trade payables[1]	61,166	62,159
Trade payables and accrued expenses	83,433	82,283
Derivatives – Foreign currency forward contracts and collars	510	97
Derivatives – Interest rate swaps at fair value	1,075	328
Other	–	288
Trade and other payables	85,018	82,996
b. Non-current		
Derivatives – Interest rate swaps at fair value	139	426
Other financial liabilities	139	426

[1] No interest is incurred on trade payables.

15. BORROWINGS

	Note	2012 $'000	2011 $'000
a. Current			
Unsecured bank overdrafts		–	–
Unsecured bank loans		6,816	6,396
Secured finance lease liabilities[1]	24	83	246
		6,899	6,642
b. Non-current			
Unsecured bank loans		29,363	111,171
Secured finance lease liabilities[1]	24	355	338
		29,718	111,509
c. Financing facilities			
Total facilities available:			
Unsecured bank overdrafts		8,144	8,858
Unsecured bank loans		193,290	187,506
Unsecured money market facilities		15,000	18,000
		216,434	214,364
Facilities used at balance date:			
Unsecured bank overdrafts		–	–
Unsecured bank loans		36,179	117,567
Unsecured money market facilities		–	–
		36,179	117,567
Facilities not utilised at balance date:			
Unsecured bank overdrafts		8,144	8,858
Unsecured bank loans		157,111	69,939
Unsecured money market facilities		15,000	18,000
		180,255	96,797

[1] Secured by the assets leased (see Note 11).

Notes to the consolidated financial statements

15. BORROWINGS CONTINUED

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 have entered into a deed of cross guarantee. GUD Holdings Limited has a contingent liability to the extent of the bank debt incurred by its controlled entities. Interest on bank overdrafts is charged at prevailing market rates. The weighted average interest rate for all overdrafts as at 30 June 2012 is 6.62% (2011: 8.47%).

Unsecured bank loans

The main unsecured bank loan is provided by way of a Club Facility arrangement. During the year the Working Capital Facility was renewed for three years to 31 July 2015. The amount drawn under the Club Facility at 30 June 2012 is repayable on maturity of the Core Debt Facility (31 July 2014). The Working Capital Facility and Core Debt Facility are subject to variable interest rates. There are also unsecured facilities in Malaysia and China that are renewed annually.

The Club Facility agreement is for a total of $180 million which is subject to review prior to maturity, as follows:

	Amount $ million	Year ended 30 June
Working Capital Facility	80	2016
Core Debt Facility	100	2015

Money market facility

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

16. PROVISIONS

	2012 $'000	2011 $'000
a. Current		
Employee benefits[1]	12,526	13,720
Restructuring	930	4,764
Warranty	2,208	3,083
	15,664	21,567
b. Non-current		
Employee benefits[1]	3,666	2,914
Restructuring	1,435	493
	5,101	3,407

[1] Employee provisions include on-costs.

	2012 $'000	2011 $'000
Employee benefits		
Aggregate liability for employee benefits, including on-costs, recognised and included in the consolidated financial statements is as follows:		
Current	12,526	13,720
Non-current	3,666	2,914
	16,192	16,634
Accrued wages and salaries*	4,454	5,105
	20,646	21,739

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

16. PROVISIONS CONTINUED

	2012 $'000	2011 $'000
Restructuring provisions		
Carrying amount at beginning of year	5,257	–
Acquisitions	–	1,776
Provisions recognised	278	6,171
Payments made during the year	(3,200)	(2,638)
Net foreign currency difference arising on translation of financial statements of foreign operations	30	(52)
Carrying amount at end of year	2,365	5,257

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.

	2012 $'000	2011 $'000
Warranty provisions		
Carrying amount at beginning of year	3,083	3,271
Provisions recognised	8,476	10,818
Payments made during the year	(9,354)	(10,971)
Net foreign currency difference arising on translation of financial statements of foreign operations	3	(35)
Carrying amount at end of year	2,208	3,083

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

17. SHARE CAPITAL

	2012 $'000	2012 No. '000	2011 $'000	2011 No. '000
Fully paid ordinary shares				
70,803,455 fully paid ordinary shares (2011: 69,089,611)	182,324	70,803	170,063	69,090
Balance at the beginning of the year	170,063	69,090	142,229	65,885
Dividend reinvestment plan	12,261	1,713	12,921	1,386
Share purchase plan	–	–	14,913	1,819
Balance at the end of the year	182,324	70,803	170,063	69,090

During the year 1,713,844 shares were issued by the Consolidated Entity under the 'Dividend Reinvestment Plan', which was reintroduced by the Consolidated Entity on 28 July 2009. The final dividend in respect of the 2011 financial year paid on 14 September 2011 resulted in the issue of 1,017,776 new shares and the interim dividend in respect of the 2012 financial year paid on 6 March 2012 resulted in the issue of 696,068 new shares.

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.

Notes to the consolidated financial statements

18. RESERVES

Foreign currency translation reserve

Exchange differences relating to the translation of the functional currency of the Consolidated Entity's foreign subsidiaries into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

Cash flow hedge reserve

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

Available for sale revaluation reserve

The available for sale revaluation reserve contains movements in the fair value of the available for sale asset since acquisition, net of tax. The asset was sold during the year, therefore there is no balance at the year end.

19. INVESTMENT IN SUBSIDIARIES

	Country of incorporation	Percentage ownership interest 2012	2011
Parent entity			
GUD Holdings Limited[2]	Australia		
Subsidiaries			
Appliance and Homewares International Pty Ltd[1,3]	Australia	100	100
Appliance and Homewares International Limited[5]	New Zealand	–	100
Darroch Consulting Limited[5]	New Zealand	–	100
Davey Pumps Inc	USA	100	100
Davey Water Products Limited[5]	New Zealand	–	100
Davey Water Products Pty Ltd[1,3]	Australia	100	100
Dexion Limited[1,3]	Australia	100	100
Dexion (Australia) Pty Limited[1,3]	Australia	100	100
Dexion (New Zealand) Holdings Limited[4]	New Zealand	–	100
Dexion (New Zealand) Limited[5]	New Zealand	–	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 Commercial (Australia) Pty Limited[1,3]	Australia	100	100
Dexion Commercial (New Zealand) Limited[5]	New Zealand	–	100
Dexion Integrated Systems Pty Limited[1,3]	Australia	100	100
ED Oates Proprietary Limited[1,3]	Australia	100	100
Goss Products Pty Ltd[1,3]	Australia	100	100
GUD (HK) Limited	Hong Kong	100	100
G.U.D. (N.Z.) Limited[5]	New Zealand	–	100
GUD Automotive Pty Ltd[1,3]	Australia	100	100
GUD Europe Limited	United Kingdom	100	100
GUD NZ Holdings Limited[4,5]	New Zealand	100	100
Lock Focus Pty Ltd[1,3]	Australia	100	100
Monarch Pool Systems 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
Sunbeam Corporation Limited[5]	New Zealand	–	100
Sunbeam Corporation Limited[1,3]	Australia	100	100
Wesfil Australia Pty Ltd[1,3]	Australia	100	100

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

[1] Member of the Australian Tax Consolidated group.
[2] GUD Holdings Limited is the head entity within the 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] On 20 December 2011, Dexion (New Zealand) Holdings Limited was amalgamated into GUD NZ Holdings Limited.
[5] On 1 June 2012, all remaining New Zealand subsidiaries resolved to amalgamate into the single corporate form of GUD NZ Holdings Limited. Since that date, all the businesses operated under the previous subsidiaries became operational divisions of GUD NZ Holdings Limited.

19. INVESTMENT IN SUBSIDIARIES CONTINUED

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

Income Statement	2012 $'000	2011 $'000
Revenue	519,589	521,344
Net gain on sale of available for sale asset	63,666	–
Finance costs	(6,860)	(6,443)
Other expenses	(455,983)	(458,033)
Profit before income tax	120,412	56,868
Income tax expense	(29,981)	(16,344)
Profit for the year	90,431	40,524
Retained earnings at the beginning of the year	39,595	41,934
Dividends paid	(45,213)	(42,863)
Retained earnings at the end of the year	84,813	39,595

Balance Sheet	2012 $'000	2011 $'000
Current assets		
Cash and cash equivalents	14,167	10,312
Trade and other receivables	67,239	67,120
Other assets	8,560	9,364
Inventories	81,999	83,782
Total current assets	171,965	170,578
Non-current assets		
Other financial assets	34,865	115,049
Property, plant and equipment	25,452	24,753
Goodwill	75,651	75,656
Other intangible assets	57,954	56,899
Total non-current assets	193,922	272,357
Total assets	365,887	442,935
Current liabilities		
Trade and other payables	64,217	65,559
Borrowings	484	391
Current tax payables	13,053	1,318
Provisions	14,101	18,515
Total current liabilities	91,855	85,783
Non-current liabilities		
Borrowings	355	82,867
Other financial liabilities	–	101
Deferred tax liabilities	196	16,419
Provisions	4,667	2,914
Total non-current liabilities	5,218	102,301
Total liabilities	97,073	188,084
Net assets	268,814	254,851
Share Capital	182,324	170,063
Reserves	1,677	45,193
Retained earnings	84,813	39,595
Total equity	268,814	254,851

20. SUPERANNUATION COMMITMENTS

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

21. KEY MANAGEMENT PERSONNEL (INCLUDING NON-EXECUTIVE DIRECTORS) COMPENSATION AND EQUITY HOLDINGS

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

– R M Herron (Chairman, Non-Executive) (appointed Chairman on 1 January 2012)
– C K Hall (Chairman, Non-Executive) (retired on 31 December 2011)
– P A F Hay (Non-Executive)
– M G Smith (Non-Executive)
– G A Billings (Non-Executive) (appointed on 20 December 2011)
– D D Robinson (Non-Executive) (appointed on 20 December 2011)
– I A Campbell (Managing Director)
– M A Fraser (Chief Financial Officer) (appointed on 1 January 2012)
– R J Wodson (Finance Director) (retired on 31 December 2011)
– D Jackson (Chief Executive – Sunbeam Corporation Ltd – Australia)
– D Birch (Chief Executive – E D Oates Pty Ltd)
– R Pattison (Chief Executive – GUD Automotive Pty Ltd)
– C Anderson (Chief Executive – Davey Water Products Pty Ltd)
– T Cooper (Managing Director – Wesfil Australia Pty Ltd)
– P Farmakis (Chief Executive – Dexion Ltd)

Key management personnel compensation policy

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

Key management personnel compensation

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

	2012 $	2011 $
Short-term employment benefits	6,360,240	6,308,909
Other long-term benefits	62,975	53,226
Post-employment benefits	443,837	437,170
Retirement benefits	1,273,395	–
	8,140,447	6,799,305

Transactions with key management personnel and their related parties

The Consolidated Entity'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 Directors are on terms no more favourable than made available to other employees.

At 30 June 2012, key management personnel held directly, indirectly or beneficially 324,468 ordinary shares (2011: 432,226) in the Consolidated Entity.

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

21. KEY MANAGEMENT PERSONNEL (INCLUDING NON-EXECUTIVE DIRECTORS) COMPENSATION AND EQUITY HOLDINGS CONTINUED

Fully paid ordinary shares issued by GUD Holdings Limited.

For the year ended 30 June 2012		Balance at 01 Jul 11 No.	Net other change No.	Balance at 30 Jun 12 No.
Directors				
Non-Executive				
R M Herron	(Chairman)	23,210	–	23,210
C K Hall	(former Chairman)	73,210	(73,210)	–
P A F Hay		2,893	814	3,707
M G Smith		5,560	–	5,560
G A Billings		–	–	–
D D Robinson		–	–	–
Executive				
I A Campbell	(Managing Director)	278,954	13,037	291,991
R J Wodson	(former Finance Director)	48,399	(48,399)	–
Other key management personnel				
M A Fraser	(Chief Financial Officer)	–	–	–
D Jackson	(Chief Executive – Sunbeam Corporation Ltd)	–	–	–
D Birch	(Chief Executive – E D Oates Pty Ltd)	–	–	–
R Pattison	(Chief Executive – GUD Automotive Pty Ltd)	–	–	–
C Anderson	(Chief Executive – Davey Water Products Pty Ltd)	–	–	–
T Cooper	(Managing Director – Wesfil Australia Pty Ltd)	–	–	–
P Farmakis	(Chief Executive – Dexion Ltd)	–	–	–
		432,226	(107,758)	324,468

For the year ended 30 June 2011		Balance at 01 Jul 10 No.	Net other change No.	Balance at 30 Jun 11 No.
Directors				
Non-Executive				
C K Hall	(Chairman)	72,442	768	73,210
R M Herron		22,442	768	23,210
P A F Hay		1,939	954	2,893
M G Smith		–	5,560	5,560
Executive				
I A Campbell	(Managing Director)	268,373	10,581	278,954
R J Wodson	(Finance Director)	43,751	4,648	48,399
Other key management personnel				
D Jackson	(Chief Executive – Sunbeam Corporation Ltd)	–	–	–
D Birch	(Chief Executive – E D Oates Pty Ltd)	–	–	–
R Pattison	(Chief Executive – GUD Automotive Pty Ltd)	–	–	–
C Anderson	(Chief Executive – Davey Water Products Pty Ltd)	–	–	–
T Cooper	(Managing Director – Wesfil Australia Pty Ltd)	–	–	–
P Farmakis	(Chief Executive – Dexion Ltd)	–	–	–
		408,947	23,279	432,226

Notes to the consolidated financial statements

22. AUDITORS' REMUNERATION

	2012 $	2011 $
Audit and review services		
The auditor of GUD Holdings Limited		
– audit and review of financial reports	571,355	522,000
Other auditors:		
– audit and review of financial reports	12,104	2,479
	583,459	524,479
Other services		
The auditor of GUD Holdings Limited		
– in relation to other assurance, taxation and due diligence services	355,390	228,125
	355,390	228,125

23. NOTES TO THE STATEMENT OF CASH FLOWS

	2012 $'000	2011 $'000
Reconciliation of profit after income tax to net cash provided by operating activities		
Profit after income tax	92,762	39,656
Depreciation and amortisation	13,704	13,849
Impairment of fixed asset due to restructuring	–	1,680
Interest received	(413)	(440)
Interest paid	9,542	9,347
Dividends received from listed security investment	(1,756)	(3,636)
Net gain on sale of available for sale asset	(63,666)	–
Loss on sale of property, plant and equipment	(2)	1,947
Changes in working capital assets and liabilities		
Increase (decrease) in net tax liability	14,686	(8,975)
(Increase) decrease in inventories	1,020	(478)
(Increase) decrease in receivables	(174)	4,657
(Increase) in other assets	(1,100)	1,597
Increase (decrease) in provisions	(4,209)	10,898
Increase (decrease) in payables and derivatives	(3,502)	(2,305)
Net cash provided by/(used in) operating activities	56,892	67,797

24. COMMITMENTS FOR EXPENDITURE

	2012 $'000	2011 $'000
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for and payable:		
Within 1 year	305	531
Between 1 and 5 years	–	–
Later than 5 years	–	–
	305	531

	2012 Buildings $'000	2012 Other $'000	2011 Buildings $'000	2011 Other $'000
Non-cancellable operating lease expense commitments				
Future operating lease commitments not provided for in the consolidated financial statements and payable:				
Within 1 year	13,180	2,812	13,522	3,188
Between 1 and 5 years	27,576	3,500	28,925	3,898
Later than 5 years	3,992	–	589	–
	44,748	6,312	43,036	7,086

	Note	2012 $'000	2011 $'000
Finance lease payment commitments			
Plant and equipment			
Minimum future lease payments:			
Within 1 year		110	283
Between 1 and 5 years		365	375
Later than 5 years		–	–
Total finance lease commitment		475	658
Less: Future finance lease charges		(37)	(74)
Finance lease liability		438	584
Present value of minimum future lease payments:			
Within 1 year		83	246
Between 1 and 5 years		355	338
Later than 5 years		–	–
		438	584
Lease liabilities provided for in the consolidated financial statements:			
Current	15a	83	246
Non-current	15b	355	338
Total lease liability		438	584

The Consolidated Entity leases a number of premises throughout Australia and New Zealand. The rental period of each individual lease agreement varies between one and 10 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 Consolidated Entity 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.

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

Notes to the consolidated financial statements

25. RELATED PARTIES

Directors

Details of Directors' compensation is disclosed in Note 21 and the Remuneration Report.

Loan to Director

In April 2008, the Consolidated Entity entered into an agreement with the Managing Director, Mr I A Campbell, to provide an unsecured loan of $564,000 repayable in the event that his employment ceases. The interest rate applicable to the loan is the Consolidated Entity's cost of funds plus a margin of 0.25% which is considered to be on arm's length terms, hence no compensation value has been attributed to the loan. Mr I A Campbell has undertaken not to dispose of 130,000 GUD Holdings Limited shares held in his name while the loan remains outstanding. As at the reporting date, all interest charged on the loan during the year has been paid.

	Note	2012 $'000	2011 $'000
Opening loan balance		564	564
Loan repaid		(269)	–
Closing loan balance	10	295	564
Interest paid during the period		29	38

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 19.

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

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 $377,000 excluding GST (2011: $407,000 including GST). The Consolidated Entity's policy is that related party lease arrangements are undertaken with commercial terms and conditions.

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a. Overview

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

- credit risk
- liquidity risk
- market risk

This note provides additional information about the Consolidated Entity'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.

b. Financial risk management objectives

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

The Consolidated Entity 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 Consolidated Entity's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives. Compliance with policies and exposure limits is reviewed by the Financial Risk Management Committee chaired by the 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 Consolidated Entity's activities expose it primarily to the financial risks associated with changes in foreign currency exchange rates and interest rates. The carrying value of financial assets and financial liabilities recognised in the accounts approximate their fair value with the exception of borrowings which are recorded at their amortised cost.

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

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

c. Credit risk

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

Trade and other receivables:

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

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

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 Consolidated Entity may have a secured claim. The Consolidated Entity 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.

The maximum exposure to credit risk is the sum of cash and cash equivalents disclosed in Note 6, the total value of trade debtors and other receivables disclosed in Note 7 and other financial assets disclosed in Note 10. The majority of credit risk is within Australia and New Zealand. A material exposure arises from forward exchange contracts, options and collars that are subject to credit risk in relation to the relevant counterparties. The maximum credit risk exposure on foreign currency contracts, options and collars is the full amount of the foreign currency the Consolidated Entity pays when settlement occurs should the counterparty fail to pay the amount which it is committed to pay the Consolidated Entity. To address this risk the Consolidated Entity restricts its dealings to financial institutions with appropriate credit ratings.

d. Liquidity risk

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

- preparation of budgeted annual and monthly cash flows;
- measurement of actual cash flows of the Consolidated Entity on a daily 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:

2012	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000
Financial liabilities					
Trade and other payables	85,157	85,157	85,018	139	–
Unsecured bank loans	36,179	42,628	9,973	2,439	30,216
Secured finance lease liabilities	438	438	83	355	–
	121,774	128,223	95,074	2,933	30,216

2011	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000
Financial liabilities					
Trade and other payables	83,422	83,422	82,996	426	–
Unsecured bank loans	117,567	138,949	15,616	38,754	84,579
Secured finance lease liabilities	584	584	246	338	–
	201,573	222,955	98,858	39,518	84,579

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

e. Market risk

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

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

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

At 30 June 2012, the Consolidated Entity is exposed to $8,736,000 (2011: $11,478,000) of US$ denominated net liabilities.

Foreign exchange risk management

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

Forward foreign exchange contracts provide certainty as specific rates are agreed at the time the contract is agreed. Purchased foreign currency options require a premium to be paid and provide a minimum (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 Consolidated Entity'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 Consolidated Entity's commitments are rarely more than one year. At the reporting date financial instruments are recognised at their fair value, which are determined with reference to third party confirmations of financial instruments outstanding at the reporting date and are based on exit values.

Foreign currency risk management analysis

Forward foreign exchange contracts

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

	Average exchange rate		Foreign currency		Contract value		Fair value	
	2012	2011	**2012 FC'000**	2011 FC'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Buy United States dollars	**1.0178**	1.0077	**(3,413)**	(1,443)	**(3,069)**	(1,197)	**(305)**	(155)
Buy European euro	**0.7671**	0.7201	**3,342**	2,286	**4,357**	3,175	**(179)**	(44)
Buy Australian dollars (NZ entities)	**0.7799**	0.7484	**3,689**	2,299	**3,704**	2,327	**(26)**	(40)
					4,992	4,305	**(510)**	(239)

Foreign currency options and collars

The following table summarises the foreign currency call options outstanding as at the reporting date. There were no foreign currency collars outstanding at the reporting date.

	Call option rate		Foreign currency		Contract value		Fair value	
	2012	2011	**2012 FC'000**	2011 FC'000	**2012 $'000**	2011 $'000	**2012 $'000**	2011 $'000
Buy United States dollars	**1.0648**	0.9846	**58,939**	49,220	**55,354**	48,260	**2,802**	–
					55,354	48,260	**2,802**	–

The contract value is the nominal value of the foreign exchange contracts. The fair value is the mark-to-market of these contracts at the reporting date.

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

The cash flows associated with the foreign exchange contracts and options held at 30 June 2012 are expected to occur within 12 months of the reporting date.

The following table summarises the sensitivity of the Consolidated Entity to movements in the value of the Australian dollar compared to the United States dollar, the principal currency that the Consolidated Entity has an exposure to. The table includes the type of sensitivity analysis that is used when reporting to key management personnel. The movement of one cent in the value of the Australian dollar is used for the purposes of sensitivity analysis because it allows the reader to easily project the effect of multiples of that amount. An appreciation in the Australian dollar would be positive to the Consolidated Entity as United States dollars are required to be purchased with Australian dollars to pay for goods sourced from overseas, whereas a depreciation in value is negative as it has the effect of making purchases more expensive in Australian dollar terms. It is important to note that this foreign currency sensitivity analysis assumes that all other economic variables remain constant. The calculations are based on expected exposures for the 12 months from the reporting date and do not take into account the offsetting impact of any hedging in place.

Sensitivity Analysis – foreign exchange AUD:USD	2012 $'000	2011 $'000
For every 1c decrease in AUD:USD rate, total exposures increase by:		
Income statement	35	29
Equity	(929)	(717)

Interest rate risk management:

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

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

Sensitivity Analysis – interest rates	2012 $'000	2011 $'000
For every 100 basis points increase in interest rates:		
Income statement	(119)	(712)
Equity	–	–

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

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

	Average contracted fixed interest rate		Notional principal amount		Fair Value	
Outstanding floating for fixed contracts	2012 %	2011 %	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Less than 1 year	4.78	4.98	63,994	61,874	(1,075)	(328)
1 to 2 years	4.46	5.19	1,305	38,774	(139)	(426)
2 to 5 years	–	4.46	–	1,287	–	–
			65,299	101,935	(1,214)	(754)

f. Capital management

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

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

The Consolidated Entity is not subject to any externally imposed capital requirements. The terms and the conditions of the bank bill facility contain two financial covenants: minimum interest cover and maximum debt to earnings. Both covenants have been satisfied during the 2011 and 2012 financial years.

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

g. Fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT CONTINUED

For the year ended 30 June 2012	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Derivatives – Foreign currency forward contracts, options and collars	–	2,292	–	2,292
Derivatives – Interest rate swaps at fair value	–	(1,214)	–	(1,214)
	–	1,078	–	1,078

For the year ended 30 June 2011	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Available for sale asset	82,749	–	–	82,749
Derivatives – Foreign currency forward contracts, options and collars	–	(86)	–	(86)
Derivatives – Interest rate swaps at fair value	–	(754)	–	(754)
	82,749	(840)	–	81,909

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

27. EARNINGS PER SHARE

	2012 $'000	2011 $'000
Profit for the period	92,762	39,656
Less: gain on sale of investment	(63,666)	–
Add back: acquisition, integration and restructuring costs	1,089	12,299
Tax effect on above items	13,963	(2,986)
Underlying profit for the period	44,148	48,969

	Number	Number
Weighted average number of shares used as the denominator for basic and diluted earnings per share – ordinary shares	70,141,088	68,300,240

Earnings per share:	Cents per share	Cents per share
Basic earnings per share	132.3	58.1
Diluted earnings per share	132.3	58.1

Underlying earnings per share:	Cents per share	Cents per share
Basic underlying earnings per share	62.9	71.7
Diluted underlying earnings per share	62.9	71.7

28. CONTINGENT LIABILITIES

The Consolidated Entity had no material contingent liabilities at 30 June 2012 (2011: Nil).

29. PARENT ENTITY DISCLOSURES

As at and throughout the financial year ending 30 June 2012, the parent company of the Consolidated Entity was GUD Holdings Limited.

	GUD Holdings Limited	
	2012 $'000	2011 $'000
Results of the parent entity		
Profit for the period	88,760	49,575
Other comprehensive income	(45,194)	20,359
Total comprehensive income for the period	43,566	69,934
Financial position of the parent entity at the year end		
Current assets	22,702	22,224
Total assets	295,394	377,026
Current liabilities	22,254	12,805
Total liabilities	22,278	114,524
Net assets	273,116	262,502
Total equity of the parent entity comprising of:		
Share capital	182,324	170,063
Available for sale asset revaluation reserve	–	45,194
Retained earnings	90,792	47,245
Total equity	273,116	262,502
Parent entity contingencies		
Contingent liabilities	74,795	73,560

The parent entity is party to two guarantees relating to subsidiaries. The bank borrowing facility described in Note 15 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 19. 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.

Capital commitments

The parent entity does not have any capital commitments for the year ending 30 June 2012 (2011: Nil).

30. ACQUISITIONS

Acquisition of Monarch Pool Systems Europe and Monarch Pool Systems Iberica

In the prior year, the Consolidated Entity acquired Monarch Pool Systems Europe and Monarch Pool Systems Iberica for a cash consideration of $7.6 million plus acquisition costs of $0.2 million. The cash consideration includes a subsequent payment of $0.4 million in respect of the increased book value of net assets acquired. During the current year the acquisition accounting was finalised with no adjustment to the fair value of assets acquired and goodwill.

31. SUBSEQUENT EVENTS

Dividends declared

On 26 July 2012, the Board of Directors declared a fully franked dividend of 35 cents per ordinary share which was the final dividend for the 2012 financial year. The record date is 20 August 2012 and the dividend will be paid on 3 September 2012.

On 26 July 2012, the Board of Directors also declared a fully franked special cash dividend of 35 cents per ordinary share. The record date is 7 August 2012 and the dividend will be paid on 16 August 2012.

Other

Other than the matters outlined above, 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 Consolidated Entity.

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 Consolidated Entity as at 30 June 2012 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 Consolidated Entity 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 19 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 Note 1 to 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 2012.

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

I A Campbell
Director

Melbourne, 26 July 2012

Lead Auditor's Independence Declaration

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 2012 there have been:

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

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

KPMG

Suzanne Bell
Partner

Melbourne
26 July 2012

Independent Auditor's Report

KPMG

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 2012, and 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 31 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 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 2012 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 2012. 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 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Suzanne Bell
Partner

Melbourne
26 July 2012

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Additional Shareholder Information

The issued shares of the Company are of the one class with equal voting rights and are all quoted on the ASX.

Distribution of Shareholdings as at 17 August 2012

Shares held	No. of shareholders	%	Shares	%
1 – 1,000	3,816	31.16	2,124,456	3.00
1,001 – 5,000	6,255	51.07	15,839,709	22.37
5,001 – 10,000	1,412	11.53	10,068,919	14.22
10,001 – 100,000	737	6.02	14,506,990	20.49
100,001 and over	28	0.22	28,263,381	39.92
Total	12,248	100.00	70,803,455	100.00

There are 59 shareholders holding less than a marketable parcel of shares. A marketable parcel is $500.00.

The Twenty Largest Shareholders as at 17 August 2012	Number of Shares	%
National Nominees Limited	6,199,900	8.76
HSBC Custody Nominees (Australia) Limited	5,678,881	8.02
J P Morgan Nominees Australia Limited	3,424,948	4.84
Australian Foundation Investment Company Limited	2,533,509	3.58
Citicorp Nominees Pty Limited	1,469,596	2.08
Argo Investments Limited	1,395,000	1.97
RBC Investor Services Australia Nominees Pty Limited <Pipooled A/C>	1,190,986	1.68
JP Morgan Nominees Australia Limited <Cash Income A/C>	903,883	1.28
UCA Growth Fund Limited	830,000	1.17
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	760,845	1.07
BNP Paribas Noms Pty Ltd <Master Cust DRP.>	511,831	0.72
HSBC Custody Nominees (Australia) Limited GSCO ECA	321,409	0.45
Perpetual Trustee Company Limited	314,418	0.44
Mr Ian Campbell / Integra Nominees Pty Ltd <Integra S/F A/C>	291,991	0.42
Bainpro Nominees Pty Limited	288,114	0.41
AMP Life Limited	274,632	0.39
Buttonwood Nominees Pty Ltd	264,931	0.37
UBS Wealth Management Australia Nominees Pty Ltd	229,636	0.32
Mrs Jillian Anita Cobcroft	209,100	0.30
Bond Street Custodians Limited <Celeste Concentrated Fund>	193,950	0.27
Total: The Twenty Largest Shareholders of Ordinary Fully Paid Shares	27,287,560	38.54

Substantial Shareholder of GUD Holdings Limited

As at 17 August 2012, the current notice of substantial shareholder was:

	Number of Shares	%
Westpac Banking Corporation	3,454,773	5.00

Shareholder Services and Information

Dividends/Dividend Reinvestment Plan

The Company offers shareholders participation in a Dividend Reinvestment Plan ('DRP'). Particulars can be found on the Company website www.gud.com.au

Direct Payments to a Bank, Building Society or Credit Union

Shareholders are encouraged to have cash dividends paid directly into any bank, building society or credit union account in Australia. You can update your account details by accessing the share registry Investor Centre at www.computershare.com.au

Uncertificated Issuer Sponsored Holdings

The Company register contains uncertificated holdings under the Australian Securities Exchange ('ASX') CHESS system. Share certificates are not issued and shareholders receive regular statements of their holdings under the Company-sponsored scheme.

Stock Exchange Listing

GUD is listed on the ASX under the name GUD Holdings Limited and under the code GUD.

Change of Address or Name

It is important that shareholders notify the share registry or their broker in writing immediately when there is a change in their address or name.

For issuer sponsored holdings: please notify the share registry in writing and indicate the details of your new/previous name, your new/previous address and your security reference number ('SRN'), or change the details online at their website at www.computershare.com.au

For CHESS/broker sponsored holdings: please notify your broker in writing if you change your name and/or address.

Share Holding Consolidation

Shareholders are encouraged to consolidate shareholding into one name and identification number. Please download a 'Request to Consolidate Holdings' form from the share registry Investor Centre at www.computershare.com.au. Alternatively, an application should be made to the share registry – Computershare Investor Services Pty Limited (see address below). Shareholders with broker sponsored holdings must contact their broker.

Annual Report Mailing List

Shareholders are encouraged to access and view the Company's Annual Report online at www.gud.com.au. Shareholders who do not wish to receive reports should advise the share registry in writing or by accessing the share registry Investor Centre at www.computershare.com.au. Shareholders can select the method by which they receive shareholder information, including dividend advice, Notice of Annual General Meeting and Proxy.

Tax File Number ('TFN')

While it is not compulsory for shareholders to provide a TFN, the Company is obliged to deduct tax from non-fully franked dividends paid to residents in Australia who have not supplied such information. Shareholders can update their TFN by accessing the share registry Investor Centre at www.computershare.com.au

Continuous Disclosure

The Company complies with the requirements of the ASX Listing Rules. Shareholders may view all Company announcements at www.asx.com.au. Shareholders may also obtain updated information and recent announcements concerning the Company by visiting the Company's website at www.gud.com.au

Enquiries

Shareholders with questions about their shareholding should contact Computershare Investor Services Pty Limited who maintains the share register on behalf of the Company.

Enquiries should be addressed to:

Computershare Investor Services Pty Limited

Enquiries Within Australia – 1300 850 505

Enquiries Outside Australia – 61 3 9415 4000

Investor Enquiries Facsimile Number – 61 3 9473 2500

Yarra Falls, 452 Johnston Street, Abbotsford Vic 3067

Postal Address – GPO Box 2975 Melbourne Vic 3001

Website – www.computershare.com.au

Email: www.investorcentre.com/contact

Financial Summary and Ratios

		2008 $ millions	2009 $ millions	2010 $ millions	2011 $ millions	2012 $ millions
Sales and profitability						
Sales revenue		534.9	468.3	474.7	592.8	**609.1**
Underlying EBIT*	Consumer products	33.0	29.9	33.9	38.8	**33.0**
	Automotive products	19.4	19.3	21.6	25.9	**27.6**
	Water products	13.5	15.0	19.6	9.0	**7.5**
	Industrial products	2.5	1.3	1.7	6.2	**7.8**
	Unallocated/discontinued	0.0	(4.7)	(5.3)	(2.8)	**(5.5)**
Total underlying EBIT*		68.4	60.8	71.6	77.1	**70.3**
Net underlying profit before tax*		59.0	53.1	65.2	68.2	**61.2**
Net underlying profit after tax*		41.6	37.4	46.4	49.0	**44.1**
Acquisition, integration and restructuring costs		(6.6)	(3.7)	0.0	(12.3)	**(1.1)**
Net profit before tax		52.4	49.3	65.2	55.9	**123.7**
Net profit after tax		37.4	34.8	46.4	39.7	**92.8**
Cash flow						
Cash flow from operating activities		67.2	57.9	78.2	67.8	**56.9**
Financial position						
Current assets		184.7	167.8	174.9	212.4	**218.6**
Current liabilities		60.5	63.1	66.2	111.9	**119.9**
Net debt		86.2	90.6	16.3	102.1	**17.4**
Net tangible assets		27.8	39.5	126.3	86.2	**100.9**
Total equity		120.1	131.1	218.1	257.6	**273.7**

	2008	2009	2010	2011	2012
Per share performance					
Underlying earnings per share* – cents	69.6	64.5	76.5	71.7	**62.9**
Earnings per share – cents	62.6	60.0	76.5	58.1	**132.3**
Dividend declared per share – cents	68.0	60.0	62.0	64.0	**65.0**
% Franked	100%	100%	100%	100%	**100%**
Payout ratio*	97.7%	93.1%	81.1%	89.3%	**103.3%**
Share statistics (at 30 June each year)					
Total shares on issue – millions	57.9	60.1	65.9	69.1	**70.8**
Closing share price – $	7.57	6.42	8.65	9.10	**8.60**
Market capitalisation – $ millions	438.0	386.0	569.9	628.7	**608.9**
Key ratios					
Underlying EBIT/sales*	13.4%	13.0%	15.1%	13.0%	**11.5%**
Return on capital employed*	20.0%	16.8%	18.7%	13.0%	**15.1%**
Return on equity*	34.6%	28.5%	21.3%	19.0%	**16.1%**
Return on assets*	15.5%	13.0%	14.8%	10.1%	**10.8%**
Net debt/total capital	41.8%	40.9%	6.9%	28.4%	**6.0%**
Net debt/market capitalisation	19.7%	23.5%	2.9%	16.2%	**2.9%**
CVA return*#	16.5%	16.9%	19.7%	17.1%	**14.2%**
Working capital^/sales	19%	20%	19%	15%	**15%**
Capital expenditure/depreciation and amortisation	115%	92%	83%	94%	**113%**
Interest cover – times*	7.2	7.9	11.2	8.7	**7.7**

* Underlying results exclude acquisition, integration, restructuring costs and the gain on sale of investments.
^ Working capital is receivables, inventories, other assets, payables and provisions.
# Excluding Dexion, CVA was 19.9% in FY2011 and 17.8% in FY2012.

Corporate Directory

Directors
R M Herron, Chairman
I A Campbell, Managing Director
P A F Hay
M G Smith
G A Billings
D D Robinson

Chief Financial Officer
M A Fraser

Company Secretary
M G Tyler

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www.gud.com.au

Auditors
KPMG
Chartered Accountants

Share Register
Computershare Investor
Services Pty Limited

Enquiries Within Australia:
1300 850 505

Enquiries Outside Australia:
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Corporate Directory

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Financial Calendar 2012/13

2012

September
Payment of final dividend
– 3 September

Annual Report and Notice of
AGM mailed to shareholders
– mid-September

November
Annual General Meeting
– 1 November

2013

Late January
Announcement of results
for the half-year ending
31 December 2012

Announcement of dividend

February/March
Record date for interim dividend

Payment of interim dividend

June
End of Company's 2012/13
financial year

Late July
Preliminary announcement of
results for 2012/13 financial year

Timing of events can be subject to change

Annual General Meeting
The Annual General Meeting of GUD Holdings Limited will be held at the RACV Club, Level 17, 501 Bourke Street, Melbourne on Thursday, 1 November 2012 at 11:00am.

The Notice of Meeting containing all resolutions and a proxy form is enclosed with this Report.