GUD Holdings

Annual Report 2001

Contents

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Annual General Meeting
The Annual General Meeting of GUD Holdings Limited will be held at the Plaza Ballroom, 191 Collins Street, Melbourne on Thursday, 11 October 2001 at 11.00am.

The Notice of Meeting containing all resolutions and a proxy form is enclosed with this Report.

Strategic Initiatives and Significant Events

The GUD Group's focus over the last three years has centred on two principal themes:

- sustainable operational improvements in each business, driven by cash value added returns, and
- restructuring activities aimed at strategically positioning each business unit for the long term.

This focus has incorporated substantial investments to systemically lower cost structures and to streamline the Group's business portfolio.

During the 2000/01 year further progress was made on both these fronts, with the major outcomes being:

- A substantial improvement in profitability and cash value added returns from Ryco Australia.
- Integration of Heavy Duty Filters into Ryco Australia and closure of Sunbeam's agricultural machinery distribution business.
- The relocation of Davey to a purpose-built factory, warehouse and office facility.
- The repositioning of the Sunbeam Victa businesses over the next year, encompassing the closure of the Campsie factory site and the separate relocation of Sunbeam appliances, Victa and Sunbeam rural.

The Chairman's and Managing Director's Review

Overview

The Company's results for the year were generally in line with the prior year, despite the difficult trading environment in the Australian marketplace.

Profits were down marginally on 1999/2000, on slightly increased revenues. Whilst the balance sheet was solid, inventories increased due to retail trading conditions.

The cash value added return for the year was equal to the prior year, a sound outcome in the context of the prevailing business conditions. The Company introduced cash value added as the key measure of both business unit and corporate financial performance in the 1998/99 year. It defines cash value added as the amount of cash profit after tax, after deducting the cost of funds employed in the business.

Total dividends declared for the year were 15 cents per share fully franked.

The prime focus for the year has been on operational improvement in the individual businesses.

Attention was specifically directed at ensuring that the Ryco filtration business in Australia, in which significant investments in automation had been made over the 1997– 2000 period, began to generate sustainable returns. Throughout the full 2000/01 year Ryco delivered consistently improved profits, compared with prior years.

This performance flags that investments made in new plant and equipment, restructuring costs and management changes are producing the required value-creating returns.

The 2000/01 year was one in which the external environment provided a number of substantial challenges for the GUD Group.

The introduction of the new tax system in July 2000 produced some unexpected outcomes. The Sunbeam rural business and Davey both enjoyed good sales months in May and June 2000, as consumers took advantage by purchasing products that were then tax free, but were to suffer the impost of GST from July 1. Consequently, their start to the 2000/01 year was slower than expected.

Additionally, the GST's introduction had the impact of substantially depressing building industry activity and this became noticeable in results from October onwards. Lock Focus and Davey both suffered from the downturn in the building industry – Lock Focus through reduced sales to manufacturers of window locks and other hardware products and Davey through reduced sales of swimming pool and spa bath pumps.

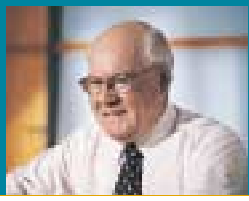
The Sydney Olympics, despite producing highlights such as the appearance of Victa lawnmowers in the opening ceremony, created unusual trading conditions. The shut down of the country's major city, and the associated disruption to trade, came at a time when the main Sydney-based businesses in the Group – Sunbeam appliances, Victa and the Sunbeam shearing business – are at their peak activity levels, due to the seasonal nature of their product categories.

The problems of the retail trade in relation to overstocking as a result of reduced consumer confidence, principally through the second and third quarters of the financial year, have been well documented. These difficulties flowed back to suppliers such as Sunbeam appliances, which, despite active new product programs, experienced irregular retailer purchasing patterns as a result.

Finally, the substantial devaluation of the Australian dollar, especially from March 2000 onwards, affected most of the businesses in the Group as they are all, to varying degrees, reliant on imported products or components.

Over the 2000/01 financial year the Australian dollar devalued an average 12% from its level against the US dollar in June 2000. Since March 2000 the decline has been around 21%. Despite prudent currency hedging policies, a devaluation of this magnitude eventually flows through to increased input costs and this happened early in the year.

Price increases across all affected product groups were applied to regain the margin loss resulting from these currency factors, but competitive conditions worked to delay or reduce these increases. Nevertheless, by year end, the increases enabled most of the effect of the dollar's decline on product margins to be recovered.



Russell Fynmore
Chairman

Ian Campbell
Managing Director

Results

Sales revenue increased 3% from last year's $328.2 million to $341.2 million. Sales grew in all businesses, except Lock Focus which was most affected by the building industry slowdown.

Sunbeam Victa reported a 4% increase in sales revenue despite a further reduction in its activity base, with the closure of the agricultural implements distribution business in September 2000. Victa, which had a strong year in sales and profit growth, was a major contributor to the Sunbeam Victa sales growth.

Davey grew sales marginally, being affected by lower activity in the swimming pool and spa bath segments and less favourable seasonal weather conditions. Countering this domestic situation, export markets continued to provide Davey with sales growth opportunities over the year.

Sales in the Ryco/Wesfil filtration businesses grew by a healthy 8% on the prior year, this growth coming from all businesses within Ryco/Wesfil.

Operating pre-tax profit declined by 2% to $17.2 million. Only Ryco/Wesfil reported a profit increase on prior year – a substantial 47%, while all other businesses were affected by the factors detailed above.

Profit was reduced by $2.1 million during the year by a number of non-recurring items, most notably costs associated with the integration of Heavy Duty Filters into the Ryco business and the closure of the Sunbeam agricultural machinery distribution business.

Heavy Duty Filters was previously a small, stand alone operation manufacturing air filters for trucks and commercial vehicles. With manufacturing rationalisation occurring between Ryco Australia and Ryco New Zealand, the integration of Heavy Duty Filters became possible, allowing the disposal of a leased property and the achievement of manufacturing efficiencies. A cost of $488,000 was incurred in relocating Heavy Duty Filters to the Ryco factory at Wright Street, Sunshine.

The agricultural machinery distribution business had been part of the rural business unit of Sunbeam for many years. The refocusing of Sunbeam rural to concentrate on its core sheep shearing technology and rural consumable product distribution led to the decision to close the agricultural machinery unit. This closure was effected in September 2000. The cost to the year's result was $975,000, representing the cost of quitting inventories and a small number of redundancies.

The Group completed its first round of strategic sourcing programs during the year. Supply agreements have now been established with long term, quality suppliers across a number of goods and services. The year-long efforts of the internal product category teams have produced outcomes which include a substantial reduction in the number of vendors supplying Group businesses along with, in most instances, substantially reduced input costs. The full annual impact of these reduced costs will be evident in the 2001/02 year.

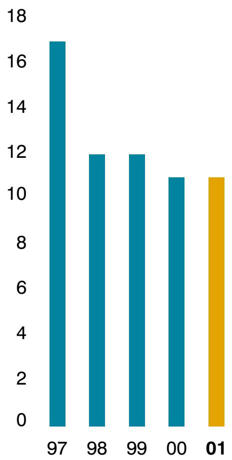
The GUD group's financial position at year end was satisfactory. The gearing level, measured by the ratio of net debt to net debt plus equity, was slightly ahead of last year, at 35.8% compared with 34.7%, but well down on the levels experienced in the two prior years.

Management focus on cash value added returns has had the effect of producing a much better gearing level than would have been the case, especially in the trading environment experienced through the year.

The Chairman's and Managing Director's Review continued

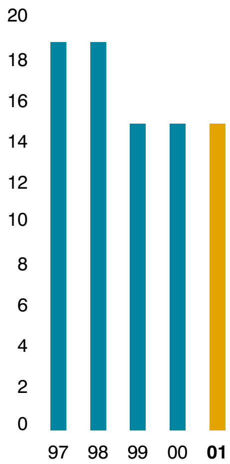
Profit after tax (before abnormals)

($ millions)



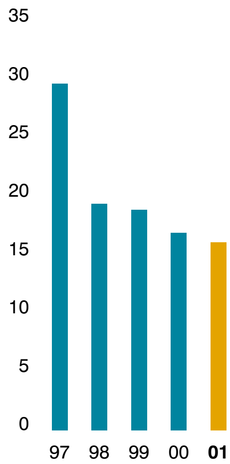
Dividends per share

(cents)



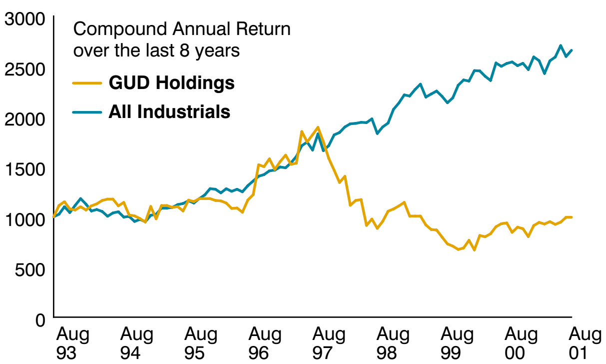
Earnings per share (before abnormals)

(cents)



GUD Holdings v All Industrials

Accumulation indices since August 1993
(Source: JBWere Quantitative Research)



The Company continued its active capital management approach during the year by announcing and enacting two share buy back schemes. The combined result from these schemes was a reduction of 2.3 million issued shares, 3.4% of ordinary shares issued. At year end the Company had 65.1 million shares on issue.

People, Health and Safety

Health and safety remains a key priority for the Group. Regular health and safety audits by both internal and external sources are an ongoing feature of the OH&S program. These audits are performed at all operating sites.

Improvements have been made at a number of sites, but further improvement is necessary for the GUD Group to reach its target of a zero Lost Time Injury Frequency Rate at each location. Monthly meetings are convened to review health and safety practices across all Group businesses. Training is a fundamental priority, underpinning future improvements in health and safety performance.

At 30 June 2001 the GUD Group employed 1,453 people, principally in Australia and New Zealand. The Directors wish to express their appreciation for the contribution made by all employees throughout what has been a tough year.

The Future

In late July 2001 the Company announced that it was embarking upon a number of projects to reposition the Sunbeam Victa businesses for the future. The projects involve the relocation of the three business units presently located at the Campsie factory complex, due to the imminent lease expiry, and the relocation of the Sunbeam appliances distribution centre from Milperra to Minto.

This initiative involves both a geographic and strategic repositioning of Sunbeam appliances, Victa and Sunbeam rural. The costs associated with these projects are currently estimated at up to $18 million. The annualised profit improvement expected as a result should be $5 million.

For the appliance business unit the future activity base in Australia will no longer comprise the manufacture of the fryware product range. For some years now manufacturing at Campsie has declined in the face of competition from lower cost imported products. In the 1999/2000 financial year iron manufacturing was moved offshore, resulting in improved profit margins. A similar economic impact will be evident from frypans once the transfer of production is completed.

Sunbeam's administrative offices will be relocated in Sydney's south west.

Victa is being repositioned strategically to become a focused assembler of lawnmowers. The heavy vertical integration existing at Campsie is to be dismantled, with Victa becoming more reliant on specialist suppliers of parts and sub-assemblies. This will reduce Victa's need for factory space and form a much more efficient and responsive business. Victa is also being relocated to a separate site within Sydney's south west.

The Sunbeam sheep shearing equipment business is following a similar strategic direction to Victa. The business will, in future, focus on manufacturing its key products – shearing combs and cutters – and source all other parts and products from qualified external suppliers. This will streamline the manufacturing process and position Sunbeam rural in much the same way as Victa – with a smaller, more efficient factory, located as close to the current Campsie site as possible to maximise skill retention.

These projects have been initiated because they provide the opportunity for each of the business units involved to be more focused, more efficient and to provide the infrastructure to support growth. This will translate into improved earnings in future years which will enhance each business's value.

Concurrent with these major repositioning projects, the balance of the Group's businesses will remain focused on operational improvements, driven by cash value added measurement. In particular, Davey will show the benefits from its recent relocation to a more modern and efficient manufacturing and warehousing facility.

As a consequence of all these activities the intrinsic potential of each of the businesses should translate to sustained value creation over the next five years.

R J Fynmore
Director

I A Campbell
Director

Summary of Operations

Sunbeam appliances	Victa	Sunbeam rural

Products

Sunbeam appliances

Small electric appliances:

- Toasters, kettles & irons
- BBQ Grills
- Snackmakers
- Breadmakers
- Electric blankets
- Frypans
- Home health
- Food preparation
- Hair dryers & stylers

Victa

Walk behind lawnmowers:

- Domestic
- Professional
- Spare parts

Sunbeam rural

Sheep shearing and other farming equipment:

- Combs & cutters
- Handpieces
- Shearing drives
- Electric fencing
- Gate fittings
- Weigh scales

Significant Events

Sunbeam appliances

Launched new Therapeutics home health range of products.

Introduced waterproof and quilted electric blanket products.

Launched contemporary design, café style products.

Won numerous industry awards, including *Readers Digest* 'Most Trusted Small Appliance Brand'.

Victa

Strong year for sales and profits; market share gains.

Developed and launched new VSX 160 2 stroke powered mower range.

Introduced Briggs & Stratton 4 stroke engine models.

Announced withdrawal from ride-on mower segment.

Sunbeam rural

Developed and prepared new comb range for major market launch.

Implemented rigid manufacturing process and quality controls.

Secured Australian distribution rights for Iconix scales and Hang-It gate fittings.

Enjoyed major market success with *Regal Gun* handpiece.

Future Direction

Sunbeam appliances

Relocate administration, design & technology from Campsie.

Relocate distribution centre to Minto.

Relocate frypan manufacturing to China.

Continue focus on design, technology and new product initiatives.

Victa

Relocate and simplify manufacturing operations.

Focus on mowing technology development.

Capitalise on export opportunities.

Continue product cost down initiatives.

Sunbeam rural

Relaunch comb product range in Australia.

Relocate and simplify manufacturing operations.

Consolidate new products – animal scales and gate fittings – within the range.

Further develop export markets.

Ryco/Wesfil filtration

Ryco, Wesfil, Cooper oil, air and fuel filters for the automotive aftermarket.

Wix brand heavy duty filters.

Goss fuel pumps, hose and carburetor repair kits.

Established a solid profit base in Ryco Australia after business transformation project.

Ryco New Zealand enjoyed strong local market conditions and grew market share.

Wesfil grew sales but margins suffered due to dollar effect.

Record sales and profitability for Goss.

Finalise manufacturing rationalisation with relocation of radial air filter plant to New Zealand.

Consolidate Wix heavy duty filters into the Ryco Australian business following integration.

Recover Wesfil margins through implementation of selective pricing.

Install packaging equipment at Ryco Australia to deliver further productivity improvements.

Davey pumps

Water pumps for:

- Household water pressure systems
- Farm and rural applications
- Spa baths
- Swimming pools

Firefighter® pumps

Established an on-ground presence in the US market to support a major product launch.

Launched a range of stainless steel home water pressure systems.

Successfully relocated the business to new facility at Scoresby.

Local market affected by building industry downturn.

Consolidate US market initiatives and commence building sales in India.

Capitalise on the efficiency gains offered by the factory relocation.

Continue to invest in pumping technology improvements to offer products with superior features.

Lock Focus security

Locking systems and associated products for:

- Metal and wooden furniture
- Garage doors
- Security doors and windows
- Lockers

Hotel in-room and domestic use safes.

Sales and profits declined from highs of prior two years due to building industry conditions.

Continued to develop Premier Locksmith network and with it sales of Locktech safes.

Secured the Australian distribution rights for the German EMKA hardware range.

Committed to factory automation program to reduce costs.

Commence distribution of German EMKA products, complementing the established Kiroo range.

Capitalise on export sales opportunities provided by new product releases.

Commission automatic barrel building equipment and achieve expected savings.

Continue local market focus on product quality and flexibility as points of difference over importers.

Sunbeam Victa

The market leading Sunbeam and Victa brands have been major features of the GUD Group's brand portfolio since the acquisition of Sunbeam Victa in 1996. The Sunbeam brand spans both small electric appliances and sheep shearing equipment while Victa in Australia and New Zealand means lawnmowers.

For the 2000/01 year Sunbeam Victa reported a 4% increase in sales revenue and a 15% decrease in earnings. Slightly higher sales than last year were the result of a strong season allied with market share gains for Victa and continuing growth in sales from the new product programs in Sunbeam appliances.

The decline in earnings over the year was principally caused by:

- Non-recurring costs, totalling just over $1 million, associated with the closure of the agricultural machinery distribution business in September 2000 and other restructuring activities in Sunbeam Victa.
- The decline in the value of the Australian dollar, which impacted on margins in Sunbeam appliances.
- Competitive conditions in the small appliance market stemming from retailer overstocking and low consumer confidence following the introduction of the new tax system.
- Low margins in Sunbeam rural associated with inventory clearance programs implemented prior to the Spring 2001 shearing comb relaunch in Australia.

Sunbeam Appliances

The focus on new product introductions and the revamping of core product categories, that have been the key strategies for Sunbeam appliances over the past three years, have again delivered satisfactory sales growth for this business.

Especially notable new product performances this year were:

- The launch of a range of home health products under the Sunbeam Therapeutics label. Home health is one of the fastest growing small appliance categories worldwide. Products in the Sunbeam range include aromatherapy oil burners and facial saunas, a variety of massagers and air cleaners. The new products introduced build on the previously established market presence of Sunbeam water filters and foot spas.
- Waterproof and quilted electric blankets, the latter of which has succeeded in the market beyond the expectations of both Sunbeam and its distributors. The volume of electric blankets produced at the Palmerston North, New Zealand, factory increased by 34% on the prior year, reflecting the market success of these products.
- The launch of a range of café style, contemporary design, stainless steel and chrome products, including snackmakers, woks, frypans and the Legend blender.
- Continued sales growth for the award winning Ultura iron range, launched late in the 1999/2000 year.

Despite the strong sales growth, earnings in the appliance business were detrimentally affected by the devaluation of the Australian dollar. The majority of Sunbeam's products are sourced from offshore suppliers, principally in China, and are sold by these suppliers in US dollars. The 21% decline in the value of the Australian dollar since March 2000, caused the buying price of the product range to increase by this amount.

To offset the margin degradation caused by the devaluation, price increases were implemented during the 2000/01 year. Additionally, some cost reductions have been negotiated with key suppliers, without impacting on product quality.

Sunbeam appliances is consistently recognised for its commitment to product design, technology development, innovative marketing and retailer support programs. It is through these brand building and supporting activities that Sunbeam retains its leadership position in small appliances.

Reflecting these corporate strengths, Sunbeam was bestowed the following awards during the 2000/01 year:

- First place in Mobius Advertising Awards, Home Furnishings Brochure/Book Category, for the Sunbeam appliance catalogue.
- Australian Design Mark Awards in industrial design for the Quantum Smartbake breadmaker and Carveasy electric knife.
- *Readers' Digest* Most Trusted Brand Award in small appliances category 2001.
- Mingay Awards – Best In Store Promotion award and Best Heating Product award.
- Narta small appliance Supplier of the Year.
- Retravision small appliance Supplier of the Year.
- APEX Award 2001 for Excellence in the New Zealand small appliance industry.
- Public Relations Institute of Australia award for Excellence in Marketing Communication.

The 2001/02 financial year will be a landmark in the development of the Sunbeam appliance business unit. The cessation of Australian manufacturing and the relocation of the business to new separate offices will position this business quite differently from its traditional structure.

Additionally, the relocation of the distribution centre to the new purpose-built facility at Minto will enable the cost and investment base of the business to be improved through operational efficiencies.

Throughout this transformation the new product program and marketing excellence initiatives will not dissipate. A strong new product range has been presented to retailers for the forthcoming Christmas period. This includes a new coffee maker – as an extension to the café series, home health vapourisers and massagers and the launch of the most powerful iron on the Australian and New Zealand markets.

Victa

Victa is the leading manufacturer and marketer of walk behind domestic lawnmowers in Australia and is a major brand in the New Zealand market. The Victa brand is one of Australia's most significant home grown marketing creations, to the extent that Victa lawnmowers were a key feature of the suburban development piece in the Sydney Olympics opening ceremony.

Victa, Sunbeam Rural

In the 2000/01 year Victa reported one of its best ever performances. A combination of favourable seasonal conditions in New South Wales and Queensland and internally generated product enhancements led to substantial sales revenue growth and associated market share gains.

The major initiatives implemented for the 2000/01 mowing season included:

- The introduction of an improved, Australian developed 2 stroke engine – the Victa VSX 160. Victa has a unique position in the market with the 2 stroke engine originating in its formative days in the 1950s. The VSX 160 development consolidates Victa's position as the leading technology developer of 2 stroke powered mowers.
- Conversion to Briggs and Stratton engines to power the Victa 4 stroke range of mowers. Briggs and Stratton is a world leader in the manufacture of petrol engines for outdoor power equipment. The introduction of this well known brand has met with exceptional dealer and consumer support. The GUD relationship with Briggs and Stratton now encompasses both Victa and Davey, the latter using Briggs engines on a range of Firefighter® pumps sold around the world.

Despite success being achieved in the market with these initiatives, the year was not without its challenges. The weakening of the Australian dollar increased the input cost of many mower components, especially the 4 stroke engine.

To counter this effect, price increases were implemented and strategic cost reductions were sought on other key components through the GUD Group's strategic sourcing program.

Over the last four years the Victa business has refocused on its core strength – the development, manufacture and marketing of walk behind mowers. Ancillary product lines, that were externally sourced, have been removed from the range, assisting in simplifying the business. Further initiatives were taken during the year to cease non-core activities, including Victa's withdrawal from the ride-on mower segment.

Opportunities to dilute the effect of the Australian and New Zealand grass growing seasons on the annual financial performance of Victa, through increased export sales, were identified during the year. Product development is now occurring to tailor a range for Northern Hemisphere markets. Although competitive, these markets offer particular unique segmental marketing opportunities for Victa.

A more focused business unit concentrating on improved products and the development of counter seasonal markets are the key directional strategies for Victa in the coming year.

Sunbeam Rural

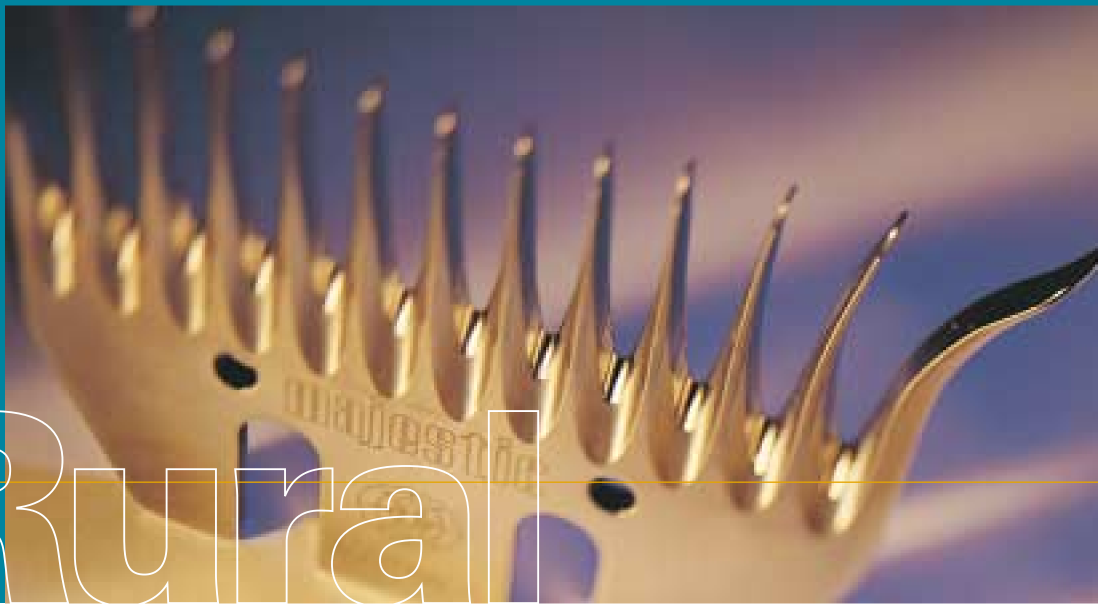
The Sunbeam rural business is Australia's only manufacturer of a range of products for sheep shearing, including combs, cutters and handpieces. To make effective use of its sales force resource, Sunbeam also distributes other rural products on behalf of offshore manufacturers. Distributed products include electric fencing, animal weighing scales and farm gate fittings.

The agricultural machinery business, which distributed the Vicon, Tonutti and Rondini brands in Australia for over a decade, and which had been part of Sunbeam rural, was closed during the first half of the year. Distribution of these products was taken up by companies specialising in this type of equipment.

The closure of this business unit allows Sunbeam rural to focus for the long term on its core activities of making and selling quality sheep shearing products.

Despite this closure, Sunbeam rural continued to underperform throughout the current year. A combination of sustained low activity levels in the local wool industry

Rural



and aggressive pricing strategies, aimed at maintaining market share prior to a complete relaunch of shearing combs in Australia, contributed to this outcome.

Export sales grew satisfactorily over the prior year, aided by the commencement of a number of strategic original equipment contracts. These activities provide the base for further growth in unit volumes in future years.

Growth in sales to New Zealand was also achieved. This is a pleasing result given that distribution of Sunbeam products in New Zealand was taken up by a third party, following the sale of Agrisales (NZ) Limited in June 2000.

Sunbeam rural added to its product range during the year acquiring the Australian distribution rights for Iconix animal weighing scales and Hang-It farm gate fittings. Both these product ranges contributed significantly to sales and margins in their first year, with further growth expected for the current financial year.

The current and principal focus for Sunbeam rural is the successful relaunch of its comb product range in the local market under the Supershear® brand. During the year the Supershear® Marathon comb range was developed, tested and prepared for release. The new products have been specifically designed to overcome the quality perception overhang in the market place, a factor that has affected this business's performance for over five years.

In addition, internal process controls in the manufacturing operations have been afforded considerable focus. Consistency of product quality is a fundamental underpinning of the relaunch program.

The launch of the Supershear® Marathon comb range is occurring in time to capture the crucial, early spring selling season for shearing equipment. This activity is taking place at a time when the outlook for the wool industry is becoming more positive.

Sunbeam Victa Management

Jonathan Lord
General Manager
Sunbeam appliances

General Manager
Victa

George Panos
General Manager
Sunbeam rural

Roger Teague
General Manager
Sunbeam NZ

Performance

	2001 $'000	2000 $'000
Sales	**192,913**	185,362
Segment Profit	**9,982**	11,789
Segment Assets	**152,185**	136,635

Ryco and Wesfil

GUD's filtration businesses are the leading Australian and New Zealand manufacturers, importers and marketers of automotive filtration products, predominantly for aftermarket distribution channels.

The product range includes oil, air and fuel filters marketed under the high profile Ryco, Wesfil and Cooper brands, heavy duty filters marketed under the Wix brand and fuel pumps and associated parts that bear the well-established Goss brand name.

In Australia, GUD is the only manufacturer of automotive filtration products, with manufacturing operations in Sunshine, Victoria and Brookvale, New South Wales. In the New Zealand market GUD is the largest local manufacturer of these products, having a plant located at Avondale in Auckland's west.

The primary focus in this business over the past four years has been the implementation of a major business restructure and transformation at GUD Manufacturing. This major project has involved the installation of a new, automated oil filter manufacturing line, the installation of new equipment for production of panel air filters, rationalisation of part number manufacturing between Australia and New Zealand, the closure of one factory site in Sunshine and a substantial reduction in labour cost to enable the business to more effectively compete against imported products.

After a protracted implementation, particularly for the Australian oil filter line, it is evident that the benefits of this extensive project have underpinned the recovery in financial results this year.

On an 8% increase in revenues the Filtration businesses reported a 47% increase in earnings.

Ryco Australia

From the poor performances reported during the past three years the Australian Ryco business generated a substantial turnaround in profitability on a modest growth in sales revenue.

General market conditions in the Australian aftermarket have remained relatively tight, as distributors have attempted to improve their inventory positions whilst industry rationalisation continues.

The Ryco brand regained ground recently lost to importers, through a combination of improved delivery performance and a loss of price competitiveness on imported filters caused by the Australian dollar's devaluation.

The turnaround in Ryco Australia is the result of management changes made in recent years and a substantial effort from all people in the business. The strength of the result for Ryco was evident in its consistency across the year.

The focus for the Australian Ryco business in 2001/02 is to build on the solid economic base established in the 2000/01 year. This will occur through improved customer service levels, further productivity gains and incremental capital investments, including the installation of new automatic packaging equipment for oil filters. The manufacturing rationalisation with New Zealand will be finalised in the 2001/02 year with the completion of the radial air filter line relocation.

Additionally, the decision to integrate the Heavy Duty Filters business unit, through the consolidation of operating sites in Sunshine, in Melbourne's west, will deliver economic benefits in the 2001/02 financial year.

Ryco

Ryco New Zealand

The filtration business in New Zealand reported strong sales and profit growth and a cash value added return clearly in excess of the cost of capital. This strong performance built on the improvement in trading performance exhibited in the previous year.

The New Zealand domestic market for automotive filters was buoyant over the year. This, coupled with the increasing uncompetitiveness of imported product due to currency factors, contributed to the solid result.

The New Zealand operation has also benefited from increasing inter-company trade. The previous relocation of smaller run oil filters from Australia, as an essential element of the manufacturing rationalisation with the Ryco factory in Sunshine, and the commencement of the relocation of radial air filter manufacture to New Zealand, have led to improved returns from the Auckland factory.

The Ryco New Zealand business remains the only complete range filter supplier to the increasingly complex New Zealand market. Its focus on customer service, introduction of new part numbers and extensive cataloguing, position this business well for the new financial year.

Wesfil

Wesfil is Australia's largest importer of automotive filters. It supplements these products with air filters manufactured at its Brookvale factory, in Sydney's northern suburbs and a range of other fast moving automotive parts sourced from offshore suppliers. Wesfil markets this diverse range through automotive parts resellers.

Despite continued sales growth, Wesfil's profitability suffered though the year as its input costs were affected by the weakening Australian currency.

Following the currency's devaluation, the market segment in which Wesfil operates became intensely competitive during the year. Wesfil has taken a number of actions to recover margins and these, allied with the underlying strength of its branch network, should lead to improved performance in the current year.

Goss

Goss continued the solid performance of the prior year, with strong increases in sales and operating profit. Despite higher than planned inventories, this performance translated into a cash value added return well above the corporate cost of capital.

The business benefited from strong demand across all product segments, but especially in fuel pumps. The business is expected to contribute above average returns in the 2001/02 year.

Filtration Management

David Eagle
Managing Director
GUD Manufacturing Company Pty Ltd

Terry Cooper
Managing Director
Wesfil Australia Pty Ltd

Chris Wood
Managing Director
GUD (N.Z.) Limited

Arthur Williams
General Manager
Goss Products Pty Ltd

Performance

	2001 $'000	2000 $'000
Sales	**81,060**	75,270
Segment Profit	**9,200**	6,256
Segment Assets	**64,872**	63,243

Davey

Davey is the leading Australian manufacturer and marketer of small pumps and household water pressure systems. The Davey brand has a heritage of providing Australian rural householders with their water pumping solutions.

Davey's product range also encompasses swimming pool pumps and filters, spa bath pumps and petrol engine pumps for use in bush fire fighting applications. Davey complements its locally manufactured product with specialised pumps sourced from overseas partners.

The Davey brand has had a presence in export markets for many years and is highly regarded in all its key markets. Export market development has been a primary platform for Davey's growth and remains a major component of Davey's strategy today.

The record result achieved by Davey in the 1999/2000 year, was not repeated in the 2000/01 year. The introduction of the new tax system in Australia caused sales to be brought forward into May and June 2000, leading to a slower start to the year in July and August.

Additionally, the depressing effect that the GST had on local building industry activity affected sales into the swimming pool and spa bath markets. Sales in these segments declined to levels well below the prior year as a consequence of the downturn.

For the full year Davey reported sales comparable with the prior year but profits were reduced through a combination of factors. The product mix included relatively more lower margin products and this caused the factory to operate less efficiently. These elements were compounded by unfavourable weather conditions reducing demand for Firefighter® pumps.

International sales continued to exhibit strong growth. Markets that have been specifically identified by Davey as providing above average long term growth potential delivered substantial gains in sales. Especially buoyant were markets in Asia and the Americas.

During the year Davey planned for and executed a major launch into the US market. This activity is focused on water pressure systems for rural households and Firefighter® pumps. Demand for the latter product group has been exceptionally strong, being driven by the experience of severe forest fire seasons in recent years. Interest in Davey's water pressure system products has been very positive and a dealer network is currently being established.

The product range being marketed in the US provides Davey with a number of unique points of difference, which will underpin strong sales and margin growth into the future. To support this initiative Davey opened a representative office and warehouse in Chicago during the year and has launched an e-commerce website specifically targeted at the US market.

Product development continues to be a major thrust for the Davey business. In August 2000 a range of stainless steel multistage home water pressure systems was launched to both domestic and international customers. The sales results to date indicate a strong demand for stainless steel products in these applications across all market areas.

The 2000/01 year finished with the move to a new factory. Davey previously operated from a disjointed complex of four factory buildings in the Melbourne suburb of

Davey

Huntingdale. A purpose-built facility was designed and completed during the year and the business was relocated at the year end.

The Davey business is now located in a new 8,000 square metre factory, warehouse and office in the Caribbean Gardens Industrial Estate, Scoresby in Melbourne's south east. The new factory brings all Davey's operations under one roof, allowing the business to operate more efficiently, supporting future growth.

The strategic direction for the Davey business is based on a number of key themes. First, the reliance on favourable seasonal weather conditions in the home market to deliver acceptable financial returns is being reduced by the continued development of export markets. The US and Indian sub-continent markets are the key priorities in the 2001/02 financial year.

Additionally, the ability to grow the business sustainably into the future is dependent upon new product offerings. Investments in pump technology improvements and their successful commercialisation remains a priority for Davey.

Finally, cost competitiveness, especially when active in world markets, is a continuing imperative for this business. The new factory will enable previous operating inefficiencies to be eliminated. This, linked with ongoing strategies to reduce input costs on materials and components, will ensure that Davey is able to offer competitively priced and well featured products in the international marketplace.

Davey Management

David Cleland
Managing Director
Davey Products Pty Ltd

Performance

	2001 $'000	2000 $'000
Sales	**57,772**	57,287
Segment Profit	**4,830**	5,769
Segment Assets	**34,905**	32,993

Lock Focus

Lock Focus is Australia's only manufacturer of locking solutions for a number of specific market segments. Lock Focus also imports and markets a range of security products, including domestic safes, through a national network of locksmith outlets. Products are marketed under the Lock Focus, Kiroo and Locktech brand names.

Lock Focus's principal markets include metal and wooden furniture, security doors, commercial and domestic windows, caravans, garage doors and electrical cabinets.

After two years of substantial profit improvement, Lock Focus reported a reversal in both revenue and profit trends for the year. This was solely the outcome of the downturn in the domestic building industry, which became evident in October 2000. This downturn was far sharper than initially expected and affected results accordingly. The first signs of recovery in this segment are just emerging in the first quarter of the 2001/02 financial year.

Despite this GST-related impact on a major customer segment, Lock Focus continued to make progress on a number of other fronts.

Specifically the Locktech business, which markets a range of safes to a network of locksmiths and to the hotel industry, experienced further sales growth through the year. The Premier Locksmith network was further extended and the product range broadened to include fire-rated filing cabinets and other office-related products. Sales of the underlying technology in Locktech, namely electronic locking solutions, commenced with supply of locks for lockers installed at Sydney University.

On the export front, new markets were opened in India and Vietnam. Although initial sales are relatively small, Lock Focus is confident that these markets will grow to be substantial contributors to sales and earnings in future years.

Product development has been a fundamental underpinning for Lock Focus's success in the past and efforts in this direction have not diminished in the current year. Five major new products were released, including a contemporary flush handle for application in metal cabinets and lockers. This product, when presented to major export customers, has been very favourably received, not only for its aesthetics but also for its functionality, offering customers a lower cost to install.

Lock Focus

Lock Focus has continued with initiatives to reduce its cost base, including investment in automated production of lock barrels. This machinery is being commissioned in August 2001. The benefits from this investment will be lower cost, higher quality due to better consistency and an increase in capacity to support sales growth.

During the year Lock Focus secured the Australian and New Zealand distribution rights to the EMKA range of German cabinet hardware products. This arrangement becomes effective early August 2001 and provides Lock Focus with a complementary range of products to its existing Kiroo offering. Lock Focus will be in the position of being able to offer a full product range to the electrical and data cabinet segment, consequently growing its sales and market share in that segment.

The EMKA development linked with automation driven cost reductions, position Lock Focus to deliver a much improved result in the 2001/02 year. The one-off impact of the new tax system has now flowed through and activity levels are returning to normal. When coupled with the export opportunities provided by new products and new markets, these factors should underpin a much better year for this business.

Lock Focus Management

David Cox
Managing Director
Lock Focus Pty Ltd

Performance

	2001 $'000	2000 $'000
Sales	**11,797**	13,537
Segment Profit	**1,802**	2,729
Segment Assets	**17,368**	17,434

Finance

The 2000/01 financial year has been a year of consolidation with concentration on containment of new capital expenditure and achievement of adequate returns from prior year investments. The turnaround in the performance of the Ryco/Wesfil division was the major outcome of this approach.

New investments were limited to restructuring activities or projects which will provide superior returns. Further management and organisation restructure continued.

Major activities included:

- The successful completion of automation of oil filter manufacturing at GUD Manufacturing.
- Commencement of Ryco filter production rationalisation between GUD's Sunshine and Auckland manufacturing plans.
- Relocation of Davey Pumps to a purpose-built facility at Caribbean Gardens, Scoresby, Victoria and sale of surplus Huntingdale properties.
- Amalgamation of Heavy Duty Filters' manufacturing into GUD Manufacturing and leased property vacated.
- Closure of Sunbeam's agricultural machinery distribution business.
- Planning for a new purpose-built Sunbeam national distribution centre at Minto, NSW.
- Continued concentration on inventory forecasting and supply chain management.
- Sunbeam Victa management was restructured following Alberto Sabato's retirement with divisional general managers now reporting directly to the GUD Group Managing Director.

Recognising its need to refine its capital structure, GUD commenced a long term capital management program including:

- An optional buy-back in lieu of dividend in October, 2000.
- An on-market buy-back programme commenced in early 2001.
- The dividend reinvestment plan remained suspended.

As a result, shares on issue reduced by 2.3 million shares to 65.1 million shares at year end.

Dividends for the 2000/01 year have been fully franked with a 7.5 cents per share interim dividend in April 2001 and final dividend of 7.5 cents per share payable in October 2001.

The Group's cash value added approach to asset management continues to focus management attention towards working capital and underperforming assets. Under cash value added, each business is assessed on its return on net assets after applying a charge for assets employed.

The concentration on supply chain forecasting and inventory control continued, although inventories at year-end were slightly higher than prior year. This was as a result of:

- A planned finished product build up in Davey Pumps to accommodate supply during relocation to Scoresby.
- A planned radial air filter build up in Ryco to accommodate supply during transfer of manufacturing from Sunshine to Auckland.
- A strong electric blanket season.
- Irregular retailer purchasing patterns.

Receivables continued to be closely controlled.

Net debt increased by 7% to $73 million, whilst GUD's gearing ratio increased slightly to 35.8% and working capital to sales ratio increased from 23% to 26%. Tight debt control has enabled the Group to reduce its total borrowing facilities by $15 million during the year.

Operating cash flow was again strong at $13.2 million – almost all of which was returned to shareholders in share buy-backs and dividends. Strong operating cash flows are anticipated to continue into 2001/02.

The Sunbeam Victa Campsie relocation will be funded internally from working capital reductions and sales and leasebacks of GUD properties. It is anticipated that all properties will achieve current book values.

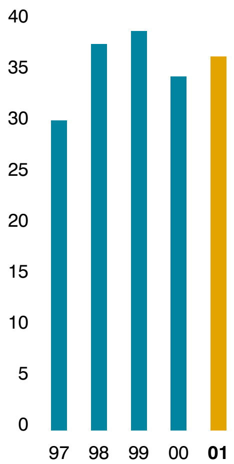
The relocation of Davey to its new Scoresby location and the Sunbeam appliances national distribution centre to Minto are on long term leases and self-funding.

Borrowing costs were in line with prior year.

GUD has an established Financial Risk Management culture which assisted it to spread the effects of the Australian currency devaluation. Its Financial Risk Management Committee comprising the Managing Director, Finance Director and Financial Controllers from major operating units meet regularly to review financial risks in a formal manner.

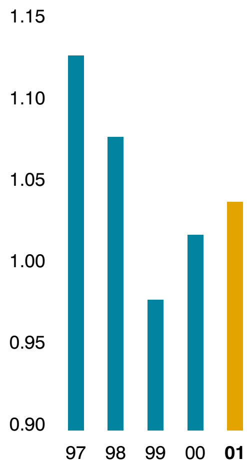
Gearing

(%)



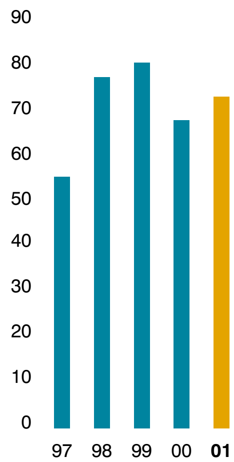
Net tangible assets

($)



Net borrowings

($ millions)



Corporate Governance

GUD is committed to a high standard of corporate governance. The Directors are responsible for the corporate governance practices of the Company. This Statement sets out the main corporate governance practices that operated throughout the year, unless otherwise indicated.

The Board

The Board is composed of four Non-Executive Directors (including the Chairman) and two Executive Directors (the Managing Director and Chief Executive, and Finance Director). The names of the Directors of the Company in office at the date of this Statement are set out in the Directors' Report on page 22 of this Annual Report.

The majority of the Board are Non-Executive Directors, who provide independent judgment, wide knowledge and experience to Board discussions.

The Board had 15 meetings during the year plus one meeting scheduled to discuss strategic issues. Meetings are generally held monthly with ad hoc meetings called to consider specific or urgent matters.

During the year, Mr R J Wodson was appointed Finance Director.

The Board's primary role is the protection and enhancement of long term shareholder value.

To fulfill this role, the Board is concerned with:

- Setting the strategic direction for the Company.
- Overseeing the long term performance against targets and objectives.
- Monitoring environmental and safety performance.
- Monitoring the financial performance, legal compliance and ethical standards.
- Establishing and maintaining the quality of the executive team and in particular the performance of the Managing Director and Chief Executive.
- Assessing business risk, the adequacy of internal controls and organisation structures.
- Reporting to shareholders on the direction, governance and performance of the Company.

The Board reviews its composition, processes and performance annually. The Board believes the separation of the roles of Chairman and Chief Executive and the predominance of independent Non-Executive Directors is appropriate. The Board has a Code of Conduct which includes a procedure 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. Directors are not required to hold any share qualification but all current Directors have acquired shares in the Company.

Directors regularly receive detailed briefings from each member of the executive general management team during the year and visit operating locations.

All Directors (except the Managing Director) are elected by shareholders at the annual 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 the Directors' 68th birthday. This may be varied by the Board on an annual basis until the age of 72 years. In recent years, Non-Executive Directors have been appointed on the basis that they would not seek to serve more than 10 years. Executive Directors cease to be Directors when they cease to be executives.

The Board generally operates as a whole across the range of its responsibilities but uses committees where closer attention to particular matters is required.

Board Committees are made up of Non-Executive Directors. A list of Committee members and their role at 1 July 2001 was:

Audit & Compliance Committee: K H Spencer (Chairman), G W Stuart and C K Hall.

The Committee, by its charter, assists the Board in fulfilling its responsibilities relating to the accounting reporting and compliance obligations. The Committee also reviews the scope, performance and fees of external auditors.

By invitation, the Managing Director, Company Secretary, Finance Director, Group Controller and representatives of the Company's external auditors are present for most of the proceedings.

Remuneration Committee: R J Fynmore (Chairman), G W Stuart, K H Spencer and C K Hall.

The Committee, by its charter, advises the Board on remuneration policies and practices and recommendations regarding the level and form of executive remuneration and 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.

Management

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

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

Compensation and Remuneration

Non-Executive Directors

Non-Executive Directors receive fees within the aggregate of $300,000 per annum approved by shareholders in November 1996. The current fee for a Non-Executive Director is $39,000 per annum and, for the Chairman, $97,500 per annum.

Non-Executive Directors do not receive additional remuneration for serving on Committees and other commitments, nor do they participate in any bonus or share option schemes.

Retiring Non-Executive Directors are entitled to a retirement allowance according to a formula approved by shareholders in 1993 calculated by length of service of the retiring Director.

Directors fees have not increased since November 1997.

Executive Directors and Senior Management

Executive Directors and senior management receive salaries and benefits, participate in an executive incentive plan and a share option scheme, which is subject to approval of shareholders in the case of Executive Directors. Their remuneration is determined by the Remuneration Committee as part of an annual review that considers performance-related elements, comparative remuneration and independent advice.

The aim is to be competitive in the marketplace and to provide significant potential for short term and long term incentive rewards based on company, business unit and individual performance.

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

The details regarding Directors' emoluments and the remuneration of senior management is disclosed on pages 24 and 25.

Risk Management and Internal Controls

Each of the business Divisions has responsibility for managing the business risks associated with its activities and during the year management from each business Division participated in business risk training and assessment. Decisions on financial risk management are made by a Group Financial Risk Management Committee within established policies, procedures and limits which are regularly reviewed by the Board and external advisers.

General

The Company has a Code of Conduct, which includes policies and standards on issues of business ethics.

The Company has continued its emphasis on health and safety in the workplace through the Group working committee with representatives from each Division meeting monthly to review common policies and procedures and general matters relating to health and safety.

The Board receives regular reports on occupational health and safety, legal and environmental compliance to ensure the Company complies with its legal and environmental obligations.

Communication

Directors endeavour to ensure that shareholders are regularly and fully informed of all major developments affecting the Company. The Annual Report, Interim Report and Chairman's Address at the Annual Meeting are sent to all shareholders unless requested not to.

In addition, shareholders are advised of major announcements regarding the Company.

Individual shareholders are given an opportunity to raise questions at the Annual General Meeting and there is regular dialogue with institutional investors.

The Company and each of its Divisions have a website – see details on the inside back cover.

Documents that are released publicly are made available on the Company's internet website at www.gud.com.au

Directors' Report

The Directors of GUD Holdings Limited (the 'Company') present their Report, together with the financial report of the Company and the consolidated financial report of the consolidated entity, being the Company and its controlled entities, for the year ended 30th June, 2001 and the Auditors' Report thereon.

Directors

The Directors of the Company in office at the date of this Report are Russell J Fynmore, Clive K Hall, Kenneth H Spencer, George W Stuart, Ian A Campbell and Roger J Wodson.

On 25 June 2001, Roger J Wodson was appointed a Director. Each of the other Directors held office at all times during and since the financial year.

Particulars relating to qualifications, experience and special responsibilities of each of the Directors at the date hereof are set out on page 28 of this Report.

Directors' Meetings

The number of Directors' Meetings and meetings of Committees of Directors held during the financial year and attendance by each Director during the financial year were:

	Board		Audit & Compliance Committee		Remuneration Committee	
Directors	Held	Attended	Held	Attended	Held	Attended
R J Fynmore	15	15			1	1
C K Hall	15	15	4	4	1	1
K H Spencer	15	14	4	4	1	1
G W Stuart	15	15	4	4	1	1
I A Campbell	15	15				
R J Wodson [(1)]	1	1				

[(1)] Mr R J Wodson was appointed a Director on 25 June 2001.

Held: Indicates the number of meetings held during the period the Director was a member of the Board and/or Committee.

Attended: Indicates the number of meetings attended during the period the Director was a Member of the Board and/or Committee.

Principal Activities

The principal activities of the consolidated entity during the course of the financial year were the manufacture, distribution and sale of automotive filters and automotive products, locking devices, pumps and water pressure systems, household appliances, lawnmowers and rural products.

There were no significant changes in the nature of the activities of the consolidated entity during the year.

Review of Operations

A review of the operations of the consolidated entity during the financial year and the results of those operations are set out on pages 3 to 17 of this Annual Report.

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

Consolidated Result

The consolidated net profit for the year attributable to the shareholders of GUD Holdings Limited, after providing for income tax was $10.67 million.

Dividend

During the financial year, the following dividends have been paid

- A final ordinary dividend of 7.5 cents per share in respect of the year ended 30 June 2000 was declared on 8 August 2000 and paid on 16 October 2000 amounting to $3,879,815.75. This final dividend was unfranked.
- An interim ordinary dividend of 7.5 cents in relation to the year ended 30 June 2001 was declared on 31 January 2001 and paid on 30 April 2001 amounting to $4,898,918.51. This dividend was fully franked.

Buy-Back of Shares

On 8 August 2000, the Company announced an off-market buy-back of shares at the election of shareholders, authorising the Company to buy shares equivalent to the unfranked dividend entitlement of each shareholder. The buy-back offer closed on 29 September 2000 and was completed on 6 October with payment on 16 October 2000. The Company acquired 634,346 shares at a consideration of $1,173,540. The acquired shares were subsequently cancelled.

On 24 January 2001, the Company announced an on-market buy-back of shares.

As at 30 June 2001, the Company had purchased and cancelled 1,670,250 ordinary shares at an average price of $1.79 per share.

Share Sale Facility

Pursuant to an offer to shareholders with holdings of 1000 GUD shares or less the Company facilitated the sale of 158,131 shares on behalf of 356 small shareholders enabling them to dispose of shares without incurring brokerage or stamp duty.

Share Capital

At 30 June 2001, there were 65,066,445 ordinary shares on issue.

Options

During the financial year and in accordance with the Executive Share Option Scheme 342,500 options expired and were cancelled.

A total of 350,000 options were issued during the year. 300,000 of these options are convertible to ordinary shares between 12 October 2003 and 11 October 2010 at an exercise price of $1.83 and 50,000 of these options are convertible to ordinary shares between 22 May 2004 and 21 May 2011 at an exercise price of $1.70. No options have been granted since the end of the financial year.

At 30 June 2001, there were 1,619,125 options on issue. (Details are set out in Note 28 to the financial statements.)

Unless the Non-Executive Directors determine otherwise or in special circumstances, the options issued prior to October 1999 can only be exercised after the expiration of three years from the date of grant and then only if the earnings per share of the Company have increased by a compound rate of 5% per annum in a three year period prior to the date of exercise. Similarly, options issued after October 1999 can only be exercised after the expiration of three years from the date of grant and then only to the extent that the shares of the Company meet the performance hurdles relating to the ASX All Industrials Index.

Each option may, after meeting the performance hurdle, be converted to one ordinary share upon payment of the exercise price.

All options expire on the earlier of their expiry date or termination of the employees' employment.

The names of all persons who currently hold options under the GUD Holdings Limited Executive Share Option Scheme at any time are entered in a register kept by the Company, and inspection of the register may be made free of charge.

Holders of options to purchase shares in the Company have no rights, by virtue of the options, to participate in any share issue of any corporation within the consolidated entity.

Events Subsequent to Balance Date

Sunbeam Victa relocation announced

On 30 July 2001, the Company announced its intention to relocate the Sunbeam Victa division from its current leased premises at Campsie, NSW prior to the end of the current lease term which expires in August 2002. The Sunbeam appliances, Victa lawnmowers, and Sunbeam Supershear rural business units will be relocated to separate facilities and some non-core functions of each business unit will cease. The relocation will enable a stronger focus on each business unit and generate increased profits across the Sunbeam Victa division. At this stage it is not possible to reliably estimate the cost of redundancies, property 'make-good', relocation and asset writedowns.

Dividend Declared

On 30 July 2001, the Board of Directors declared a fully franked dividend of 7.5 cents per ordinary share. This dividend is payable on 8 October 2001 to shareholders registered on 21 September 2001.

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 Regulations

Some of the consolidated entity activities are subject to various environmental regulations under both Commonwealth and State legislation. The GUD Group has endorsed an Environmental Policy of compliance and open communication on environmental issues.

The Directors are not aware of any breaches of those environmental regulations during the financial year.

Emoluments of Directors and Senior Executives

Details of the emoluments paid to Non-Executive Directors during the financial year are set out below.

Non-Executive Directors	Directors' Fees $	Superannuation Contribution $	Total 2001 $
R J Fynmore (Chairman)	97,500	7,800	105,300
C K Hall	39,000	3,120	42,120
K H Spencer	39,000	3,120	42,120
G W Stuart	39,000	3,120	42,120

Remuneration to Non-Executive Directors is determined by the Board within the maximum amount approved by shareholders.

There has been no increase in Non-Executive Directors' fees since November 1997.

Non-Executive Directors are also entitled to retirement benefits in accordance with a shareholder approved scheme.

The Executive Remuneration Policy

The Remuneration Committee of the Board is responsible for reviewing the amount and nature of executive remuneration. The Board has approved an executive remuneration policy which includes a performance-linked incentive.

Remuneration for executives includes:

- A fixed component to attract and retain quality management.
- A variable short term incentive based on annual performance linked to agreed results.
- An executive share option plan to provide long term incentives linked to increasing shareholder value.

Details of the remuneration paid to Executive Directors and the five highest remunerated executives in the Group, including unexpired options granted in the financial year ended 30 June 2001 are set out below.

	Base Remuneration $	Performance Based Incentives $	Other Benefits including Superannuation, Motor Vehicle $	Total 2000/2001 $	Number of shares over which options have been granted	Exercise price $	Expiry Date
Executive Directors							
I A Campbell	415,466	60,384	125,186	601,036			
R J Wodson	234,400	23,524	64,140	322,064	50,000	1.70 (3)	22/5/11
Executive Managers – Group							
A Sabato	408,732 (1)		12,786	421,518			
D Cleland	177,600	45,893 (2)	52,548	276,041			
D Eagle	170,288	20,000	54,652	244,940	100,000	1.83 (3)	12/10/10
M Whittaker	171,420	17,814 (2)	33,382	222,616			
T Cooper	136,600	31,250 (2)	53,662	221,512			

(1) *A Sabato resigned on 6 November 2000.*
Base Remuneration includes payments on ceasing employment.

(2) *Incentive payments made in 2000/01 relate to performance in the 1999/2000 financial year and for the first half of the 2000/2001 financial year.*

(3) *Share option exercise depends on reaching or exceeding hurdles related to performance compared with ASX All Industrials Index.*

Prior to the financial year, the Company had granted options, which have not lapsed or been exercised, over unissued ordinary shares in the Company to Executive Directors and the five highest remunerated officers as follows:

Name	Number of Options	Exercise Price	Expiry Date
I A Campbell	500,000	$1.49	12/11/2009
R J Wodson	100,000	$1.40	07/03/2010
A Sabato [(1)]	100,000	$4.61	26/09/2002
	50,000	$2.22	26/10/2003
D Cleland	50,000	$2.22	26/10/2003
M Whittaker [(2)]	30,000	$3.87	18/04/2002
	35,000	$2.22	26/10/2003
T Cooper	30,000	$3.87	18/04/2002
	15,000	$2.22	26/10/2003

[(1)] A Sabato left the Company on 6 November 2000 and these options have since been cancelled.

[(2)] M Whittaker left the Company on 2 July 2001 and these options have since been cancelled.

No value has been ascribed to the options as the value of the options cannot be reliably measured on the basis that their values are conditional on future events.

No options were exercised during the year.

Directors' Interests and Benefits

The relevant interest of each Director in the share capital of the companies within the consolidated entity at the date of this Report is as follows.

	Shares held beneficially		
Directors	Own Name	Private Company/Trust	Options
R J Fynmore	99,821	150,179	
K H Spencer		42,368	
G W Stuart		37,031	
C K Hall		37,500	
I A Campbell		30,000	500,000
R J Wodson	10,000		150,000

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements or the fixed salary of a full-time employee of the Company or of a controlled entity by reason of a contract made by the Company or a controlled entity with the Directors or with a firm of which he is a member or with a company in which he has a substantial financial interest.

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.

Indemnity

The Company has agreed to indemnify the following current Directors of the Company: Messrs R J Fynmore, C K Hall, K H Spencer, G W Stuart, I A Campbell and R J Wodson, and the former Directors: Messrs B W Lithgow, L E Gloyd, I L Beynon, N J McCann and J C Williams 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 controlled entities, except where the liability arises out of conduct involving 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 controlled entities 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 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 agreed to indemnify certain executive officers for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position in the Company and its controlled entities, 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 executive officers 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.

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.

Signed in accordance with a resolution of the Directors.

R J Fynmore
Chairman of Directors

I A Campbell
Managing Director

Dated at Melbourne
30 July 2001

Board of Directors

R J Fynmore
AO FCPA (Age 67)

Non-Executive Chairman since November 1997 and a Director since 1992.

Chairman of Pacifica Group Limited, CCK Financial Solutions Ltd and a Director of Hartec Ltd, Djerriwarrh Investments Limited and Mirrabooka Investments Limited.

K H Spencer
FCA (Age 63)

Non-Executive Director since October 1995 and Chairman of the Audit and Compliance Committee.

Former Melbourne Managing Partner of KPMG, a Director of Pacifica Group Limited, Normandy Mining Limited, cdk Tectonics Ltd. and British American Tobacco (Australasia Holdings) Ltd. Former Chairman of the Australian Accounting Standards Board.

G W Stuart
B Mech Eng (Age 63)

Non-Executive Director since July 1995.

Formerly a Director of Newcrest Mining Limited. Previously Mr Stuart held Senior Executive positions with Aerospace Technologies of Australia Ltd (ASTA).

C K Hall
B Sc (Metallurgy), B Com, MBA, FCPA, FAICD (Age 59)

Appointed a Non-Executive Director on 13 September 1999.

Chairman of State Trustees Ltd., RACV Financial Services Ltd., Victorian Energy Networks Corporation and Sanford Ltd, and a Director of Royal Automobile Club of Victoria (RACV) Ltd.

Mr Hall has held senior executive positions in investment and merchant banking, including Managing Director of National Australia Ltd. between 1985 and 1993, and was Chairman of the International Banks and Securities Association between 1990 and 1992.

I A Campbell
FAICD (Age 51)

Appointed Managing Director on 5 October 1998
Vice-President of AIG(Vic.)
Former Managing Director of Pacific Dunlop Cable Group.

R J Wodson
FCPA, FAICD (Age 56)

Appointed Finance Director on 25 June 2001.
Mr Wodson was appointed Chief Financial Officer of GUD on 1 February 2000.
Former Chief Financial Officer of Bunge Defiance Group.

Financial Statements

Contents

for the year ended 30 June 2001

	Notes	Consolidated 2001 $'000	Consolidated 2000 $'000	GUD Holdings Limited 2001 $'000	GUD Holdings Limited 2000 $'000
Trading revenue from ordinary activities	2	**341,213**	328,202	**2,994**	2,823
Other revenue from ordinary activities	2	**2,424**	6,291	**17,153**	20,342
Total revenue	2	**343,637**	334,493	**20,147**	23,165
Change in inventories of finished goods and work in progress		**6,173**	(10,984)	**–**	–
Raw materials and consumables used		**(104,234)**	(108,023)	**–**	–
Employee benefits expenses		**(72,273)**	(73,079)	**(1,914)**	(1,997)
Depreciation and amortisation expenses	3(b)	**(11,031)**	(10,754)	**(114)**	(138)
Borrowing costs	3(b)	**(6,669)**	(6,689)	**(5,147)**	(5,631)
Research and development expenses	3(b)	**(1,863)**	(1,731)	**–**	–
Other expenses from ordinary activities		**(136,560)**	(105,738)	**(1,701)**	(12,975)
Profit from ordinary activities before related income tax expense		**17,180**	17,495	**11,271**	2,424
Income tax expense relating to ordinary activities	4(a)	**(6,510)**	(6,475)	**(538)**	(598)
Profit from ordinary activities after related income tax expense		**10,670**	11,020	**10,733**	1,826
Net profit attributable to members of GUD Holdings Limited	23	**10,670**	11,020	**10,733**	1,826
Non-owner transaction changes in equity					
Increase in general reserve arising on revaluation of land and buildings	19(a)	**–**	73	**–**	66
Increase/(decrease) in foreign currency translation reserve arising on translation of self-sustaining foreign operations	19(b)	**340**	(522)	**–**	–
Total changes in equity from non-owner related transactions attributable to members of GUD Holdings Limited recognised directly in equity		**340**	(449)	**–**	66
Total changes in equity from non-owner related transactions attributable to members of GUD Holdings Limited	24	**11,010**	10,571	**10,733**	1,892
Basic earnings per share (cents per share)		**16.1**	16.4		
Diluted earnings per share (cents per share)		**15.9**	16.2		
Weighted average number of ordinary shares used in the calculation of basic earnings per share		**66,423,945**	67,356,794		
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share		**68,043,070**	68,968,329		

Notes to the financial statements are annexed.

Statement of Financial Position

as at 30 June 2001

	Notes	Consolidated 2001 $'000	Consolidated 2000 $'000	GUD Holdings Limited 2001 $'000	GUD Holdings Limited 2000 $'000
Current assets					
Cash assets	7	**14,551**	88	**–**	1
Receivables	8	**50,224**	44,360	**96,058**	101,397
Inventories	9	**73,981**	68,544	**–**	–
Other	10	**7,934**	8,682	**1,335**	1,618
Total current assets		**146,690**	121,674	**97,393**	103,016
Non-current assets					
Investments	11	**–**	–	**101,022**	101,022
Property, plant and equipment	12	**58,573**	65,529	**4,236**	6,298
Intangible assets	13	**58,541**	58,831	**–**	–
Deferred tax assets	4(d)	**1,957**	4,527	**168**	–
Other	14	**1,713**	1,096	**–**	–
Total non-current assets		**120,784**	129,983	**105,426**	107,320
Total assets		**267,474**	251,657	**202,819**	210,336
Current liabilities					
Payables	15	**36,524**	38,664	**271**	472
Interest-bearing liabilities	16(a)	**38,614**	40,000	**37,217**	44,904
Current tax liabilities	4(b)	**–**	–	**508**	–
Provisions	17(a)	**7,295**	12,584	**63**	5,097
Total current liabilities		**82,433**	91,248	**38,059**	50,473
Non-current liabilities					
Interest-bearing liabilities	16(b)	**48,945**	28,027	**32,000**	30,000
Deferred tax liabilities	4(c)	**1,090**	646	**–**	19
Provisions	17(b)	**4,215**	4,064	**665**	591
Total non-current liabilities		**54,250**	32,737	**32,665**	30,610
Total liabilities		**136,683**	123,985	**70,724**	81,083
Net assets		**130,791**	127,672	**132,095**	129,253
Equity					
Contributed equity	18	**118,679**	122,847	**118,679**	122,847
Reserves	19	**(46)**	(386)	**66**	66
Retained profits	23	**12,099**	5,152	**13,350**	6,340
Total parent entity interest		**130,732**	127,613	**132,095**	129,253
Outside equity interests	20	**59**	59	**–**	–
Total equity	24	**130,791**	127,672	**132,095**	129,253

Notes to the financial statements are annexed.

for the year ended 30 June 2001

	Notes	Consolidated 2001 $'000	Consolidated 2000 $'000	GUD Holdings Limited 2001 $'000	GUD Holdings Limited 2000 $'000
Cash flows from operating activities					
Receipts in the course of operations		**353,945**	333,808	**4,950**	3,996
Payments in the course of operations		**(330,794)**	(292,579)	**(3,779)**	(3,593)
Dividends received		**–**	–	**9,694**	11,495
Interest received		**179**	107	**6,583**	6,904
Borrowing costs paid		**(6,669)**	(6,849)	**(5,147)**	(5,791)
Income taxes paid		**(3,429)**	(4,587)	**(177)**	(510)
Net cash provided by operating activities	30	**13,232**	29,900	**12,124**	12,501
Cash flows from investing activities					
Payments for property, plant and equipment		**(3,869)**	(8,033)	**(8)**	(507)
Proceeds on disposal of controlled entity		**–**	970	**–**	–
Proceeds from pre-acquisition dividends		**–**	–	**–**	6,611
Proceeds from sale of property, plant and equipment		**1,379**	2,766	**1,155**	–
Net proceeds from controlled entity loans		**–**	–	**5,638**	6,983
Payments for intangible assets		**(1,000)**	–	**–**	–
Net cash from (used in) investing activities		**(3,490)**	(4,297)	**6,785**	13,087
Cash flows from financing activities					
Net drawdown/(repayment) of borrowings		**17,243**	(12,874)	**(1,279)**	(11,000)
Share buy-back		**(4,168)**	–	**(4,168)**	–
Dividends paid		**(8,776)**	(12,754)	**(8,776)**	(12,754)
Net cash from (used in) financing activities		**4,299**	(25,628)	**(14,223)**	(23,754)
Net increase/(decrease) in cash held		**14,041**	(25)	**4,686**	1,834
Cash at the beginning of the financial year		**88**	115	**(4,903)**	(6,737)
Effects of exchange rate changes on the balance of cash held in foreign currencies		**422**	(2)	**–**	–
Cash at the end of the financial year		**14,551**	88	**(217)**	(4,903)
Reconciliation of net cash at the end of the financial year					
Cash at bank and on hand		**14,551**	88	**–**	1
Unsecured bank overdraft		**–**	–	**(217)**	(4,904)
		14,551	88	**(217)**	(4,903)

Notes to the financial statements are annexed.

1. Statement of significant accounting policies

The significant policies which have been adopted in the preparation and presentation of this financial report are:

Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with applicable Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

The accounting policies adopted in preparing the financial report have been consistently applied by entities in the consolidated entity and, except as otherwise indicated, are consistent with those of the prior year.

The financial report has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative amounts

The consolidated entity has adopted the presentation and disclosure requirements of accounting standards AASB 1018 *Statement of Financial Performance*, AASB 1034 *Financial Report Presentation and Disclosures* and AASB 1040 *Statement of Financial Position* for the first time in the preparation of this financial report. In accordance with the requirements of these new/revised standards, comparative amounts have been reclassified in order to comply with the new presentation formats.

Adoption of these standards has resulted in the transfer of the reconciliation of opening to closing retained profits from the face of the statement of financial performance to Note 23. Revenue and expense items previously disclosed as abnormal have been reclassified and are now disclosed as individually significant items in Note 3(a).

The following assets and liabilities have been removed from previous classifications and are now disclosed as separate line items on the face of the statement of financial position:

- Deferred tax assets, previously presented within other non-current assets
- Current tax liabilities, previously presented within current provisions
- Deferred tax liabilities, previously presented within non-current provisions

The reclassification of comparative amounts has not resulted in a change to the aggregate amount of current assets, non-current assets, equity or the net profit of the company or consolidated entity as reported in the prior year financial report. Consolidated non-current interest-bearing liabilities of $35.397 million as reported in the prior year financial report have been reclassified between current and non-current in accordance with the requirements of AASB 1040.

Principles of consolidation

The consolidated financial statements of the consolidated entity include the financial statements of GUD Holdings Limited, being the parent entity, and its controlled entities ('the consolidated entity').

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances, and effects of transactions, between controlled entities included in the consolidated financial statements have been eliminated in full on consolidation.

Revenue recognition

Sales revenue comprises revenue earned (net of rebates, discounts, allowances, duties and taxes paid or payable) from the provision of products or services to entities outside the consolidated entity. Sales revenue is recognised when the goods are provided, or when the fee in respect of services provided is receivable.

The gross proceeds of asset sales are included as revenue of the consolidated entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed. Interest revenue is recognised as it accrues.

Goods and services tax

Revenues, expenses and 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST.

1. **Statement of significant accounting policies (continued)**

Goods and services tax (continued)

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

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

Income tax

The consolidated entity adopts the income statement liability method of tax-effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond a reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effects of capital losses are only brought to account when realised.

No liability has been provided for future capital gains tax that may arise in the disposal of assets. Such liability is provided at the time of disposal of assets.

Foreign currency

Transactions

Foreign currency transactions are converted at the exchange rate in effect at the date of the transaction. Foreign currency cash balances, receivables and payables at balance date are translated at exchange rates existing at that time. Exchange gains or losses are brought to account in the statement of financial performance in the period in which they arise except in the case of hedge transactions that are designated as a hedge of an anticipated purchase or sale.

Translation of foreign controlled entities

The statements of financial position of foreign controlled entities that are self-sustaining foreign operations are translated at the rates of exchange ruling at balance date. The statements of financial performance are translated at a weighted average rate for the financial year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

Derivative financial instruments

The consolidated entity is exposed to changes in interest rates and foreign exchange rates from its activities. The consolidated entity uses the following derivative financial instruments to hedge these risks: interest rate swaps and options, and forward foreign exchange contracts and options. Derivative financial instruments are not held for speculative purposes.

Where hedge transactions are designated as a hedge of the anticipated purchase or sale of goods or services, purchase of qualifying assets, or an anticipated interest transaction, gains and losses, on the hedge arising up to the date of the anticipated transaction, together with any costs or gains arising at the time of entering into the hedge, are deferred and included in the measurement of the anticipated transaction when the transaction has occurred as designated. Any gains or losses on the hedge transaction after that date are included in the statement of financial performance.

When the anticipated transaction is no longer expected to occur as designated, the deferred gains and losses relating to the hedged transaction are recognised immediately in the statement of financial performance.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur as designated, the deferred gains and losses that arose on the hedge prior to its termination continue to be deferred and are included in the measurement of the purchase or sale or interest transaction when it occurs. Where a hedge transaction is terminated early because the anticipated transaction is no longer expected to occur as designated, deferred gains and losses that arose on the hedge prior to its termination are included in the statement of financial performance for the period.

Where a hedge is redesignated as a hedge of another transaction, gains and losses arising on the hedge prior to its redesignation are only deferred where the original anticipated transaction is still expected to occur as designated. When the original anticipated transaction is no longer expected to occur as designated, any gains or losses relating to the hedge instrument are included in the statement of financial performance for the period.

1. Statement of significant accounting policies (continued)

Borrowing costs

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which necessarily take a substantial period of time to get ready for their intended use.

Receivables

Trade accounts receivable, generally settled within 55 days, are carried at amounts due. A provision is raised for any doubtful debts based on a review of all outstanding amounts at balance date. Bad debts are written off in the period in which they are identified.

Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of manufactured inventory includes, direct materials, direct labour and an appropriate portion of variable and fixed overhead. Costs are assigned on a first-in-first-out basis and overheads are applied on the basis of normal operating capacity.

Investments

Investments in controlled entities are carried at the lower of cost and recoverable amount. Dividend revenue is brought to account in the statement of financial performance when the dividends are declared by the controlled entities. The payment of pre-acquisition dividends by the controlled entities reduces the Company's carrying value of its investments.

Recoverable amount of non-current assets

The carrying amount of non-current assets is reviewed regularly to ensure the carrying amounts are not in excess of recoverable amounts. In determining recoverable amounts, the expected cash flows have not been discounted to their present value, except where specifically stated.

Depreciation

Items of property, plant and equipment, excluding freehold land, are depreciated using the straight-line method over their estimated useful lives.

Assets are depreciated from the date of acquisition or from the time an asset is completed and held ready for use.

Depreciation rates and methods are reviewed annually. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of change in accordance with the new depreciation rate or method.

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

- Buildings 25 to 40 years
- Plant and equipment 3 to 12 years

Intangibles

Goodwill acquired or arising on consolidation is systematically amortised on a straight-line basis over a period of 20 years, with the exception of goodwill arising from the acquisition of the filtration businesses from Dana Corporation, which is amortised on a straight-line basis over 12 years.

Patents and licences are systematically amortised on a straight-line basis over the shorter of the relevant agreement or the useful life.

Business names, trademarks and brand names are not amortised on the basis that these assets do not have a finite useful life.

The carrying values of all intangibles are reviewed annually and to the extent that the future benefits are no longer considered probable, they are expensed and included in the statement of financial performance.

Product development costs

Product development costs are deferred to the extent that it is considered probable that future economic benefits embodied in the expenditure will eventuate. Product development costs are amortised over the period of the related benefit generally not exceeding three years.

Warranties

Provision is made for the estimated liability on all products still under warranty, net of product claims receivable. This provision is estimated having regard to warranty costs experience over previous years and general seasonal return trends.

1. Statement of significant accounting policies (continued)

Accounts payable and interest-bearing liabilities

Trade accounts payable, including accruals not yet billed, are recognised when the consolidated entity becomes obliged to make future payments as a result of a purchase of assets or services. Trade accounts payable are generally settled within contracted terms.

Bank loans are carried on the statement of financial position at their principal amount, subject to set-off arrangements. Interest on financial instruments is recognised as an expense on an effective yield basis.

Employee entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. The provisions for employee entitlements to wages, salaries and annual leave represents the amount which the consolidated entity has a present obligation to pay resulting from employees' services provided up to balance date. The provisions have been calculated at nominal amounts based on current wage and salary rates and include related on-costs.

Long service leave is provided in respect of all employees, based on the present value of the estimated future cash outflow to be made resulting from employees' services up to balance date, and having regard to the probability that employees will remain in the consolidated entity's employment for the period of time necessary to qualify for the entitlement.

Net fair values of financial assets and liabilities

Net fair values of financial instruments are determined on the following bases:

Monetary financial assets and liabilities not traded in an organised financial market such as trade debtors, trade accounts payable, bank loans, accruals and dividends payable are valued at cost, which approximates net market value. Interest rate swaps and options, and forward foreign exchange contracts and options are valued at amounts quoted by the consolidated entity's bankers to realise favourable contracts or settle unfavourable contracts.

Leased assets

Leases under which the consolidated entity assumes substantially all the risks and benefits of ownership of the leased property are classified as finance leases. Other leases are classified as operating leases.

Finance leases

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Capitalised leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Finance lease payments are allocated between interest expense and reduction of the lease liability over the term of the lease. The interest components of the lease payment are expensed.

Operating leases

Payments under operating leases are expensed on a straight line basis over the term of the lease.

Statement of cash flows

For the purposes of the statement of cash flows, cash is defined as cash at banks and on hand and cash equivalents net of bank overdrafts. Cash equivalents include highly liquid investments, which are readily convertible to cash, and borrowings that are not subject to a term facility.

Restoration costs relating to non-current assets

Restoration costs are treated as an expense at the time they are incurred.

Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

Revaluation of non-current assets

The consolidated entity has applied AASB 1041 *Revaluation of Non-current Assets* for the first time from 1 July 2000. The standard requires each class of non-current assets to be measured on either the cost or fair value basis. AASB 1041 does not apply to inventories, foreign currency monetary assets, goodwill, investments accounted for using the equity method, deferred tax assets and other assets measured at net market value where the market value movements are recognised in the statement of financial performance.

1. Statement of significant accounting policies (continued)

Revaluation of non-current assets (continued)

The consolidated entity has applied AASB 1041as follows:

Other financial assets

The Company has continued to record shares and units in controlled entities at cost.

Freehold land and buildings

The consolidated entity has adopted the cost basis for freehold land and buildings and has deemed the carrying value of freehold land and buildings as at 1 July 2000 to be cost.

The change in accounting policy has no financial effect on the result in the current or prior financial years.

Other non-current assets

The consolidated entity has continued to apply the cost basis for other non-current assets such as plant and equipment, intangibles and capitalised product development costs.

Adoption of a revised accounting standard before its application date

The Directors have elected under section 334(5) of the Corporations Act 2001 to apply Accounting Standard AASB 1041 *Revaluation of Non-current Assets* even though the revised standard is not required to be applied until annual reporting periods ending on or after 30 September 2001.

Recognition of liability for dividends

The consolidated entity has changed its policy in respect of recognition of the timing of the liability for dividends. The Directors have deemed that provisions for dividends should not be recognised if the dividend has not been recommended or determined before the reporting date (30 June 2001). The amount declared after 30 June 2001 is $4.88 million – refer Note 37 'Events subsequent to balance date'. There is no effect on the statement of financial performance, but in the statement of financial position the effect of this change is that the amount of provisions has been reduced by $4.88 million and retained earnings is increased by $4.88 million.

	Notes	Consolidated		GUD Holdings Limited	
		2001 $'000	2000 $'000	**2001 $'000**	2000 $'000
2. Revenue from ordinary activities					
Trading revenue:					
Sale of goods		**341,213**	328,202	**–**	–
Rendering of services		**–**	–	**2,994**	2,823
		341,213	328,202	**2,994**	2,823
Other revenue:					
Dividends:					
Controlled entities	33	**–**	–	**9,694**	11,495
Interest:					
Controlled entities	33	**–**	–	**6,500**	6,860
Others		**179**	107	**83**	44
Rent:					
Controlled entities	33	**–**	–	**864**	1,070
Net foreign exchange gain		**–**	384	**–**	–
Other		**2,021**	2,064	**12**	103
Gross proceeds from sale of investments		**–**	970	**–**	–
Gross proceeds from sale of property, plant and equipment		**224**	2,766	**–**	770
Total other revenue		**2,424**	6,291	**17,153**	20,342
Total revenue		**343,637**	334,493	**20,147**	23,165

	Consolidated		GUD Holdings Limited	
	2001 $'000	2000 $'000	**2001 $'000**	2000 $'000
3. Profit from ordinary activities before income tax expense				
(a) Individually significant items included in profit from ordinary activities before income tax expense:				
Prior years pre-acquisition dividend adjustment	**–**	–	**–**	10,705
Closure of Agricultural Machinery division	**975**	–	**–**	–
Restructure of Heavy Duty Filters division	**488**	–	**–**	–
(b) Profit from ordinary activities before income tax expense includes the following items:				
Cost of goods sold	**249,353**	239,629	**–**	–
Depreciation and amortisation				
Depreciation on property, plant and equipment	**8,928**	8,734	**114**	138
Amortisation of product development costs	**681**	742	**–**	–
Amortisation of goodwill	**1,308**	1,165	**–**	–
Amortisation of other intangibles	**114**	113	**–**	–
Total depreciation and amortisation	**11,031**	10,754	**114**	138
Borrowing costs				
Interest expense – other parties	**6,669**	6,689	**5,147**	5,631
Research and development expenditure				
Expensed as incurred	**1,863**	1,731	**–**	–
Other				
Net expense from movements in provision for:				
Doubtful debts	**491**	53	**–**	–
Employee entitlements	**5,340**	6,485	**212**	361
Stock obsolescence	**963**	804	**–**	–
Warranties	**6,053**	6,495	**–**	–
Bad debts written off	**86**	138	**–**	–
Net foreign exchange loss	**434**	–	**7**	–
Operating lease rental expense – minimum lease payments	**6,532**	6,679	**69**	61
(c) Sales of assets:				
Sales of assets in the ordinary course of business have given rise to the following profits and losses:				
Loss/(gain) on sale of property, plant and equipment	**115**	32	**–**	(67)
Gain on sale of controlled entity	**–**	6	**–**	–

	Consolidated		GUD Holdings Limited	
	2001 $'000	2000 $'000	**2001 $'000**	2000 $'000
4. Taxation				
(a) Income tax expense				
Prima facie income tax expense calculated at 34% (2000: 36%) on the profit from ordinary activities	**5,841**	6,298	**3,832**	873
Increase(decrease) in income tax expense due to:				
Non-deductible expenditure	**203**	126	**16**	17
Pre-acquisition dividend adjustment	**–**	–	**–**	3,854
Non-deductible depreciation and amortisation	**626**	582	**(13)**	31
Under(over)provision of income tax in prior year	**(102)**	(41)	**2**	–
Non-assessable income and tax incentives	**(160)**	(219)	**–**	(62)
Rebates on dividends received	**–**	–	**(3,296)**	(4,139)
Effect of lower tax rates on overseas income	**(22)**	(17)	**–**	–
Tax losses of non-resident controlled entities not brought to account	**–**	21	**–**	–
Restatement of deferred tax assets and liabilities in relation to change in the tax rate	**124**	354	**(3)**	24
Future income tax benefit now brought to account	**–**	(629)	**–**	–
Income tax expense attributable to ordinary activities	**6,510**	6,475	**538**	598
(b) Current tax liabilities				
Provision for current income tax	**–**	–	**508**	–
(c) Deferred tax liabilities				
Provision for deferred income tax	**1,090**	646	**–**	19
Provision for deferred income tax comprises the estimated liability at the applicable rate of 30% (2000: 34% or 30%, depending on when the liability was expected to be realised)				
(d) Deferred tax assets:				
Future income tax benefit	**1,957**	4,527	**168**	–
Future income tax benefit comprises the estimated future benefit at the applicable rate of 30% (2000: 34% or 30%, depending on when the asset was expected to be realised)				
The future income tax benefit includes:				
Tax losses (revenue) carried forward	**865**	1,836		

5. Segment information

	Segment revenue[a] $'000	Inter-segment sales[b] $'000	Segment results[c] Before amort'n of intangibles $'000	Amort'n of intangibles $'000	After amort'n of intangibles $'000	Segment assets $'000
For the year ended 30 June 2001						
Industry segment						
Sunbeam Victa	192,913	–	9,982	–	9,982	152,185
Ryco/Wesfil	81,060	–	9,200	(471)	8,729	64,872
Davey	57,772	–	4,830	(315)	4,515	34,905
Lock Focus	11,797	–	1,802	(635)	1,167	17,368
Unallocated	95	–	(723)	–	(723)	(1,856)
	343,637	–	25,091	(1,421)	23,670	267,474
For the year ended 30 June 2001						
Geographical segment						
Australia	310,601	11,119	22,285	(1,343)	20,942	232,608
New Zealand	32,941	14,363	3,658	(78)	3,580	38,962
Unallocated	95	–	(852)	–	(852)	(4,096)
Eliminations	–	(25,482)	–	–	–	–
	343,637	–	25,091	(1,421)	23,670	267,474
For the year ended 30 June 2000						
Industry segment						
Sunbeam Victa	185,362	–	11,789	–	11,789	136,635
Ryco/Wesfil	75,270	–	6,256	(328)	5,928	63,243
Davey	57,287	–	5,769	(315)	5,454	32,993
Lock Focus	13,537	–	2,729	(635)	2,094	17,434
Unallocated	3,037	–	(1,188)	–	(1,188)	1,352
	334,493	–	25,355	(1,278)	24,077	251,657
For the year ended 30 June 2000						
Geographical segment						
Australia	291,645	14,354	24,482	(1,202)	23,280	215,561
New Zealand	39,810	12,814	2,158	(76)	2,082	37,079
Unallocated	3,038	–	(1,285)	–	(1,285)	(983)
Eliminations	–	(27,168)	–	–	–	–
	334,493	–	25,355	(1,278)	24,077	251,657

(a) Segment revenue includes trading revenue and other revenue.

(b) Intersegment pricing is on a commercial basis.

(c) Segment result excludes net borrowing costs, intercompany rental charges and income tax.

5. Segment information (continued)

Industry segments

Sunbeam Victa

Small electrical appliances, lawn mowers, wool harvesting and agricultural products.

Ryco/Wesfil

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

Davey

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

Lock Focus

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

6. Dividends

	Cents per share	Total amount $'000	Date of Payment	Tax rate	Percentage franked
Dividends proposed or paid by the Company are:					
2001					
Interim	7.5	4,898	30 April 2001	34%	100
Less: off-market optional share buy-back equivalent to the unfranked dividend entitlement		(1,175)			
Total dividends paid		3,723			
2000					
Interim	7.5	5,053	14 April 2000	36%	0
Final	7.5	5,053	16 October 2000	34%	0
Total dividends paid		10,106			

	GUD Holdings Limited	
	2001 $'000	2000 $'000
Dividend franking account		
Class C [30% (2000: 34%)] franking account surplus credits available to shareholders of GUD Holdings Limited for subsequent years	**272**	–

The above amounts are based on the balance of the dividend franking account at year-end adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision of income tax; and

(b) franking debits that will arise from the payment of dividends recognised as a liability at year-end.

A final dividend has been declared for the year ended 30 June 2001 – refer Note 37 'Events subsequent to balance date'.

	Notes	Consolidated 2001 $'000	Consolidated 2000 $'000	GUD Holdings Limited 2001 $'000	GUD Holdings Limited 2000 $'000
7. Cash assets					
Current					
Cash at bank and on hand		**14,551**	88	**–**	1
8. Receivables					
Current					
Trade debtors		**50,876**	44,751	**–**	–
Less: provision for doubtful trade debtors		**(652)**	(391)	**–**	–
		50,224	44,360	**–**	–
Loans to controlled entities		**–**	–	**96,058**	101,397
		50,224	44,360	**96,058**	101,397
9. Inventories					
Current					
Raw materials and stores at cost		**13,428**	14,836	**–**	–
Provision for obsolescence		**(1,057)**	(1,903)	**–**	–
		12,371	12,933	**–**	–
Work in progress at cost		**13,335**	15,334	**–**	–
Provision for obsolescence		**(769)**	(736)	**–**	–
		12,566	14,598	**–**	–
Finished goods and spare parts at cost		**50,573**	42,315	**–**	–
Provision for obsolescence		**(1,529)**	(1,302)	**–**	–
		49,044	41,013	**–**	–
		73,981	68,544	**–**	–
10. Other					
Current					
Other debtors and prepayments		**7,934**	8,682	**1,335**	1,618
11. Investments					
Non-current					
Investment in controlled entities at cost	25	**–**	–	**101,022**	101,022

	Consolidated		GUD Holdings Limited	
	2001 $'000	2000 $'000	**2001 $'000**	2000 $'000
12. Property, plant and equipment				
Non-current				
Freehold land and buildings at cost (2000: at valuation)	**10,009**	11,773	**4,250**	6,220
Accumulated depreciation	**(141)**	–	**(64)**	–
Total land and buildings	**9,868**	11,773	**4,186**	6,220
Plant and equipment at cost	**92,012**	90,516	**341**	342
Accumulated depreciation	**(43,307)**	(36,760)	**(291)**	(264)
Total plant and equipment	**48,705**	53,756	**50**	78
	58,573	65,529	**4,236**	6,298
Aggregate depreciation allocated during the financial year is recognised as an expense and disclosed in Note 3(b) to the financial statements.				
Current value of freehold land and buildings				
Value of freehold land and buildings determined in accordance with an independent valuation as adjusted for properties no longer owned at 30 June 2001[1]	**9,803**	11,773	4,250	6,220

[1]Independent valuations were carried out in March 2000 by Mr A K Brown, AAPI and Mr G C McNamara, LFAPI & A.I.Arb.A on behalf of CB Richard Ellis (V) Pty. Ltd., Mr A Sangprasit on behalf of CB Richard Ellis (Thailand) Co. Ltd. and Mr C N Barbour, ANZIV on behalf of Bristow Barbour & Walker Ltd. The basis of the valuations of the land and buildings was fair market value based on existing use or open market as appropriate and are in accordance with the Company's policy of obtaining independent valuations every three years.

Land held primarily for sale

Land located in Bangkok, Thailand is held for sale at 30 June 2001.

The original acquisition cost was $1,176,752 and the carrying value is $917,213.

	Consolidated		GUD Holdings Limited	
	2001 $'000	2000 $'000	**2001 $'000**	2000 $'000
12. Property, plant and equipment (continued)				
Reconciliations				
Reconciliations of the movement in net book value for each class of property, plant and equipment are set out below:				
Freehold land and buildings at cost				
Net book value at the beginning of the financial year	**11,773**	12,017	**6,220**	6,203
Net revaluation increments	**–**	790	**–**	805
Disposals	**(1,956)**	(703)	**(1,956)**	(703)
Depreciation expense	**(154)**	(184)	**(78)**	(85)
Net foreign currency difference arising on translation of financial statements of self-sustaining foreign operations	**205**	(147)	**–**	–
Net book value at the end of the financial year	**9,868**	11,773	**4,186**	6,220
Plant and equipment at cost				
Net book value at the beginning of the financial year	**53,756**	57,752	**78**	124
Additions	**3,869**	6,853	**8**	7
Disposals	**(339)**	(2,101)	**–**	–
Depreciation expense	**(8,774)**	(8,550)	**(36)**	(53)
Net foreign currency difference arising on translation of financial statements of self-sustaining foreign operations	**193**	(198)	**–**	–
Net book value at the end of the financial year	**48,705**	53,756	**50**	78
Total property, plant and equipment	**58,573**	65,529	**4,236**	6,298
13. Intangible assets				
Non-current				
Goodwill at cost	**22,388**	22,388	**–**	–
Accumulated amortisation	**(7,635)**	(6,327)	**–**	–
	14,753	16,061	**–**	–
Patents and licences at cost	**1,070**	1,067	**–**	–
Accumulated amortisation	**(558)**	(444)	**–**	–
	512	623	**–**	–
Brand names, business names and trademarks at cost	**43,276**	42,147	**–**	–
	58,541	58,831	**–**	–

Aggregate amortisation allocated during the financial year is recognised as an expense and disclosed in Note 3(b) to the financial statements.

	Consolidated		GUD Holdings Limited	
	2001 $'000	2000 $'000	**2001 $'000**	2000 $'000
14. Other				
Non-current				
Product development costs	**3,575**	2,277	**–**	–
Accumulated amortisation	**(1,862)**	(1,181)	**–**	–
	1,713	1,096	**–**	–
Product development costs capitalised in the current year	**1,298**	845	**–**	–
Aggregate amortisation allocated during the financial year is recognised as an expense and disclosed in Note 3(b) to the financial statements.				
15. Payables				
Current				
Trade payables and other accruals	**36,524**	38,664	**271**	472
16. Interest-bearing liabilities				
(a) Current				
Unsecured bank overdraft	**–**	–	**217**	4,904
Unsecured bank loan	**38,614**	40,000	**37,000**	40,000
	38,614	40,000	**37,217**	44,904
(b) Non-current				
Unsecured bank loan	**48,945**	28,027	**32,000**	30,000
(c) Financial arrangements				
The consolidated entity has access to the following lines of credit:				
Total facilities available:				
Unsecured bank overdraft	**5,000**	5,000	**4,000**	4,000
Unsecured bill facility	**100,000**	105,000	**75,000**	88,840
Unsecured money market facility	**20,000**	30,000	**17,000**	27,000
	125,000	140,000	**96,000**	119,840
Facilities used at balance date:				
Unsecured bank overdraft	**–**	–	**217**	–
Unsecured bill facility	**77,559**	68,027	**59,000**	74,904
Unsecured money market facility	**10,000**	–	**10,000**	–
	87,559	68,027	**69,217**	74,904
Facilities not utilised at balance date:				
Unsecured bank overdraft	**5,000**	5,000	**3,783**	4,000
Unsecured bill facility	**22,441**	36,973	**16,000**	13,936
Unsecured money market facility	**10,000**	30,000	**7,000**	27,000
	37,441	71,973	**26,783**	44,936

16. Interest-bearing liabilities (continued)

Bank overdrafts

The unsecured bank overdraft facility of $5 million is subject to annual review.

As part of these facilities, GUD Holdings Limited and all of its controlled entities 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 2001 is 8.8% (2000: 9.6%).

Bill facility

The unsecured bill facilities are provided by way of a club facility arrangement. The facilities are for a total of $100 million which are subject to review prior to expiry, as follows:

Amount $ million	Year ended 30 June
45	2002
55	2003

Money market facility

The unsecured money market facility is payable on demand and may be withdrawn unconditionally.

Interest on drawdowns is charged at prevailing market rates.

	Notes	Consolidated 2001 $'000	Consolidated 2000 $'000	GUD Holdings Limited 2001 $'000	GUD Holdings Limited 2000 $'000
17. Provisions					
(a) Current					
Employee entitlements	21	**5,747**	5,301	**63**	44
Restructuring and redundancy		**–**	511	**–**	–
Dividend	6	**–**	5,053	**–**	5,053
Warranty		**1,548**	1,719	**–**	–
		7,295	12,584	**63**	5,097
(b) Non-current					
Employee entitlements	21	**4,215**	4,064	**665**	591
18. Contributed equity					
Issued and paid-up capital					
65,066,445 fully paid ordinary shares (2000: 67,371,041)		**118,679**	122,847	**118,679**	122,847
Movements in contributed equity					
Balance at the beginning of the financial year		**122,847**	120,567	**122,847**	120,567
Dividend reinvestment plan and underwriting agreement issue [(a)]		**–**	2,280	**–**	2,280
2,304,596 shares bought back (2000: Nil) [(b)]		**(4,168)**	–	**(4,168)**	–
Balance at the end of the financial year		**118,679**	122,847	**118,679**	122,847

(a) During the financial year there were no issues of ordinary shares (2000: 1,303,605 ordinary shares fully paid under the terms of the dividend reinvestment plan and underwriting agreement) .

(b) During the financial year the Company announced a share buy-back. At balance date, the Company had acquired 2,304,596 ordinary shares, representing 3.4% of ordinary shares issued prior to acquisition. The total consideration of shares bought back was $4,168,169, being on average $1.81 per share.

	Consolidated		GUD Holdings Limited	
	2001 $'000	2000 $'000	**2001 $'000**	2000 $'000
19. Reserves				
(a) General reserve				
Balance at the beginning of the financial year	**1,301**	1,228	**66**	–
Revaluation increment on land and buildings	**–**	73	**–**	66
Balance at the end of the financial year	**1,301**	1,301	**66**	66
The general reserve relates to revaluations of freehold land and buildings prior to the adoption of AASB 1041 *Revaluation of Non-current Assets.* The Asset Revaluation Reserve has been renamed general reserve. Amounts in the reserve will be transferred to retained profits on the disposal of the freehold land and buildings.				
(b) Foreign currency translation reserve				
Balance at the beginning of the financial year	**(1,687)**	(1,165)	**–**	–
Exchange rate differences on translation of controlled entities	**340**	(522)	**–**	–
Balance at the end of the financial year	**(1,347)**	(1,687)	**–**	–
Exchange differences relating to foreign currency monetary items forming part of the net investment in self-sustaining foreign operations and the translation of self-sustaining foreign controlled entities are brought to account by entries made directly to the foreign currency translation reserve, as described in Note 1 to the financial statements.				
Total reserves	**(46)**	(386)	**66**	66
20. Outside equity interests				
Share capital	**59**	59	**–**	–
Outside equity interests hold 60% of the issued shares of Lock Focus (Holdings) Limited (Thailand) being 12,000 preference class A voting shares (2000: 12,000 preference class A shares).				
21. Aggregate employee entitlements				
Aggregate liability for employee entitlements, including on-costs:				
Current	**5,747**	5,301	**63**	44
Non-current	**4,215**	4,064	**665**	591
	9,962	9,365	**728**	635
Number of employees				
Number of employees at the end of the financial year	**1,453**	1,401	**9**	9

22. Superannuation commitments

The consolidated entity contributes to a number of superannuation funds of the accumulation benefit type for which no actuarial assessments have been made and which were established to provide benefits for employees or their dependants on retirement, resignation, disablement or death. The funds include company sponsored funds and multi employer industry funds. Benefits are provided in the form of lump sum payments subject to applicable preservation rules. The consolidated entity contributes a percentage of individual employees' gross income and employees may make additional contributions on a voluntary basis. There is a legal obligation to contribute as set out in the trust deed but the consolidated entity has the right to vary the rate of, or terminate, contributions upon giving notice as prescribed in the deed.

		Consolidated		GUD Holdings Limited	
	Notes	**2001 $'000**	2000 $'000	**2001 $'000**	2000 $'000
23. Retained profits					
Retained profits at the beginning of the financial year		**5,152**	4,238	**6,340**	14,620
Net profit attributable to members of the parent entity		**10,670**	11,020	**10,733**	1,826
Dividends	6	**(3,723)**	(10,106)	**(3,723)**	(10,106)
Retained profits at the end of the financial year		**12,099**	5,152	**13,350**	6,340
24. Total equity reconciliation					
Total equity at the beginning of the financial year		**127,672**	124,927	**129,253**	135,187
Total changes in parent entity interest in equity recognised in statement of financial performance		**11,010**	10,571	**10,733**	1,892
Transactions with owners as owners:					
Contributions of equity	18	**–**	2,280	**–**	2,280
Share buy-back	18	**(4,168)**	–	**(4,168)**	–
Dividends	6	**(3,723)**	(10,106)	**(3,723)**	(10,106)
Total equity at the end of the financial year		**130,791**	127,672	**132,095**	129,253

	Domicile	Country of incorporation	Percentage ownership interest 2001	2000
25. Investment in controlled entities				
Parent entity				
GUD Holdings Limited	Australia	Australia		
Controlled entities				
GUD Manufacturing Co Pty Ltd		Australia	**100**	100
Goss Products Pty Ltd		Australia	**100**	100
GUD Investments Pty Ltd		Australia	**100**	100
GUD Europe Limited		United Kingdom	**100**	100
GUD (N.Z.) Limited		New Zealand	**100**	100
Davey Products NZ Limited		New Zealand	**100**	100
Davey Administration Pty Ltd		Australia	**100**	–
Wesfil Australia Pty Ltd		Australia	**100**	100
Davey Products Pty Ltd		Australia	**100**	100
Heavy Duty Filters Pty Ltd		Australia	**100**	100
Lock Focus Pty Ltd		Australia	**100**	100
Kiroo Industries Australia Pty Ltd		Australia	**100**	100
Lock Focus (Asia) Pte Ltd		Singapore	**100**	100
Lock Focus (Holdings) Limited		Thailand	**40**	40
Lock Focus (Thailand) Limited		Thailand	**69**	69
Sunbeam Victa Holdings Limited		Australia	**100**	100
Sunbeam Victa Corporation Limited		Australia	**100**	100
Sunbeam Corporation Limited		Australia	**100**	100
Possum Pty Ltd		Australia	**100**	100
Sunbeam Administration Services Pty Ltd		Australia	**100**	100
Victa Limited		Australia	**100**	100
Treco Storage Systems Pty Ltd		Australia	**100**	100
Sunbeam Overseas Holdings Australia Pty Ltd		Australia	**100**	100
Sunbeam Corporation Limited		New Zealand	**100**	100

All overseas controlled entities are audited by an associate firm of Deloitte Touche Tohmatsu Australia. All controlled entities carry on business only in the country of incorporation. The investment in Lock Focus (Holdings) Limited has been included as a controlled entity as GUD Holdings Limited has the capacity to control this entity.

25. Investment in controlled entities (continued)

All wholly-owned controlled Australian entities are relieved from the requirement to prepare audited financial reports under the Australian Securities & Investments Commission Class Order 98/1418, as they are parties to a deed of cross guarantee with GUD Holdings Limited. The consolidated statement of financial performance and statement of financial position of the entities which are party to the deed of cross guarantee and are part of the closed Group are as follows:

	2001 $'000	2000 $'000
Statement of financial performance		
Profit from ordinary activities before related income tax expense	**18,813**	20,295
Income tax expense relating to ordinary activities	**(5,735)**	(6,278)
Net profit from ordinary activities after related income tax expense	**13,078**	14,017
Retained profits at the beginning of the financial year	**6,130**	2,219
Dividends provided for or paid	**3,723**	10,106
Retained profits at the end of the financial year	**15,485**	6,130
Statement of financial position		
Current assets		
Cash assets	**12,377**	–
Receivables	**43,485**	46,698
Inventories	**63,856**	59,652
Other	**7,325**	5,706
Total current assets	**127,043**	112,056
Non-current assets		
Investments	**17,429**	17,429
Property, plant and equipment	**49,094**	54,994
Intangible assets	**50,333**	47,406
Deferred tax assets	**1,633**	5,026
Other	**1,713**	1,096
Total non-current assets	**120,202**	125,951
Total assets	**247,245**	238,007
Current liabilities		
Payables	**32,140**	33,186
Interest-bearing liabilities	**37,000**	29,201
Current tax liabilities	**–**	–
Provisions	**6,570**	12,004
Total current liabilities	**75,710**	74,391
Non-current liabilities		
Interest-bearing liabilities	**32,000**	30,000
Deferred tax liabilities	**1,090**	566
Provisions	**4,215**	4,064
Total non-current liabilities	**37,305**	34,630
Total liabilities	**113,015**	109,021
Net assets	**134,230**	128,986
Equity		
Contributed equity	**118,679**	122,847
Reserves	**66**	9
Retained profits	**15,485**	6,130
Total equity	**134,230**	128,986

	Consolidated		GUD Holdings Limited	
	2001 $	2000 $	**2001 $**	2000 $
26. Directors and Director-related entities				
Directors' remuneration				
Amounts paid or payable to executive and non-executive Directors of:				
Parent entity: recurring remuneration	**1,154,760**	879,481	**1,154,760**	879,481
retirement benefits	**–**	112,296	**–**	112,296
Controlled entities	**2,933,920**	2,513,775	**–**	–
	4,088,680	3,505,552	**1,154,760**	991,777

The number of Directors of the Company whose remuneration was within the following bands:	**2001**	2000
$30,000 – $39,999	**–**	2
$40,000 – $49,999	**3**	2
$100,000 – $109,999	**1**	1
$200,000 – $209,999	**–**	1*
$320,000 – $329,999	**1**	–
$520,000 – $529,999	**–**	1
$600,000 – $609,999	**1**	–

** Includes retirement benefits.*

The Directors of the Company who held office during the year were I A Campbell, R J Wodson, C K Hall, R J Fynmore, K H Spencer and G W Stuart.

The sale and purchase of goods and services with Director-related entities are made under normal customer and supplier relationships and on normal commercial terms and conditions. The sale of goods made to Directors are no more favourable than made available to other employees. At 30 June 2001, the Directors or Director-related entities held directly, indirectly or beneficially 406,899 ordinary shares (2000: 367,464) and 650,000 executive share options (2000: 500,000) in the Company.

50,000 share options were issued to the Directors of the Company during the period but are excluded from the above remuneration.

	Consolidated		GUD Holdings Limited	
	2001 $	2000 $	**2001 $**	2000 $

27. Executives' remuneration

Amounts paid or payable to executives whose remuneration equals or exceeds $100,000	**8,681,330**	7,336,241	**1,303,956**	1,323,565
Number of executives whose remuneration fell within the following bands:	**Number**	Number	**Number**	Number
$100,000 – $109,999	**11**	6	**–**	–
$110,000 – $119,999	**8**	8	**–**	2
$120,000 – $129,999	**3**	10*	**–**	–
$130,000 – $139,999	**5**	7	**–**	–
$140,000 – $149,999	**4**	1	**–**	–
$150,000 – $159,999	**4**	1	**–**	–
$160,000 – $169,999	**1**	1	**–**	1
$170,000 – $179,999	**4**	1	**1**	–
$180,000 – $189,999	**2**	3*	**–**	1
$190,000 – $199,999	**1**	1	**–**	–
$200,000 – $209,999	**1**	2*	**1**	1
$210,000 – $219,999	**1**	1	**–**	–
$220,000 – $229,999	**3**	–	**–**	–
$230,000 – $239,999	**–**	1	**–**	–
$240,000 – $249,999	**1**	1	**–**	–
$250,000 – $259,999	**–**	1*	**–**	–
$270,000 – $279,999	**1**	–	**–**	–
$300,000 – $309,999	**–**	1	**–**	–
$320,000 – $329,999	**1**	–	**1**	–
$420,000 – $429,999	**1**	–	**–**	–
$520,000 – $529,999	**–**	1	**–**	1
$600,000 – $609,999	**1**	–	**1**	–

** Includes retirement benefits.*

350,000 share options were issued to these executive officers during the period but are excluded from the above remuneration.

28. Executive share options

The Company has issued options to executives to purchase an equal number of ordinary shares in accordance with the GUD Holdings Executive Share Plan.

No. of shares	Exercise price	Exercise period from	to
90,000	$3.87	18/04/00	17/04/02
50,000	$4.61	26/09/00	25/09/02
60,000	$3.32	12/03/01	11/03/03
474,125	$2.22	26/10/01	25/10/03
500,000	$1.49	12/11/02	11/11/09
100,000	$1.40	07/03/03	06/03/10
295,000	$1.83	12/10/03	11/10/10
50,000	$1.70	22/05/04	21/05/11

All options expire on the earlier of their expiry date or termination of the employee's employment. In addition, the ability to exercise the options is conditional on the Company achieving certain performance hurdles.

During the financial year, the Company granted the following options over unissued shares to 20 executives under the GUD Holdings Executive Share Plan:

No. of shares	Exercise price	Exercise period from	to
300,000	$1.83	12/10/03	11/10/10
50,000	$1.70	22/05/04	21/05/11

The Company has an ownership based remuneration scheme for Directors and executives under which share options are issued to Directors and executives at the discretion of the Board and are recognised in the financial statements when exercised.

	Consolidated		GUD Holdings Limited	
	2001 $	2000 $	**2001 $**	2000 $
29. Auditors' remuneration				
Amounts paid or payable for auditing the financial report:				
by auditors of the parent entity	**323,399**	278,710	**66,663**	21,606
by other auditors	**57,425**	64,139	**–**	–
	380,824	342,849	**66,663**	21,606
Amounts paid or payable for other services:				
by auditors of the parent entity	**372,921**	231,866	**282,506**	162,461
by other auditors	**35,455**	66,342	**5,400**	–
	408,376	298,208	**287,906**	162,461

	Consolidated		GUD Holdings Limited	
	2001 $'000	2000 $'000	**2001 $'000**	2000 $'000
30. Notes to the statement of cash flows				
Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities				
Profit from ordinary activities after income tax	**10,670**	11,020	**10,733**	1,826
Depreciation and amortisation	**11,031**	10,754	**114**	138
Net loss/(profit) on sale of non-current assets	**115**	38	**–**	(67)
Reduction in investments for pre-acquisition dividends	**–**	–	**–**	10,705
Net (profit) on disposal of controlled entity	**–**	(6)	**–**	–
Changes in assets and liabilities, net of the effects from purchase/sale of business/controlled entity:				
(Increase)/Decrease in net tax asset	**3,014**	3,184	**22**	88
(Increase)/Decrease in inventories	**(5,437)**	10,807	**–**	–
(Increase)/Decrease in receivables	**(4,785)**	1,944	**1,080**	–
(Increase)/Decrease in other assets	**848**	(4,994)	**283**	(483)
Increase/(Decrease) in provisions	**(85)**	(3,584)	**93**	169
Increase/(Decrease) in accounts payable	**(2,139)**	737	**(201)**	125
Net cash provided by operating activities	**13,232**	29,900	**12,124**	12,501

31. Disposal of controlled entity

On 30 June 2000, Sunbeam Corporation Limited, a controlled entity, disposed its 100% investment in Agrisales NZ Limited.

	Consolidated 2001 $'000	Consolidated 2000 $'000	GUD Holdings Limited 2001 $'000	GUD Holdings Limited 2000 $'000
Net assets of entity disposed:				
Receivables	**–**	368	**–**	–
Inventories	**–**	556	**–**	–
Plant and equipment	**–**	45	**–**	–
Intangible assets	**–**	170	**–**	–
Payables and interest-bearing liabilities	**–**	(175)	**–**	–
	–	964	**–**	–
Net cash consideration	**–**	970	**–**	–

	Consolidated		GUD Holdings Limited	
	2001 $'000	2000 $'000	**2001 $'000**	2000 $'000
32. Commitments for expenditure				
Capital expenditure commitments				
Estimated capital expenditure contracted for at balance date but not provided for, payable within 1 year	**152**	1,328	**–**	–
Lease commitments				
Contracted operating leases and hire expenditure payable:				
Within 1 year	**4,926**	4,904	**25**	62
Between 1 and 5 years	**2,956**	6,593	**29**	95
Later than 5 years	**308**	259	**–**	–
	8,190	11,756	**54**	157

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

The Company and consolidated entity leases the majority of its motor vehicles from external suppliers over a lease period of up to four years with payments being monthly. 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.

33. Related parties

Directors

Details of Directors' remuneration and other Director-related transactions are set out in Note 26.

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 controlled entities, as set out at Note 25.

The Company advanced and repaid loans, received loans, rented premises, received dividends, provided accounting and administrative assistance to other entities in the wholly-owned Group during the current and previous financial years. Entities in the wholly-owned Group advanced and repaid loans, paid and received dividends, provided marketing, product sourcing and accounting assistance and sold and purchased goods during the current and previous financial years. These transactions were on commercial terms and conditions. Loans between entities in the wholly-owned group are repayable at call.

Amounts receivable from entities in the wholly-owned Group is set out in Note 8.

Interest, dividend and rent revenue, and interest expense included in the profit before tax for the financial year is set out in Notes 2 and 3.

34. Financial instruments

(a) Interest rate risk

The consolidated entity enters into interest rate swaps and options to manage cash flow risks associated with the interest rates on borrowings that are floating.

Interest rate swaps and options

The consolidated entity, from time to time, enters into interest rate swaps and options, with expiration terms ranging out to five 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 two and five years.

At 30 June 2001, the fixed rates varied from 5.82% to 8.48% (2000: 5.82% to 8.48%) and the floating interest rate at 30 June 2001 was 5.06% (2000: 6.25%).

34. Financial instruments (continued)

(a) Interest rate risk (continued)

Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

				Fixed interest maturing in:			
	Notes	Weighted average interest rate %	Floating interest rate $'000	1 year or less $'000	1 to 5 years $'000	Non-interest bearing $'000	Total $'000
2001							
Financial assets							
Cash		3.33	14,551	–	–	–	14,551
Receivables	8	Nil	–	–	–	50,224	50,224
			14,551	–	–	50,224	64,775
Financial liabilities							
Bank overdrafts and loans	16	5.16	77,559	10,000	–	–	87,559
Accounts payable	15	Nil	–	–	–	36,524	36,524
Interest rate swaps (notional principal amounts)		6.93	(45,464)	16,429	29,035	–	–
			32,095	26,429	29,035	36,524	124,083
Net financial assets (liabilities)			(17,544)	(26,429)	(29,035)	13,700	(59,308)
Interest rate swaps and options commencing after 30 June 2001							
Interest rate swaps (notional principal amounts)		6.83	(5,000)	–	5,000	–	–
2000							
Financial assets							
Cash		3.50	88	–	–	–	88
Receivables	8	Nil	–	–	–	44,360	44,360
			88	–	–	44,360	44,448
Financial liabilities							
Bank overdrafts and loans	16	6.37	58,027	10,000	–	–	68,027
Accounts payable	15	Nil	–	–	–	38,664	38,664
Interest rate swaps (notional principal amounts)		6.93	(45,505)	–	45,505	–	–
			12,522	10,000	45,505	38,664	106,691
Net financial assets (liabilities)			(12,434)	(10,000)	(45,505)	5,696	(62,243)

34. Financial instruments (continued)

(b) Foreign exchange risk

The consolidated entity enters into forward foreign exchange contracts and foreign currency options to hedge certain anticipated purchase commitments denominated in foreign currencies (principally in US dollars). The terms of these commitments are rarely more than one year.

The consolidated entity's desired risk profile is for anticipated material foreign currency commitments to be covered. The amount of foreign exchange cover is based on anticipated future purchases, sales and loan commitments in light of current conditions in foreign markets, commitments from customers and experience. All material capital purchases in a foreign currency must have forward foreign exchange cover at time of order.

At balance date, the details of outstanding contracts due for maturity within one year are (Australian dollar equivalents):

	Consolidated	
	2001 $'000	2000 $'000
Buy United States dollars	**17,301**	22,453
Buy Pounds Sterling	**342**	1,122
Buy Japanese Yen	**1,478**	1,366
Buy European Euro	**746**	815
Buy Australian dollars	**1,019**	2,879
As these contracts are hedging anticipated purchases and sales, any unrealised gains and losses on the contracts, together with the costs of the contracts, will be recognised in the statement of financial performance at the time the underlying transaction occurs.		
The net unrecognised gain/(loss) on hedges of foreign currency purchases and sales as at balance date.	**226**	169

(c) Credit risk exposures

The carrying amounts of financial assets included in the consolidated statement of financial position represent the consolidated entity's maximum exposure to credit risk in relation to these assets. The consolidated entity does not have any significant exposure to any individual customer or counterparty; however, approximately 90% of credit risk on trade debtors is to retail sector suppliers.

Credit risk on off-balance sheet derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

A material exposure arises from forward exchange contracts that are subject to credit risk in relation to the relevant counterparties. A counterparty must have either Standard and Poor's or Moody's long term rating of at least 'A' or 'A1' respectively.
The maximum credit risk exposure on foreign currency contracts is the full amount of the foreign currency the consolidated entity pays when settlement occurs should the counterparty fail to pay the amount which is committed to pay the consolidated entity. The full amount of the exposure is disclosed at Note 34(b).

(d) Net fair values of financial assets and liabilities

The carrying amount of financial assets and liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

The net fair value of off-balance sheet financial instruments held as at the reporting date are:

	Consolidated	
	2001 $'000	2000 $'000
Interest rate swaps and options	**(480)**	(280)
Forward foreign exchange contracts	**226**	169
Financial (liabilities)/assets	**(254)**	(111)

	Consolidated		GUD Holdings Limited	
	2001 $'000	2000 $'000	**2001 $'000**	2000 $'000
35. Amounts payable/receivable in foreign currencies				
The Australian dollar equivalents of unhedged amounts payable or receivable in foreign currencies, calculated at year-end exchange rates, are as follows:				
Current payables				
United States dollars	**33**	–	**–**	–
New Zealand dollars	**62**	9	**–**	–
Pounds Sterling	**–**	95	**–**	–
Italian Lira	**–**	–	**–**	–
Japanese Yen	**30**	–	**–**	–
French Franc	**–**	–	**–**	–
Other currencies	**–**	48	**–**	–
	125	152	**–**	–
Current receivables				
United States dollars	**753**	390	**–**	–
36. Contingent liabilities				
As detailed in Note 25, the Company has entered into a deed of cross guarantee with certain wholly-owned controlled entities. The total liabilities of these wholly-owned controlled entities (excluding amounts owed to the Company) are:	**–**	–	**42,291**	31,094

37. Events subsequent to balance date

Sunbeam Victa relocation announced

GUD Holdings Limited announced its intention to relocate the Sunbeam Victa division from its current leased premises at Campsie, NSW prior to the end of the current lease term which expires in August 2002. The Sunbeam appliances, Victa lawnmowers, and Sunbeam Supershear rural business units will be relocated to separate facilities and some non-core functions of each business unit will cease. The relocation will enable a stronger focus on each business unit and generate increased profits across the Sunbeam Victa division. At this stage it is not possible to reliably estimate the cost of redundancies, property 'make-good', relocation and asset writedowns.

Dividend declared

On 30 July 2001, the Board of Directors declared a fully franked dividend of 7.5 cents per ordinary share. Record date is 21 September 2001 and the dividend will be paid on 8 October 2001.

Directors' Declaration

1. In the opinion of the Directors of GUD Holdings Limited, the Financial Statements and Notes, set out on pages 31 to 59 are in accordance with the Corporations Act 2001, including:
   (a) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2001 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
   (b) complying with Accounting Standards and the Corporations Regulations; and
   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. As at the date of this declaration, there are reasonable grounds to believe that the Company and the subsidiaries identified in Note 25 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to ASIC Class Order 98/1418.

Signed on this 30 day of July 2001 in accordance with a resolution of the Directors.

R J Fynmore
Director

I A Campbell
Director

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Deloitte Touche Tohmatsu

Scope

We have audited the financial report of GUD Holdings Limited for the financial year ended 30 June 2001 which comprises the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Notes to the financial statements and the Directors' Declaration. The financial report includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year. The Company's Directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards issued in Australia and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of GUD Holdings Limited is in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2001 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu

D. A. Watson

D.A. Watson
Partner
Chartered Accountants
Melbourne, 30 July 2001

The liability of Deloitte Touche Tohmatsu is limited by, and to the extent of, the Accountants' Scheme under the *Professional Standards Act 1994 (NSW)*.

The issued shares of the Company are of the one class with equal voting rights and are all quoted on the Australian Stock Exchange.

Distribution of Shareholdings as at 24 August 2001

Shares held	No. of Shareholders	%	Shares
1 – 1,000	1,503	1.56	1,017,666
1,001 – 5,000	3,937	16.50	10,735,047
5,001 – 10,000	1,102	12.76	8,303,047
10,001 – 100,000	632	20.41	13,277,918
100,001 and over	42	48.77	31,732,767
Total	7,216	100.00	65,066,445

There are 172 shareholders holding less than a marketable parcel of shares. A marketable parcel is $500.00.

The Twenty Largest Shareholders as at 24 August 2001

	Number of Shares	%
1. Falkiner Collins Nominees Pty Ltd	4,760,684	7.32
2. Australian Foundation Investment Company Limited (Investment Portfolio A/C)	4,309,314	6.62
3. JP Morgan Custodial Services Pty Ltd	3,568,631	5.48
4. JP Morgan Custodial Services Pty Ltd (Equity A/C)	3,392,847	5.21
5. National Nominees Limited	2,432,855	3.74
6. Queensland Investment Corporation	1,811,905	2.78
7. Rubicon Nominees Pty Ltd	1,587,477	2.44
8. Argo Investments Limited	862,103	1.32
9. Westpac Custodian Nominees Limited	801,015	1.23
10. Orica Securities Pty Limited	749,916	1.15
11. ANZ Nominees Limited	613,230	.94
12. Whitloyd Nominees Pty Limited	578,965	.89
13. Dexin Nominees Pty Limited	458,638	.70
14. Djerriwarrh Investments Limited (Investment Portfolio A/C)	368,694	.57
15. Commonwealth Custodial Services Limited (No. 4 A/C)	342,182	.53
16. Mrs Jillian Anita Cobcroft	329,488	.51
17. Frank Hadley Pty Ltd	300,004	.46
18. UBS Nominees Pty Ltd	298,523	.46
19. Commonwealth Custodial Services Limited (No. 17 A/C)	296,081	.46
20. Kulandra Pty Limited	261,472	.40

Substantial Shareholders of GUD Holdings Limited

As at 24 August 2001, the current notices of substantial shareholders were:

	Number of Shares	%
Guinness Peat Group plc and Subsidiaries	7,828,257	12.03
Principal Mutual Holding Company	6,651,434	9.8
Australian Foundation Investment Company Limited	3,892,122	5.9

Dividends/Dividend Reinvestment Plan

The Dividend Reinvestment Plan ('DRP') remains suspended.

Direct Payments to a Bank, Building Society or Credit Union

Shareholders may have cash dividends paid directly into any bank, building society or credit union account in Australia.

Uncertificated Issuer Sponsored Holdings

In August 1997, the Company moved to uncertificated holdings under the Australian Stock Exchange CHESS system. Share certificates are no longer issued and shareholders receive regular statements of their holdings under the Company-sponsored scheme.

Stock Exchange Listing

GUD is listed on the Australian Stock Exchange under the name GUD and under the code GUD.

Change of Address or Name

It is important that shareholders notify the Company or the share registry in writing immediately there is a change in their address or name. For the protection of shareholders, instructions to the Company need to be in writing and indicate the shareholder's reference number ('SRN').

Annual Report Mailing List

Shareholders who do not wish to receive reports to shareholders should advise the share registry in writing. Shareholders will continue to receive all other shareholder information, including Notice of Annual General Meeting and Proxy. The Annual Report may be visited on the Company's website at www.gud.com.au

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.

Enquiries

Shareholders with questions about their shareholding should contact Computershare Investor Services Pty Limited who maintain the share register on behalf of the Company.

Enquiries should be addressed to:

Computershare Investor Services Pty Limited
Level 12, 565 Bourke Street
Melbourne Victoria 3000

Telephone: (61 3) 9611 5711
Facsimile: (61 3) 9611 5710

Five Year Performance Summary

	Notes	**2001 $'000**	2000 $'000	1999 $'000	1998 $'000	1997 $'000
Turnover		**341,213**	328,202	339,020	321,066	298,469
Operating profit before interest, tax and goodwill amortisation		**24,978**	25,355	11,556	8,814	28,758
Profit before income tax		**17,180**	17,495	4,398	2,545	22,728
Income tax expense		**(6,510)**	(6,475)	(1,905)	(869)	(8,383)
Net profit after income tax		**10,670**	11,020	2,493	1,676	14,345
Contributed equity		**118,679**	122,847	120,567	114,566	102,678
Basic earnings per share (cents)		**16.1**	16.4	3.8	2.7	25.6
Dividends provided for or paid	(b)(c)	**8,603**	10,106	9,981	11,809	12,838
Dividend per share (cents)	(b)(c)	**15.0**	15.0	15.0	19.0	19.0
Total parent entity interest	(c)	**125,852**	127,613	124,868	126,514	126,891
Return on parent entity interest	(c)	**8.48%**	8.64%	2.00%	1.32%	11.30%
Net tangible assets	(c)	**67,370**	68,841	64,490	68,113	67,269
Net tangible asset backing per share	(c)	**$1.04**	$1.02	$0.98	$1.08	$1.13
Current assets		**146,690**	121,674	130,382	125,046	114,380
Current liabilities	(c)	**87,313**	91,248	88,951	59,740	49,155
Current ratio	(c)	**1.68**	1.33	1.47	2.09	2.33
Gearing	(a)(c)	**36.7%**	34.7%	39.2%	37.9%	30.4%
Interest cover (times)		**3.6**	3.7	1.7	1.5	5.5

(a) Gearing: ratio of net debt to total equity plus net debt.

(b) In the audited financial statements, a final dividend has not been included. Subsequently, on 30 July 2001 a fully franked final dividend of 7.5 cents per share has been declared.

(c) Ratios and values for 2001 have been adjusted from the financial statements to include the dividend declared on 30 July 2001.

Directors
R J Fynmore *Chairman*
I A Campbell
K H Spencer
G W Stuart
C K Hall
R J Wodson

Company Secretary
L R Tutton *LL B, B Com, FCIS*

Auditors
Deloitte Touche Tohmatsu
Chartered Accountants

Solicitors
Freehills

Share Register
Computershare Investor Services
Pty Limited
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Financial Calendar

2001/02

2001
September
Record Date for October Dividend – 21 September 2001
Annual Report mailed to shareholders

October
Payment of dividend – 8 October 2001
Annual General Meeting – 11 October 2001

November
Mailing of Chairman's Address to Shareholders

2002
January/February
Announcement of results for the half year ending 31 December 2001
Announcement of dividend

March
Mailing of half year profit report to shareholders

April
Record date for dividend
Payment of dividend

June
End of Company's 2001/02 financial year

July
Preliminary announcement of results for 2001/02 financial year

Timing of events can be subject to change.

Designed and produced by Amanda Roach Design

GUD Holdings

Annual Report 2001

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