

GUD HOLDINGS



Annual Report 2002



Strategic Initiatives and Significant Events

The GUD Group's focus over the last four 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 2001/02 year further progress was made on both these fronts, with the major outcomes being:

- Sales up 7% to \$366 million.
- Net operating profit (excluding individually significant items) up 79% to \$20.9 million.
- Earnings before Interest and Tax (excluding individually significant items) up 39% to \$34.9 million.
- Net debt down 48% to \$38 million.
- Final dividend up 20% to 9.0 cents per share fully franked.
- Annual dividend up 10% to 16.5 cents per share.
- Sale of Sunbeam rural business unit.
- Relocation of Victa and Sunbeam appliances prior to closure of the Campsie site.
- Relocation of fryware manufacturing to China.
- Relocation of Sunbeam distribution centre to new facility at Minto.



The Chairman's and Managing Director's Review

Overview

2001/02 was a much improved year for the GUD group of businesses. Over the course of the year a number of major business repositioning projects were completed, the benefits from previous restructuring activities became evident and all businesses traded above expectations.

The underlying performance of the businesses, when the substantial one-off costs associated with restructuring and repositioning are excluded, showed a marked improvement from the previous financial year. This improvement was across the board, impacting on both trading performance and the balance sheet.

As a consequence, the cash value added return for the year comfortably exceeded GUD's benchmark. CVA was introduced in the 1998/99 year as the principle measure of business unit and group performance. CVA combines, into one simple measure, the results of trading performance and capital management, thereby focusing management's attention simultaneously on profitability and on working capital and fixed capital investments.

As a result of the solid financial performance, dividends were increased. The final dividend rose to 9 cents per share fully franked, an increase of 20%. Total dividends for the year were 16.5 cents per share, an increase of 10% over the prior year.

The extent of the restructuring that GUD has undergone over the last four years is considerable and culminated in 2001/02 with the following:

- Activities associated with the closure of the Sunbeam Victa Campsie factory in Sydney.
- The relocation of Davey to a new factory in Scoresby, Victoria.
- The relocation of an automotive air filter manufacturing process to Ryco's factory in Auckland.
- The sale and leaseback of Company properties at Preston, Sunshine and Keysborough, Victoria.

The first of these, the closure of Campsie, was announced concurrently with the annual results in July 2001. It is the most significant and costly repositioning project the Company has embarked upon over the last four years, but it is essential for the ongoing competitiveness of the Sunbeam and Victa business units.

Details of the individual activities associated with this project are outlined in the Sunbeam Victa segment of this report. It is pleasing to report that this substantial and complex project has tracked on time and within budget. Some site remediation works continue into the 2002/03 year.

With the completion of the Campsie project all major business units have undergone extensive restructuring over the last four years. Ongoing fine tuning of manufacturing activities is an essential component of being active in the manufacturing sector in Australia. For GUD the nature of these activities in the future will be incremental rather than step change. The investments the Company has made in restructuring all its businesses have been substantial and, as the current year's results indicate, these investments should provide long term returns.

The 2001/02 year also saw a return to more normal trading conditions. The prior year was affected by a number of notable one-off events, including the introduction of the GST and the disruption to trade from the Sydney Olympics. Except for the events of September 11, that dampened trading in Australia for a short time only, 2001/02 was remarkably free of external, negative trading influences.

The internal focus on operational improvement, that has been a major element of GUD's strategy over recent years, has underpinned a number of positive outcomes in 2001/02. In particular, the focus on improving supply chain management, through more disciplined and rigorous forecasting and stock replenishment regimes, has resulted in a 22% reduction in inventories from the 30 June 2001 levels.

Russell Fynmore
Chairman

Ian Campbell
Managing Director



This reduction, combined with improved trading profitability and sale of non-core and redundant assets, has contributed to record cash flow. The cash generated has been applied to the Campsie project, the buy-back of shares, dividend payments and substantial debt reduction. All major investments the Company has made in repositioning business units in 2001/02 have been funded by internally generated cash.

At the end of the year the Company was in its strongest financial position in recent times. Net debt was at its lowest level for many years at \$38 million, a reduction of 48% from 30 June 2001. All gearing ratios have shown improvement from the prior year and at year's end Debt/Total Capital was at a recent historic low of 24%.

The stronger strategic and financial position of GUD has been recognised by the stockmarket. Since June 2001 the market capitalisation of the Company has increased from \$113 million to \$202 million, a growth of 79%. As a result of this increase in market capitalisation GUD is now included in the S&P ASX 200 Index. Returns to shareholders have improved concurrently through the increase in dividends, referred to earlier.

This re-rating by the market reflects the expectation that, following the last four years of major restructuring, the Company will now generate returns from those investments and will focus on growth opportunities.

Results

Group sales revenue increased 7% from last year's \$341 million to \$366 million. The real underlying increase, removing the contribution from the Sunbeam rural business that was sold during the year, was 9.5% year-on-year. All business units reported satisfactory sales revenue growth.

Sunbeam Victa's revenue grew 7% despite the reduction in the activity base from December 2001 following the sale of Sunbeam rural. The revenue growth reflects a strong sales performance from Sunbeam appliances.

Sales revenue in the automotive filtration businesses, Ryco, Wesfil & Goss, grew 5% on the prior year, reflecting competitive trading conditions in the automotive aftermarket.

Davey sales increased 11% on 2000/01 to reach a record \$63.7 million for the year. Davey experienced strong sales growth in both domestic and targeted export markets.

Lock Focus reported a return to revenue growth, after the downturn in the prior year caused by the GST-induced reduction in building industry activity. New products and the return to more stable trading conditions contributed to this result.

Before individually significant items all primary profitability measures showed noticeable improvement on the prior year:

- Earnings before Interest, Tax and Amortisation increased 37% to \$36.3 million.
- Earnings before Interest and Tax increased 39% to \$34.9 million.
- Operating Profit after Tax increased 79% to \$20.9 million.



The Chairman's and Managing Director's Review *continued*

On an operating basis all major profitability ratios showed substantial improvement over the levels of the last few years. For example, EBIT to Sales was 9.5%, up from the average 7.4% over the prior three years and Return on Capital Employed improved to 13.0% from 5.7% in the prior year.

Profit was reduced by a one-off charge of \$20.5 million before tax consisting of:

- \$18.4 million cost relating to the Campsie closure project and the relocation of Sunbeam appliances and Victa lawnmowers.
- \$3.4 million cost relating to the relocation of an air filter manufacturing line to New Zealand and the write down of goodwill.
- \$0.6 million cost relating to the relocation of Davey.
- \$1.9 million profit from the sale of properties.

Consequently, after these individually significant items, Profit after Tax declined 40% to \$6.4 million.

Following a review of its strategic value to GUD the Sunbeam rural business unit was sold in December. Sunbeam rural was a relatively small business that was not providing the CVA return required by GUD.

Sunbeam rural was sold in excess of book value. Additionally, the sale enabled GUD to avoid the relocation and restructuring costs associated with moving this business from Campsie.

As part of its active capital management strategy the Company continued with its on-market share buy-back program throughout the year. A further 3.4 million shares were purchased at an average cost of \$2.03. In total over the last three financial years the Company has acquired 5.7 million shares at an average price of \$1.94 per share.

People, Health and Safety

Improving health and safety performance remains a key priority for all operating sites in GUD. The group operates a structured health and safety program, inclusive of annual OH&S business plans, regular audits conducted by both internal and external parties and monthly reviews of performance at both business unit and board level.

The number of lost time injuries and frequency rates have reduced compared with the prior year. A target of zero lost time injuries remains GUD's goal.

At 30 June 2002 GUD employed 1,137 people, a reduction of 22% on the prior year. This reduction principally reflects the restructuring at Sunbeam Victa.

The Directors are appreciative of the efforts of employees in achieving improved working conditions and trading performance, in what has been a year of substantial change for GUD, and wish to record their thanks for the contribution made by all employees.

The Future

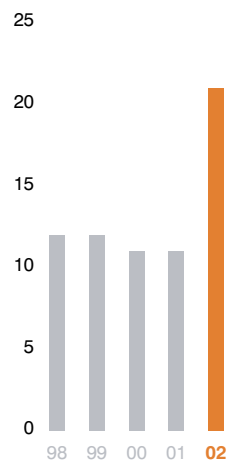
With the finalisation of the Campsie project, GUD has now completed its last major business restructuring activity.

As a result, the underlying operational performance has improved markedly and all businesses are favourably positioned, both operationally and financially, to compete effectively in their sectors.

One of the key strategic themes for GUD in recent years has been incremental operational improvement driven by CVA measurement. This remains a fundamental management objective going forward. There are still significant opportunities to improve both trading results and capital employed. The future investments required to effect such improvements will be relatively minor compared to the substantial restructuring costs of recent years.

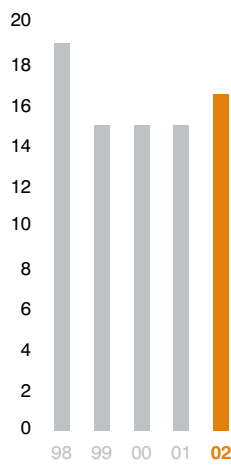
Trading profit after tax
(before significant items)

(\$ millions)



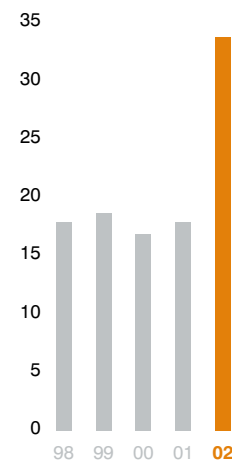
Dividends per share

(cents)



Earnings per share
(before significant items)

(cents)



The stable strategic position of each business enables management to focus more on the growth opportunities available than has been possible in the recent past. Additionally, the strength of the balance sheet as evidenced by the record low debt level enables a more expansive approach to be taken to these growth opportunities.

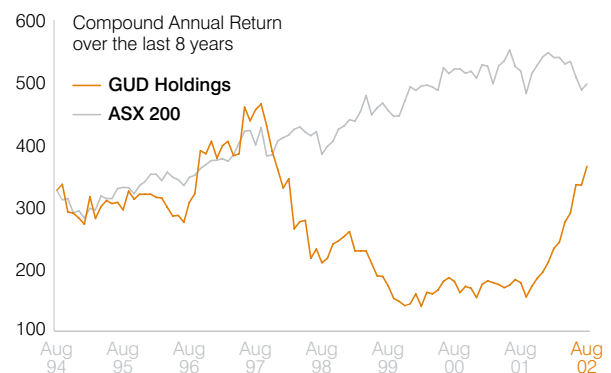
GUD is now well placed to leverage the extensive equity of its market leading brands and the competencies it possesses in both channel and supply chain management. Growth in the future will be generated from both the business units' internal capabilities and from value adding and complementary acquisitions.

R J Fynmore
Director

I A Campbell
Director

GUD share price performance vs ASX 200

Accumulation indices since August 1994
(Source: JBWere Quantitative Research)





Summary of Operations



Sunbeam

Victa

Products

Small electric appliances:

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

Walk behind lawnmowers:

- Domestic
- Professional
- Spare parts

Significant Events

Relocation of national distribution centre to Minto.

Cessation of fryware manufacturing at Campsie with product now sourced from China.

Growth of the stylish café series range of products aided by product line extensions.

Received further industry recognition in both design and customer service.

Relocation of Victa operations to Moorebank.

Implementation of the assembly-focused business model.

Continued market share growth.

Withdrew from the ride-on mower segment.

Future Direction

Build on internal design and technology capabilities to increase new product activities.

Continue to streamline supply chain activities.

Consolidate the new business sourcing model.

Leverage the *Sunbeam* brand to optimise its value.

Consolidate operations and achieve cost reductions following the relocation.

Actively pursue identified export opportunities.

Invest in product development and technology.

Maximise the opportunity provided by Victa's 50th anniversary.



Ryco Wesfil Goss

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.

Further improvement in returns following recent restructuring and plant investments.
 Relocated radial air filter manufacturing to New Zealand.
 Solid trading results from Wesfil.
 Record sales and profitability for Goss.

Enhance Ryco customer service levels through better cataloguing and electronic trading.
 Grow Wix brand in the heavy duty segment.
 Continue focus on customer loyalty and product range at Wesfil.
 Further improve returns at Goss through active inventory and debtor management.



Davey

Water pumps for:

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

Firefighter® pumps.

On time and on budget relocation to new factory at Scoresby.
 Good growth in domestic sales especially in multistage pumps and pump sets.
 Sales in the US market taking off.
 Strong new product program supporting future sales growth.

Grow sales and market share by capitalising on new product introductions.
 Achieve cost reductions in targeted areas.
 Fine tune working capital investment to improve customer service levels.
 Continue to invest in new product activities.



Lock Focus

Locking systems and associated products for:

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

Hotel in-room and domestic use safes.

Installed automated barrel building machine and achieved productivity savings.
 Launched EMKA range of electrical cabinet hardware.
 Launched a number of internally developed new products.
 Commenced selling to new markets in India.

Further invest in automation to achieve cost reductions.
 Capitalise on the EMKA opportunity to grow sales.
 Continue to internally develop products for export and domestic customers.
 Grow Locktech range through increasing the locksmith dealer network.



Sunbeam Victa

2001/02 was a pivotal year in positioning both Sunbeam appliances and Victa lawnmowers for the future.

Both *Sunbeam* and *Victa* are market leading brands that are well recognised in their respective industries and which have unequalled equity in their categories with consumers.

Sunbeam is consistently rated Australia's most trusted brand of small appliances. In recent years the Sunbeam business has undergone a major overhaul across all aspects of its operations.

Victa is widely regarded as one of Australia's iconic brands. From its commencement in the early 1950s, Victa has established a unique position in the backyards of Australia. Like Sunbeam, the Victa business has also undergone a complete revamp in recent years, culminating with its relocation in May 2002.

The Sunbeam Victa business underwent a major transformation in the 2001/02 financial year. The primary elements of this transformation were:

- The relocation of the last remaining appliance manufacturing processes from the Campsie factory to overseas suppliers.
- The relocation of Sunbeam's national distribution centre from the inadequate Milperra facility to a new, purpose designed and built warehousing complex at Minto, New South Wales.
- The outsourcing of all Victa's lawnmower components and sub-assemblies to qualified domestic suppliers.
- The relocation of Victa to a new site at Moorebank, New South Wales and the implementation of the new assembly-only business model.
- The sale of the Sunbeam rural business in December 2001.

Following the end of the financial year the remaining activities enabling the closure of the Campsie site to be effected have occurred – specifically, the relocation of Sunbeam appliances to new offices at Botany, New South Wales and the site remediation work at Campsie.

A significant investment has been made in these business transformation activities. The benefits will come from having more focused business units with defined and manageable accountabilities and outcomes, with lower cost bases, operating from more appropriate premises.

Sunbeam Appliances

Sunbeam appliances continued to focus on new product introductions and the revitalisation of its core product categories during the 2001/02 year. This strategy, allied with cost reduction initiatives, has been instrumental in delivering a strong sales and profit result in the year.

Sales reached record levels on the strength of a favourable retail environment for homewares, especially in calendar 2002, the success of the Café Series range of products and further robust sales of electric blankets.

Reflecting the substantial efforts put into making the Sunbeam range more contemporary in its styling and appeal over recent years, Sunbeam's Australian sales increased across all product categories and with all major customers.

style



However, the focus has not been solely on top line growth. Both margins and operating costs have improved from a combination of:

- Ceasing fryware manufacturing at Campsie and sourcing the product range from established offshore suppliers, resulting in improved margins.
- The relocation of the distribution centre to Minto, resulting in lower inventories, better customer service and more efficient supply chain management practices.
- Internal activities centring on removing cost from re-designed products without detrimentally impacting either functionality or quality.
- Restructuring the sales and marketing operations in New Zealand to reduce servicing costs without affecting customer service standards.
- Focusing on supply chain dynamics resulting in reduced inventories, while maintaining customer service levels. On substantial sales growth, Sunbeam operated with lower stocks and maintained or improved its order fill rates to all major customers.

Sunbeam is unique in the Australian and New Zealand small appliance industry by its commitment to a significant technical development and product design infrastructure. Each product marketed by Sunbeam is either fully designed and developed internally and outsourced for manufacturing, or if sourced 'off the shelf', is refined to ensure that the product embodies the Sunbeam design elements and qualities that are consistent with the brand's image.

Reflecting the strength of this internal capability as well as Sunbeam's commitment to innovative marketing and industry-leading retailer support programs, Sunbeam received the following external recognition during the year:

- Harvey Norman Small Appliance Supplier of the Year 2001.
- Mingay Appliance Industry Awards – Best in Store Promotion and Best Heating Product Awards, for the second consecutive year.
- Betta Stores Appliance Supplier of the Year Award for 2001.
- Australian Design Mark Awards for the Aromatherapy Starter Kit, the *Classic Skillet* and the *Café Crema* espresso coffee maker.

The recent resurgence of Sunbeam, as reflected in independent market share data, has come about from the repositioning activities of the last few years. The small appliance market is, however, not static, and it remains an intensely competitive category. The strategic repositioning of Sunbeam places it well to confront these ongoing challenges.

Between the end of the 2001/02 year and the Christmas 2002 trading period Sunbeam will be launching 75 new products, led by the recent introduction of new ranges of *Ultura* irons and *SensAction* electric toothbrushes. There are segments of the small appliance market that offer market share growth opportunities and there are new categories to be tackled. Sunbeam is now well placed to focus on these and to maximise its standing in the small appliance industry.



Sunbeam Victa *continued*

Victa

Like Sunbeam appliances, Victa lawnmowers has experienced a year of radical change. The intent of the change was to refocus Victa on its core walk behind lawnmower business and to reduce the complexity of the business and its cost base.

Victa is the leading manufacturer and marketer of walk behind lawnmowers in Australia. Victa is one of Australia's heritage brands, having a history of just on 50 years. It has unequalled brand equity with consumers in the garden products category and is, by a substantial margin, the market leader in Australia.

This year of change impacted on Victa's financial performance. The decision to quit the ride-on mower segment, in which Victa had no sustainable competitive advantage, led to a marginal decline in sales and reduced margins.

Despite this activity, the core walk behind lawnmower business continued to improve. Victa gained further market share, averaging over 50% for the year. This is up from below 40% four years ago and is a reflection of the sales and marketing initiatives implemented in recent years. These initiatives have included:

- The instigation of the industry-leading Gold Dealer program, recognising the value of independent mower dealers in the lawnmower selling and servicing network. This far-reaching program includes exclusive models, customised marketing communication and exclusive territories. The program has been in place for the last four years and has been a fundamental underpinning of Victa's market share gains over that period.
- Revamping the product range, including launching Briggs & Stratton powered 4 stroke models and Honda-engined 4 strokes as premium dealer models.
- Investing in research and development activities to improve mower performance. This led to the launch, two years ago, of a unique variable flap grass catcher and last year, to the launch of the new Victa VSX 160 2 stroke engine.



power

In this year of change, major product development initiatives were curtailed to enable the focus to be on the restructure and relocation project. While this occurred Victa's position in the market was cemented with the consistency of the product offering and continuation of the Gold Dealer program.

Victa has undergone more fundamental change than any other GUD business this year. The major elements of the change were:

- Cessation of manufacturing at Campsie. This entailed outsourcing all parts and sub-assemblies, including the Victa 2 stroke engine. Parts, sub-assemblies and the 2 stroke are now sourced from suppliers in New South Wales, Victoria and South Australia.
- Relocation of operations to Moorebank in May 2002. Victa now operates mower assembly lines with parts supplied on a just-in-time basis. A new paint line has been installed at Moorebank to provide production flexibility.
- Absorption of accounting and administrative functions previously performed corporately by Sunbeam Victa.
- The appointment of a new Chief Executive.

Victa has operated in its new home since June 2002. Daily production rates are not quite at Campsie levels but improvements in output will be achieved as the assembly line is fine tuned and operators become more familiar with the new processes.

Now that these fundamental changes have occurred Victa is refocusing on growth. This will come about as the business capitalises on its new research and development facility at Moorebank and as new products are developed for specific markets, including export.

2002/03 is a new beginning for Victa. Coincidentally it is a year in which the brand celebrates 50 years. The restructuring activities of 2001/02 position Victa well for its next 50 years.

Sunbeam Victa Management

Jonathan Lord
General Manager
Sunbeam Appliances

Andrew King
Chief Executive
Victa LawnCare

Roger Teague
General Manager
Sunbeam NZ

David Walker
General Manager
Sunbeam Manufacturing NZ

Performance

	2002 \$000	2001 \$000
Sales	205,578	192,124
Segment Profit	(2,421) *	9,982
Segment Assets	115,967	151,745

*After Individually Significant Items



Ryco Wesfil Goss

The Ryco and Wesfil automotive filtration businesses are market leaders in the Australian and New Zealand automotive aftermarkets. The business units manufacture and import a range of air, oil and fuel filters tailored for the specific needs of the markets in the two countries.

These products are marketed under the high profile, market leading brand names *Ryco*, *Wesfil* and *Cooper*.

As well as being the leader in the automotive aftermarket with *Ryco*, the Company is a major supplier of automotive filters to the principal car manufacturers for their aftermarket programs.

The Company is also active in the heavy duty filtration sector in both Australia and New Zealand with a range of both manufactured and sourced products for trucks and other heavy duty applications. Products in this market segment are marketed under the *Wix* brand name.

Goss operates in a small, automotive aftermarket niche, with a range of fuel pumps and associated products. Goss is a market leading brand in its niche.

In Australia the Company operates manufacturing plants at Sunshine, Victoria and Brookvale in New South Wales. Its plant at Avondale, Auckland has become increasingly important in recent years as substantial manufacturing operations have been relocated there from Australia. This has enabled the automation of oil filter manufacturing at Sunshine and the consolidation from five factory locations to three.

The last major element of the recent manufacturing rationalisation and restructuring program was effected during the 2001/02 financial year. This was the relocation of the radial air filter manufacturing process from Sunshine to Auckland. This project enabled the closure of one factory location in Australia and provided a lower cost source of these products.

The benefits of the lengthy restructuring program in the filtration businesses are evident in the financial results for the year. On a 5% growth in sales revenue the filtration businesses reported a 32% increase in trading earnings before interest, tax and amortisation.

Ryco Australia

After the major turnaround reported in the Ryco Australia business last year, profitability further improved in the 2001/02 year.

Market conditions remained competitive, especially in light of further restructuring in automotive aftermarket distribution channels. Industry structural change has resulted in major entrants closing and consolidating warehouse operations, leading to inventory rationalisation. This has manifested in reduced demand on suppliers, notwithstanding consistent underlying demand from consumers.

Despite the impact of these industry upheavals on unit sales, *Ryco* has improved its performance. A focus on customer service standards led to improved supply rates, lower inventories and an improved CVA return.

Market share has remained stable as importers have been disadvantaged by the devaluation of the Australian dollar. *Ryco* remains the market leading automotive filtration brand in Australia despite substantial growth in imported products over the long term.

Prior to the commencement of the year the Heavy Duty Filter operation was merged with Ryco Australia, mirroring the structure of this business in New Zealand. This allowed one leased property to be relinquished producing substantial cost savings. With a lower cost base going forward this business unit is positioned to grow its revenue base utilising the value of the well known *Wix* brand.

quality



Ryco New Zealand

Ryco New Zealand reported an improved result for the year, despite the costs and disruption associated with having to integrate the radial air filter manufacturing line.

Sales to the domestic market were strong and inter-company sales grew following the recent transfer of manufacturing processes to New Zealand.

The strength of Ryco sales in the domestic market in New Zealand is a reflection of the standing of the Ryco brand in that market place and of the New Zealand business's attention to providing a full range of part numbers for the complex local market.

Ryco New Zealand is the only local manufacturer of automotive filtration products and the flexibility this provides, coupled with its unsurpassed knowledge of filter applications underpins its position in that market.

By continuing with its ardent focus on range, extensive cataloguing and service standards Ryco New Zealand remains well placed to continue producing CVA results in excess of GUD's return criterion.

Wesfil

Facing increasing competition, Wesfil remains the largest importer of automotive filters in Australia. Wesfil supplements its imported range with air filters it manufactures at Brookvale in Sydney's northern beaches.

The filtration products marketed by Wesfil are complemented by a range of other consumable automotive parts, that are predominantly imported. Wesfil is able to offer its customers a 'one-stop shop' solution for the crucial consumable parts required in standard automobile servicing.

Wesfil commenced the year with the same trading conditions it experienced in the latter half of the prior year; that is, with reduced margins due to the weaker Australian currency. An active program to recover margins, including cost downs and changes to lower cost sources, was implemented.

As a result Wesfil traded satisfactorily over the year and provided a CVA return in excess of the group requirement.

Goss

Goss produced another solid trading result in the 2001/02 year with a strong profit increase and improving capital employed, due to improved debtor and inventory management.

Goss is benefiting from increasing demand for electric fuel pumps. Further growth in this category is expected in the 2002/03 year.

Management

David Eagle
Managing Director
GUD Manufacturing Company Pty Ltd

Terry Cooper
Managing Director
Wesfil Australia Pty Ltd

Chris Wood
Managing Director
GUD (NZ) Limited

Arthur Williams
General Manager
Goss Products Pty Ltd

Performance

	2002 \$000	2001 \$000
Sales	84,197	80,121
Segment Profit	11,452	8,146
Segment Assets	52,962	61,997



Davey

Davey is Australia's leading manufacturer and marketer of small pumps and household water pressure systems. In regional areas in particular, the *Davey* brand is synonymous with dependability across a broad range of pumping applications.

Davey's pumps provide regional householders with the water they need for their personal usage at home. Davey also provides householders with bushfire protection with a range of Firefighter® pumps. It is well known throughout Australia for pool pumps and filters and is a major supplier of pumps to the spa industry.

The *Davey* brand has been marketed in both local and international markets for over 60 years. Davey pumps are commonplace in markets such as the Middle East and have a growing presence in the substantial US marketplace. Export markets have been, and continue to be, a substantial ingredient in Davey's growth plans.

Davey markets pumps in over 50 countries under the well recognised *Davey* brand name. It manufactures these pumps at Scoresby, Victoria and it also sources product from strategic partner suppliers to complement the manufactured range.

Davey's financial results for 2001/02 showed improvement in both sales and profits from the levels reported in the previous financial year. Trading in the 2000/01 year was impacted adversely by the introduction of the GST, with the slowdown in the building industry affecting Davey's sales to spa pump and swimming pool customers. With those effects washing through in 2001/02, a return to more normal trading patterns was experienced.

The year commenced positively for Davey with the relocation in July 2001, to the new factory at Scoresby. The relocation project was completed on time and within budget and brought all Davey operations under one roof for the first time in many years. The new factory enables Davey to operate more efficiently and provides the flexibility to support the business's growth plans.

Growth is additionally supported by Davey's ongoing commitment to new product development, the majority of which is generated from internal resources. During the year the following new products were developed:

- A portable, heated spa pool pump for the US market, recently UL approved.
- An improved *PowerAce* pump for swimming pools.
- An aromatherapy dispenser for the Davey range of *AquaSelect* spa fittings.
- A mains pressure boosting pump for the US market.
- A patented stainless steel clamped impeller, providing cost and reliability benefits.
- A pump for an export customer using rapid prototype methodologies, fully developed in four months.



depend

Many of these developments did not impact on the financial results for 2001/02. However, all are now fully commercialised and will contribute to sales and profits in the current year.

The US market has been identified as a major export growth opportunity for Davey. Following the establishment of a representative office in Chicago last year, sales in the US doubled in 2001/02, albeit from a low base. Products specifically designed and developed for US customers are now coming on stream. Coupled with the establishment of a US dealer network, these products should support accelerated revenue growth in that market in the 2002/03 year.

Although export is a prime focus, Davey's position in the local market has strengthened from a combination of favourable climatic conditions and new product sales. In particular multistage pumps and pump sets have been well received by Davey's dealer network and consequently, sales have grown rapidly. Davey has also benefited from growth in non-traditional channels with these products. Further product range extension opportunities in larger pumps are planned in the coming year.

The significant growth experienced by Davey in the local market in the 2001/02 year reflects the strength of the Davey brand, the commitment of Davey to its dealer network and the responsiveness of the business to local market needs.

The recent awarding of 2001/02 Supplier of the Year status to Davey by the Irrigear group is reflective of this approach.

The strategic direction for Davey has not altered in the last five years. Three key themes are essential for Davey's continued success – export growth, product range development and cost competitiveness.

Export markets are being developed to enable the business to be less exposed to climatic conditions in the home market. The US market remains a key priority for the near future. This activity is especially important in the 2002/03 year as Australia appears to be entering an extended summer drought.

Sustainable growth in the future is also dependent on the product offering meeting the market's needs. Davey's activities in product development in conjunction with a more active product sourcing program, will ensure that the product range is relevant and meets the performance criteria expected by customers and consumers.

Cost competitiveness remains the third element of Davey's strategy. The relocation to the new factory has provided operational improvements that are reflected in a lower unit cost base. Additionally, an active cost reduction program focused on raw materials and components remains in place to provide Davey with the ability to compete effectively in all its markets.

Management

David Cleland
Managing Director
Davey Products Pty Ltd

Bryce Wilson
Manager
Davey Products NZ

Performance

	2002 \$000	2001 \$000
Sales	63,725	57,339
Segment Profit	4,994	4,234
Segment Assets	38,561	33,425

able



Lock Focus

With its portfolio of highly respected brands names, Lock Focus is a significant participant in the Australian security products industry. Lock Focus manufactures a range of locking solutions for original equipment manufacturers operating in a number of market segments.

It complements its manufactured range with imported products for specific target segments. Its principal markets include metal and wooden furniture, garage and security doors, commercial and domestic windows, caravans and electrical cabinets.

By capitalising on the strength of its *Lock Focus*, *Kiroo* and *Locktech* brand names, Lock Focus is the leading Australian company in its industry.

After experiencing the abnormal effects from the introduction of the GST in the 2000/01 financial year, Lock Focus operated in a more stable trading environment in 2001/02. Consequently, sales growth returned and profitability improved.

The strategy for this business has been two pronged. First, revenue and margin growth is being underpinned by new product activities, supported by sourced products. Second, cost reductions are being achieved through business simplification and investments in automation. During 2001/02 Lock Focus made substantial progress on both elements of this strategy.

New product development activity remains an essential strategic platform, enabling Lock Focus to grow its position in the market. New products are developed principally in-house and are targeted to specific customer requirements. In many instances developments by Lock Focus obtain intellectual property protection and frequently become industry benchmarks.

During 2001/02 the primary new product activities were:

- the launch of a new range of products for the wooden furniture industry,
- the introduction of a new range of camlocks for the metal furniture sector, that have subsequently opened new markets in other applications,
- the introduction of a patented barrel exchange system for metal furniture applications, and
- the development and introduction of a more cost effective garage door lock, providing installation benefits for Lock Focus customers.

Export markets remain a priority for further development of Lock Focus's revenue. The Indian market, to which sales commenced in the 2000/01 year, experienced further growth in the current year.



security

Additionally, during the year Lock Focus commenced marketing and selling the EMKA range of electrical cabinet hardware products. The business secured the distribution rights for this German-sourced product range for Australia and New Zealand late in the previous financial year. EMKA products supplement Lock Focus's *Kiroo* brand of cabinet locks and associated components. Sales activities commenced in the second half of 2001/02 and a substantial contribution from this product line is budgeted for the current year.

The second major platform of Lock Focus's strategy is continual cost reduction, from both product simplification activities and automation investments. During 2001/02 the first major automation investment for many years – an automatic barrel building machine – was installed and commissioned. This machine has provided the cost reductions and productivity improvements originally expected.

Building on the success of the barrel building machine, Lock Focus has initiated an investment in automated key cutting. The machinery to perform this process is currently in the final stages of testing and will be installed prior to the end of the first quarter of the current year.

Additional cost reducing projects are planned following the installation of the key cutting machine, provided they meet the internal return on investment benchmarks.

Lock Focus is positioned to further improve both sales and profitability in the 2002/03 year. A full year's benefit from the EMKA range, further export market development, expanding the Locktech dealer base and a continued new product emphasis will support revenue and margin growth. Profitability will be further enhanced by the benefits of automation.

Management

David Cox
Managing Director
Lock Focus Pty Ltd

Performance

	2002 \$000	2001 \$000
Sales	12,362	11,629
Segment Profit	1,753	1,167
Segment Assets	15,771	17,368

Finance

The 2001/02 financial year saw the culmination of a number of financial initiatives. Major investment and commitment to new facilities and plant and equipment have been achieved, enabling all businesses to be located in premises appropriate to their needs. This was combined with installation of new capital equipment in all operating units.

Within operating units, the emphasis on reduction of working capital intensified, resulting in improved forecasting and stock ordering regimes.

GUD's long term capital management program progressed satisfactorily with its share buy-back program reducing the number of shares on issue to 61.7 million (a reduction of 3.4 million). The dividend reinvestment plan remained suspended.

Dividends for the 2001/02 year were a 7.5 cents per share unfranked interim dividend in April 2002 and increased final dividend of 9.0 cents per share in September 2002, which was fully franked. GUD intends to pay future dividends in March and September and expects them to be fully franked.

The concentration on supply chain forecasting and ordering regimes has had considerable effect on GUD's inventory levels with a reduction of 22% to \$17.2 million over the 2001/02 year. All operating units contributed to the reduction, whilst also achieving improved DIFOT (delivery in full on time) to its customers and coping with a 7% increase in sales.

Receivables continue to be closely controlled, with no significant bad debts being incurred in the year.

Innovative international trade financing structures have been successfully introduced, resulting in advantageous import trading terms and reductions in transaction costs.

The sale of Sunbeam's rural business further assisted reduction of debt. With the availability of historically low leasing finance rates, GUD funded a number of expensive plant and machinery installations with lease finance.

GUD's program to free up investments in properties resulted in all remaining Australian properties being sold. All sales were above book value and lease-backs written at attractive commercial terms. The proceeds generated have initially been employed to reduce borrowings, with the intention of using the strong capital base to fund future investment in business expansion.

As a result, net debt decreased by 48% to \$38 million and GUD's gearing ratio (net debt to total equity plus debt) fell from 36% to 24%. The working capital to sales ratio reduced from 26% to 21%.

Improved debt management has enabled GUD to renew its Club borrowing arrangements with Westpac Banking Corporation and ANZ Banking Group with a reduction from \$110 million to \$70 million in the Facility.

With the strong operating cash flow of \$35 million, GUD has now largely completed cash outflows from the Sunbeam Victa Campsie relocation. Following completion of major relocation and capital programs, future capital expenditure will be tightly controlled, resulting in anticipated strong operating cash flows in 2002/03.

The relocation of Sunbeam appliances to its new head office at Botany and Victa Lawncare to a new head office and assembly plant at Moorebank are on long term leases and self-funding.

Borrowing costs for the year reduced by 18% compared to the prior year.

GUD re-examined its established Financial Risk Management governance during the year, introducing an operational focus appropriate to its improved business controls. A strong risk management culture has enabled the Company to weather the effects of increasing import volumes and volatile currency movements. At the end of the year, GUD is in a strong competitive position with its foreign currency management.

The Financial Risk Management Committee comprising the Managing Director, Finance Director and Financial Controllers from major operating units meet regularly to formally review foreign exchange, interest rate and commodity risks in a structured manner.

CVA

GUD use Cash Value Added (CVA) as a performance measurement tool to focus management on both profitability and capital employed. CVA is a modified form of return on capital employed and recognizes that capital is not free. Its simplicity enables reporting with minor adjustment to normal accounting, measuring cash profit return as a percentage of total capital employed. Simple adjustments are made to balance sheet items to recognize total asset values (before depreciation) and inclusion of notional leased assets, to arrive at the total asset value base managed by each business unit. Earnings before interest and amortisation (after tax) are adjusted to recognize the grossing up of assets, to arrive at the cash profit return.

The adequacy of the CVA return is measured against GUD's Weighted Average Cost of Capital (WACC), which it reviews annually. WACC is a risk adjusted return which includes the cost of debt and an after tax return to shareholders. GUD's current WACC is notionally 10%.

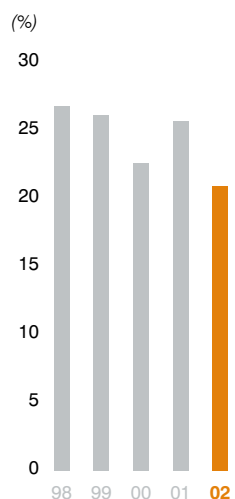
CVA is used across all GUD's businesses as the basis for management performance incentives.

CVA Return Summary F99 – F02

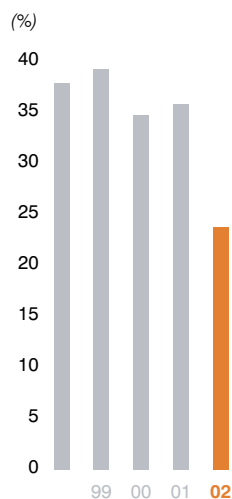
	F99	F00	F01	F02
Sunbeam Victa	5.6%	8.0%	8.1%	12.1%
Ryco/Wesfil	5.4%	9.9%	12.7%	16.9%
Davey	9.3%	15.3%	13.3%	14.7%
Lock Focus	4.9%	8.8%	6.6%	8.8%
Group	5.9%	9.4%	9.9%	13.1%

Note: Excluding individually significant items

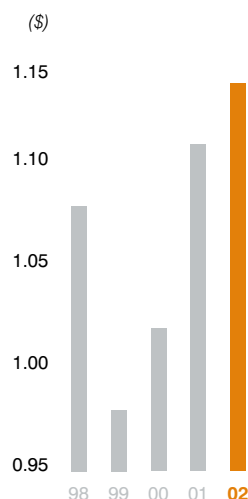
Working capital



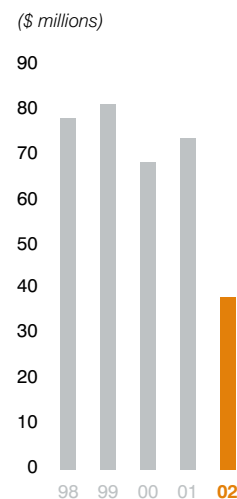
Gearing



Net tangible assets per share



Net borrowings



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 currently composed of five 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 23 of this Annual Report.

The majority of the Board are Non-Executive Directors, who are independent having no business or other relationship which could compromise their independence.

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

The Board had 13 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 P G Thomas AM was appointed a Non-Executive Director.

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

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.

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

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

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

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

The Board has adopted a retirement age policy for Directors, being the conclusion of the Annual General Meeting following 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 to increase its effectiveness uses committees where closer attention to particular matters is required. The Board Committees' role is to make recommendations to the Board on matters set out in each Committee's Charter.

Board Committees are made up of Non-Executive Directors. A list of Committee members and their role at 1 July 2002 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 accounting reporting and compliance obligations. The Committee also reviews the scope, performance and fees of statutory auditors.

By invitation, the Managing Director, Finance Director, Company Secretary, Financial Accountant and representatives of GUD's statutory auditors are present for most of the proceedings.

The independence of the auditor is kept under review, including those processes adopted by the auditor and the Company to ensure independence is maintained.

Non-audit financial services which may be required by the Company have been reviewed. These services have been categorized into those which the statutory auditor:

- Is permitted to provide.
- Is not permitted to provide.
- Is permitted to provide subject to Committee approval.

The Committee sought and received representations from the statutory auditor as to various matters related to their independence, compliance with applicable professional standards, restrictions on their audit process and reporting to the Committee.

Deloitte Touche Tohmatsu has been re-appointed as statutory auditors for a further three years. During the year, taxation consultancy services previously conducted by Deloitte Touche Tohmatsu were awarded to another chartered accounting firm.

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

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 \$400,000 per annum approved by shareholders at the 2001 Annual General Meeting. The current fee for a Non-Executive Director is \$43,000 per annum and, for the Chairman, \$107,500 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.

After completing two-years' service 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.

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 page 25.

Corporate Governance *continued*

Risk Management and Internal Controls

Each of the operating units has responsibility for managing the business risks associated with its activities and during the year management from operating units 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. These policies prohibit speculative transactions, restrict hedging to preset limits and require senior management approval of hedging instruments.

Health & Safety

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 monthly reports on occupational health and safety and reviews all incidents resulting in a lost time injury. Each operating unit is subject to regular health and safety inspections.

Ethical Standards & Compliance

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

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

Political Contributions

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

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 General 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 inside back cover.

Documents that are released publicly are made available on the Company's internet web site 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 30 June 2002 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, Peter G Thomas, Ian A Campbell and Roger J Wodson.

On 24 June 2002, Peter G Thomas 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:

Directors	Board		Audit & Compliance Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
R J Fynmore	13	13			1	1
C K Hall	13	13	5	5	1	1
K H Spencer	13	13	5	5	1	1
G W Stuart	13	13	5	4	1	1
P G Thomas ⁽¹⁾	1	1				
I A Campbell	13	13				
R J Wodson	13	13				

⁽¹⁾ Mr P G Thomas was appointed a Director on 24 June 2002.

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.

During the year the rural products business of Sunbeam Corporation Limited was sold.

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

Review of Operations and State of Affairs

A review of the operations of the consolidated entity during the financial year and the results of those operations are set out on pages 2 to 19 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 \$6.4 million.

Directors' Report continued

Dividends

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

- A final ordinary dividend of 7.5 cents per share in respect of the year ended 30 June 2001 was declared on 30 July 2001 and paid on 8 October 2001 amounting to \$4,859,438.51. This final dividend was fully franked.
- An interim ordinary dividend of 7.5 cents per share in relation to the year ended 30 June 2002 was declared on 30 January 2002 and paid on 30 April 2002 amounting to \$4,665,881.51. This dividend was unfranked.
- A final ordinary dividend of 9.0 cents per share in respect of the year ended 30 June 2002 was declared on 29 July 2002 payable on 13 September 2002 to shareholders registered on 30 August 2002. This dividend will be fully franked.

Buy-Back of Shares

Under the terms of the Company's current Buy-Back, as at 30 June 2002, the Company had purchased and cancelled 5,055,132 ordinary shares at an average price of \$ 1.95 per share.

Share Capital

At 30 June 2002 there were 61,672,713 ordinary shares on issue.

Options

During the financial year 839,125 options issued pursuant to the Executive Share Option Scheme were cancelled.

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

At 30 June 2002 there were 780,000 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 these options 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

Dividend Announced

On 29 July 2002, the Board of Directors declared a fully franked dividend of 9.0 cents per ordinary share. Record date is 30 August 2002 and the dividend will be paid on 13 September 2002.

Likely Developments

Likely developments in, and expected results of, the operations of the consolidated entity in subsequent years are referred to on pages 4 and 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.

In accordance with end of lease requirements at the Sunbeam Corporation Limited Campsie NSW site, environment investigations are in progress. An accredited environmental engineer has been engaged to conduct such investigation and at the date of this Report it is not possible to assess the maximum amount that may become payable.

Emoluments of Directors and Senior Executives

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

	Directors' Fees \$	Superannuation Contribution \$	Total 2002 \$
Non-Executive Directors			
R J Fynmore (Chairman)	107,500	8,600	116,100
C K Hall	43,000	3,440	46,440
K H Spencer	43,000	3,440	46,440
G W Stuart	43,000	3,440	46,440
P G Thomas	–	–	–

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

Following approval of shareholders on 11 October 2001, Non-Executive Directors fees were increased.

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 performance-linked incentives for Executive Directors and Senior Executives.

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 Executive Officers in the Group, including unexpired options granted in the financial year ended 30 June 2002 are set out below.

	Base Remuneration ⁽¹⁾ \$	Other Benefits including Superannuation, Motor Vehicle \$	Total 2001/2002 \$
Executive Directors			
I A Campbell	427,716	130,862	558,578
R J Wodson	257,500	70,297	327,797
Executive Officers – Group			
D Eagle	190,000	59,488	249,488
C Player ⁽²⁾	230,418	19,023	249,441
D Cleland	182,855	54,637	237,492
J Lord	185,400	34,602	220,002
L Barker	176,500	33,820	210,320

⁽¹⁾ Base Remuneration includes payments on ceasing employment.

⁽²⁾ C Player resigned on 21.12.2001.

Directors' Report continued

During the financial year 839,125 options were cancelled. Options remaining on issue at the end of the financial year were 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
	50,000	\$1.70	22.05.2011
D Eagle	100,000	\$1.83	12.10.2010
L Barker	30,000	\$1.83	12.10.2010

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 as notified by the Directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001 is as follows:

Directors	Shares held beneficially 30 June 2002		Options
	Own Name	Private Company /Trust	
R J Fynmore	99,821	150,179	–
K H Spencer	–	42,368	–
C K Hall	–	37,500	–
G W Stuart	–	37,031	–
P G Thomas	–	10,000	–
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, P G Thomas, I A Campbell and R J Wodson, and the former Directors: Messrs B W Lithgow, L E Gloyd and I L Beynon 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
29 July 2002

Board of Directors

R J Fynmore

AO, FCPA (Age 68)

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

Director of Hartec Ltd, Djerriwarrh Investments Limited and Mirrabooka Investments Limited.

K H Spencer

AM, FCA (Age 64)

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, cdk Tectonics Ltd. and the Australian Grand Prix Corporation.

Trustee of the International Accounting Standards Committee and a former Chairman of the Australian Accounting Standards Board.

G W Stuart

B Mech Eng (Age 64)

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).

Mr Stuart has announced his intention to retire on 31 August 2002.

C K Hall

B Sc (Metallurgy), B Com, MBA, FCPA, FAICD (Age 60)

Non-Executive Director since 13 September 1999.

Chairman of State Trustees 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.

P G Thomas

AM, B Com (Age 60)

Appointed Non-Executive Director on 24 June 2002.

Chairman of Victorian Manufacturing Industry Consultative Council and the Melbourne Port Corporation.

Mr Thomas is an RMIT University Councillor, Director of the Australian Retirement Fund and an Australian Industry Group Emeritus National Councillor.

Mr Thomas was formerly Managing Director of Holdens Engine Company and Executive Director of Planning and External Affairs with Holden Limited.

I A Campbell

FAICD (Age 52)

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 57)

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.

STATEMENT OF FINANCIAL PERFORMANCE

GUD Holdings Limited and controlled entities For the year ended 30 June 2002	Note	Consolidated		GUD Holdings Limited	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Operating revenue from ordinary activities	2(a)	365,862	341,213	3,034	2,994
Non-operating revenue from ordinary activities – restructuring	2(b)	10,197	–	8,585	–
Non-operating revenue from ordinary activities – other	2(b)	22,276	2,424	12,909	17,153
Total revenue	2	398,335	343,637	24,528	20,147
Cost of goods sold		(252,763)	(240,856)	–	–
Marketing and selling expenses		(33,199)	(34,089)	–	–
Research and development expenses		(1,956)	(1,863)	–	–
Logistics expenses and outward freight		(17,887)	(17,175)	–	–
Administration expenses		(21,360)	(22,539)	(4,221)	(3,715)
Borrowing expenses	3(b)	(5,451)	(6,669)	(4,054)	(5,147)
Restructuring expenses – individually significant items	3(a)	(30,733)	(1,463)	(6,693)	–
Other expenses from ordinary activities		(25,909)	(1,803)	(75)	(14)
Profit from ordinary activities before related income tax expense		9,077	17,180	9,485	11,271
Income tax expense relating to ordinary activities	4(a)	(2,679)	(6,510)	(383)	(538)
Profit from ordinary activities after related income tax expense		6,398	10,670	9,102	10,733
Net profit attributable to members of GUD Holdings Limited	23	6,398	10,670	9,102	10,733
Non-owner transaction changes in equity					
Increase/(decrease) in foreign currency translation reserve arising on translation of self-sustaining foreign operations	19(b)	938	340	–	–
Total changes in equity from non-owner related transactions attributable to members of GUD Holdings Limited recognised directly in equity		938	340	–	–
Total changes in equity from non-owner related transactions attributable to members of GUD Holdings Limited	24	7,336	11,010	9,102	10,733
Basic earnings per share (cents per share)	38	10.10	16.06		
Diluted earnings per share (cents per share)	38	10.07	16.04		

Notes to the financial statements are annexed.

STATEMENT OF FINANCIAL POSITION

GUD Holdings Limited and controlled entities		Consolidated		GUD Holdings Limited	
As at 30 June 2002		2002	2001	2002	2001
	Note	\$'000	\$'000	\$'000	\$'000
Current assets					
Cash assets	7	11,056	14,551	–	–
Receivables	8	55,226	50,224	59,741	96,058
Inventories	9	57,410	73,981	–	–
Other	10	7,531	7,934	2,187	1,335
Total current assets		131,223	146,690	61,928	97,393
Non-current assets					
Investments	11	–	–	101,022	101,022
Property, plant and equipment	12	40,864	58,573	25	4,236
Intangible assets	13	51,137	58,541	–	–
Deferred tax assets	4(d)	3,872	1,957	269	168
Other	14	2,249	1,713	–	–
Total non-current assets		98,122	120,784	101,316	105,426
Total assets		229,345	267,474	163,244	202,819
Current liabilities					
Payables	15	36,252	36,524	67	271
Interest-bearing liabilities	16(a)	12,621	38,614	17,018	37,217
Current tax liabilities	4(b)	1,383	–	–	508
Provisions	17(a)	17,802	7,295	1,081	63
Total current liabilities		68,058	82,433	18,166	38,059
Non-current liabilities					
Interest-bearing liabilities	16(b)	36,410	48,945	20,000	32,000
Deferred tax liabilities	4(c)	467	1,090	–	–
Provisions	17(b)	2,673	4,215	271	665
Total non-current liabilities		39,550	54,250	20,271	32,665
Total liabilities		107,608	136,683	38,437	70,724
Net assets		121,737	130,791	124,807	132,095
Equity					
Contributed equity	18	111,814	118,679	111,814	118,679
Reserves	19	61	(46)	–	66
Retained profits	23	9,803	12,099	12,993	13,350
Total parent entity interest		121,678	130,732	124,807	132,095
Outside equity interests	20	59	59	–	–
Total equity	24	121,737	130,791	124,807	132,095

Notes to the financial statements are annexed.

STATEMENT OF CASH FLOWS

GUD Holdings Limited and controlled entities For the year ended 30 June 2002	Note	Consolidated		GUD Holdings Limited	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Cash flows from operating activities					
Receipts from customers		393,417	353,945	3,586	4,950
Payments to suppliers and employees		(348,977)	(330,794)	(3,462)	(3,779)
Dividends received		–	–	6,906	9,694
Interest received		185	179	5,451	6,583
Borrowing costs paid		(5,451)	(6,669)	(4,089)	(5,147)
Income taxes paid		(3,425)	(3,429)	(1,217)	(177)
Net cash provided by operating activities	30	35,749	13,232	7,175	12,124
Cash flows from investing activities					
Payments for property, plant and equipment		(7,911)	(3,869)	(399)	(8)
Gross proceeds from disposal of Sunbeam Rural business		12,526	–	–	–
Proceeds from sale of property, plant and equipment		10,917	1,379	5,496	1,155
Proceeds from controlled entity loans		–	–	36,317	5,638
Payments for intangible assets		–	(1,000)	–	–
Net cash provided by (used in) investing activities		15,532	(3,490)	41,414	6,785
Cash flows from financing activities					
Drawdown/(repayment) of borrowings		(38,735)	17,243	(39,000)	(1,279)
Payment for share buy-back		(6,865)	(4,168)	(6,865)	(4,168)
Dividends paid		(9,525)	(8,776)	(9,525)	(8,776)
Net cash provided by (used in) financing activities		(55,125)	4,299	(55,390)	(14,223)
Net increase (decrease) in cash held		(3,844)	14,041	(6,801)	4,686
Cash at the beginning of the financial year		14,551	88	(217)	(4,903)
Effects of exchange rate changes on the balance of cash held in foreign currencies		142	422	–	–
Cash at the end of the financial year		10,849	14,551	(7,018)	(217)
Reconciliation of net cash at the end of the financial year					
Cash at bank and on hand	7	11,056	14,551	–	–
Unsecured bank overdraft	16(a)	(207)	–	(7,018)	(217)
		10,849	14,551	(7,018)	(217)

Notes to the financial statements are annexed.

1. Statement of significant accounting policies

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

Financial reporting framework

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

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 cost 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.

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. 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.

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 pre-tax accounting 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 on the disposal of assets. Such liability is provided at the time of disposal of assets.

1. Statement of significant accounting policies (continued)

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.

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 receivables, 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.

1. Statement of significant accounting policies (continued)

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
- Leased 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. Prior to the current year write-off of goodwill arising from the acquisition of the filtration business from Dana Corporation (in Ryco/Wesfil division) (refer Note 3(a)), this goodwill was 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 such costs are expected, beyond any reasonable doubt, to be recoverable. 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.

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 represent 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 and accruals 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.

1. Statement of significant accounting policies (continued)

Leased assets (continued)

Finance leases

Leased assets classified as finance leases are recognised as assets. 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.

Changes in accounting policies

Earnings per share

The consolidated entity has applied the revised AASB 1027 Earnings Per Share for the first time from 1 July 2001.

Basic and diluted earnings per share ('EPS') for the comparative period ended 30 June 2001 have been adjusted so that the basis of calculation used is consistent with that of the current period.

Segment reporting

The consolidated entity has applied the revised AASB 1005 Segment Reporting for the first time from 1 July 2001.

Reportable business segments have been identified on the basis of products provided.

Comparative information has been restated in accordance with the revised accounting standard.

GUD Holdings Limited and controlled entities		Consolidated		GUD Holdings Limited	
	Note	2002	2001	2002	2001
		\$'000	\$'000	\$'000	\$'000

2. Revenue from ordinary activities

(a) Operating revenue:

Sale of goods		365,862	341,213	–	–
Rendering of services		–	–	3,034	2,994
		365,862	341,213	3,034	2,994

(b) Non-operating revenue:

Dividends

Controlled entities	33	–	–	6,906	9,694
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Interest

Controlled entities	33	–	–	5,328	6,500
Others		185	179	123	83

Rent

Controlled entities	33	–	–	552	864
Other		5,755	2,021	–	12

Gross proceeds from sale of Sunbeam Rural business	31	12,526	–	–	–
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Gross proceeds from sale of plant and equipment		3,810	224	–	–
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Non-operating revenue – other		22,276	2,424	12,909	17,153
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Gross proceeds from restructuring – property	3(c)	10,197	–	8,585	–
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Total non-operating revenue		32,473	2,424	21,494	17,153
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Total revenue		398,335	343,637	24,528	20,147
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GUD Holdings Limited and controlled entities	Note	Consolidated		GUD Holdings Limited	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
3. Profit from ordinary activities before income tax expense					
(a) Restructuring expenses comprises the following individually significant items included in profit from ordinary activities before income tax expense					
Closure of Agricultural Machinery Division		–	975	–	–
Restructure of Heavy Duty Filters Division		–	488	–	–
Relocation and restructure of Sunbeam Victa Division		18,364	–	–	–
Relocation of Davey Division		613	–	–	–
Relocation and restructure of Ryco/Wesfil Division		1,242	–	–	–
Cost of land and buildings disposed	3(c)	8,307	–	6,693	–
Write-off of goodwill in Ryco/Wesfil Division		2,207	–	–	–
Individually significant items		30,733	1,463	6,693	–
Less gross proceeds from land and buildings disposed	3(c)	(10,197)	–	(8,585)	–
Net cost before income tax on restructuring		20,536	1,463	(1,892)	–
(b) Expenses included in profit from ordinary activities before income tax expense					
<i>Depreciation and amortisation</i>					
Depreciation on property, plant and equipment		7,646	8,928	82	114
Amortisation of product development costs		1,273	681	–	–
Amortisation of goodwill		1,312	1,308	–	–
Amortisation of other intangibles		112	114	–	–
Amortisation of leased plant and equipment		194	–	–	–
Total depreciation and amortisation		10,537	11,031	82	114
<i>Borrowing costs</i>					
Interest expense – other parties		5,451	6,669	4,054	5,147
<i>Research and development expenditure</i>					
Expensed as incurred		1,956	1,863	–	–
<i>Other</i>					
Net expense from movements in provision for:					
Doubtful debts		337	491	–	–
Employee entitlements		4,866	5,340	298	212
Stock obsolescence		1,110	963	–	–
Warranties		7,310	6,053	–	–
Bad debts written off		101	86	–	–
Net foreign exchange loss		1,094	434	–	7
Operating lease rental expense – minimum lease payments		7,546	6,532	69	69
(c) Sales of non-current assets					
Sales of assets in the ordinary course of business have given rise to the following profits and losses:					
Loss(gain) on sale of land and buildings		(1,890)	–	(1,892)	–
Loss(gain) on sale of plant and equipment		3,360	115	–	–
Total loss/(gain) on sale of property, plant and equipment		1,470	115	(1,892)	–

GUD Holdings Limited and controlled entities	Note	Consolidated		GUD Holdings Limited	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
4. Taxation					
(a) Income tax expense					
Prima facie income tax expense calculated at 30% (2001: 34%) of profit from ordinary activities					
		2,723	5,841	2,846	3,832
<i>Increase (decrease) in income tax expense due to :</i>					
Non-deductible expenditure		75	203	327	16
Non-deductible depreciation and amortisation		808	626	1	(13)
Under (over) provision of income tax in prior year		(355)	(102)	5	2
Non-assessable income and tax incentives		(538)	(160)	(570)	–
Rebates on dividends received		–	–	(2,072)	(3,296)
Effect of higher tax rates on overseas income		120	(22)	–	–
Recovery of tax losses not previously brought to account		(154)	–	(154)	–
Restatement of deferred tax assets & liabilities in relation to change in the tax rate		–	124	–	(3)
Income tax expense attributable to ordinary activities		2,679	6,510	383	538
(b) Current tax liabilities					
<i>Provision for current income tax</i>		1,383	–	–	508
(c) Deferred tax liabilities					
<i>Provision for deferred income tax</i>		467	1,090	–	–
Provision for deferred income tax comprises the estimated liability at the applicable rate of 30%					
(d) Deferred tax assets					
<i>Future income tax benefit</i>		3,872	1,957	269	168
Future income tax benefit comprises the estimated future benefit at the applicable rate of 30%					
The future income tax benefit includes:					
Tax losses (revenue) carried forward		–	865		

5. Segment information

For the year ended 30 June 2002

Primary reporting	Sunbeam Victa \$'000	Ryco/Wesfil \$'000	Davey \$'000	Lock Focus \$'000	Unallocated \$'000	Total \$'000
1. Business segments						
Total segment revenue (external)	205,578	84,197	63,725	12,362	–	365,862
Non-operating revenue						32,473
						398,335
Segment result before amortisation & depreciation	2,063	14,504	6,848	2,818	854	27,087
Amortisation & depreciation	4,484	3,052	1,854	1,065	82	10,537
Segment result after amortisation & depreciation	(2,421)	11,452	4,994	1,753	772	16,550
Less: Net interest						(5,266)
Goodwill write-off						(2,207)
Profit from ordinary activities before related income tax expense						9,077
Income tax expense relating to ordinary activities						(2,679)
Profit from ordinary activities after related income tax expense						6,398
Segment assets	115,967	52,962	38,561	15,771	6,084	229,345
Segment liabilities	45,379	13,530	13,327	2,556	32,816	107,608
Segment acquisition of assets	4,079	2,242	2,012	1,051	8	9,392
Secondary reporting		Australia \$'000	New Zealand \$'000	Unallocated \$'000	Eliminations \$'000	Total \$'000
2. Geographical segments						
External sales		329,481	36,381	–	–	365,862
Inter-segment sales		11,762	18,443	–	(30,205)	–
Total segment revenue		341,243	54,824	–	(30,205)	365,862
Non-operating revenue						32,473
						398,335
Segment assets		183,925	40,415	5,005	–	229,345
Segment acquisition of assets		8,727	657	8	–	9,392
3. Activity segments	Sunbeam Victa \$'000	Ryco/Wesfil \$'000	Davey \$'000	Lock Focus \$'000	Unallocated \$'000	Total \$'000
Profit (loss) from trading activities (before tax)	13,243	10,410	4,461	1,220	279	29,613
Profit (loss) from individually significant items (before tax)	(18,364)	(3,449)	(613)	–	1,890	(20,536)
Profit (loss) from ordinary activities (before tax)	(5,121)	6,961	3,848	1,220	2,169	9,077

5. Segment information (continued)

For the year ended 30 June 2001

Primary reporting	Sunbeam Victa \$'000	Ryco/Wesfil \$'000	Davey \$'000	Lock Focus \$'000	Unallocated \$'000	Total \$'000
1. Business segments						
Total segment revenue (external)	192,124	80,121	57,339	11,629	–	341,213
Non-operating revenue						2,424
						343,637
Segment result before amortisation & depreciation	14,976	11,357	5,844	2,269	255	34,701
Amortisation & depreciation	4,994	3,211	1,610	1,102	114	11,031
Segment result after amortisation & depreciation	9,982	8,146	4,234	1,167	141	23,670
Less: Net interest						(6,490)
Profit from ordinary activities before related income tax expense						17,180
Income tax expense relating to ordinary activities						(6,510)
Profit from ordinary activities after related income tax expense						10,670
Segment assets	151,745	61,997	33,425	17,368	2,939	267,474
Segment liabilities	42,523	12,646	8,502	1,752	71,260	136,683
Segment acquisition of assets	2,072	2,126	1,568	393	8	6,167
Secondary reporting		Australia \$'000	New Zealand \$'000	Unallocated \$'000	Eliminations \$'000	Total \$'000
2. Geographical segments						
Revenue						
External sales		308,366	32,847	–	–	341,213
Inter-segment sales		13,734	14,363	–	(28,097)	–
Total segment revenue		322,100	47,210	–	(28,097)	341,213
Non-operating revenue						2,424
						343,637
Segment assets		229,476	38,551	(553)	–	267,474
Segment acquisition of assets		5,645	514	8	–	6,167
3. Activity segments	Sunbeam Victa \$'000	Ryco/Wesfil \$'000	Davey \$'000	Lock Focus \$'000	Unallocated \$'000	Total \$'000
Profit (loss) from trading activities (before tax)	7,605	5,861	3,065	539	1,573	18,643
Profit (loss) from individually significant items (before tax)	(975)	(488)	–	–	–	(1,463)
Profit (loss) from ordinary activities (before tax)	6,630	5,373	3,065	539	1,573	17,180

(a) Segment revenue from ordinary activities does not include interest income.

(b) Inter-segment pricing is on a commercial basis.

(c) Segment result excludes net borrowing costs and income tax expense.

5. Segment information (continued)

Business segments

Sunbeam Victa

Small electrical appliances and lawnmowers.

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.

	Cents per share	Total amount \$'000	Date of payment	Tax rate	Percentage franked
6. Dividends					
Dividends proposed or paid by the Company are:					
2002					
Final dividend in respect of the 2001 financial year	7.5	4,859	8 October 2001	30%	100%
Interim dividend in respect of the 2002 financial year	7.5	4,666	30 April 2002	30%	0%
Total dividends		9,525			
2001					
Interim dividend in respect of the 2001 financial year	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		3,723			

GUD Holdings Limited	
2002	2001
\$'000	\$'000

Dividend franking account

Class C (30%) franking account surplus credits available to shareholders of GUD Holdings Limited for subsequent years

-	272
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The above amounts are based on the balance of the dividend franking account at year-end adjusted for franking credits that will arise from the payment of the amount of the provision of income tax.

A final dividend has been declared for the year ended 30 June 2002 – refer Note 37 'Events subsequent to balance date'.

GUD Holdings Limited and controlled entities	Note	Consolidated		GUD Holdings Limited	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
7. Cash assets					
Current					
Cash at bank and on hand		11,056	14,551	–	–
8. Receivables					
Current					
Trade debtors		5,794	50,876	–	–
Less: Provision for doubtful trade debtors		(568)	(652)	–	–
		55,226	50,224	–	–
Loans to controlled entities		–	–	59,741	96,058
		55,226	50,224	59,741	96,058
9. Inventories					
Current					
Raw materials and stores at cost		11,978	13,428	–	–
Provision for obsolescence		(802)	(1,057)	–	–
		11,176	12,371	–	–
Work in progress at cost		5,774	13,335	–	–
Provision for obsolescence		(103)	(769)	–	–
		5,671	12,566	–	–
Finished goods and spare parts at cost		42,401	50,573	–	–
Provision for obsolescence		(1,838)	(1,529)	–	–
		40,563	49,044	–	–
		57,410	73,981	–	–
10. Other assets					
Current					
Other debtors and prepayments		7,531	7,934	1,962	1,335
Refund due from Australian Taxation Office		–	–	225	–
		7,531	7,934	2,187	1,335
11. Investments					
Non-current					
Investment in controlled entities at cost	25	–	–	101,022	101,022

GUD Holdings Limited and controlled entities	Note	Consolidated		GUD Holdings Limited	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
12. Property, plant and equipment					
Non-current					
Freehold land and buildings at cost		4,386	10,009	–	4,250
Accumulated depreciation		(110)	(141)	–	(64)
Total land and buildings		4,276	9,868	–	4,186
Plant and equipment at cost		72,224	92,012	189	341
Accumulated depreciation		(37,449)	(43,307)	(164)	(291)
Total plant and equipment		34,775	48,705	25	50
Leased plant and equipment					
At capitalised cost		2,007	–	–	–
Accumulated amortisation		(194)	–	–	–
		1,813	–	–	–
		40,864	58,573	25	4,236

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

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 the end of the financial year⁽¹⁾

	4,411	9,803	–	4,250
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⁽¹⁾ Independent valuations were carried out in March 2000 by 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 primarily for sale.

Original acquisition cost	1,177	1,177	–	–
Carrying amount	897	917	–	–

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

Net book value at the beginning of the financial year	9,868	11,773	4,186	6,220
Disposals	(5,682)	(1,956)	(4,133)	(1,956)
Depreciation expense	(114)	(154)	(53)	(78)
Net foreign currency difference arising on translation of financial statements of self-sustaining foreign operations	204	205	–	–
Net book value at the end of the financial year	4,276	9,868	–	4,186

GUD Holdings Limited and controlled entities	Note	Consolidated		GUD Holdings Limited	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
12. Property, plant and equipment (continued)					
Plant and equipment					
Net book value at the beginning of the financial year		48,705	53,756	50	78
Additions		5,904	3,869	399	8
Disposals		(12,817)	(339)	(395)	–
Depreciation expense		(7,532)	(8,774)	(29)	(36)
Net foreign currency difference arising on translation of financial statements of self-sustaining foreign operations		515	193	–	–
Net book value at the end of the financial year		34,775	48,705	25	50
Leased plant and equipment					
Net book value at the beginning of the financial period		–	–	–	–
Additions		2,007	–	–	–
Amortisation expense		(194)	–	–	–
Net book value at the end of the financial year		1,813	–	–	–
Total property, plant and equipment		40,864	58,573	25	4,236
13. Intangible assets					
Non-current					
Goodwill at cost		22,388	22,388	–	–
Accumulated amortisation		(11,155)	(7,635)	–	–
		11,233	14,753	–	–
Patents and licences at cost		1,070	1,070	–	–
Accumulated amortisation		(670)	(558)	–	–
		400	512	–	–
Brand names, business names and trademarks at cost		39,504	43,276	–	–
		51,137	58,541	–	–
Aggregate amortisation allocated during the financial year is recognised as an expense and disclosed in Note 3.					
14. Other assets					
Non-current					
Product development costs		4,689	3,575	–	–
Accumulated amortisation		(2,440)	(1,862)	–	–
		2,249	1,713	–	–
Product development costs capitalised in the current year		1,481	1,298	–	–
Aggregate amortisation allocated during the financial year is recognised as an expense and disclosed in Note 3(b).					
15. Payables					
Current					
Trade payables and other accruals		36,252	36,524	67	271

GUD Holdings Limited and controlled entities	Note	Consolidated		GUD Holdings Limited	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
16. Interest-bearing liabilities					
(a) Current					
Unsecured bank overdraft		207	–	7,018	217
Unsecured bank loan		12,181	38,614	10,000	37,000
Secured finance lease liabilities ⁽¹⁾	32	233	–	–	–
		12,621	38,614	17,018	37,217
(b) Non-current					
Unsecured bank loan ⁽²⁾		34,830	48,945	20,000	32,000
Secured finance lease liabilities ⁽¹⁾	32	1,580	–	–	–
		36,410	48,945	20,000	32,000
<i>⁽¹⁾ Secured by the assets leased, the current market value of which exceeds the value of the finance lease liability.</i>					
<i>⁽²⁾ As at 30 June 2002 a commercial bill for \$15 million was drawn against the Company's long-term core debt Club facility which has a maturity date of 30 June 2005. In July 2002, the Company elected to temporarily roll this bill into the short-term seasonal component of the club facility.</i>					
(c) Financing facilities					
<i>Total facilities available:</i>					
Unsecured bank overdraft		5,000	5,000	4,000	4,000
Unsecured bill facility		70,000	100,000	48,191	75,000
Unsecured money market facility		20,000	20,000	17,000	17,000
		95,000	125,000	69,191	96,000
<i>Facilities used at balance date:</i>					
Unsecured bank overdraft		207	–	7,018	217
Unsecured bill facility		47,011	77,559	30,000	59,000
Unsecured money market facility		–	10,000	–	10,000
		47,218	87,559	37,018	69,217
<i>Facilities not utilised at balance date:</i>					
Unsecured bank overdraft ⁽¹⁾		4,793	5,000	(3,018)	3,783
Unsecured bill facility		22,989	22,441	18,191	16,000
Unsecured money market facility		20,000	10,000	17,000	7,000
		47,782	37,441	32,173	26,783

⁽¹⁾ The unsecured bank overdraft for GUD Holdings Limited of \$4 million applies to all the Australian operations, as part of the bank account set-off arrangement for the GUD Consolidated Group and not exclusively to GUD Holdings Limited. Whilst it may appear that GUD Holdings Limited has exceeded its overdraft limit, the Australian operations had net surplus cash of \$5.24 million.

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 2002 is 8.15% (2001: 8.8%).

16. Interest-bearing liabilities (continued)

Bill facility

The unsecured bill facilities are provided by way of a club facility arrangement. The facilities are for a total \$70 million which are subject to review prior to expiry, as follows:

Amount \$ million	Year ended 30 June
40	2003
30	2005

A new three year club facility agreement has been completed with Westpac Banking Corporation and ANZ Banking Group in June 2002.

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.

GUD Holdings Limited and controlled entities	Note	Consolidated		GUD Holdings Limited	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000

17. Provisions

(a) Current

Employee entitlements	21	9,112	5,747	1,081	63
Relocation and restructuring of Sunbeam Victa division		6,725	–	–	–
Warranty		1,965	1,548	–	–
		17,802	7,295	1,081	63

(b) Non-current

Employee entitlements	21	2,673	4,215	271	665
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18. Contributed equity

61,672,713 fully paid ordinary shares (2001: 65,066,445)	111,814	118,679	111,814	118,679
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Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Movements in contributed equity

Balance at the beginning of the financial year	118,679	122,847	118,679	122,847
Share buy-back ⁽¹⁾	(6,865)	(4,168)	(6,865)	(4,168)
Balance at the end of the financial year	111,814	118,679	111,814	118,679

⁽¹⁾ 3,393,732 fully paid ordinary shares, representing 5.22% of ordinary shares issued prior to the buy-back (2001: 2,304,596 shares, representing 3.4%) were bought back and cancelled during the financial year by the parent entity under a share buy-back scheme. The total consideration of shares bought back on market was \$6,864,750 (2001: \$4,168,169) being on average \$2.02 per share (2001: \$1.81 per share).

GUD Holdings Limited and controlled entities	Note	Consolidated		GUD Holdings Limited	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
19. Reserves					
(a) General reserve					
Balance at the beginning of the financial year		1,301	1,301	66	66
Transfer to retained profits		(831)	–	(66)	–
Balance at the end of the financial year		470	1,301	–	66
The general reserve relates to revaluations of freehold land and buildings prior to the adoption of AASB 1041 <i>Revaluation of Non-current Assets</i> .					
Amounts in the reserve will be transferred to retained profits on the disposal of the revalued freehold land and buildings.					
(b) Foreign currency translation reserve					
Balance at the beginning of the financial year		(1,347)	(1,687)	–	–
Exchange rate differences on translation of controlled entities		938	340	–	–
Balance at the end of the financial year		(409)	(1,347)	–	–
Exchange differences relating to 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.					
Total reserves		61	(46)	–	66
20. Outside equity interests					
Contributed equity		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 (2001:12,000 preference class A shares).					
21. Aggregate employee entitlements					
Aggregate liability for employee entitlements, including on-costs					
Current		9,112	5,747	1,081	63
Non-current		2,673	4,215	271	665
		11,785	9,962	1,352	728
21. Aggregate employee entitlements (continued)					
Number of employees					
Number of employees at the end of the financial year		1,137	1,453	9	9
22. Superannuation commitments					
The consolidated entity contributes to a number of superannuation funds of the accumulating 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.					

GUD Holdings Limited and controlled entities	Note	Consolidated		GUD Holdings Limited	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
23. Retained profits					
Retained profits at the beginning of the financial year		12,099	5,152	13,350	6,340
Net profit attributable to members of the parent entity		6,398	10,670	9,102	10,733
Transfer from general reserve		831	–	66	–
Dividends	6	(9,525)	(3,723)	(9,525)	(3,723)
Retained profits at the end of the financial year		9,803	12,099	12,993	13,350
24. Total equity reconciliation					
Total equity at the beginning of the financial year		130,791	127,672	132,095	129,253
Total changes in parent entity interest in equity recognised in statement of financial performance		7,336	11,010	9,102	10,733
Transactions with owners as owners:					
Share buy-back	18	(6,865)	(4,168)	(6,865)	(4,168)
Dividends	6	(9,525)	(3,723)	(9,525)	(3,723)
Total equity at the end of the financial year		121,737	130,791	124,807	132,095

	Domicile	Country of incorporation	Percentage ownership interest	
			2002	2001
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	100
Davey Products Pty Ltd		Australia	100	100
Wesfil Australia 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 (in liquidation)		Australia	100	100
Lock Focus (Asia) Pte Ltd		Singapore	100	100
Lock Focus (Holdings) Limited ⁽¹⁾		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
Sunbeam Administration Services Pty Ltd		Australia	100	100
Victa Lawncare Pty Ltd ⁽²⁾		Australia	100	100
Victa Limited		Australia	100	100
Treco Storage Systems Pty Ltd (in liquidation)		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.

⁽¹⁾ 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.

⁽²⁾ On 24 December 2001, Possum Pty Ltd changed its name to Victa Lawncare Pty Ltd.

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 parties to the deed of cross guarantee and are part of the closed group are as follows:

	2002 \$'000	2001 \$'000
25. Investment in controlled entities (continued)		
Statement of financial performance		
Profit from ordinary activities before related income tax expense	8,214	18,813
Income tax expense relating to ordinary activities	(1,787)	(5,735)
Net profit from ordinary activities after related income tax expense	6,427	13,078
Retained profits at the beginning of the financial year	15,485	6,130
Dividends provided for or paid	(9,525)	(3,723)
Transfers from reserves	66	–
Retained profits at the end of the financial year	12,453	15,485
Statement of financial position		
Current assets		
Cash assets	5,238	12,377
Receivables	49,235	43,485
Inventories	48,679	63,856
Other	7,189	7,325
Total current assets	110,341	127,043
Non-current assets		
Investments	18,242	17,429
Property, plant and equipment	30,896	49,094
Intangible assets	42,678	50,333
Deferred tax assets	3,263	1,633
Other	2,249	1,713
Total non-current assets	97,328	120,202
Total assets	207,669	247,245
Current liabilities		
Payables	31,473	32,140
Interest-bearing liabilities	10,233	37,000
Current tax liabilities	809	–
Provisions	16,167	6,570
Total current liabilities	58,682	75,710
Non-current liabilities		
Interest-bearing liabilities	21,580	32,000
Deferred tax liabilities	467	1,090
Provisions	2,673	4,215
Total non-current liabilities	24,720	37,305
Total liabilities	83,402	113,015
Net assets	124,267	134,230
Contributed equity	111,814	118,679
Reserves	–	66
Retained profits	12,453	15,485
Total equity	124,267	134,230

GUD Holdings Limited and controlled entities	Note	Consolidated		GUD Holdings Limited	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000

26. Directors and Director-related entities

Directors' remuneration

Amounts paid or payable to executive and non-executive Directors of:

Parent entity:	1,141,795	1,154,760	1,141,795	1,154,760
Controlled entities	2,104,469	2,933,920	–	–
	3,246,264	4,088,680	1,141,795	1,154,760

The number of directors of the Company whose remuneration was within the following bands:

	Number	
\$0 – \$9,999	1	–
\$40,000 – \$49,999	3	3
\$100,000 – \$109,999	–	1
\$110,000 – \$119,999	1	–
\$320,000 – \$329,999	1	1
\$550,000 – \$559,999	1	–
\$600,000 – \$609,999	–	1

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, P G Thomas (appointed 24 June 2002) and G W Stuart.

The sale and purchase of goods and services with Directors and 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 2002, the Directors or Director-related entities held directly, indirectly or beneficially 416,899 ordinary shares (2001: 406,899) and 650,000 executive share options (2001: 650,000) in the Company.

Wesfil Australia Pty Ltd leases all of its premises from a Director of Wesfil Australia Pty Ltd. The lease arrangement is of a commercial nature and will expire on 30 June 2003. Net rental expense was \$194,000 (2001: \$194,000).

Remuneration includes incentive payments made to executive Directors in 2002 which relates to performance in 2001.

GUD Holdings Limited and controlled entities

Note	Consolidated		GUD Holdings Limited	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000

27. Executives' remuneration

Amounts paid or payable to executives whose remuneration equals or exceeds \$100,000

7,804,955	8,681,330	1,260,490	1,303,956
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Number of executives whose remuneration fell within the following bands:	Number		Number	
\$0 – \$9,999			1	–
\$100,000 – \$109,999	8	11	–	–
\$110,000 – \$119,999	5	8	–	–
\$120,000 – \$129,999	7	3	–	–
\$130,000 – \$139,999	5	5	–	–
\$140,000 – \$149,999	4	4	–	–
\$150,000 – \$159,999	5	4	–	–
\$160,000 – \$169,999	1	1	–	–
\$170,000 – \$179,999	1	4	1	1
\$180,000 – \$189,999	5	2	–	–
\$190,000 – \$199,999	–	1	–	–
\$200,000 – \$209,999	1	1	1	1
\$210,000 – \$219,999	1	1	–	–
\$220,000 – \$229,999	1	3	–	–
\$230,000 – \$239,999	1	–	–	–
\$240,000 – \$249,999	2	1	–	–
\$270,000 – \$279,999	–	1	–	–
\$320,000 – \$329,999	1	1	1	1
\$420,000 – \$429,999	–	1	–	–
\$550,000 – \$559,999	1	–	1	–
\$600,000 – \$609,999	–	1	–	1

Remuneration includes incentive payments made to executives in 2002 which relates to performance in 2001.

28. Executive share options

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

No. of shares	Exercise price	Exercise period	
		from	to
500,000	\$1.49	12/11/02	11/11/09
100,000	\$1.40	07/03/03	06/03/10
130,000	\$1.83	12/10/03	11/10/10
50,000	\$1.70	22/05/04	21/05/11

780,000

The market value of shares under these options at 30 June 2002 was \$3.35 (2001: \$1.74).

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.

GUD Holdings Limited and controlled entities	Note	Consolidated		GUD Holdings Limited	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
29. Auditors' remuneration					
Auditing and reviewing the financial report of the parent entity (including the consolidated entity) and each controlled entity					
Auditor of parent entity					
– Deloitte Touche Tohmatsu in Australia		343,250	323,399	84,050	66,663
Other auditors					
– Deloitte Touche Tohmatsu excluding Australia		70,882	57,425	–	–
		414,132	380,824	84,050	66,663
Other Services:					
– Deloitte Touche Tohmatsu in Australia		135,162	372,921	57,367	282,506
– Deloitte Touche Tohmatsu excluding Australia		34,671	35,455	–	5,400
		169,833	408,376	57,367	287,906

Since November 2001, \$71,315 has been paid to an independent organisation which was appointed taxation advisers to the Group.

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	6,398	10,670	9,102	10,733
Depreciation and amortisation	10,537	11,031	82	114
Write-off of goodwill in Ryco/Wesfil Division	2,207	–	–	–
Net loss/(profit) on sale of non-current assets	1,470	115	(1,892)	–
Changes in assets and liabilities:				
(increase)/decrease in net tax asset	(1,155)	3,014	(609)	22
(increase)/decrease in inventories	13,682	(5,437)	–	–
(increase)/decrease in receivables	(5,002)	(4,785)	924	1,080
(increase)/decrease in other assets	(435)	848	(852)	283
increase/(decrease) in provisions	8,965	(85)	624	93
increase/(decrease) in accounts payable	(918)	(2,139)	(204)	(201)
Net cash provided by operating activities	35,749	13,232	7,175	12,124

31. Discontinuing operations

Since the last annual reporting date, the Company has disposed of its Sunbeam Rural Division.

The business sale agreement was made on 6 December 2001 with effect from 30 November 2001. The operations were discontinued on 30 November 2001.

The Sunbeam Rural Division manufactured sheep shearing and other farming equipment including combs & cutters, handpieces and shearing drives. It also distributed electric fencing, animal weighing scales and gate fittings.

The Sunbeam Rural Division formed part of the Sunbeam Victa Australian operations segment.

Details of the financial performance and cash flows of the Sunbeam Rural Division for the period from 1 July 2001 to 30 November 2001 are as follows:

Financial performance information to 30 November 2001	\$'000
Revenues from ordinary activities	6,642
Expenses from ordinary activities	(6,480)
Profit/(loss) before income tax	162
Income tax expense	(49)
Net profit	113
Cash flows	\$'000
Cash/(outflow) from operating activities	(488)
Cash/(outflow) from investing activities	(85)
Total cash/(outflow)	(573)

Details of the disposal of the Sunbeam Rural Division are as follows:

Consideration	\$'000
Cash received – 14 December 2001	12,526
Less transaction costs	(106)
	12,420

Carrying amounts of assets disposed and liabilities settled

Current assets

Inventories	3,629
Other	323

Non-current assets

Property, plant & equipment	4,625
Other	4,100

Liabilities	(937)
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Net assets disposed	11,740
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The consolidated entity recognised a gain before income tax expense of \$680,000 (related income tax expense of \$438,000) arising from the disposal.

GUD Holdings Limited and controlled entities	Note	Consolidated		GUD Holdings Limited	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000

32. Commitments for expenditure

Capital expenditure commitments

Plant & equipment

Contracted but not provided for and payable:

Within 1 year		298	497	–	–
Between 1 and 5 years		32	40	–	–
Later than 5 years		–	8	–	–
		330	545	–	–

Non-cancellable operating lease expense commitments

Future operating lease commitments not provided for in the financial statements and payable:

Within 1 year		6,152	4,926	19	25
Between 1 and 5 years		12,882	2,956	8	29
Later than 5 years		7,458	308	–	–
		26,492	8,190	27	54

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 leases do not include an option to purchase the leased assets at the expiry of the lease period.

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.

Finance lease payment commitments

Plant & equipment

Finance lease commitments are payable:

Within 1 year		292	–	–	–
Between 1 and 5 years		1,429	–	–	–
Later than 5 years		551	–	–	–
		2,272	–	–	–
Less: Future lease finance charges		459	–	–	–
		1,813	–	–	–

Lease liabilities provided for in the financial statements:

Current	16(a)	233	–	–	–
Non-current	16(b)	1,580	–	–	–
Total lease liability		1,813	–	–	–

The consolidated entity leases production plant and equipment under finance leases expiring from 3 to 12 years. At the end of the lease term, the consolidated entity has the option to purchase the equipment at the agreed residual amount or renegotiate an extension to the finance lease.

33. Related parties

Directors

Details of Directors' remuneration and other Director-related transactions are disclosed 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 disclosed in Note 25.

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

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

These transactions were on commercial terms and conditions.

Amounts receivable from entities in the wholly-owned Group is disclosed in Note 8. Loans between entities in the wholly-owned Group are repayable at call.

Interest, dividend and rent revenue derived by the entity from entities in the wholly-owned Group is disclosed in Note 2.

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 2002, the fixed rates varied from 5.40% to 7.76% (2001: 5.82% to 8.48%) and the floating interest rate at 30 June 2002 was 5.17% (2001: 5.06%).

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:

	Note	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in:		Non-interest bearing \$'000	Total \$'000
				1 year or less \$'000	1 to 5 years \$'000		
2002							
Financial assets							
Cash	7	3.91%	11,056	–	–	–	11,056
Receivables	8	Nil	–	–	–	55,226	55,226
			11,056	–	–	55,226	66,282
Financial liabilities							
Bank overdrafts and loans	16	5.17%	47,218	–	–	–	47,218
Accounts payable	15	Nil	–	–	–	36,252	36,252
Finance lease liabilities	16	6.37%	233	1,580	–	–	1,813
Interest rate swaps (notional principal amounts)		6.45%	(48,724)	29,362	19,362	–	–
			(1,273)	30,942	19,362	36,252	85,283
Net financial assets (liabilities)			12,329	(30,942)	(19,362)	18,974	(19,001)
Interest rate swaps and options commencing after 30 June 2002							
Interest rate swaps (notional principal amounts)		6.00%	(5,000)	–	5,000	–	–
Interest rate swaps (notional principal amounts)		7.00%	(4,362)	–	4,362	–	–
Interest rate swaps (notional principal amounts)		5.40%	(5,000)	–	5,000	–	–
Interest rate swaps (notional principal amounts)		6.83%	(5,000)	–	5,000	–	–

	Note	Weighted average interest rate	Floating interest rate \$'000	Fixed interest maturing in:		Non-interest bearing \$'000	Total \$'000
				1 year or less \$'000	1 to 5 years \$'000		
34. Financial instruments (continued)							
(a) Interest rate risk (continued)							
2001							
Financial assets							
Cash	7	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	–	–

(b) Foreign exchange risk

The consolidated entity enters in 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	
	2002 \$'000	2001 \$'000
Buy United States dollars	33,100	17,301
Buy Pounds Sterling	582	342
Buy Japanese Yen	1,575	1,478
Buy European Euro	816	746
Buy Australian dollars	–	1,019
Sell Australian dollars	405	–
The net unrecognised gain/(loss) on hedges of foreign currency purchases and sales as at balance date.	49	226

(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 customers.

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 in Note 34(b).

34. Financial instruments (continued)

(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.

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

GUD Holdings Limited and controlled entities	Consolidated		GUD Holdings Limited	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Interest rate swaps and options	(257)	(480)		
Forward foreign exchange contracts	49	226		
Financial (liabilities)/assets	(208)	(254)		

35. Non-hedged foreign currency balances

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	–	–
Pounds Sterling	30	–	–	–
Japanese Yen	–	30	–	–
	30	125	–	–

Current receivables

United States dollars	3,211	753	–	–
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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:

	–	–	44,965	42,291
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In accordance with end of lease requirements at the Sunbeam Corporation Limited Campsie, NSW site, environment investigations are in progress. An accredited environmental engineer has been engaged to conduct such investigations. At the date of this Report, the environmental findings have not been received and it is not possible to assess the maximum amount that may become payable.

37. Events subsequent to balance date

Dividend declared

On 29 July 2002, the Board of Directors declared a fully franked dividend of 9.0 cents per ordinary share. Record date is 30 August 2002 and the dividend will be paid on 13 September 2002.

38. Earnings per share

Weighted average number of shares used as the denominator

Number for basic earnings per share

Ordinary shares	63,326,649	66,423,945
Shares deemed to be issued for no consideration in respect of Executive Share Options ⁽¹⁾	218,132	116,783
Number for diluted earnings per share	63,544,781	66,540,728

⁽¹⁾ Executive Share Options are considered to be potential ordinary shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share.

	\$'000	\$'000
Earnings used as the numerator in the calculation of basic EPS	\$6,398	\$10,670
Earnings used as the numerator in the calculation of diluted EPS	\$6,398	\$10,670
The number of Executive Share Options not included in the calculation of diluted EPS as they are not dilutive	–	674,125
The weighted average number of cancelled or lapsed potential ordinary shares included in the calculation of diluted EPS	37,068	3,575

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 2002 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 at Melbourne on this 29th day of July 2002 in accordance with a resolution of the Directors.



R J Fynmore
Director



I A Campbell
Director

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**Deloitte
Touche
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Scope

We have audited the financial report of GUD Holdings Limited for the financial year ended 30 June 2002 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.

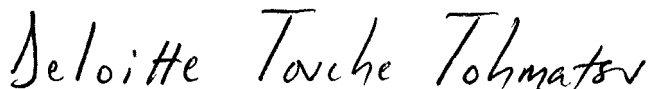
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial 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 2002 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.



Deloitte Touche Tohmatsu



D A Watson
Partner
Chartered Accountants
Melbourne, 29 July 2002

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

ADDITIONAL SHAREHOLDER INFORMATION

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 20 August 2002.

Shares held	No. of Shareholders	%	Shares
1 – 1,000	1,469	1.57	967,703
1,001 – 5,000	3,454	15.19	9,367,095
5,001 – 10,000	951	11.55	7,121,477
10,001 – 100,000	540	18.58	11,457,455
100,001 and over	33	53.11	32,758,983
Total	6,447	100.00	61,672,713

There are 114 shareholders holding less than a marketable parcel of shares. A marketable parcel is \$ 500.00.

The Twenty Largest Shareholders as at 20 August 2002

	Number of Shares	%
1 National Nominees Limited	7,156,293	11.60
2 RBC Global Services Australia Nominees Pty Limited (PIPOOLED A/C)	5,016,271	8.13
3 J P Morgan Nominees Australia Limited	4,700,173	7.62
4 Australian Foundation Investment Company Limited (Investment Portfolio A/C)	4,309,314	6.99
5 Commonwealth Custodial Services Limited	2,751,657	4.46
6 ANZ Nominees Limited	887,384	1.44
7 Argo Investments Limited	862,103	1.40
8 Westpac Custodian Nominees Limited	757,444	1.23
9 Mirrabooka Investments Limited (Investment Portfolio A/C)	694,765	1.13
10 Permanent Trustee Australia Limited (PAROOO2 A/C)	644,544	1.05
11 RBC Global Services Australia Nominees Pty Limited (PIIC A/C)	449,416	0.73
12 Victorian Workcover Authority	344,962	0.56
13 RBC Global Services Australia Nominees Pty Limited (BKCUST A/C)	344,348	0.56
14 RBC Global Services Australia Nominees Pty Limited (RA A/C)	343,352	0.56
15 Cogent Nominees Pty Limited	302,036	0.49
16 Queensland Investment Corporation	293,354	0.48
17 Cogent Nominees Pty Limited (SMP ACCOUNTS)	289,400	0.47
18 Citicorp Nominees Pty Limited	268,248	0.43
19 Atkins Brothers Pty Limited	250,215	0.41
20 Invia Custodian Pty Limited (MCM TCF A/C)	239,993	0.39

Substantial Shareholders of GUD Holdings Limited

As at 20 August 2002, the current notices of substantial shareholders were:

	Number of Shares	%
Perpetual Trustees Australia Limited	8,998,966	14.6
Paradise Cooper Investors Pty Ltd	4,000,000	6.5
Australian Foundation Investment Company Limited	3,892,122	6.3

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 CHESSE 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: 1300 850 505

Facsimile: (03) 9473 2555

Shareholders are able to obtain updated information and recent announcements concerning the Company by visiting the website of Coporatefile at www.corporatefile.com.au - open briefings GUD Holdings or the Company's website at www.gud.com.au

FINANCIAL SUMMARY

A\$million (unless otherwise stated)	2002	2001	2000	1999	1998
Sales & Profitability					
Sales Revenue	365.9	341.2	328.2	339.0	321.1
Trading EBITA*	36.3	26.6	26.2	26.6	24.7
EBITA	18.0	25.0	25.4	11.6	8.8
Net Profit Before Tax*	29.6	18.6	17.5	19.4	18.5
Net Profit Before Tax	9.1	17.2	17.5	4.4	2.5
Net Profit After Tax*	20.9	11.6	11.4	12.4	11.9
Net Profit After Tax	6.4	10.7	11.0	2.5	1.7
Financial Position					
Current Assets	131.2	146.7	121.7	130.4	125.0
Current Liabilities	68.1	82.4	101.2	89.0	59.7
Net Debt	38.0	73.0	67.9	80.6	77.4
Net Tangible Assets	70.6	72.3	68.8	64.5	68.1
Total Equity	121.7	130.7	127.6	124.9	126.5
Per Share Performance					
Earnings Per Share* (cents)	33.8	17.9	16.9	18.7	17.9
Earnings Per Share (cents)	10.1	16.1	16.4	3.8	2.7
Dividends per Share (cents)	16.5	15.0	15.0	15.0	19.0
NTA per Share (\$)	1.14	1.11	1.02	0.98	1.08
Key Ratios					
EBITA/Sales*	9.9%	7.8%	7.7%	7.8%	
Return on Capital Employed*	13.0%	5.7%	5.8%	6.0%	
Debt/Total Capital	24.0%	35.8%	34.7%	39.2%	
Net Debt/Market Capitalisation	18.8%	64.5%	56.0%	64.6%	
CVA Return*	13.1%	9.9%	9.4%	5.9%	
Working Capital/Sales	21%	26%	23%	26%	
Interest Cover (times)	6.7	3.6	3.7	1.7	

* Excludes Individually Significant Items (2001 & 2002) and Abnormals (prior years)

Directors

R J Fynmore, *Chairman*
I A Campbell, *Managing Director*
K H Spencer
G W Stuart
C K Hall
P G Thomas
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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Corporate Directory

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Email daveyadm@davey.com.au
Internet www.davey.com.au

Davey Products – NZ

Bryce Wilson, Manager
220A Bush Road
North Harbour Auckland 1330
New Zealand
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Facsimile (64 9) 914 3685
Email sales@daveynz.co.nz
Internet www.daveynz.co.nz

Financial Calendar

2002/2003

2002

August

Record Date for September Dividend –
30 August 2002

September

Annual Report mailed to shareholders
Payment of dividend – 13 September 2002

October

Annual General Meeting – 10 October 2002

November

Mailing of Chairman's Address to
Shareholders

2003

January/February

Announcement of results for the half year
ending 31 December 2002
Announcement of dividend

March

Mailing of half year profit report to
shareholders
Record date for dividend
Payment of dividend

June

End of Company's 2002/03 financial year

July

Preliminary announcement of results for
2002/03 financial year

Timing of events can be subject to change.



Registered Office

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