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Lodgement of Open Briefing.**



GUD Holdings Limited
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Title: Open Briefing. GUD Holdings. CEO on Share Buy-back

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GUD Holdings Limited recently announced that shareholders could choose to participate in a share buy-back at \$1.85 per share rather than receive the final dividend of 7.5 cents unfranked. How will a shareholder be affected if he or she chooses to participate in the GUD buy-back?

CEO Ian Campbell

A shareholder with say 5000 shares is entitled to an unfranked dividend of 7.5 cents per share, which is equal to \$375.00. If the shareholder does nothing, he or she will receive the dividend as usual.

If the shareholder wishes to participate in the buy-back, he or she completes the appropriate documents and GUD buys back 203 shares at \$1.85, sending the shareholder a cheque for \$375.55. The shareholder's stake, in this case, would reduce by 203 shares to 4,797 shares.

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Have ASX-listed companies provided this buy-back option previously?

CEO Ian Campbell

To our knowledge, we are the first company to take this approach.

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What are the attractions of the buy-back alternative for shareholders?

CEO Ian Campbell

Most shareholders differ in terms of tax position, holding price and personal circumstances.

Some shareholders may find the buy-back attractive, given their income needs, capital gains tax position, holding price and investment objectives. Others may have a position where they would prefer a dividend. Of lesser importance is the ability to sell shares without brokerage.

Shareholders should consult their financial advisor to help determine which alternative is appropriate for them.

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What are the benefits to GUD of this buy-back alternative?

CEO Ian Campbell

Whilst neutral in terms of cash flow to GUD, we are able to offer an alternative which may be valuable to some shareholders. If this option is widely accepted, there will be fewer shares in the market so earnings per share for remaining shareholders will increase and return on equity will be enhanced.

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If all shareholders participate, how many shares would GUD purchase?

CEO Ian Campbell

We would buy 2,731,258 shares or 4% of shares on issue.

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Do you plan further buy-back initiatives and if so, why?

CEO Ian Campbell

In the context of a wider capital restructure, if our strong cash flow continues and profit meets expectations, GUD is inclined to consider further buy-backs. We believe that fewer shares on issue and enhanced EPS will be in the interest of all shareholders.

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In the year ending June 30, 2000 GUD reported pre-tax profit of \$17.5 million versus \$19.4 million previously. How have you performed in July and August and what is the outlook?

CEO Ian Campbell

The new financial year has opened strongly, in line with our expectations. The real test will be in the second quarter leading up to Christmas.

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Thank you Ian. We look forward to our next Open Briefing with GUD Holdings.

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For further information on GUD Holdings Limited visit www.gud.com.au