



Appendix 4D - Half-Year Report

GUD Holdings Limited
(ABN 99 004 400 891)

Half-Year Ended 31 December 2005

(Previous corresponding period: Half-Year ended 31 December 2004)

Results for announcement to the market



Half-Year Ended 31 December 2005

	<u>Percentage Change</u>			<u>\$'000</u>
Revenues from ordinary activities	Up	14.42%	to	241,239
Profit (loss) from ordinary activities after tax attributable to members	Up	82.54%	to	20,194
Net profit (loss) for the period attributable to members	Up	82.54%	to	20,194

Dividends

	<u>Amount per security</u>	<u>Percentage franked</u>
Interim dividend	27 cents	100%
Date the dividend is payable:		10 March 2006
Record date for determining entitlements to the dividend:		24 February 2006

Amount of dividend per security

	<u>Amount per security</u>	<u>Percentage franked</u>
Interim Dividend		
In respect of the 2006 financial year as at 31 December 2005	27 cents	100%
In respect of the 2005 financial year as at 31 December 2004	23 cents	100%
Final Dividend		
In respect of the 2005 financial year as at 30 June 2005	27 cents	100%
In respect of the 2004 financial year as at 30 June 2004	23 cents	100%

Net Tangible Assets Per Security

As at 31 December 2005	\$1.06
As at 31 December 2004	\$1.26

Brief explanation of the figures reported above:

See commentary attached. The attached financial statements and Directors declaration have been subject to review by GUD'S independent statutory auditors.



30 January 2006

GUD Holdings Limited results for half year ended 31 December 2005

Interim dividend up 17% to 27 cents.

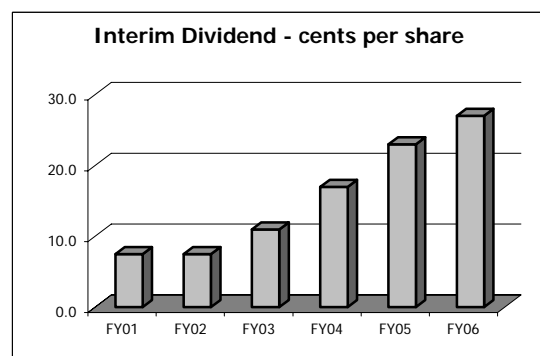
GUD Holdings Limited today announced an 83% increase in reported net profit to \$20.2 million from \$11.1 million in the half year ending 31 December 2005. There were no individually significant items in the period compared with an \$8.8 million charge last year. The result was achieved on a 14% increase in sales to \$241 million.

Directors have increased the interim dividend 17% to 27 cents fully franked from 23 cents previously. The payout ratio is 80% following an 84% increase in reported earnings per share to 33.7 cents.

Trading EBITA (excluding individually significant items) increased 8% to \$34.4 million and Trading EBITA/Sales was marginally lower at 14.3% from 15.1%. Trading earnings per share increased 2%.

The result included the first contribution from the Oates Clean acquisition, an improved performance from Victa and the benefits from last year's restructuring within the Automotive business.

"During the period we benefited from the contributions from recent acquisitions. The strength of our brands, continued focus on cost controls and benefits from outsourcing and restructuring initiatives have helped to protect margins," Managing Director Ian Campbell said.



"We were challenged by slower discretionary spending, increased competition at entry level price points and the impact of higher fuel costs. Our results represent a satisfactory return in a tough environment," he said.

A-IFRS transition: GUD has adopted accounting policies to comply with A-IFRS, effective 1 July 2005. The prior year's accounts have been adjusted to reflect the transition and to provide a consistent comparison. The primary impact relates to amortisation of goodwill and a restatement of last year's net profit to \$11.1 million from \$10.4 million. Full details on the A-IFRS impact are included in the Appendix 4D Half Year Report.



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Segment Summary - for the half year to 31 December

\$ million	Revenue			Reported EBIT			Trading EBITA		
	2005	2004	% change	2005	2004	% change	2005	2004	% change
Consumer	148.7	117.0	27%	16.0	14.0	14%	18.0	15.1	19%
Automotive	36.0	40.1	-10%	8.9	8.7	2%	8.9	8.7	2%
Water	49.7	46.4	7%	6.6	6.3	4%	6.6	6.3	4%
Security	6.8	7.2	-5%	1.1	1.5	-25%	1.1	1.5	-25%
Unallocated	(0.0)	(0.0)		(0.2)	(12.4)		(0.2)	0.2	
TOTALS	241.1	210.7	14%	32.4	18.1	79%	34.4	31.9	8%

Consumer Products Trading EBITA up 19% to \$18.0 million

Sales in the Consumer Products segment increased 27% to \$148.7 million due to the first time contribution from Oates Clean and a better performance from Victa. Sunbeam reported stronger sales during the Christmas period, but sales were marginally lower over the half as a result of subdued consumer spending.

Sunbeam continues to lead the small appliance market in new product activity and has retained its market leadership position across the period. Returns from Sunbeam continue to track well above the cost of capital. The business is well positioned to grow as retail conditions improve.

The position of the Victa brand with Australian consumers was instrumental in driving recovery in market share against price-pointed, lower quality, competitive products. Victa is in the midst of implementing its component outsourcing program and the benefits should be evident in the current half.

The contribution from the recently acquired Oates Clean business was slightly below expectations due to one-off transition and integration costs and delays in new product introductions. Opportunities have been identified to improve Oates' operational performance in future periods.

Automotive Products Trading EBITA up 2% to \$8.9 million

Improved profit was achieved due to the success of last year's restructuring amid difficult conditions in automotive aftermarkets. Outsourced products under the Ryco brand are meeting quality expectations and the brand's product range has been expanded in traditional filters and into emerging cabin air filtration.

The branch network operated by Wesfil was further expanded with the opening of an operation in Townsville. Additional geographic expansion opportunities are being evaluated.

Water Products Trading EBITA up 4% to \$6.6 million

Operational cost reductions and new product introductions, particularly in Davey, and benefits from acquisitions underpinned sales and profit growth during the half year.



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The performance of Contamination Control, acquired in May 2005, was in line with expectations. Opportunities have been identified to grow market share and improve the cost structure.

Security Products Trading EBITA down 25% to \$1.1 million

Patchy trading conditions across all market segments resulted in a lower than expected performance. Further investments in automated equipment, commissioned during the half, should result in lower costs.

Outlook

“There is no change to full year profit guidance. Trading profit in the current financial year is expected to exceed last year’s result,” Managing Director Ian Campbell said.

“We anticipate continued benefits from recent acquisitions, active cost management, outsourcing activities and new product introductions.”

“We continue to pursue growth via acquisitions and, if successful, shareholders could expect a further boost to earnings per share. Our acquisition strategy remains focused on growing our portfolio of Australian and New Zealand brands in the industrial and consumer sectors.”

“Following the 17% increase in the interim dividend, we anticipate the full year dividend will increase by 15% to 20%,” he said.

For further information:

Ian Campbell
Managing Director
GUD Holdings Limited
t: 03 9243 3332



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Financial Summary & Ratios - December Half Year		2005	2004	2003	2002	2001
		\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Sales & Profitability						
Sales Revenue		241.1	210.7	211.6	197.9	192.7
Trading EBITA*	Consumer Products	18.0	15.1	19.4	12.3	9.4
	Automotive Products	8.9	8.7	9.6	7.2	6.6
	Water Products	6.6	6.3	4.5	4.1	2.8
	Security Products	1.1	1.5	1.6	0.9	1.2
	Unallocated	(0.2)	0.2	0.1	0.1	(1.3)
Total Trading EBITA*		34.4	31.9	35.1	24.6	18.6
Net Trading Profit Before Tax*		29.1	29.1	32.0	21.1	14.7
Net Trading Profit After Tax*		20.2	19.9	22.4	14.7	10.9
Individually Significant Items (abnormals pre-2001) before tax		0.0	(12.6)	(3.0)	(2.0)	(20.0)
Net Profit Before Tax		29.1	16.4	29.0	19.1	(5.2)
Net Profit After Tax		20.2	11.1	20.3	13.3	(3.5)
Financial Position						
Current Assets		174.1	159.5	135.9	146.6	134.7
Current Liabilities		65.8	67.5	64.0	57.7	68.2
Net Debt		87.8	53.1	23.6	53.3	52.3
Net Tangible Assets		68.2	76.3	87.8	76.2	66.4
Total Equity		138.2	134.9	138.2	127.1	120.2
Per Share Performance**						
Earnings Per Share* (cents)		33.7	32.9	36.7	24.2	17.1
Earnings Per Share (cents)		33.7	18.3	33.2	21.9	(5.5)
Dividends Declared per Share (cents)		27.0	23.0	17.0	11.0	7.5
% Franked		100%	100%	100%	100%	0%
Payout Ratio*		80.1%	69.9%	46.4%	45.5%	43.9%
NTA per Share (\$)		\$1.14	\$1.26	\$1.44	\$1.26	\$1.08
Share Statistics (at 31 December each year)						
Total Shares on Issue - millions		59.9	60.5	61.0	60.8	63.6
Closing Share Price \$		7.50	9.30	6.87	3.80	1.95
Market Capitalisation		449.4	562.4	418.9	231.1	124.0
Key Ratios						
Trading EBITA/Sales*		14.3%	15.1%	16.6%	12.4%	9.7%
Debt/Total Capital		38.8%	28.3%	14.6%	29.6%	30.3%
Net Debt/Market Capitalisation		19.5%	9.4%	5.6%	23.1%	42.2%
Interest Cover - times (EBITA/Net Interest)*		10.6	19.0	25.6	12.1	6.1

* Trading results exclude Individually Significant Items

** Calculated on shares on issue at reporting date



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Director's Report

The Directors of GUD Holdings Limited submit herewith the financial report for the half-year ended 31 December 2005. In order to comply with the provisions of the Corporations Act 2001 the Directors report as follows:

The names of the Directors of the company during or since the end of the half year are:

Non-Executive Directors

Mr. C.K. Hall (Chairman)
Mr. P.G. Thomas
Mr. G.D.W. Curlewis
Mr. R.M Herron

Executive Directors

Mr. I.A. Campbell (Managing Director)
Mr. R.J. Wodson (Finance Director)

Each of the above named Directors held office at all times during and since the end of the half-year.

Review of Operations

A review of the operations of the consolidated entity during the half-year and the results of these operations are set out in the attached results announcement.

GUD First Half Results

The consolidated net profit for the half-year attributable to the shareholders of GUD Holdings Limited after providing for income tax was \$20.194 million.

Segment Results Summary

Segmental results for the half-year ended 31 December 2005 are set out in the attached results announcement

Dividend

On 30 January 2006, the Board of Directors declared a fully franked dividend of 27 cents per ordinary share. Record date is 24 February 2006 and the dividend will be paid on 10 March 2006

Auditor's Declaration of Independence

A copy of the auditor's declaration under section 307C in relation to the review for the half-year is attached

Rounding Off of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998 and in accordance with that Class Order, amounts in the directors' report and the accompanying financial report have been rounded off to the nearest one thousand dollars unless otherwise stated

Signed in accordance with a resolution of the Directors made pursuant to a S.306(3) of the Corporations Act 2001
On behalf of the Directors



Mr. C.K. Hall
Chairman of Directors
Signed at Melbourne
30 January 2006



Mr. I.A. Campbell
Managing Director

Independent Review Report to the Members of GUD Holdings Limited

Scope

Audit Opinion

Signed

AUDIT REPORT WITH PAGE REFERENCES

Pages 10 to 31

Director's declaration

The directors declare that:

- (a) in the directors opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable; and
- (b) in the directors opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Mr. C.K. Hall
Chairman of Directors
Signed at Melbourne
30 January 2006



Mr. I.A. Campbell
Managing Director

CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

GUD Holdings Limited and controlled entities	Consolidated	
	Half-Year Ended	Half-Year Ended
	31 Dec 05	31 Dec 04
	\$'000	\$'000
Sales revenue	241,132	210,659
Interest	107	177
Total Revenue	241,239	210,836
Other income	592	274
Cost of goods sold	(149,039)	(126,559)
Marketing and selling expenses	(28,121)	(24,026)
Product development and sourcing	(2,043)	(1,581)
Logistics expenses and outward freight	(14,689)	(11,110)
Administration expenses	(12,194)	(9,704)
Finance costs	(3,360)	(1,858)
Restructuring expenses - individually significant items		
▪ Restructure of Ryco/Wesfil Division	-	(12,642)
Other expenses	(3,259)	(7,201)
Profit before income tax expense	29,126	16,429
Income tax expense	(8,932)	(5,366)
Net profit attributable to members of GUD Holdings Limited	20,194	11,063
Basic earnings per share (cents per share)	33.70	17.14
Diluted earnings per share (cents per share)	33.70	17.14

Notes to the financial statements are annexed.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2005

GUD Holdings Limited and controlled entities	Note	Consolidated	
		31 Dec 05	30 June 05
		\$'000	\$'000
Current assets			
Cash and cash equivalents		25,808	23,303
Trade and other receivables	5	85,703	50,029
Inventories	6	82,653	67,275
Other		5,719	4,307
Total current assets		199,883	144,914
Non-current assets			
Property, plant and equipment	7	35,993	27,202
Intangible assets	8	74,422	63,046
Deferred tax assets		1,317	491
Product development	9	8,723	7,946
Total non-current assets		120,455	98,685
Total assets		320,338	243,599
Current liabilities			
Trade and other payables		49,637	32,754
Borrowings	10(a)	55,358	29,861
Current tax payables		4,275	3,819
Provisions	11(a)	11,863	9,405
Total current liabilities		121,133	75,839
Non-current liabilities			
Borrowings	10(b)	58,201	31,028
Provisions	11(b)	2,806	2,455
Total non-current liabilities		61,007	33,483
Total liabilities		182,140	109,322
Net assets		138,198	134,277
Equity			
Issued capital		98,437	98,437
Reserves		57	2
Retained earnings		39,704	35,838
Total equity		138,198	134,277

Notes to the financial statements are annexed.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005**

GUD Holdings Limited and controlled entities

Consolidated

	Half-Year Ended 31 Dec 05 \$'000	Half-Year Ended 31 Dec 04 \$'000
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Retained Earnings

Retained earnings at the beginning of the period	35,838	33,355
Impact of adoption of AASB139 Financial Instruments: Recognition and Measurement	(151)	-
Net profit attributable to members of the parent entity	20,194	11,063
Dividends	(16,177)	(14,010)
Retained earnings at the end of the period	39,704	30,408

Reserves

Reserves at the beginning of the period	2	-
Exchange differences on translating foreign operations	55	(2)
Reserves at the end of the period	57	(2)

Share Capital

Share capital at the beginning of the period - 59,916,164 (1 July 2004 - 60,864,825) fully paid shares	98,437	106,363
Share buy-back	-	(4,187)
Issue of shares under the executive share option scheme	-	85
Share capital at the end of the period - 59,916,164 (31 Dec 2004 60,474,137) fully paid shares	98,437	102,261

Net profit attributable to members of the parent entity	20,194	11,063
Exchange differences on translating foreign operations	55	(2)
Total Income And Expense For Period	20,249	11,061

Notes to the financial statements are annexed.

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

GUD Holdings Limited and controlled entities

Consolidated

	Half-Year Ended 31 Dec 05 \$'000	Half-Year Ended 31 Dec 04 \$'000
Cash flows from operating activities		
Receipts from customers	230,053	189,693
Payments to suppliers and employees	(211,213)	(187,542)
Interest received	107	177
Interest and other costs of finance paid	(3,360)	(1,858)
Income tax paid	(8,635)	(11,809)
Net cash provided by/(used in) operating activities	6,952	(11,339)
Cash flows from investing activities		
Payments for property, plant and equipment	(3,065)	(3,840)
Proceeds from sale of property, plant and equipment	179	725
Payment for businesses	(34,985)	-
Payments for intangible assets and development costs	(2,745)	(2,805)
Net cash used in investing activities	(40,616)	(5,920)
Cash flows from financing activities		
(Repayment)/Proceeds of borrowings	51,638	14,694
Payment for share buy-back	-	(4,187)
Proceeds from issue of shares	-	85
Dividends paid	(16,177)	(14,010)
Net cash provided by/(used in) financing activities	35,461	(3,418)
Net increase/(decrease) in cash and cash equivalents	1,797	(20,677)
Cash and cash equivalents at the beginning of the period	19,910	29,708
Effects of exchange rate changes on the balance of cash held in foreign currencies	79	25
Cash and cash equivalents at the end of the half-year	21,786	9,056
Reconciliation of cash and cash equivalents at the end of the half-year		
Cash at bank and on hand	25,808	9,404
Unsecured bank overdraft	(4,022)	(348)
	21,786	9,056

Notes to the financial statements are annexed.

1. **Summary of accounting policies**

Basis of preparation

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The consolidated entity changed its accounting policies on 1 July 2005 to comply with A-IFRS. The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, with 1 July 2004 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position, financial performance and cash flows is discussed in note 13.

The accounting policies set out below have been applied in preparing the financial statements for the half-year ended 31 December 2005, the comparative information presented in these financial statements, and in the preparation of the opening A-IFRS balance sheet at 1 July 2004 (as disclosed in note 13), the consolidated entity's date of transition, except for the accounting policies in respect of financial instruments. The consolidated entity has not restated comparative information for financial instruments, including derivatives, as permitted under the first-time adoption transitional provisions. The accounting policies for financial instruments applicable to the comparative information are consistent with those adopted and disclosed in the lodged 2005 annual financial report.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the half-year financial report.

Borrowing

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Derivative financial instruments

The consolidated entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts and options, and, interest rate swaps and options.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The consolidated entity designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), and hedges of highly probable forecast transactions (cash flow hedges).

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Derivatives that do not qualify for hedge accounting

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

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Employee benefits

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

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

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

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

Loans and receivables

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

Foreign currency

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except that:

- exchange differences which relate to assets under construction for future productive use are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and (refer 'Derivative financial instruments')
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investments.

Foreign operations

On consolidation, the assets and liabilities of the consolidated entity's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to A-IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date. Goodwill arising on acquisitions before the date of transition to A-IFRS is treated as an Australian dollar denominated asset.

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, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

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

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

Goodwill

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

Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affect neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

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

Tax consolidation

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

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, GUD Holdings Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

Intangible assets

Patents, licences and distribution rights

Patents and licences are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over the shorter of the relevant agreement or useful life. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Distribution rights are recorded at cost. The carrying value is tested for impairment as part of the annual testing of cash generating units.

Brandnames and trademarks

Brandnames and trademarks are recorded at cost. The carrying value is tested for impairment as part of the annual testing of cash generating units.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated intangible assets are stated at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over their useful lives as follows:

- Product development costs over a maximum of 3 years

Intangible assets acquired in a business combination

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

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

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

Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

Property, plant and equipment

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

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land.

Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

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

- Buildings 25 to 40 years
- Plant and equipment 3 to 12 years
- Equipment under finance lease 3 to 12 years

Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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

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

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

Restructuring

Provision for restructurings are recognised when the consolidated entity has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by:

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

Warranties

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

Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividend and interest revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Comparative Information financial instruments

The consolidated entity has elected not to restate comparative information for financial instruments within the scope of Accounting Standards AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement, as permitted on the first-time adoption of A-IFRS. The effect of changes in the accounting policies for financial instruments on the balance sheet as at 1 July 2005 is as follows;

Current Assets – Other Assets reduced by \$0.216 million from \$4.307 million at 30 June 2005 to \$4.091 million at 1 July 2005.

Current Liabilities - Current Tax Liability reduced by \$0.065 million from \$3.819 million at 30 June 2005 to \$3.754 million at 1 July 2005.

Equity – Retained Earnings reduced by \$0.0151 million from \$35.838 million at 30 June 2005 to \$35.687 million at 1 July 2005. A full reconciliation of the movement in retained earnings for the period is contained in the Consolidated Statement of Changes in Equity.

The above impacts on “Other Assets” and “Retained Earnings” follow from a change in accounting policy for Financial Instruments and arise from the recognition and measurement of all derivatives at fair value. These adjustments would have been made to the comparative balances in order to comply with AASB 132 and AASB 139 had GUD not elected to adopt the exemption from the requirement to restate comparative information for AASB 132 and AASB 139.

Notes to the Financial Statements for the Half-Year Ended 31 December 2005

2. Subsequent Events

Interim dividends declared

On 30 January 2006, the Board of Directors declared a fully franked dividend of 27 cents per ordinary share. Record date is 24 February 2006 and the dividend will be paid on 10 March 2006.

3. Dividends

	Half-year ended 31-Dec-05			Half-year ended 31-Dec-04		
	Cents per share	Total \$'000	Date paid / payable	Cents per share	Total \$'000	Date paid / payable
<u>Recognised amounts</u>						
Fully paid ordinary shares						
Final Dividend	27 cents	16,177	9 September 2005	23 cents	14,010	10 September 2004
<u>Unrecognised amounts</u>						
Fully paid ordinary shares						
Interim Dividend	27 cents	16,177	10 March 2006	23 cents	13,900	11 March 2005

4. Changes in the composition of the consolidated entity

Since 30 June 2005, the Company acquired 100% of the shares in E D Oates Holdings Ptd Ltd, a manufacturer and importer of cleaning products, for cash consideration of \$35 million, and took control on 1 July 2005.

The fair value of the net assets acquired and the goodwill arising on acquisition have been provisionally determined. As at the date of this report the directors have not finalised their assessment of fair value.

The amounts disclosed below are based on the carrying amounts of the identifiable assets and liabilities as recorded in the books of the acquiree at the date of acquisition.

Provisional details of the acquisition are as follows:

	Half-year ended 31-Dec-05
Consideration	\$'000
Cash	34,985
Comprising:	
Purchase consideration	34,500
Transaction costs	485
Fair value of assets acquired	
Cash and cash equivalents	3
Trade and other receivables	10,354
Prepayments	120
Inventories	14,855
Property, plant and equipment	9,422
Intangible assets	163
Deferred tax assets	1,085
Trade and other payables	(4,592)
Borrowings	(4,401)
Employee benefits	(2,980)
Deferred tax liabilities	(249)
Net assets acquired	23,780
Goodwill on acquisition	11,205
	34,985

For the half-year ended 31 December 2005, the E D Oates business contributed revenues of \$30.55 million and profit after tax of \$1.53 million.

There were no acquisitions in the half year ended 31 December 2004.

31 Dec 05

30 June 05

\$'000

\$'000

5. Trade and other receivables**Current**

Trade debtors	86,238	50,653
Less: Allowance for doubtful debts	(535)	(624)
Total receivables	85,703	50,029

6. Inventories**Current**

Raw materials and stores at cost	11,413	7,873
Raw materials and stores at net realisable value	772	3,839
	12,185	11,712
Work in progress at cost	7,294	6,947
Work in progress at net realisable value	4,465	2,533
	11,759	9,480
Finished goods and spare parts at cost	42,100	36,600
Finished goods and spare parts at net realisable value	16,609	9,483
	58,709	46,083
Total inventories	82,653	67,275

7. Property, plant and equipment**Non-current**

Freehold land and buildings at cost	4,266	4,208
Accumulated depreciation	(168)	(263)
Total land and buildings	4,098	3,945
Plant and equipment at Ryco Tottenham plant at cost	2,026	24,055
Accumulated depreciation	(1,767)	(15,632)
Write-down to recoverable amount	-	(8,157)
Plant and equipment at Ryco Tottenham plant at recoverable amount	259	266
Other plant and equipment at cost	76,772	31,146
Accumulated depreciation	(50,969)	(11,883)
Total other plant and equipment	25,803	19,263
Leased plant and equipment		
At capitalised cost	8,349	5,215
Accumulated amortisation	(2,516)	(1,487)
Total leased plant and equipment	5,833	3,728
Total net book value of property, plant and equipment	35,993	27,202

8. Intangible assets**Non-current**

Goodwill	34,138	22,718
Patents, licences and distribution rights at cost	3,224	3,111
Accumulated amortisation	(2,241)	(2,021)
	983	1,090
Brand names, business names and trademarks at cost	39,301	39,238
Total intangible assets	74,422	63,046

31 Dec 05

30 June 05

\$'000

\$'000

9. Product development**Non-current**

Product development costs	15,684	14,363
Accumulated amortisation	(6,961)	(6,417)
	8,723	7,946

10. Borrowings**(a) Current**

Unsecured bank overdraft	4,022	3,393
Unsecured bank loan	49,528	25,651
Secured finance lease liabilities	1,808	817
	55,358	29,861

(b) Non-Current

Unsecured bank loan	54,704	27,952
Secured finance lease liabilities	3,497	3,076
	58,201	31,028

11. Provisions**(a) Current**

Employee benefits	8,962	6,105
Restructuring (including redundancies)	331	693
Warranty	2,570	2,607
	11,863	9,405

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

The provision for restructuring represents the present value of the Directors' best estimate of the costs required to relocate and restructure the various entities within the group.

(b) Non-current

Employee benefits	2,806	2,455
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Number of employees

Number of employees at the end of the period	1,311	938
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12. Segment information

For the half-year ended 31 December 2005

Primary reporting	Consumer Products	Automotive Products	Water Products	Security Products	Unallocated	Total
<u>1. Business segments</u>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue (external)	148,730	35,958	49,661	6,807	83	241,239
Segment result before amortisation & depreciation	20,079	9,084	7,648	1,451	(190)	38,072
Amortisation & depreciation	4,057	205	1,080	346	5	5,693
Segment result after amortisation & depreciation	16,022	8,879	6,568	1,105	(195)	32,379
Less : Net interest						(3,253)
Profit before income tax expense						29,126
Income tax expense						(8,932)
Profit for the period						20,194
Segment assets	194,620	39,674	70,440	15,612	(8)	320,338
Segment liabilities	70,071	9,958	19,440	3,248	79,423	182,140
Segment acquisition of assets	26,689	257	1,226	617	7	28,796
Secondary reporting		Australia	New Zealand	Unallocated	Eliminations	Total
<u>2. Geographical segments</u>		\$'000	\$'000	\$'000	\$'000	\$'000
External segment revenue		215,944	23,331	1,964	-	241,239
Inter-segment revenue		6,239	2,562	-	(8,801)	-
Total segment revenue		222,183	25,893	1,964	(8,801)	241,239
Segment assets		266,091	52,930	1,317	-	320,338
Segment acquisition of assets		28,609	176	11	-	28,796
3. Activity segments	Consumer Products	Automotive Products	Water Products	Security Products	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profit (loss) from trading activities (before tax)	15,537	8,796	5,882	1,082	(2,171)	29,126
Profit (loss) from trading activities (after tax)	10,892	6,173	4,041	764	(1,676)	20,194

12. Segment information (continued)

For the half-year ended 31 December 2004

Primary reporting	Consumer Products	Automotive Products	Water Products	Security Products	Unallocated	Total
<u>1. Business segments</u>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total segment revenue (external)	116,986	40,108	46,426	7,151	165	210,836
Segment result before amortisation & depreciation	16,269	4,566	7,406	1,728	243	30,212
Amortisation & depreciation	2,251	8,488	1,104	256	3	12,102
Segment result after amortisation & depreciation	14,018	(3,922)	6,302	1,472	240	18,110
Less : Net interest						(1,681)
Profit before income tax expense						16,429
Income tax expense						(5,366)
Profit for the period						11,063

Segment assets	145,465	41,050	64,708	15,054	(1,472)	264,805
Segment liabilities	60,986	15,155	20,476	2,407	33,114	132,138
Segment acquisition of assets	6,816	196	973	595	-	8,580

Secondary reporting	Australia	New Zealand	Unallocated	Eliminations	Total
<u>2. Geographical segments</u>	\$'000	\$'000	\$'000	\$'000	\$'000
External segment revenue	189,110	21,561	165	-	210,836
Inter-segment revenue	5,122	2,957	-	(8,079)	-
Total segment revenue	194,232	24,518	165	(8,079)	210,836
Segment assets	216,743	41,881	6,181	-	264,805
Segment acquisition of assets	8,313	267	-	-	8,580

<u>3. Activity segments</u>	Consumer Products	Automotive Products	Water Products	Security Products	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profit (loss) from trading activities (before tax)	13,222	8,014	5,332	1,323	1,180	29,071
Profit (loss) from trading activities (after tax)	12,477	3,957	4,681	1,955	(3,158)	19,912
Profit (loss) from individually significant items (before tax)	-	(12,642)	-	-	-	(12,642)
Profit (loss) from individually significant items (after tax)	-	(8,849)	-	-	-	(8,849)
Profit (loss) from normal activities (before tax)	13,222	(4,628)	5,332	1,323	1,180	16,429
Profit (loss) from normal activities (after tax)	12,477	(4,892)	4,681	1,955	(3,158)	11,063

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

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

Business segments

Consumer Products (Sunbeam,Victa,Oates)

Small electrical appliances, lawn-mowers and cleaning products.

Automotive Products (Ryco,Wesfil,Goss)

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

Water Products (Davey, Spa-Quip, Contamination Control)

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

Security Products (Lock Focus)

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

CONSOLIDATED INCOME STATEMENT

GUD Holdings Limited and controlled entities

13. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards

The consolidated entity changed its accounting policies on 1 July 2005 to comply with Australian equivalents to International Financial Reporting Standards (A-IFRS).

The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, with 1 July 2004 as the date of transition, except for financial instruments, including derivatives, where the date of transition is 1 July 2005.

An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Effect of A-IFRS on the income statement for the half-year ended 31 December 2004 and the financial year ended 30 June 05	Note	Consolidated Effects of transition to A-			Consolidated Effects of transition to A-		
		Superseded policies* 31 Dec 04 \$'000	IFRS \$'000	A-IFRS 31 Dec 04 \$'000	Superseded policies* 30 June 05 \$'000	IFRS \$'000	A-IFRS 30 June 05 \$'000
Sales revenue		210,659	-	210,659	394,446	-	394,446
Interest		177	-	177	341	-	341
Gross proceeds from sale of plant and equipment	(c)	725	(725)	-	27	(27)	-
Total Revenue		211,561	(725)	210,836	394,814	(27)	394,787
Other income		274	-	274	774	-	774
Cost of goods sold		(126,559)	-	(126,559)	(240,307)	-	(240,307)
Marketing and selling expenses		(24,026)	-	(24,026)	(43,248)	-	(43,248)
Product development and sourcing		(1,581)	-	(1,581)	(2,502)	-	(2,502)
Logistics expenses and outward freight		(11,110)	-	(11,110)	(20,984)	-	(20,984)
Administration expenses		(9,704)	-	(9,704)	(20,487)	-	(20,487)
Finance costs		(1,858)	-	(1,858)	(4,206)	-	(4,206)
Restructuring expenses - individually significant items				-			-
▪ Restructure of Ryco/Wesfil Division		(12,642)	-	(12,642)	(12,642)	-	(12,642)
Amortisation of goodwill	(b)	(698)	698	-	(1,474)	1,474	-
Other expenses	(c)	(7,926)	725	(7,201)	(7,499)	27	(7,472)
Profit before income tax expense		15,731	698	16,429	42,239	1,474	43,713
Income tax expense		(5,366)	-	(5,366)	(13,320)	-	(13,320)
Net profit attributable to members of GUD Holdings Limited		10,365	698	11,063	28,919	1,474	30,393

* Reported under superseded Australian GAAP

Equity		Consolidated Effects of transition to A-			Consolidated Effects of transition to A-		
		Superseded policies* 31 Dec 04 \$'000	IFRS \$'000	A-IFRS 31 Dec 04 \$'000	Superseded policies* 30 June 05 \$'000	IFRS \$'000	A-IFRS 30 June 05 \$'000
Share capital		102,261	-	102,261	98,437	-	98,437
General reserve		923	(923)	-	923	(923)	-
Foreign currency reserve	(a)	443	(445)	(2)	447	(445)	2
Retained Earnings	(e)	31,266	(858)	30,408	35,920	(82)	35,838
		134,893	(2,226)	132,667	135,727	(1,450)	134,277

* Reported under superseded Australian GAAP

Effect of A-IFRS on the cash flow statement

There are no material differences between the cash flow statement presented under A-IFRS and the cash flow statement presented under the superseded policies for all periods.

CONSOLIDATED BALANCE SHEET

GUD Holdings Limited and controlled entities

13. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (cont'd)

Effect of A-IFRS on the balance sheet as at 1 July 2004

	Note	Superseded policies*	Consolidated Effects of transition to A-IFRS	A-IFRS
		\$'000	\$'000	\$'000
Current assets				
Cash and cash equivalents		29,708	-	29,708
Trade and other receivables		51,121	-	51,121
Inventories		66,498	-	66,498
Other		4,665	-	4,665
Total current assets		151,992	-	151,992
Non-current assets				
Property, plant and equipment		36,791	-	36,791
Intangible assets		57,895	-	57,895
Deferred tax assets	(d)	4,026	(2,924)	1,102
Other		4,038	-	4,038
Total non-current assets		102,750	(2,924)	99,826
Total assets		254,742	(2,924)	251,818
Current liabilities				
Trade and other payables		37,894	-	37,894
Borrowings		27,124	-	27,124
Current tax payables		8,564	-	8,564
Provisions		16,661	-	16,661
Total current liabilities		90,243	-	90,243
Non-current liabilities				
Borrowings		20,182	-	20,182
Deferred tax liabilities		62	-	62
Provisions		1,613	-	1,613
Total non-current liabilities		21,857	-	21,857
Total liabilities		112,100	-	112,100
Net assets		142,642	(2,924)	139,718
Equity				
Issued capital		106,363	-	106,363
Reserves	(a) (e)	1,368	(1,368)	-
Retained earnings	(e)	34,911	(1,556)	33,355
Total equity		142,642	(2,924)	139,718

* Reported financial position for the financial year ended 30 June 2004.

CONSOLIDATED BALANCE SHEET
GUD Holdings Limited and controlled entities

13. Impacts of the adoption of Australian equivalents to International
Financial Reporting Standards (cont'd)

Effect of A-IFRS on the balance sheet as at 31 December 2004
and 30 June 05

	Consolidated			Consolidated			
	31 December 2004			30 June 2005			
	Note	Superseded policies*	Effects of transition to A- IFRS	A-IFRS	Superseded policies*	Effects of transition to A- IFRS	A-IFRS
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Current assets							
Cash and cash equivalents		9,404	-	9,404	23,303	-	23,303
Trade and other receivables		83,025	-	83,025	50,029	-	50,029
Inventories		70,703	-	70,703	67,275	-	67,275
Other		5,787	-	5,787	4,307	-	4,307
Total current assets		168,919	-	168,919	144,914	-	144,914
Non-current assets							
Property, plant and equipment		27,659	-	27,659	27,202	-	27,202
Intangible assets	(b)	58,616	698	59,314	61,572	1,474	63,046
Deferred tax assets	(d)	6,181	(2,924)	3,257	3,415	(2,924)	491
Other		5,656	-	5,656	7,946	-	7,946
Total non-current assets		98,112	(2,226)	95,886	100,135	(1,450)	98,685
Total assets		267,031	(2,226)	264,805	245,049	(1,450)	243,599
Current liabilities							
Trade and other payables		48,076	-	48,076	32,754	-	32,754
Borrowings		35,969	-	35,969	29,861	-	29,861
Current tax payables		4,353	-	4,353	3,819	-	3,819
Provisions		15,024	-	15,024	9,405	-	9,405
Total current liabilities		103,422	-	103,422	75,839	-	75,839
Non-current liabilities							
Borrowings		26,580	-	26,580	31,028	-	31,028
Provisions		2,136	-	2,136	2,455	-	2,455
Total non-current liabilities		28,716	-	28,716	33,483	-	33,483
Total liabilities		132,138	-	132,138	109,322	-	109,322
Net assets		134,893	(2,226)	132,667	135,727	(1,450)	134,277
Equity							
Issued capital		102,261	-	102,261	98,437	-	98,437
Reserves	(a)(e)	1,366	(1,368)	(2)	1,370	(1,368)	2
Retained profits	(e)	31,266	(858)	30,408	35,920	(82)	35,838
Total equity		134,893	(2,226)	132,667	135,727	(1,450)	134,277

* Reported under superseded Australian GAAP

13. Impacts of the adoption of Australian equivalents to International Financial Reporting Standards (cont'd)

(a) Cumulative exchange differences

At the date of transition, the consolidated entity elected to reset the foreign currency translation reserve to zero. An amount of \$0.445 million was reclassified from the foreign currency translation reserve to retained earnings. These translation differences will be excluded from the calculation of any gain or loss on subsequent disposal of the foreign operations.

(b) Goodwill

The consolidated entity has elected not to restate business combinations that occurred prior to the date of transition to A-IFRS, and accordingly, the carrying amount of goodwill at the date of transition has not changed. However, goodwill, which was amortised under superseded policies, is not amortised under A-IFRS from the date of transition. The effect of the change is an increase in the carrying amount of goodwill by \$0.698 million and an increase in net profit before tax of \$0.698 million for the half-year ended 31 December 2004, and an increase in net profit before tax of \$1.474 million for the financial year ended 30 June 2005. There is no tax effect as deferred taxes are not recognised for temporary differences arising from goodwill for which amortisation is not deductible for tax purposes.

(c) Revenue

Under superseded policies, the consolidated entity recognised the gain or loss on disposal of property, plant and equipment on a gross basis by recognising the proceeds from sale as revenue, and the carrying of the property, plant and equipment disposed as an expense. Under A-IFRS, the gain or loss on disposal is recognised on a net basis, and is classified as income, rather than revenue. Accordingly, the gross amounts have been reclassified within the income statement for A-IFRS reporting purposes.

(d) Income tax

Under superseded policies, the consolidated entity adopted tax-effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustments for permanent differences. The tax-effect of timing differences, which occur when items were included or allowed for income tax purposes in a period different to that for accounting were recognised at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable. Under A-IFRS, deferred tax is determined using the balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases. Increases in deferred tax liabilities have arisen as a consequence of the recognition of deferred taxes associated with brand names only. The effect of the above adjustments on the deferred tax balances are as follows:

	Consolidated		
	1 July 2004	31 December 2004	30 June 2005
	\$'000	\$'000	\$'000
Deferred tax not recognised under superseded GAAP	2,924	2,924	2,924

(e) Retained earnings

The effect of the above adjustments on retained earnings is as follows:

	Consolidated		
	1 July 2004	31 December 2004	30 June 2005
	\$'000	\$'000	\$'000
Transfer from foreign currency translation reserve	445	445	445
Goodwill no longer amortised	-	698	1,474
Transfer from general reserve	923	923	923
Adjustments to tax balances	(2,924)	(2,924)	(2,924)
Total adjustments to retained earnings	(1,556)	(858)	(82)