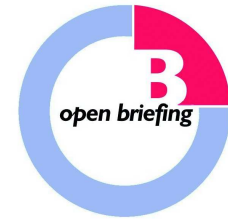


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GUD Holdings Limited  
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Victoria, 3020

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**Title:** Open Briefing®. GUD Holdings. MD on Business Update and SPP

**Record of interview:**

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GUD Holdings Ltd (ASX: GUD) has provided a trading update for the nine months to 31 March 2009. The trading EBIT reported was \$45.2 million and trading PAT was \$27.3 million, a decline of 4 percent and 3 percent respectively on the previous corresponding period (pcp). What were the major drivers of the result and how is the business placed to continue to sustain future returns?

**MD Ian Campbell**

The trading environment this year has been significantly more challenging and has required a more focussed management effort just to stay in line.

Leveraging our brand strength through advertising and new product development has been critical. We have aggressively attacked the cost base, both domestically and with our offshore suppliers. These activities will continue.

Price increases have been accepted by our customers acknowledging the currency impacts for all imported finished goods and components. We have concentrated on controllable expenses such as staffing, travel, logistics, but not to the detriment of customer service. Again, all these areas of management control will continue.

Although our trading EBIT is 4 percent behind last year, we are pleased with the result.

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You have previously flagged an expectation that cash flow should improve in the second half, can you comment on how the cash flow is progressing relative to your expectations?

**MD Ian Campbell**

We traditionally enjoy a seasonal cash flow improvement in working capital in the second half of the year as a result of payments from our customers from Christmas trading. This seasonal improvement has occurred as expected. This year, we expect our operating cash flow to be slightly below due to currency affected cost of inventory.

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What impact is the Australian dollar having on the business at the current level of 69 to 70 cents?

**MD Ian Campbell**

Our March results include the revaluation of hedging contracts to 69 cents for the balance of the current financial year and into FY10.

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GUD today announced a Share Purchase Plan (SPP) for eligible shareholders to purchase up to \$15,000 worth of GUD shares at the lower of \$6.50 or a 5 percent discount to value weighted average price (VWAP) for the 5-day period prior to and including the closing date of 19 May 2009. Given the significant headroom in the debt facilities that are in place why have you undertaken an equity raising?

**MD Ian Campbell**

We are in a strong position and would like to get stronger. The SPP will provide additional equity that will further improve our balance sheet and give us the flexibility to act as opportunities emerge.

The current environment is likely to provide our company with a range of opportunities over the next year or two. We have extended our banking facilities out to 2011 and 2012 respectively and have access to a wider range of credit facilities. We believe the contribution from the SPP will further enhance our capital base.

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What are the business opportunities that you are considering, and are there any immediate plans to deploy the additional capital?

**MD Ian Campbell**

We will be able to consider the full range of opportunities, ranging from organic growth initiatives through to acquisition opportunities, provided they are complementary to our existing core strengths.

Whilst we do not have any immediate announcements with respect to the deployment of the new capital, we expect that there will be attractive opportunities that present themselves over the next couple of years. By having a strong capital base with significant flexibility it provides us with the ability to act quickly should

we be required to do so. This will place us in a position of strength to act on the most attractive opportunities in terms of delivering shareholder value over the medium term.

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Why did you utilise a Share Purchase Plan to raise capital? How much capital do you think you will raise?

**MD Ian Campbell**

We considered the various options and decided a non-underwritten SPP was the best approach. Now that a purchase of up to \$15,000 worth of shares can be offered through the SPP we believe that it provides all shareholders with the ability to participate on a meaningful basis. We believe it is up to our shareholders to decide whether they would like to commit additional capital to provide us with additional flexibility and balance sheet strength to pursue opportunities that may emerge.

In terms of the size of the raising, naturally we would like as many of our shareholders as possible to participate in the SPP, however we recognise that it may only be suitable for a proportion of our shareholders at this time. Consequently we do not have a firm target in mind, but we are anticipating that we may raise in excess of \$10 million.

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Thank you Ian.

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For further information on GUD Holdings Limited visit [www.gud.com.au](http://www.gud.com.au) or call Ian Campbell on (03) 9243 3332.

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