GUD Holdings Limited
A.B.N. 99 004 400 891

29 Taras Avenue,
Altona North, Vic 3025
Australia.

PO Box 62
Sunshine, Vic 3020
Australia.

Telephone: +61 3 9243 3311
Facsimile: +61 3 9243 3300
Email: gudhold@gud.com.au
Internet: www.gud.com.au

21 January 2014

Manager, Company Announcements
ASX Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir

Interim Results

Attached please find Half Year Report Appendix 4D, together with media release and financial statements, Directors' Report and Declaration, and Independent Auditor's Review Report relating to the results for the half year ended 31 December 2013.

On Tuesday 21 January, 2014 at 2.00pm, GUD will be hosting a webcast of its HY14 results briefing, for the period ended 31 December 2013. To register and view the webcast, please go to www.gud.com.au/webcasts or click here.

Yours faithfully

Malcolm G Tyler
Company Secretary

Att:

Appendix 4D - Half-Year Report

GUD Holdings Limited
(ABN 99 004 400 891)

Half-Year Ended 31 December 2013
(Previous corresponding period: Half-Year ended 31 December 2012)

Results for announcement to the market

For the half-year ended 31 December 2013

Results	Percentage Change			$'000
Revenue	Down	4.3%	to	298,364
Reported net profit for the period	Down	73.7%	to	4,784
Add back: restructuring costs (net of tax)				10,145
Underlying profit after tax*	Down	31.4%	to	14,929
Reported operating profit before interest and tax	Down	65.9%	to	9,469
Add back: restructuring costs (before tax)				14,493
Underlying profit before interest and tax*	Down	26.8%	to	23,962

* Underlying profit after tax and underlying profit before interest and tax are non-IFRS measures that have not been subject to audit or review.

Dividends	Amount per security	Percentage franked
Interim dividend	18 cents	100%
Date the dividend is payable:		March 6, 2014
Record date for determining entitlements to the dividend:		February 20, 2014
Trading ex-dividend		February 14, 2014

Amount of dividend per security	Amount per security	Percentage franked
Interim Dividends		
In respect of the 2014 financial year as at 31 December 2013	18 cents	100%
In respect of the 2013 financial year as at 31 December 2012	26 cents	100%
Final Dividends		
In respect of the 2013 financial year as at 30 June 2013	26 cents	100%
In respect of the 2012 financial year as at 30 June 2012	35 cents	100%
Special Dividend		
Announced on 24 July 2013	10 cents	100%
Announced on 22 January 2013	10 cents	100%
Announced on 26 July 2012	35 cents	100%

Net Tangible Assets Per Security	
As at 31 December 2013	$0.66
As at 31 December 2012	$1.02

This half year report is based on financial statements which have been subject to an independent review.

Refer to the media release for a brief explanation of the figures reported above.

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21st January 2014

GUD Holdings Limited results for half year ended 31st December 2013

Results in line with guidance and Dexion restructure commenced

GUD Holdings Limited today announced a reported net profit after tax of $4.8 million for the half year ending 31st December 2013. The result includes $14.5 million pre-tax of restructuring costs in Dexion and Sunbeam, $13.9 million of which relates to the exit from the Dexion's Elite Built business and the transfer of manufacturing from Australia to Asia in the warehouse racking business. The balance represents costs associated with an organisational restructure at Sunbeam.

Slightly ahead of the guidance provided in the December 2013 trading update, underlying EBIT for the half year compared to the previous corresponding period was down 27% to $24 million. This result includes a strong performance from the Automotive business that was offset by profit declines in Dexion and Sunbeam.

Underlying NPAT was $14.9 million, down 31% on the previous corresponding period.

Total sales declined 4% to $298 million with revenue growth recorded in Automotive and Water being offset by declines in Consumer and Industrial.

An interim dividend of 18 cents per share fully franked was declared (26 cents previously) and will be paid on 6th March 2014. The interim dividend represents a payout of 86% on basic underlying earnings per share of 20.9 cents.

An on-market buy back facility for up to 6 million shares is in place. Under this scheme 100,000 shares were purchased by the Company in the current reporting period.

Net debt increased by $29 million to $114 million, compared to December 2012. Net debt to equity remains conservative at 53%, while interest cover is a healthy 8.6 times (underlying EBITA to net finance expense).

"In my first presentation of results as Managing Director, I am disappointed to announce an unacceptable profit performance from GUD's core businesses of Sunbeam and Dexion", Jonathan Ling said.

"However, I am excited about the prospect and opportunity of restoring profitability in these businesses, building on their brand strength and market positions."

"The performance from the Automotive business is a standout and there were solid contributions from Oates and Davey," he said.

"We have embarked upon a number of programs to improve performance in both Dexion and Sunbeam, which are being led by new CEO appointments in both businesses. Our expectations are that profitability will improve markedly due to the actions we are currently implementing."

"While we are addressing these issues at Dexion and Sunbeam we will also be focusing on optimising the potential for the other business to deliver stronger results," Mr Ling said.

Segment Summary - for the half year to 31 December

	Revenue			Segment Result (EBIT)			Underlying EBIT		
$ million	**FY13**	**FY14**	**% change**	**FY13**	**FY14**	**% change**	**FY13**	**FY14**	**% change**
Industrial	114.7	101.2	-12%	0.6	(13.1)		5.6	0.8	-86%
Consumer	100.0	95.7	-4%	11.9	6.1	-49%	11.9	6.7	-44%
Water	53.2	53.5	1%	4.9	4.6	-7%	4.9	4.6	-7%
Automotive	43.9	48.0	9%	13.9	15.4	11%	13.9	15.4	11%
Unallocated	0.0	0.0		(3.6)	(3.5)		(3.6)	(3.5)	
TOTALS	**311.8**	**298.4**	**-4%**	**27.7**	**9.5**	**-66%**	**32.7**	**24.0**	**-27%**

Notes: Minor differences are due to rounding.
Underlying EBIT is before restructuring costs. All underlying measures are non-IFRS and have not been subject to audit or review.
For a full reconciliation of the above refer to Note 4: Segment Information in Appendix 4D – Half Year Report.

Industrial Products underlying EBIT down 86% to $0.8 million

Revenue declined by 12% to $101 million and this is attributed to the relativity of project timings, principally in the Asian region, along with continued extremely competitive conditions in the Australian market.

The decline in revenue coupled with margin pressures have been the principal contributors to the 86% decline in underlying EBIT in the period.

The high manufacturing cost in Australia exacerbated the margin position and was one of the main drivers behind the decision to relocate production to Malaysia and China. This relocation will involve the closure of the Kings Park factory in Sydney's west and the consequent re-investment in Malaysia to provide it with the capacity to make products for the Australian and New Zealand markets.

A cost of $11.8 million pre-tax has been provided in the results, covering the closure costs and associated plant write-downs. This project is scheduled to be completed in September 2014. An on-going annualised benefit of $6.5 million per annum is expected following completion.

Upon completion of the project significant productivity and capacity improvements are anticipated.

In addition, Dexion announced its exit from the Elite Built commercial products business. This is being approached through a trade sale of the brand and inventory. $2.1 million in restructuring and exit costs were provided in the half. An on-going benefit of $1 million per annum is predicted from this initiative.

Consumer Products underlying EBIT down 44% to $6.7 million

The primary contributor to the lower financial performance in Consumer was the Sunbeam business. Sunbeam's revenue declined 8% to $61 million from $67 million in the corresponding period last year. Underlying EBIT declined 86% from $6 million to $0.8 million.

Oates reported a small increase in sales – +3% to $34million – while EBIT was largely in-line with last year at $5.9 million. Despite increasing levels of retailer promotional support and some resistance to implementing price increases to recover cost uplifts, Oates reported a solid financial performance.

Sunbeam experienced difficult trading conditions, with an overall decline in the market registered during the period. Continued intense competitive conditions and the broadening of channels to market (for example, pod coffee machines sold in supermarkets) have affected Sunbeam's market position.

EBIT was affected by the drop in sales and a decline in margin due to higher product costs and the increasing cost of doing business.

A new CEO was appointed to Sunbeam and commenced in early December 2013. Prior to this the business implemented a small organisational restructure. The major objectives for the new CEO are to refocus the product development function to deliver innovative new products, to implement a profit improvement program and to explore and grow new sales channels.

Water Products EBIT down 7% to $4.6 million

EBIT in the Water Products business was down by a marginal $300k when compared with the same period last year. Conditions in the local market for water products remained subdued, principally due to the delayed start to the summer selling season.

To counter the rising cost of imported products, due to the depreciation of the Australian dollar, price increases were implemented late in the half and will contribute to profitability in the second half. Conversely the dollar assisted margins in Davey's export markets.

Automotive Products EBIT up 11% to $15.4 million

The Automotive business, comprising the market leading brands Ryco and Wesfil, generated a record first half EBIT of $15.4 million, with both brands contributing to this result.

Sales and marketing programs activated across both brands underpinned the 9% growth in sales, which was reflected in increasing market shares and the withdrawal of a major competitor from the filtration market.

Price increases to cover the higher costs of product sourced offshore were implemented late in the half and will contribute to profitability over the balance of the year.

Both Ryco and Goss brands have been active in launching new product programs that will provide further sales growth in future periods.

Outlook

"Current trading performance supports the guidance provided at the AGM and in the December Trading Update that underlying EBIT will be around 20% lower for the full year", Mr Ling said.

"General business conditions are expected to remain consistent with recent trading patterns and we should see a contribution from the various price increases implemented in the first half flowing into the second half's results," he said.

"The major focus in the short term is to restore profitability in Sunbeam and to successfully complete the substantial transformation program in Dexion. Improvements from both these are expected to flow through to results in FY15," he said.

"Over the balance of FY14 the Automotive business should show growth and we anticipate continuing solid performances from Oates and Davey Water products."

"Whilst substantial challenges remain in Dexion and Sunbeam I am excited by the considerable opportunities across all of GUD's businesses for profit improvement. We are confident that the actions we are putting in place will drive increasing shareholder value in the next few years," Mr Ling said.

For further information:
Jonathan Ling
Managing Director
GUD Holdings Limited
T: 03 9243 3308

Directors' Report

The Directors of GUD Holdings Limited present their report on the Consolidated Entity comprising GUD Holdings Limited and its subsidiaries for the half-year ended 31 December 2013. The Directors report as follows:

Directors
The names of the Directors of the Company at any time during or since the end of the half-year are:

Non-Executive Directors
R. M. Herron (Chairman)
P. A. F. Hay
M. G. Smith
G. A. Billings
D. D. Robinson

Executive Directors
J.P. Ling (Managing Director) - Appointed on 1 August 2013
I. A. Campbell (Managing Director) - Retired on 31 July 2013

Review of Operations
A review of operations on the Consolidated Entity during the half-year and the results of these operations are set out in the attached results announcement.

Significant Changes
During the half year, the company announced initiatives within the Dexion business to introduce manufacturing reform relocating production from Kings Park to existing plants in Malaysia and China and to dispose of the Elite Built business with the associated restructuring costs reflected in the half year results.

In the opinion of the Directors, other than referred herein, there were no other significant changes in the state of affairs of the Consolidated Entity during the period.

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 $4.784 million (2012: $18.194 million).

Segmental Results Summary
Segmental results for the half-year ended 31 December 2013 are set out in note 4 to the financial statements.

Events after Balance Date
Dividends
On 21 January 2014, the Board of Directors declared a fully franked interim dividend in respect of the 2014 financial year of 18 cents per share. The record date for the dividend is 20 February 2014 and the dividend will be paid on 6 March 2014. The Dividend Reinvestment Plan continues to be suspended.

Lead Auditor's Independence Declaration
The lead auditor's independence declaration under section 307C of the Corporations Act 2001 in relation to the review of the half-year is attached.

Rounding of Amounts
The Consolidated Entity is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998 and in accordance with that Class Order, amounts in the Directors' Report and the accompanying condensed consolidated financial statements have been rounded off to the nearest one thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the Directors

R.M. Herron
Chairman of Directors

J.P. Ling
Managing Director
Melbourne, 21 January 2014

Directors' Declaration

In the opinion of the directors of GUD Holdings Limited (the "Company"):

a) the attached condensed consolidated financial statements and notes are in accordance with the Corporations Act 2001, including:

   1. giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2013 and of its performance for the half-year ended on that date; and
   2. complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

R.M. Herron
Chairman of Directors

J.P. Ling
Managing Director

Melbourne, 21 January 2014

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of GUD Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

SE Bell

Suzanne Bell
Partner

Melbourne

21 January 2014

KPMG

Independent auditor's review report to the members of GUD Holdings Limited

We have reviewed the accompanying half-year financial report of GUD Holdings Limited, which comprises the condensed consolidated balance sheet as at 31 December 2013, condensed consolidated income statement and condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half-year ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of GUD Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of GUD Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

S E Bell

Suzanne Bell
Partner

Melbourne

21 January 2014

Condensed Consolidated Income Statement

For the half-year ended 31 December 2013

	Notes	Half-Year Ended	
		31-Dec-13	31-Dec-12
		$'000	$'000
Revenue		**298,364**	311,776
Cost of goods sold, including restructuring costs	**2**	**(198,063)**	(197,335)
Gross Profit		**100,301**	114,441
Other income		**313**	233
Marketing and selling		**(37,171)**	(35,048)
Product development and sourcing		**(4,858)**	(4,247)
Logistics expenses and outward freight, including restructuring costs	**2**	**(28,384)**	(27,246)
Administration, including restructuring costs	**2**	**(19,787)**	(19,479)
Other		**(945)**	(920)
Results from operating activities		**9,469**	27,734
Net finance expense		**(3,164)**	(2,536)
Profit before income tax expense		**6,305**	25,198
Income tax expense		**(1,521)**	(7,004)
Profit for the period		**4,784**	18,194
Earnings per share:			
Basic earnings per share (cents per share)	3	**6.7**	25.6
Diluted earnings per share (cents per share)	3	**6.6**	25.5

Condensed notes to the consolidated financial statements are annexed.

Note: The restructuring costs that were disclosed in a separate line in the prior year Appendix 4D, are contained within cost of goods sold in the above Condensed Consolidated Income Statement.

Condensed Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2013

	Half-Year Ended	
	31-Dec-13	31-Dec-12
	$'000	$'000
Profit for the period	**4,784**	18,194
Other comprehensive income		
Exchange differences on translating results of foreign operations	**484**	156
Fair value adjustments recognised on cash flow hedges	**2,530**	(1,202)
Net change in fair value of cash flow hedges transferred to inventory	**(4,736)**	(1,804)
Income tax on items that may be reclassified subsequently to profit or loss	**654**	908
Other comprehensive income for the period, net of income tax	**(1,068)**	(1,942)
Total comprehensive income for the period	**3,716**	16,252

All of the above items may subsequently be reclassified to the Income Statement.

Condensed notes to the consolidated financial statements are annexed.

Condensed Consolidated Balance Sheet

As at 31 December 2013

	Notes	31-Dec-13	30-Jun-13	31-Dec-12
		$'000	$'000	$'000
Current assets				
Cash and cash equivalents		**21,262**	24,401	22,136
Trade and other receivables		**105,038**	75,418	98,633
Other financial assets		**5,603**	8,048	-
Current tax assets		**320**	1,111	-
Other assets		**9,992**	6,024	11,143
Inventories		**110,370**	98,257	105,927
Total current assets		**252,585**	213,259	237,839
Non-current assets				
Other financial assets		**3,509**	3,547	3,508
Property, plant and equipment		**31,859**	33,209	31,062
Deferred tax assets		**5,897**	1,287	1,662
Goodwill	6	**106,949**	106,580	106,807
Other intangible assets	6	**63,270**	63,816	65,517
Total non-current assets		**211,484**	208,439	208,556
Total assets		**464,069**	421,698	446,395
Current liabilities				
Trade and other payables		**76,646**	67,396	71,728
Borrowings and loans	7	**9,281**	8,318	5,973
Current tax liabilities		**3,556**	1,631	1,847
Provisions		**26,738**	17,547	15,829
Total current liabilities		**116,221**	94,892	95,377
Non-current liabilities				
Borrowings and loans	7	**126,446**	80,975	101,532
Other financial liabilities		**-**	-	124
Deferred tax liabilities		**368**	2,257	-
Provisions		**3,969**	4,471	4,529
Total non-current liabilities		**130,783**	87,703	106,185
Total liabilities		**247,004**	182,595	201,562
Net assets		**217,065**	239,103	244,833
Equity				
Share capital		**186,222**	186,798	186,808
Reserves		**4,129**	4,692	(2,001)
Retained earnings		**26,714**	47,613	60,026
Total equity		**217,065**	239,103	244,833

Condensed notes to the consolidated financial statements are annexed.

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2013

	Half-Year Ended	
	31-Dec-13 $'000	31-Dec-12 $'000
Retained Earnings		
Retained earnings at the beginning of the period	**47,613**	91,394
Profit for the period	**4,784**	18,194
Dividends paid	**(25,683)**	(49,562)
Retained earnings at the end of the period	**26,714**	60,026
Reserves		
Foreign currency translation reserve:		
Balance at the beginning of the period	**(265)**	(1,785)
Exchange differences on translating foreign operations	**484**	156
Balance at the end of the period	**219**	(1,629)
Cash flow hedge reserve:		
Balance at the beginning of the period	**4,577**	1,726
Fair value adjustments transferred to equity - net of tax	**1,771**	(841)
Amounts transferred to inventory - net of tax	**(3,323)**	(1,257)
Balance at the end of the period	**3,025**	(372)
Equity Compensation Reserve:		
Balance at the beginning of the period	**380**	-
Equity settle share based payment transactions	**505**	-
Balance at the end of the period	**885**	-
Reserves at the end of the period	**4,129**	(2,001)
Share Capital		
Share capital at the beginning of the period - 71,341,319 (1 July 2012 - 70,803,455) fully paid shares	**186,798**	182,324
Share buy back	**(576)**	-
Dividend reinvestment plan	**-**	4,484
Share capital at the end of the period - 71,241,319 (31 December 2012 - 71,341,319) fully paid shares	**186,222**	186,808
Total equity	**217,065**	244,833
Total Equity Summary		
Balance at the beginning of the period	**239,103**	273,659
Profit for the period	**4,784**	18,194
Other Comprehensive Income	**(1,068)**	(1,942)
Total Comprehensive Income	**3,716**	16,252
Transactions with owners recognised in equity		
Share buy back	**(576)**	-
Dividend reinvestment plan	**-**	4,484
Dividends paid	**(25,683)**	(49,562)
Equity settled share based payment transactions	**505**	-
Total transactions with owners	**(25,754)**	(45,078)
Balance at the end of the period	**217,065**	244,833

The amounts recognised directly in equity are net of tax.
Condensed notes to the consolidated financial statements are annexed.

Condensed Consolidated Cash Flow Statement
For the half-year ended 31 December 2013

	Half-Year Ended	
	31-Dec-13	31-Dec-12
	$'000	$'000
Cash flows from operating activities		
Receipts from customers	**299,418**	327,754
Payments to suppliers and employees	**(307,008)**	(323,723)
Income taxes paid	**(4,651)**	(3,100)
Net cash provided by operating activities	**(12,241)**	931
Cash flows from investing activities		
Payments for property, plant and equipment	**(5,747)**	(4,050)
Proceeds from sale of property, plant and equipment	**-**	12
Payments for intangible assets and product development costs	**(2,367)**	(2,621)
Income taxes paid in respect of disposal of available for sale asset	**-**	(13,872)
Net cash used in investing activities	**(8,114)**	(20,531)
Cash flows from financing activities		
Net proceeds of borrowings	**46,180**	70,805
Interest received	**35**	127
Interest paid	**(2,971)**	(3,374)
Payments for share buy backs	**(576)**	-
Dividends paid	**(25,683)**	(45,078)
Net cash provided by/(used in) financing activities	**16,985**	22,480
Net increase/(decrease) in cash held	**(3,370)**	2,880
Cash at the beginning of the period	**24,401**	19,247
Effects of exchange rate changes on the balance of cash held in foreign currencies	**231**	9
Cash at the end of the period	**21,262**	22,136
Reconciliation of net cash at the end of the period		
Cash at bank and on hand	**21,262**	22,136

Condensed notes to the consolidated financial statements are annexed.

Condensed notes to the consolidated financial statements

GUD Holdings Limited (the 'Company') is a for profit company domiciled in Australia. The consolidated half-year financial statements of the Company as at and for the half-year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the 'Consolidated Entity').

1. Summary of significant accounting policies

a) Basis of preparation

Statement of compliance

The consolidated half-year financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. The half-year financial statements do not include notes of the type normally included in annual financial statements and should be read in conjunction with the most recent annual financial statements.

The consolidated half-year financial statements were authorised for issue by the Directors on 21 January 2014.

Rounding of amounts

The Consolidated Entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

Basis of measurement

The consolidated half-year financial statements have been prepared on the basis of historical cost, except for derivative financial instruments which are measured at fair value.

Functional and presentation currency

The consolidated half-year financial statements are presented in Australian dollars which is the Company's functional currency and the functional currency of the majority of the Consolidated Entity.

Use of estimates and judgements

Preparing interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2013.

b) Significant accounting policies

Except as described below, the accounting policies applied in preparing the consolidated financial statements for the half-year ended 31 December 2013 are consistent with those applied in preparing the comparative information presented in these consolidated financial statements and are the same as those applied by the Consolidated Entity in its consolidated financial statements as at and for the year ended 30 June 2013.

AASB 13 Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other

1. Summary of significant accounting policies (continued)

AASBs, including AASB 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group has included additional disclosures in this regard (see note 8).

In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

2. Restructuring costs

	Half-Year Ended	
	31-Dec-13	31-Dec-12
	$'000	$'000
Restructuring costs in cost of goods sold:		
Write-down of fixed assets due to restructuring	**3,228**	1,861
Write-off of inventory due to restructuring	**778**	732
Other restructuring costs	**8,675**	2,417
Total restructuring costs in cost of goods sold	**12,681**	5,010
Restructuring costs in logistics expenses and outward freight:		
Other restructuring costs	**883**	-
Total restructuring costs in logistics expenses and outward freight	**883**	-
Restructuring costs in administration:		
Other restructuring costs	**929**	-
Total restructuring costs in administration	**929**	-
Total restructuring costs	**14,493**	5,010

Other restructuring costs consists of redundancy costs and onerous lease costs.

3. Earnings per share (EPS)

	Half-Year Ended	
	31-Dec-13	31-Dec-12
	$'000	$'000
Profit for the period	**4,784**	18,194
Add back: restructuring costs	**14,493**	5,010
Less: tax effect on restructuring costs	**(4,348)**	(1,457)
Underlying profit for the period	**14,929**	21,747
	Number	Number
Weighted average number of shares used as the denominator for basic earnings per share - ordinary shares	**71,303,355**	71,150,274
Effect of performance rights granted	**488,305**	185,816
Weighted average number of shares used as the denominator for diluted earnings per share - ordinary shares	**71,791,660**	71,336,090
	Cents per share	Cents per share
Earnings per share:		
Basic earnings per share (cents per share)	**6.7**	25.6
Diluted earnings per share (cents per share)	**6.6**	25.5
Underlying earnings per share:		
Basic underlying earnings per share (cents per share)	**20.9**	30.6
Diluted underlying earnings per share (cents per share)	**20.8**	30.5

4. Segment information

Business segments

Business segments	Consumer Products $'000	Automotive Products $'000	Water Products $'000	Industrial Products $'000	Unallocated $'000	Total $'000
Total segment revenue (external)	**95,656**	**47,997**	**53,521**	**101,190**	**-**	**298,364**
Underlying EBITDA pre restructuring costs	**10,511**	**15,702**	**5,454**	**3,012**	**(3,502)**	**31,177**
Less: Depreciation	(1,614)	(304)	(798)	(1,228)	-	(3,944)
Less: Amortisation of intangibles	(2,205)	-	(73)	(993)	-	(3,271)
Underlying EBIT pre restructuring costs	**6,692**	**15,398**	**4,583**	**791**	**(3,502)**	**23,962**
Restructuring costs	(568)	-	-	(13,925)	-	(14,493)
Segment result (EBIT)	**6,124**	**15,398**	**4,583**	**(13,134)**	**(3,502)**	**9,469**
Net finance expense						(3,164)
Profit before income tax expense						**6,305**
Income tax expense						(1,521)
Profit for the period						**4,784**
Segment assets	140,673	43,300	100,510	173,034	6,552	**464,069**
Segment liabilities	25,175	13,660	21,683	55,622	130,864	**247,004**
Segment acquisition of assets	3,310	279	954	3,465	106	**8,114**

For the half-year ended 31 December 2012

Business segments	Consumer Products $'000	Automotive Products $'000	Water Products $'000	Industrial Products $'000	Unallocated $'000	Total $'000
Total segment revenue (external)	**99,953**	**43,936**	**53,171**	**114,716**	**-**	**311,776**
Underlying EBITDA pre restructuring costs	**15,544**	**14,190**	**5,794**	**7,961**	**(3,584)**	**39,905**
Less: Depreciation	(1,495)	(301)	(765)	(1,393)	(1)	(3,955)
Less: Amortisation of intangibles	(2,147)	-	(114)	(945)	-	(3,206)
Underlying EBIT pre restructuring costs	**11,902**	**13,889**	**4,915**	**5,623**	**(3,585)**	**32,744**
Restructuring costs	-	-	-	(5,010)	-	(5,010)
Segment result (EBIT)	**11,902**	**13,889**	**4,915**	**613**	**(3,585)**	**27,734**
Net finance expense						(2,536)
Profit before income tax expense						**25,198**
Income tax expense						(7,004)
Profit for the period						**18,194**
Segment assets	134,892	38,439	96,071	170,265	6,728	**446,395**
Segment liabilities	20,193	12,110	19,150	44,049	106,060	**201,562**
Segment acquisition of assets	3,860	476	1,079	1,255	1	**6,671**

Notes:

(a) The segment result excludes net finance expense and income tax expense.

(b) The Consolidated Entity operates primarily in one geographic segment: Australasia.

4. Segment information (continued)

Consumer Products (Sunbeam and Oates)

Small electrical appliances and cleaning products.

Automotive Products (Ryco, Wesfil, Goss)

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

Water Products (Davey)

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.

Industrial Products (Dexion and Lock Focus)

Manufacturer and provider of industrial storage and automation solutions plus disc tumbler locks for furniture, doors and safe locking systems.

5. Dividends

a) Recognised amounts

Fully Paid Ordinary Shares	Cents per share	Total amount $'000	Date of payment	Tax rate	Percentage franked
Final dividend in respect of the 2013 financial year	26	18,549	3 September 2013	30%	100%
Special cash dividend	10	7,134	3 September 2013	30%	100%
Interim dividend in respect of the 2013 financial year	26	18,548	6 March 2013	30%	100%
Special cash dividend	10	7,134	6 March 2013	30%	100%
Final dividend in respect of the 2012 financial year	35	24,781	3 September 2012	30%	100%
Special cash dividend	35	24,781	16 August 2012	30%	100%

b) Unrecognised amounts

Fully Paid Ordinary Shares	Cents per share	Total amount $'000	Date of payment	Tax rate	Percentage franked
Interim dividend in respect of the 2014 financial year	18	12,823	6 March 2014	30%	100%

6. Goodwill and other intangible assets

Given the trading performance of both Dexion and Sunbeam in the first half, a review of the asset carrying values against the net present value of future anticipated cash flows has been undertaken to consider if an impairment of intangible assets has occurred. A number of profit improvement initiatives and assumptions have been identified for both businesses and have been reflected in the anticipated cash flow forecasts.

In the case of Dexion, the initiatives include the Board approved projects to address both the sale of Elite Built and manufacturing reform relocating production from Kings Park to existing plants in Malaysia and China which have been announced with the associated restructuring costs reflected in the half year results. Once the future benefits from those initiatives are considered, the value of anticipated future cash flows exceeds the carrying value of Dexion's assets at the half year.

In the case of Sunbeam, profit improvement program targets have been outlined after detailed external and internal reviews over the past three months. Sunbeam's anticipated future cash flows incorporate the profit improvement targets and anticipate substantial improvements in underlying EBIT in the following three years. This indicates the value of anticipated future cash flows exceeds the carrying value of assets at the half year by $19 million. In the absence of any other potential influences, Sunbeam will need to achieve 76% of the annualised estimated benefit of $10 million over a three year period to avoid scope for impairment of the Sunbeam assets. At this time, the Directors believe that the Sunbeam profit improvements are achievable.

6. Goodwill and other intangible assets (continued)

Other intangible assets	31-Dec-13 $'000	30-Jun-13 $'000
Patents, licences and distribution rights at cost	**1,240**	1,246
Accumulated amortisation	**(993)**	(871)
Net patents, licences and distribution rights	**247**	375
Product development costs	**25,494**	26,238
Accumulated amortisation	**(14,777)**	(15,114)
Net product development costs	**10,717**	11,124
Customer Relationships	**1,449**	1,452
Accumulated amortisation	**(964)**	(820)
Net customer lists	**485**	632
Computer software	**6,726**	6,478
Accumulated amortisation	**(3,510)**	(2,845)
Net computer software	**3,216**	3,633
Brand names, business names and trademarks at cost	**50,545**	49,869
Accumulated amortisation and impairment	**(1,940)**	(1,817)
Net brand names, business names and trademarks	**48,605**	48,052
Total other intangible assets	**63,270**	63,816

7. Borrowings

	31-Dec-13 $'000	30-Jun-13 $'000
(a) Current		
Unsecured bank loans	**9,149**	8,017
Secured finance lease liabilities (1)	**132**	301
	9,281	8,318
(b) Non-Current		
Unsecured bank loans	**126,389**	80,905
Secured finance lease liabilities (1)	**57**	70
	126,446	80,975

(1) Secured by the assets leased.

(c) Financing facilities

Total facilities available:	31-Dec-13 $'000	30-Jun-13 $'000
Unsecured bank overdrafts	**5,317**	5,238
Unsecured bank loan facilities	**165,518**	195,170
Unsecured money market facilities	**15,000**	15,000
	185,835	215,408
Facilities used at balance date:		
Unsecured bank overdrafts	**-**	-
Unsecured bank loan facilities	**135,538**	88,922
Unsecured money market facilities	**-**	-
	135,538	88,922
Facilities not utilised at balance date:		
Unsecured bank overdrafts	**5,317**	5,238
Unsecured bank loan facilities	**29,980**	106,248
Unsecured money market facilities	**15,000**	15,000
	50,297	126,486

7. Borrowings (continued)

Loan facilities

During the period, the Consolidated Entity renewed its loan facilities in Australia and New Zealand. The total facility was reduced from $180 million to $150 million. The new loan facilities are in the form of a $50 million 3 year facility and a $100 million 5 year facility.

The unsecured loan facilities in Australia and New Zealand are provided by way of a common terms deed. These facilities are for a total $150 million which are subject to review prior to maturity, as follows:

	Amount $ million	Facility Renewal date
3 year facility	50	October 2016
5 year facility	100	October 2018

In addition, there are unsecured facilities in Asia for $15 million which are renewed annually.

Money market facility

The unsecured money market facilities are payable on demand and may be withdrawn unconditionally.
Interest on draw-downs is charged at prevailing market rates.

8. Financial instruments

Financial instruments carried at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

For the year ended 31 December 2013	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Derivatives - Foreign currency forward contracts	-	5,310	-	5,310
Derivatives - Interest rate swaps at fair value	-	30	-	30
	-	**5,340**	**-**	**5,340**

Level 2 fair values for simple over-the-counter derivative financial instruments are based on valuations from banks. These are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date.

There were no transfers between any of the levels of the fair value hierarchy during the six months ended 31 December 2013.

9. Restructuring

During the current period restructuring has been carried out in the Sunbeam and Dexion businesses resulting in a charge of $14.493 million in the Income Statement (see note 2: Restructuring costs).

Movements in the restructuring provisions in the year are as follows:

	31-Dec-13 $'000	31-Dec-12 $'000
Opening balance	**1,917**	2,365
Total restructuring costs recognised (see note 2: Restructuring costs)	**14,493**	5,010
Less: write off of property, plant and equipment	**(3,228)**	(1,861)
Less: write down of inventory	**(778)**	(732)
Provisions utilised	**(906)**	(2,991)
Closing balance	**11,498**	1,791

10. Performance Rights

During the 2013 financial year, the Group established a Long Term Incentive Plan under which Performance Rights are granted to a number of senior staff. The Performance Rights vest and convert into ordinary shares at the end of a 3 year period if a Total Shareholder Return hurdle is met.

Performance Rights were granted to a number of senior staff in the half year ended 31 December 2013 under the 2016 Long Term Incentive Plan. The fair value of these Performance Rights has been calculated at the grant date by an independent expert in order to arrive at the expense to be booked through the Income Statement. The grant to staff was approved by the Board in July, with the grant to the Managing Director occurring after the endorsement by the shareholders at the Annual General Meeting. The table below shows a summary of the Performance Rights granted during the period.

	Managing Director	**Other staff**
Grant date	31/10/2013	24/07/2013
Number of Performance Rights granted	78,673	438,100
Share price at grant date	5.93	6.58
Fair value at grant date	2.05	3.23
Exercise price	0.00	0.00
Expected volatility	20%	20%
Performance rights life remaining at 31 December 2013	2.5 years	2.5 years
Expected dividend yield p.a.	7.50%	8.50%
Risk free interest rate p.a.	2.80%	2.59%

A portion of both the 2015 Long Term Incentive Plan expense and the 2016 Long Term Incentive Plan expense has been included in the Income Statement in the current period in accordance with accounting standard AASB 2 *Share-based Payment*.

11. Events subsequent to balance date

Dividends declared

On 21 January 2014, the Board of Directors declared a fully franked interim dividend in respect of the 2014 financial year of 18 cents per share. Record date is 20 February 2014 and the dividend will be paid on 6 March 2014.

Other

Other than the matters outlined above, no matters or circumstances have arisen since the end of the financial period that have significantly affected or may significantly affect the operating result or state of affairs of the Consolidated Entity.