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

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1 February 2017

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 2016.

On Wednesday 1 February 2017 at 11.00am, GUD will be hosting a webcast of its HY17 results briefing, for the period ended 31 December 2016. To register and view the webcast, please go to www.gud.com.au/webcasts.

Yours faithfully

Malcolm G Tyler
Company Secretary

Att:

Appendix 4D
Interim Financial Report

GUD Holdings Limited
(ABN 99 004 400 891)

31 December 2016
(Previous corresponding period: 31 December 2015)

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Results for Announcement to the Market

For the six months ended 31 December 2016

Results from operations	% Change			$'000
Revenue	**Down**	**1%**	**to**	**291,211**
Reported net profit from continuing operations for the period attributable to members	**Up**	**412%**	**to**	**22,508**
Add back: Loss on sale of subsidiaries, restructuring and transaction costs, after tax				2,189
Underlying profit from continuing operations after tax *	**Up**	**8%**	**to**	**24,697**
Reported operating profit from continuing operations before interest and tax	**Up**	**96%**	**to**	**36,469**
Add back: Loss on sale of subsidiaries, restructuring and transaction costs, before tax				2,594
Underlying profit from continuing operations before interest and tax *	**Up**	**1%**	**to**	**39,063**
Underlying profit from discontinued operations before interest and tax *	**Up**	**115%**	**to**	210
Total underlying profit before interest and tax *	**Up**	**5%**	**to**	**39,273**
Operating cash flows	**Down**	**28%**	**to**	**14,887**

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

Earnings per Share (EPS)	6 months ended 31 December 2016 Cents per share	2015 Cents per share
Earnings per share from continuing operations:		
Basic EPS	**26.3**	5.2
Diluted EPS	**26.0**	5.1
Underlying basic EPS	**28.8**	26.9
Underlying diluted EPS	**28.5**	26.6

Dividends	Cents per share	% franked
Interim dividend	**21.0**	**100%**
Date the dividend is payable		March 3, 2017
Record date for determining entitlements to the dividend:		February 15, 2017
Trading ex-dividend		February 14, 2017
Interim Dividends		
In respect of the 2017 financial year as at 31 December 2016	**21.0**	**100%**
In respect of the 2016 financial year as at 31 December 2015	**20.0**	**100%**
Final Dividends		
In respect of the 2016 financial year as at 30 June 2016	**23.0**	**100%**
In respect of the 2015 financial year as at 30 June 2015	**22.0**	**100%**

Net debt	**163,198**

Net Tangible Assets (NTA)	As at 31 December 2016	2015
NTA	**13,476**	**18,627**
NTA per share	**$0.16**	**$0.23**

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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1 February 2017

GUD Holdings Limited results for the six months ended 31st December 2016

Underlying NPAT up 26% to $24.7 million on last year's reported result

GUD Holdings Limited today announced a reported net profit after tax, for the half year ended 31st December 2016, of $17.7 million, up from $1.7 million in the previous corresponding period.

Underlying NPAT of $24.7 million was up 26% on the number previously reported for the same period last year.

The 2017 first half result includes the sale of the Sunbeam and Lock Focus businesses.

Underlying NPAT of $24.7 million was up 8% on the same period last year on a like-for-like basis.

Based on last year's reported result, revenue declined to $291 million, due to the divestments. However in relation to the continuing businesses, solid growth of 10% was achieved in Automotive which was offset by declines in Davey, Dexion and Oates.

Underlying EBIT compared to last year's reported result, increased 5% to $39.1 million with Automotive contributing a 10% uplift and Dexion reporting a $1.9 million improvement, although it remains in a minor loss position. Davey and Oates both reported lower EBIT results compared with the same time last year.

The result included a pre-tax loss of $8.7 million classified as significant items, which consisted of a $2.5 million restructuring charge in Dexion and $6.1 million of losses on the sale of Sunbeam and Lock Focus.

Net debt reduced to $163 million from $191 million in the previous corresponding period. Operating cash flow of $15 million was $4 million lower than the previous corresponding period due to increased tax payments.

An interim dividend of 21 cents per share fully franked was announced, up 5% on last year's level. This is payable on 3rd March 2017.

"The performance of our automotive business remains the highlight of our financial results, with double digit growth in both revenue and EBIT reflecting the favourable industry dynamics coupled with substantial internal programs centred on new product introductions and securing new customers," Managing Director Jonathan Ling said.

"This six months has been an active one for the group in relation to portfolio-shaping activities. On 1st July 2016 we divested the remaining stakes in the Sunbeam joint ventures. In December we sold the Lock Focus security products business and in October we acquired Brown & Watson's distributor in New Zealand, Griffiths Equipment," he said.

"The result from the divestment activities was a net cash inflow of $37.7 million. We spent just over $7.3 million on the Griffiths Equipment acquisition and paid out $20 million for the earn-out on the FY16 acquisition of Brown & Watson. These activities are consistent with our stated objective of owning market leading businesses that are scalable and have strong competitive positions in growth sectors," Mr Ling said.

"Our turnaround activities in Dexion remain on-going and have resulted in the business trading at near break-even levels in recent months. Oates and Davey experienced difficult trading environments and a performance uplift is expected in the second half."

Segment Summary - for the half year to 31 December

	Revenue			Segment Result (EBIT)			Underlying EBIT		
$ million	**2015**	**2016**	**% change**	**2015**	**2016**	**% change**	**2015**	**2016**	**% change**
Automotive	113.2	124.9	10%	32.6	35.8	10%	32.6	35.9	10%
Davey	55.9	51.3	-8%	5.6	4.3	-23%	6.6	4.3	-34%
Oates	37.3	35.5	-5%	5.8	3.8	-34%	5.8	3.8	-34%
Dexion	86.5	79.6	-8%	-21.5	-3.1		-2.5	-0.6	
Unallocated				-4.0	-4.4		-4.0	-4.4	
Total Continuing Operations	292.9	291.2	-1%	18.6	36.5	96%	38.6	39.1	1%
Discontinued Operations	63.0	4.6	-93%	-1.4	-5.9		-1.4	0.2	
TOTALS	**355.9**	**295.8**	**-17%**	**17.2**	**30.6**	**77%**	**37.2**	**39.3**	**5%**

Notes: Minor differences are due to rounding.

Underlying EBIT is before impairment, transaction and restructuring costs. All underlying measures are non-IFRS and have not been subject to audit or review.

Further information in relation to the above is available in Note 3: Segment Information in Appendix 4D – Interim Financial Report.

Automotive Products EBIT increased 10% to $35.9 million

Sales in the Automotive business increased 10% on the prior year's level as a consequence of new product introductions and growing the customer base in both existing and new market segments.

EBIT to sales margin remained strong at 29%, the same level as FY16, while EBIT increased 10% to just under $36 million.

Activities during the period that contributed to this solid result included further growth in Brown & Watson from new Narva products launched in conjunction with the 2016 catalogue and growing sales of Ryco Japanese truck filters from gains in user numbers and distribution. Ryco also introduced FireGuardian™ air filters for emergency services vehicles, which have gained broad market acceptance, while late in the half Wesfil introduced a spark plug program into its independent reseller market channel.

All Automotive businesses continue to increase their user base and customer numbers as evidenced by Ryco continuing with its workshop "Conquest" program which now encompasses truck as well as automotive workshops, while Brown & Watson gained a major new distributor and expanded into new market segments.

The Griffith Equipment business, which became part of GUD on 1st October, is performing in line with expectations and has contributed positively to the result for the half.

Davey underlying EBIT declined 34% to $4.3 million

Davey's financial performance for the half was adversely affected by the prolonged cold and wet Spring in Australia, effectively spanning the first four months of the period. There were signs of market recovery in November and December.

Operationally the business produced a stronger gross profit margin due to internal efficiency improvements and better purchasing terms on externally sourced components and finished products.

Management initiatives continue around broadening channels to market and new product innovation, and coupled with the cost position improvements, these should contribute to a better result in the second half.

Oates EBIT declined 34% to $3.8 million

Oates' sales were adversely affected in the half by the closure of the Masters hardware chain. In addition, associated competition in the hardware industry, evidenced by aggressive clearance and pricing activity, led to lower demand from other industry participants in the period. This activity has now ceased and demand from this segment recovered at the end of the half.

Sales were also influenced by Oates' withdrawal from supplying product to the Woolworths supermarket chain due to the unprofitable nature of this activity.

Whilst revenue was down 5% the decline in EBIT was largely attributed to currency effects which, when combined with the extreme competitive nature of the grocery and hardware sectors, prevented offsetting price adjustments. An improved currency position along with identified and actioned internal costs savings should result in an uplift in financial performance across the balance of the year.

A new CEO, David Chin, was appointed and commenced in the business in early November.

Dexion reported a reduced underlying EBIT loss of $0.6 million

While sales in the franchise channel and for small project work grew, the lack of large projects both in Australia and Asia, resulted in revenue declining by 8% to $80 million. Large projects have been subject to decision delays and Dexion received indications from customers late in the period that several will be confirmed in the second half.

Dexion remains in a turnaround mode and is showing regular month-by-month improvement in profitability. Although underlying EBIT was a small loss in the half, operational efficiencies generated a $1.9 million improvement compared with the same period last year.

The exit from the Middle East market by Dexion's main distributor, led to the decision to close Dexion's operations in that region. This resulted in a one-off restructure cost, which contributed most of the $2.5 million included in the accounts.

Dexion has started to record a small profit on a monthly basis. This steady improvement along with new project orders should lead to a profitable second half.

The possibility of a full divestment of Dexion continues to be explored, as previously advised.

Outlook

In talking about the prospects over the next six months Jonathan Ling stated that “we are anticipating an improvement in trading performance in the second half, which will be underpinned by continued strong profit growth from the automotive business, including a full half’s contribution from Griffiths Equipment in New Zealand”.

“We also expect financial performance at Davey to benefit from increased sales coming from customer gains in new Australian distribution channels and an improvement in New Zealand, following the recent management change in that business.”

“As noted, Oates is expecting profit growth from the recovery in the hardware sector, an improved currency position and further overhead cost savings. The recent trajectory of improvement in Dexion is expected to continue throughout the second half”, he said.

“These factors give us confidence in reaffirming the guidance provided at the Annual General Meeting for a full year underlying EBIT of around $85 million”, Mr Ling concluded.

For further information:

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

Directors' Report

The Directors of GUD Holdings Limited (the Company) present their report on the consolidated entity, being the Company and its subsidiaries, as at and for the six months ended 31 December 2016.

Directors

The names of the Directors of the Company at any time during or since the end of the interim period are:

Non-Executive Directors

R. M. Herron (Chairman)

G. A. Billings

D. D. Robinson

M. G. Smith

A. L. Templeman-Jones

Executive Director

J.P. Ling (Managing Director)

Review of Operations

A review of the Group's operations during the six months ended 31 December 2016 and the results of these operations are set out in the attached results announcement.

Significant Changes

Effective 1 July 2016, the Company disposed of:

- Its remaining 51% shareholding in Sunbeam Australia and New Zealand ("Sunbeam ANZ"), comprising Sunbeam Corporation Limited and Sunbeam NZ Corporation Limited, to Holmes Products (Far East) Limited ("HPFE"), a subsidiary of Jarden Corporation. The Company therefore ceased control and has de-consolidated Sunbeam ANZ from 1 July 2016.
- Its 49% shareholding in Jarden Consumer Solutions (Asia) Limited ("Jarden Asia") to HPFE.

Consideration in respect of the sale of 51% of Sunbeam ANZ, consideration comprised:

- An initial cash deposit of $29.522 million received by the Company on 1 July 2016; and
- Contingent consideration received of $1.006 million based on its fair value at disposal date and representing the balance of the proceeds on sale.

In respect of the sale of 49% of Jarden Asia, consideration comprised a cash deposit of $3.993 million received by the Company on 1 July 2016.

Effective 1 October 2016, subsidiaries of the Company acquired the net assets of Griffiths Equipment Limited ("GEL NZ") and 100% of the shares and voting interests of Griffiths Equipment Pty Ltd ("GEL Aust") with businesses in New Zealand and Australia , respectively. The total estimated consideration is $9.1 million.

The acquisition is expected to provide the Group with an expanded presence in automotive aftermarket parts.

Effective 1 December 2016, the Company disposed of the business and certain net assets of its subsidiary, Lock Focus Pty Ltd ("Lock Focus"). The disposal excluded trade receivables, trade creditors and certain employee liabilities which have been retained by Lock Focus until they are finally settled. Proceeds received were $4.92 million.

In the opinion of the Directors, other than referred to above, there were no significant changes in the state of affairs of the consolidated entity during the year.

GUD First Half Results

The consolidated net profit for the six months ended 31 December 2016 attributable to the shareholders of GUD Holdings Limited after providing for income tax was $17.670 million (2015: $1.743 million).

Segmental Results

Segmental results for the six months ended 31 December 2016 are set out in note 3 to the financial statements.

Dividends

On 1 February 2017, the Board of Directors declared a fully franked interim dividend in respect of the 2016 financial year of 21 cents per share. The record date for the dividend is 15 February 2017 and the dividend will be paid on 3 March 2017. The Dividend Reinvestment Plan remains suspended.

Significant Events after Year End

In the opinion of the Directors, no matters or circumstances have arisen since 31 December 2016 which significantly affected or may affect the operations of the consolidated entity which have not been outlined in this report.

Auditor Independence

The auditor's independence declaration made under section 307C of the Corporations Act 2001 is set out on page 35 of the accompanying condensed consolidated interim Financial Statements and forms part of this Report.

Rounding Off

The Company is of the kind referred to in in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and, in accordance with that Instrument, amounts in this Report and the accompanying financial statements have been rounded off to the nearest one thousand dollars unless otherwise stated.

This Directors' Statutory Report is signed on behalf of the Directors in accordance with a resolution of Directors made pursuant to section 298(2) of the Corporations Act 2001.

R M Herron	**J P Ling**
Chairman of Directors	**Managing Director**

Melbourne, 1 February 2017

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Income Statement

For the Six Months Ended 31 December	Note	2016 $'000	2015 Restated * $'000
Revenue		**291,211**	292,879
Cost of goods sold		**(170,951)**	(174,169)
Gross Profit		**120,260**	118,710
Other income		**159**	-
Marketing and selling		**(34,390)**	(36,588)
Product development and sourcing		**(5,269)**	(3,726)
Logistics expenses and outward freight		**(22,713)**	(22,820)
Administration		**(18,763)**	(16,577)
Other expenses, including impairment		**(2,815)**	(20,406)
Results from operating activities		**36,469**	18,593
Net finance expense		**(4,294)**	(5,999)
Profit before tax		**32,175**	12,594
Income tax expense		**(9,667)**	(8,196)
Profit		**22,508**	4,398
Loss from discontinued operations, net of tax	3	**(4,838)**	(3,303)
Profit from operations, net of income tax		**17,670**	1,095
Non-controlling interests	11	**-**	648
Profit attributable to owners of the Company		**17,670**	1,743
Earnings per share from continuing operations:			
Basic earnings per share (cents per share)	2	**26.3**	5.2
Diluted earnings per share (cents per share)	2	**26.0**	5.1
Earnings per share from discontinued operations:			
Basic earnings per share (cents per share)	2	**(5.6)**	(3.1)
Diluted earnings per share (cents per share)	2	**(5.6)**	(3.1)

* Prior period comparatives have been restated to be consistent with current period for discontinued operations (refer note 11).

The notes on pages 16 to 33 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the Six Months Ended 31 December	Note	2016 $'000	2015 $'000
Profit for the year		**17,670**	1,095
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translating results of foreign operations		**(336)**	97
Net fair value adjustments recognised in the hedging reserve		**4,884**	4,777
Net change in fair value of cash flow hedges transferred to inventory		**69**	(7,993)
Transfers within equity on disposal		**618**	-
Equity settled share based payment transactions		**831**	818
Revaluation of contingent consideration receivable		**-**	3,284
Income tax on items that may be reclassified subsequently to profit or loss		**(1,486)**	(1,478)
Items reclassified to profit and loss			
Reclassification of profit on loss of control		**(3,284)**	-
Reclassification of tax on loss of control		**2,443**	-
Other comprehensive income for the period, net of tax		**3,739**	(495)
Total comprehensive income for the year		**21,409**	600
Non-controlling interests	11	**-**	648
Total comprehensive income attributable to owners of the Company		**21,409**	1,248

All of the above items may subsequently be recognised in the Income Statement.

The notes on pages 16 to 33 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Balance Sheet

As at	Note	31 December 2016 $'000	30 June 2016 $'000
Current assets			
Cash and cash equivalents		**19,583**	18,235
Trade and other receivables		**120,556**	118,813
Inventories		**117,963**	108,872
Derivative assets	8	**1,377**	144
Other financial assets	8	**516**	2,358
Current tax receivable		**876**	515
Other assets		**6,621**	5,488
Assets held for sale		**-**	88,927
Total current assets		**267,492**	343,352
Non-current assets			
Goodwill	4	**112,199**	110,394
Other intangible assets	5	**119,157**	119,478
Property, plant and equipment		**31,629**	33,295
Derivative assets	8	**111**	62
Other financial assets	8	**2,058**	2,359
Deferred tax assets		**6,638**	9,215
Investments		**11**	11
Total non-current assets		**271,803**	274,814
Total assets		**539,295**	618,166
Current liabilities			
Overdraft		**12**	-
Trade and other payables		**83,902**	81,291
Provisions		**14,094**	14,525
Borrowings	7	**13,486**	18,550
Derivative liabilities	8	**982**	3,545
Other financial liabilities	8	**1,836**	19,367
Current tax payables		**6,173**	9,342
Liabilities held for sale		**-**	22,128
Total current liabilities		**120,485**	168,748
Non-current liabilities			
Provisions		**1,948**	2,039
Borrowings	7	**169,295**	167,483
Derivative liabilities	8	**1,590**	3,649
Deferred tax liabilities		**1,074**	1,515
Other non-current liabilities		**71**	91
Total non-current liabilities		**173,978**	174,777
Total liabilities		**294,463**	343,525
Net assets		**244,832**	274,641
Equity			
Share Capital	9	**286,160**	286,160
Reserves		**6,490**	1,910
Retained earnings		**(47,818)**	(44,940)
Total equity attributable to owners of the Company		**244,832**	243,130
Non-controlling interests	11	**-**	31,511
Total equity		**244,832**	274,641

The notes on pages 16 to 33 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 31 December	Note	2016 $'000	2015 $'000
Balance at the beginning of the period		**274,641**	356,158
Comprehensive Income			
Profit for the period attributable to owners of the Company		**17,670**	1,743
Other Comprehensive Income attributable to owners of the Company		**2,908**	(1,313)
Equity settled share based payment transactions		**831**	818
Total Comprehensive Income attributable to owners of the Company		**21,409**	1,248
Transactions with owners recognised in equity			
Dividends paid	10	**(19,707)**	(18,756)
Total transactions with owners		**(19,707)**	(18,756)
Non-controlling interests			
Recognition of non-controlling interests without a change in control	11	**-**	(648)
Derecognition of non-controlling interests with loss of control	11	**(31,511)**	-
Total non-controlling interests		**(31,511)**	(648)
Balance at the end of the period		**244,832**	338,002

The amounts recognised directly in equity are net of tax.

The notes on pages 16 to 33 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Cash Flow Statement

For the Six Months Ended 31 December	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers		**325,070**	382,076
Payments to suppliers and employees		**(297,080)**	(353,837)
Income taxes paid		**(13,001)**	(9,121)
Net cash provided by operating activities		**14,989**	19,118
Cash flows from investing activities			
Payments for intangible assets and product development costs		**(12)**	(1,825)
Payments for property, plant and equipment		**(2,194)**	(3,490)
Proceeds on sale of property, plant and equipment		**126**	-
Acquisition of subsidiary, net of cash acquired		**(27,323)**	(195,200)
Disposal of discontinued operation, net of cash disposed of	11	**37,715**	16,224
Net cash (used in)/provided by investing activities		**8,312**	(184,291)
Cash flows from financing activities			
Proceeds of borrowings		**69,020**	231,774
Repayment of borrowings		**(67,203)**	(34,633)
Net proceeds of loans receivable		**2,186**	-
Interest received		**55**	143
Interest paid		**(4,910)**	(6,325)
Dividends paid	10	**(19,707)**	(18,756)
Net cash used in financing activities		**(24,193)**	172,203
Net increase in cash held		**(892)**	7,030
Cash and cash equivalents at the beginning of the period		**19,961**	42,947
Effects of exchange rate changes on the balance of cash held in foreign currencies		**502**	(1,161)
Cash and cash equivalents at the end of the period		**19,571**	48,816

The notes on pages 16 to 33 are an integral part of these condensed consolidated financial statements.

1. Basis of Preparation

This section sets out the Group's accounting policies that relate to the financial statements as a whole.

Reporting Entity

GUD Holdings Limited (the 'Company') is a for profit company domiciled in Australia. The condensed consolidated financial statements of the Company as at and for the six months ended 31 December 2016 comprises the Company and its subsidiaries (together referred to as the 'Group').

The Group is primarily involved in manufacture and importation, distribution and sale of cleaning products, warehouse racking, industrial storage solutions, office storage products, automotive products, pumps, pool and spa systems, and water pressure systems, with operations in Australia, New Zealand, France, Spain, China, Malaysia and Hong Kong (note 3).

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2016 are available on request from the Company's registered office at 29 Taras Avenue, Altona North, Victoria, 3025 or at www.gud.com.au.

Basis of Accounting

The condensed consolidated interim 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 interim financial statements do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last consolidated annual financial statements as at and for the year ended 30 June 2016.

The accounting policies and methods of computation applied by the consolidated entity in these interim financial statements are the same as those applied by the consolidated entity in its financial statements for the full year ended 30 June 2016.

The condensed consolidated financial statements were authorised for issue by the Directors on 1 February 2017.

Rounding off

The Company is of a kind referred to in in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for the following items which have been measured at fair value:

- Derivatives (note 8)
- Other financial instruments (note 8)

Functional and presentation currency

The condensed consolidated interim financial statements are presented in Australian dollars which is the Company's functional currency and the functional currency of the majority of the Group.

Use of estimates and judgements

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 annual financial statements as at and for the year ended 30 June 2016.

1. Basis of Preparation (continued)

New standards and interpretations adopted in the year

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2016; however the Group has not applied the following new or amended standards in preparing these consolidated financial statements.

New or amended standards	Summary of the requirement	Possible impact on consolidated financial statements
IFRS 9 Financial instruments	IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments; Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9. A preliminary assessment of the potential impacts will be reviewed by management in the second half of the financial year.
IFRS 15 Revenue from Contracts with Customers	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15. Greater potential complexity exists in Dexion which can involve large value contracts with specific performance obligations spanning several financial reporting periods. The standard offers a number of potential methods to allocate the transaction price which will also be addressed by the Group.
IFRS 16 Leases	The standard removes the classification of leases as either operating leases or finance leases for the lessee, effectively treating all leases as finance leases. This will effectively move all off-balance sheet operating leases onto the balance sheet that is similar to current finance lease accounting. The Group is currently assessing the impact of this standard. The application date of this standard is 1 January 2019. Early adoption is permitted but only in conjunction with adopting IFRS 15.	The Group has completed a preliminary assessment of the potential impact on the consolidated financial statements resulting from the application of IFRS 16 with respect to existing leases (primarily in relation to property and motor vehicles) for continuing operations. The assessment has included all businesses except Dexion. A number of Dexion property leases are approaching renewal which is driving a review of Dexion's property requirements which may change the current leasing arrangements. The Group's impact assessment for this standard, including the impact on Dexion, is expected to be completed during the second half of the year ending 30 June 2017.

The Group does not plan to adopt these standards early.

Results for the Half Year

2. Earnings per share

Earnings per share ('EPS') is the amount of profit attributable to each share.

Basic EPS is calculated on the Group profit for the year attributable to equity shareholders divided by the weighted average number of shares in issue during the period.

Diluted EPS reflects any commitments the Group has to issue shares in the future, such as issued upon vesting of performance rights.

	Continuing operations		Discontinued operations	
For the Six Months ended 31 December	**2016**	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Profit for the period attributable to owners of the Company	**22,508**	4,398	**(4,838)**	(2,655)
		Number		Number
Weighted average number of ordinary shares used as the denominator for basic EPS	**85,692,094**	85,237,148	**85,692,094**	85,237,148
Effect of balance of performance rights outstanding at 31 December	**899,107**	995,671	**899,107**	995,671
Weighted average number of ordinary shares used as the denominator for diluted EPS	**86,591,201**	86,232,819	**86,591,201**	86,232,819
EPS		Cents per share		Cents per share
Basic EPS	**26.3**	5.2	**(5.6)**	(3.1)
Diluted EPS	**26.0**	5.1	**(5.6)**	(3.1)

3. Segment information

Segment reporting is presented in respect of the Group's business and geographical segments. The primary format of business segments are reported based on the way information is reviewed by the Group's Managing Director and other senior management.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate expenses, interest and tax, corporate borrowings, and deferred tax balances.

Business segments

The following summary describes the operations in each of the Group's reportable segments:

Oates

Oates is an importer and distributor of cleaning products to retail and commercial customers.

Automotive

The Automotive segment distribute automotive and heavy duty filters for cars, trucks, agricultural and mining equipment, fuel pumps and associated products, lighting and electrical accessories, battery maintenance and power products for the automotive after-market.

Davey

Davey manufactures and distributes pumps and pressure systems for household and farm water, water transfer pumps, swimming pool products, spa bath controllers and pumps and water purification equipment.

Dexion

Dexion is a manufacturer and provider of industrial and commercial storage and automation solutions.

Discontinued operations

Discontinued operations consist of the Sunbeam business sold on 1 July 2016 and the Lock Focus business sold on 1 December 2016.

Geographical segments

The Group operates primarily in one geographical segment: Australasia.

3. Segment information (continued)

	As at and for the six months ended 31 December 2016							
	Oates	Automotive	Davey	Dexion	Unallocated	Continuing operations	Discontinued operations	Total
Business segments	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total segment revenue (external)	**35,452**	**124,885**	**51,262**	**79,617**	**(5)**	**291,211**	**4,577**	**295,788**
Underlying EBITDA	**4,246**	**36,526**	**4,920**	**641**	**(4,376)**	**41,957**	**411**	**42,368**
Less: Depreciation	(403)	(629)	(552)	(1,033)	(1)	(2,618)	(199)	(2,817)
Less: Amortisation and impairment of intangibles	(11)	-	(44)	(175)	(46)	(276)	(2)	(278)
Underlying EBIT	**3,832**	**35,897**	**4,324**	**(567)**	**(4,423)**	**39,063**	**210**	**39,273**
Transaction costs	-	(90)	-	-	-	(90)	-	(90)
Loss on sale of subsidiaries	-	-	-	-	-	-	(6,116)	(6,116)
Restructuring	-	-	-	(2,504)	-	(2,504)	-	(2,504)
Total significant items	**-**	**(90)**	**-**	(2,504)	**-**	(2,594)	**(6,116)**	**(8,710)**
Segment result (EBIT)	**3,832**	**35,807**	**4,324**	**(3,071)**	**(4,423)**	**36,469**	**(5,906)**	**30,563**
Net finance costs	(72)	639	(81)	270	(5,050)	(4,294)	(5)	(4,299)
Share of profit of equity-accounted investees	-	-	-	-	-	-	3,993	3,993
Profit before tax	**3,760**	**36,446**	**4,243**	**(2,801)**	**(9,473)**	**32,175**	**(1,918)**	**30,257**
Tax expense						(9,667)	(2,920)	(12,587)
Profit						**22,508**	**(4,838)**	**17,670**
Non-controlling interest						-	**-**	-
Profit attributable to owners of the Company						**22,508**	**(4,838)**	**17,670**
Segment goodwill	5,166	71,351	35,682	-	-	112,199	-	112,199
Segment brand names	8,900	99,500	3,215	-	-	111,615	-	111,615
Segment customer relationships	-	4,441	-	-	-	4,441	-	4,441
Segment other assets	29,233	121,142	68,498	95,574	(4,822)	309,625	1,415	311,040
Segment assets	**43,299**	**296,434**	**107,395**	**95,574**	**(4,822)**	**537,880**	**1,415**	**539,295**
Segment liabilities	**12,019**	**34,493**	**20,449**	**47,520**	**179,080**	**293,561**	**902**	**294,463**
Segment capital expenditure	**39**	**152**	**830**	**850**	**335**	**2,206**	**-**	**2,206**

3. Segment information (continued)

	As at and for the six months ended 31 December 2015							
	Oates	Automotive	Davey	Dexion	Unallocated	Continuing operations	Discontinued operations [1]	Total
Business segments	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total segment revenue (external)	**37,321**	**113,223**	**55,886**	**86,457**	**(8)**	**292,879**	**63,041**	**355,920**
Underlying EBITDA	**6,247**	**33,190**	**7,213**	**(673)**	**(3,963)**	**42,014**	**1,251**	**43,265**
Less: Depreciation	(385)	(556)	(611)	(1,023)	(2)	(2,577)	(1,231)	(3,808)
Less: Amortisation of intangibles	(24)	-	(18)	(778)	(24)	(844)	(1,377)	(2,221)
Underlying EBIT	**5,838**	**32,634**	**6,584**	**(2,474)**	**(3,989)**	**38,593**	**(1,357)**	**37,236**
Impairment	-	-	(1,000)	(19,000)	-	(20,000)	-	(20,000)
Segment result (EBIT)	**5,838**	**32,634**	**5,584**	**(21,474)**	**(3,989)**	**18,593**	**(1,357)**	**17,236**
Net finance costs	(32)	25	(81)	(316)	(5,595)	(5,999)	(183)	(6,182)
Share of loss of equity-accounted investees	-	-	-	-	-	-	(2,265)	(2,265)
Profit before tax	**5,806**	**32,659**	**5,503**	**(21,790)**	**(9,584)**	**12,594**	**(3,805)**	**8,789**
Tax expense						(8,196)	502	(7,694)
Profit						**4,398**	**(3,303)**	**1,095**
Non-controlling interest						-	648	648
Profit attributable to owners of the Company						**4,398**	**(2,655)**	**1,743**

	As at and for the year ended 30 June 2016							
Segment goodwill	5,166	64,287	35,641	-	-	105,094	5,300	110,394
Segment brand names	8,900	99,500	3,215	-	-	111,615	25,402	137,017
Segment customer relationships	-	4,441	-	-	-	4,441	-	4,441
Segment other assets	28,522	112,931	61,293	95,553	(1,936)	296,363	69,951	366,314
Segment assets	**42,588**	**281,159**	**100,149**	**95,553**	**(1,936)**	**517,513**	**100,653**	**618,166**
Segment liabilities	**10,857**	**32,629**	**16,734**	**52,138**	**207,457**	**319,815**	**23,710**	**343,525**
Segment capital expenditure	**932**	**1,826**	**1,409**	**2,194**	**2**	**6,363**	**4,479**	**10,824**

1. Prior period comparatives have been restated to be consistent with current period for discontinued operations (refer note 11).

Intangible Assets

4. Goodwill

As at	Note	31 December 2016 $'000	30 June 2016 $'000	31 December 2015 $'000
Gross carrying amount				
Balance at the beginning of the year		**110,394**	106,787	106,787
Acquisitions through business combinations	11	**6,908**	62,791	97,343
Disposals	11	**(5,300)**	-	-
Impairment		**-**	(59,509)	(15,000)
Net foreign currency difference arising on translation of financial statements of foreign operations		**197**	325	250
Balance at the end of the year		**112,199**	110,394	189,380

Refer to note 3 for allocation of the carrying amount of goodwill to segments.

5. Other intangible assets

As at	31 December 2016 $'000	30 June 2016 $'000	31 December 2015 $'000
Patents, licences and distribution rights at cost	272	272	1,240
Accumulated amortisation	(272)	(272)	(1,237)
Net patents, licences and distribution rights	-	-	3
Product development costs	**6,790**	7,175	33,015
Accumulated amortisation	**(4,622)**	(4,895)	(22,095)
Net product development costs	**2,168**	2,280	10,920
Customer Relationships	**5,890**	5,890	1,449
Accumulated amortisation	**(1,449)**	(1,449)	(1,449)
Net customer lists	**4,441**	4,441	-
Computer software	**7,571**	7,544	7,524
Accumulated amortisation	**(6,638)**	(6,402)	(6,150)
Net computer software	**933**	1,142	1,374
Brand names, business names and trademarks at cost	**123,976**	123,942	118,869
Accumulated amortisation and impairment	**(12,361)**	(12,327)	(1,969)
Net brand names, business names and trademarks	**111,615**	111,615	116,900
Total other intangible assets	**119,157**	119,478	129,197

The Group holds a number of brand names that are considered to have an indefinite useful life. The indefinite useful life reflects the Directors' view that these brands are assets that provide ongoing market access advantages for both new and existing product sales in the markets that the businesses operate. The current understanding of the industries and markets that the businesses operate in indicates that demand for products will continue in a sustainable manner, that changes in technology are not seen as a major factor impacting the brands future value, and, the brands have proven long lives in their respective markets.

Refer to note 3 for allocation of the carrying amount of brand names to segments. Refer note 11 for intangible assets acquired through business combinations.

6. Impairment testing

The Group's CGUs comprise the reportable segments disclosed in note 3. All intangible assets with indefinite lives (goodwill and brand names), have been allocated for impairment testing purposes to CGUs (or groups of units).

No impairment charge is required in relation to goodwill or other intangible assets for the six months ended 31 December 2016.

Capital Structure and Financing Costs

7. Borrowings

	Facilities as at 31 December 2016		Facilities as at 30 June 2016	
	Amount	Maturity	Amount	Maturity
	$ million	1 July	$ million	29 October
Tranche A – 5 year facility	185.0	2020	185 .0	2020
Tranche B – 5 year facility	97.5	2020	115.0	2020

Bank overdrafts

The unsecured bank overdraft facilities are subject to annual review. As part of these facilities, GUD Holdings Limited and all of its subsidiaries (excluding Sunbeam) have entered into a deed of cross guarantee. GUD Holdings Limited has a contingent liability to the extent of the bank overdraft debt incurred by its controlled entities. Interest on bank overdrafts is charged at prevailing market rates. The weighted average interest rate for all overdrafts as at 31 December 2016 is 4.63% (2015: 4.11%).

Unsecured bank loans

The Group has unsecured facilities in Malaysia and China of $20 million, of which $17 million is renewed annually and $3 million matures in 2020.

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.

As at	Note	31 December 2016 $'000	30 June 2016 $'000	31 December 2015 $'000
Current				
Unsecured bank loans		**13,486**	18,548	12,238
Unsecured loans from a subsidiary of Jarden Corporation		**-**	-	57
Secured finance lease liabilities (1)		**-**	2	14
	8	**13,486**	18,550	12,309
Non-current				
Unsecured bank loans		**169,295**	167,483	227,186
Secured finance lease liabilities (1)		**-**	-	2
	8	**169,295**	167,483	227,188

(1) Secured by the assets leased.

7. Borrowings (continued)

Financing facilities

As at	**31 December 2016**	30 June 2016	31 December 2015
	$'000	$'000	$'000
Total facilities available:			
Unsecured bank overdrafts	**5,312**	5,338	5,314
Unsecured bank loans	**300,695**	320,272	325,267
Unsecured money market facilities	**5,000**	15,000	15,000
	311,007	340,610	345,581
Facilities used at balance date:			
Unsecured bank overdrafts	**12**	-	-
Unsecured bank loans	**182,781**	186,033	239,424
	182,793	186,033	239,424
Facilities not utilised at balance date:			
Unsecured bank overdrafts	**5,300**	5,338	5,314
Unsecured bank loans	**117,914**	134,239	85,843
Unsecured money market facilities	**5,000**	15,000	15,000
	128,214	154,577	106,157

8. Financial instruments

As at 31 December 2016	Carrying value			Fair value			
	Current	Non-current	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value							
Derivatives - Foreign currency forward contracts	1,377	-	1,377	-	1,377	-	1,377
Derivatives - Interest rate swaps at fair value	-	111	111	-	111	-	111
Other financial assets	-	-	-	-	-	-	-
Total financial assets measured at fair value	**1,377**	**111**	**1,488**	**-**	**1,488**	**-**	**1,488**
Financial assets not measured at fair value							
Cash and cash equivalents [a]	19,583	-	19,583	-	-	-	-
Trade and other receivables [a]	120,556	-	120,556	-	-	-	-
Other financial assets	516	2,058	2,547	-	-	-	-
Total financial assets not measured at fair value	**140,655**	**2,058**	**142,713**	**-**	**-**	**-**	**-**
Total financial assets	**142,032**	**2,169**	**144,201**	**-**	**1,488**	**-**	**1,488**
Financial liabilities measured at fair value							
Derivatives - Foreign currency forward contracts	653	-	653	-	653	-	653
Derivatives - Interest rate swaps at fair value	329	1,590	1,919	-	1,919	-	1,919
Other financial liabilities	1,836	-	1,836	-	-	1,836	1,836
Total financial liabilities measured at fair value	**2,818**	**1,590**	**4,408**	**-**	**2,572**	**1,836**	**4,408**
Financial liabilities not measured at fair value							
Overdraft [a]	12	-	12	-	-	-	-
Borrowings and loans [a]	13,486	169,295	182,781	-	-	-	-
Total financial liabilities not measured at fair value	**13,498**	**169,295**	**182,793**	**-**	**-**	**-**	**-**
Total financial liabilities	**16,316**	**170,885**	**187,201**	**-**	**2,572**	**1,836**	**4,408**

a. The Group has not disclosed the fair values for financial instruments such as cash and cash equivalents, short term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair value

8. Financial instruments (continued)

As at 30 June 2016	Carrying value			Fair value			
	Current	Non-current	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value							
Derivatives - Foreign currency forward contracts	144	-	144	-	144	-	144
Derivatives - Interest rate swaps at fair value	-	62	62	-	62	-	62
Other financial assets	-	-	-	-	-	-	-
Total financial assets measured at fair value	**144**	**62**	**206**	**-**	**206**	**-**	**206**
Financial assets not measured at fair value							
Cash and cash equivalents [a]	18,235	-	18,235	-	-	-	-
Trade and other receivables [a]	118,813	-	118,813	-	-	-	-
Other financial assets	473	2,359	2,832	-	-	-	-
Total financial assets not measured at fair value	**137,521**	**2,359**	**139,880**	**-**	**-**	**-**	**-**
Total financial assets	**137,665**	**2,421**	**140,086**	**-**	**206**	**-**	**206**
Financial liabilities measured at fair value							
Derivatives - Foreign currency forward contracts	2,964	829	3,793	-	3,793	-	3,793
Derivatives - Interest rate swaps at fair value	581	2,820	3,401	-	3,401	-	3,401
Other financial liabilities	19,368	-	19,368	-	-	19,368	-
Total financial liabilities measured at fair value	**22,913**	**3,649**	**26,562**	**-**	**7,194**	**19,368**	**7,194**
Financial liabilities not measured at fair value							
Borrowings and loans [a]	16,665	167,483	184,148	-	-	-	-
Total financial liabilities not measured at fair value	**16,665**	**167,483**	**184,148**	**-**	**-**	**-**	**-**
Total financial liabilities	**39,578**	**171,132**	**210,710**	**-**	**7,194**	**19,368**	**7,194**

a. The Group has not disclosed the fair values for financial instruments such as cash and cash equivalents, short term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair value

8. Financial instruments (continued)

Fair value hierarchy below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivative financial instruments

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.

Other financial assets and liabilities - Contingent consideration

Level 3 fair values are based on the present value of expected receipt discounted using a risk adjusted discount rate.

The fair value of other financial liabilities at 31 December 2016 is contingent consideration payable where the expected payment has been determined based on forecast EBIT to 30 June 2017 for GEL ANZ.

There have been no transfers between the fair value hierarchy levels from the prior year to current year.

Changes in fair value of the contingent consideration payable balance from the acquisition of Brown & Watson is summarised below:

	For the six months ended 31 December 2016	For the year ended 30 June 2016	For the six months ended 31 December 2015
	$'000	$'000	$'000
Opening balance	19,367	-	-
Unwinding of discount	633	801	-
Contingent payable – acquisition of 100% of Brown & Watson	(20,000)	8,011	-
Contingent payable – acquisition of 100% of GEL ANZ	1,836	-	-
Unrealised fair value loss included in profit and loss	-	10,555	-
Closing balance	1,836	19,367	-

Upon acquisition of 100% of GEL ANZ, effective 1 October 2016, the Company recorded a contingent consideration payable of $1.836 million representing its fair value at acquisition date.

9. Share Capital

The number of shares on issue at 31 December 2016 was 85,739,547 (2015: 85,327,114).

During the six months ended 31 December 2016:

- Nil shares were bought back on market and cancelled by the Group (2015: nil shares were bought back).
- 357,471 shares were issued to employees as a result of performance rights vesting under the GUD Holdings 2016 Long Term Incentive Equity Plan.
- 54,962 shares were issued to certain key management personnel as a result of performance rights vesting under Sunbeam ANZ incentive plans.

10. Dividends

Recognised amounts

	Cents per share	Total amount $'000	Date of payment	Tax rate	Percentage franked
Final dividend in respect of the 2016 financial year	23	19,707	2 September 2016	30%	100%
Interim dividend in respect of the 2016 financial year	20	17,065	4 March 2016	30%	100%
Final dividend in respect of the 2015 financial year	22	18,756	3 September 2015	30%	100%
Interim dividend in respect of the 2015 financial year	20	14,188	6 March 2015	30%	100%

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 2017 financial year	21	18,005	3 March 2017	30%	100%

Business Combinations

11. Investments in Subsidiaries

Acquisition of GEL

On 1 October 2016, subsidiaries of the Company acquired the net assets of Griffiths Equipment Limited ("GEL NZ") and 100% of the shares and voting interests of Griffiths Equipment Pty Ltd ("GEL Aust") with businesses New Zealand and Australia, respectively. The total estimated consideration for GEL NZ and GEL Aust (collectively "GEL ANZ") is $9.117 million.

The acquisition is expected to provide the Group with an expanded presence in automotive aftermarket parts.

For the six months ended 31 December 2016, together GEL ANZ contributed $2.1 million of revenue and $0.6 million of EBIT to the Group's results. If the acquisition had occurred on 1 July 2016, management estimates that together GEL ANZ would have contributed $4.1 million of revenue and $1.1 million of EBIT to the Group's results for the six months ended 31 December 2016.

Consideration paid

As at 31 December 2016, the total estimated consideration for the acquisition of GEL ANZ was $9.117 million:

A$'000	Consideration paid	Net assets adjustment amount received	Estimated contingent consideration at acquistion	Acqusition value of Investment
Intangible asset amount	5,137	-	1,794	6,931
Target net assets dow n payment	2,311	-	-	2,311
Net assets adjustment amount	-	(125)	-	(125)
	7,448	(125)	1,794	9,117

- Subsequent to acquisition the net asset adjustment was agreed, giving rise to a reduction in total consideration payable of $125,000.
- Of the initial consideration, $7.448 million was paid on 1 October 2016, representing the initial consideration with respect to the intangible asset amount of $5.137 million and the target net assets down payment of $2.311 million.

Contingent consideration

The Company has also agreed to pay the selling shareholders contingent consideration based on the consolidated earnings of GEL ANZ for the period from 1 October 2016 to 30 September 2017. Management estimate the present value of the contingent consideration at 31 December 2016 to be $1.794 million.

Acquisition-related costs

During the period ended 31 December 2016, the Company incurred approximately $90,000 of acquisition related costs including legal fees, due diligence and other advisory fees. This amount has been included in administrative expenses.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	GEL NZ $'000	GEL Aust $'000	GEL ANZ $'000
Trade and other receivables	1,243	70	1,313
Inventories	1,176	76	1,252
Goodwill	6,641	290	6,931
Property, plant and equipment	205	-	205
Trade and other payables	(480)	(24)	(504)
Provisions	(80)	-	(80)
Total identifiable net assets acquired	**8,705**	**412**	**9,117**

11. Investments in Subsidiaries (continued)

Fair values measured on a provisional basis

All assets and liabilities acquired have been determined on a provisional basis and the Company is in the process of finalising the assessment of fair value for specific assets and liabilities.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$'000
Total estimated consideration	9,117
Fair value of identifiable net assets	2,186
Goodwill	**6,931**

The goodwill is attributable mainly to the skills and talent of GEL ANZ's workforce and potential synergies from the Groups' combined automotive businesses.

Disposal of Sunbeam ANZ and Jarden Asia

Effective 1 July 2016, the Company disposed of:

- Its remaining 51% shareholding in Sunbeam Australia and New Zealand ("Sunbeam ANZ"), comprising Sunbeam Corporation Limited and Sunbeam NZ Corporation Limited, to Holmes Products (Far East) Limited ("HPFE"), a subsidiary of Jarden Corporation. The Company therefore ceased control and has de-consolidated Sunbeam ANZ from 1 July 2016.
- Its 49% shareholding in Jarden Consumer Solutions (Asia) Limited ("Jarden Asia") to HPFE.

Consideration

In respect of the sale of 51% of Sunbeam ANZ, consideration comprised:

- An initial cash deposit of $29.522 million received by the Company on 1 July 2016; and
- Completion consideration received of $1.006 million based on its fair value at disposal date and representing the balance of the proceeds on sale.

In respect of the sale of 49% of Jarden Asia, consideration comprised cash of $3.993 million received by the Company on 1 July 2016.

Non-controlling interests

The following table summarises the changes in the group's ownership interest in Sunbeam ANZ.

As at	**31 December 2016**	30 June 2016	31 December 2015
	$'000	$'000	$'000
Non-controlling interests at the beginning of the period	31,511	31,193	31,193
Share of comprehensive income	-	318	(648)
De-recognition of non-controlling interests with change in control	**(31,511)**	-	-
Non-controlling interests at the end of the period	**-**	31,511	30,545

11. Investments in Subsidiaries (continued)

Net assets of the disposal group

The carrying amount of Sunbeam ANZ's net assets in the Group's financial statement on the date of sale was $66.799 million.

Results of discontinued operation

Period ended 31 December	2016 $'000	2015 $'000
Revenue	-	57,596
Cost of goods sold, including restructuring costs	-	(43,587)
Gross Profit	-	14,009
Other income	-	273
Expenses	-	(15,981)
Results from operating activities	-	(1,699)
Net finance expense	-	(177)
Share of profit / (loss) of equity accounted investees, net of income tax	**3,993**	(2,265)
Loss on sale of subsidiary	**(1,496)**	-
Profit before tax	**2,497**	(4,141)
Income tax expense	**(4,195)**	553
Profit from discontinued operations, net of income tax	**(1,698)**	(3,588)

Prior to the sale of the remaining 51% share in Sunbeam ANZ, the Group had deferred $3.284 million of profit on sale of the initial 49% interest in other comprehensive income on the basis that the Group retained control. As a result of losing control of Sunbeam ANZ on 1 July 2016, the Group has released this profit on sale from other comprehensive income and recognised it in profit on sale of discontinued operations in profit or loss for the period ended 31 December 2016.

In respect of the income tax expense:

- Prior to the sale of the remaining 51% share in Sunbeam ANZ, the Group had recognised $2.443 million of tax expense in other comprehensive income on the basis that it retained control. As a result of losing control of Sunbeam ANZ on 1 July 2016, the Group has released this tax expense from other comprehensive income and recognised it in tax expense in profit or loss for the period ended 31 December 2016.
- For the period ended 31 December 2016, the Group has recognised in profit or loss:
  - $1.575 million of tax expense arising from the disposal of the remaining 51% share in Sunbeam ANZ; and
  - $177,000 of tax expense arising from the disposal of the 49% share in Jarden Asia.

Cash flows from (used in) discontinued operation

Period ended 31 December	2016 $'000	2015 $'000
Net cash used in operating activities	-	(5,251)
Net cash from investing activities	-	(2,079)
Net cash flows for the year	-	(7,330)

11. Investments in Subsidiaries (continued)

Disposal of Lock Focus

On 1 December 2016, the Company disposed of the business and certain net assets of its subsidiary, Lock Focus Pty Ltd ("Lock Focus").

The disposal excluded trade receivables, trade creditors and certain employee liabilities which have been retained by Lock Focus until they are finally settled.

For the six months ended 31 December 2016, Lock Focus contributed $4.577 million of revenue and $0.210 million of EBIT to the Group's results.

Consideration received

Total consideration of $4.92 million was received on 30 November 2016.

Disposal-related costs

During the period ended 31 December 2016, the Company incurred approximately $630,000 of disposal related costs including legal fees, due diligence and other advisory fees, all of which have been included in administrative expenses.

Identifiable assets acquired and liabilities disposed

The following table summarises the net assets disposed and retained as at 30 November 2016:

	Net assets as at 30 November 2016	Disposed	Retained
	$'000	$'000	$'000
Cash	588	-	588
Trade receivables	1,946	-	1,946
Inventory	2,471	2,471	-
Other debtors and prepayments	107	47	60
Goodwill	5,300	5,300	-
Property, plant and equipment	1,359	1,359	-
Other intangibles	54	54	-
Deferred tax asset	264	240	24
Trade creditors	(1,134)	-	(1,134)
Provisions	(716)	(637)	(79)
Total identifiable net assets disposed	**10,239**	**8,834**	**1,405**

Results of discontinued operation

Period ended 31 December	**2016**	**2015**
	$'000	**$'000**
Revenue	**4,577**	5,445
Cost of goods sold	**(2,854)**	(3,513)
Gross Profit	**1,723**	1,932
Expenses	**(1,513)**	(1,590)
Results from operating activities	**210**	342
Net finance expense	**(5)**	(6)
Loss on sale of subsidiary	**(4,620)**	-
Profit before tax	**(4,415)**	336
Income tax expense	**1,275**	(51)
Profit from discontinued operations, net of income tax	**(3,140)**	285

Cash flows from (used in) discontinued operation

Period ended 31 December	**2016**	**2015**
	$'000	**$'000**
Net cash used in operating activities	**(16)**	136
Net cash from investing activities	**(321)**	(290)
Net cash from financing activities	**-**	(300)
Net cash flows for the year	**(337)**	(454)

Other Notes

12. 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 performance benchmark (being Total Shareholder Return relative to a peer group) is met.

Performance Rights were granted to a number of senior staff in the six months ended 31 December 2016 under the 2019 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 were approved by the Remuneration Committee in meetings held in July and October 2016, with the grants 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	Other staff
Grant date	27/10/2016	27/07/2016	24/10/2016
Number of Performance Rights granted	74,509	373,704	13,546
Value per right at grant date	$6.12	$5.17	$6.14
Fair value at grant date	$455,995	$1,932,050	$83,172
Exercise price	0.00	0.00	0.00
Expected volatility	31%	31%	31%
Performance rights life remaining at 31 December 2016	2.5 years	2.5 years	2.5 years
Expected dividend yield p.a.	5.70%	5.70%	5.70%
Risk free interest rate p.a.	1.68%	1.51%	1.62%

A portion of the 2017, 2018 and 2019 Long Term Incentive Plans expenses has been included in the Income Statement in the current period in accordance with accounting standard AASB 2 Share-based Payment.

13. Subsequent events

Dividends declared

On 1 February 2017, the Board of Directors declared a fully franked interim dividend in respect of the 2017 financial year of 21 cents per share. Record date is 15 February 2017 and the dividend will be paid on 3 March 2017.

Other

Other than the interim dividend in respect of the 2017 financial year being declared (note 10), no matters or circumstances have arisen since the end of the financial period that have significantly affected or may significantly affect the operating results or state of affairs of the Group.

Directors' Declaration

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

(a) the condensed consolidated interim financial statements and notes set out on pages 11 to 33 are in accordance with the *Corporations Act 2001*, including:

1. giving a true and fair view of the financial position of the Group as at 31 December 2016 and of its performance for the six months ended on that date;
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 Group 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 295(5) of the *Corporations Act 2001*.

On behalf of the Directors

R M Herron	**J P Ling**
Director	**Director**

Melbourne, 1 February 2017

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 2016 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

Chris Sargent
Partner

Melbourne

1 February 2017

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

We have reviewed the accompanying interim financial report of GUD Holdings Limited (the "Company"), which comprises the condensed consolidated balance sheet as at 31 December 2016, condensed consolidated income statement and condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 13 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.

Responsibility of the Directors for the interim financial report

The directors of the Company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the interim financial report

Our responsibility is to express a conclusion on the interim 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 interim 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 2016 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 interim 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 interim 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 2016 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

Chris Sargent
Partner

Melbourne

1 February 2017