

Appendix 4D

Interim Financial Report

GUD Holdings Limited
(ABN 99 004 400 891)

31 December 2020
(Previous corresponding period: 31 December 2019)





Table of Contents

Results for Announcement to the Market.....	3
Directors' Report	8
Condensed Consolidated Interim Financial Statements	10



Results for Announcement to the Market

For the six months ended 31 December 2020

Results from operations	% Change ^ / from \$'000			\$'000
Revenue	Up	11%	to	251,473
Profit / (loss) from operations after tax	Up	4,671	to	31,280
Statutory operating profit from operations before interest and tax	Up	17%	to	50,487
Add back: Restructuring and transaction costs, before tax				1,845
Underlying profit from operations before interest and tax*	Up	18%	to	52,332
Statutory net profit from operations for the period attributable to members	Up	18%	to	31,280
Add back: Restructuring and transaction costs, after tax				1,401
Underlying profit from operations after tax attributable to members*	Up	18%	to	32,681
Operating cash flows	Up	51%	to	39,495
6 months ended 31 December				
Earnings per Share (EPS) from continuing operations - Cents per share		2020		2019
Basic EPS		34.5		30.7
Diluted EPS		34.2		30.5
Underlying basic EPS*		36.0		31.9
Underlying diluted EPS*		35.7		31.7
Dividends	Amount per security	Percentage franked		
Interim dividend	25 cents	100%		
Date the dividend is payable		5 March 2021		
Record date for determining entitlements to the dividend		22 February 2021		
Trading ex-dividend		19 February 2021		
Interim Dividend		Percentage franked		
In respect of the 2021 financial year as at 31 December 2020	25 cents	100%		
In respect of the 2020 financial year as at 31 December 2019	25 cents	100%		
Final Dividend				
In respect of the 2020 financial year as at 30 June 2020	12 cents	100%		
In respect of the 2019 financial year as at 30 June 2019	31 cents	100%		
Net debt				117,633
Net Tangible Assets (NTA)	As at 31 December			
	2020			2019
NTA	40,007			28,912
NTA per share	0.43			0.33

* Underlying profit after tax, underlying profit before interest and tax, underlying basic eps and underlying diluted eps are non-IFRS measures that have not been subject to audit or review. "Underlying" results represent reported results adjusted for significant items.

^ Change compared to 31 December 2019 results

This announcement 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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11 February 2021

GUD Holdings Limited Results for the Half Year Ended 31 December 2020

Robust end-user demand across the Automotive businesses drives significant profit growth in the COVID-19 lockdown recovery phase.

Highlights

Safety

- Continued COVID-19 safety and wellbeing focus
- Strong leadership under COVID-19 response framework

Financials

- Revenue up 10.7% on the prior corresponding period (PCP)
- Underlying¹ EBIT up 17.6% on the PCP
- Underlying¹ NPAT up 18.4% on the PCP
- JobKeeper payments of \$2.8 million were more than offset by employee care and financial support programmes and the incremental COVID-19 operating costs
- Fully franked interim dividend per share (DPS) of 25 cents, in line with the PCP, representing a payout ratio of 76% of underlying NPAT excluding JobKeeper

Portfolio

- Completed acquisition of ACAD division of AMA Group, excluding Fluid Drive (G4CVA)
- Announced 1 March 2021 acquisition of Australian Clutch Services (ACS)
- Runway of potential acquisitions remains encouraging

Davey heavily impacted by COVID-19

- Export demand was significantly lower
- Modular water treatment tenders were deferred
- Partial factory closure due to Victorian COVID-19 lockdown significantly impacted overhead recovery and product supply

Strong cash flow and financial position

- Cash conversion ahead of expectation
- Raised \$75.7 million via an Institutional Placement and Share Purchase Plan to fund acquisitions
- Low gearing and \$99.9 million of available borrowing facilities

\$million	H1 FY21	H1 FY20	YoY%
Revenue	251.5	227.1	10.7%
EBIT	50.5	43.0	17.4%
NPAT	31.3	26.6	17.6%
Underlying ¹ EBIT	52.3	44.5	17.6%
Underlying ¹ NPAT	32.7	27.6	18.4%
Cash Conversion ²	90.6%	77.8%	16.5%
EPS (Basic)	34.5	30.7	12.2%
DPS (Interim)	25.0	25.0	-

Note: Small differences due to rounding.

1. "Underlying" results represent reported results adjusted for significant items.

2. Cash conversion equals gross cash divided by underlying EBIT.

Group Trading Performance

Revenue for the first half increased 11% to \$251.5 million, up from the 3% growth achieved in the prior corresponding period (PCP).

Reported EBIT increased 17% to \$50.5 million and included \$1.8 million of significant items associated with the planned closure of manufacturing by AAG and the costs associated with the acquisition of the ACAD business (excluding Fluid Drive) from the AMA Group.

Underlying EBIT of \$52.3 million increased 18% from the \$44.5 million recorded in the PCP. Underlying NPAT of \$32.7 million also increased 18% from the \$27.6 million recorded in the PCP.

JobKeeper payments of \$2.8 million were more than offset by employee care and financial support programmes and the incremental COVID-19 operating costs.

Cash conversion of 91%, reflected the strong collection performance in the period, some early settlements by debtors and higher velocity in stock turns.

Net debt of \$117.6 million decreased circa \$32 million on H1 FY20 and circa \$25 million on the FY20 year-end balance. The result includes proceeds of \$74.9 million (after associated costs) of equity raised via an Institutional Placement and Share Purchase Plan as well as a net \$65.7 million outflow associated with the purchase of the ACAD businesses.

Additional short-term borrowing facilities of \$22.5 million were secured during the period to position the Company through the COVID-19 recovery phase. The Group currently has \$99.9 million of available debt facilities and is well placed to fund additional bolt-on acquisitions.

An interim fully franked dividend of 25 cents per share was announced, in line with the PCP and represents a payout of 76% of underlying NPAT excluding JobKeeper receipts. While the interim DPS is in line with the PCP, the total cash consideration of the dividend represents an eight percent increase over the PCP given the additional equity raised to support the acquisition of the ACAD businesses. The interim dividend is payable on 5 March 2020.

Commenting on the financial results, the Managing Director, Graeme Whickman said. "The first half of the financial year has been very active in terms of acquisition-related activity and the Automotive business has been a stand-out. The COVID-19 'defence and offence' strategy, including employee care and financial support programs, combined with operational fitness efforts ahead of the COVID-19 period, has served the Group well. In addition, it has been pleasing to announce two acquisitions and completion of the ACAD transaction.

The sales performance of Davey's export business has been disappointing as COVID-19 impacted demand as well as our ability to serve those markets. In contrast, the sales result for the Australian business has been particularly pleasing with the improvement beginning to yield some positive results. While there have been deferrals of key modular water tenders, we expect that these contracts will contribute positively to future periods. In addition, Davey has faced significant challenges from an operational perspective with COVID-19 resulting in extended factory closures and associated cost recovery gaps.

Turning to the wider Group, I am pleased that we have been able to execute on two accretive acquisitions that represent compelling value and are a good strategic fit for the Automotive business. The balance sheet and financing facilities position us well to continue our disciplined acquisition strategy."

Segment Summary – For the Half Year to 31 December 2020

\$million	Revenue			Underlying EBIT		
	H1 FY21	H1 FY20	% change	H1 FY21	H1 FY20	% change
Automotive	196.7	173.6	13%	52.4	43.4	21%
Davey	54.8	53.5	2%	2.1	4.5	(52%)
Unallocated	-	-	-	(2.2)	(3.4)	(35%)
Total	251.5	227.1	11%	52.3	44.5	18%

Note: Small differences due to rounding.

During the current period the Group changed the method of assessing the performance of the individual segments. Under the revised methodology, segment performance includes a further allocation of applicable corporate costs (for example, executive management, technology and strategy costs). Prior period comparative information has not been restated.

Automotive Products - Underlying EBIT increased 21% to \$52.4 million

The Automotive businesses reported revenue growth of 13% with all businesses contributing to this growth.

Underlying EBIT increased by 21%, principally reflecting the increase in sales. JobKeeper subsidies of \$2.8 million were received in the period, however the COVID-19 operating costs and additional COVID-19 staff leave more than absorbed these payments.

Wesfil continued its robust revenue growth across both traditional and new product ranges in both wear parts and other automotive parts.

Ryco Filters also experienced strong growth as end-user service activity stepped up significantly across most of Australia, excluding Victoria. New Zealand sales growth was slightly softer. In addition, Ryco was proud to see its product innovation focus recognised in the AFR Innovation Awards as the 5th Most Innovative Company (Consumer and Manufacturing Goods).

BWI saw robust sales growth compared to the PCP, although a change in mix towards the Projecta range led to slightly decreased gross margins. The New Zealand business' new warehouse facility achieved its targeted operational efficiency levels and demand also recovered in the half. Staff idled due to COVID-19 were re-deployed to other areas to ready the business for the post-lockdown recovery.

The AA Gaskets business saw a spike in sales of certain products, typically for projects and hobbyists, in addition to the rise in demand from general servicing. DBA has also seen a similar pattern and, while export markets were COVID-19 impacted, demand has started to recover with the USA currently tracking above expectations.

IM Group experienced a recovery in demand but also a significant increase in car electronics repair activity. To support this growth, and the planned second half launch of a hybrid battery repair capability, IM Group expanded its re-manufacturing facilities in the half year.

Mr Whickman commented, "The Automotive businesses continued to demonstrate resilience in the first half of the financial year and, our decision to maintain inventory levels through the weakest of the COVID-19 demand period, positioned us well for the post lockdown recovery. Our strong working relationships with suppliers have largely enabled us to re-stock and serve the increase in end-user demand in FY21. Challenges with respect to protracted shipping lead times and resultant higher import costs (including airfreight) are ongoing. This has been a demanding, yet rewarding, period for the Automotive businesses and I am pleased with the way our team has responded to the increased workload and challenges through this first half of the financial year."

Davey Heavily Impacted by COVID-19 - Underlying EBIT decreased 52% to \$2.1 million

Davey reported revenue growth of 2% over the prior corresponding period with a decline in underlying EBIT of \$2.4 million due to volume and cost pressures.

COVID-19 impacted Davey significantly. On the revenue front, Davey's traditionally strong exports to the Pacific and Indian Ocean island nations faltered as their economies were impacted by a collapse in tourism. Exports to the Middle East and Europe were also soft due to a combination of COVID-19-related supply and demand issues. The need to substantially idle the Melbourne factory during the extended lockdown of non-essential manufacturing resulted in overhead recovery gaps and impacted supply during the European pool season. On a positive note, the Australian business grew well, and traditional New Zealand business showed resilience.

Mr Whickman commented, "It has been frustrating that COVID-19 has impacted the delivery of the Davey improvement plan with the export business masking an otherwise credible sales outcome in the domestic business. We remain confident in the medium-term growth potential of the Davey business. The business is well positioned for an eventual recovery in export demand. The commitment of the Davey team through this challenging period is commendable and we thank them for their contribution."

Outlook

Graeme Whickman said, "It is encouraging that the operating trends observed in the first half have continued through January. Assuming no H2 fiscal cliff or significant mobility restrictions, FY21 underlying EBIT is forecast to be in the range of \$95-100 million (including contributions from G4CVA and ACS).

In the current trading environment, having sufficient inventory is key to securing the near-term sales opportunities. Therefore, we are likely to increase fast moving inventory levels in the second half. Consequently, we anticipate cash conversion of circa 80-85 percent for the full year.

The Group will be focused on the integration of the acquired business in the second half. We will continue to ensure our existing businesses remain nimble and well positioned for the opportunities the current COVID-19 times might offer the Group.”

This announcement is approved for release by the GUD Holdings Limited Board of Directors.

For further information:

Graeme Whickman
Managing Director and Chief Executive Officer
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Directors' Report

The Directors of GUD Holdings Limited (the Company) present their report together with the consolidated financial statements for the six months ended 31 December 2020 and the audit report thereon.

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

G. A. Billings (Appointed Chairman on 5 September 2020)

M.G. Smith (Former Chairman – through to 4 September 2020)

D. D. Robinson

A. L. Templeman-Jones

J. A. Douglas

Executive Director

G. Whickman (Managing Director)

Review of Operations

A review of the Group's operations during the six months ended 31 December 2020 and the results of these operations are set out in the attached results announcement.

Significant Changes

On 31 December 2020, the Company completed the acquisition of AMA Group's Automotive Components and Accessories Division (ACAD). The acquisition of these businesses will compliment GUD's automotive business and provide strategic diversification across products and customer channels, along with increased exposure to fast-growing pick-up truck and SUV vehicle segments.

GUD First Half Results

The consolidated net profit for the six months ended 31 December 2020 attributable to the shareholders of GUD Holdings Limited after providing for income tax was \$31.280 million (2019: \$26.609 million).

Segmental Results

Segmental results for the six months ended 31 December 2020 are set out in note 4 to the financial statements.

Dividends

On 11 February 2021, the Board of Directors declared a fully franked interim dividend in respect of the 2021 financial year of 25 cents per share. The record date for the dividend is 22 February 2021 and the dividend will be paid on 5 March 2021. The Dividend Reinvestment Plan will be available for this dividend.

Significant Events after Year End

On 10 February 2021, the Company entered into a binding share sale and purchase agreement to acquire the Australian Clutch Services Group for \$32 million. The transaction is expected to be earnings accretive.

Directors' Report



Auditor Independence

The auditor's independence declaration made under section 307C of the *Corporations Act 2001* is set out on page 32 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 *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* 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*.

A handwritten signature in black ink, appearing to read 'G A Billings', is positioned above the name of the Chairman of Directors.

G A Billings
Chairman of Directors

A handwritten signature in blue ink, appearing to read 'G Whickman', is positioned above the name of the Managing Director.

G Whickman
Managing Director

Melbourne, 11 February 2021



Condensed Consolidated Interim Financial Statements

Condensed Consolidated Income Statement	11
Condensed Consolidated Statement of Other Comprehensive Income	12
Condensed Consolidated Balance Sheet	13
Condensed Consolidated Statement of Changes in Equity.....	14
Condensed Consolidated Cash Flow Statement.....	15
1. Basis of preparation	16
Results for the Half Year	18
2. Revenue from contracts with customers	18
3. Earnings per share	19
4. Segment information.....	20
Intangible Assets	23
5. Goodwill	23
6. Other intangible assets.....	23
Capital Structure and Financing Costs	24
7. Borrowings	24
8. Financial instruments	25
9. Share capital	28
10. Dividends	28
Investments in Subsidiaries	29
11. Business Combination	29
Other Notes	31
12. Performance rights.....	31
13. Subsequent events	31
Directors' Declaration	32
Lead Auditor's Independence Declaration	33
Independent Auditor's Report	34



Condensed Consolidated Income Statement

For the Six Months Ended 31 December		2020	2019
	Note	\$'000	\$'000
Revenue	2	251,473	227,118
Cost of goods sold		(137,377)	(119,538)
Gross Profit		114,096	107,580
Other income		313	357
Government grants		2,759	-
Marketing and selling		(26,394)	(28,550)
Product development and sourcing		(7,247)	(6,231)
Logistics expenses and outward freight		(12,922)	(12,776)
Administration		(18,026)	(15,659)
Other expenses		(2,092)	(1,718)
Results from operating activities		50,487	43,003
Net finance cost		(6,819)	(5,096)
Profit before tax		43,668	37,907
Income tax expense		(12,388)	(11,298)
Profit/(loss) from operations, net of income tax		31,280	26,609
Profit/(loss) attributable to owners of the Company		31,280	26,609
Earnings per share from continuing operations:			
Basic earnings per share (cents per share)	3	34.5	30.7
Diluted earnings per share (cents per share)	3	34.2	30.5

The notes on pages 16 to 30 are an integral part of these condensed consolidated financial statements.



Condensed Consolidated Statement of Other Comprehensive Income

For the six months ended 31 December	Note	2020 \$'000	2019 \$'000
Profit for the period		31,280	26,609
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translating results of foreign operations		(202)	(355)
Net fair value adjustments recognised in the hedging reserve		(4,719)	1,153
Net change in fair value of cash flow hedges transferred to inventory		1,968	(1,489)
Equity settled share based payment transactions		946	704
Income tax expense/(benefit) on items that may be reclassified subsequently to profit or loss		825	101
Other comprehensive income / (loss) for the year, net of income tax		(1,182)	114
Total comprehensive income attributable to owners of the Company		30,098	26,723
Total comprehensive income		30,098	26,723

All the above items may subsequently be recognised in the Condensed Consolidated Income Statement. The notes on pages 16 to 30 are an integral part of these condensed consolidated financial statements.



Condensed Consolidated Balance Sheet

As at	Note	31-Dec-20 \$'000	30-Jun-20 \$'000
Current assets			
Cash and cash equivalents		34,862	29,987
Trade and other receivables		137,859	114,479
Inventories		122,275	108,180
Derivative assets	8	-	549
Other financial assets	8	1,637	1,176
Current tax receivable		121	791
Other assets		9,352	5,261
Total current assets		306,106	260,423
Non-current assets			
Goodwill	5	210,247	162,149
Other intangible assets	6	121,183	121,436
Property, plant and equipment		23,345	16,495
Right of use assets		87,520	77,246
Other financial assets	8	3,805	4,111
Investments		1,734	1,734
Total non-current assets		447,834	383,171
Total assets		753,940	643,594
Current liabilities			
Trade and other payables		87,100	65,100
Employee benefits		15,413	12,147
Restructuring provisions		-	51
Warranty provisions		441	468
Other provisions		324	870
Lease liabilities		12,027	10,058
Derivative liabilities	8	4,752	1,284
Other financial liabilities	8	769	3,250
Current tax payable		3,664	3,714
Total current liabilities		124,490	96,942
Non-current liabilities			
Employee benefits		1,872	1,308
Borrowings	7	152,495	172,139
Lease liabilities		79,469	69,904
Derivative liabilities	8	409	758
Deferred tax liabilities		22,624	27,701
Other non-current liabilities		1,144	57
Total non-current liabilities		258,013	271,867
Total liabilities		382,503	368,809
Net assets		371,437	274,785
Equity			
Share Capital		189,838	112,880
Reserves		9,819	11,001
Retained earnings		171,780	150,904
Total equity		371,437	274,785

The notes on pages 16 to 30 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2020

	Notes	Attributable to the owners of the Company						Total equity
		Share Capital	Hedging reserve	Equity compensation reserve	Fair value reserve	Translation reserve	Retained earnings	
Balance at 30 June 2020		112,880	(902)	11,291	(598)	1,210	150,904	274,785
Total comprehensive income for the period								-
Profit for the period		-	-	-	-	-	31,280	31,280
Other comprehensive income		-	(1,926)	946	-	(202)	-	(1,182)
Total comprehensive income for the period		-	(1,926)	946	-	(202)	31,280	30,098
Transactions with the owners of the Company								
<i>Contributions and distributions</i>								
Issue of ordinary shares	9	75,703	-	-	-	-	-	75,703
Equity raise costs	9	-	-	-	-	-	-	(1,285)
Dividend reinvestment plan (net of issue costs)		2,540	-	-	-	-	-	2,540
Dividends paid	10	-	-	-	-	-	(10,404)	(10,404)
Balance at 31 December 2020		189,838	(2,828)	12,237	(598)	1,008	171,780	371,437

For the six months ended 31 December 2019

	Notes	Attributable to the owners of the Company						Total equity
		Share Capital	Hedging reserve	Equity compensation reserve	Fair value reserve	Translation reserve	Retained earnings	
Balance at 30 June 2019		112,880	(663)	9,495	(598)	1,747	155,778	278,639
Total comprehensive income for the period								-
Profit for the period		-	-	-	-	-	26,609	26,609
Other comprehensive income		-	(235)	704	-	(355)	-	114
Total comprehensive income for the period		-	(235)	704	-	(355)	26,609	26,723
Transactions with the owners of the Company								
<i>Contributions and distributions</i>								
Issue of ordinary shares		-	-	-	-	-	-	-
Equity raise costs		-	-	-	-	-	-	-
Dividends paid		-	-	-	-	-	(26,877)	(26,877)
Balance at 31 December 2019		112,880	(898)	10,199	(598)	1,392	155,510	278,485

The amounts recognised directly in equity are net of tax.

The notes on pages 16 to 30 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Cash Flow Statement

For the six months ended 31 December	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from customers		261,544	244,586
Payments to suppliers and employees		(210,085)	(201,046)
Income taxes paid		(14,723)	(17,358)
Receipt of Government grants		2,759	-
Net cash provided by operating activities		39,495	26,182
Cash flows from investing activities			
Acquisition of controlled entity, net of cash acquired		(65,739)	-
Payment of IMG contingent consideration		(3,250)	-
Proceeds from sale of property, plant and equipment		-	29
Payments for property, plant and equipment		(2,206)	(3,766)
Payments for intangible assets		-	(36)
Net cash used in investing activities		(71,195)	(3,773)
Cash flows from financing activities			
Proceeds from borrowings		46,000	27,620
Repayment of borrowings		(65,917)	(19,239)
Cash payments for lease liability		(5,710)	(5,671)
Advance on other loans		(659)	-
Proceeds on other loans		256	(3,361)
Interest received		-	82
Interest paid		(3,399)	(3,401)
Dividends paid	10	(7,864)	(26,877)
Proceeds from the issue of ordinary shares		75,703	-
Transaction costs related to equity raise		(1,836)	-
Net cash used in financing activities		36,574	(30,847)
Net increase/(decrease) in cash held		4,874	(8,438)
Cash at the beginning of the year		29,987	28,850
Effects of exchange rate changes on the balance of cash held in foreign currencies		1	194
Cash and cash equivalents at 31 December		34,862	20,606

The notes on pages 16 to 30 are an integral part of these condensed consolidated financial statements.

GUD Holdings Limited and subsidiaries

1. Basis of preparation

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

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 2020 comprises the Company and its subsidiaries (together referred to as the 'Group').

The Group is primarily involved in manufacturing, importation, distribution and sale of automotive products, pumps, pool, spa and water pressure systems, with operations in Australia, New Zealand, France and Spain (note 4).

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2020 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 Preparation

The condensed consolidated interim financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, AASB 134 and with IAS 34 *Interim Financial Reporting*. The interim financial statements do not include all 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 2020.

The condensed consolidated financial statements were authorised for issue by the Directors on 11 February 2021.

Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 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 most 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, and in the current year the estimates and judgements incorporate the impact of uncertainties associated with COVID 19 (where relevant).

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 2020. With regard to the acquisition of G4CVA (note 11); fair value of the consideration transferred and fair value of the assets acquired and liabilities assumed, were measured on a provisional basis.

GUD Holdings Limited and subsidiaries

1. Basis of preparation (continued)

Use of estimates and judgements (continued)

a. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes the Group finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The Group finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 5 – Goodwill;
- Note 8 – Financial instruments;
- Note 11 – Business combination; and
- Note 12 – Performance rights

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020. A number of new standards are effective from 1 July 2020 but they do not have a material effect on the Group's financial statements.



Results for the Half Year

2. Revenue from contracts with customers

a. Disaggregation of revenue

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

In the following table, revenue is disaggregated by types of goods or services, geographical markets and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments see note 4.

Segments	For the six months ended 31 December 2020			For the six months ended 31 December 2019		
	Automotive	Davey	Total	Automotive	Davey	Total
Type of goods or services	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sale of goods	196,687	54,298	250,985	173,606	52,904	226,510
Water solutions project income	-	488	488	-	608	608
Total Revenue from contracts with customers	196,687	54,786	251,473	173,606	53,512	227,118
Geographical markets						
Australia	177,118	45,088	222,206	155,792	44,415	200,207
New Zealand	19,569	6,724	26,293	17,814	6,805	24,619
Other	-	2,974	2,974	-	2,292	2,292
Total revenue from contracts with customers	196,687	54,786	251,473	173,606	53,512	227,118
Timing of revenue recognition						
Goods transferred at a point in time	196,687	54,298	250,985	173,606	52,904	226,510
Services transferred over time	-	488	488	-	608	608
Total Revenue from contracts with customers	196,687	54,786	251,473	173,606	53,512	227,118

The Group recognised impairment losses on receivables and contract assets arising from contracts with customers, included under Administrative expenses in the statement of profit or loss, amounting to \$54,000 and \$125,000 for the six months ended 31 December 2020 and 2019, respectively.

GUD Holdings Limited and subsidiaries

2. Revenue from contracts with customers (continued)

b. Contract balances

The following table provides information about receivables, contract assets and liabilities from contracts with customers.

	31-Dec-20	30-Jun-20
	\$'000	\$'000
Receivables, which are included in trade and other receivables	-	-
Contract Assets	106	389

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on water solution projects. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

3. 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 period attributable to equity shareholders divided by the weighted average number of shares on issue during the period.

Diluted EPS reflects any commitments the Group has to issue shares in the future, such as those issued upon vesting of performance rights, where the issuance of those shares will be dilutive compared to Basic EPS.

For the Six Months Ended 31 December	2020	2019
	\$'000	\$'000
Profit / (loss) for the period	31,280	26,609
	Number	Number
Weighted average number of ordinary shares used as the denominator for basic EPS	90,792,986	86,683,486
Effect of balance of performance rights outstanding at 31 December	706,285	643,924
Weighted average number of ordinary shares used as the denominator for diluted EPS	91,499,271	87,327,410
EPS	Cents per share	Cents per share
Basic EPS	34.5	30.7
Diluted EPS	34.2	30.5

GUD Holdings Limited and subsidiaries

4. Segment information

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

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:

Automotive

Automotive involves principally aftermarket parts and accessories for cars, trucks, agricultural and mining equipment including filtration, auto electrical, gaskets, brakes, fuel pumps, engine and vehicle management devices, and other automotive products.

Davey

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

Geographical segments

The Group operates primarily in two geographical segments; Australia and New Zealand. The Group also operates in "other" countries throughout Europe and the UAE, refer note 2 for geographical sales disclosure.



4. Segment information (continued)

	For the six months ended 31 December 2019			
	Automotive \$'000	Davey \$'000	Unallocated ² \$'000	Total \$'000
Business segments				
Total segment revenue (external)	173,606	53,512	-	227,118
Underlying EBITDA pre-impairment costs³	48,053	6,560	(3,031)	51,582
Less: Depreciation	(4,472)	(2,098)	(363)	(6,933)
Less: Amortisation and impairment of intangibles	(159)	-	(1)	(160)
Underlying EBIT pre-impairment costs³	43,422	4,462	(3,395)	44,489
Restructuring costs ¹	(412)	(992)	(82)	(1,486)
Segment result (EBIT)³	43,010	3,470	(3,477)	43,003
Interest income	-	9	82	91
Interest expense	(1,408)	(221)	(3,558)	(5,187)
Profit / (loss) before tax	41,602	3,258	(6,953)	37,907
Tax benefit / (expense)	(12,635)	(861)	2,198	(11,298)
Profit / (loss)	28,967	2,397	(4,755)	26,609
Profit / (loss) attributable to owners of the Company	28,967	2,397	(4,755)	26,609
	As at 30 June 2020			
Segment assets	511,748	121,747	10,099	643,594
Segment liabilities	145,722	29,290	193,797	368,809
Segment capital expenditure	46,802	7,098	51	53,951

¹ Associated with product outsourcing at AA Gaskets and realignment of the Davey business.

² Unallocated items comprise mainly of corporate assets, corporate expenses, interest, tax, corporate borrowings, and deferred tax balances.

³ Underlying EBITDA, underlying EBIT, and EBIT are non-IFRS measures that have not been subject to audit or review. "Underlying" results represent reported results adjusted for significant items.

Intangible Assets

5. Goodwill

	31 December 2020	30 June 2020
	\$'000	\$'000
Gross carrying amount		
Balance at the beginning of the period	162,149	162,708
Acquisitions through business combinations ¹	48,169	-
Liquidation of GEL Australia		(290)
Net foreign currency difference arising on translation of financial statements of foreign operations	(71)	(269)
Balance at the end of the period	210,247	162,149

¹ On 31 December 2020 the Company acquired 100% of the shares in ACAD Limited and AMA Fully Equipped NZ Holding Pty Ltd ("G4CVA"), this transaction resulted in the recognition of Goodwill. For further details of the G4CVA acquisition refer to note 11.

6. Other intangible assets

Patents, licences and distribution rights at cost	2,042	1,915
Accumulated amortisation	(723)	(541)
Net patents, licences and distribution rights	1,319	1,374
Customer relationships	4,441	4,441
Accumulated amortisation	(1,411)	(1,252)
Net customer lists	3,030	3,189
Computer software	253	219
Accumulated amortisation	(182)	(165)
Net computer software	71	54
Brand names, business names and trademarks at cost	119,237	119,237
Accumulated amortisation and impairment	(2,474)	(2,418)
Net brand names, business names and trademarks	116,763	116,819
Total other intangible assets	121,183	121,436

The Group holds several 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.

Capital Structure and Financing Costs

7. Borrowings

	31 December 2020	30 June 2020
	\$'000	\$'000
Current		
Unsecured bank loans	-	-
Secured finance lease liabilities	-	-
Total current borrowings	-	-
Non-current		
Unsecured bank loans	152,495	172,139
Total non-current borrowings	152,495	172,139

Unsecured bank loans

The unsecured bank loans in accordance with the Common Terms Deed are summarised as follows:

	Facilities as at 31 December 2020		Facilities as at 30 June 2020	
	Amount	Maturity	Amount	Maturity
	\$ million		\$ million	
Bank borrowings - 4 year facility	150.0	28/01/2024	150.0	28/01/2024
Fixed term loan	50.0	23/01/2028	50.0	23/01/2028
Short term facilities	25.0	28/01/2022	25.0	28/01/2021
Covid 19 liquidity facilities ¹	22.5	30/06/2021	-	-

1. This facility is expected to lapse and will not be renewed at 30 June 2021.

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 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 overdraft is charged at prevailing market rates. The weighted average interest rate for all overdrafts as at 31 December 2020 is 4.44% (30 June 2020: 4.44%).

7. Borrowings (continued)

Facility utilisation

As at	31 December 2020 \$'000	30 June 2020 \$'000
Facilities available:		
Unsecured bank overdrafts	4,938	4,934
Unsecured bank loans	200,000	200,000
Short term facilities	47,500	25,000
Total facilities available	252,438	229,934
Facilities used at balance date:		
Unsecured bank overdrafts	-	-
Unsecured bank loans	152,495	172,139
Short term facilities	-	-
Total facilities used at balance date	152,495	172,139
Facilities not utilised at balance date:		
Unsecured bank overdrafts	4,938	4,934
Unsecured bank loans	47,505	27,861
Short term facilities	47,500	25,000
Total facilities not utilised at balance date	99,943	57,795

8. Financial instruments

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).

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

8. Financial instruments (continued)

	As at 31 December 2020						
	Carrying value			Fair value			
	Current \$'000	Non-current \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value							
Investments	-	1,734	1,734	-	-	1,734	1,734
Derivatives - Foreign currency forward contracts	-	-	-	-	-	-	-
Other financial assets	-	3,805	3,805	-	-	3,805	3,805
Total financial assets measured at fair value	-	5,539	5,539	-	-	5,539	5,539
Financial assets not measured at fair value							
Cash and cash equivalents ^a	34,862	-	34,862	-	-	-	-
Trade and other receivables ^a	137,859	-	137,859	-	-	-	-
Other financial assets ^a	1,637	-	1,637	-	-	-	-
Total financial assets not measured at fair value	174,358	-	174,358	-	-	-	-
Total financial assets	174,358	5,539	179,897	-	-	5,539	5,539
Financial liabilities measured at fair value							
Derivatives - Foreign currency forward contracts	4,737	-	4,737	-	4,737	-	4,737
Derivatives - Interest rate swaps at fair value	15	409	424	-	424	-	424
Total financial liabilities measured at fair value	4,752	409	5,161	-	5,161	-	5,161
Financial liabilities not measured at fair value							
Borrowings and loans ^a	-	152,495	152,495	-	-	-	-
Other financial liability	769	-	769	-	-	-	-
Total financial liabilities not measured at fair value	769	152,495	153,264	-	-	-	-
Total financial liabilities	5,521	152,904	158,425	-	5,161	-	5,161

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 2020						
	Carrying value			Fair value			
	Current \$'000	Non-current \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value							
Investment	-	1,734	1,734	-	-	1,734	1,734
Derivatives - Foreign currency forward contracts	549	-	549	-	549	-	549
Other financial assets	-	229	229	-	-	229	229
Total financial assets measured at fair value	549	1,963	2,512	-	549	1,963	2,512
Financial assets not measured at fair value							
Cash and cash equivalents ^a	29,987	-	29,987	-	-	-	-
Trade and other receivables ^a	114,479	-	114,479	-	-	-	-
Other financial assets	1,176	3,882	5,058	-	-	-	-
Total financial assets not measured at fair value	145,642	3,882	149,524	-	-	-	-
Total financial assets	146,191	5,845	152,036	-	549	1,963	2,512
Financial liabilities measured at fair value							
Derivatives - Foreign currency forward contracts	1,235	-	1,235	-	1,235	-	1,235
Derivatives - Interest rate swaps at fair value	49	758	807	-	807	-	807
Other financial liabilities	3,250	-	3,250	-	-	3,250	3,250
Total financial liabilities measured at fair value	4,534	758	5,292	-	2,042	3,250	5,292
Financial liabilities not measured at fair value							
Borrowings and loans ^a	-	172,139	172,139	-	-	-	-
Total financial liabilities not measured at fair value	-	172,139	172,139	-	-	-	-
Total financial liabilities	4,534	172,897	177,431	-	2,042	3,250	5,292

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)

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.

Contingent consideration

Any contingent consideration receivable or payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

For the 6 months ended	31 December 2020	30 June 2020
	\$'000	\$'000
Current		
Contingent consideration payable – acquisition of 100% of IMG	-	3,250
Non-Current		
Contingent consideration payable – acquisition of 100% of IMG	-	-
Closing balance	-	3,250

Level 3 fair value reconciliation

Changes in fair value of the level 3 financial instruments is summarised below:

	\$'000	\$'000
Opening balance	1,516	693
Contingent consideration payable – acquisition of 100% of IMG	(1,516)	(321)
Unwinding of discount	-	1,144
Closing balance	-	1,516

9. Share capital

The number of shares on issue at 31 December 2020 was 93,697,294 (31 December 2019: 86,701,174).

During the six months ended 31 December 2020:

- Nil shares were bought back on market and cancelled by the Group (31 December 2019: nil shares were bought back).
- 4,889,889 shares were allotted per the 2020 institutional placement at \$11.25 per share.
- 1,882,997 shares were allotted per the 2020 share purchase plan at \$11.00 per share.
- 223,234 shares were allotted per the 2020 dividend reinvestment plan.

10. Dividends

Recognised amounts

	Cents per share	Total amount \$'000	Date of payment	Tax rate	Percentage franked
Final dividend in respect of the 2020 financial year ¹	12	10,404	28 August 2020	30%	100%
Interim dividend in respect of the 2020 financial year	25	21,675	28 February 2020	30%	100%
Final dividend in respect of the 2019 financial year	31	26,877	30 August 2019	30%	100%
Interim dividend in respect of the 2019 financial year	25	21,621	1 March 2019	30%	100%

Unrecognised amounts

	Cents per share	Total amount \$'000	Date of payment	Tax rate	Percentage franked
Fully Paid Ordinary Shares					
Interim dividend in respect of the 2021 financial year	25	23,424	5 March 2021	30%	100%

1. Final dividend paid includes dividend reinvested of \$2.54m.

Investments in Subsidiaries

11. Business Combination

Acquisition of G4CVA

On 31 December 2020, the Company acquired 100% of the shares in ACAD Limited ("ACAD Aust") and 100% of the shares of AMA Fully Equipped NZ Holding Pty Ltd ("ACAD NZ"). The total estimated consideration for ACAD Aust and ACAD NZ (collectively "G4CVA") is \$70.379 million, subject to customary purchase price adjustments and capex adjustments.

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

If the acquisition had occurred on 1 July 2020, management estimates that together G4CVA would have contributed \$40.1 million of revenue and \$4.9 million of EBIT to the Group's results for the six months ended 31 December 2020.

Consideration paid

As at 31 December 2020, the total estimated consideration for the acquisition of G4CVA was \$70.379 million. \$69.610 million was paid on 31 December 2020 and \$0.769 million was payable at 31 December 2020 upon receipt of the completion accounts, which was paid by GUD to the vendor on 29/01/2021.

Contingent consideration

The Company has also agreed to pay the selling shareholders contingent consideration based on the consolidated revenue of G4CVA for financial year ended 2021. GUD has estimated that there will be no additional payable other than the amount held in escrow (amount already paid into escrow is \$2.110 million).

Acquisition-related costs

During the period ended 31 December 2020, the Company incurred approximately \$0.374 million 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.

	G4CVA
	\$'000
Cash and cash equivalents	3,871
Trade and other receivables	8,032
Other assets	2,457
Deferred tax assets	686
Inventories	10,903
Property, plant and equipment	26,414
Trade and other payables	(6,460)
Lease liability	(20,374)
Provisions	(3,319)
Total identifiable net assets acquired	22,210



11. Business Combination (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 consideration	70,379
Less Fair value of identifiable net assets	<u>(22,210)</u>
Goodwill	<u>48,169</u>

The goodwill is largely attributable to G4CVA's:

- Expanded Customer channels including OEMs, fleets, car dealerships and specialist independent 4WD resellers and entry into the fast growing product category of 4WD accessories
- Exposure to fast growing pick up and SUV vehicle segments
- Portfolio of market leading brands
- Extensive operational footprint across ANZ and addition of manufacturing capabilities

Other Notes

12. Performance rights

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 several senior staff in the six months ended 31 December 2020 under the 2023 Long Term Incentive Plan.

The fair value of these performance rights have 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 Remuneration Committee in July. The grant to the Managing Director occurred 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	7/10/2020	29/07/2020
Number of Performance Rights granted	53,198	305,690
Value per right at grant date	\$8.21	\$6.26
Fair value at grant date	436,731	1,912,408
Exercise price	Zero	Zero
Expected volatility	28.00%	28.00%
Performance rights life remaining at 31 December 2020	2.5 years	2.5 years
Expected dividend yield p.a.	4.00%	4.00%
Risk free interest rate p.a.	0.09%	0.29%

A portion of the 2021, 2022 and 2023 Long Term Incentive Plans expenses have been included in the Income Statement in the current period in accordance with accounting standard AASB 2 *Share-based Payment*.

13. Subsequent events

GUD acquires Australian Clutch Services

On 10 February 2021, the company entered into a binding share sale and purchase agreement to acquire the Australian Clutch Services Group for \$32 million.

Dividends declared

On 11 February 2021, the Board of Directors declared a fully franked interim dividend in respect of the 2021 financial year of 25 cents per share. Record date is 22 February 2021, and the dividend will be paid on 5 March 2021.

Other

Other than the items discussed above, 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 31 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 2020 and of its performance for the six months ended on that date;
 - 2. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and IAS 34: *Interim Financial Reporting*; 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



G A Billings
Chairman



G Whickman
Director

Melbourne, 11 February 2021



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 of GUD Holdings Limited for the half-year ended 31 December 2020 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

A handwritten signature in black ink, appearing to read 'Chris Sargent', written in a cursive style.

Chris Sargent
Partner

Melbourne
11 February 2021



Independent Auditor's Review Report

To the shareholders of GUD Holdings Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of GUD Holdings Limited.

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:

- giving a true and fair view of the **Group's** financial position as at 31 December 2020 and of its performance for the **Interim Period** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2020
- Condensed consolidated income statement, Condensed consolidated statement of comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Interim Period ended on that date
- Notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises GUD Holdings Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The **Interim Period** is the six months ended on 31 December 2020.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



Responsibilities 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*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period 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.

KPMG

Chris Sargent

Partner

Melbourne

11 February 2021