GWA INTERNATIONAL LIMITED ANNUAL REPORT 2003

caroma

FOWLER

dorf

ROVER

Gainsborough

sebel

dux HOT WATER

caroma taps

WISA

stylus

CLARK

Irwell Taps

GWA INTERNATIONAL LIMITED

The Annual General Meeting of GWA International Limited will be held in The Grand Ballroom, Stamford Plaza Brisbane, Cnr Edward and Margaret Streets Brisbane on Thursday 30 October 2003 commencing at 10:30am. A formal notice of meeting and proxy form is enclosed with this report.

ABN 15 055 964 380

- Excellent performance which reflects the strong domestic construction activity
- Operating businesses with strong brand names and market positions
- Well-positioned for future growth through operating cash flows and funding capacity for acquisitions
- Revenues increased by 8.2% to $666.5 million
- Net operating profit after tax increased by 17.9% to $55 million
- Earnings per share increased by 17.9% to 19.8 cents
- Fully franked final dividend of 8 cents, compared to 7.5 cents in the prior year
- Total fully franked dividend for the year of 18 cents (which includes a special dividend of 2.5 cents paid in April 2003)

Financial Summary Year Ended June	**1999 $'000**	**2000 $'000**	**2001 $'000**	**2002 $'000**	**2003 $'000**	**% Change**
Operating Revenue	524,095	607,897	570,072	615,843	666,525	8.2
Earnings before depreciation, interest and tax	100,624	109,448	103,137	108,527	118,978	9.6
(%)	19.2	18.0	18.1	17.6	17.9	
Depreciation and amortisation	24,110	26,450	26,924	28,812	28,034	-2.7
Earnings before interest & tax	76,514	82,998	76,213	79,715	90,944	14.1
(%)	14.6	13.7	13.4	12.9	13.6	
Interest	10,977	12,042	13,305	13,070	12,368	-5.4
Operating profit before tax	65,537	70,956	62,908	66,645	78,576	17.9
(%)	12.5	11.7	11.0	10.8	11.8	
Tax expense	22,681	29,555	21,457	19,995	23,569	17.9
(%)	34.6	41.7	34.1	30.0	30.0	
Operating profit after tax	42,856	41,401	41,451	46,650	55,007	17.9
Net cash flow provided from operating activities before debt cost and tax	93,195	98,569	78,719	116,807	128,200	9.8
Capital expenditure	29,913	30,144	24,550	32,976	24,392	-26.0
Research and development	4,608	5,558	5,228	5,064	5,770	13.9
Net debt	204,158	201,571	237,759	229,435	207,678	-9.5
Shareholders' equity	381,524	387,473	386,058	387,849	413,787	6.7
Other ratios						
Return on average shareholders' equity (%)	12.7	10.8	10.7	12.1	13.7	13.2
Interest cover (times)	7.0	6.9	5.7	6.1	7.4	
Net debt: equity (%)	54	52	62	59	50	

2002/03 Year Results

I am very pleased to report that GWA International Limited in the 2002/03 financial year surpassed the previous year's record result with profit after tax rising 17.9% to $55.0 million, on the back of a 8.2% rise in sales revenue to $660 million.

This excellent result demonstrates the outstanding performance over many years of Geoff McGrath and his management team. Mr McGrath retired from his position as Managing Director in May 2003, completing more than 40 years' service with the Group's businesses.

Under Mr McGrath's stewardship, GWA International has prospered with long term growth in profits, cash dividends and share price and we thank him for his great service to the Group.

In May, your directors appointed the very experienced manager Peter Crowley as Managing Director and he will build on Mr McGrath's achievements in creating significant shareholder value in the long term.

I am delighted to advise that the Group will continue to have access to the experience and skills of Mr McGrath, who will now act as an advisor to the Board on a retainer.

The Group's trading results, coupled with its strong operating cash flow and cash position, provide the opportunity to continue GWA International's growth in paying fully franked dividends.

Dividends

In April 2003, the Interim Dividend of 7.5 cents per share was paid together with a further Special Dividend of 2.5 cents per share. The final dividend, payable in October 2003, will be increased to 8 cents per share fully franked.

Our intentions are to continue to increase the total dividend with further growth in profits and to discontinue the special dividends.

		2002/03 $000's	2001/02 $000's	2000/01 $000's
Profit after tax		$55,007	$46,650	$41,451
Dividends –	Interim	20,835	19,435	18,021
	Special	6,945	6,941	6,931
	Final	22,224	20,835	19,407
	Total	50,004	47,211	44,359

Corporate Governance

GWA International Limited has the benefit of a stable Board of Directors, who bring together complementary skills and strong experience, as well as a deep knowledge of the Group's businesses.

The Board supports the Principles of Good Corporate Governance and Best Practice Recommendations of the ASX Corporate Governance Council which were released on 31 March 2003. I would like to highlight to shareholders that these recommendations already form the basis of the Group's corporate governance policies and procedures which have been in place for many years, and ensure that the highest standards of corporate governance is achieved by the Group.

The Board is committed to the continual review and updating of the Group's corporate governance practices to ensure that GWA International continues to comply with best practice. For more detailed information on the corporate governance practices of the Group, I refer you to our Corporate Governance Statement.

Strategic Direction

GWA International is committed to growing shareholder value. This objective will be achieved by continuing to invest in people, products and technology to maximize the Group's performance and create value building opportunities for our business.

The Group's priority is to acquire another major domestic business division and to also pursue bolt-on acquisition opportunities to add value to existing businesses and support our expansion into new markets.

The Company has access to significant additional borrowings for acquisitions and Directors intend to reopen the Dividend Reinvestment and Share Purchase plans when a major acquisition is undertaken.

Future

Your Board and management remain committed to creating shareholder value. We believe there are significant opportunities both with the existing businesses and via acquisition to achieve this objective.

B Thornton
Chairman

The primary objective of the Company is to create and sustain shareholder wealth in the long term through continuing our investment in, and sound management of, the Group's business.

In the pursuit of creating sustainable growth in value for shareholders, the Group has built through investment and acquisition, a diversified portfolio of strong businesses operating principally within Australia.

During the 2002/03 year a high level of activity was sustained across all of the Group's businesses to deliver a net profit after tax of $55.0 million up 17.9% on last year and on sales revenue of $659.6 million up 8.2% on last year.

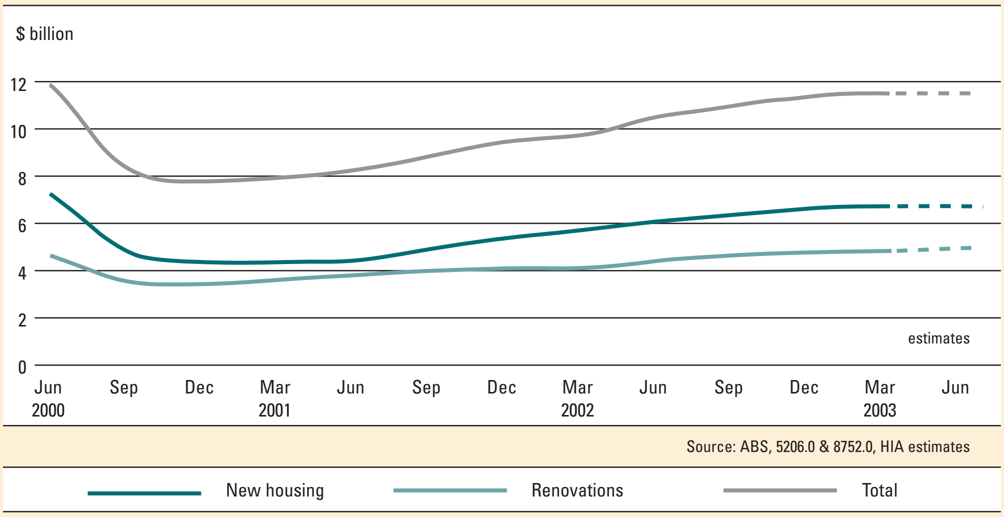
The strong overall sales performance was underpinned by $546.6 million worth of sales to the building fixtures and fittings segment, where the Group's Caroma, Dorf Clark, Gainsborough and Dux businesses have long established and strong market positions. Our commercial furniture business, Sebel, also achieved good revenue and profit growth for the year.

There were predictions at the beginning of the 2002/03 year that domestic housing activity would decline during the year. However, with continued low interest rates, housing activity actually increased over the year as illustrated by the graph below, titled Work Done on Housing.

Business Segment	**Segment Result**			**Segment Sales Revenue**		
$000's	**2003**	**%**	**2002**	**2003**	**%**	**2002**
Building Fixtures & Fittings	95,801	+10.3%	86,889	546,614	+9.8%	497,736
Commercial Furniture	6,246	+21.8%	5,127	70,146	+11.4%	62,943
Other	(23,471)		(25,371)	42,829	-12.3%	48,856
Profit before tax	78,576	+17.9%	66,645			
Income tax expense	(23,569)		(19,995)			
Profit after tax	**55,007**	**+17.9%**	**46,650**			

Work Done on Housing, Australia

Chain volume measures, base 2000/01, seasonally adjusted



Source: ABS, 5206.0 & 8752.0, HIA estimates

	2002/03	2001/02	2000/01
Return on Average Equity	13.7%	12.0%	10.7%
Earnings per share	19.8 cents	16.8 cents	15.0 cents

In the housing market, the products of the Group's businesses are installed near completion and therefore lag the rest of the sector. Construction approvals and starts in the 2002/03 year were higher than in 2001/02, while the home renovation market also rose strongly by an estimated 15% over the prior year. Non-residential construction was also strong throughout the period.

Growth in domestic demand was the principal driver for our strong 14.5% increase in profit before borrowing costs and tax for the year to $93.4 million.

This profit growth has boosted the Company's return on equity and earnings per share for the year.

The Dorf Clark business improved significantly on last year's disappointing full year performance, surpassing our expectations in 2002/03. Successful new product introductions and operational savings raised the underlying profitability of this business, which have flowed through to the current year.

Caroma, incorporating the Starion and Stylus brands, also achieved profit growth, being driven by domestic market demand and assisted by an excellent manufacturing performance during the year. However, a poor performance in the Stylus operations and the adverse impact of exchange rates in the North America market, reduced Caroma's overall increase in profit for the year. The Stylus business has been restructured to a lower operating cost base, while the manufacturing and supply performance has lifted. A significantly improved profit contribution is expected from Stylus in the 2003/04 year. Caroma has achieved good sales growth in North America during the 2002/03 year however the benefit of this growth has been lost with the increasing value of the Australian dollar.

Gainsborough's management is building a stronger business with a higher level of underlying profitability through the targeting of new market opportunities and the introduction of a wider range of products.

The profitability of the Dux business has continued to grow through good management, with improved product quality and a stronger product range. This business is continuing to strengthen and there is further opportunity for profit growth.

Sebel, the Group's commercial furniture business, is also benefiting from strong domestic demand, particularly in education and stadia, as well as commercial renovation. Sebel is also the Group's largest exporter - relative to sales. Sebel's management is continuing to improve the business's strong sales and profit growth.

Rover, the Group's mower business, suffered from a severe drought year in the domestic market. Whilst profit was down on the prior year, Rover's management achieved growth in exports, which enabled the business to record a sound profit result, excellent cash flow and return on investment.

Overall the Group's trading performance was an outstanding result in a strong domestic market, demonstrating the strength of the Group's businesses, brands and management.

This overall result is very pleasing, however our opportunities were not fully realised. Over the year, $8.8 million was provided for in additional stock provisions with the actual write off of stocks in the year being $3.1 million.

The additional provisioning was across the Group's businesses and reflects the increasingly complex supply chain and more volatile market change at the product level. These effects have most impact at Dorf Clark, Gainsborough and Caroma. Improved management of demand forecasting and the supply chain is expected to reduce stock provisioning below this level in the 2003/04 year.

	2002/03	2001/02	2000/01	1999/2000	1998/99
Payments for Property Plant & Equipment $000's	$24,392	$32,976	$24,550	$30,144	$29,913

Investments for Future Performance

Each of the Group's businesses invests in brands, new products, business systems, and the development of our staff.

Expenditures related to brand equity including advertising, promotion and displays are treated as incurred expenses.

The level of capital expenditure can vary year to year with major investment projects, particularly with respect to new technologies as is reflected in the above table.

Expenditure in 2003/04 is being focused on new systems to improve business performance across all businesses.

The introduction of systems and measures to improve productivity across the group will result in heightened staff training, as well as marketing and supply chain management.

Outlook for 2003/04 Year

In the domestic market, the Group's Building Fixtures and Fittings businesses will benefit from continuing high levels of construction activity and renovations which will reduce the impact of an expected decline in dwelling completions. The Caroma, Dorf Clark and Dux businesses each have internal profit growth opportunities to build profitability further on the excellent performance in 2002/03. Gainsborough will feel the greatest impact from a fall in demand from new dwellings, however this business also has opportunities for growth in other areas.

The longer term outlook for the domestic construction market is sound with the underlying demand for new housing now estimated at 162,000 dwellings a year. The Sebel business is expected to grow profit further across its wide range of products and markets and the Rover business requires only an average domestic climatic season to boost profitability in the 2003/04 year if the currency appreciation is maintained.

In overseas operations, the New Zealand market is cyclical and is expected to maintain demand in the short term. Wisa is expected to perform better with market demand similar to the 2002/03 year and North America and other markets allied to the US dollar exchange rate are expected to reduce contribution in the 2003/04 year.

GWA International has further opportunity to grow profitability both from its existing businesses and from future acquisitions.

Longer Term Outlook

GWA International has built a portfolio of strong businesses in building fixtures and fittings. Sebel commercial furniture and Rover Mowers have different demand drivers, providing diversified earnings.

In the building fixtures and fittings segment, all businesses have significant market shares and established brand names such as Caroma, Fowler, Stylus, Dorf, Clark, Gainsborough, Dux and Irwell.

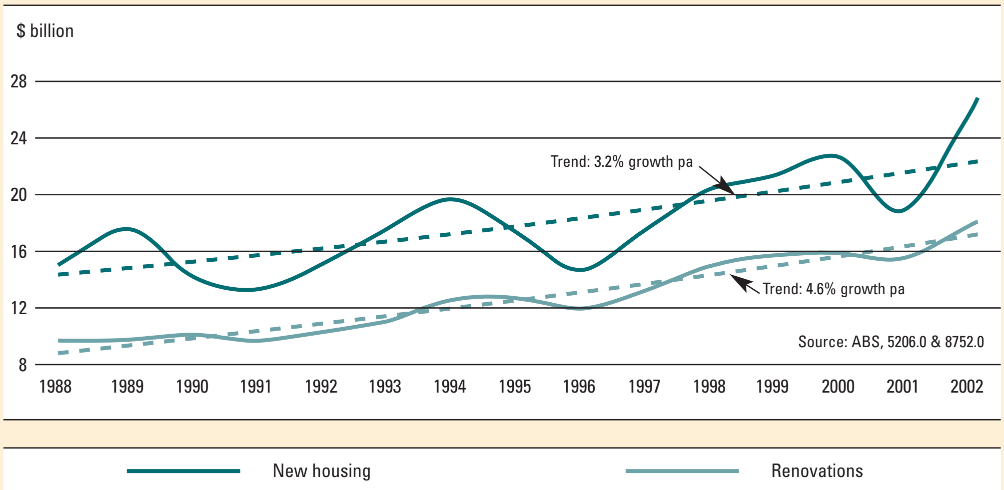
The major drivers of the building fixtures and fittings segment are new dwellings, commercial construction, renovations and replacement.

The longer term trends influencing construction activity include a potential fall in the number of persons per dwelling which has generated a demand for new dwellings above that required by population growth. This trend reflects smaller families and an ageing population.

The real value of work done on new housing has grown strongly with people building bigger and better quality homes. The average size of houses being built today is 240 square metres, 26% larger than the 1994 average.

New Housing v Housing Renovations, Australia

Value of work done, chain volume measures, base 2000/01



Over the past 14 years the housing renovations market has grown at an average rate of about 4.6% a year, which is faster than the growth in work done in new housing and faster than the 3.5% a year growth in the Australian economy. The reasons for this growth in renovations include:

- Transaction costs associated with moving house are high, with better value derived for owners through extending or renovating their existing homes
- 45% of Australia's dwellings are over 40 years old and many are in need of renovation
- Many people prefer to stay in the area they know and like rather than move
- Improvements in the style and quality of building materials, products and fittings available, make renovation an attractive proposition

Renovations are an increasingly important driver of demand for the Group's products. More bathrooms and kitchens are installed each year through renovations than in the construction of new homes.

The Australian market places in which the Group's businesses operate are open and competitive.

The Group is a significant domestic manufacturer and is also a major importer of components and finished goods. Our cost competitiveness is impacted by sustained movements in currency exchange rates. Over the last two years the Australian dollar has appreciated against the US dollar from around 50 cents in early 2001 to around 65 cents in July 2003 - returning to the levels of mid-1999.

Financial Condition

The Company's share capital consists of ordinary shares of which 277,802,995 were on issue at balance date. During the year 160,000 additional shares were issued under the Employee Share Plan at the market price at the time of issue of $2.31. Shareholder funds increased over the year to $413.8 million inclusive of this issue of employee shares and retained earnings.

The Company's Dividend Reinvestment and Share Purchase plans were suspended with effect from February 2000. Share options have not been issued by the Company.

The cash flow from the Group's businesses is expected to continue to provide the operational funding requirements of the Company and further capital funding requirements may arise with future acquisitions.

The Company's debt funding and facilities are provided by major banks under a Master Financing Agreement as described in Note 17 of the Financial Statements. At balance date, bank loans were made up of:

Australian Currency	$285.0 million
Euro	€11.18 million

The euro loan is a currency hedge with respect to the Group's investment in the Wisa business.

The total Australian currency borrowing at balance date $285 million
(of which the following amounts were fixed at balance date)

Amount	Period	Rate
$200 million	July 2003 to October 2004	@ 4.98%
$100 million	October 2004 to March 2005	@ 4.84%
$50 million	March 2005 to March 2006	@ 4.63%

These debt and other facilities are extended annually under 2 year and 3 year evergreen arrangements.

Properties are leased by the Group's businesses principally for distribution and sales offices. The future commitments for lease payments are set out in Note 24.

GWA International and specific controlled entities, incorporating the Group's Australian operating businesses, are parties to a Deed of Cross Guarantee under which the parties to the Deed guarantee the debts of the other.
The company has not given any securities over its assets.

The Group's businesses undertake hedges with respect to material foreign currency transactions and the position at balance date is set out in Note 33(a) (iv). The principal hedges are with respect to imported components and products, and sales revenue in New Zealand.

The company has entered into interest rate swaps to manage the interest rate risk on Australian currency borrowings as detailed in Note 33(a) (iv).

The company's cash flow from operating activities for the 2002/03 year of $91.4 million has funded the Group's capital expenditures and dividends for the year and cash at the end of the year has increased by $22.6 million. The Group's cash is held predominantly in Australian dollars.

GWA International is well placed to increase its borrowings to fund new acquisition opportunities as they arise, with net debt to equity ratio of 50.2% and interest cover, as defined in the Master Financing Agreement of 9 times.

The company has not undertaken a debt rating, however, an indicative debt rating is near BBB.

All of the Group's debt funding and facilities are negotiated and reported centrally. Individual businesses operate their currency hedging and other requirements, including bank guarantees under these central facilities.

Sources of further equity include reinstatement of the Dividend Reinvestment and Share Purchase Plan and retained earnings. These Plans have been well supported by shareholders in the past and the Group expects a similar level of support should the Plans be reinstated.

With respect to the Employee Share Plan, at balance date, there were 3.30 million shares on issue under this Plan, with the loan of $4.3 million having been reduced by $1.067 million during the year through dividends and payments.

During the 2002/03 year, there has been a significant appreciation of the Australian dollar against the US dollar, particularly in the second half of the year. This movement in currency rate will lower the cost of the Group's US dollar denominated purchases and reduce the Australian dollar value of US dollar denominated overseas sales.

Exchange Rate Movements

of $US and Euro since June 1999 are set out in the table below:

	July 2003	Dec 2002	June 2002	June 2001	June 2000	June 1999
US$	.6680	.5598	.5595	.5076	.6022	.6572
Euro	.5902	.5290	.5599	.6037	.6363	.6418

The net effect on the Group of these two items is positive. The relative cost of competitiveness of the Group's Australian manufacturing operations has declined relative to competitors where product cost is tied to the US dollar. Any effect of this shift on market pricing will flow through during the 2003/04 year.

Summary

The GWA International Group performed well in the 2002/03 year with record profit and sales results. All businesses, other than Rover which had severely adverse seasonal conditions, contributed profit results above the prior year. Long term prospects in the domestic construction market are sound, with increasing renovations expected to underpin growth in domestic demand for the Group's products.

From our strong financial position, further growth through acquisition is being sought with the priority being a large domestic business. The Group's earnings, cash flow and current low gearing will support increased borrowings.

The Company is committed to creating and sustaining shareholder wealth and a sound performance in the 2003/04 year is expected with 2002/03's level of demand continuing well into the 2003/04 year. We are confident that the Group's businesses have opportunities to further improve their profitability over time.

P C Crowley
Managing Director

B Thornton KSJ FCA FAICD FAIM

Chairman, Elected to the Board 1992

Expertise: Chartered accountant, corporate and financial management

Special Responsibilities: Chairman, Chairman of Nomination Committee, member of Remuneration Committee and member of Audit Committee.

Mr Thornton joined the GWA Group in 1974 as Finance Director and was appointed Chief Executive in 1981. In 1986, he was appointed Executive Chairman and, following the privatisation of the GWA Group in 1989 and the Public Float of the Manufacturing Division as GWA International Limited in 1993, he became non-executive Chairman. He is also Chairman of the Brisbane Airport Corporation Limited and a Director of Stockland Trust Group. He is Chairman of the Brisbane Advisory Board of the Salvation Army and Deputy Chancellor of Bond University Limited.

Previous appointments include: Director - Suncorp-Metway Ltd, Queensland Cement & Lime Ltd, Power Brewing Ltd, Ports Corporation of Queensland, Commissioner -Queensland Commission of Audit

J J Kennedy AO CBE DUniv (QUT) FCA FCPA

Deputy Chairman, Elected to the Board 1992

Expertise: Chairman and Director of a number of public and statutory corporations

Special Responsibilities: Deputy Chairman, Chairman of Audit Committee and member of Nomination Committee.

Mr Kennedy is a Director of Qantas Airways Limited, Macquarie Goodman Funds Management Limited, Suncorp-Metway Limited, Australian Stock Exchange Limited and member of Blake Dawson Waldron National Advisory Board.

P C Crowley BA BEcon FAICD

Appointed Managing Director on 6 May 2003

Expertise: Broad manufacturing experience in Australia and overseas.

2001: Managing Director and Chief Executive, Austrim Nylex Limited, a diversified industrial company; 1999: Executive Director, Cement and Lime, The Rubgy Group PLC UK Public company with extensive international cement operations. During this period also served as a director of Adelaide Brighton Limited; 1997: Chief Executive, Cockburn Cement Limited (a subsidiary of The Rugby Group PLC). Perth based Cockburn Cement Limited was Western Australia's largest cement producer and Australia's biggest lime producer; 1982: Various roles with Queensland Cement Limited and its parent company Holderbank culminating in General Management responsibilities within Australia and South East Asia.

D R Barry FAIM

Non-Executive Director, Elected to the Board 1992

Expertise: Importation, distribution and retailing

Special Responsibilities: Non-Executive Director and member of Remuneration Committee.

Mr Barry joined the GWA Group as a Director in 1979. During his involvement with the GWA Group, he was responsible for importation, wholesaling and retailing. In 1992, Mr Barry was appointed a Non-Executive Director of GWA International Limited.

R M Anderson

Non-Executive Director, Elected to the Board 1992

Expertise: Property investment and transport logistics

Special Responsibilities: Non-Executive Director

Mr Anderson has more than 48 years experience with the GWA Group, having joined the organisation in 1955. His expertise covers management, transport logistics, investment and property matters. Mr Anderson was appointed as a Director of the GWA Group in 1979, and joined the Board of GWA International Limited as a Non-Executive Director in 1992.

M D E Kriewaldt BA LLB

Non-Executive Director, Elected to the Board 1992

Expertise: Lawyer and Director of a number of public and other corporations

Special Responsibilities: Chairman of Remuneration Committee, member of Audit Committee and member of Nomination Committee.

Mr Kriewaldt is a Consultant to the law firm Allens Arthur Robinson and to Aon, insurance brokers. He formerly practised in a wide range of areas including banking and finance, insurance, insolvency and receivership and intellectual property. Mr Kriewaldt is Chairman of Opera Queensland Ltd and a Director of Campbell Brothers Ltd, Oil Search Limited, Suncorp-Metway Ltd and Australian Major Performing Arts Group.

The Board of Directors is responsible for the corporate governance of GWA International Limited. Corporate governance is a part only of the role of the Board. Corporate governance is about the Board undertaking an active monitoring of the company's activities and ensuring that integrity prevails within the company. The governance principles adopted by the Board are designed to achieve this.

The Board has had its practices and procedures in place prior to listing and constantly reassesses them in the light of experience (in the company and in other organisations) and contemporary views on good governance practices. The Board adopts those it considers to be superior and which will lead to better outcomes for this company's shareholders, whilst endevouring to avoid those which are based on unsound principles or represent temporary fads. The Board's current practices conform with the Principles of Good Corporate Governance and Best Practice Recommendations ("the Recommendations") released by the ASX Corporate Governance Council on 31 March 2003.

During the year, a detailed review was performed of the current corporate governance practices of the company to compare them with the Recommendations. The Board has determined that the current corporate governance practices of the company are in accordance with the Recommendations, and that there are no departures from the Recommendations which should be disclosed to shareholders.

The company's website address is www.gwail.com.au

1. Role of the Board

The Board is responsible for the long-term growth and profitability of the company. The Board charts the direction of the company and monitors Executive and Senior Management performance on behalf of shareholders. To achieve this, the Board is engaged in the following activities:

- Final approval of corporate strategies and performance objectives developed by Senior Management, with Board input
- Approval and monitoring of financial and other reporting
- Monitoring of Executive and Senior Management performance, including the implementation of corporate strategies, and ensuring appropriate resources are available
- Appointment and monitoring of performance of the Managing Director
- Liaison with company auditors through the Audit Committee
- Ensuring that the company has appropriate systems of risk management and internal control, reporting mechanisms and delegation authority limits in place
- Approval and monitoring of the progress of major capital expenditure, capital management, and acquisitions and divestments
- Any other matters required to be dealt with by the Board from time to time depending upon circumstances of the company
- Other matters referred to in the Board Committee Charters

The Board operates under a charter that details the functions and responsibilities of the Board. The charter has been reviewed this year to ensure that the company is complying with the Recommendations of the ASX Corporate Governance Council. The Board is currently reviewing its policies and practices in this area, as it does regularly, and will publish its revised Board charter on the company's website when this review is concluded.

2. Board Meetings

The Board meets at least 11 times each year for scheduled meetings and may, on other occasions, meet to deal with specific matters that require attention between scheduled meetings. Visits are regularly made to the company's business operations to enhance the Board's understanding of operations and strategies. Together with the Board Committees, the directors use the Board meetings to challenge and fully understand the business and operational issues.

3. Composition of the Board

The Board presently comprises six directors, five of whom, including the Chairman and Deputy Chairman, are non-executive directors and one, the Managing Director, is an executive director.

Profiles of the directors are set out on page 10 of the Annual Report. The profiles outline the skills, experience and expertise of each Board member.

Composition of the Board is determined by the Board and, where appropriate, external advice is sought. The following principles and guidelines are adhered to:

- The Board should maintain a majority of non-executive directors
- The Board should maintain a majority of independent directors
- The Chairperson should be an independent non-executive director
- The role of Chairperson and Managing Director should not be exercised by the same individual
- Non-executive directors should not be involved in management of the day to day operations of the company
- All Board members should have financial expertise and relevant experience in the industries in which the company operates

4. Independence of the Board

The company has reviewed the independence of the Board in light of the Recommendations of the ASX Corporate Governance Council. In applying the definition of independence as outlined in the Recommendations, it has been determined that the Board members of GWA International Limited are independent.

The Board considers that directors must be independent from management in order to ensure that the judgement of the Board is not influenced. During the year, a new Managing Director of the company, Mr Peter Crowley, was appointed on the retirement of Mr Geoff McGrath.

The Board is responsible for ensuring that the actions of individual directors in the Boardroom is that of independent persons. The Board distinguishes between the concept of independence and issues of conflict of interest or material personal interest which may arise from time to time - refer Conflicts of Interest below.

The current Board members have been in office for many years, as disclosed in the Directors Report (excluding Mr Crowley who was appointed on 6 May 2003). The Board does not consider that the independence of a director can be assessed by reference to an arbitrary and set period of time. The Board has overseen the growth and development of the company over the past 10 years and in the Board's view derives benefits from having long serving directors with detailed knowledge of the company's operations. The Board considers this a significant factor in their effectiveness and performance in their roles as directors of the company.

In regard to the future retirement plans of individual directors, the Board will consider the maintenance of corporate memory and the appropriate balance of skills required to maintain an efficient and effective Board.

5. Conflicts of Interest

The directors are required to disclose to the Board any relationships from which a conflict might arise. A director who has a material personal interest in a matter is required to absent himself from any meeting of the Board or Board Committee, whenever the matter is considered. In addition, the director does not receive any Board papers or other documents in which there is a reference to the matter.

This process is applied to business or trading relationships, dealings with the directors, dealings with companies with common directors or dealings with any significant shareholders of the company.

The materiality thresholds used for the determination of independence and issues of conflict of interest have been considered from the point of view of the company and directors. For the company, a relationship which accounts for 5% or more of its revenue is considered material. For a director, a relationship which accounts for 5% or more of the total income of a director is considered material. Directors' fees are not subject to this test.

6. Access to Independent Advice

Directors and the Board Committees have the right in connection with their duties and responsibilities to seek independent advice at the company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld. Where appropriate, directors share such advice with the other directors.

7. Board Committees

The Board has a number of standing Board Committees to assist in carrying out its duties. All members of Board Committees are independent non-executive directors.

The standing Board Committees are:

Audit Committee

During the year, the Accounts and Audit Committee was renamed to the Audit Committee. The Audit Committee consists of the following independent non-executive directors:

J J Kennedy (Chairman) AO, CBE, DUniv (QUT), FCA, FCPA

M D E Kriewaldt BA LLB FAICD

B Thornton KSJ FCA FAICD FAIM

The Audit Committee meets as required and on several occasions throughout the year. For attendance details of the Audit Committee, refer to the Directors' Report.

The composition of the Audit Committee is based on the following principles:

- The Audit committee should consist of non-executive directors only
- The Audit Committee should maintain a majority of independent directors
- The Chairperson must be independent, and not Chairperson of the Board
- The Audit Committee should consist of at least three members
- The Audit Committee should include members who are financially literate with at least one member who has financial expertise

The Audit Committee was established in 1993 governed by a charter which outlines the Committee's role and responsibilities, composition, structure and membership requirements. The charter has been reviewed this year to ensure that the company is complying with the Recommendations of the ASX Corporate Governance Council. The Board is currently reviewing its policies and practices in this area, as it does regularly, and will publish its revised Audit Committee charter on the company's website when this review is concluded.

The main responsibilities of the Audit Committee include:

- Assess the management process to support the external reporting
- Assess whether the external reporting is adequate to meet the information needs for shareholders
- Recommendations on the appointment and removal of the external auditor
- Review and monitor the performance and independence of the external audit
- Review of financial statements and external financial reporting
- Review of tax planning and tax compliance systems and processes
- Review and monitor risk management and internal compliance and control systems
- Assess the performance and objectivity of the internal assurance and compliance process
- Reporting to the Board on the Committee's role and responsibilities covering all the functions in its charter

Nomination Committee

During the year the Chairman's Committee was renamed to the Nomination Committee. The Nomination Committee consists of the following independent non-executive directors:

B Thornton (Chairman) KSJ FCA FAICD FAIM

J J Kennedy AO, CBE, DUniv (QUT), FCA, FCPA

M D E Kriewaldt BA LLB FAICD

The Nomination Committee meets as required and on several occasions throughout the year. For attendance details of the Nomination Committee, refer to the Directors' Report.

The composition of the Nomination Committee is based on the following principles:

- The Nomination Committee should consist of non-executive directors only
- The Nomination Committee should maintain a majority of independent directors
- The Nomination Committee should consist of a minimum of three members
- The Chairperson should be the Chairperson of the Board or another independent director

The Nomination Committee operates under a charter that details the role and responsibilities, composition, structure and membership requirements. The charter has been reviewed this year to ensure that the company is complying with the Recommendations of the ASX Corporate Governance Council. The Board is currently reviewing its policies and practices in this area, as it does regularly, and will publish its revised Nomination Committee charter on the company's website when this review is concluded.

The main responsibilities of the Committee include:

- Assessment of the necessary and desirable competencies of Board members
- Review of the Board succession plans
- Evaluation of the performance and contributions of Board members
- Recommendations for the appointment and removal of directors
- Review of the remuneration framework for directors
- Reporting to the Board on the Committee's role and responsibilities covering all the functions in its charter

During the year, the Nomination Committee conducted an evaluation of the performance of Board members in accordance with the responsibilities of the Committee. Each Board member was required to complete a detailed performance questionnaire, the results of which were collated and analysed by the Board. There were no issues to report to shareholders from this process.

Remuneration Committee

The Remuneration Committee consists of the following independent non-executive directors:

M D E Kriewaldt (Chairman) BA LLB FAICD

B Thornton KSJ FCA FAICD FAIM

D R Barry FAIM

The Remuneration Committee meets as required and on several occasions throughout the year. For attendance details of the Remuneration Committee, refer to the Directors Report.

The composition of the Remuneration Committee is based on the following principles:

- The Remuneration Committee should consist of non-executive directors only
- The Remuneration Committee should maintain a majority of independent directors
- The Remuneration Committee should consist of a minimum of three members
- The Chairperson of the Remuneration Committee should be an independent non-executive director

The Remuneration Committee operates under a charter that details the role and responsibilities, composition, structure and membership requirements. The charter has been reviewed this year to ensure that the company is complying with the Recommendations of the ASX Corporate Governance Council. The Board is currently reviewing its policies and practices in this area, as it does regularly, and will publish its revised Remuneration Committee charter on the company's website when this review is concluded.

The main responsibilities of the Committee include:

- Review of the company's remuneration and incentive policies
- Review of Executive and Senior Management remuneration packages
- Review of the company's recruitment, retention and termination policies and procedures for Senior Management
- Review of the company superannuation arrangements
- Reporting to the Board on the Committee's role and responsibilities covering all the functions in its charter

In performing its responsibilities, the Remuneration Committee receives appropriate advice from external consultants and other advisers as required.

8. Code of Conduct

The company conducts its business with the highest standards of personal and corporate integrity. The company has adopted the principles as set out in the booklet *Corporate Practice and Conduct* published by the Business Council of Australia.

A code of conduct is incorporated as part of all new employees induction training. The code of conduct states the values and policies of the company and complements the company's risk management practices. During the year, a review has been performed of the code of conduct to ensure compliance with best practice and to promote the ethical behaviour of all employees.

9. Risk Management

The Board is responsible for ensuring that adequate measures are in place to manage risk. The Board has delegated this responsibility to the Audit Committee which reports regularly to the Board on all risk management matters.

The Board has implemented a risk management program that is supported by policies and procedures to enable the businesses to identify and assess risk and respond appropriately. The company regularly reviews and monitors risks and related management controls and techniques.

The Board is responsible for ensuring that adequate measures are undertaken to manage compliance. To facilitate compliance, an appropriate range of legal and regulatory requirements are incorporated in corporate policies. These policies are subject to review on an annual basis.

10. Remuneration Policies

The Remuneration Committee is responsible for reviewing and determining the remuneration and incentive arrangements of Executives and Senior Management of the company. The remuneration and incentive arrangements have been structured to ensure that performance is fairly rewarded and to retain a high quality Executive and Senior Management team.

For details of the company's remuneration policies and disclosures, refer to the Directors' Report.

Subject to shareholders approval at the Annual General Meeting on 30 October 2003, the current Board retirement allowance arrangements, which were approved by shareholders at the Annual General Meeting on 28 October 1998, will be terminated. The effect of this proposal is that no retirement benefits will be available for any new non-executive directors of the company, other than statutory superannuation. This proposal complies with guidelines for non-executive remuneration, as outlined in the Recommendations of the ASX Corporate Governance Council.

If the above proposal is approved by shareholders, the retirement allowance which is currently accrued to each director will continue to be held on behalf of that director. At 30 June 2003, the total retirement allowance accrued to the non-executive directors of the company was $1,214,700.

11. Share and Option Schemes

The company does not have a Share Option Scheme and has therefore not issued share options to employees.

The company has operated an Employee Share Plan since listing in 1993 as part of the remuneration and incentive arrangements for Executives and Senior Management.

Full details of the operation of the Employee Share Plan are described in Note 19 of the Financial Statements.

12. Audit and Auditor Independence

The Board recognises the importance of a truly independent audit firm to ensure that the audit function delivers, for the benefit of the Board and all other stakeholders, an unbiased confirmation of both the financial statements and the state of affairs of the company.

During each year, the Audit Committee examines the non-audit roles performed by the audit firm and other potential audit service providers to satisfy itself that the auditor's independence will not be compromised and that alternate providers are available if considered desirable. Whilst the value of the non-audit services could, in extreme cases, compromise audit independence, more important is to ensure that the auditor is not passing an audit opinion on the non-audit work of its own firm.

Both the Audit Committee and the auditor confirm to the Board the continuing independence of the audit function.

During the year, the Board also conducted a review of the rotation of the audit partner and audit firm focusing on the independence and competency of the audit firm, rather than automatic rotation of the audit firm.

The audit firm of Ernst & Young was appointed as a result of a comprehensive tender conducted for the year ended 30 June 1995 for audit and other services. Mr Banham has assumed the role of audit partner from 1 July 2003, from Mr Eddy, the audit partner for the previous years.

The Board is not aware of any matter during the year which has affected the independence of Ernst & Young as auditors of the company

13. Communication with Shareholders

The company is committed to ensuring shareholders and the financial markets are provided with full, open and timely information about its activities.
This is achieved by the following:

- Complying with continuous disclosure obligations contained in the ASX Listing Rules and the Corporations Act 2001 in Australia. The company has for many years included continuous disclosure as a permanent item on the agenda for Board meetings. The company's continuous disclosure policy has been reviewed this year to ensure that the company is complying with the Recommendation of the ASX Corporate Governance Council. The Board is currently reviewing its policies and practices in this area, as it does regularly, and will publish its revised continuous disclosure policy on the company's website when this review is concluded.
- Ensuring that all stakeholders have the opportunity to receive externally available information issued by the company. During the year, the company has developed a website (www.gwail.com.au) to enhance communication with shareholders. All company announcements and information released to the market are located on the website and may be accessed by shareholders. There is also a corporate governance section on the website which outlines the practices of the company and various other company information.
- The attendance at the Annual General Meeting by the external auditor to answer questions from shareholders about the conduct of the audit and the preparation and content of the audit report.

Your Directors present their report on the consolidated entity of GWA International Limited and the entities it controlled during the year ended 30 June 2003.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report:

B THORNTON, Chairman and Independent Non-Executive Director

J J KENNEDY, Deputy Chairman and Independent Non-Executive Director

D R BARRY, Independent Non-Executive Director

R M ANDERSON, Independent Non-Executive Director

M D E KRIEWALDT, Independent Non-Executive Director

G J McGrath was Managing Director from the beginning of the financial year until 6 May 2003 when he retired. P C Crowley was appointed Managing Director on 6 May 2003.

Directors' qualifications, experience and responsibilities are shown on page 10.

Corporate Structure

GWA International Limited is a company limited by shares that is incorporated and domiciled in Australia. GWA International Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in Note 27 of the Financial Statements.

Principal Activities

The principal activities during the year within the consolidated entity were the research, design, manufacturing, importing, and marketing of household consumer products as well as the distribution of these various products through a range of distribution channels in Australia and overseas.

There have been no significant changes in the nature of these activities during the year.

Employees

The consolidated entity employed 2,646 employees as at 30 June 2003 (last year 2,757 employees).

The Group recognises the productivity benefits from investing in its employees to improve motivation and individual skills. The Group remains committed to ensuring that staff are provided access to appropriate training and development programs.

All entities in the consolidated entity are active equal opportunity employers.

Interest in shares of the company and related body corporate

At the date of this report, the interest of Directors in shares of the company were:

Director	Ordinary Shares	Interest (see notes below)
B Thornton	Nil	
J J Kennedy	5,000	Note 1
P C Crowley	Nil	
D R Barry	3,126,061	Note 2
R M Anderson	Nil	
M D E Kriewaldt	100,000	Note 2

Note 1: Beneficially and legally owned.

Note 2: The relevant interest is the power to exercise control over the disposal of the shares and the power to control the right to vote.

Note 3: Note 26 to the Financial Statements sets out the number of shares held directly, indirectly or beneficially by Directors or their related entities at balance date, this being 46,705,306 shares.

Consolidated Results

Consolidated results of the economic entity for the financial year were as follows:

Consolidated Results ($000's)				
	Segment Revenues		Segment Results	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Building fixtures and fittings	549,716	501,381	95,801	86,889
Commercial furniture	73,427	65,577	6,246	5,127
Unallocated	45,637	50,540	(23,471)	(25,371)
Eliminations	(2,255)	(1,655)	-	-
Total	**666,525**	**615,843**	**78,576**	**66,645**
Consolidated results after tax			55,007	46,650

Review of Operations and State of Affairs

A review of the consolidated entities' operations and the results of those operations for the financial year is provided in the Chairman's Review and the Managing Director's Review of Operations which are located on pages 2 and 4 of the Annual Report.

In the opinion of the Directors, there were no significant changes in the State of Affairs of the consolidated entity during the financial year.

Earnings Per Share

	2003	2002
Basic earnings per share	19.8	16.8

Dividends

	2003 $'000	2002 $'000
Final dividend recommended on ordinary shares 8 cents per fully paid ordinary share fully franked at 30% corporate tax rate (last year 7.5 cents at 30% corporate tax rate)	22,224	20,823

A special dividend of 2.5 cents per share fully franked at a corporate tax rate of 30% was paid with the interim dividend on 1 April 2003.

At 30 June 2003, the balance of franking credits was $19.987M.

Risk Management

The Group takes a pro-active approach to risk management. The Board has the responsibility for ensuring that risks, and also opportunities, are identified on a timely basis so that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Board has a number of risk management mechanisms in place, including the following:

- Board approval of the Group Strategic Plan which includes strategy statements, designed to meet stakeholder needs and manage risk.
- Implementation and monitoring of operating plans and budgets approved by the Board, and the establishment and monitoring of key performance indicators of both a financial and non-financial nature.
- Regular review of corporate policies and procedures to ensure that legal and regulatory requirements are effectively addressed.
- Consideration of periodic reports on environmental and occupational health and safety matters.
- Review of the coverage and adequacy of the Group's insurance policies.
- Management of financial risks is discharged by the Board at each meeting by considering such matters as liquidity, interest rate and currency risks and credit policies.

Significant Events after Balance Date

On 2 September 2003, the Directors of GWA International Limited declared a final dividend on ordinary shares in respect of the 2003 financial year. The total amount of the dividend is $22.224M, which represents a fully franked dividend of 8.0 cents per share. The dividend has not been provided for in the 30 June 2003 financial statements.

To the best of our knowledge, since balance date, no other matters have arisen which will, or may, significantly affect the operation or results of the economic entity in later years.

Likely Developments and Expected Results

Likely developments and expected results of the operations of the consolidated entity are provided in the Managing Director's Review of Operations (page 4).

In the next financial year, the consolidated entity will continue to pursue its policies of increasing profitability and market share of all its businesses. Strategies have been formulated which focus on maintaining growth and ensuring that the consolidated entity generates the best possible returns from its businesses.

Further information on likely developments and expected results of the operations of the consolidated entity have not been included in this Report because the Directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental Regulation and Performance

The consolidated entity holds licenses issued by Environmental Protection Authorities which specify limits for discharges to the environment which arise from the operations of entities which it controls from time to time.

These licenses regulate the management of discharge to air, storm water run-off, transport of waste and removal associated with the manufacturing operations in factories throughout Australia and the Netherlands.

Where appropriate, an independent review of compliance with license conditions is made by external advisors.

Storage and treatment of hazardous materials within particular operations are monitored by the company in conjunction with external consultants. Prior to any discharge to sewers, effluent is treated and monitored to ensure strict observance with license conditions.

The directors are not aware of any breaches of the consolidated entity's license conditions during the financial year.

Indemnification and Insurance of Directors and Officers

During the financial year, the company has paid premiums of $96,825 in respect of directors' and officers' liability (including employment practices) and supplementary legal expense insurance contracts insuring against certain liabilities (subject to exclusions) for all officers of the company and its controlled entities including the directors named in the report, the Company Secretary, and all persons concerned or taking part in the management of the company and its controlled entities. The amount is included in the directors and executives remuneration shown in Notes 21 and 26 of the consolidated financial statements.

The insurance is for costs and expenses incurred in defending proceedings brought against the directors and officers and all persons acting in their capacity or taking part in the management of the company and its controlled entities.

Directors' and Other Officers' Emoluments

Remuneration Policy

The Remuneration Committee of the board of directors is responsible for determining and reviewing compensation arrangements for the Managing Director and the executive team. The Remuneration Committee assesses the appropriateness of the nature of amounts of emoluments of such officers on a periodic basis by reference to the relevant employment conditions, with the overall objective of ensuring maximum stakeholder benefits from the retention of the high quality executive team.

Such officers receive their emoluments in a variety of forms including cash and fringe benefits including motor vehicles.

To assist in achieving these objectives, the Remuneration Committee links the nature and amount of the Managing Director and officers emoluments to the company's financial and operating performance. Senior executives have the opportunity to qualify for participation in the Executive Performance Plan which specifies criteria to be met relating to profitability, return on assets and earnings per share. Under the plan there are two incentives, one based on yearly performance and one based on discrete three year periods. All performance plan payments are subject to maximum amounts.

As a further incentive measure, employees of the company may be invited to participate in the GWA International Limited Employee Share Plan ("Share Plan"). Under the Share Plan, employees are issued shares in the company at market value, which are repaid through dividends, or in full upon an employee ceasing employment with the company. Further details regarding the Share Plan are provided in Note 19 to the financial statements.

Details of the nature and amount of each emolument of each Director of the company and each of the five executive officers of the company and the consolidated entity receiving the highest emoluments for the financial year are as follows :

Emoluments of the Directors of GWA International Limited

Annual Emoluments

	Base Pay $	2002/03 1 Year Plan $	2002/05 3 Year Plan $	Other Benefits $	Termination & Similar Payments $	Super annuation $	Total $
B Thornton	172,500	-	-	250	-	15,525	188,275
J J Kennedy	86,250	-	-	250	-	7,763	94,263
G J McGrath	750,910	297,500	412,500	227,112	1,317,000	79,403	3,084,425
P C Crowley	268,073	200,000	-	23,169	-	14,641	505,883
D R Barry	59,450	-	-	250	-	5,351	65,051
R M Anderson	57,500	-	-	250	-	5,175	62,925
M D E Kriewaldt	69,000	-	-	250	-	5,675	74,925

Notes:

The retirement benefit for Mr McGrath includes an amount of $850,000 which Directors have determined in recognition of Mr McGrath's 43 years' service to the Group's businesses.

The bonus paid to Mr McGrath in relation to the 2002/05 three-year plan is on a pro rata basis. The amount of $200,000 was provided in the 2001/02 year and the balance in 2002/03.

Emoluments of the Five Most Highly Paid Executives of the Company and the Consolidated Entities

	Base Pay $	Bonuses $	Other Benefits $	Termination & Similar Payments $	Super annuation $	Total $
K G Schroder Company Secretary	208,600	-	78,789	331,650	21,100	640,139
E J Harrison Chief Financial Officer	302,163	84,600	106,087	-	-	492,851
S R Wright Group Operations Manager	269,772	80,400	99,333	-	27,377	476,882
T Doyle General Manager Caroma	354,708	-	75,273	-	35,471	465,452
J Pearce General Manager Dorf Clark	238,977	70,500	111,963	-	23,898	445,337

Emoluments to Executives

The bonuses relate to the yearly incentive payable based on the 2002/03 year results. Amounts with respect to the 3 year incentive plan (1 July 2001 to 30 June 2004) have been provided for in the 2002/03 year and prior year, but are not included in executive remuneration as the incentive is not yet determined and therefore the amounts provided are not due and payable.

Directors' Meetings

Mr McGrath retired as Managing Director on 6 May 2003. Mr Crowley was appointed Managing Director on 6 May 2003.

As at the date of this report, the company had an Audit Committee, a Remuneration Committee and Nomination Committee of the board of directors.

The members of the Audit Committee are Mr J J Kennedy (Chairman), Mr B Thornton and Mr M D E Kriewaldt. The members of the Remuneration Committee are Mr M D E Kriewaldt (Chairman), Mr B Thornton and Mr D R Barry The members of the Nomination Committee are Mr B Thornton (Chairman), Mr J J Kennedy and Mr M D E Kriewaldt.

Directors' Meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Directors'	Meetings of Committees		
	Meetings	Audit	Remuneration	Nomination
Number of Meetings held: Number of Meetings attended:	11	3	2	4
B Thornton	11	3	2	4
J J Kennedy	11	3	-	4
G J McGrath	10	-	-	-
P C Crowley	3	-	-	-
D R Barry	11	-	2	-
R M Anderson	11	-	-	-
M D E Kriewaldt	11	3	2	4

Rounding

The company is of a kind referred to in Class Order 98/0100 issued by Australian Securities Investment Commission relating to the rounding of amounts in the Directors' Report.

Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars or, in certain cases, to the nearest dollar.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Board's current practices conform with the Principles of Good Corporate Governance and Best Practice Recommendations released by the ASX Corporate Governance Council on 31 March 2003. The company's Corporate Governance Statement is located on page 11 of the Annual Report.

Auditor

Ernst & Young continues in office in accordance with section 327 of the Australian Corporations Regulations 2003.

Ernst & Young have confirmed to the Directors that their independence as auditor has not been compromised.

This report is made in accordance with a resolution of the directors.

Signed in accordance with a resolution of the Directors

B Thornton	**P C Crowley**
Chairman	Managing Director

Brisbane 2 September 2003

FINANCIAL STATEMENTS

For the year ended 30 June 2003

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
Revenues from Ordinary Activities	2	**666,525**	**615,843**	**29,974**	**47,984**
Expenses related to ordinary activities	3(a)	(573,093)	(534,258)	(6)	(8)
Borrowing costs related to ordinary activities	3(b)	(14,856)	(14,940)	(684)	(673)
Profit from Ordinary Activities before Income Tax Expense		**78,576**	**66,645**	**29,284**	**47,303**
Income Tax Expense Relating to Ordinary Activities	4(a)	(23,569)	(19,995)	(377)	(368)
Net Profit Attributable to Members of GWA International Limited	20	**55,007**	**46,650**	**28,907**	**46,935**
Net exchange difference on translation of financial statements of foreign controlled entities	20	(1,646)	1,507	-	-
Total Changes in Equity other than those resulting from Transactions with Owners as Owners		**53,361**	**48,157**	**28,907**	**46,935**
Basic earnings per share (cents per share)	31	19.8	16.8		
Franked dividends per share (cents per share)	5	18.0	17.0		

Note: The final dividend of 8c per share has not been provided for at 30 June 2003 under the new requirements of AASB 1044.

As at 30 June 2003

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
Current Assets					
Cash assets	6	88,505	66,817	-	-
Receivables	7	83,977	81,309	495	564
Inventories	8	117,638	114,308	-	-
Other-Prepayments		2,884	4,570	-	-
Total Current Assets		**293,004**	**267,004**	**495**	**564**
Non-Current Assets					
Receivables	9	4,367	5,773	400,541	371,130
Other Financial Assets	10	-	-	325,646	325,646
Property, plant and equipment	11	166,152	172,174	-	-
Brand names and other intellectual property	12	356,212	357,327	-	-
Goodwill	13	1,775	2,675	-	-
Deferred tax assets	4	22,105	16,791	-	-
Total Non-Current Assets		**550,611**	**554,740**	**726,187**	**696,776**
Total Assets		**843,615**	**821,744**	**726,682**	**697,340**
Current Liabilities					
Payables	14	67,372	58,756	-	-
Interest bearing liabilities	15	-	-	28	12
Current tax liabilities	4	16,127	13,448	377	395
Provisions	16	33,735	49,775	-	20,823
Total Current Liabilities		**117,234**	**121,979**	**405**	**21,230**
Non-Current Liabilities					
Interest bearing liabilities	17	296,183	296,252	11,750	11,750
Non-interest bearing liabilities	17	-	-	367,663	318,980
Deferred tax liabilities	4	1,179	1,532	-	-
Provisions	18	15,232	14,132	-	-
Total Non-Current Liabilities		**312,594**	**311,916**	**379,413**	**330,730**
Total Liabilities		**429,828**	**433,895**	**379,818**	**351,960**
Net Assets		**413,787**	**387,849**	**346,864**	**345,380**
Equity					
Contributed equity	19	345,493	345,124	345,493	345,124
Reserves	20	(114)	1,532	-	-
Retained profits	20	68,408	41,193	1,371	256
Total Equity		**413,787**	**387,849**	**346,864**	**345,380**
Contingent liabilities	23				
Commitments for expenditure	24				

For the year ended 30 June 2003

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
Cash flows from operating activities					
Receipts from customers		806,110	732,637	1,874	1,835
Payments to suppliers and employees		(677,910)	(615,830)	-	-
Dividends received		-	-	28,100	46,150
Interest received	2(b)	2,488	1,870	-	-
Borrowing costs		(13,281)	(17,007)	(690)	(682)
Income tax paid		(26,000)	(14,624)	(395)	(376)
Net cash from operating activities	30	**91,407**	**87,046**	**28,889**	**46,927**
Cash flows from investing activities					
Payments for property, plant and equipment		(24,392)	(32,976)	-	-
Proceeds from sale of property, plant and equipment	2(b)	1,849	2,296	-	-
Payment for acquisition of business		-	(1,267)	-	-
Net cash used in investing activities		**(22,543)**	**(31,947)**	**-**	**-**
Cash flows from financing activities					
Repayment of borrowings		-	(3,336)	-	-
Proceeds from borrowings		508	-	-	-
Proceeds from issue of shares		370	861	370	861
Employee share plan loans		(370)	(861)	(370)	(861)
Repayment of employee share plan loans		1,067	662	1,067	662
Dividends paid		(48,615)	(45,811)	(48,615)	(45,811)
Proceeds from loans from related parties		-	-	18,643	45,883
Loan repaid by other parties		778	546	-	-
Loans to other parties		-	(1,617)	-	-
Loans to related parties		-	-	-	(47,649)
Net cash used in financing activities		**(46,262)**	**(49,556)**	**(28,905)**	**(46,915)**
Net increase/(decrease) in cash held		22,602	5,543	(16)	12
Cash/(Overdraft) at the beginning of the financial period		66,817	60,770	(12)	(24)
Effects of exchange rate changes on cash		(914)	504	-	-
Cash/(Overdraft) at the end of the financial period	6 & 15	**88,505**	**66,817**	**(28)**	**(12)**
Financing arrangements	17				

As at 30 June 2003

Contents **Notes**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial statements have been prepared in accordance with the historical cost convention.

(a) Changes in Accounting Policy

The accounting policies adopted are consistent with those of the previous year except for the accounting policies with respect to the provision for dividends.

(i) Provision for dividends

The consolidated entity has adopted the new Accounting Standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" which has resulted in a change in the accounting for the dividends provision. Previously, the consolidated entity recognised a provision for dividend based on the amount that was proposed or declared after the reporting date. In accordance with the requirements of the new Standard, a provision for dividends will only be recognised at the reporting date where the dividends have been declared, determined or publicly recommended prior to the reporting date. The effect of the revised policy has been to increase consolidated retained profits and decrease provisions at the beginning of the year by $20,823,000 (refer to note 20(b)). In accordance with the new Standard, no provision for dividend has been recognised for the year ended 30 June 2003.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by GWA International Limited ("the chief entity") as at 30 June 2003 and the results of all controlled entities for the year then ended. GWA International Limited and its controlled entities together are referred to in this financial report as the economic entity. The effects of all transactions between entities in the economic entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

(c) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the net profit is matched with the accounting profit after allowing for permanent differences. The future income tax benefit relating to tax losses is not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation. Income tax on net cumulative timing differences is set aside to the deferred income tax and future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse. No provision is made for additional taxes which could become payable if certain reserves of the foreign controlled entities were to be distributed as it is not expected that any substantial amount will be distributed from those reserves in the foreseeable future.

The income tax expense for the year is calculated using the 30% tax rate (2002:30%).

(d) Foreign Currency Translation

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are recognised in determining the profit and loss for the year.

Specific Commitment

Forward exchange contracts of generally less than 12 months are entered into to hedge the purchase of components, trading stock and major plant and equipment. Gains or costs arising on entry into a hedge transaction and subsequent exchange gains and losses resulting from those transactions up to the date of purchase are deferred and included in the measurement of the purchase cost.

Foreign Controlled Entities

The foreign controlled entities are self-sustaining and exchange differences arising on translation are taken directly to the foreign currency translation reserve.

(e) Acquisition of Assets

The cost method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed manufacturing overhead expenditure for work in progress and finished goods. Costs are assigned to individual items of stock, mainly on the basis of weighted average costs.

(g) Recoverable Amount

Non-current assets are not carried at an amount above their recoverable amount and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount, the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate.

(h) Investments

Interests in companies, other than controlled entities and investments in listed companies, are shown as investments at cost, and dividend income is recognised in the statement of financial performance when received.

(i) Leasehold Improvements

The cost of improvements to or on leasehold properties is capitalised and amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

(j) Leased Non-Current Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of non-current assets (finance leases), and operating leases under which the lessor effectively retains substantially all such risks and benefits of ownership.

Where a non-current asset is acquired by means of a finance lease, the asset is established at its fair value at the inception of the lease. The liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are recognised in profit from ordinary activities in equal installments over the lease term.

(k) Non-Current Assets Constructed by the Economic Entity

The cost of non-current assets constructed by the economic entity includes the cost of all materials used in the construction, direct labour on the project and an appropriate proportion of variable and fixed overhead including borrowing costs.

(l) Depreciation

Depreciation is calculated on a straight line basis to write off the cost of each item of property, plant and equipment over its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets.

Major depreciation periods are:	2003	2002
Freehold Buildings	40 years	40 years
Plant & Equipment	3 - 10 years	3 - 10 years
Motor Vehicles	5 years	5 years

Major spares purchased specifically for particular plant are included in the cost of plant and are depreciated accordingly.

(m) Brand Names and Other Intellectual Property

Brand names and other intellectual property includes brand names and trademarks. Expenditure incurred in developing, maintaining or enhancing brand names is written off against profit from ordinary activities in the year in which it is incurred.

The brand names are not amortised as the directors believe that their useful lives are of such duration that the amortisation charge, if any, would not be material. The carrying value of these brand names and other intellectual property is reviewed each year to ensure that it is not in excess of their recoverable amount.

(n) Maintenance and Repairs

Maintenance, repair costs and minor renewals are recognised as expenses as incurred.

(o) Service Warranties

Provision is made, out of revenue, for the estimated liability on all products still under warranty at balance date. This provision is estimated having regard to service warranty experience on each class of products.

(p) Cash

For the purposes of the statements of cash flows, cash includes cash on hand and in banks and money market investments readily convertible to cash, net of outstanding bank overdrafts.

Goods and Services tax received from customers is included in cash flows from customers while Goods and Services tax paid on supplies, acquisitions and plant and equipment is included in payments to suppliers and employees.

Goods and Services tax is not included in revenue or expenses and is included in receivables and payables.

(q) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts expected to be paid in the year following the reporting date. All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. In determining the present value of future outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

Employee benefit expenses and revenues arising in respect of the following categories:

- wages and salaries, annual leave, long service leave, sick leave and other leave entitlements; and
- other types of employee benefits,

are recognised against profits in their respective categories.

(r) Earnings per Share

Basic earnings per share is determined by dividing the profit from ordinary activities by the weighted average number of ordinary shares outstanding during the financial year.

(s) Financial Instruments

The economic entity has non-current borrowings and operates internationally, giving rise to significant exposure to market risks from changes in interest rates and foreign exchange rates. Derivative financial instruments are utilised by the economic entity to reduce those risks, as explained in this note.

Interest Rate Related Derivatives

An entity within the economic entity enters into various types of interest rate contracts with the major banks in managing its floating interest rate risk on a portion of its non-current borrowings. Gains and losses on these contracts are accounted for on the same basis as the underlying borrowing they are hedging.

Exchange Rate Related Derivatives

Entities within the economic entity enter into various types of foreign exchange contracts with the major banks in managing its foreign exchange risk with purchases of raw materials and finished goods for resale. Gains or costs arising on entry into a hedge transaction are included in the measurement of the purchase cost. Subsequent exchange gains and losses resulting from those transactions up to the date of purchase are deferred and included in the measurement of the purchase cost, where the hedge is of a specified commitment. Where the hedge is general in nature, exchange gains and losses are included in the statement of financial performance when they arise.

(t) Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the identifiable net assets acquired at the time of acquisition of shares in the controlled entity. Goodwill is amortised on a straight line basis over the shorter of 20 years and the minimum period during which the benefits are expected to arise. The goodwill purchased with the Gainsborough Hardware Industries Limited acquisition was first amortised in the 1995/96 year on a straight line basis over a period of 10 years. The goodwill purchased with the acquisition of the exclusive import and distribution rights to Hansa tapware products has been fully amortised on a straight line basis over a period of 5 years. Amortisation periods are reviewed at each balance date. No goodwill was acquired during the year ended 30 June 2003.

(u) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Control of the goods has passed to the buyer.

Rendering of Services

Where the contract outcome can be reliably measured, control of a right to be compensated for the services has been attained and the stage of completion can be reliably measured. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

Interest

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

Dividends

Control of a right to receive consideration for the investment in assets is attained, dividend income is recognised in the statement of financial performance when received.

(v) Revenue Measurement

The measurement of revenue from the sale of goods is sales revenue net of trade discounts and volume rebates.

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
2. REVENUE FROM ORDINARY ACTIVITIES					
(a) Revenues from Operating Activities					
- Sale of goods	1 (v)	659,589	609,535	-	-
(b) Revenues from Non-operating Activities					
- Dividends received/receivable – controlled entities		-	-	28,100	46,150
- Interest received/receivable – other corporations		2,488	1,870	-	-
- Proceeds from the sale of property, plant and equipment		1,849	2,296	-	-
- Foreign exchange gains		1,220	1,419	-	-
- Unit Trust Distribution		-	-	1,874	1,834
- Other		1,379	723	-	-
Total Revenues from Non-Operating Activities		**6,936**	**6,308**	**29,974**	**47,984**
Total Revenues from Ordinary Activities		**666,525**	**615,843**	**29,974**	**47,984**

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
3. EXPENSES FROM ORDINARY ACTIVITIES					
(a) Expenses related to Ordinary Activities					
- Cost of Sales		368,211	338,115	-	-
- Selling and distribution		125,408	119,498	-	-
- Administration		72,986	68,431	6	8
- Other		6,488	8,214	-	-
Total Expenses related to Ordinary Activities		**573,093**	**534,258**	**6**	**8**
(b) Borrowing costs					
Interest expense					
- Controlled entities		-	-	684	673
- Other Corporations		14,856	14,940	-	-
Total borrowing costs expensed		**14,856**	**14,940**	**684**	**673**
Profit from Ordinary Activities before Income Tax Expense		**78,576**	**66,645**	**29,284**	**47,303**
Income Tax Expense Relating to Ordinary Activities	4(a)	(23,569)	(19,995)	(377)	(368)
Net profit Attributable to Members of GWA International Limited		**55,007**	**46,650**	**28,907**	**46,935**
Retained earnings at beginning of year	20(b)	41,193	41,770	256	548
Adjustment arising from the adoption of revised accounting standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	1 (a) (i)	20,823	-	20,823	-
Total available for appropriation		**117,023**	**88,420**	**49,986**	**47,483**
Dividends provided for or paid	20(b)	(48,615)	(47,227)	(48,615)	(47,227)
Retained Earnings		**68,408**	**41,193**	**1,371**	**256**

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
3. EXPENSES FROM ORDINARY ACTIVITIES (Continued)					
(c) Losses/(Gains)					
Net Loss/(Gain) on sale of property, plant and equipment		1,059	142	-	-
Net Foreign exchange (Gain)/Loss – other – realised		(355)	(84)	-	-
– unrealised		221	(136)	-	-
(d) Other Expenses					
Amortisation – Goodwill		900	931	-	-
Depreciation of Non Current Assets					
- Freehold Buildings		1,137	1,137	-	-
- Plant and Equipment		23,255	24,021	-	-
- Motor Vehicles		2,742	2,723	-	-
Total Depreciation and Amortisation Expense		**28,034**	**28,812**	**-**	**-**
Other charges against assets					
- Write down of inventories		8,766	2,584	-	-
- Provision for doubtful debts and bad debts written off		902	839	-	-
Total other charges/(credits) against assets		**9,668**	**3,423**	**-**	**-**
Other provisions					
- Service warranties		3,586	2,955	-	-
- Employee benefits and on costs		15,547	13,796	-	-
- Insurances (inc Workers Compensation)		2,885	2,846	-	-
- Other		4,926	6,762	-	-
Total other provisions		**26,944**	**26,359**	**-**	**-**
Rental expense relating to operating leases					
- Properties		7,446	6,889	-	-
- Plant		688	665	-	-
Research and development		5,770	5,064	-	-

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000

4. INCOME TAX

(a) Reconciliation of income tax expense

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
Profit from ordinary activities before income tax		78,576	66,645	29,284	47,303
Prima facie tax on profit from ordinary activities (30%, 2002 - 30%)		23,573	19,994	8,785	14,191
Tax effect of permanent differences:					
Non deductible building depreciation and allowances		134	170	22	22
Non allowable expenditure		1,246	1,327	-	-
Goodwill amortisation		270	270	-	-
Research and development allowance		(34)	-	-	-
Finalisation tax rate change		-	(32)	-	-
Rebateable dividends		-	-	(8,430)	(13,845)
Income tax adjusted for permanent differences		25,189	21,729	377	368
Effect of different rates of tax on overseas income		96	324	-	-
Under/(over) provision in previous year		(1,716)	(2,058)	-	-
Income tax expense attributable to ordinary activities		**23,569**	**19,995**	**377**	**368**

(b) Deferred tax assets and liabilities

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
Current tax payable		16,127	13,448	377	395
Provision for deferred income tax – non-current		1,179	1,532	-	-
Future income tax benefit – non-current		22,105	16,791	-	-

(c) No part of the future income tax benefit shown in (b) is attributable to tax losses.

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
5. DIVIDENDS					
Ordinary					
Franked dividend paid					
- Final dividend 2002 under provided		12	-	12	-
- Interim (7.5c per share, 2002: 7.0c)		20,835	19,435	20,835	19,435
- Special (2.5c per share, 2002: 2.5c)		6,945	6,941	6,945	6,941
Franked dividend proposed					
- Final (2002: 7.5c)		-	20,823	-	20,823
Total dividends provided or paid		**27,792**	**47,199**	**27,792**	**47,199**
Dividends proposed and not recognised as a liability					
Final dividend (8c per share) – 100% franked		**22,224**	**-**	**22,224**	**-**
The franked portions of the proposed dividends will be franked out of existing franking credits.					
The amount of retained profits that could be distributed as dividends and be franked out of existing franking credits and out of franking credits arising from the payment of income tax for the year ending 30 June 2003 after deducting franking credits applicable to proposed dividends:					
- Franking account balance as at the end of the financial year stated at 30% (2002: 30%)		19,987	15,579		
- Franking credits that will arise from the payment of the income tax payable after the end of the financial year		14,550	11,977		
- Franking debits that will arise from the payment of dividends after the end of the financial year		-	(8,924)		
The amount of franking credits, at 30% which represent dividends able to be franked and available for the subsequent financial year (2002: 30%)		**34,537**	**18,632**		

The tax rate at which dividends paid have been franked is 30% (2002: 30%).

The final dividend proposed will be franked at 30% when paid in October 2003.

As of 1 July 2002, the new imputation system requires a company's franking credits to be expressed on a tax-paid basis. The franking account surplus existing at 30 June 2002 has been restated to a tax paid amount by multiplying the class C franking surplus by 30/70.

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000

6. CASH ASSETS

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
Cash at bank and on hand		41,889	44,406	-	-
Deposits at call		46,616	22,411	-	-
		88,505	**66,817**	**-**	**-**

7. RECEIVABLES (CURRENT)

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
Trade debtors		85,851	82,079	-	-
Provision for doubtful debts		(3,908)	(3,420)	-	-
		81,943	78,659	-	-
Other debtors		1,539	2,086	-	-
Unsecured other loans					
- Employee share plan		495	564	495	564
		83,977	**81,309**	**495**	**564**

Included in unsecured other loans - employee share plan, are loans to Directors (refer note 26).

Movement in provision for doubtful debts

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
Balance at beginning of the year		3,420	3,740	-	-
- Effect of exchange rate changes on opening balance		(29)	25	-	-
- Bad debts previously provided for written-off during the year		(351)	(735)	-	-
- Bad and doubtful debts provided for during the year		868	390	-	-
Balance at the end of the year		3,908	3,420	-	-

8. INVENTORIES

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
Raw materials - at cost		26,793	25,774	-	-
Provision for diminution in value		(3,832)	(1,736)	-	-
		22,961	24,038	-	-
Finished goods - at cost		91,093	82,939	-	-
Provision for diminution in value		(9,357)	(5,753)	-	-
		81,736	77,186	-	-
Work in progress - at cost		12,941	13,084	-	-
Total inventories at lower of cost and net realisable value		**117,638**	**114,308**	**-**	**-**

Movement in Provisions

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
Inventory Provisions					
Opening balance		7,489	7,841	-	-
Additional provisions		8,766	2,584	-	-
Stock written off against provision		(3,066)	(2,936)	-	-
Closing balance		13,189	7,489	-	-

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000

9. RECEIVABLES (NON-CURRENT)

Amount owing by controlled entities	-	-	396,730	366,691
Unsecured other loans				
- Employee share plan	3,811	4,439	3,811	4,439
- Other	556	1,334	-	-
	4,367	**5,773**	**400,541**	**371,130**

Included in unsecured other loans - employee share plan, are loans to Directors of controlled entities (refer note 26).

10. INVESTMENTS

Unlisted investments				
Shares in controlled entities - at cost (refer note 27)	-	-	325,646	325,646
	-	**-**	**325,646**	**325,646**

11. PROPERTY, PLANT AND EQUIPMENT

Freehold land at cost	**29,119**	**29,124**	**-**	**-**
Freehold buildings at cost	41,471	41,595	-	-
Less accumulated depreciation	(7,675)	(6,675)	-	-
	33,796	**34,920**	**-**	**-**
Plant and equipment at cost	225,461	222,337	-	-
Less accumulated depreciation	(131,158)	(123,675)	-	-
	94,303	**98,662**	**-**	**-**
Motor vehicles at cost	13,999	14,247	-	-
Less accumulated depreciation	(5,065)	(4,779)	-	-
	8,934	**9,468**	**-**	**-**
Total Written Down Amount	**166,152**	**172,174**	**-**	**-**

Recent Valuations

Land and buildings are progressively, and independently assessed over a three-year period. As at 30 June 2003 the Directors have received independent valuations on land and buildings which have not been valued within the last three years. The most recent valuations for all land and buildings are as follows (note valuations have not been recognised):

- Freehold Land	47,550	43,000	-	-
- Buildings	37,220	37,000	-	-

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Reconciliations

Freehold land

Carrying amount at beginning	29,124	29,116	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation	-	-	-	-
Net foreign currency movements arising from self-sustaining foreign operation	(5)	8	-	-
	29,119	29,124	-	-

Freehold buildings

Carrying amount at beginning	34,920	35,516	-	-
Additions/Improvements	75	451	-	-
Disposals	-	-	-	-
Depreciation	(1,137)	(1,137)	-	-
Net foreign currency movements arising from self-sustaining foreign operation	(62)	90	-	-
	33,796	34,920	-	-

Plant and Equipment

Carrying amount at beginning	98,662	95,140	-	-
Additions	20,437	28,157	-	-
Disposals	(1,304)	(885)	-	-
Depreciation	(23,255)	(24,021)	-	-
Net foreign currency movements arising from self-sustaining foreign operation	(237)	271	-	-
	94,303	98,662	-	-

Motor Vehicles

Carrying amount at beginning	9,468	9,519	-	-
Additions	3,880	4,368	-	-
Disposals	(1,664)	(1,731)	-	-
Depreciation	(2,742)	(2,723)	-	-
Net foreign currency movements arising from self-sustaining foreign operation	(8)	35	-	-
	8,934	9,468	-	-
Total Written Down Amount	**166,152**	**172,174**	**-**	**-**

12. BRAND NAMES AND OTHER INTELLECTUAL PROPERTY

As at 30 June 2003 Brand Names and Other Intellectual Property of $356.2 million (2002: $357.3 million) are being carried at cost (2002: at cost). PricewaterhouseCoopers Securities Limited provided GWA International Limited with an opinion dated 26 August 2003, in their opinion, the fair market value of the Brand Names and other Intellectual Property was not less than its carrying value of $356.2 million as at 30 June 2003 (2002: $357.3 million) and the directors would be justified in continuing to carry it at that amount.

The Directors are of the opinion that no events have occurred that would diminish the above carrying value.

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
13. GOODWILL					
Goodwill		8,975	10,587	-	-
Accumulated amortisation		(7,200)	(7,912)	-	-
		1,775	**2,675**	**-**	**-**
14. PAYABLES					
Trade creditors		59,516	55,582	-	-
Other creditors		7,856	3,174	-	-
		67,372	**58,756**	**-**	**-**
15. INTEREST BEARING LIABILITIES (CURRENT)					
Unsecured bank overdraft		-	-	28	12
16. PROVISIONS (CURRENT)					
Dividends		-	20,823	-	20,823
Employee benefits and on costs		18,632	16,391	-	-
Warranty		4,633	4,369	-	-
Insurances (including Workers Compensation)		2,993	1,848	-	-
Other		7,477	6,344	-	-
		33,735	**49,775**	**-**	**20,823**

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000

17. NON-CURRENT LIABILITIES

Interest bearing liabilities

	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
Unsecured				
Bank loans	296,183	296,252	-	-
Loans from controlled entities	-	-	11,750	11,750
Total Interest Bearing Liabilities	**296,183**	**296,252**	**11,750**	**11,750**
Non interest bearing liabilities				
Unsecured loans from controlled entities	-	-	367,663	318,980
Total Non Interest Bearing Liabilities	**-**	**-**	**367,663**	**318,980**

Financing Arrangements

GWA International Limited, GWA Finance Pty Limited, a wholly owned controlled entity of GWA International Limited and each other controlled entity of GWA International Limited have entered into a Master Financing Agreement with a number of banks.

This document provides for the following:

(1) GWA Finance Pty Limited and certain other operating controlled entities to borrow and enter into certain risk and hedging facilities;

(2) Individual banks to provide facilities direct to GWA Finance Pty Limited and certain other operating controlled entities of GWA International Limited by joining the Master Financing Agreement and being bound by the common covenants and conditions contained therein.

Unrestricted access was available at balance date to the following lines of credit:

	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
Total facilities				
Bank overdrafts	6,000	8,926	-	-
Other bank facilities	312,542	353,148	-	-
	318,542	**362,074**	**-**	**-**
Used at balance date				
Bank overdrafts	-	-	-	-
Other bank facilities	296,183	317,412	-	-
	296,183	**317,412**	**-**	**-**
Unused at balance date				
Bank overdrafts	6,000	8,926	-	-
Other bank facilities	16,359	35,736	-	-
	22,359	**44,662**	**-**	**-**

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
18. PROVISIONS (NON-CURRENT)					
Employee benefits and on costs		10,446	9,322	-	-
Warranty		2,424	2,354	-	-
Other		2,362	2,456	-	-
		15,232	**14,132**	**-**	**-**
Total Employee benefits and on costs		29,078	25,713	-	-
Movement in total provisions (Current and Non-current)					
(i) Employee benefits and on costs					
Opening Balance		25,713	23,432	-	-
Additional provisions		15,547	13,796	-	-
Provisions utilised		(12,182)	(11,515)	-	-
Closing Balance		29,078	25,713	-	-
(ii) Warranty					
Opening Balance		6,723	6,940	-	-
Additional provisions		3,586	2,955	-	-
Provisions utilised		(3,252)	(3,172)	-	-
Closing Balance		7,057	6,723	-	-
(iii) Insurances (including Workers Compensation)					
Opening Balance		1,848	609	-	-
Additional provisions		2,885	2,846	-	-
Provisions utilised		(1,740)	(1,607)	-	-
Closing Balance		2,993	1,848	-	-
(iv) Other:					
Opening Balance		8,800	6,129	-	-
Additional provisions		4,926	6,762	-	-
Provisions utilised		(3,887)	(4,091)	-	-
Closing Balance		9,839	8,800	-	-

	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000

19. CONTRIBUTED EQUITY

(a) Issued and fully paid up capital

	2003 $'000	2002 $'000	2003 $'000	2002 $'000
277,802,995 (2002: 277,642,995) ordinary shares fully paid	**345,493**	**345,124**	**345,493**	**345,124**

Movements in issued paid up capital	2003 Number	2003 $'000	2002 Number	2002 $'000
Ordinary shares				
Balance at 1 July 2002	277,642,995	345,124	277,247,995	344,263
Issue of shares to employees at $2.31 per share (2002: $2.18)	160,000	369	395,000	861
Balance at 30 June 2003	277,802,995	345,493	277,642,995	345,124

Terms and Conditions of Contributed Equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

(b) Dividend Reinvestment Plan and Share Purchase Plan

Suspended

On the 8 February 2000 the Directors suspended the Dividend Reinvestment Plan and the Share Purchase Plan.

(c) Employee Share Plan

The employee share plan was established to assist in the retention and motivation of employees. All permanent employees of the Company, who are invited to participate, may participate in the Plan.

The maximum number of shares subject to the plan at any time may not exceed 5% of the nominal amount of all Ordinary Shares on issue. The Plan does not provide for the issue of options and no options have been issued by the company.

The prices of shares issued under the Plan are the market price at the time of issue, which are repaid through dividends, or in full upon an employee ceasing employment with the company. During the 2002/03 year, 160,000 (2002: 395,000) ordinary shares were issued at a price of $2.31 (2002: $2.18), a total market value of $369,600 (2002: $861,100).

As at 30 June 2003, loans are issued for 3,300,000 (2002: 3,762,500) shares and the remaining balances of these loans were $4,305,865 (2002: $5,003,090).

During the 2002/03 year, dividends of $607,187 (2002: $622,212) were paid against the loans and a further $459,637 (2002: $40,273) were paid by employees against these loans.

There are no entitlements to further issues at balance date.

(d) Options

No options have been issued at any time.

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000

20. RESERVES AND RETAINED PROFITS

(a) Foreign Currency Translation Reserve

(i) Nature and purpose of reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining foreign operations

(ii) Movements in reserve

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
Balance at beginning of year		1,532	25	-	-
Net exchange gain/(loss) on translation of foreign controlled entities		(1,646)	1,507	-	-
Balance at end of year		**(114)**	**1,532**	**-**	**-**

(b) Retained Profits

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
Balance at beginning of year		41,193	41,770	256	548
Net Profit attributable to members		55,007	46,650	28,907	46,935
Adjustment arising from adoption of revised accounting standard AASB1044 "Provisions, Contingent Liabilities and Contingent Assets"		20,823	-	20,823	-
Total available for appropriation		117,023	88,420	49,986	47,483
Dividends provided for or paid		(48,615)	(47,227)	(48,615)	(47,227)
Balance at end of year		**68,408**	**41,193**	**1,371**	**256**

21. REMUNERATION OF EXECUTIVES

	Notes	Consolidated 2003 $	Consolidated 2002 $	Chief Entity 2003 $	Chief Entity 2002 $
Remuneration received or due and receivable by Executive Officers of the consolidated entity whose remuneration is $100,000 or more from entities in the consolidated entity or a related party, in connection with the management of the affairs of the entities in the consolidated entity whether as an Executive Officer or otherwise:		17,228,813	12,335,405		
Remuneration received or due and receivable by Executive Officers of the Company whose remuneration is $100,000 or more, from the Company or any related party, in connection with the management of the affairs of the Company or any related party, whether as an Executive Officer or otherwise:				7,686,361	5,346,750

21. REMUNERATION OF EXECUTIVES (Continued)

The number of Executive Officers (including the Executive Director of the economic entity and the Company) whose remuneration falls within the following bands:

$'000		$'000	Economic Entity 2003	Economic Entity 2002	Chief Entity 2003	Chief Entity 2002
110	-	120	2	-	-	-
120	-	130	1	5	1	-
130	-	140	2	3	-	-
140	-	150	2	1	-	-
150	-	160	5	1	-	-
160	-	170	1	3	-	-
170	-	180	4	3	-	1
180	-	190	2	8	-	1
190	-	200	6	3	-	-
200	-	210	3	-	-	-
210	-	220	1	1	-	-
220	-	230	2	2	-	-
230	-	240	3	2	-	-
240	-	250	2	-	-	-
250	-	260	1	1	-	-
260	-	270	1	1	-	-
270	-	280	2	-	-	-
290	-	300	1	1	-	-
300	-	310	-	1	-	1
310	-	320	-	3	-	2
320	-	330	2	2	-	1
330	-	340	1	-	1	-
340	-	350	2	-	1	-
350	-	360	1	-	1	-
360	-	370	-	1	-	-
370	-	380	1	2	-	2
390	-	400	1	-	-	-
400	-	410	1	-	1	-
410	-	420	-	1	-	1
430	-	440	-	1	-	1
440	-	450	1	-	1	-
450	-	460	-	1	-	1
460	-	470	1	-	1	-
470	-	480	1	-	1	-
490	-	500	1	-	1	-
500	-	510	1	1	1	1
640	-	650	1	-	1	-
1,160	-	1,170	-	1	-	1
3,080	-	3,090	1	-	1	-

	Notes	Consolidated 2003 $	Consolidated 2002 $	Chief Entity 2003 $	Chief Entity 2002 $

22. REMUNERATION OF AUDITORS

	Notes	Consolidated 2003 $	Consolidated 2002 $	Chief Entity 2003 $	Chief Entity 2002 $
Amounts received or due and receivable by the auditors of GWA International Limited for:					
- an audit or review of the financial report of the entity and any other entity in the consolidated entity		258,100	199,000	8,400	10,000
- other services in relation to the entity and any other entity in the consolidated entity					
Tax advisory and compliance		68,420	104,310	-	-
Acquisition due diligence services		66,000	12,650	-	-
Superannuation advice and assistance		11,500	211,135	-	-
Other		28,150	25,800	-	-
		432,170	**552,895**	**8,400**	**10,000**
Amounts received or due and receivable by auditors other than the auditors of GWA International Limited for:					
- an audit or review of the financial report of subsidiary entities		90,424	73,860	-	-
		522,594	**626,755**	**8,400**	**10,000**

23. CONTINGENT LIABILITIES

Details and estimates of maximum amounts of contingent liabilities, classified in accordance with the party from whom the liability could arise and for which no provisions are included in the accounts, are as follows:

	Notes	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Bank guarantees		**618**	**404**	**-**	**-**

Cross guarantee by GWA International Limited as described in Note 28. All these companies have assets in excess of liabilities.

A claim for damages, arising from alleged breach of contract and related matters, against Sebel Furniture Limited, was litigated in the Federal Court in April/June 2002. In a decision handed down on 12 March 2003 this claim was dismissed. The decision was not appealed and Sebel's recovery of costs of $604,000 has been brought to account in the 2002/03 financial statements.

The previous freight carrier for Dux has lodged an action in the Industrial Relations Commission of NSW with claims totalling $3.6M. Dux is defending the claim. No provision has been made in the financial report for the claimed compensation.

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000

24. COMMITMENTS FOR EXPENDITURE

(a) Capital expenditure commitments

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
Total capital expenditure contracted for at balance date but not provided for in the accounts payable:					
Not later than one year		**3,886**	**4,240**	**-**	**-**

(b) Lease expenditure commitments

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
Operating lease (non-cancelable) expenditure contracted for at balance date:					
Not later than one year		6,830	6,174	-	-
Later than one year but not later than 5 years		15,382	8,751	-	-
Later than 5 years		1,080	1,069	-	-
Aggregate lease expenditure contracted for at balance date		**23,292**	**15,994**	**-**	**-**
Aggregate expenditure commitments comprise:					
Amounts not provided for:					
- rental commitments		23,292	15,994	-	-
Total not provided for		23,292	15,994	-	-
Aggregate lease expenditure contracted for at balance date		**23,292**	**15,994**	**-**	**-**

25. SUPERANNUATION COMMITMENTS

GWA International Limited has been the sponsor, and principal employer, of the members of the two superannuation funds, GWAIL Group Retirement Fund and GWAIL Superannuation Fund.

During the previous year GWA International Limited reviewed its superannuation arrangements and resolved to terminate its role as sponsor and principal employer of the two Funds.

GWAIL Group Retirement Fund

The Defined Benefits categories of the GWAIL Group Retirement Fund were discontinued effective 30 June 2002. Members have transferred their benefits to other superannuation funds including ING Corporate Super Master Trust.

As at 30 June 2003 all members had transferred from the fund. The total remaining assets are $121,494.00. These assets are held in cash. This is expected to be sufficient to meet the remaining liabilities of contributions surcharge and administration costs.

26. RELATED PARTIES

Directors

The names of persons who were directors of GWA International Limited at any time during the financial year are as follows:

B Thornton
J J Kennedy
G J McGrath (Retired 6th May 2003)
D R Barry
R M Anderson
M D Kriewaldt
P C Crowley (Appointed Managing Director 6th May 2003)

	Directors of Entities in the Economic Entity		Directors of the Chief Entity	
	2003 $	2002 $	2003 $	2002 $
Remuneration of Directors				
Income paid or payable, or otherwise made available, in respect of the financial year to all Directors of each entity in the consolidated entity, directly or indirectly, by entities of which they are Directors or any related party:	4,075,745	1,765,824	-	-
Income paid or payable, or otherwise made available, in respect of the financial year, to all Directors of GWA International Limited, directly or indirectly, from the entity or any related party:	-	-	4,075,745	1,765,824

The number of Directors of GWA International Limited whose income (including superannuation contributions) falls within the following bands is:

			Directors of the Chief Entity	
$'000		$'000	2003	2002
50	-	60	-	2
60	-	70	2	1
70	-	80	1	-
80	-	90	-	1
90	-	100	1	-
160		170	-	1
180	-	190	1	1
500	-	510	1	-
1,160	-	1,170	-	1
3,080	-	3,090	1	-

	Notes	Consolidated 2003 $	Consolidated 2002 $	Chief Entity 2003 $	Chief Entity 2002 $

26. RELATED PARTIES (Continued)

Loans to Directors

Loan repayments received:				
Employee Share Plan				
G.J. McGrath	25,594	24,131	25,594	24,131
K.G. Schroder	32,375	30,525	-	-
Aggregate loans given during year	-	-	-	-
Loan balances:				
Unsecured loans				
Directors of chief entity	242,368	267,962	242,368	267,962
Directors of controlled entities	107,025	139,400	-	-
	349,393	407,362	242,368	267,962
Interest revenue on loans	-	-	-	-

The Employee Share Plan loans are interest free and repayable over 15 years or earlier in certain circumstances. Dividends paid on the shares acquired under the Plan are applied against the balance of the loan outstanding. An appropriate holding lock applies to the shares issued under the Plan until the loan has been repaid in full.

There are no other unsecured Directors Loans outstanding at balance date.

Loans to Directors are included in the loans disclosed in Notes 7 and 9.

Transactions of Directors and Director Related Entities concerning Shares

Aggregate numbers of shares of GWA International Limited transacted by Directors of the consolidated entity or their Director related entities from the Company were as follows:

	2003	2002
Acquired:		
Ordinary shares	0	0
Disposed:		
Ordinary shares	(45,000)	(500,000)
Director retired	(754,275)	(10,000)
Director related entities:		
Ordinary shares – Acquired control or significant influence over the entity	1,108,000	195,000
Ordinary shares – Released control or significant influence over the entity	(404,000)	(51,000)

The Dividend Re-Investment and Share Purchase Plan have been suspended.

Aggregate number of shares of GWA International Limited held directly, indirectly or beneficially by Directors or their related entities at balance date:

	2003	2002
Ordinary shares	46,705,306	46,800,581

26. RELATED PARTIES (Continued)

Transactions with Directors & Director Related Entities

Mr B Thornton is a director of Great Western Corporation Pty Ltd. Certain entities in the economic entity have purchased and sold components and tooling from and to Great Western Corporation Pty Ltd on normal commercial terms and conditions during the year for a net purchase consideration of $485,197 (2002: $425,600). At reporting date $99,471 (2002: $64,790) formed part of trade creditors.

An entity in the economic entity has sold products to Directors & Director related entities on normal commercial terms and conditions during the year, these transactions were domestic in nature.

Transactions Concerning Wholly Owned Group

The wholly owned Group consists of GWA International Limited and its wholly owned controlled entities, such ownership interests being set out in Note 27.

Transactions between GWA International Limited and wholly owned controlled entities during the year ended 30 June 2003 consisted of:

(1) loans advanced by and to GWA International Limited;
(2) loans repaid to and by GWA International Limited;
(3) the payment of dividends to GWA International Limited; and
(4) the payment of interest by GWA International Limited.

The above transactions included an interest charge at commercial rates with no fixed repayment terms for certain intercompany loans.

Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with wholly owned controlled entities were as follows:

	Chief Entity	
	2003 $'000	2002 $'000
Dividend revenue	28,100	46,150
Trust revenue	1,874	1,834
Interest expense	684	673

Aggregate amounts receivable from and payable to wholly owned controlled entities at balance date were as follows:

	2003 $'000	2002 $'000
Non-current receivables	396,730	366,691
Non-current borrowings	379,413	330,730

Controlling entities

The ultimate controlling entity and the ultimate Australian controlling entity in the wholly owned group is GWA International Limited.

Ownership Interests in Related Parties

Interests held in controlled entities are set out in Note 27.

27. INVESTMENT IN CONTROLLED ENTITIES

(a) Name o f Entity		Country of Incorporation	Class of Shares	2003 %	2002 %	Parties to Cross Guarantee
Chief Entity						
GWA International Limited		Aust	Ord			Y
Controlled Entities						
GWA Group Limited	(ii)	Aust	Ord	100	100	Y
Gainsborough Hardware Industries Limited	(ii)	Aust	Ord	100	100	Y
Gainsborough Hardware Limited	(iii)	UK	Ord	100	100	N
Caroma Holdings Limited	(ii)	Aust	Ord	100	100	Y
GWA (North America) Pty Ltd	(ii)	Aust	Ord	100	100	Y
Sebel Furniture Inc	(iii)	USA	Ord	100	100	N
Caroma Industries Limited	(ii)	Aust	Ord	100	100	Y
G Subs Pty Ltd	(ii)	Aust	Ord	100	100	Y
Sebel Furniture (Hong Kong) Ltd	(i)	HK	Ord	100	100	N
GWA International (Hong Kong) Limited	(i)	HK	Ord	100	100	N
Stylus Pty Ltd	(ii)	Aust	Ord	100	100	Y
Stylus Industries Pty Limited	(ii)	Aust	Ord	100	100	Y
Fowler Manufacturing Pty Ltd	(ii)	Aust	Ord	100	100	Y
Starion Tapware Pty Ltd	(ii)	Aust	Ord	100	100	Y
Dorf Clark Industries Ltd	(ii)	Aust	Ord	100	100	Y
Dorf Industries (NZ) Ltd		NZ	Ord	100	100	N
McIlwraith Davey Pty Ltd	(ii)	Aust	Ord	100	100	Y
Stylus Sales Limited		NZ	Ord	100	100	N
Caroma Industries Europe BV	(i)	Netherlands	Ord	100	100	N
Wisa Beheer BV	(i)	Netherlands	Ord	100	100	N
Wisa BV	(i)	Netherlands	Ord	100	100	N
Wisa Systems BV	(i)	Netherlands	Ord	100	100	N
Wisa GmbH	(i)	Germany	Ord	100	100	N
Stokis Kon Fav. Van Metaalwerken NV	(i)	Netherlands	Ord	100	100	N
Wisa France SA	(i)	France	Ord	100	100	N
Caroma International Pty Ltd	(ii)	Aust	Ord	100	100	Y
Caroma USA Inc	(iii)	USA	Ord	100	100	N
Caroma Canada Industries Ltd	(iii)	Canada	Ord	100	100	N
Caroma Industries (UK) Ltd	(i)	UK	Ord	100	100	N
Canereb Pty Ltd	(iv)	Aust	Ord	100	100	N
Dux Manufacturing Limited	(ii)	Aust	Ord	100	100	Y
GWA Taps Manufacturing Limited	(ii)	Aust	Ord	100	100	Y
Lake Nakara Pty Ltd	(iv)	Aust	Ord	100	100	N
Mainrule Pty Ltd	(iv)	Aust	Ord	100	100	N
Warapave Pty Ltd	(iv)	Aust	Ord	100	100	N
Rover Mowers (NZ) Limited		NZ	Ord	100	100	N
Caroma Industries (NZ) Limited		NZ	Ord	100	100	N
GWAIL (NZ) Ltd		NZ	Ord	100	100	N
Rover Mowers Limited	(ii)	Aust	Ord	100	100	Y
Industrial Mowers (Australia) Limited	(ii)	Aust	Ord	100	100	Y
Olliveri Pty Ltd	(ii)	Aust	Ord	100	100	Y
Sebel Service & Installations Pty Ltd	(ii)	Aust	Ord	100	100	Y
Sebel Properties Pty Ltd	(ii)	Aust	Ord	100	100	Y
Sebel Furniture Limited (NZ)		NZ	Ord	100	100	N
Sebel Furniture Limited	(ii)	Aust	Ord	100	100	Y
Sebel Furniture (SEA) Pte Ltd	(i)	Sing	Ord	100	100	N
Sebel Sales Pty Limited	(ii)	Aust	Ord	100	100	Y
Caroma Singapore Pte Limited	(i)	Sing	Ord	100	100	N
GWA Finance Pty Limited	(ii)	Aust	Ord	100	100	Y
Hetset (No. 5) Pty Ltd	(ii)	Aust	Ord	100	100	Y
Bankstown Unit Trust		Aust	Units	100	100	Y

27. INVESTMENT IN CONTROLLED ENTITIES (Continued)

All controlled entities are controlled by GWA International Limited.

(i) Controlled entities which are audited by other member firms of Ernst & Young International.

(ii) Pursuant to Class Order 98/1418, relief has been granted to these controlled entities of GWA International Limited from the Corporations Act 2001 requirements for preparation, audit and publication of a financial report.

(iii) There is no requirement to prepare a financial report for these overseas companies and accordingly separate audits were not performed.

(iv) In accordance with the Corporations Act 2001 the Directors have elected not to prepare or have audited a financial report for the controlled entity as the entity meets the definition of a small proprietary company.

(b) Controlled Entities

GW Nominees Pty Ltd and GWAIL ESF Nominees Pty Ltd which are the trustee companies of the GWA International Limited Group Retirement Fund and the GWA International Limited Superannuation Fund respectively, are wholly owned by a controlled entity of GWA International Limited. As superannuation trustees, these entities are not controlled entities for the purpose of accounting standard AASB 1024 "Consolidated Accounts" and are therefore not consolidated with the group of companies comprising GWA International Limited and its controlled entities.

28. DEED OF CROSS GUARANTEE

GWA International Limited, and specific controlled entities (as set out in Note 27) having their place of incorporation in Australia, are parties to a deed of cross guarantee which has been lodged with and approved by the Australian Securities and Investments Commission. Under the deed of cross guarantee each of the parties to the deed guarantees the debts of the other.

Pursuant to Class Order 98/1418, relief has been granted to the companies in the closed group from the Corporations Act 2001 requirements for preparation, audit and lodgement of their financial reports.

The consolidated statement of financial performance and statement of financial position of the entities which are parties to the Deed of Cross Guarantee (Closed Group) are as follows:

	2003 $'000	2002 $'000
Consolidated Statement of Financial Performance		
Profit from ordinary activities before income tax	**79,733**	**62,687**
Income tax attributable to ordinary activities	(23,070)	(18,456)
Profit from ordinary activities after income tax	**56,663**	**44,231**
Retained profits at the beginning of the financial year	27,180	30,176
Adjustment arising from the adoption of revised accounting standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	20,823	
Total available for appropriation	**104,666**	**74,407**
Dividends provided for or paid	(48,615)	(47,227)
Retained profits at the end of the financial year	**56,051**	**27,180**

	2003 $'000	2002 $'000
28. DEED OF CROSS GUARANTEE (Continued)		
Consolidated Statement of Financial Position		
Current assets		
Cash assets	77,086	58,434
Receivables	75,786	73,931
Inventories	109,074	104,180
Other	2,719	4,431
Total current assets	**264,665**	**240,976**
Non-current assets		
Receivables	4,367	5,773
Investments	16,280	16,280
Property, plant and equipment	135,462	140,539
Intercompanies	47,720	46,040
Brand names and other intellectual property	331,685	331,685
Goodwill	1,775	2,675
Deferred tax assets	20,919	16,499
Total non-current assets	**558,208**	**559,491**
Total assets	**822,873**	**800,467**
Current liabilities		
Payables	64,283	55,200
Current tax liabilities	14,321	11,438
Provisions	31,225	48,942
Total current liabilities	**109,829**	**115,580**
Non-current liabilities		
Interest bearing liabilities	296,183	296,252
Deferred tax liability	1,028	1,402
Provisions	15,230	14,130
Intercompanies	-	1,723
Total non-current liabilities	**312,441**	**313,507**
Total liabilities	**422,270**	**429,087**
Net assets	**400,603**	**371,380**
Equity		
Contributed Equity	345,493	345,124
Reserves	(941)	(924)
Retained profits	56,051	27,180
Total equity	**400,603**	**371,380**

29. SEGMENT REPORTING

(a) Primary Reporting – Business Segments

	Building Fixtures and Fittings 2003 $'000	Commercial Furniture 2003 $'000	Unallocated 2003 $'000	Intersegment Eliminations 2003 $'000	Total Consolidated 2003 $'000
Revenue					
External Sales	546,614	70,146	42,829	-	659,589
Intersegment Sales	-	2,255	-	(2,255)	-
Total Sales Revenue	546,614	72,401	42,829	(2,255)	659,589
Other Revenue	3,102	1,026	2,808	-	6,936
Total Segment Revenue	549,716	73,427	45,637	(2,255)	666,525
Segment Result	95,801	6,246	(23,471)	-	78,576
Income Tax Expense					(23,569)
Net Profit					55,007
Total Assets	645,877	56,927	140,811	-	843,615
Total Liabilities	90,037	7,113	332,678	-	429,828
Other segment information:					
Acquisition of property, plant and equipment, intangible assets and other non-current assets	19,454	3,942	996	-	24,392
Depreciation and Amortisation Expenses	22,962	3,344	1,728	-	28,034
Non-cash expenses other than depreciation and amortisation	-	-	-	-	-

	2002 $'000	2002 $'000	2002 $'000	2002 $'000	2002 $'000
Revenue					
External Sales	497,736	62,943	48,856	-	609,535
Intersegment Sales	-	1,655	-	(1,655)	-
Total Sales Revenue	497,736	64,598	48,856	(1,655)	609,535
Other Revenue	3,645	979	1,684	-	6,308
Total Segment Revenue	501,381	65,577	50,540	(1,655)	615,843
Segment Result	86,889	5,127	(25,371)	-	66,645
Income Tax Expense					(19,995)
Net Profit					46,650
Total Assets	647,935	57,864	115,945	-	821,744
Total Liabilities	72,998	10,278	350,619	-	433,895
Other segment information:					
Acquisition of property, plant and equipment, intangible assets and other non-current assets	27,052	4,249	1,675	-	32,976
Depreciation and Amortisation Expense	23,707	3,368	1,737	-	28,812
Non-cash expenses other than depreciation and amortisation	-	-	-	-	-

29. SEGMENT REPORTING (Contined)

Notes to and forming part of Segment Reporting:

(i) The above industry segments derive revenue from sales of the following products:

Building Fixtures & Fittings

Sanitaryware
Building Hardware Products
Baths, Shower Screens & Spas
Household Accessories, Sinks & Tapware
Hot Water Products

Commercial Furniture

Education products
Hospitality products
Stadia seating

Unallocated

Domestic & Ride-on Mowers
Corporate Administration & Treasury

(ii) Intersegment pricing is on an arms length basis

(b) Secondary Reporting – Geographical Segments

	Australia	Unallocated	Total Consolidated
	2003 $'000	2003 $'000	2003 $'000
Segment revenue from sales to external customers	568,560	91,029	659,589
Other Revenue	5,339	1,597	6,936
Segment Assets	782,157	61,458	843,615
Acquisition of Property Plant & Equipment, Intangibles & Other Non Current Segment Assets	23,017	1,375	24,392
	2002 $'000	2002 $'000	2002 $'000
Segment revenue from sales to external customers	519,920	89,615	609,535
Other Revenue	4,216	2,092	6,308
Segment Assets	760,200	61,544	821,744
Acquisition of Property Plant & Equipment, Intangibles & Other Non Current Segment Assets	31,277	1,699	32,976

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000

30. RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	Consolidated 2003 $'000	Consolidated 2002 $'000	Chief Entity 2003 $'000	Chief Entity 2002 $'000
Profit from ordinary activities after income tax	55,007	46,650	28,907	46,935
Depreciation and amortisation	28,034	28,812	-	-
Net (profit)/loss on sale of non-current assets	1,059	142	-	-
Net exchange differences	177	230	-	-
Provisions	5,883	5,911	-	-
(Increase)/decrease in assets				
(Increase)/decrease in inventories	(3,330)	4,419	-	-
(Increase)/decrease in trade debtors	(3,284)	(3,663)	-	-
(Increase)/decrease in future income tax benefit	(5,314)	(1,863)	-	-
(Increase)/decrease in other assets	2,233	(2,428)	-	-
Increase/(decrease) in liabilities				
Increase/(decrease) in accounts payable and bills payable	8,616	1,471	-	-
Increase/(decrease) in provision for income tax payable	2,679	7,694	(18)	(8)
Increase/(decrease) in provision for deferred tax	(353)	(329)	-	-
Net cash flow from operating activities	**91,407**	**87,046**	**28,889**	**46,927**

31. EARNINGS PER SHARE

	Consolidated 2003	Consolidated 2002
Basic earnings per share	19.8c	16.8c
Profit used to determine earnings per share	55,007,000	$46,650,000
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	277,778,009	277,637,584

The company has only ordinary shares on issue and there is no other class of securities that could dilute earnings per share.

32. EVENTS OCCURRING AFTER BALANCE DATE

On 2nd September 2003 the Directors of GWA International Limited declared a final dividend on ordinary shares in respect of the 2003 financial year. The total amount of the dividend is $22,224,240 which represents a fully franked dividend of 8.0 cents per share. The dividend has not been provided for in the 30 June 2003 financial statements.

To the best of our knowledge, since balance date, no other matters have arisen which will, or may, significantly affect the operation or results of the economic entity in later years.

33. FINANCIAL INSTRUMENTS

(a) Terms, Conditions and Accounting Policies

The economic entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised Financial Instruments	Notes	Accounting Policies	Terms and Conditions
(i) Financial assets			
Receivables – trade	7	Trade receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Credit sales are predominantly on 30 day terms.
Short-term deposits	6	Short-term deposits are stated at face value. Interest is recognised in the profit and loss when earned.	Short-term deposits have an average maturity of 24 hours and effective interest rates of 4.70% to 4.20% (2002: 4.15% to 4.95%).
(ii) Financial liabilities			
Bank overdrafts	15	The bank overdrafts are carried at the principal amount. Interest is recognised as an expense as it accrues.	Interest is charged at the bank's benchmark rate plus a margin. No security has been given for bank overdrafts.
Bank loans	17	The bank loans are carried at the principal amount. Interest is recognised as an expense as it accrues.	The bank loans have a maximum three year rolling maturity. Interest is charged at the market rate plus a margin. No security has been given for bank loans.
Trade creditors and accruals	14	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.	Trade liabilities are normally settled on 30 day terms.
Dividends payable	5 & 16	Dividends payable are recognised when declared by the Company.	In accordance with the new Accounting Standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" no dividend has been recognised at 30 June 2003 (2002: 7.5 cents per ordinary share). The extent to which the dividends are franked, details of the franking account balance at the balance date and franking credits available for the subsequent financial year are disclosed in Note 5.
(iii) Equity			
Ordinary shares	19	Ordinary share capital is recognised at the fair value of the consideration received by the Company.	

33. FINANCIAL INSTRUMENTS (Continued)

Recognised Financial Instruments	Notes	Accounting Policies	Terms and Conditions

(iv) Derivatives

Forward exchange contracts

Accounting Policies: The economic entity enters into forward exchange contracts where it agrees to buy or sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match the contract with anticipated future cash flows from sales and purchases in foreign currencies, to protect the company against the possibility of loss from future exchange rate fluctuations. The forward exchange contracts are usually for no longer than 12 months. Exchange gains or losses on forward exchange contracts are recognised to the profit and loss except those relating to hedges of specified commitments which are deferred and included in the measurement of the sale or purchase.

Terms and Conditions: At balance date the company had entered into the following forward exchange contracts relating to specified commitments and agreed to:

Buy/Sell	Foreign Currency Amount	Effective Rate
2003		
BUY YEN	YEN 31M	77.0
BUY CHF	CHF 0.4M	0.795
BUY EURO	EURO 0.5M	0.5568
BUY USD	USD 4.03M	0.6143
SELL NZD	NZD 13.7M	1.091
SELL EURO	EURO 0.03M	0.577
SELL USD	USD 1.99M	0.6167
2002		
BUY CHF	CHF 0.06M	.8710
BUY EUR	EUR 0.29M	.5855
BUY USD	USD 8.41M	.5372
SELL NZD	NZD 6.70M	1.210
SELL USD	USD 0.75M	.5478

Unrecognised Financial Instruments

Interest rate swaps

Accounting Policies: GWA International Limited enters into interest rate swap agreements that are used to convert the variable interest rate of its short-term borrowing to medium-term fixed interest rates. The swaps are entered into with the objective of reducing the risk of rising interest rates. It is the Company's policy not to recognise interest rate swaps in the financial statements. Net receipts and payments are recognised as an adjustment to interest expense.

Terms and Conditions: At balance date, the company had the following interest rate swap agreements:

Swap Term Remaining	Notional Amount	Effective Rate
2003		
Aug 03	A$ 50M	5.31%
Oct 04	A$100M	5.13%
Mar05 #	A$ 50M	5.04%
May 06 *	A$ 50M	4.63%

 # Bank has an option for a further 18 months
*** Bank has an option for a further 12 months**

Swap Term Remaining	Notional Amount	Effective Rate
2002		
Aug 03	A$50M	5.31%
Oct 04	A$100M	5.13%

33. FINANCIAL INSTRUMENTS (Continued)

(b) Interest Rate Risk

The economic entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Floating Interest rate		Fixed Financial Instruments Maturing in: 1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total carrying amount as per Statement of Financial Position		Weighted average effective interest rate	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 %	2002 %
Financial assets														
Cash and Deposits at Call	88,505	66,817									88,505	66,817	4.68	4.46
Trade receivables									85,851	82,079	85,851	82,079	N/A	N/A
Total financial assets	88,505	66,817							85,851	82,079	174,356	148,896	N/A	N/A
Financial liabilities														
Bank loans	296,183	296,252									296,183	296,252	5.02	5.04
Trade creditors									59,516	55,582	59,516	55,582	N/A	N/A
Dividends payable									-	20,823	-	20,823	N/A	N/A
Interest rate swaps			50,000		200,000	150,000							5.14	5.19
Forward exchange contracts			22,421	22,847									N/A	N/A
Total financial liabilities	296,183	296,252	72,421	22,847	200,000	150,000			59,516	76,405	355,699	372,657	N/A	N/A

33. FINANCIAL INSTRUMENTS (Continued)

(c) Net Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date, are as follows:

	Total carrying amount as per the Statement of Financial Position		Aggregate net fair value (i)	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Financial assets				
Cash and Deposits at Call	88,505	66,817	88,505	66,817
Receivables – trade	85,851	82,079	85,851	82,079
Total financial assets	174,356	148,896	174,356	148,896
Financial liabilities				
Bank loans	296,183	296,252	296,183	296,252
Trade creditors	59,516	55,582	59,516	55,582
Dividends payable	-	20,823	-	20,823
Interest rate swaps – (Gain) / Loss	-	N/A	703	(790)
Forward exchange contracts – (Gain) / Loss	-	N/A	(429)	921
Total Financial liabilities	355,699	372,657	355,973	372,788

(i) The following methods and assumptions are used to determine the net fair values of financial assets and liabilities

Recognised Financial Instruments

Cash and Deposits at Call: The carrying amount approximates fair value because of their short-term to maturity.

Trade receivables and creditors: The carrying amount approximates fair value.

Dividends payable: The carrying amount approximates fair value.

Long-term borrowings: The carrying amount of long-term borrowings approximate fair value because their incremental borrowing rates were rolled over no later than 5th August 2003. The current rate would be the same as the current incremental rate applicable to the borrowings.

Forward exchange contracts: The carrying amount of forward exchange contracts is determined as the recognised gain or loss at balance date calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Unrecognised Financial Instruments

Interest rate swap agreements: The fair values of interest rate swap contracts is determined as the difference in present value of the future interest cash flows.

(d) Credit Risk Exposures

The economic entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the Statement of Financial Position.

In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The economic entity's maximum credit risk exposure in relation to these is as follows:

(i) forward exchange contracts - the full amount of the foreign currency it will be required to pay or purchase when settling the forward exchange contract, should the counterparty not pay the currency it is committed to deliver to the Company. At balance date the net gain amount was $429,000 (2002 net loss: $921,000);

(ii) interest rate swap contract - which is limited to the net fair value of the swap agreement at balance date, being a net loss of $703,000 (2002 net gain: $790,000).

33. FINANCIAL INSTRUMENTS (Continued)

Concentrations of Credit Risk

The entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers within the specified industries. However, the majority of customers are concentrated in Australia. Refer also to Note 29 - Segment Reporting.

Concentrations of credit risk on trade receivables arise in the following industries:

	Maximum credit risk exposure* for each concentration			
	Consolidated			
	Percentage of total trade debtors (%)		$000	
Industry	**2003**	**2002**	**2003**	**2002**
Buildings, Fixtures & Fittings	83%	81%	70,744	66,368
Commercial Furniture	9%	12%	7,951	9,682
Unallocated	8%	7%	7,156	6,029
	100%	100%	85,851	82,079

Credit risk in trade receivables is managed in the following ways:

- payment terms are predominantly 30 days;
- a risk assessment process is used for customers over $50,000; and
- credit insurance is obtained for major customers.

* The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities / parties fail to perform their obligations under the financial instruments in question.

(e) Hedging Instruments

(i) Interest rate swaps

GWA International Limited has entered into interest rate swap contracts to hedge against fluctuations in interest rates on its borrowing facilities.

In accordance with a resolution of the directors of GWA International Limited, we state that:

1. In the opinion of the directors:

   (a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including :

      (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and

      (ii) complying with Accounting Standards and Corporations Regulations 2001; and

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

2. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 28 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

B Thornton
Director

P C Crowley
Director

Brisbane
2 September 2003

INDEPENDENT AUDIT REPORT

To the members of GWA International Limited

Scope

The financial report and directors responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for GWA International Limited (the company) and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgment of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion

In our opinion, the financial report of GWA International Limited is in accordance with:

(a) the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the financial position of GWA International Limited and the consolidated entity at 30 June 2003 and of their performance for the year ended on that date; and
  (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

T C Eddy
Partner

Brisbane
2 September 2003

as at 22 August 2003

Statement of shareholding

In accordance with the Australian Stock Exchange listing rules, the Directors that, as at 22 August 2003, the share capital in the Company was held as follows:

Range	Ordinary Shareholders	Ordinary Shares	%
1 - 1,000	1,472	970,990	0.3
1,001 - 5,000	6,361	19,388,706	7.0
5,001 - 10,000	3,055	22,953,798	8.3
10,001 - 50,000	1,658	30,833,519	11.1
50,001 – 100,000	74	5,223,331	1.9
100,001 and over	128	198,432,651	71.4
Total	**12,748**	**277,802,995**	**100.0**

The number of shareholders with less than a marketable parcel of shares 170.

Voting Rights

The voting rights attaching to the ordinary shares are on a show of hands of every shareholder who is present in person, or by proxy, attorney or representative shall have one vote and on a poll every shareholder who is present in person or by proxy attorney or representative shall have one vote for each share held by him/her.

Substantial Shareholders

The following information is extracted from the Company's register of substantial shareholders as at 22 August 2003:

Shareholder	Number of shares	% of shares on Issue
Commonwealth Bank Group	39,968,736	14.39

Shareholder Information

Annual General Meeting

The Annual General Meeting of GWA International Limited will be held in The Grand Ballroom, Stamford Plaza Brisbane, Cnr Edward and Margaret Streets Brisbane on Thursday 30 October 2003 commencing at 10:30am. A formal notice of meeting and proxy form are enclosed with this report.

Shareholder enquiries

Shareholders with enquiries about their shareholding or dividend payments should telephone the company's share registry, Computershare Investor Services Pty Ltd, on (07) 3237 2100 or write to GPO Box 523 Brisbane 4001.

Dividends

Dividends are determined by the Board, having regard to the financial circumstances of the company.

The final dividend of 8 cents per share will be paid on 1 October 2003. The dividend will be 100% franked for Australian tax purposes at the corporate tax rate of 30%.

20 Largest shareholders as at 22 August 2003

Shareholder	Number of fully paid ordinary shares	% fully paid ordinary shares on issue
HGT Investments Pty Ltd	13,598,152	4.89
Citicorp Nominees Pty Limited (CFS WSLE Imputation Fund A/C)	11,068,495	3.98
Erand Pty Ltd	9,898,229	3.56
KFA Investments Pty Ltd	9,863,817	3.55
CJZ Investments Pty Ltd	9,700,651	3.49
Citicorp Nominees Pty Limited (CFS WSLE Aust Share Fund A/C)	8,612,110	3.10
JMB Investments Pty Ltd	8,254,585	2.97
Ashberg Pty Ltd	8,198,000	2.95
RBC Global Services Australia (Pipooled A/C)	7,851,568	2.83
Theme (No 3) Pty Ltd	7,139,080	2.57
National Nominees Limited	6,664,777	2.40
Australian Foundation Investment Company Ltd (Investment Portfolio A/C)	6,612,136	2.38
Citicorp Nominees Pty Limited (CFS Imputation Fund A/C)	6,417,173	2.31
Citicorp Nominees Pty Limited (CFS WSLE Industrial Share A/C)	6,135,719	2.21
RBC Global Services Australia Nominees Pty Limited (Bkcust A/C)	5,472,319	1.97
ITA Investments Pty Ltd	5,152,338	1.85
Mr Stanley Gordon Sharp and Mrs Evelyn Vacy Sharp	4,498,533	1.62
Commonwealth Custodial Services Limited	4,438,771	1.60
Mr Michael John McFadyen (Michael McFadyen A/C)	3,826,895	1.38
J P Morgan Nominees Australia Limited	3,580,351	1.29
Total	**146,983,699**	**52.90**

Direct credit of dividends into bank accounts

Dividends may be paid directly to a bank, building society or credit union account in Australia.

Payments are electronically credited on the dividend payment date and confirmed by mail payment advice.

We encourage shareholders to avail themselves of this service. Direct credit application forms can be obtained from the company's share registry.

Tax file number information

The company is obliged to record tax file number or exemption details provided by shareholders.

Change of address

Shareholders who have changed their address should immediately notify the company's share registry in writing.

Consolidation of shareholdings

Shareholders who wish to consolidate their separate shareholdings into one holding should notify the company's share registry in writing.

Dividend Reinvestment Plan and Share Purchase Plan

Both Plans were suspended on 8 February 2000. Past support from shareholders has provided sufficient funds to meet the growth needs of the company. Directors keep this position under review.

Stock Exchange listing

The Company's shares are listed on the Australian Stock Exchange.

Recent dividends

Date Paid	Type	Cents per share	Franking %	Corporate Tax Rate %
1 April 2000	Interim	6.5	100	36
1 April 2000	Special	5.0	100	36
2 October 2000	Final	6.5	100	34
1 April 2001	Interim	6.5	100	34
1 April 2001	Special	2.5	100	34
1 October 2001	Final	7.0	100	30
1 April 2002	Special	2.5	100	30
1 April 2002	Interim	7.0	100	30
1 October 2002	Final	7.5	100	30
1 April 2003	Interim	7.5	100	30
1 April 2003	Special	2.5	100	30
1 October 2003	Final	8.0	100	30

Directors

B Thornton, Chairman

J J Kennedy, Deputy Chairman

P C Crowley, Managing Director

D R Barry, Non-Executive Director

R M Anderson, Non-Executive Director

M D E Kriewaldt, Non-Executive Director

Company Secretary

R J Thornton

Chief Financial Officer

E J Harrison

Registered Office

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Auditors

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Share registry

Computershare Investor Services Pty Ltd

GPO Box 523

Brisbane QLD 4000

Telephone 61 7 3237 2100

Facsimile 61 7 3229 9860

Toll Free 1800 684 187

Group bankers

BNP Paribas

Citibank Limited

Commonwealth Bank of Australia

National Australia Bank

Shareholder Timetable 2003	
30 June	Financial year end
2 September	Year end result and final dividend announcement
18 September	Record date for determining final dividend entitlement
26 September	Notice of Meeting and Proxy Form and Annual Report mailed to shareholders
1 October	Final dividend paid
28 October	Proxy returns close 5pm Brisbane
30 October	Annual General Meeting

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www.starion-industries.com

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Facsimile 0015 31 26 3614550
Website www.wisa-sanitair.com

Stylus Pty Ltd
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Smithfield NSW 2164
Telephone 02 8787 0500
Facsimile 02 9892 1884
Website www.stylus.com.au

DORF CLARK INDUSTRIES LIMITED
194 Milperra Road
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www.clark.com.au

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Website www.dux.com.au

GAINSBOROUGH HARDWARE INDUSTRIES LIMITED
190 Whitehorse Road
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Facsimile 03 9894 1599
Website
www.gainsboroughhardware.com.au

ROVER MOWERS LIMITED
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Eagle Farm Qld 4009
Telephone 07 3213 0222
Facsimile 07 3868 1010
Website www.rovermowers.com.au

SEBEL FURNITURE LIMITED
96 Canterbury Road
Bankstown NSW 2200
Telephone 02 9780 2222
Facsimile 02 9793 3152
Website www.sebelfurniture.com.au