2008 ANNUAL REPORT

GWA INTERNATIONAL LIMITED

SUSTAINABLE LIVING SOLUTIONS

CONTENTS

CAROMA DORF

Australia's foremost designer, manufacturer, importer and distributor of domestic and commercial bathroom and kitchen products, including sanitaryware, tapware, accessories, bathware, stainless steel sinks and laundry tubs. Caroma Dorf is at the forefront of product innovation incorporating water saving technologies, and is the market leader in water efficient sanitaryware and tapware.

DUX

Australian designer, manufacturer, importer and distributor of a range of hot water systems. The range includes mains pressure gas and electric storage, continuous flow gas, electric and gas boosted solar and heat pump products. Dux has developed an extensive range of innovative environmental products to meet the changing regulatory requirements, and which assist in reducing domestic energy consumption.

GAINSBOROUGH

Leading Australian designer, manufacturer, importer and distributor of a comprehensive range of domestic and commercial door hardware and fittings, including security products.

ROVER

One of Australia's leading designers, importers and distributors of domestic and commercial lawn and garden care equipment.

SEBEL

At the forefront of Australian design, manufacture, import and distribution of quality commercial furniture and seating.

MISSION STATEMENT

GWA International Limited's primary objective is to grow shareholder wealth. This objective will be achieved by continuing to invest in the development of its people, new products and world leading technologies, to sustain and build premium profitability of its businesses over time.

The Company's core business segment is building fixtures and fittings which will focus on the research and development of innovative new products to maximise market opportunities for the businesses. The Company will continue to develop products which provide sustainable solutions for reducing domestic and commercial water consumption, and greenhouse gas emissions.

GWA International Limited will grow the profitability of its businesses by investing for sustainable growth and adapting its business models for a changing market. The Company will continue the pursuit of appropriate acquisitions that add value to its existing businesses, and that support expansion into new markets.

COMPANY PROFILE

GWA International Limited was listed on the Australian Securities Exchange in May 1993 and is one of Australia's largest designers, manufacturers, importers and distributors of household consumer products. The Company is the owner of an extensive range of well-known brands including Caroma, Dorf, Fowler, Stylus, Clark, Radiant, Irwell, Dux, Gainsborough, Sebel and Rover, and is the exclusive Australian distributor of other brands including Hansa and KWC.

GWA International Limited currently comprises five business divisions, Caroma Dorf, Dux, Gainsborough, Rover and Sebel, all of which are well-established businesses with strong brand names and market positions. The Company is a large Australian employer and has manufacturing facilities located throughout Australia.

GWA International Limited invests significantly in research and new product development which has enabled the businesses to maximise opportunities in a competitive marketplace. The Company is committed to the research and development of innovative environmental products which provide sustainable solutions for reducing domestic and commercial water consumption, and greenhouse gas emissions.

GWA International Limited has achieved substantial growth since listing as a result of the strong operating performance of the businesses and successful acquisitions. The Company remains committed to growing shareholder wealth through improved business performance and the pursuit of further appropriate acquisitions that add value to its existing businesses, and that support expansion into new markets.

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2007/08 YEAR PERFORMANCE HIGHLIGHTS

- Sales revenue up 2.0% to $648.9 million
- Trading earnings before interest and tax higher at $99.4 million
- Cash from operating activities up $78 million
- Fully franked dividend of 19.5 cents per share (including 1.5 cent special dividend)

Five Year Financial Summary	2003/04 $'000	2004/05 $'000	2005/06 $'000	2006/07 $'000	2007/08 $'000
Revenue [2]	677,393	626,866	619,989	636,124	648,902
Earnings before interest, tax, depreciation, amortisation and restructuring costs	131,564	130,067	117,617	118,533	117,314
(%)	19.4	20.7	19.0	18.6	18.1
Depreciation and amortisation	30,549	26,714	22,420	19,779	17,920
Earnings before interest, tax and restructuring costs [1]	101,015	103,353	95,197	98,754	99,394
(%)	14.9	16.5	15.4	15.5	15.3
Interest (net)	12,614	11,137	11,490	12,366	14,623
Trading profit before tax	88,401	92,216	83,707	86,388	84,771
(%)	13.1	14.7	13.5	13.6	13.1
Tax expense	26,348	28,328	23,628	24,975	24,612
(%)	29.8	30.7	28.2	28.9	29.0
Trading profit after tax	62,053	63,888	60,079	61,413	60,159
Restructuring costs after tax	–	–	3,227	5,095	14,269
Net profit after tax	62,053	63,888	56,852	56,318	45,890
Net cash from operating activities [2]	114,653	83,767	60,038	24,841	102,992
Capital expenditure	20,579	21,331	30,966	21,516	22,235
Research and development	5,485	6,488	5,775	5,360	6,056
Net debt [2]	159,451	161,706	141,000	225,614	193,557
Shareholders' equity	428,510	409,546	411,968	408,802	389,120

Other Ratios and Statistics		2003/04	2004/05	2005/06	2006/07	2007/08
Return on shareholders' equity	(%)	14.5	15.6	13.8	13.8	11.8
Interest cover	(times)	10.4	11.7	10.2	9.6	8.0
Net debt / (net debt + equity)	(%)	27.1	28.3	25.5	35.6	33.2
Earnings per share	(cents)	22.3	23.0	20.4	20.2	16.4
Trading earnings per share	(cents)	22.3	23.0	21.6	22.0	21.5
Ordinary dividend per share	(cents)	18.0	18.0	18.0	18.0	18.0
Special dividend per share	(cents)	2.5	4.5	3.5	4.0	1.5
Total dividend per share	(cents)	20.5	22.5	21.5	22.0	19.5
Franking	(%)	100	100	100	100	100
Ordinary dividend payout ratio	(%)	80.7	78.3	88.2	89.1	109.8
Share price (30 June)	($)	2.95	2.92	3.11	4.42	2.50
Dividend yield (total dividend)	(%)	6.9	7.7	6.9	5.0	7.8
Number of employees		2,565	2,474	2,226	1,957	1,786

Note: (1) EBIT for financial year 2004 has been calculated in accordance with previous Australian GAAP. EBIT for financial years 2005 to 2008 has been calculated in accordance with Australian equivalents to IFRS (AIFRS).

(2) Financial years 2007 and 2008 have been re-calculated in accordance with the revised accounting policies as described in note 1(y) to the Financial Statements. Financial Years 2004 to 2006 have not been re-stated.

CHAIRMAN'S REVIEW

The significant restructuring activities undertaken to date have enabled the Group to maintain profitability in the difficult market conditions.

A sound financial performance was achieved in the 2007/08 year in the difficult domestic market conditions. Rising market interest rates and a weak domestic economy have lead to further declines in dwelling construction and renovation activity, and together with rising business input costs created a challenging environment for the Group's businesses. The significant restructuring activities undertaken to date have enabled the Group to maintain profitability in the difficult market conditions.

The Group achieved a trading profit after tax of $60.2 million in the 2007/08 year on sales revenue of $648.9 million. Net profit after tax of $45.9 million was after restructuring expenses and the write-down in Wisa book value. Trading earnings before interest and tax of $99.4 million represented a 0.6% increase on the prior year's performance, and is in line with guidance provided to the market in February 2008.

In early August, a Memorandum of Understanding was signed for the sale of Wisa Beheer in the Netherlands to management for Euro 14 million. This business is of small scale, low profitability and is not compatible with the Board's future growth plans for the Company.

DIVIDENDS AND CAPITAL MANAGEMENT

The Group's impressive operating cash flow enabled the directors to declare a final fully franked ordinary dividend of 8.0 cents per share to be paid in October 2008. Together with the interim dividend of 11.5 cents per share, this brings the total fully franked dividend for the 2007/08 year to 19.5 cents per share (inclusive of the 1.5 cents per share special dividend paid in April 2008). This continues the Company's track record of paying fully franked dividends to shareholders.

The directors have announced the cessation of the special dividend, and the re-introduction of the Dividend Reinvestment Plan ("DRP"). This will assist the Group to fund acquisition opportunities as they arise. In the current market, there are more acquisition opportunities becoming available at realistic asset prices, and the Group needs to be in a position to move quickly to fund opportunities that are consistent with the strategic growth plans.

The DRP will be in place for the final dividend payable in October 2008 and a discount of 5% will apply to shares subscribed for under the plan. The DRP has received strong support from shareholders in the past, and I encourage shareholders to continue to support the plan, and the growth aspirations of the Company.

EXECUTIVE REMUNERATION

Together with the Company's external remuneration consultants, the Board conducted a review during the year on the incentive arrangements for executives and senior management. The objective of the review was to ensure that the incentive arrangements enable the Group to attract, motivate and retain a high quality executive team, and to more closely align the incentive arrangements with shareholder wealth creation. Following the review, the Board approved changes to the Short Term Incentive and Long Term Incentive plans as outlined in the Remuneration Report.

The Long Term Incentive ("LTI") has been changed to an equity performance plan, following the expiry of the former cash based plan. The LTI incorporates performance hurdles based on Earnings Per Share and Total Shareholder Return targets. The performance hurdles have been selected by the Board and will focus management on sustained long term performance. The LTI will be put to shareholders for approval at the Annual General Meeting in October 2008 and I encourage shareholders to support the plan. Further information on the LTI can be found in the Explanatory Memorandum to the 2008 Notice of Meeting.

The existing GWA International Employee Share Plan will continue to operate, but will be restricted to lower level management and senior staff.

SUSTAINABILITY AND PRODUCT INNOVATION

The Board is committed to reducing energy and water usage in the Group's operations and significant progress has been made. A new section has been included in the Annual Report outlining the Group's water and energy saving initiatives during the year. I congratulate Caroma Dorf on receiving the 2008 Endeavour Awards Environmental Solution of the Year for the Glaze Reclamation System at the Wetherill Park factory which has lead to substantial waste and water reductions. Gainsborough has also put in place initiatives to reduce water consumption at the Blackburn factory with impressive results to date.

The Group has invested significantly in research and new product development to maintain competitive advantage and develop new market opportunities. The Company is a key manufacturer and distributor of products which deliver environmental sustainability benefits including Caroma Dorf's market leading water efficient sanitaryware and tapware, and Dux Hot Water's environmental products which reduce household energy usage. Further information on the Group's sustainability focus and product innovations is included in the Annual Report.

CORPORATE GOVERNANCE

The Board of GWA International Limited comprise experienced and long serving directors who have overseen the growth of the Company, and the significant restructuring activities of recent years. Succession plans have been developed for the retirement of individual directors and in accordance with the plans, Mr Martin Kriewaldt will retire as a director at the Annual General Meeting in October 2008. I wish to thank Mr Kriewaldt for his contributions as a director and wish him well for the future.

The Board succession planning process will continue and I expect to announce the appointment of a new director early next year.

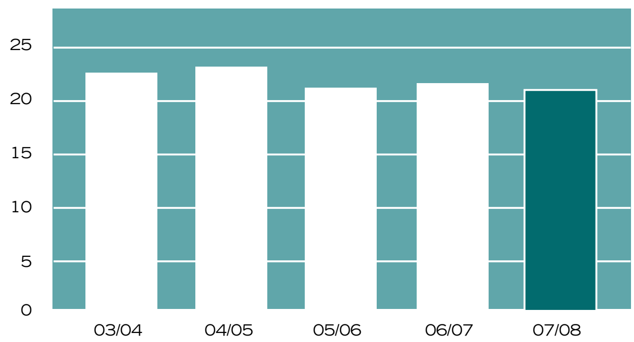
STRATEGIC DIRECTION

Given the current trading conditions and the expectation that these challenging conditions will continue throughout the 2008/09 year, it will be difficult to achieve growth in profitability in this environment. The Group will focus on maximising opportunities for the existing businesses through the development and marketing of innovative new products, and will continue the search for suitable acquisition opportunities. The Group is actively searching for suitable acquisitions that will enable the expansion of the core building fixtures and fittings business. The cessation of the special dividend and the re-introduction of the DRP will assist with funding for acquisitions as required.

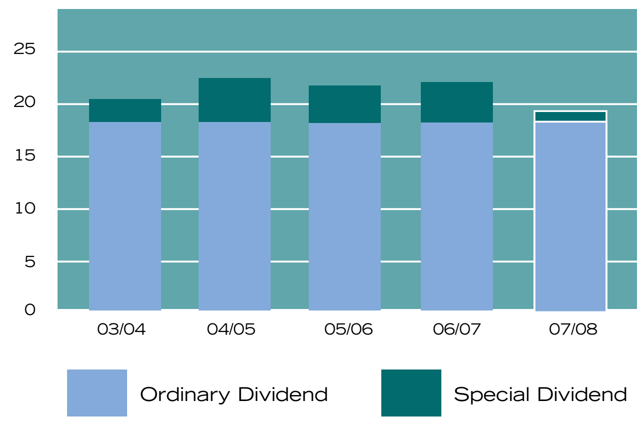
The financial results for the 2007/08 year demonstrates the strength of the Group's businesses in challenging market conditions. The restructuring activities of recent years has enabled the businesses to improve their cost competitiveness in the market conditions, and the full benefits of the restructuring will be realised when the domestic dwelling construction and renovation market recovers in future periods.

In closing, I would like to thank management and staff for their efforts to achieve a sound financial result in the 2007/08 year, and look forward to a strong performance in the 2008/09 year, despite the current economic uncertainty.

Trading Earnings Per Share
cents



Dividend Per Share
cents



MANAGING DIRECTOR'S REVIEW OF OPERATIONS

A real highlight for the year has been the very strong cashflow which is a function of efficiency improvements across all operating divisions within the Company.

OVERVIEW – STRONG CASH FLOW UNDERPINS STEADY PROFIT RESULT

$ million	2007/08	2006/07
Cash Flow before Financing Activities	95.2	5.7
Trading EBIT	99.4	98.8
Trading Profit after Tax	60.2	61.4
Restructure Costs after Tax	(14.3)	(5.1)
Profit after Tax	45.9	56.3

During the 2007/08 financial year GWA International Limited reported trading earnings before interest and tax of $99.4 million, slightly above the previous year's result. This was a credible result given the difficult trading conditions experienced during the year.

A real highlight for the year has been the very strong cashflow which is a function of efficiency improvements across all operating divisions within the Company. Improved supply chain management and continuing improvements in productivity at the upgraded Wetherill Park vitreous china factory have resulted in lower inventory levels for all our operating businesses.

Our restructuring initiatives have helped sustain the Company's performance and with the Movex ERP system on track for deployment in Caroma Dorf during 2008/09 we are continuing to build a stronger base for the future.

The Company's Building Fixtures and Fittings businesses segment is comprised of the Caroma Dorf, Gainsborough and Dux business units.

During the financial year the segment's revenue and trading earnings before interest and tax benefited from improved sales of environmentally sustainable water heaters through Dux as well as continuing strong sales through Gainsborough as this business expands its product range and customer reach.

Caroma Dorf's sales and trading profit were down principally due to weak new housing activity in Australia and New Zealand. Profits were also impacted as a result of significant underperformance by our Wisa sanitaryware business in Europe and poor sales of stainless steel kitchen and laundry products as the Clark business was restructured from a domestic manufacturer to an importer. Significant restructuring charges were raised in the first half as the Clark business exited the Revesby manufacturing site.

Caroma Dorf's restructuring initiatives were largely completed during the 2008 financial year. Manufacturing operations at the Clark site at Revesby have ceased with an updated and cost effective range of stainless steel sink and laundry tubs now available

SEGMENT RESULTS AND OPERATING PERFORMANCE

Sales Revenue $ Million	Building Fixtures and Fittings	Sebel	Rover	Other	Total
2007/08	558.6	56.9	33.4	–	648.9
2006/07	546.9	56.8	32.4	–	636.1
Trading EBIT $ Million	**Building Fixtures and Fittings**	**Sebel**	**Rover**	**Other**	**Total**
2007/08	109.5	3.4	0.4	(13.9)	99.4
2006/07	110.5	3.6	(0.4)	(14.9)	98.8

for the new financial year. Major production issues at the Wetherill Park vitreous china factory which impacted on supply capability and profit in the first half of the year have now been resolved and substantial progress has also been made in optimizing our supply channels for imported products.

During the 2009 financial year we expect to see a significant increase in output from the Wetherill Park factory with minimal increases in factory overheads.

In the 2008 financial year Dux revenue increased by 13% and has benefited from the regulatory driven change to environmental products which have a higher unit sales value. Improved performance of new products and investment in distribution is flowing through to higher revenue and profitability. The business is focussing on enhancing its range of energy efficient products based on technology developed in-house and key partnerships with offshore suppliers.

Gainsborough is supplementing its strong presence in the builder segment with a broader product offering targeting the architectural market segment. Sales have improved in the DIY market and we expect the broader product offering to translate into higher sales in 2008/09.

Sebel has performed credibly given the adverse impact of the strong Australian currency on export competitiveness, reporting sales and trading profit in line with the prior financial year. Restructuring of the Bankstown operations is now complete following sale of the site and consolidation of activities has been completed into an area 30% less than previously required.

While sales were in line with the previous year, Rover's profitability while an improvement on the prior year's loss was impacted by the sell through of high cost domestically made product while our Chinese suppliers came on stream. Some supply disruptions from China also impacted on our ability to meet the market's needs.

In 2007/08 Rover completed the transition of its business model to fully imported mowers and has progressively improved the reliability of the supply chain throughout the year. With a restructured cost base and good rainfall expected across the eastern states, Rover is expected to show improved performance in the new financial year.

CASH FLOW

The strong net cash flow from operating activities of $103.0 million resulted from reduced inventory levels across all divisions and the benefit of tax refunds from the previous year.

Expenditure on acquisition of plant and equipment of $18.3 million was in line with depreciation and was partially offset by cash inflows from sale of property and equipment totalling $14.5 million.

As a result of this strong cash flow the Company's net debt reduced by $32.1 million during the financial year.

FINANCIAL CONDITION AND CAPITAL MANAGEMENT

The Company has a strong balance sheet, established lines of funding and quality financial metrics which will support future growth.

During the 2007/08 financial year the Company paid $61.6 million in dividends all fully franked. The balance of franking credits at year end was $22.5 million and the Company remains well placed to continue paying fully franked ordinary dividends.

As mentioned in the Chairman's Review, the Board has decided to cease paying special dividends and reintroduce the Dividend Reinvestment Plan. These initiatives will further position the Company for growth and provide shareholders with the opportunity to cost effectively invest in the Company.

Net debt at June 2008 totalled $193.6 million representing gearing of 33.2% as measured by net debt / net debt plus equity. Debt funding is provided under a Master Financing Agreement with utilized debt facilities totalling A$235 million and Euro 7.3 million.

These loans and other facilities are extended annually under 2 and 3 year evergreen arrangements. No loan facilities are set to mature in the 2008/09 financial year.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

SAFETY

Management is determined to improve the Company's safety performance through better safety systems and processes, through extensive communication with our workforce and increased diligence in identifying safety risks in our workplace.

During the 2008 year, 19 of our employees suffered workplace injuries requiring them to take time off work. While these lost time injuries represent a 25% reduction on the prior year, our safety performance remains an area of ongoing management focus.

Our emphasis on identifying and rectifying safety risks across all our sites has resulted in a 30% reduction in the injury frequency rate (injuries per million man hours worked).

SUSTAINABILITY AND CARBON REDUCTION

GWA is committed to improving the environment both through the products we make and sell and the manufacturing processes we utilise. The Company is at the forefront of technology with the development of water efficient toilets and energy efficient water heaters. Our environmentally sustainable products are a major source of competitive advantage for the Company. In recognition of the Company's innovative products, the new water heater marketed as the Dux Airoheat heat pump was awarded the prestigious Australian International Design Mark.

GWA manufacturing operations are continually seeking ways in which to reduce the levels of energy and water usage at our sites as well as the waste produced through our processes and packing. In 2008 GWA became a signatory to the National Packaging Covenant which establishes a 3 year programme to reduce waste. The Board also approved the expenditure of $1.9 million to increase water recycling at Wetherill Park. In recognition of this initiative, the Wetherill Park factory won the 2008 Endeavour Awards - Environmental Solutions of the Year. This is real acknowledgement of the innovation and commitment of our people to contribute to a more sustainable environment.

The current focus on carbon reduction and the evolving requirements for carbon reporting and trading will be properly addressed by GWA to ensure a profitable and sustainable future for the business.

STRATEGIC DIRECTION

GWA is well placed to pursue future growth opportunities. Our strong cashflow, supportive shareholders and bankers ensures the Company will be able to continue pursing internal and external investment opportunities which will grow shareholder value.

Management will continue to focus on growing our Building Fixtures and Fittings segment by expanding on our core strategies of low cost supply, product innovation and high quality products and service levels. The business has been significantly restructured to better withstand any down turn in economic cycles while also being able to expand quickly as the market recovers.

The Company is also well positioned to capitalize on acquisition opportunities which compliment our Building Fixtures and Fittings businesses. The recent share market correction means that asset values are now more realistic and our strong balance sheet provides us with the capacity to take advantage of acquisition opportunities.

GWA's current business model of managing local and offshore supply sources means that supply chain management is developing as a core skill in the organisation. We have 30 staff engaged in China undertaking quality assurance, vendor management and trading as well as improved management systems and processes. These capabilities open up broader options for creating value through growth and acquisitions.

We will continue to look at options to divest non core businesses but we have not been successful in identifying a way to achieve this and create value for the Sebel and Rover businesses. We have signed a non binding MOU for the sale of WISA after a strategic review indicated that this business had limited growth options under GWA management.

PEOPLE

GWA's long term success has been due to the efforts of a committed and talented workforce. We are continuing to look for ways to bring new thinking and skills into the business while also developing our people to provide succession opportunities.

In support of these objectives a significant investment has been made through the GWA Leadership Program, with the aim of underpinning a high performance culture through the development of personnel with superior skills and capabilities supported by rigorous goal setting and performance management systems

OUTLOOK

While there is undoubtedly a strong underlying demand for dwellings in Australia as a result of rising population and a sustained under supply of new dwellings, continuing high interest rates and low affordability will effectively cap demand.

Until economic conditions ease and constraints on new housing supply are addressed, there is little prospect of any meaningful upturn in house building activity during the 2008/09 financial year with most forecasters predicting a continuation of the current flat demand.

Rising cost pressures both in Australia and offshore will also impact on our cost base. The effective management of price increases in the subdued domestic market will be essential to protect margins.

Against this challenging economic outlook, management is certain the benefits of our extensive restructuring program will flow through during the new financial year. Our large investment in innovative environmentally sustainable products also positions the Company well to capitalize on changing consumer demands and Government legislation.

In the current economic environment, the outlook for the 2008/09 financial year is difficult to assess. Further market guidance for 2008/09 will be provided at the Company's Annual General Meeting in October when we can make a more informed assessment of the market.

HEALTH AND SAFETY

GWA continues to ensure that it provides a safe workplace for its employees, contractors, visitors and customers in an efficient and compliant manner.

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GWA has a team of health and safety professionals. Some health and safety advisors also have responsibilities for environment and sustainability.

The health and safety advisor's report to a senior manager within each GWA business thus ensuring focus at all levels. The advisor's meet regularly with the Group Risk Manager who provides overall advice and company strategic direction in a continuous improvement environment.

During 2007/08 new initiatives have been introduced and existing systems improved:

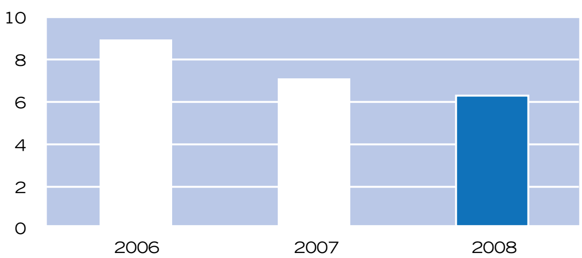
- The Corporate Risk Database continues to be the core system employed at GWA. The system records all incidents, including injuries, near misses and other non lost time injuries. Every month records are analysed for trends and adequate treatment to reduce likelihood of reoccurrence. The software issues and track actions from hazards identified, risk assessments undertaken as well as incident investigations. A new software upgrade is scheduled for the first quarter of 2008/09. This will provide a better shop floor interface to report near misses and identify hazards. There is also an enhanced dashboard that will give real time key performance indicators of safety performance.
- The health and safety advisors have been working to standardise safe operating procedures across GWA. This means we are able to adopt best practice and maximise the collective resources of the health and safety advisors.
- Internal operational risk audits are conducted at major sites and cross site auditing by health and safety advisors from different GWA businesses is encouraged.
- Early in 2008/09 year a new training and compliance system will be introduced into GWA. Key induction and training material for employees and contractors will be able to be delivered online. Compliance testing, also delivered online via computer, will ensure employee and contractor understanding in areas of health, safety, environment and site safe operating procedures.

HEALTH AND SAFETY PERFORMANCE

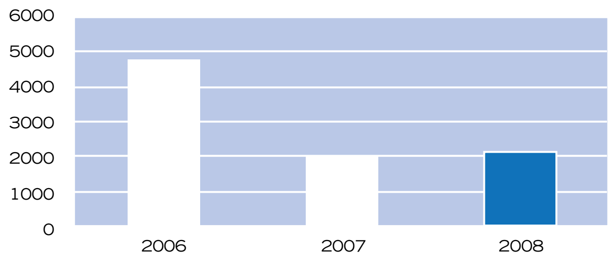
GWA measures a range of balanced safety performance indicators. Proactive indicators such as number of hazards identified, risk assessments undertaken and actions issues and completed on time are recorded for each GWA site.

THREE KEY MEASURES OF SAFETY OUTCOMES ARE:

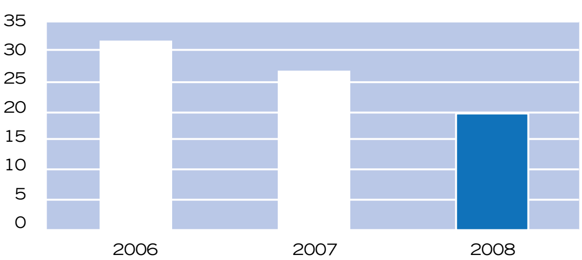
- **Lost Time Injury Frequency Rate (LTIFR)** which measures Lost Time (injury that results in an inability to work for at least one full shift)



- **Injury Severity Rate** which measures the number of hours for a lost time injury per million hours worked



- **Medical Treatment Injury Frequency Rate (MTIFR)** which measures the number of doctor treated injuries per million hours worked



The trends for all three KPIs are positive and targets will continue to be reset each year.

The group achieved a relatively good result for 2007/08. LTIFR is below average for the manufacturing sector. Individual sites such as Caroma at Norwood in SA achieved a zero LTIFR, whilst at Caroma at Wetherill Park in NSW (GWA's largest site) LTIFR was less than 2. MTIFR also continues to display a downward trend.

One of the flow-on effects of good safety performance has been the reduction of Workers Compensation premiums. All GWA businesses have seen a significant saving in premiums for 2007/08.

STRATEGIC DIRECTION AND BUSINESS DIVISIONS

caroma dorf

BUSINESS DESCRIPTION
Caroma Dorf is Australia's foremost designer, manufacturer, importer and distributor of domestic and commercial bathroom and kitchen products, including sanitaryware, tapware, accessories, bathware, stainless steel sinks and laundry tubs. Caroma Dorf is at the forefront of product innovation incorporating water saving technologies, and is the market leader in water efficient sanitaryware and tapware.

MAIN PRODUCTS AND SERVICES
Vitreous china toilet suites, urinals, bidets, basins, plastic cisterns, bathroom accessories and fittings. Acrylic and pressed steel spas, baths and shower trays. Tapware and accessories, stainless steel sinks and laundry tubs.

MAJOR BRANDS
Owned: Caroma, Dorf, Fowler, Stylus, Clark, Radiant, Irwell, Wisa   Exclusive: Hansa, Keuco, Schell, KWC, Virtu

OPERATING LOCATIONS
Australia, New Zealand, North America, Europe, China

MAJOR MARKETS
New dwellings, renovation, replacement and commercial markets in Australia, New Zealand and selected international markets.

STRATEGIC DIRECTION
Caroma Dorf will maintain leadership in the domestic market through its investment in the research and development of innovative products incorporating water saving technologies. Caroma Dorf is world leading in water efficient sanitaryware and tapware and will continue to work with authorities in Australia and its overseas markets in developing solutions for reducing domestic and commercial water consumption.

HEAD OFFICE LOCATION
Caroma Dorf
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www.clark.com.au www.starion-industries.com www.smartinnovation.com.au www.wisa-sanitair.com
www.ecologicalsolutions.com www.irwell.com.au www.radiantstainless.com.au

BUSINESS DESCRIPTION

Dux is an Australian designer, manufacturer, importer and distributor of a range of hot water systems. The range includes mains pressure gas and electric storage, continuous flow gas, electric and gas boosted solar and heat pump products. Dux has developed an extensive range of innovative environmental products to meet the changing regulatory requirements, and which assist in reducing domestic energy consumption.

MAIN PRODUCTS AND SERVICES

Range of hot water systems including mains pressure gas and electric storage, continuous flow gas, electric and gas boosted solar and heat pump products.

MAJOR BRANDS

Owned: Dux, EcoSmart

OPERATING LOCATIONS

Australia, overseas distributors

MAJOR MARKETS

Dux participates actively in the new home and replacement markets. The primary market for hot water systems is the replacement or breakdown market.

STRATEGIC DIRECTION

Dux will continue to focus on improving business performance by developing new innovative environmental products to meet emerging market requirements and regulations, and that will assist in reducing domestic energy consumption. Dux will continue to strengthen its key customer relationships, and reduce costs through improved factory performance and selective sourcing of products and components.

HEAD OFFICE LOCATION

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Telephone 61 2 4868 0200 Facsimile 61 2 4868 2014
Websites www.dux.com.au www.ecosmart.com.au

dux™
thinkhotwater

STRATEGIC DIRECTION AND BUSINESS DIVISIONS

Gainsborough® fine quality door hardware

BUSINESS DESCRIPTION

Gainsborough is a leading Australian designer, manufacturer, importer and distributor of a comprehensive range of domestic and commercial door hardware and fittings, including security products.

MAIN PRODUCTS AND SERVICES

A comprehensive range of door hardware comprising door handles (knobs and levers), door locks, door closers, hinges and other metal door accessories.

MAJOR BRANDS

Owned: Gainsborough, Trilock, Homecraft, Stronghold Series, Contractor Series, In Style, Mode, Aspect

OPERATING LOCATIONS

Australia, New Zealand, export markets

MAJOR MARKETS

Domestic home builders, DIY and building projects, commercial buildings and multi-dwelling developments.

STRATEGIC DIRECTION

Gainsborough's strategic direction encompasses the development of new and innovative door hardware products to suit domestic buildings and commercial projects.

HEAD OFFICE LOCATION

Gainsborough Hardware Industries Limited
31-33 Alfred Street Blackburn VIC 3130 AUSTRALIA
Telephone 61 3 9877 1555 Facsimile 61 3 9894 1599
Website www.gainsboroughhardware.com.au

BUSINESS DESCRIPTION

Rover is a leading Australian designer, importer and distributor of domestic and commercial lawn and garden care equipment.

MAIN PRODUCTS AND SERVICES

Range of walk-behind and ride-on mower equipment, garden chip and shred products and spare parts.

MAJOR BRANDS

Owned: Rover

OPERATING LOCATIONS

Australia, New Zealand, export markets

MAJOR MARKETS

Domestic and commercial lawn care and garden products and equipment, marketed in over 35 countries.

STRATEGIC DIRECTION

Rover will continue to target market growth segments in Australia and overseas through its focus on new product development and its relationships with its key customers.

HEAD OFFICE LOCATION

Rover Mowers Limited
155 Fison Avenue West Eagle Farm QLD 4009 AUSTRALIA
Telephone 61 7 3213 0222   Facsimile 61 7 3868 1010
Website www.rovermowers.com.au

STRATEGIC DIRECTION AND BUSINESS DIVISIONS

sebel
form function balance

BUSINESS DESCRIPTION

Sebel is at the forefront of Australian design, manufacture, import and distribution of quality commercial furniture and seating.

MAIN PRODUCTS AND SERVICES

Broad range of commercial furniture suited to its target markets. The range includes dining seating and tables, outdoor furniture, mass seating for stadia and public areas, casual corporate markets, and tables, desks and chairs for the education market.

MAJOR BRANDS

Owned: Sebel

OPERATING LOCATIONS

Australia, New Zealand, Hong Kong, United Kingdom, export markets

MAJOR MARKETS

Entertainment, hospitality, healthcare, public seating, sports stadia, corporate and educational markets. Sells direct to builders, developers, clubs and hotels.

STRATEGIC DIRECTION

As well as its strong emphasis on new product development, Sebel will continue to pursue traditional markets using its strong brand name and good customer service to drive sales through increased market share. Current export markets will also be expanded, with the division pursuing opportunities in education and stadia markets overseas.

HEAD OFFICE LOCATION

Sebel Furniture Limited
96 Canterbury Road Bankstown NSW 2200 AUSTRALIA
Telephone 61 2 9780 2222 Facsimile 61 2 9793 3152
Website www.sebel.com.au

The GWA SUSTAINABILITY and INNOVATION STORY

Caroma Dorf has always been at the forefront of product innovation, corporate responsibility and the development of environmentally sound technologies. A long-standing commitment to helping Australians save water has made Caroma Dorf an international market leader in the development of water efficient products.

Caroma Dorf has always been at the forefront of product innovation, corporate responsibility and the development of environmentally sound technologies. A long-standing commitment to helping Australians save water has made Caroma Dorf an international market leader in the development of water efficient products.

SAVING WATER FROM THE BEGINNING

Caroma Dorf has always been at the forefront of product innovation, corporate responsibility and the development of environmentally sound technologies. A long-standing commitment to helping Australians save water has made Caroma Dorf an international market leader in the development of water efficient products.

A HISTORY OF WATER SAVING INNOVATION

Over the last 25 years, Caroma has designed toilets that have progressively reduced water consumption, from the 11/6 litre, to the 9/4.5 litre, the 6/3 litre dual flush to today's Caroma Smartflush®, Australia's first 4.5/3 litre dual flush toilet, which can save the average household 35,000 litres of water per year compared to an 11 litre single flush toilet suite.

SUSTAINABILITY IS OUR PRIORITY

Caroma Dorf is well placed to assist homes, and businesses, in reducing total bathroom water usage with a complete portfolio of water efficient products. A large percentage of households have inefficient toilets, taps and showerheads. Replacing these heavy water using products with sophisticated and advanced technology, like products created by Caroma Dorf, can have an immediate impact on water saving.

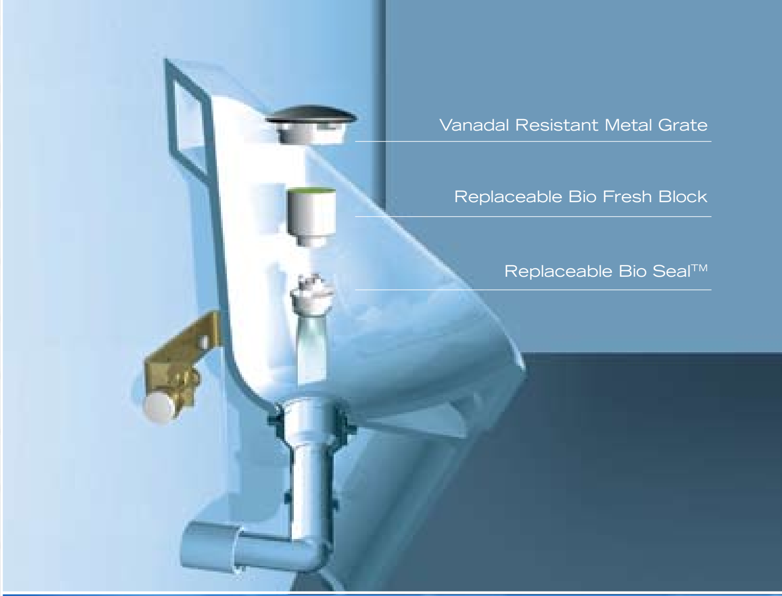
EXAMPLES OF CAROMA DORF'S WATER SAVING PRODUCTS INCLUDE:

CAROMA PROFILE ™ TOILET SUITE WITH INTEGRATED HAND BASIN

The first toilet in Australia to achieve a 5-star WELS rating, the Caroma Profile™ Toilet Suite with Integrated Hand Basin provides a simple, effective way to re-use water in the bathroom. Profile™ achieves this leading water rating by using the same water twice, firstly for hand washing followed by toilet flushing. Resulting in water savings of over 10% compared to the 4.5/3L Smartflush® System with separate hand basin.

Given the high degree of innovation of the Profile™ Toilet Suite, the launch of this product has further consolidated Caroma Dorf's position both in Australia and internationally as a leader in water saving technology. The Profile™ has enhanced Caroma Dorf's already extensive range of water efficient bathroom products, whilst ensuring Caroma Dorf sets the innovation benchmarks within the markets in which it operates.

Researched and designed in Australia, Caroma Dorf are ensuring this unique technology is fully accessible to the Australian market from a distribution, ease of installation and price position so the water saving benefits of this innovation can be carried through to our environment.



CAROMA H2ZERO™ CUBE URINAL

The Caroma H2Zero™ Cube Urinal won the inaugural Award for Excellence in Sustainable Design at the 2007 Australian Design Awards. The H2Zero™ Cube Urinal was selected from a shortlist of 32 environmentally friendly entries for its breakthrough design, allowing it to be the first truly viable and sustainable high-performance, waterless urinal option.

The H2Zero™ Urinal also won the Australian Design Award for Excellence in Australian Design in the Housing and Building category, as well as being one of six products nominated for Australian Design Award of the year. Entries were judged against a common set of criteria, including innovation, visual appeal, functionality, originality, quality, ergonomics, safety, sustainability, and commercial viability.

AUSTRALIAN DESIGNED MIXERS DELIVER SERIOUS STYLE & 5 STAR WATER RATING

The Dorf Eclipse Basin Mixer releases a low 6 litres of water per minute to achieve a superior WELS 5 star rating, while the WELS 4 star rated Eclipse Sink Mixer is durable enough to withstand even the most demanding of kitchen duties. The contemporary good looks of the Eclipse Bath/Shower Mixer, available with optional diverter, will make a stylish addition to any bathroom space.

THE CAROMA DORF COMMITMENT

Recognising the need for a solutions approach to address the current water situation, devising sustainable water management solutions for homes and businesses is now a core focus for the Caroma Dorf business under the banner of Eco Logical Solutions.

As an industry leader, Caroma Dorf is working closely with key government bodies, water authorities, plumbing organisations and the building industry to develop responsible alternatives to save water through retrofitting initiatives.

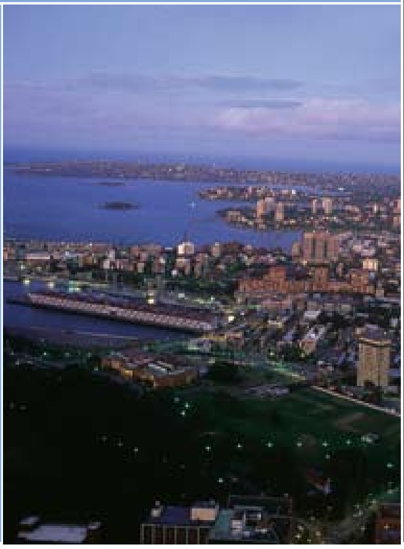
The benefits of saving water through retrofitting initiatives include:

- speed at which water saving benefits are realised
- a reduction of demand on mains water supplies for toilet flushing purposes
- reduction of waste volume flowing through sewerage plants and associated infrastructure
- no need for change to current behaviour

RESIDENTIAL RETROFIT SOLUTIONS

Caroma Dorf has strategically positioned itself as an expert in developing residential retrofit programs with water authorities, local councils, and consumers. As part of its commitment to residential retrofitting, Caroma Dorf is providing fully installed solutions for replacing inefficient toilets and showers with immediate water saving results that can be easily implemented.

Developing and manufacturing market-leading water saving products including toilet suites, urinals, tapware, showers and flush valves is an integral part of Caroma Dorf's philosophy.



LEADING THE WAY IN COMMERCIAL RETROFITTING

In an effort to support sustainable living, Caroma Dorf, in joint partnership with business organisations, is offering viable alternatives to help save water. Through tailored fully installed commercial initiatives, Caroma Dorf is assisting business to realise their water saving potential. We are also providing assistance in ensuring commercial premises select the most water efficient bathroom products to overcome issues associated with high water-using fittings and fixtures.

To improve the use of commercial retrofits, Caroma Dorf is developing retrofit specific products including commercial pans, retrofit cisterns and retrofit specific urinal solutions, as well as partnering with retrofit specialist plumbing companies to ensure the process is completed as effectively and efficiently as possible.

Some of the high profile Australian names who have already teamed-up with Caroma Dorf for a sustainable future include:

SOFITEL HOTEL, BRISBANE

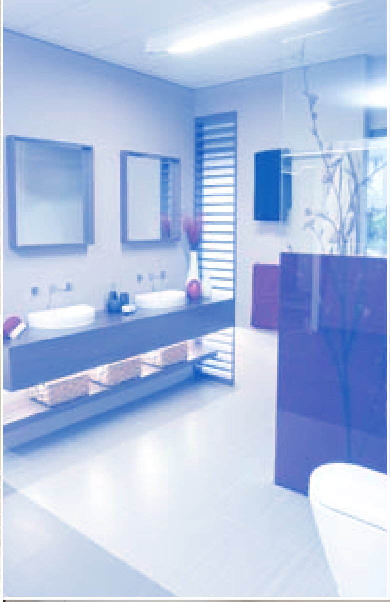
The 429 room luxury five star hotel achieved their water saving targets and found a cost effective solution to do so on advice from Caroma Dorf. Products featured included Caroma Liano Inset Vanity Basins, Caroma Cube 0.8L Electronic Smartflush® Urinal Suites (WELS 6 star rated) and Fowler Newport Smartflush® Toilet Suites (WELS 4 star rated).

DEFENCE PLAZA, SYDNEY

Over a six month period the water savings were over 2.1 million litres per month after Caroma Dorf completed a retrofit of bathroom fittings and fixtures. Products featured included Caroma Caravelle 2000 Smartflush® Toilet Suites (WELS 4 star rated), Schell Flush Valves (WELS 4 star rated) and Hansa Polo Tapware (WELS 4 star rated).

WESLEY HOSPITAL PROFESSIONAL SUITES, BRISBANE

Major reductions in water usage were possible after the partnership with Caroma Dorf ensured the most suitable sanitaryware and tapware products were retrofitted. Products featured included Caroma Cube 0.8L Electronic Smartflush® Urinal Suites (WELS 6 star rated), Caroma Leda Invisi™ Care Toilet Suites (WELS 4 star rated), Hansa Prado Medica Mixers (WELS 4 star rated).



Caroma Dorf's technology has also been put to good use in overseas projects including:

GENZYME CENTRE, BOSTON, USA

Soaring twelve story central atrium with skylight, living roof and extensive indoor gardens. Uses 34% less water than a comparable building. Electricity costs are 42% less than a comparable building. Features Caroma Walvit Invisi™ toilet suites.

SANTA MONICA'S SUSTAINABLE CITY PLAN, USA

Introduced a retrofit program designed to help a community to think, plan and act in a more sustainable manner. By replacing water-wasting plumbing fixtures with ultra-low flow toilets and low-flow showerheads and aerators, residents helped achieve its "Sustainable City Water Efficiency Goals" as they reduce their water and wastewater charges.

NEW APPROACHES TO SHOWCASE OUR PRODUCTS- CAROMA DORF CONCEPT CENTRE

May 2008 saw the opening of a new showroom known as the Caroma Dorf Concepts Centre in the heart of South Melbourne's design precinct.

Open to architects, interior designers, builders, plumbers and home renovators, the Caroma Dorf Concepts Centre is a destination designed to inspire ideas, present product solutions and offer advice. It is also a valuable resource for those renovating their bathroom or kitchen, or embarking on building a new home.

Full-scale designer bathrooms are on display as well as kitchen and laundries. Visitors can also familiarise themselves with our innovative water and energy efficient products to suit their environmental needs and applications.

A place where all great ideas come together, this unique resource helps ease the selection process. A team of experienced Caroma Dorf consultants are on hand to offer advice that will help assist the decision making process before committing to a look or design.

Open six days a week, this high quality showroom showcases products from all of Caroma Dorf brands (Caroma, Dorf, Fowler, Stylus, Clark, Irwell, Radiant, Hansa) as well as Dux and Gainsborough, in user friendly, hands-on displays, allowing homeowners, architects and builders to see, touch, and feel the products before purchasing them.

DUX HOT WATER AWARD WINNING ENVIRONMENTAL INNOVATION

The Dux product development team is heavily focused on developing further competitive advantage in its already impressive sustainable products range.

THE MARKET IS CHANGING

Most states have already regulated against the installation of a standard electric hot water system in new homes and the Federal Government has indicated that the replacement market won't be far behind. With this in mind, the Dux product development team is heavily focused on developing further competitive advantage in its already impressive sustainable products range. To further complement its highly efficient Sunpro® solar and Airoheat® hot water systems, Dux is also assisting the market with its professional installation offer called DuxConnect.

GAS HOT WATER SYSTEMS

Dux currently has a range of high efficiency gas storage and gas continuous flow water heaters. Reticulated natural gas is viewed as a cheap, environmentally friendly fuel source for heating water.

The future for this segment of the market is in highly efficient gas systems, which are typically rated at 5 stars or higher. Dux currently has, and will continue to have, both the storage and continuous flow products, that meet or exceed market requirements.

GAS BOOSTED SOLAR SYSTEMS

Gas boosted solar is the most environmentally friendly hot water solution available. Dux continues to be a strong player in this market.

There are two types of gas solar in the Dux range. Sunpro 305 provides a lower entry point price whilst still maintaining all of the benefits of mains pressure hot water. Its compact footprint has made it an ideal choice on smaller building blocks, particularly in Victoria.

The more efficient gas continuous solar range, which combines a larger tank coupled with the Endurance® continuous flow system, has been a popular choice for prestige home builders. This type of system is the most efficient on the market and is designed to maximise solar gain and provide unlimited hot water.

ELECTRIC BOOSTED SOLAR SYSTEMS

The Sunpro® range of electric boosted solar hot water systems is proving popular with home owners, builders and plumbers when gas is not available. Dux is well-equipped, having some of the most efficient systems available, and they will prove to be a crucial part of the Dux business moving forward.

AIROHEAT®

The most significant recent event for Dux has been the release of the Airoheat Subzero model of heat pump water heater. The original Airoheat model met with great success and the new Subzero model is further improved, as it rates higher in efficiency and also gives the capability of heating water in sub-zero air temperatures.

Airoheat has proven a very popular alternative with plumbers, as the installation is much simpler. Unlike solar, Airoheat doesn't require the installation of solar collectors.

In May Airoheat Subzero was awarded the prestigious 2008 Australian International Design Mark. Commemorating their 50th anniversary, the Australian Design Awards went global in 2008 with both Australian and internationally designed products eligible to enter.

GAINSBOROUGH FINE QUALITY DOOR FURNITURE

Developed and made in Australia, Trilock Contemporary features modern escutcheon and handle styling, world renowned ‘3 in 1’ locking technology and world class tarnish resistant finishes.

TRILOCK CONTEMPORARY SETS THE STANDARD IN DOOR HARDWARE

Developed and made in Australia, Trilock Contemporary features modern escutcheon and handle styling, world renowned ‘3 in 1’ locking technology and world class tarnish resistant finishes.

Choose from the “Precise” and “Angular” leverset options; or the “Circular” knob. All are non-handed to suit left or right-handed doors.

The ‘3 in 1’ locking technology offers the security and convenience of lockset, deadbolt and passage functions combined into the one lock. This 3 in 1 locking technology is also the recipient of an Australian Design Mark for good design.

The full 20mm deadbolt extension helps keep possessions and valuables safe when leaving the home; and the four installation fixing points provide added strength against attack from outside.

Higher escutcheon plates create greater visual impact and presence on the door and feature convex styling, aesthetic design grooves and contoured cylinder surrounds. The rectangular styled push-button on the inside escutcheon plate further contributes to the contemporary feel and the concealed fixing enhancement on the external escutcheon plate provides a smooth and modern look.

HEAVY DUTY CYLINDER MORTICE LOCKS

Gainsborough offers an exciting range of Architectural heavy duty mortice locks, setting new standards in mortice lock design.

Designed and manufactured in Australia, the Gainsborough 2000 series (23mm backset for narrow stile doors) and 3000 Series (60mm backset) feature the key cylinder below the lever, for greater convenience and ease of operation. The location of cylinder under the lever (rather than above) provides a more convenient position in which to lock or unlock with the key.

A more proportionate distance between the furniture and the cylinder has also been created, adding an element of style and aesthetics to the lock. This distance is the same for both 2000 series and 3000 series, allowing uniformity throughout the building.

The Gainsborough 2000 and 3000 series cylinder mortice locks feature a range of functions for any commercial or residential specification.

Through fixing of cylinder and/or turn knob escutcheons and greater door gap deadlatching, along with 45 degree rotation to retract latchbolt, are just some of the features offered with this range of locks.

Function and handing can be switched on site for ease of operation, from combination to vestibule, simply by operating a slide contained in the lock mechanism. Latchbolt and deadlatching auxiliary bolt can also be altered on site to suit either inward or outward opening doors by twisting both bolts in the direction required.

INNOVATIVE NEW COLOUR RANGES FROM GAINSBOROUGH

Gainsborough now offers a range of door hardware products in stylish new decorative colours to add class to today’s residential building activities. These include the new “Synergy” range, which offers satin chrome levers with “Ocean Mist” and “Expresso Black” coloured rosettes or backplates. The new “Couture” range features an alternative range of Chrome levers with “Expresso Black” and “White” rosettes or backplates. The new “Accent” range features leversets on round rosettes or square backplates and Trilock Contemporary leversets in an impressive new Brushed Satin Chrome finish. The new “Estilo” range offers a leversets on round rosettes or square backplates as well as Trilock Contemporary leversets in an innovative soft gold “Fusion” finish.

SUSTAINABILITY AND ENVIRONMENT (OPERATIONS)

GROUP INITIATIVES

GWA's product range in the building fixtures sector have continued to provide innovative products that enhance water and energy savings. GWA's commitment to sustainability and the environment extends to its operations. 2007/08 has seen some significant developments in water and energy savings.

Highlights include:

CAROMA, WETHERILL PARK WATER TREATMENT AND GLAZE RECYCLING

The ultimate objective of the Caroma Wetherill Park manufacturing facility is to recycle all process water. This objective has significant cost advantages as well as enhancing Caroma's image as a Company aware of the need for efficient water use. Caroma Wetherill Park treats 166,000 litres of water per day. Caroma was aware that in order to reduce its water use the water treatment plant needed to be upgraded to enable water recycling. At the same time the amount of solid waste going to the treatment plant had to be reduced. A capital expenditure programme of $1.9 million was approved by the Board for the project. The engineering is complete for the glaze recycling, and commissioning and testing for the new treatment plant will be completed late first quarter 2008/09.

GLAZE RECYCLING

Glazing, which is sprayed on, gives vitreous china its brilliant gloss appearance, which also serves to protect the product and ensure an easy clean finish. Glazing carousels and robots are used to spray pieces prior to being fired. They are washed regularly to remove over spray from the booths. This water – which is essentially dilute glaze – represents a significant source of dirty water within the factory. Technology exists to extract excess water from this diluted glaze and recover the glaze for use. The advantages of such a system are two fold; reusable glaze is extracted and therefore raw material costs are reduced, and, the resultant clean water from the system can be re-used within the factory rather than be discharged to the sewer.

WATER TREATMENT

When completed the ultimate objective is to reuse most of the 166,000 litres per day for cleaning and for the process of making raw materials for manufacturing.
Significant savings achieved by:

- not having to treat 30,000 litres per day through the waste treatment plant from waste glaze
- reduced sludge (combined glaze and water) going to landfill (approximately 5 tonnes per day)
- reduced glaze raw materials

All up both projects are estimated to save over $900,000 per year.

As recognition, Caroma Wetherill Park recently won the Endeavour Award for the best Environmental Solution of the Year, 2008

REDUCING WATER AND EFFLUENT COST AT GAINSBOROUGH, BLACKBURN

Electroplating operations at Gainsborough consume large amounts of fresh water.

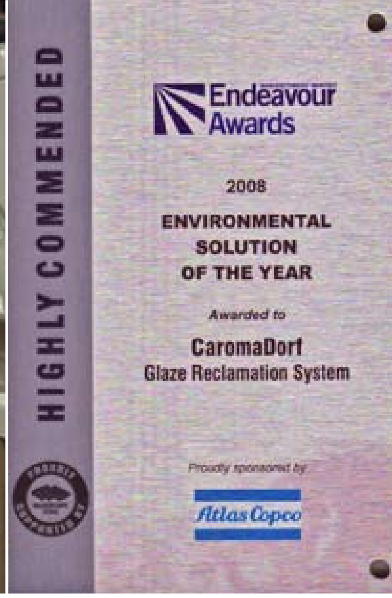
A number of measures have been implemented to minimise water flows. As a result, casual, uncontrolled use of water has been largely eliminated through simple plumbing modifications.

Good housekeeping, and low-cost control devices, resulted in a significant reduction in water use and effluent volumes.

Installation of a new soak cleaner with greater life than previous saved 35,000 litres of water per year and approximately $7,500 worth of chemicals.

Reducing the flow through the effluent treatment plant has improved its performance and reduced the use of treatment chemicals. Significant reduction in the quantity of hazardous waste generation liquid and final effluent has occurred at the site.

GWA's commitment to sustainability and the environment extends to its operations. 2007/08 has seen some significant developments in water and energy savings.



During 2006, Company water consumption dropped by 30%.

In 2007 further changes were made to the electroplating line to further reduce solid waste and water usage. A significant decision was made to reuse effluent water. A waste water storage tank has been installed in the effluent area. The filtrated effluent has been collected and returned to the process. The treated effluent is used in a number of different processes including floor washing and cleaning of filters.

ENERGY /WATER SAVINGS INITIATIVE CAROMA SOUTH MELBOURNE

The new Caroma Concepts Centre (showroom) has a number of energy saving initiatives that have been built into the building including:

- Extensive use of low energy T5 fluorescent lighting
- Reuse of water from working tap and shower displays (reused in staff toilets)
- Integration of air conditioning, security system and lighting control via computer system. This allows a user to secure the site, turn off air-conditioning and other key appliances in one operation
- Solar Hot Water
- Dux readyhot water reticulation system that ensures immediate hot water and saves on water usage
- Light sensors in toilets
- Use of sky lights

NATIONAL PACKAGING COVENANT SIGNATORY

During 2007/08 GWA joined the National Packaging Covenant. The aim of the scheme is to reduce packaging to waste by encouraging recycling, minimisation and reuse. Each GWA division will be putting an action plan together for the next three years. The plan at Gainsborough has already been developed, submitted and approved. As a signatory to the National Packaging Covenant, Gainsborough committed to minimising the environmental impacts packaging has across all its business activities. Over the term of the plan, Gainsborough will activate projects across the whole business to reduce waste packaging by up to 25%.

All senior management have been briefed about the objectives of, and role the National Packaging Covenant has to play, in reducing packaging waste from the business. Leading from the top, a working group of senior managers (including the General Manager) has been formed to assess and execute the action plan activities and initiatives.

Other GWA divisions will submit action plans to the National Packaging Covenant for approval by September 2008.

GREENHOUSE GAS INITIATIVES AND REPORTING

In 2008/09 GWA will increase its focus around energy efficiency and carbon (CO2) abatement strategies in preparedness for the National Greenhouse Emissions Reporting Scheme (NGER), and ultimately the Carbon Pollution Reduction Scheme (CPRS).

Recently an online database has been configured to track energy usage and carbon emissions across the GWA Group within Australia. The database will also track water usage and waste to landfill. Water initiatives are seen by GWA as important as energy and carbon reduction. From the database, key policy will be developed to ensure minimum standard for engineering projects and purchased items where practicable. Performance indicators will be developed for key sites to track progress. The database will also track carbon offset initiatives.

Key sites will undergo internal and external energy audits during 2008/09.

BOARD OF DIRECTORS

BARRY THORNTON AM KSJ FCA FAICD FAIM FCIS

Chairman and Non-Executive Director, Elected to the Board 1992

- Expertise: Chartered Accountant, corporate and financial management
- Special Responsibilities: Chairman of the Board, Chairman of Nomination Committee and member of Audit Committee

Mr Thornton joined the former public company, GWA Limited in 1974 as Finance Director and was appointed Chief Executive in 1981. In 1986, he was appointed Executive Chairman and, following the privatisation of GWA Limited in 1989 and the public float of the Manufacturing Division as GWA International Limited in 1993, he became Non-Executive Chairman. He is also a member of the Brisbane Advisory Board of the Salvation Army, and is a former director of many public companies, including Stockland Corporation Limited and Suncorp-Metway Limited. He is also the former Chairman of the Brisbane Airport Corporation Limited and the Ports Corporation of Queensland.

JIM KENNEDY AO CBE DUNIV (QUT) FCA FCPA

Deputy Chairman and Non-Executive Director, Elected to the Board 1992

- Expertise: Chartered Accountant, corporate and financial management
- Special Responsibilities: Deputy Chairman of the Board, Chairman of Audit Committee and member of Nomination Committee

Mr Kennedy is one of Australia's most experienced major listed public company directors.

During the past three years, Mr Kennedy has served as a director of the following other listed companies, and the period in which the directorships have been held:

- Suncorp-Metway Limited 1997 - 2006
- Australian Securities Exchange Limited 1990 - 2006
- Qantas Airways Limited 1995 - 2006

PETER CROWLEY BA BECON FAICD

Managing Director, Appointed 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 Rugby Group PLC, a 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), Western Australia's largest cement producer and Australia's largest 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.

DAVID BARRY FAIM

Non-Executive Director, Elected to the Board 1992

- Expertise: Importation, distribution and retailing
- Special Responsibilities: Member of Remuneration Committee

Mr Barry was appointed a director of the former public company, GWA Limited in 1979 and was primarily responsible for one of its major divisions involved in importation, wholesaling and retailing.

Mr Barry was appointed a Non-Executive Director of GWA International Limited in 1992.

ROBERT ANDERSON

Non-Executive Director, Elected to the Board 1992

- Expertise: Property investment and transport logistics

Mr Anderson was appointed a director of the former public company, GWA Limited in 1979 after joining the Group in 1955 where he gained wide experience in management, investment and property matters.

Mr Anderson was appointed a Non-Executive Director of GWA International Limited in 1992.

MARTIN KRIEWALDT BA LLB FAICD

Non-Executive Director, Elected to the Board 1992

- Expertise: Lawyer and director of a number of public and other corporations
- Special Responsibilities: Member of Remuneration Committee, member of Audit Committee and member of Nomination Committee

Mr Kriewaldt provides advice 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 Limited.

During the past three years, Mr Kriewaldt has served as a director of the following other listed companies, and the period in which the directorships have been held:

- Campbell Brothers Limited* since 2001
- Oil Search Limited* since 2002
- Suncorp-Metway Limited* since 1996
- Impedimed Limited* since 2005 (listed on ASX October 2007)
- Peptech Limited 2003-2007

*denotes current directorship

GEOFF MCGRATH MIIE

Non-Executive Director, Elected to the Board 2004

- Expertise: Manufacturing and general management
- Special Responsibilities: Chairman of Remuneration Committee

2003: Mr McGrath retired as Managing Director of GWA International Limited on 6 May 2003, and continued his involvement with the Group as an adviser to the Board;

1992: Mr McGrath was appointed Managing Director of GWA International Limited;

1982: After the takeover of UPL Group by the former public company, GWA Limited, Mr McGrath was appointed Managing Director of the GWA Manufacturing Group companies comprising Caroma, Sebel and Rover Mowers.

During the past three years, Mr McGrath has served as a director of the following other listed companies, and the period in which the directorships have been held:

- Campbell Brothers Limited*+ since 2003
- Fletcher Building Limited* since 2003

*denotes current directorship
+denotes Chairman

BILL BARTLETT FCA, CPA, FCMA, CA(SA)

Non-Executive Director, Elected to the Board 2007

- Expertise: Chartered Accountant, actuarial, insurance and financial services
- Special Responsibilities: Member of Audit Committee

Mr Bartlett is a Fellow of the Institute of Chartered Accountants, with over 35 years experience in accounting, and was a partner at Ernst & Young in Australia for 23 years, retiring on 30 June 2003.

During the past three years, Mr Bartlett has served as a director of the following other listed companies, and the period in which the directorships have been held:

- Suncorp-Metway Limited * since 2003
- Reinsurance Group of America Inc (NYSE)* since 2004
- Abacus Property Group* since 2007
- Retail Cube Limited 2004 – 2006
- Peptech Limited 2004 – 2007

*denotes current directorship

RICHARD THORNTON CA B COM LLB (HONS) LLM FTIA

Company Secretary, Appointed 2003

- Expertise: Chartered Accountant, taxation and finance

Mr Thornton joined GWA International Limited in 2002 as Group Taxation Manager and Treasurer and was appointed Company Secretary in 2003. He is experienced in accounting, taxation and finance through positions at Coopers & Lybrand, Citibank and Ernst & Young in Australia and overseas.

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

The corporate governance practices of the Company have been in place since listing and are constantly reassessed in the light of experience, contemporary views and guidelines on corporate governance practices.

The Board of Directors is responsible for the corporate governance of GWA International Limited ("the Company") which is an essential part of the role of the Board. The corporate governance practices of the Company have been in place since listing and are constantly reassessed in the light of experience, contemporary views and guidelines on corporate governance practices.

The Board adopts practices it considers to be superior and which will lead to better outcomes for the Company's shareholders, whilst endeavouring to avoid those which are based on unsound principles.

The Board supports the Corporate Governance Principles and Recommendations ("the recommendations") of the ASX Corporate Governance Council. The Board confirms that the current corporate governance practices of the Company meet or exceed the recommendations, except for Recommendation 2.2 which provides that the chairperson should be an independent director. The Chairman of the Company, Mr Barry Thornton, would not be considered an independent director in accordance with the definition of independence outlined in the recommendations, as he is associated with a substantial shareholder. This matter is outlined in more detail below – refer Independence of Directors.

For further information on the corporate governance practices of the Company, please refer to the Company's website in the Corporate Governance section.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

ROLE OF THE BOARD

The Board is responsible for the long term growth and profitability of the Company. The Board charts the strategic 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 the performance of the Managing Director
- Liaison with the Company's External Auditor through the Audit Committee
- Ensuring that the Company has appropriate systems of risk management and internal controls, reporting mechanisms and delegation authority limits in place
- Approval and monitoring of the progress of major capital expenditure, capital management, 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 is regularly reviewed to ensure it remains consistent with the Board's objectives and responsibilities. The Board charter has been posted on the Company's website in the Corporate Governance section.

SUMMARY OF DELEGATIONS

The Board has approved a Summary of Delegations Policy which clearly outlines the authorities of the Board and those which have been delegated to senior management. The policy ensures that senior management understand the authorities delegated by the Board and are accountable to the Board for its compliance. Regular reviews are conducted on the appropriateness of the delegated authorities, and any material breaches are reported to the Board.

LETTER OF APPOINTMENT

New directors of the Company are provided with a formal letter of appointment which outlines the key terms and conditions of their appointment. Similarly, senior executives including the Managing Director and Chief Financial Officer have formal job descriptions and letter of appointment describing their salary arrangements, rights and responsibilities and entitlements on termination.

PERFORMANCE REVIEWS

Performance reviews of staff including senior executives are conducted formally on an annual basis. The performance review process is critical to the development of staff and enables performance issues to be addressed. The Company has identified core competencies for the key roles in the organisation and these are incorporated into the job descriptions. During the performance review process, the performance of staff is assessed against the core competencies.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

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. Together with the Board Committees, the directors use the Board meetings to challenge and fully understand the business and its operational issues. To assist with the Board's understanding of the businesses, the Board regularly conducts Board meetings at the factories, followed by management presentations and factory tours.

The General Managers of the business divisions are required to regularly attend and present at the Board meetings on corporate strategies and performance. A Group strategy meeting is held annually, which enables the Board to review corporate strategies and performance with the Managing Director. This ensures that the Board is effectively carrying out its duty of approving corporate strategies and performance objectives.

The Chief Financial Officer is required to attend Board meetings and present the Finance Department Monthly Report, and to answer questions from the directors on financial performance, accounting, risk management and treasury matters.

The Company Secretary is responsible for the completion and dispatch of the agenda and Board papers for each meeting. The Company Secretary prepares the draft minutes for each meeting, which are tabled at the next Board meeting for review and approval. The Company Secretary is accountable to the Board, through the Chairman, on all corporate governance matters.

COMPOSITION OF THE BOARD

The Board presently comprises 8 directors, 7 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 in the Annual Report. The profiles outline the skills, experience and expertise of each Board member.

The composition of the Board is determined by the Nomination Committee 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 a 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

RE-ELECTION OF DIRECTORS

In accordance with the Company's constitution, at each Annual General Meeting, a number of directors will face re-election. One third of the Board (excluding the Managing Director and any director not specifically required to stand for re-election) must stand for re-election. In addition, no director (other than the Managing Director) may hold office for more than three years without standing for re-election, and any director appointed by the Board since the last Annual General Meeting must stand for re-election at the next Annual General Meeting. All retiring directors are eligible for re-election.

INDEPENDENCE OF DIRECTORS

The Board considers that directors must be independent from management and free of any business or other relationship that could interfere, or reasonably be perceived to interfere, with the exercise of their unfettered and independent judgment. In considering the relationships which may affect independent status as outlined in the recommendations of the ASX Corporate Governance Council, it has been determined that the majority of the Board members of GWA International Limited are independent.

The following directors are considered by the Board to constitute the independent directors of the Company:

- Mr Jim Kennedy, Deputy Chairman and Non-Executive Director
- Mr Martin Kriewaldt, Non-Executive Director
- Mr David Barry, Non-Executive Director
- Mr Robert Anderson, Non- Executive Director
- Mr Bill Bartlett, Non-Executive Director

The Board is responsible for ensuring that the action 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.

In recognising the importance of the independence of directors and the immediate disclosure of conflicts of interest, the Board has included both matters as permanent items on the agenda at Board meetings. Any independence or conflict of interest issues arising during the relevant period must be disclosed to the Chairman prior to each Board meeting. The disclosure is recorded in the Register of Directors' Interests and in the Board minutes.

(I) MR BARRY THORNTON – CHAIRMAN AND NON-EXECUTIVE DIRECTOR

As indicated above, the Chairman, Mr Barry Thornton, would not be considered an independent director based on the definition of independence outlined in the recommendations of the ASX Corporate Governance Council. This is on the basis that Mr Thornton is associated with a substantial shareholder. In the Board's view, Mr Thornton's association with a substantial shareholder in no way prevents Mr Thornton from exercising independent judgment in carrying out his duties as Chairman of the Board. Mr Thornton is a long serving Chairman and has overseen the efficient and effective conduct of the Board's functions since listing.

In the event that any independence or conflict of interest issue arises with respect to Mr Thornton's association with a substantial shareholder, the Company has procedures in place for the Deputy Chairman, Mr Jim Kennedy to assume the role as acting Chairman of the Board.

(II) MR GEOFF MCGRATH – NON-EXECUTIVE DIRECTOR

At the Annual General Meeting on 28 October 2004 shareholders approved the re-election of Mr Geoff McGrath as director. As disclosed in the 2003/04 Annual Report, Mr McGrath was the former Managing Director of the Company and accordingly, does not meet the definition of an independent director as outlined in the recommendations of the ASX Corporate Governance Council. In the Board's view, this in no way impacts on Mr McGrath's effectiveness and performance as a director, nor does it affect Mr McGrath's ability to exercise independent judgment in carrying out his duties as a director.

CONFLICTS OF INTEREST

The directors are required to disclose to the Board any relationships from which a conflict of interest might arise. A director who has an actual or potential conflict of interest or 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 and trading relationships, dealings with the directors, dealings with companies with common directors and dealings with any significant shareholders of the Company.

The materiality thresholds used for the determination of independence and issues of conflict of interest has 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.

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.

NOMINATION COMMITTEE

The Nomination Committee meets as required and on several occasions throughout the year. For membership and 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 non-executive director

The Nomination Committee operates under a charter that details the Committee's role and responsibilities, composition, structure and membership requirements. The charter is regularly reviewed to ensure it remains consistent with the Board's objectives and responsibilities. The Nomination Committee charter has been posted on the Company's website in the Corporate Governance section.

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 the non-executive directors
- Reporting to the Board on the Committee's role and responsibilities covering all the functions in its charter

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

The Company Secretary prepares the draft minutes for each Nomination Committee meeting, which are tabled at the next Nomination Committee meeting for review and approval. The draft minutes are also included in the Board papers of the next Board meeting following the Nomination Committee meeting.

SELECTION AND APPOINTMENT OF DIRECTORS

The Nomination Committee is responsible for the selection and appointment of directors. In the circumstances where there is a need to appoint a director, whether due to the retirement of a director, growth of the Company, or changed circumstances of the Company, certain procedures will be followed, including the following:

- Determination of the skills and experience appropriate for an appointee, having regard to those of the existing directors and other likely changes to the Board;
- Upon identifying a potential appointee, consider the competency and qualifications, independence, other directorships, time availability, and the effect that their appointment would have on the overall balance of the composition of the Board; and
- The Board members consent to the proposed appointee.

INDUCTION PROGRAM

The Nomination Committee is responsible for ensuring that an effective induction program for new directors is in place, and regularly reviewed to ensure its effectiveness. The Board has developed a comprehensive induction program for new directors to allow the new appointees to participate fully and actively in Board decision making. The Board views the induction program as critical in enabling the new directors to gain an understanding of the Company and the markets in which it operates.

A similar induction program is also available for key senior executives.

PERFORMANCE EVALUATION

On an annual basis, the Nomination Committee conducts a formal evaluation of the performance of Board, the Board Committees and the individual Board members to determine whether functioning effectively by reference to current good practice. The performance evaluation is conducted by the Chairman of the Board through interviews with individual Board members, the results of which are reported to the Board.

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

CODE OF CONDUCT

The Company conducts its business with the highest standards of personal and corporate integrity. To assist employees in achieving this objective, the Company has developed a comprehensive Code of Conduct which guides the behaviour of directors, officers and employees and demonstrates the commitment of the Company to ethical practices. The Code of Conduct is incorporated as part of new employees' induction training and an acceptance form is signed by new employees acknowledging their understanding and on-going compliance.

The Code of Conduct states the values and policies of the Company and complements the Company's risk management and internal control practices. The Code of Conduct is regularly reviewed and updated to ensure that it reflects current good practice, and to promote the ethical behaviour of all employees. The Code of Conduct has been posted on the Company's website in the Corporate Governance section.

SHARE TRADING POLICY

The Company has developed a share trading policy which prohibits directors, officers and other "potential insiders" from trading in GWA International Limited shares during designated periods. The designated periods are 30 June until the release of the Company's full year results to the Australian Securities Exchange and 31 December until the release of the Company's half year results to the Australian Securities Exchange, unless otherwise determined by the directors.

Outside of these designated periods, there are no trading restrictions where the directors, officers and other "potential insiders" are not in the possession of unpublished insider information. At all times, if an employee possesses unpublished insider information about the Company, that person is prohibited from trading. In addition, employees must not engage in any short term trading in the Company's shares.

As an additional restriction, the directors must advise the Chairman prior to trading outside the designated periods and confirm to the Chairman that they do not possess unpublished insider information. The policy also requires the directors to notify the Company Secretary within three business days after trading, to enable the Company Secretary to lodge the required disclosures with the Australian Securities Exchange.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

AUDIT COMMITTEE

The Audit Committee meets as required and on several occasions throughout the year. For membership and 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 is governed by a charter which outlines the Committee's role and responsibilities, composition, structure and membership requirements. The charter is regularly reviewed to ensure it remains consistent with the Board's objectives and responsibilities. The Audit Committee charter has been posted on the Company's website in the Corporate Governance section.

The External Auditor, Managing Director, Chief Financial Officer, Company Secretary, Group Commercial Manager, Group Risk Manager and other Company executives (as required) attend Audit Committee meetings, by invitation, to present the relevant statutory information, Financial Statements, reports, and to answer the questions of the Audit Committee members. At the Audit Committee meetings, the Audit Committee members will meet with the External Auditor without management present.

The main responsibilities of the Audit Committee include:

- Review of financial statements and external financial reporting
- Assess the management processes supporting 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 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 audit function
- Reporting to the Board on the Committee's role and responsibilities covering all the functions in its charter

The Company Secretary prepares the draft minutes for each Audit Committee meeting, which are tabled at the next Audit Committee meeting for review and approval. The draft minutes are also included in the Board papers of the next Board meeting following the Audit Committee meeting.

CERTIFICATION OF FINANCIAL REPORTS

The Managing Director and Chief Financial Officer state in writing to the Board each reporting period that in their opinion the Company's financial reports present a true and fair view of the Company's financial position and performance, and are in accordance with relevant Accounting Standards. The statements from the Managing Director and Chief Financial Officer are based on a formal sign-off framework established throughout the Company and reviewed by the Audit Committee as part of the financial reporting process.

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. Consistent with the Board's commitment to an independent audit firm, a policy has been approved by the Board on the role of the External Auditor, which is designed to ensure the independence of the external audit function.

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 External Auditor is not passing an audit opinion on the non-audit work of its own firm.

During the year, the Company's External Auditor, KPMG, provided an Auditor Independence Declaration to the Board (refer to the Directors' Report) that, to the best of their knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

In considering this declaration, the Board were satisfied with the continuing independence of the audit function.

For details of the non-audit roles performed by KPMG during the year, please refer to Note 6 of the Financial Statements.

ROTATION OF EXTERNAL AUDITOR

KPMG has advised the Company that their policy of audit partner rotation requires a change in the lead engagement partner and review partner after a period of five years.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The Company is committed to ensuring the timely disclosure of material information through compliance with the continuous disclosure obligations in the ASX Listing Rules and the Corporations Act 2001. The Company has for many years included continuous disclosure as a permanent item on the agenda for Board meetings. The Board has approved a Continuous Disclosure Policy to ensure the Company complies with the continuous disclosure requirements, and to ensure accountability at the executive and senior management level for that compliance.

The Company Secretary is responsible for communications with the Australian Securities Exchange including ensuring compliance with regulatory requirements and overseeing information released to the ASX, shareholders and other interested parties. Announcements made to the ASX by the Company are published on the Company's website immediately after release.

A summary of the policies and procedures the Company has in place to ensure compliance with the continuous disclosure obligation in the ASX Listing Rules and *Corporation Act 2001* is published on the Company's website.

PRINCIPLE 6 – RESPECT THE RIGHTS OF 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:

- Ensuring that shareholder communications (including Annual Report, Half Year Report and Notice of Annual General Meeting) satisfy relevant regulatory requirements and guidelines. The Company is committed to producing shareholder communications in plain English with full and open disclosure about the Company's policies and procedures, operations and performance.

- Ensuring that shareholders have the opportunity to receive external announcements by the Company through the corporate website. 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 other Company information.

- The Board is committed to the enhancement of electronic communications with shareholders. Shareholders can elect to receive Company communications electronically, although not all communications are made available electronically. Annual Reports are no longer printed and mailed to shareholders, unless specifically requested. Annual Reports are made available to shareholders on the Company's website in an accessible and user friendly format. Shareholders are mailed the Notice of Annual General Meeting and Proxy Form, which includes details on accessing the online Annual Report and proxy voting.

- The Company encourages shareholders to attend and participate at the Annual General Meeting to canvass the relevant issues of interest with the Board. If shareholders are unable to attend the Annual General Meeting personally, they are encouraged to participate through proxy voting. The Company endeavours to set the timing and the location of the Annual General Meeting so that it is convenient for shareholders generally.

- The External Auditor attends the Annual General Meeting and is available to answer questions from shareholders about the conduct of the audit and the preparation and content of the Independent Audit Report. Shareholders attending the Annual General Meeting are made aware they can ask questions of the External Auditor concerning the conduct of the audit.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

The Board recognises that effective risk management processes help ensure the business is more likely to achieve its business objectives, and that the Board meets its corporate governance responsibilities. In meeting its responsibilities, the Board has ensured that management has put in place comprehensive risk management policies and practices across the Company which addresses each of the key elements and requirements of AS/NZS Standard 4360: 2004 – Risk Management.

Such processes include defining the risk oversight responsibilities of the Board and the responsibilities of management in ensuring risks are both identified and effectively managed. The agreed policies and practices are made effective through the combined activities of:

- an Audit Committee that reports to the Board on risk management and internal control matters in accordance with its main responsibilities as outlined in the Audit Committee Charter (refer above);
- an Executive Risk Committee (ERC), comprising the executive and senior management of the Company, which has been established to identify business risks in the organisation and review status and risk mitigation activities. Formal enterprise risk profiles have been prepared for the businesses and these are reviewed quarterly by the ERC. The major business risks are reported to the Audit Committee at the June and December meetings together with risk mitigation activities. The ERC reports to the Audit Committee on its activities as outlined in the ERC Charter;
- a Group Commercial Manager who has primary responsibility for designing, implementing and co-ordinating the overall risk management and internal control practices of the Company. Whilst reporting to the Managing Director on a day to day basis, the Group Commercial Manager has the authority to report directly to the Board on any matter;
- a Group Risk Manager, who has specific responsibilities in respect of employee health and safety, business continuity and environmental risks. The Group Risk Manager reports to the Chief Financial Officer on such matters; and
- internal audit activities, undertaken by a combination of internal and appropriately qualified external resources, based on a Board approved programme of work. Such activities link to the risk management practices of the Company by ensuring risks are being adequately identified and managed through the effective and efficient operation of control procedures.

The Company has implemented risk management software across the Group for the purpose of identifying and managing employee health and safety, business continuity and environmental risks. The software is a critical tool for senior management and has enhanced the identification, reporting and monitoring of actions in this important area, in order to support management's objectives.

Risk management is embedded in the Company's policies and procedures which has enabled the Company to pro-actively identify and manage all types of risk within the organisation. The Board aims to continually evaluate and re-assess the risk management and internal control practices of the Company to ensure current good practice is maintained, and to preserve and create value within the organisation.

CERTIFICATION OF RISK MANAGEMENT CONTROLS

In conjunction with the certification of financial reports (refer above), the Managing Director and Chief Financial Officer state in writing to the Board each reporting period that in their opinion:

- the statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The statements from the Managing Director and Chief Financial Officer are based on a formal sign-off framework established throughout the Company and reviewed by the Audit Committee as part of the financial reporting process.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

REMUNERATION COMMITTEE

The Remuneration Committee meets as required and on several occasions throughout the year. For membership and 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 a non-executive director

The Remuneration Committee operates under a charter that details the Committee's role and responsibilities, composition, structure and membership requirements. The charter is regularly reviewed to ensure it remains consistent with the Board's objectives and responsibilities. The Remuneration Committee Charter has been posted on the Company's website in the Corporate Governance section.

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
- Review of the Company's 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.

The Company Secretary prepares the draft minutes for each Remuneration Committee meeting, which are tabled at the next Remuneration Committee meeting for review and approval. The draft minutes are also included in the Board papers of the next Board meeting following the Remuneration Committee meeting.

REMUNERATION POLICIES

The Board's objective in setting the Company's remuneration policies is to provide maximum stakeholder benefit from the retention of a high quality Board and executive team. This is achieved by remunerating directors and executives fairly and appropriately based on relevant employment market conditions, and the linking of the Managing Director's and executives emoluments to the Company's financial and operating performance to align with shareholder wealth creation.

The Nomination Committee is responsible for determining the remuneration for the non-executive directors, with the maximum aggregate amount approved by shareholders. The directors receive their remuneration by way of directors' fees only (including statutory superannuation), and are not able to participate in the Executive Incentive Scheme or the GWA International Employee Share Plan.

The Remuneration Committee is responsible for reviewing and determining the remuneration and incentive arrangements for the executives. The Remuneration Committee takes advice from external remuneration consultants to assist in determining market remuneration levels. The remuneration and incentive arrangements have been structured to ensure that performance is fairly rewarded and to attract, motivate and retain a high quality executive team.

For details of the Company's remuneration policies and disclosures, refer to the Remuneration Report.

EMPLOYEE SHARE PLAN

The Company has operated an Employee Share Plan since listing 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 the Remuneration Report.

The Employee Share Plan does not provide for the issue of options and no options have been issued by the Company.

LONG TERM INCENTIVE (EQUITY) PLAN

The Board proposes to implement a new Long Term Incentive (Equity) Plan for executives and senior management following the expiry of the former cash based plan. Shareholders will be requested to approve the Long Term Incentive (Equity) Plan as outlined in the 2008 Notice of Annual General Meeting.

DIRECTORS' REPORT AS AT 30 JUNE 2008

Your directors present their report on the consolidated entity of GWA International Limited and the entities it controlled ("the Company") during the financial year ended 30 June 2008.

Your directors present their report on the consolidated entity of GWA International Limited and the entities it controlled ("the Company") during the financial year ended 30 June 2008.

DIRECTORS

The following persons were directors of the Company during the financial year and up to the date of this report. Directors were in office this entire period unless otherwise stated.

B Thornton, Chairman and Non-Executive Director
J J Kennedy, Deputy Chairman and Non-Executive Director
P C Crowley, Managing Director
D R Barry, Non-Executive Director
R M Anderson, Non-Executive Director
M D E Kriewaldt, Non-Executive Director
G J McGrath, Non-Executive Director
W J Bartlett, Non-Executive Director

Details of the directors' qualifications, experience and special responsibilities are located in the Annual Report.

Details of the directorships of other listed companies held by each director in the three years prior to the end of the 2007/08 financial year, and the period for which each directorship has been held, are listed in the Annual Report.

COMPANY SECRETARY

Mr R J Thornton was appointed Company Secretary of GWA International Limited in 2003. Details of Mr Thornton's qualifications and experience are located in the Annual Report.

DIRECTORS' INTERESTS

At the date of this report, the relevant interest (as defined in the Corporations Act 2001) of the directors in shares of the Company were:

Director	Ordinary Shares	Interest (see notes below)
B Thornton	Nil	Note 4
J J Kennedy	101,000	Notes 1 and 4
D R Barry	3,406,869	Notes 2 and 4
R M Anderson	8,198,000	Notes 2 and 4
M D E Kriewaldt	100,000	Notes 2 and 4
P C Crowley	750,000	Notes 3 and 4
G J McGrath	300,000	Notes 1 and 4
W J Bartlett	5,000	Note 4

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: In accordance with resolutions of shareholders at the Annual General Meetings on 30 October 2003 and 25 October 2007, Mr Crowley was issued 500,000 and 250,000 shares respectively under the terms and conditions of the GWA International Employee Share Plan.

Note 4: Note 31 to the Financial Statements sets out the number of shares held directly, indirectly or beneficially by directors or their related entities at balance date as prescribed in Accounting Standard AASB 124, this being 58,719,673 shares (last year 57,221,623 shares).

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 ended 30 June 2008, which are outlined in Note 29 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 Company employed 1,786 employees as at 30 June 2008 (last year 1,957 employees).

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

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

SEGMENT SALES AND PROFIT

The segment sales and profit of the Company for the financial year ended 30 June 2008 is as follows:

Business Segment	Segment Sales		Segment Profit	
	2007/08 $'000	**2006/07** $'000	**2007/08** $'000	**2006/07** $'000
Building fixtures and fittings	558,657	546,938	109,552	110,521
Commercial furniture	56,864	56,794	3,369	3,619
Other	33,381	32,392	(13,527)	(15,386)
Total	**648,902**	**636,124**	**99,394**	**98,754**

Earnings Per Share	**2007/08** cents	**2006/07** cents
Basic earning per share	16.4	20.2
Trading earnings per share	21.5	22.0

REVIEW OF OPERATIONS AND STATE OF AFFAIRS

A review of the operations of the Company and the results of those operations for the financial year ended 30 June 2008 is provided in the Managing Director's Review of Operations which is located in the Annual Report.

In the opinion of the directors, there were no significant changes in the state of affairs of the Company during the financial year, other than that referred to in the Financial Statements or notes thereto.

DIVIDENDS

Dividends paid or declared by the Company to shareholders since the end of the previous financial year were:

DECLARED AND PAID DURING 2007/08 FINANCIAL YEAR

Dividends	**Cents per share**	**Total amount** $'000	**Franked/unfranked**	**Date of payment**
Final 2006/07 ordinary	8.0	22,394	Fully Franked	2 Oct 2007
Special 2006/07	2.5	6,998	Fully Franked	2 Oct 2007
Interim 2007/08 ordinary	10.0	28,017	Fully Franked	2 April 2008
Special 2007/08	1.5	4,203	Fully Franked	2 April 2008

Franked dividends declared and paid during the year were franked at the corporate tax rate of 30%

DECLARED AFTER END OF THE 2007/08 FINANCIAL YEAR

Dividends	Cents per share	Total amount $'000	Franked/unfranked	Date of payment
Final 2007/08 ordinary	8.0	22,414	Fully Franked	7 Oct 2008

After the balance sheet date the above dividend was approved by the directors. The dividend has not been provided and there are no income tax consequences.

The financial effect of the dividend has not been brought to account in the Financial Statements for the year ended 30 June 2008 and will be recognised in subsequent Financial Reports.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 12 August 2008, the Company announced that a Memorandum of Understanding has been signed for the sale of Wisa Beheer to management for Euro 14 million. The agreement is subject to management arranging a financial partner and will expire at the end of November 2008, at which time the sale of the business is expected to be completed. The sale is $9.4 million below book value which has been written-off in the Financial Statements for the year ended 30 June 2008.

On 19 August 2008, the directors declared a final ordinary dividend of 8.0 cents per share in respect of the financial year ended 30 June 2008. The dividend will be fully franked at the 30% corporate tax rate. The total amount of the dividend is $22.414 million (last year $29.392 million). In accordance with Accounting Standards, the dividend has not been provided for in the Financial Statements for the year ended 30 June 2008.

There has not been any other matter or circumstance, other than that referred to in the Financial Statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments and expected results of the operations of the Company are provided in the Managing Director's Review of Operations which is located in the Annual Report.

In the next financial year, the Company will continue to pursue strategies for increasing the profitability and market share of the businesses. There will be further investment in research and new product development to ensure that the Company generates the best possible returns from the businesses.

Further information on likely developments and expected results of the operations of the Company 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

ENVIRONMENTAL LICENCES

The Company holds licences issued by environmental protection and water authorities that specify limits for discharges to the environment, which arise from the operations of entities that it controls. These licences regulate the management of discharge to air, storm water run-off, removal and transport of waste associated with the manufacturing operations in Australia. Where appropriate, an independent review of the Company's compliance with licence conditions is made by external advisors.

The Company in conjunction with external advisors monitors storage and treatment of hazardous materials within particular operations. Prior to any discharge to sewers, effluent is treated and monitored to ensure strict observance with licence conditions.

The directors are not aware of any breaches of the Company's licence conditions during the financial year ended 30 June 2008.

ENVIRONMENTAL REMEDIATION

In the previous financial year, the Company investigated and reported two environmental contamination issues at factory sites at Eagle Farm, Queensland and Revesby, NSW. The Eagle Farm site was sold during the year and is leased and occupied by Rover Mowers Limited, and the Revesby site is leased and occupied by McIlwraith-Davey Pty Ltd. Both entities are wholly owned subsidiaries of GWA International Limited.

There is currently no obligation to remediate the Eagle Farm site, and testing is on-going to verify there are no issues for employee health and safety. The costs to remediate the Revesby site have been provided for in the Financial Statements for the year ended 30 June 2008.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND EXECUTIVES

INDEMNIFICATION

The Company's Constitution provides that, to the extent permitted by the law, every current (and former) director or secretary of the Company shall be indemnified out of the assets of the Company against all costs, expenses and liabilities which results directly or indirectly from facts or circumstances relating to the person serving (or having served) in their capacity as director or secretary of the Company, but excluding any liability arising out of conduct involving a lack of good faith or conduct known to the person to be wrongful or any liability to the Company or related body corporate.

INSURANCE PREMIUMS

The Company has paid premiums in respect of insurance contracts which provide cover against certain liabilities of every current (and former) director and officer of the Company and its controlled entities. The contracts of insurance prohibit disclosure of the total amount of the premiums paid, or the nature of the liabilities covered under the policies.

Premiums were paid in respect of every current (and former) director and officer of the Company and controlled entities, including the directors named in the Directors' Report, the Chief Financial Officer, the Company Secretary and all persons concerned or taking part in the management of the Company and its controlled entities.

REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for the directors and executives of the Company.

REMUNERATION OBJECTIVES

The performance of the Company depends upon the quality of its directors and executives. To maximise the performance of the Company's businesses, the Company must attract, motivate and retain a highly skilled director and executive team. This is achieved through a remuneration and incentive framework which has been put in place by the Board, and is guided by the following objectives:

- Provide fair and competitive rewards to attract high quality executives
- Linking of executive reward to improvement in Company performance
- Significant proportion of executive remuneration is "at risk", dependent upon meeting pre-determined performance benchmarks
- The establishment of challenging and achievable performance hurdles in relation to variable executive remuneration
- An employee share plan which rewards performance and represents a long term financial commitment to employment with the Company

REMUNERATION STRUCTURE

The remuneration structure for the non-executive directors is separate and distinct from the remuneration structure for the executives.

NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY

The Nomination Committee is responsible for determining the remuneration arrangements for the non-executive directors, with the annual maximum aggregate amount approved by shareholders. At the Annual General Meeting on 28 October 2004, shareholders approved an annual maximum aggregate amount of $1 million (excluding statutory superannuation).

The non-executive directors are remunerated by way of directors' fees only (including statutory superannuation) and are not able to participate in the Executive Incentive Scheme or the GWA International Employee Share Plan (refer below). An additional fee is also paid for each Board Committee on which a director sits. The payment of additional fees for serving on a Committee recognises the additional time commitment required by directors who serve on one or more Committees.

In setting the level of non-executive directors fees' and the manner in which it is to be apportioned amongst the directors, the Nomination Committee takes advice from external remuneration consultants to determine market remuneration levels, with the objective of ensuring that the levels are market based and fairly represent the responsibilities and time spent by the non-executive directors on Company matters.

Following shareholder approval of the termination of the Directors' Retirement Scheme for non-executive directors at the Annual General Meeting on 30 October 2003, retirement benefits are not available for any new non-executive directors of the Company, other than statutory superannuation.

At the Annual General Meeting on 28 October 2004, shareholders approved the payment of the accrued benefits to the non-executive directors under the former Directors' Retirement Scheme, when each director requests that payment be made.

For details of the emoluments paid to the non-executive directors for the year ended 30 June 2008, refer to the Remuneration Tables in the Remuneration Report.

EXECUTIVES' REMUNERATION POLICY

The Remuneration Committee is responsible for determining and reviewing the remuneration arrangements for the executives. The Remuneration Committee takes advice from external remuneration consultants to ensure the appropriateness of the nature and amount of emoluments of such officers, with the overall objective of ensuring maximum stakeholder benefits from the retention of a high quality executive team.

The executives' remuneration consists of the following key elements:

- Fixed Remuneration
- Variable Remuneration
  - Short Term Incentive
  - Long Term Incentive
- Employee Share Plan

The fixed remuneration component includes base salary, statutory superannuation and non-monetary benefits including medical benefits membership, salary continuance and life insurance and the provision of motor vehicles. The variable remuneration component includes a short term incentive and long term incentive under the Executive Incentive Scheme. Lower level management and senior staff of the Company may be invited to participate in the GWA International Employee Share Plan.

FIXED REMUNERATION

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Remuneration Committee based on advice from external remuneration consultants for determining market remuneration levels, as well as having regard to Company, divisional and individual performance.

The fixed remuneration of the five most highly remunerated executives and other key management personnel is detailed in the Remuneration Tables in the Remuneration Report.

VARIABLE REMUNERATION

To assist in achieving the objective of retaining a high quality executive team, the Remuneration Committee links the nature and amount of the executive emoluments to the Company's financial and operating performance. Executives have the opportunity to qualify for participation in the Executive Incentive Scheme. All performance plan payments are subject to maximum amounts.

EXECUTIVE INCENTIVE SCHEME

The Executive Incentive Scheme came into effect on 1 July 2001 and its participants include the members of the divisional and corporate executive. During the year, the Remuneration Committee has reviewed and revised the scheme based on advice from external remuneration consultants to better align the incentive arrangements with shareholder wealth creation. Under the scheme, there are two incentives including a Short Term Incentive and a Long Term Incentive. The objectives of the scheme are to maximise short term operating performance and long term performance compared to peer companies.

The Short Term Incentive for senior executives operates from divisional performance targets for divisional executives and group performance targets for corporate executives. Where the yearly targets are achieved, the Managing Director will receive an incentive payment in the range of 40% to 60% of fixed remuneration depending on the level of performance. Other senior executive participants will receive an incentive payment in the range of 30% to 40% of fixed remuneration depending on the level of performance.

Short term incentive payments are subject to a cap such that two thirds of the incentive is designed to be reasonably achievable based on good business performance, with the balance rewarding high growth performance. The yearly targets are based on personal goals and financial targets approved by the Remuneration Committee at the beginning of the financial year. These targets are based on profit growth which are aimed at improving performance consistent with shareholder wealth creation. Lower levels of incentives are also paid to key senior staff to reward personal performance.

The Long Term Incentive is provided as performance rights under the rules of the GWA International Long Term Incentive (Equity) Plan. The plan replaces the previous cash based Long Term Incentive which has now expired, and the new plan will be put to shareholders for approval at the Annual General Meeting on 30 October 2008. Under the plan, the Board may offer performance rights to participants which entitle the holder to ordinary shares in the Company (or in limited cases cash payments made), subject to meeting financial performance hurdles and the holder remaining in employment with the Company until the nominated vesting date. The performance hurdles are selected by the Remuneration Committee and are subject to financial performance conditions which measure Total Shareholder Returns compared to a peer group of companies, and growth in Earnings Per Share. The performance hurdles are challenging and achievable and focus senior executives on sustained long term growth consistent with shareholder wealth creation. The performance rights will be issued for five years and vest progressively in equal tranches over the first three years, subject to achieving the performance hurdles. If the vesting conditions and performance hurdles are achieved, ordinary shares will be issued to the participants at no cost. If the targets are not met, then the rights are cancelled after five years.

The Long Term Incentive is aligned to shareholder interests as performance rights only vest if Earnings per Share and Total Shareholder Return targets are achieved. For further details of the Long Term Incentive including information on the performance hurdles, please refer to the Explanatory Memorandum in the 2008 Notice of Annual General Meeting.

EMPLOYEE SHARE PLAN

As a further component of remuneration for lower level management and senior staff, the Company may invite employees to participate in the GWA International Employee Share Plan. This plan was previously available to senior executives, but following the recent review by the Remuneration Committee and introduction of the GWA International Long Term Incentive (Equity) Plan, it is now limited to lower level management and senior staff. Under the plan, employees are provided with a non-interest bearing loan from the Company to acquire shares in the Company at market value. The loan is repaid through dividends, or in full upon an employee ceasing employment with the Company. The employee bears the risk of share price movements below the issue price.

In accordance with the rules of the plan, the total number of employee shares on issue may not exceed 5% of the total Company shares on issue. At 30 June 2008 there are currently 3.85 million shares issued under the GWA International Employee Share Plan, which have an outstanding loan balance of $10.4 million. The plan does not provide for the issue of options and no options have been issued by the Company.

The GWA International Employee Share Plan is an effective incentive in encouraging and rewarding sustained higher performance from management and senior staff who merit recognition of their performance and are integral to the future success of the Company. Participation in the plan represents a long term financial commitment to their employment with the Company.

SHAREHOLDER WEALTH

The following is a summary of key shareholder wealth statistics for the Company over the last five years.

Trading EBIT has been flat since the 2003/04 year due to the weak domestic dwelling construction and renovation market, increased import competition and rising business input costs. Despite the difficult market conditions, the Company's core building fixtures and fittings business has performed strongly enabling the Company to maintain its high dividend pay-out ratio, and continue its track record in paying fully franked dividends to shareholders. The Company has taken the opportunity in the weak domestic market to restructure the businesses with the aim to improve long term competitiveness. The restructuring activities will place the Company in a strong position when the market recovers and will underpin profitability growth into the future.

SHAREHOLDER WEALTH

Financial Year	Trading EBIT ($m)	Trading EPS (cents)	Total DPS (cents)	Share Price ($)
2003/04	101.0	22.3	20.5	2.95
2004/05	103.4	23.0	22.5	2.92
2005/06	95.2	21.6	21.5	3.11
2006/07	98.8	22.0	22.0	4.42
2007/08	99.4	21.5	19.5	2.50

The remuneration and incentive framework, which has been put in place by the Board, has ensured that executives are focused on both maximising short term operating performance and long term strategic growth. This has contributed to the Company generating the shareholder returns as set out in the above table, including a total of $1.06 in fully franked dividends paid to shareholders in the last five financial years, which includes 16.0 cents in special dividends.

The Board will continue to review and monitor the remuneration and incentive framework to ensure that performance is fairly rewarded and encouraged, and to attract, motivate and retain a high quality executive team.

TERMINATION OF EMPLOYMENT

The specified executives in the Directors' Report are on open-ended contracts, except for the Executive Director, Mr Peter Crowley, whose employment contract specifies an initial term of twelve months with subsequent rolling terms of twelve months.

The employment contract for Mr Crowley provides that if either the Company or Mr Crowley wishes to terminate employment for any reason, three months notice of termination is required, or payment in lieu, based upon current salary levels. On termination by the Company, Mr Crowley will be entitled to receive payment of twelve months salary.

For the other specified executives, the Company is legally required to give reasonable notice of termination, or payment in lieu, based upon current salary levels.

Any loan to management and senior staff under the GWA International Employee Share Plan, must be repaid in full upon the cessation of employment with the Company.

REMUNERATION TABLES - AUDITED

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

Details of the nature and amount of each major element of remuneration of each director of the Company, each of the five named Company executives and relevant consolidated entity executives who receive the highest remuneration and other key management personnel are:

		Short-term				Post-employment			
		Salary & Fees $	STI cash bonus $	Non-monetary Benefits $	Total $	Super-annuation Benefits $	Other $	Total $	Proportion of remuneration performance related %
Non-Executive Directors									
B Thornton, Chairman	2008	273,150	–	–	273,150	24,584	250	297,984	–
	2007	177,873	–	–	177,873	102,693	250	280,816	–
J Kennedy, Deputy Chairman	2008	54,683	–	–	54,683	100,000	250	154,933	–
	2007	144,024	–	–	144,024	–	250	144,274	–
M Kriewaldt	2008	112,130	–	–	112,130	10,092	250	122,472	–
	2007	102,960	–	–	102,960	9,266	250	112,476	–
D Barry	2008	96,624	–	–	96,624	8,696	250	105,570	–
	2007	90,948	–	–	90,948	8,185	250	99,383	–
R Anderson	2008	–	–	–	–	99,245	250	99,495	–
	2007	85,800	–	–	85,800	7,722	250	93,772	–
G McGrath	2008	17,242	–	–	17,242	88,078	250	105,570	–
	2007	22,737	–	–	22,737	76,396	250	99,383	–
W Bartlett	2008	102,840	–	–	102,840	9,256	250	112,346	–
	2007	–	–	–	–	36,434	250	36,684	–
Executive Directors									
P Crowley, Managing Director	2008	1,164,718	–	194,139	1,358,857	100,000	12,788	1,471,645	–
	2007	1,057,228	–	152,875	1,210,103	36,000	11,855	1,257,958	–

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION (CONT'D)

		Short-term				Post-employment						
		Salary & Fees $	STI cash bonus $	Non-monetary Benefits $	Total $	Super-annuation Benefits $	Other $	Termination benefits $	Total $	Proportion of remuneration performance related %	STI cash bonus vested in year %	STI cash bonus forfeited in year %
Executives												
E Harrison	2008	243,419	–	23,006	266,425	7,555	1,244	500,000	775,224	–	–	–
Chief Financial Officer	2007	365,707	–	83,345	449,052	105,000	4,260	–	558,312	–	–	–
(terminated 31 August 2007)												
S Wright	2008	461,523	300,000	70,331	831,854	100,000	5,173	–	937,027	32.0	100	–
Group Operations Manager	2007	417,957	–	50,473	468,430	123,420	4,069	–	595,919	–	–	–
A Rusten	2008	300,224	–	92,799	393,023	29,680	3,598	–	426,301	–	–	–
Group Marketing Manager	2007	272,087	–	74,310	346,397	26,700	3,262	–	376,359	–	–	–
R Watkins	2008	–	–	–	–	–	–	–	–	–	–	–
General Manager–Rover	2007	161,844	–	42,132	203,976	70,000	5,103	250,000	529,079	–	–	–
(terminated 14 February 2007)												
G Douglas	2008	184,743	30,000	32,360	247,103	100,000	1,977	–	349,080	8.6	50	50
General Manager–Rover	2007	–	–	–	–	–	–	–	–	–	–	–
(commenced KMP status 1 July 2007)												
J Measroch	2008	271,092	–	41,309	312,401	26,663	3,258	–	342,322	–	–	–
General Manager–Sebel	2007	278,245	–	50,168	328,413	26,663	3,258	–	358,334	–	–	–
G Oliver	2008	255,676	45,000	40,294	340,970	99,768	2,942	–	443,680	10.1	50	50
General Manager–Gainsborough	2007	194,603	84,810	47,027	326,440	147,695	2,092	–	476,227	–	–	–
W Saxelby	2008	223,245	200,000	29,721	452,966	77,619	2,501	–	533,086	37.5	100	–
Chief Financial Officer	2007	–	–	–	–	–	–	–	–	–	–	–
(commenced 14 January 2008)												
T Dragicevich	2008	45,833	100,000	–	145,833	–	767	–	146,600	68.2	100	–
Chief Executive–Caroma Dorf	2007	–	–	–	–	–	–	–	–	–	–	–
(commenced 2 June 2008)												
L Patterson	2008	309,429	150,000	117,832	577,261	29,400	3,566	–	610,227	24.6	100	–
General Manager–Dux	2007	285,269	–	76,476	361,745	28,163	3,427	–	393,335	–	–	–

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of Committees of directors) held during the financial year ended 30 June 2008 and the number of meetings attended by each director were as follows:

Director	Board A	Board B	Audit Committee A	Audit Committee B	Remuneration Committee A	Remuneration Committee B	Nomination Committee A	Nomination Committee B
B Thornton	11	11	4	4			1	1
J J Kennedy	11	11	4	4			1	1
P C Crowley[1]	11	11						
D R Barry	11	11			3	3		
R M Anderson	11	11						
M D E Kriewaldt	11	11	4	4	3	3	1	1
G J McGrath	11	11			3	3		
W J Bartlett	11	11	4	4				

Note:
A – Number of meetings attended
B – Number of meetings held during the time the director held office during the year
[1] P C Crowley attends Committee meetings by invitation of the Board

As at the date of this report, the Company had an Audit Committee, a Remuneration Committee and a Nomination Committee of the Board of Directors. The charter for each Committee outlines its role and responsibilities, a summary of which is provided in the Corporate Governance Statement in the Annual Report.

The members of the Audit Committee are:

- Mr J J Kennedy (Chairman)
- Mr B Thornton
- Mr M D E Kriewaldt
- Mr W J Bartlett

The members of the Remuneration Committee are:

- Mr G J McGrath (Chairman)
- Mr M D E Kriewaldt
- Mr D R Barry

The members of the Nomination Committee are:

- Mr B Thornton (Chairman)
- Mr J J Kennedy
- Mr M D E Kriewaldt

Details of the Committee members qualifications and experience are located in the Annual Report.

NON-AUDIT SERVICES

Details of the non-audit services provided by the Company's External Auditor, KPMG, during the financial year ended 30 June 2008 are outlined in Note 6 of the Financial Statements. Based on advice from the Company's Audit Committee, the directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out in the Annual Report and forms part of the Directors' Report for the financial year ended 30 June 2008.

ROUNDING

The Company is of a kind referred to in Class Order 98/100 issued by the 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, unless otherwise stated.

Signed in accordance with a resolution of the directors.

B Thornton
Chairman

P C Crowley
Managing Director

Brisbane, 19 August 2008

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

To the Directors of GWA International Limited:

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

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

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

KPMG
19 August 2008

Mark Epper
Partner

CONTENTS

GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
ABN 15 055 964 380

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008		CONSOLIDATED		THE COMPANY	
In thousands of AUD	Note	2008	2007	2008	2007
Revenue	2	648,902	636,124	-	-
Cost of sales		(405,539)	(392,823)	-	-
GROSS PROFIT		243,363	243,301	-	-
Other income	3	11,333	4,998	65,000	75,000
Selling expenses		(92,267)	(90,826)	-	-
Administrative expenses		(55,023)	(54,177)	(745)	(502)
Other expenses	4	(24,828)	(11,821)	(2,359)	-
RESULTS FROM OPERATING ACTIVITIES		82,578	91,475	61,896	74,498
Finance income	7	5,068	5,718	745	502
Finance expenses	7	(19,691)	(18,084)	-	-
NET FINANCING COSTS		(14,623)	(12,366)	745	502
Profit before tax		67,955	79,109	62,641	75,000
Income tax expense	9	(22,065)	(22,791)	-	-
PROFIT FOR THE YEAR		45,890	56,318	62,641	75,000
Basic and diluted earnings per share (cents per share)	10	16.4	20.2		
Dividends per share					
Ordinary shares (cents per share)	23	22.0	23.0		

The income statements are to be read in conjunction with the notes to the financial statements set out on pages 46 to 98.

GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
ABN 15 055 964 380

STATEMENTS OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2008		CONSOLIDATED		THE COMPANY	
In thousands of AUD	Note	2008	2007	2008	2007
Foreign exchange translation differences for foreign operations		(5,012)	(1,158)	-	-
Cash flow hedges:					
Gains/(losses) taken to equity		176	(525)	-	-
NET INCOME RECOGNISED DIRECTLY IN EQUITY		(4,836)	(1,683)	-	-
PROFIT FOR THE YEAR		45,890	56,318	62,641	75,000
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR	23	41,054	54,635	62,641	75,000

Other movements in equity arising from transactions with owners as owners are set out in note 23.

The statements of recognised income and expense are to be read in conjunction with the notes to the financial statements set out on pages 46 to 98.

GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
ABN 15 055 964 380

BALANCE SHEETS

AS AT 30 JUNE 2008		CONSOLIDATED		THE COMPANY	
In thousands of AUD	Note	2008	2007	2008	2007
ASSETS					
Cash and cash equivalents	11	53,418	45,953	-	232
Trade and other receivables	12	127,821	123,603	644	576
Inventories	13	100,806	128,211	-	-
Assets classified as held for sale	14	26,018	-	-	-
Income tax receivable	15	829	1,440	-	348
Other		4,565	5,043	814	724
TOTAL CURRENT ASSETS		313,457	304,250	1,458	1,880
Receivables	12	5,298	4,983	663,132	598,992
Deferred tax assets	16	22,845	24,531	-	-
Investment in subsidiaries	29	-	-	325,646	325,646
Property, plant and equipment	17	101,441	113,019	-	-
Intangible assets	18	328,636	344,463	-	-
Other		3,777	3,549	3,699	3,381
TOTAL NON-CURRENT ASSETS		461,997	490,545	992,477	928,019
TOTAL ASSETS		775,454	794,795	993,935	929,899
LIABILITIES					
Trade and other payables	19	78,469	65,067	54	-
Employee benefits	21	15,736	16,056	-	-
Income tax payable	15	5,854	-	5,854	-
Provisions	22	17,091	13,570	-	-
Liabilities classified as held for sale	14	3,873	-	-	-
TOTAL CURRENT LIABILITIES		121,023	94,693	5,908	-
Interest-bearing loans and borrowings	20	246,975	271,567	-	-
Payables	19	-	-	583,653	527,430
Employee benefits	21	10,524	11,015	-	-
Provisions	22	7,812	8,718	-	-
TOTAL NON-CURRENT LIABILITIES		265,311	291,300	583,653	527,430
TOTAL LIABILITIES		386,334	385,993	589,561	527,430
NET ASSETS		389,120	408,802	404,374	402,469
EQUITY					
Issued capital		353,938	353,062	353,938	353,062
Reserves		(7,372)	(2,536)	-	-
Retained earnings		42,554	58,276	50,436	49,407
TOTAL EQUITY	23	389,120	408,802	404,374	402,469

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 46 to 98.

GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
ABN 15 055 964 380

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2008		CONSOLIDATED		THE COMPANY	
In thousands of AUD	Note	2008	2007	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		726,256	710,907	-	-
Dividends and trust distributions received		-	-	62,641	75,000
Cash paid to suppliers and employees		(594,781)	(650,780)	-	(1)
Cash generated from operations		131,475	60,127	62,641	74,999
Interest paid		(18,527)	(19,366)	-	-
Interest received		4,323	5,180	-	-
Income taxes paid		(14,279)	(21,100)	(12,505)	(18,220)
NET CASH FROM OPERATING ACTIVITIES	30	102,992	24,841	50,136	56,779
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		14,492	1,719	-	-
Acquisition of property, plant and equipment		(18,305)	(18,161)	-	-
Acquisition of intangibles		(3,930)	(2,717)	-	-
NET CASH FROM INVESTING ACTIVITIES		(7,743)	(19,159)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Issue of employee shares		(2,107)	(7,828)	(2,107)	(7,828)
Proceeds from issue of share capital		876	6,208	876	6,208
Repayment of employee share loans		1,270	4,387	1,270	4,387
Repayment of loans by controlled entities		-	-	11,205	4,750
Repayment of loans by related parties		81	510	-	-
Repayment of bank bills		(25,000)	(25,000)	-	-
Dividends paid		(61,612)	(64,010)	(61,612)	(64,010)
NET CASH FROM FINANCING ACTIVITIES		(86,492)	(85,733)	(50,368)	(56,493)
Net increase/(decrease) in cash and cash equivalents		8,757	(80,051)	(232)	286
Cash and cash equivalents at 1 July		45,953	125,487	232	(54)
Effect of exchange rate fluctuations on cash held		(1,292)	517	-	-
CASH AND CASH EQUIVALENTS AT 30 JUNE	11	53,418	45,953	-	232

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 46 to 98.

GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

GWA International Limited (the 'Company') is a company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2008 comprises the Company and its subsidiaries (together referred to as the 'consolidated entity').

The financial report was authorised for issue by the directors on 19 August 2008.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated entity's financial report and the financial report of the Company comply with International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board ('IASB').

(b) Basis of preparation

The financial report is presented in Australian dollars which is the Company's functional currency and the functional currency of the majority of the consolidated entity. The entity has elected not to early adopt any accounting standards or amendments.

The financial report is prepared on the historical cost basis except that:
• derivative financial instruments are measured at their fair value; and
• available-for-sale financial assets are measured at their fair value.

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

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

• note 18 - measurement of the recoverable amounts of intangible assets
• note 22 and 27- provisions and contingencies
• note 24 - valuation of financial instruments

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report. The accounting policies have been applied consistently by all entities in the consolidated entity.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

(ii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are retranslated to Australian dollars using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in the foreign currency translation reserve (FCTR).

(iii) Net investment in foreign operations

Foreign exchange differences arising from the retranslation of the net investment in foreign operations, and of related hedges are recognised in the FCTR to the extent that the hedge is effective. They are released into the income statement upon disposal.

(e) Derivative financial instruments

The consolidated entity uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities. In accordance with its treasury policy, the consolidated entity does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised in profit or loss, unless the derivative qualifies for hedge accounting, in which case the recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy (f)).

The fair value of interest rate swaps is the estimated amount that the consolidated entity would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Hedging

On entering into a hedging relationship, the consolidated entity formally designates and documents the hedge relationship and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly or fully effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

(i) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

For cash flow hedges, other than those described above, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

(ii) Hedge of monetary assets and liabilities

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in the income statement.

(iii) Hedge of net investment in foreign operation

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity. The ineffective portion is recognised immediately in the income statement.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other income” or “other expenses” in the income statement.

(i) Subsequent costs

The consolidated entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are recognised in the income statement as an expense as incurred.

(ii) Depreciation

With the exception of freehold land, depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

• buildings	40 years
• plant and equipment	3-11 years
• fixtures and fittings	7-15 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed annually.

(h) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if the product or process is technically and commercially feasible and the consolidated entity has sufficient resources to complete development. Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses.

(ii) Brand names

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 the brand names have an indefinite useful life. The carrying value of these brand names is reviewed each year to ensure that no impairment exists.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangible assets (continued)

(iii) Other intangible assets

Other intangible assets that are acquired by the consolidated entity are measured at cost less accumulated amortisation and impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(v) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives in the current and comparative periods are as follows:

- capitalised software development costs 5 years

(i) Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently at their amortised cost less impairment losses.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity date of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(l) Impairment

The carrying amounts of the consolidated entity's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For intangible assets that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment (continued)

(i) Calculation of recoverable amount

The recoverable amount of the consolidated entity's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance sheet date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Share capital

(i) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(ii) Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(n) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(o) Employee benefits

(i) Defined contribution superannuation funds

A defined contribution superannuation fund is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefits (continued)

(ii) Other long-term employee benefits

The consolidated entity's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted to present value.

(iii) Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the consolidated entity as the benefits are taken by the employees.

(p) Provisions

A provision is recognised in the balance sheet when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Restructuring

A provision for restructuring is recognised when the consolidated entity has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

(iii) Site restoration

A provision for restoration in respect of leased premises is recognised when the obligation to restore arises. The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration obligations are reviewed annually and any changes are reflected in the present value of the provision at the end of the reporting period. The unwinding of the effect of discounting on the provision is recognised as a finance cost.

(q) Trade and other payables

Trade and other payables are initially measured at fair value and subsequently at their amortised cost.

(r) Revenue

Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, discounts and rebates. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

(ii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested and gains and losses on hedging instruments that are recognised in the income statement. Borrowing costs are expensed as incurred and included in net financing costs. Interest income is recognised in the income statement as it accrues, using the effective interest method.

(t) Income tax

Income tax expense on the profit or loss for the year comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is GWA International Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Income tax (continued)

Nature of tax funding arrangements and tax sharing arrangements

The members of the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement GWA International Limited and each of the entities in the tax consolidated group recognise inter-entity receivables (payables) equal in amount to the tax liability (asset) assumed by the head entity.

(u) Segment reporting

A segment is a distinguishable component of the consolidated entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(v) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(w) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the consolidated entity's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the consolidated entity's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(x) Earnings per share

The consolidated entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Changes in accounting policy

(i) Cash in transit

During the reporting period, management changed its accounting policy in respect of cash in transit. Due to the increasing use of electronic funds transfer by customers, it was determined that the cut-off for cash in transit should be on the last day of the reporting period, bringing this forward by two days. The impact on the balance sheet in the consolidated entity for the period ended 30 June 2008 is to decrease cash by $28,349,000 (2007:$34,468,000) and increase debtors by $28,349,000 (2007:$34,468,000). The impact on the statement of cash flows in the consolidated entity for the period ended 30 June 2008 is to increase cash from operating activities by $6,119,000 (2007: decrease $3,457,000). Comparative amounts have been changed for consistency. There is no impact on the income statement for the consolidated entity. No adjustments have arisen for the Company.

(ii) Builders rebates

During the reporting period, management changed its accounting policy in respect of the classification of builders' rebates expense in the income statement. The rebates are a primary factor in generating sales revenue by the consolidated entity and therefore should be recognised in the income statement against sales revenue. Previously, the expense was recognised as an administrative expense.
The change in accounting policy was applied retrospectively to sales revenue relating to builders' rebates incurred and comparatives have been restated. The impact on the income statement in the consolidated entity for the year ended 30 June 2008 is to decrease sales revenue and administrative expenses by $10,022,000 (2007: $9,545,000). There is no impact on the balance sheet for the consolidated entity. No adjustments have arisen for the Company.

(iii) Freight outwards

During the reporting period, management changed its accounting policy in respect of the classification of freight outwards expenses in the income statement. The expenses represent costs incurred in transporting the consolidated entity's products to its customers. In accordance with AASB 2 Inventories, transportation costs that are necessary to get the inventory to a present location form part of the cost of inventory and the related cost of sale. These expenses therefore should be recognised in the income statement against cost of sales. Previously, the expense was recognised as a selling expense.

The change in accounting policy was applied retrospectively to cost of sales relating to freight outwards costs incurred and comparatives have been restated. The impact on the income statement in the consolidated entity for the year ended 30 June 2008 is to increase cost of sales and decrease selling expenses by $51,327,000 (2007: $48,883,000). There is no impact on the balance sheet for the consolidated entity. No adjustments have arisen for the Company.

(z) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing this financial report:

- Revised AASB 3 *Business Combinations* changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Key changes include: the immediate expensing of all transaction costs; measurement of contingent consideration at acquisition date with subsequent changes through the income statement; measurement of non-controlling (minority) interests at full fair value or the proportionate share of the fair value of the underlying net assets; guidance on issues such as reacquired rights and vendor indemnities; and the inclusion of combinations by contract alone and those involving mutuals. The revised standard becomes mandatory for the consolidated entity's 30 June 2010 financial statements. The consolidated entity has not yet determined the potential effect of the revised standard on the consolidated entity's financial report.

GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) New standards and interpretations not yet adopted (continued)

- AASB 8 *Operating Segments* introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the consolidated entity's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the consolidated entity's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the consolidated entity presents segment information in respect of its business and geographical segments (see note 2). The consolidated entity has not yet determined the potential effect of the revised standard on the consolidated entity's financial report.

- Revised AASB 101 *Presentation of Financial Statements* introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the consolidated entity's 30 June 2010 financial statements. The consolidated entity has not yet determined the potential effect of the revised standard on the consolidated entity's disclosures.

- Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the consolidated entity's 30 June 2010 financial statements and will constitute a change in accounting policy for the consolidated entity. In accordance with the transitional provisions the consolidated entity will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. The consolidated entity has not yet determined the potential effect of the revised standard on future earnings.

- Revised AASB 127 *Consolidated and Separate Financial Statements* changes the accounting for investments in subsidiaries. Key changes include: the re-measurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the consolidated entity's 30 June 2010 financial statements. The consolidated entity has not yet determined the potential effect of the revised standard on the consolidated entity's financial report.

- AASB 2008-1 *Amendments to Australian Accounting Standard - Share-based Payment: Vesting Conditions and Cancellations* changes the measurement of share-based payments that contain non-vesting conditions. AASB 2008-1 becomes mandatory for the consolidated entity's 30 June 2010 financial statements. The consolidated entity has not yet determined the potential effect of the amending standard on the consolidated entity's financial report.

2. SEGMENT REPORTING

A segment is a distinguishable component of the consolidated entity that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the consolidated entity's business and geographical segments. The primary format, business segments, is based on the consolidated entity's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the mower business, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The consolidated entity comprises the following main business segments:

- *Building fixtures and fittings*
  Sanitaryware
  Building hardware products
  Baths and spas
  Household accessories, sinks and tapware
  Hot water products
- *Commercial furniture*
  Education products
  Hospitality products
  Stadia seating
- *Unallocated*
  Domestic and ride-on mowers
  Corporate administration

Geographical segments

The business segments are managed on a worldwide basis, but operate mainly in one geographical area being Australia. Sales offices are operated in New Zealand, Asia, United States and Europe, however the sales revenue from these geographical areas comprise only 15% of the consolidated entity's total sales revenue and are individually less than 10%.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

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2. SEGMENT REPORTING (continued)

BUSINESS SEGMENTS

	Building Fixtures and Fittings*		Commercial Furniture*		Unallocated*		Eliminations		Consolidated*	
In thousands of AUD	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue:										
External sales	558,657	546,938	56,864	56,794	33,381	32,392	-	-	648,902	636,124
Inter-segment sales	-	-	1,852	1,993	-	-	(1,852)	(1,993)	-	-
Total sales revenue	558,657	546,938	58,716	58,787	33,381	32,392	(1,852)	(1,993)	648,902	636,124
Segment result	109,552	110,521	3,369	3,619	(13,527)	(15,386)	-	-	99,394	98,754
Restructuring income/ (expenses)	(21,629)	(3,158)	(614)	-	5,427	(4,121)	-	-	(16,816)	(7,279)
Segment result after restructuring expenses	87,923	107,363	2,755	3,619	(8,100)	(19,507)	-	-	82,578	91,475
Net financing costs									(14,623)	(12,366)
Income tax expense									(22,065)	(22,791)
Profit for the year									45,890	56,318
Segment assets	627,265	606,435	35,087	34,498	113,102	153,862	-	-	775,454	794,795
Segment liabilities	106,358	88,378	9,457	6,331	270,519	291,284	-	-	386,334	385,993
Depreciation	14,895	15,689	1,690	2,325	801	1,226	-	-	17,386	19,240
Amortisation	275	276	-	-	259	263	-	-	534	539
Capital expenditure	17,028	18,726	1,504	156	3,703	2,634	-	-	22,235	21,516
Impairment losses	9,419	1,227	-	-	-	-	-	-	9,419	1,227

* All segments are continuing operations

GEOGRAPHICAL SEGMENTS

	Australia*		Unallocated*		Consolidated *	
In thousands of AUD	2008	2007	2008	2007	2008	2007
External sales revenue	551,587	535,394	97,315	100,730	648,902	636,124
Segment assets	727,045	731,304	48,409	63,491	775,454	794,795
Capital expenditure	19,433	18,666	2,802	2,850	22,235	21,516

* All segments are continuing operations

3. OTHER INCOME

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	**2008**	**2007**	**2008**	**2007**
Foreign currency gains - realised	2,082	2,288	-	-
Foreign currency gains - unrealised	1,370	204	-	-
Net gain on disposal of property, plant and equipment	6,879	-	-	-
Dividends received from controlled companies	-	-	65,000	75,000
Other	1,002	2,506	-	-
	11,333	4,998	65,000	75,000

4. OTHER EXPENSES

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	**2008**	**2007**	**2008**	**2007**
Foreign currency losses - realised	217	969	-	-
Foreign currency losses - unrealised	1,264	2,278	-	-
Distribution losses from controlled trusts	-	-	2,359	-
Net loss on disposal of property, plant and equipment	-	1,295	-	-
Restructuring expenses	13,928	7,279	-	-
Impairment loss on intangible assets	9,419	-	-	-
	24,828	11,821	2,359	-

5. PERSONNEL EXPENSES

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	**2008**	**2007**	**2008**	**2007**
Wages and salaries - including superannuation contributions, annual leave, long service leave and on-costs	143,509	140,785	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. AUDITORS' REMUNERATION

	CONSOLIDATED		THE COMPANY	
In AUD	2008	2007	2008	2007
Audit services				
Auditors of the Company				
KPMG Australia:				
Audit and review of financial reports	360,000	340,000	10,000	10,000
Overseas KPMG Firms:				
Audit and review of financial reports	66,000	60,000	-	-
	426,000	400,000	10,000	10,000
Other services				
Auditors of the Company				
KPMG Australia:				
Due diligence services	-	30,000	-	-
Taxation services	112,000	102,819	-	-
	112,000	132,819	-	-

7. NET FINANCING COSTS

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Interest income	(5,068)	(5,718)	(745)	(502)
Interest expense	19,691	18,084	-	-
Net financing costs/(income)	14,623	12,366	(745)	(502)

8. RESTRUCTURING EXPENSES

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Restructuring expenses	13,928	7,279	-	-
Impairment loss on intangible assets	9,419	-	-	-
Gains on property sales (included in 'other income')	(6,531)	-	-	-
Net expense before tax	16,816	7,279	-	-
Tax benefit	(2,547)	(2,184)	-	-
Net restructuring expense after tax	14,269	5,095	-	-

9. INCOME TAX EXPENSE

Recognised in the income statement	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Current tax expense				
Current year	20,572	23,487	-	-
Adjustments for prior years	-	(1,539)	-	-
	20,572	21,948	-	-
Deferred tax expense				
Origination and reversal of temporary differences	1,493	706	-	-
Benefit of tax losses recognised	-	137	-	-
	1,493	843	-	-
Total income tax expense in income statement	22,065	22,791	-	-

Numerical reconciliation between tax expense and pre-tax net profit	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Profit before tax	67,955	79,109	62,641	75,000
Income tax using the domestic tax rate of 30% (2007: 30%)	20,387	23,733	18,792	22,500
Increase in income tax expense due to:				
Non-deductible building depreciation	-	63	-	-
Non-deductible expenses	530	636	-	-
Non-deductible impairment loss	2,825	-	-	-
Rebateable trust distributions	-	-	708	-
Effect of tax rate in foreign jurisdictions	-	39	-	-
Decrease in income tax expense due to:				
Effect of tax rate in foreign jurisdictions	(97)	-	-	-
Non-assessable income	(111)	-	-	-
Non-assessable capital profits	(1,280)	-	-	-
Rebateable research and development	(189)	(141)	-	-
Rebateable dividends	-	-	(19,500)	(22,500)
	22,065	24,330	-	-
Under / (over) provided in prior years	-	(1,539)	-	-
Income tax expense on pre-tax net profit	22,065	22,791	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE (continued)

Deferred tax recognised directly in equity

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Derivatives	193	(340)	-	-

10. EARNINGS PER SHARE

Basic and diluted earnings per share

Calculation of basic and diluted earnings per share at 30 June 2008 was based on the profit attributable to ordinary shareholders of $45,890,000 (2007: $56,318,000) and a weighted average number of ordinary shares of 280,075,000 (2007: 278,756,000) calculated as follows:

	CONSOLIDATED	
	2008	2007
Cents per share	16.4	20.2

Profit attributable to ordinary shareholders	CONSOLIDATED	
In thousands of AUD	2008	2007
Profit for the year	45,890	56,318

Weighted average number of ordinary shares	CONSOLIDATED	
In thousands of shares	2008	2007
Issued ordinary shares at 1 July	279,923	278,303
Effect of shares issued	152	453
Weighted average number of ordinary shares at 30 June	280,075	278,756

11. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Bank balances *	18,323	13,029	-	232
Call deposits	35,095	32,924	-	-
Cash and cash equivalents in the statement of cash flows	53,418	45,953	-	232

* Refer change in accounting policy - note 1(y)

The consolidated entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 24.

12. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Current				
Trade receivables *	96,217	107,988	-	-
Provision for impairment	(832)	(804)	-	-
Fair value derivatives	27,872	14,264	-	-
Employee share loans	644	576	644	576
Other	3,920	1,579	-	-
	127,821	123,603	644	576
Non-current				
Receivables due from controlled entities	-	-	657,847	594,069
Employee share loans	5,285	4,923	5,285	4,923
Other	13	60	-	-
	5,298	4,983	663,132	598,992

* Refer change in accounting policy - note 1(y)

The consolidated entity's exposure to credit and currency risk and impairment losses related to trade and other receivables are disclosed in note 24.

13. INVENTORIES

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Raw materials and consumables	16,735	22,205	-	-
Work in progress	6,113	10,220	-	-
Finished goods	77,958	95,786	-	-
	100,806	128,211	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The sanitaryware business Wisa Beheer, which forms part of the Building Fixtures and Fittings segment, is presented as a disposal group held for sale following the commitment of the consolidated entity's management to a plan to sell the business to the management of Wisa Beheer. A Memorandum of Understanding for the sale was signed on 12 August 2008 granting Wisa Beheer management an exclusive dealing period to purchase the business for Euro 14 million. The agreement is subject to Wisa Beheer management arranging a financial partner and will expire at the end of November 2008 at which time the sale of the business is expected to be complete.

An impairment loss of $9,419,000 on the re-measurement of the disposal group to the lower of its carrying value and its fair value less costs to sell has been recognised in "other expenses".

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Assets classified as held for sale				
Trade and other receivables	3,759	-	-	-
Inventories	6,702	-	-	-
Property, plant and equipment	4,866	-	-	-
Intangibles	10,424	-	-	-
Other	267	-	-	-
	26,018	-	-	-
Liabilities classified as held for sale				
Trade and other payables	2,823	-	-	-
Income tax payable	36	-	-	-
Employee benefits	1,014	-	-	-
	3,873	-	-	-

15. CURRENT TAX ASSETS AND LIABILITIES

The current tax asset for the consolidated entity of $829,000 (2007: $1,440,000) represents the amount of income taxes recoverable in respect of prior periods. The current tax liability for the consolidated entity of $5,854,000 (2007: nil) and for the Company of $5,854,000 (2007: nil) represents the amount of income taxes payable in respect of the current period. No current tax asset exists for the Company at balance date (2007:$348,000). In accordance with the tax consolidation legislation, the Company as the head entity of the Australian tax-consolidated group has assumed the current tax asset / (liability) initially recognised by the members in the tax-consolidated group.

16. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

CONSOLIDATED	**Assets**		**Liabilities**		**Net**	
In thousands of AUD	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Property, plant and equipment	817	948	(181)	(1)	636	947
Intangible assets	-	-	(205)	(197)	(205)	(197)
Inventories	3,583	3,979	-	-	3,583	3,979
Employee benefits	7,879	7,524	-	-	7,879	7,524
Provisions	8,096	10,653	-	-	8,096	10,653
Other items	3,202	1,626	(346)	(1)	2,856	1,625
Tax assets / (liabilities)	23,577	24,730	(732)	(199)	22,845	24,531
Set off of tax	(732)	(199)	732	199	-	-
Net tax assets	22,845	24,531	-	-	22,845	24,531

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	CONSOLIDATED		**THE COMPANY**	
In thousands of AUD	**2008**	**2007**	**2008**	**2007**
Tax losses	351	403	-	-

The deductible tax losses accumulated at balance date do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which to offset the tax benefit of these losses.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Movement in temporary differences during the year

	CONSOLIDATED				THE COMPANY			
In thousands of AUD	Balance 1 July 06	Recognised in income	Recognised in equity	Balance 30 June 07	Balance 1 July 06	Recognised in income	Recognised in equity	Balance 30 June 07
Property, plant and equipment	6	941	-	947	-	-	-	-
Intangible assets	(95)	(102)	-	(197)	-	-	-	-
Inventories	5,001	(1,022)	-	3,979	-	-	-	-
Employee benefits	8,987	(1,463)	-	7,524	-	-	-	-
Provisions	10,628	25	-	10,653	-	-	-	-
Other items	370	915	340	1,625	-	-	-	-
Tax loss carry-forwards	137	(137)	-	-	-	-	-	-
	25,034	(843)	340	24,531	-	-	-	-

	CONSOLIDATED				THE COMPANY			
In thousands of AUD	Balance 1 July 07	Recognised in income	Recognised in equity	Balance 30 June 08	Balance 1 July 07	Recognised in income	Recognised in equity	Balance 30 June 08
Property, plant and equipment	947	(311)	-	636	-	-	-	-
Intangible assets	(197)	(8)	-	(205)	-	-	-	-
Inventories	3,979	(396)	-	3,583	-	-	-	-
Employee benefits	7,524	355	-	7,879	-	-	-	-
Provisions	10,653	(2,557)	-	8,096	-	-	-	-
Other items	1,625	1,424	(193)	2,856	-	-	-	-
	24,531	(1,493)	(193)	22,845	-	-	-	-

17. PROPERTY, PLANT AND EQUIPMENT

In thousands of AUD	CONSOLIDATED Land and buildings	Plant and equipment	Motor vehicles	Work in progress	Total	THE COMPANY Land and buildings	Plant and equipment	Motor vehicles	Work in progress	Total
Cost										
Balance at 1 July 2006	54,988	208,179	14,044	15,707	292,918	-	-	-	-	-
Additions	518	16,173	2,108	-	18,799	-	-	-	-	-
Transfers	-	4,929	-	(4,929)	-					
Disposals	(976)	(38,554)	(2,885)	-	(42,415)	-	-	-	-	-
Effect of movements in foreign exchange	(303)	(1,765)	54	(96)	(2,110)	-	-	-	-	-
Balance at 30 June 2007	54,227	188,962	13,321	10,682	267,192	-	-	-	-	-
Balance at 1 July 2007	54,227	188,962	13,321	10,682	267,192	-	-	-	-	-
Additions	374	13,281	3,170	1,480	18,305	-	-	-	-	-
Transfers	-	5,441	-	(5,441)	-	-	-	-	-	-
Disposals	(4,420)	(19,638)	(3,948)	-	(28,006)	-	-	-	-	-
Transfer to assets held for sale	(4,026)	(27,696)	-	(1,024)	(32,746)	-	-	-	-	-
Effect of movements in foreign exchange	133	721	(119)	(80)	655	-	-	-	-	-
Balance at 30 June 2008	46,288	161,071	12,424	5,617	225,400	-	-	-	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. PROPERTY, PLANT AND EQUIPMENT (continued)

	CONSOLIDATED					THE COMPANY				
In thousands of AUD	Land and buildings	Plant and equipment	Motor vehicles	Work in progress	Total	Land and buildings	Plant and equipment	Motor vehicles	Work in progress	Total
Depreciation and impairment losses										
Balance at 1 July 2006	(6,606)	(162,546)	(5,927)	-	(175,079)	-	-	-	-	-
Depreciation charge for the year	(1,025)	(15,746)	(2,469)	-	(19,240)	-	-	-	-	-
Disposals	-	37,262	2,010	-	39,272	-	-	-	-	-
Impairment losses	-	(1,227)	-	-	(1,227)	-	-	-	-	-
Effect of movements in foreign exchange	229	1,903	(31)	-	2,101	-	-	-	-	-
Balance at 30 June 2007	(7,402)	(140,354)	(6,417)	-	(154,173)	-	-	-	-	-
Balance at 1 July 2007	(7,402)	(140,354)	(6,417)	-	(154,173)	-	-	-	-	-
Depreciation charge for the year	(984)	(13,985)	(2,417)	-	(17,386)	-	-	-	-	-
Disposals	942	16,623	2,828	-	20,393	-	-	-	-	-
Transfer to assets held for sale	3,071	24,809	-	-	27,880					
Effect of movements in foreign exchange	(102)	(653)	82	-	(673)	-	-	-	-	-
Balance at 30 June 2008	(4,475)	(113,560)	(5,924)	-	(123,959)	-	-	-	-	-
Carrying amounts										
At 1 July 2006	48,382	45,633	8,117	15,707	117,839	-	-	-	-	-
At 30 June 2007	46,825	48,608	6,904	10,682	113,019	-	-	-	-	-
At 1 July 2007	46,825	48,608	6,904	10,682	113,019	-	-	-	-	-
At 30 June 2008	41,813	47,511	6,500	5,617	101,441	-	-	-	-	-

Impairment losses

There were no impairment losses to property, plant and equipment during the 2008 financial year (2007: $1,227,000).

18. INTANGIBLE ASSETS

	CONSOLIDATED			THE COMPANY		
In thousands of AUD	Software	Brand names	Total	Software	Brand names	Total
Cost						
Balance at 1 July 2006	2,649	341,846	344,495	-	-	-
Additions	2,717	-	2,717	-	-	-
Effect of movements in foreign exchange	-	(1,501)	(1,501)	-	-	-
Balance at 30 June 2007	5,366	340,345	345,711	-	-	-
Balance at 1 July 2007	5,366	340,345	345,711	-	-	-
Additions	3,930	-	3,930	-	-	-
Effect of movements in foreign exchange	-	620	620	-	-	-
Transfer to assets held for sale	-	(19,843)	(19,843)	-	-	-
Balance at 30 June 2008	9,296	321,122	330,418	-	-	-
Amortisation and impairment losses						
Balance at 1 July 2006	(709)	-	(709)	-	-	-
Amortisation for the year	(539)	-	(539)	-	-	-
Balance at 30 June 2007	(1,248)	-	(1,248)	-	-	-
Balance at 1 July 2007	(1,248)	-	(1,248)	-	-	-
Amortisation for the year	(534)	-	(534)	-	-	-
Impairment loss	-	(9,419)	(9,419)	-	-	-
Transfer to assets held for sale	-	9,419	9,419	-	-	-
Balance at 30 June 2008	(1,782)	-	(1,782)	-	-	-
Carrying amounts						
At 1 July 2006	1,940	341,846	343,786	-	-	-
At 30 June 2007	4,118	340,345	344,463	-	-	-
At 1 July 2007	4,118	340,345	344,463	-	-	-
At 30 June 2008	7,514	321,122	328,636	-	-	-

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18. INTANGIBLE ASSETS (continued)

Impairment testing for brand names

The recoverable amounts of all brand names were assessed at 30 June 2008 based on internal value in use calculations, (with exception of the Wisa brand name below) and no impairment was identified. Value in use was determined by discounting the future cash flows generated from the continuing use of the business unit and to which the brand is attached was based on the following assumptions:

- Cash flows were projected based on actual operating results and business plans of the units, with projected cash flows ranging from two to five years, before a terminal value was calculated. Maintainable earnings were adjusted for an allocation of corporate overheads.
- Management used a constant growth rate of 2.5% in calculating terminal values of the units, which does not exceed the long-term average growth rate for the industry.
- A pre-tax discount rate of 13.9% was used in discounting the projected future cash flows.

Wisa Beheer brand name impairment

The Wisa Beheer brand name impairment test was based on fair value less costs to sell. As discussed in note 14 to the financial statements, a Memorandum of Understanding has been signed granting the management of Wisa Beheer an exclusive dealing period to purchase the Wisa Beheer business for Euro 14 million. Based on a selling price of Euro 14 million less costs to sell, an impairment loss of $9,419,000 has been recognised during the year.

19. TRADE AND OTHER PAYABLES

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Current				
Trade payables and accrued expenses	47,464	47,372	54	-
Fair value derivatives	27,592	14,625	-	-
Non-trade payables and accrued expenses	3,413	3,070	-	-
	78,469	65,067	54	-
Non-current				
Payables to controlled entities	-	-	583,653	527,430

The consolidated entity's exposure to currency risk and liquidity risk related to trade and other payables are disclosed in note 24.

20. INTEREST-BEARING LOANS AND BORROWINGS

This note provides information about the contractual terms of the consolidated entity's and the Company's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the consolidated entity's exposure to interest rate and foreign currency risk, see note 24.

Non-current liabilities	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Unsecured bank loans	246,975	271,567	-	-

Terms and debt repayment schedule

In thousands of AUD	Currency	Nominal interest rate	Rate at 30 June 2008	Year of maturity	CONSOLIDATED 2008 Face value	2008 Carrying amount	2007 Face value	2007 Carrying amount
Unsecured bank loan	AUD	BBSW+0.48%	8.24%	2010	60,000	60,000	60,000	60,000
Unsecured bank loan	AUD	BBSW+0.55%	8.31%	2010	60,000	60,000	60,000	60,000
Unsecured bank loan	AUD	BBSW+0.50%	8.26%	2010	65,000	65,000	90,000	90,000
Unsecured bank loan	AUD	BBSW+0.50%	8.25%	2010	50,000	50,000	50,000	50,000
Unsecured bank loan	EUR	EURIBOR+0.65%	5.40%	2010	11,975	11,975	11,567	11,567
					246,975	246,975	271,567	271,567

Financing facilities	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Bank overdraft	6,357	6,408	-	-
Standby letters of credit	7,685	25,378	-	-
Unsecured bank facility	286,975	271,567	-	-
	301,017	303,353	-	-
Facilities utilised at reporting date				
Bank overdraft	-	-	-	-
Standby letters of credit	1,578	1,440	-	-
Unsecured bank facility	246,975	271,567	-	-
	248,553	273,007	-	-
Facilities not utilised at reporting date				
Bank overdraft	6,357	6,408	-	-
Standby letters of credit	6,107	23,938	-	-
Unsecured bank facility	40,000	-	-	-
	52,464	30,346	-	-

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20. INTEREST-BEARING LOANS AND BORROWINGS (continued)

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:

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

(ii) 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.

Bank overdraft

The bank overdraft facility available to the consolidated entity is unsecured. Interest on the bank overdraft facility is charged at prevailing market rates. No drawdowns against this facility had been made as at 30 June 2008.

Unsecured bank loans

Bank loans are provided to GWA Finance Pty Limited under the facility agreements. The bank loans are denominated in Australian dollars, except for the Euro facility which is denominated in Euros. The bank loans are unsecured and have a maximum three year rolling maturity.

The loans bear interest at market rates and interest is payable every 30 to 90 days. The consolidated entity hedges its exposure to variable interest rates through interest rate swap transactions.

Letter of credit

The letter of credit facilities are committed facilities available to be drawn down under the facility agreements. The limits are specified in the facility agreements.

21. EMPLOYEE BENEFITS

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Current				
Liability for long-service leave	1,728	1,792	-	-
Liability for annual leave	10,494	11,773	-	-
Liability for on-costs	3,514	2,491	-	-
	15,736	16,056	-	-
Non-current				
Liability for long-service leave	9,794	10,157	-	-
Liability for on-costs	730	858	-	-
	10,524	11,015	-	-

Defined contribution superannuation funds

The consolidated entity makes contributions to a defined contribution superannuation fund. Contributions are charged against income as they are made based on various percentages of each employee's gross salaries. The amount recognised as expense was $8,656,000 for the financial year ended 30 June 2008 (2007: $9,326,000).

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 at balance date.

Under the Plan, shares can either be issued to employees or purchased on market, and in both cases the employee will pay market price for the shares. During 2008, 400,000 ordinary shares were purchased on market for employees at an average share price of $3.07 and 250,000 ordinary shares were issued to employees at the market price of $3.52, being total market value of $2,108,000. In the prior year, no ordinary shares were issued to employees.

As at 30 June 2008, loans are issued for 3,846,250 (2007: 3,436,561) shares and the remaining balances of these loans is $10,442,000 (2007: $9,605,000) or $5,929,000 (2007: $5,499,000) at net present value. During 2008, dividends of $814,000 (2007: $640,000) were paid against the loans and a further $456,000 (2007: $3,747,000) was paid by employees against these loans.

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22. PROVISIONS

In thousands of AUD	Warranties	Restructuring	Site restoration	Other	Total
CONSOLIDATED					
Balance at 1 July 2007	8,332	2,598	4,646	6,712	22,288
Provisions made during the year	7,061	13,928	152	729	21,870
Provisions used during the year	(5,348)	(10,556)	-	(3,317)	(19,221)
Transfers during the year	-	(1,692)	1,692	-	-
Effect of movements in foreign exchange	(34)	-	-	-	(34)
Balance at 30 June 2008	10,011	4,278	6,490	4,124	24,903
Current	6,555	4,278	3,100	3,158	17,091
Non-current	3,456	-	3,390	966	7,812
	10,011	4,278	6,490	4,124	24,903

Warranties

The total provision for warranties at balance date of $10,011,000 relates to future warranty expense on products sold during the current and previous financial years. The major warranty expense relates to hot water systems. The provision is based on estimates made from historical warranty data associated with similar products and services. The consolidated entity expects to expend $6,555,000 of the total provision in the financial year ending 30 June 2009, and the majority of the balance of the liability over the following four years.

Restructuring

During the financial year ended 30 June 2008, provisions of $13,928,000 were made to cover the estimated costs of redundancies and related costs with respect to the closure of manufacturing operations and other business restructuring. Of this amount, $4,278,000 remains provided for at balance date and this amount represents the estimate of costs to be expended in the financial year ending 30 June 2009.

Site restoration

At balance date the balance of the site restoration provision was $6,490,000. No expenditures were made in the current financial year, the only movements being an adjustment to reflect the net present value of this provision and a transfer from restructuring. This provision relates to the removal of plant installed in leased premises where there is a liability under the lease for the plant to be removed on expiry and the leased premises made good, and for site remediation required. The site restoration is expected to be completed by December 2009. The net present value of the provision has been calculated using a discount rate of 6.5 per cent.

23. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

CONSOLIDATED In thousands of AUD	**Share capital**	**Translation reserve**	**Hedging reserve**	**Retained earnings**	**Total**
Balance at 1 July 2006	346,853	(1,395)	542	65,968	411,968
Total recognised income and expense	-	(1,158)	(525)	56,318	54,635
Issue of ordinary shares	6,209	-	-	-	6,209
Dividends to shareholders	-	-	-	(64,010)	(64,010)
Balance at 30 June 2007	353,062	(2,553)	17	58,276	408,802
Balance at 1 July 2007	353,062	(2,553)	17	58,276	408,802
Total recognised income and expense	-	(5,012)	176	45,890	41,054
Issue of ordinary shares	876	-	-	-	876
Dividends to shareholders	-	-	-	(61,612)	(61,612)
Balance at 30 June 2008	353,938	(7,565)	193	42,554	389,120

THE COMPANY In thousands of AUD	**Share capital**	**Retained earnings**	**Total**
Balance at 1 July 2006	346,853	38,417	385,270
Total recognised income and expense	-	75,000	75,000
Issue of ordinary shares	6,209	-	6,209
Dividends to shareholders	-	(64,010)	(64,010)
Balance at 30 June 2007	353,062	49,407	402,469
Balance at 1 July 2007	353,062	49,407	402,469
Total recognised income and expense	-	62,641	62,641
Issue of ordinary shares	876	-	876
Dividends to shareholders	-	(61,612)	(61,612)
Balance at 30 June 2008	353,938	50,436	404,374

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23. CAPITAL AND RESERVES (continued)

Share capital

	THE COMPANY	
	Ordinary shares	
In thousands of shares	**2008**	**2007**
On issue at 1 July - fully paid	279,923	278,303
Issue of shares under the employee share plan	250	1,620
On issue at 30 June - fully paid	280,173	279,923

The Company does not have authorised capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the retranslation of the financial statements of foreign operations where their functional currency is different from the presentation currency of the reporting entity, as well as from the retranslation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Dividends

Dividends recognised in the current year by the consolidated entity and the Company are:

In thousands of AUD	Cents per share	Total amount	Franked	Date of payment
2008				
Interim 2008 ordinary	10.0	28,017	100%	2nd April 2008
Interim 2008 special	1.5	4,203	100%	2nd April 2008
Final 2007 ordinary	8.0	22,394	100%	2nd Oct 2007
Final 2007 special	2.5	6,998	100%	2nd Oct 2007
Total amount	22.0	61,612		

23. CAPITAL AND RESERVES (continued)

Dividends (continued)

In thousands of AUD	Cents per share	Total amount	Franked	Date of payment
2007				
Interim 2007 ordinary	10.0	27,830	100%	2nd April 2007
Interim 2007 special	1.5	4,175	100%	2nd April 2007
Final 2006 ordinary	8.0	22,264	100%	3rd Oct 2006
Final 2006 special	3.5	9,741	100%	3rd Oct 2006
Total amount	23.0	64,010		

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

After the balance sheet date the following dividends were approved by the directors. The dividends have not been provided for. The declaration and subsequent payment of dividends has no income tax consequences.

In thousands of AUD	Cents per share	Total amount	Franked	Date of payment
Final ordinary	8.0	22,414	100%	7th Oct 2008

The financial effect of these dividends has not been brought to account in the financial statements for the financial year ended 30 June 2008 and will be recognised in subsequent financial reports.

Dividend franking account	**THE COMPANY**	
In thousands of AUD	**2008**	**2007**
30 per cent franking credits available to shareholders of GWA International Limited for subsequent financial years	22,528	30,225

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:
(a) franking credits/debits that will arise from the payment/settlement of the current tax liabilities/assets; and
(b) franking debits that will arise from the payment of dividends recognised as a liability at year-end.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date, but not recognised as a liability, is to reduce it by $9,606,000 (2007: $12,597,000). In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has also assumed the benefit of $22,528,000 (2007: $30,225,000) franking credits.

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24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Exposure to credit, interest rate and currency risks arises in the normal course of the consolidated entity's business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

Risk management policy

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Executive Risk Committee, which is responsible for developing and monitoring risk management policies. The Committee is required to report regularly to the Board on its activities.

Risk management policies are established to identify and analyse the risks faced by the consolidated entity and the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's and the Company's activities.

The Board Audit Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the consolidated entity and the Company. The Board Audit Committee is assisted in its oversight role by the Internal Audit team. The Internal Audit team conducts both regular and ad hoc reviews of risk management controls and procedures. The results of the reviews are reported to the Board Audit Committee.

Capital management policy

The Board's policy is to maintain a strong capital base and grow shareholder wealth. The Board monitors debt levels, cash flows and financial forecasts to establish appropriate levels of dividends and funds available to reinvest in the businesses or invest in growth opportunities.

The Board focuses on growing shareholder wealth by monitoring the performance of the consolidated entity by reference to the return on funds employed. The Board defines return on funds employed as trading earnings before interest and tax divided by net assets after adding back net debt.

There were no changes to the Boards approach to capital management during the year.

Credit risk

Credit risk is the risk of financial loss to the consolidated entity and the Company if a customer or other counterparty to a financial instrument fails to discharge their obligations.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. A risk assessment process is used for customers requiring credit over $50,000 and credit insurance is utilised for major concentrations of trade debts. Goods are sold subject to retention of title clauses in most circumstances. The consolidated entity does not require collateral in respect of financial assets.

The consolidated entity maintains an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables.

Transactions involving derivative financial instruments are with counterparties with sound credit ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The consolidated entity has two major customers which comprise 46% of the trade receivables carrying amount at 30 June 2008 (2007: 36%). At the balance sheet date there were no uninsured concentrations of credit risk.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The carrying amount of financial assets represents the maximum credit exposure of the consolidated entity and the Company. The maximum exposure to credit risk at balance date was:

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	**2008**	**2007**	**2008**	**2007**
Cash and cash equivalents	53,418	49,953	-	232
Gross trade receivables	118,683	125,253	-	-
Employee share loans	5,929	5,499	5,929	5,499
Receivables due from controlled entities	-	-	657,847	594,069
Assets classified as held for sale	26,018	-	-	-
Forward exchange contracts used for hedging	26,285	13,627	-	-
Interest rate swaps used for hedging	1,587	637	-	-
	231,920	194,969	663,776	599,800

The ageing of gross trade receivables for the consolidated entity at balance date is as follows:

	CONSOLIDATED			
	2008	**2008**	**2007**	**2007**
In thousands of AUD	**Gross**	**Impairment**	**Gross**	**Impairment**
Not yet due	66,844	(170)	72,200	(95)
Past due 0-30 days	41,517	(7)	45,872	(24)
Past due 31-60 days	4,778	(116)	2,672	(190)
Past due 61-90 days	3,092	(140)	3,676	(168)
Past due 91-120 days	1,482	(216)	580	(245)
Past due 120+ days	970	(403)	253	(82)
	118,683	(1,052)	125,253	(804)

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24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The carrying amount of gross trade receivables classified as not yet due at balance date for the consolidated entity that would be past due if terms had not been re-negotiated is as follows:

	CONSOLIDATED			
	2008	2008	2007	2007
In thousands of AUD	Gross	Impairment	Gross	Impairment
Gross trade receivables with terms re-negotiated	265	(120)	23	(7)

The movement in the allowance for impairment in respect of trade receivables during the year for the consolidated entity was as follows:

	CONSOLIDATED	
In thousands of AUD	2008	2007
Balance at 1 July	(804)	(1,117)
Impairment loss recognised	(527)	-
Impairment losses applied	279	313
Balance at 30 June	(1,052)	(804)

Liquidity risk

Liquidity risk is the risk that the consolidated entity and the Company will not be able to meet its financial obligations as they fall due. The consolidated entity and the Company prepares cash flow forecasts and maintains financing and overdraft facilities with a number of institutions to ensure sufficient funds will be available to meet obligations without incurring excessive costs. The cash flows of the consolidated entity and the Company are controlled by management and reported monthly to the Board who is ultimately responsible for maintaining liquidity.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

The contractual maturities of financial liabilities and derivatives that are cash flow hedges of the consolidated entity and the Company, including estimated interest payments are as follows:

Maturity analysis	**CONSOLIDATED**					**THE COMPANY**				
In thousands of AUD	**Carrying amount**	**Contractual cash flows**	**Less than 6 months**	**6-12 months**	**1-2 years**	**Carrying amount**	**Contractual cash flows**	**Less than 6 months**	**6-12 months**	**1-2 years**
Non-derivative financial liabilities - 2007										
Unsecured bank loans	(271,567)	(309,088)	(9,380)	(9,380)	(290,328)	-	-	-	-	-
Trade and other payables	(47,372)	(47,372)	(47,272)	(100)	-	-	-	-	-	-
Derivative financial liabilities - 2007										
Interest rate swaps designated as hedges	637	1,691	439	408	844	-	-	-	-	-
Forward exchange contracts designated as hedges - outflow	(14,625)	(14,625)	(14,625)	-	-	-	-	-	-	-
Forward exchange contracts designated as hedges - inflow	13,627	13,627	13,627	-	-	-	-	-	-	-
Total at 30 June 2007	(319,300)	(355,767)	(57,211)	(9,072)	(289,484)	-	-	-	-	-
Non-derivative financial liabilities - 2008										
Unsecured bank loans	(246,975)	(287,830)	(10,214)	(10,214)	(267,402)	-	-	-	-	-
Trade and other payables	(50,287)	(50,287)	(50,262)	(25)	-	(54)	(54)	(54)	-	-
Derivative financial liabilities - 2008										
Interest rate swaps designated as hedges	1,587	1,373	569	431	373	-	-	-	-	-
Forward exchange contracts designated as hedges - outflow	(27,592)	(27,592)	(27,592)	-	-	-	-	-	-	-
Forward exchange contracts designated as hedges - inflow	26,285	26,285	26,285	-	-	-	-	-	-	-
Total at 30 June 2008	(296,982)	(338,051)	(61,214)	(9,808)	(267,029)	(54)	(54)	(54)	-	-

The unsecured bank loans have a maximum three year rolling maturity, subject to annual review. The periods in which the cash flows associated with derivatives arise match the periods of profit and loss impact.

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24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign exchange rates will affect the consolidated entity's and the Company's income or value of holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The consolidated entity enters into derivatives and also incurs financial liabilities in order to manage market risks. All transactions are carried out within the guidelines set by the Executive Risk Committee.

a) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the consolidated entity's and the Company's income. The consolidated entity's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The consolidated entity adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is reduced. Interest rate swaps, denominated in Australian dollars, have been entered into to achieve an appropriate mix of fixed and floating rate exposure. The swaps mature over the next 2 years and have fixed swap rates ranging from 5.63 per cent to 7.36 per cent. At 30 June 2008, the consolidated entity had interest rate swaps with a notional contract amount of $125,000,000 (2007: $125,000,000).

The consolidated entity classifies interest rate swaps as cash flow hedges and states them at fair value.

The net fair value of swaps at 30 June 2008 was $1,587,000 (2007: $637,000). These amounts were recognised as fair value derivative assets.

(i) Profile

At balance date the consolidated entity's and the Company's interest bearing financial instruments were:

	CONSOLIDATED				THE COMPANY			
In thousands of AUD	2008 Notional value	2008 Carrying amount	2007 Notional value	2007 Carrying amount	2008 Notional value	2008 Carrying amount	2007 Notional value	2007 Carrying amount
Variable rate financial instruments								
Unsecured bank loans	(246,975)	(246,975)	(271,567)	(271,567)	-	-	-	-
Bank balances	18,323	18,323	13,029	13,029	-	-	232	232
Call deposits	35,095	35,095	20,924	20,924	-	-	-	-
	(193,557)	(193,557)	(237,614)	(237,614)	-	-	232	232
Fixed rate financial instruments								
Interest rate swap derivatives	125,000	1,587	125,000	637	-	-	-	-
Call deposits	-	-	12,000	12,000	-	-	-	-
	125,000	1,587	137,000	12,637	-	-	-	-
Total	(68,557)	(191,970)	(100,614)	(224,977)	-	-	232	232

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

a) Interest rate risk (continued)

(ii) Fair value sensitivity analysis for fixed rate instruments

The consolidated entity does not account for fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates at balance date would have affected the consolidated entity's and the Company's equity and financial assets and liabilities as follows:

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Increase of 100 basis points				
Hedging reserve (increase)/decrease	(1,311)	(459)	-	-
Financial assets increase/(decrease)	1,311	459	-	-
	-	-	-	-
Decrease of 100 basis points				
Hedging reserve (increase)/decrease	1,608	619	-	-
Financial assets increase/(decrease)	(1,587)	(619)	-	-
Financial liabilities (increase)/decrease	(21)	-	-	-
	-	-	-	-

(iii) Cash flow sensitivity analysis for fixed and variable rate instruments

A change of 100 basis points in interest rates during the period would have affected the consolidated entity's and the Company's profit as follows:

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Increase of 100 basis points				
Unsecured bank loans (AUD)	(2,560)	(2,650)	-	-
Unsecured bank loans (EUR)	(122)	(125)	-	-
Bank balances	183	130	-	2
Interest rate swap derivatives	1,049	1,294	-	-
Call deposits variable rate	351	209	-	-
Call deposits fixed rate	166	408	-	-
	(933)	(734)	-	2

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24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

a) Interest rate risk (continued)

(iii) Cash flow sensitivity analysis for fixed and variable rate instruments (continued)

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Decrease of 100 basis points				
Unsecured bank loans (AUD)	2,565	2,658	-	-
Unsecured bank loans (EUR)	122	125	-	-
Bank balances	(183)	(130)	-	(2)
Interest rate swap derivatives	(1,049)	(1,294)	-	-
Call deposits variable rate	(351)	(209)	-	-
Call deposits fixed rate	(166)	(408)	-	-
	938	742	-	(2)

b) Foreign currency risk

The consolidated entity is exposed to foreign currency risk on sales, purchases and asset and liability holdings that are denominated in a currency other than the respective functional currencies of its subsidiaries and retranslation of the financial statements of foreign subsidiaries. The currencies giving rise to this risk are primarily NZD, USD and EUR.

The consolidated entity hedges its foreign currency exposure in respect of forecasted sales and purchases by entering into forward exchange contracts. The forward exchange contracts have maturities of less than six months after the balance sheet date. The consolidated entity classifies its forward exchange contracts hedging forecasted transactions as cash flow hedges and states them at fair value.

The consolidated entity's Euro denominated bank loan is designated as a hedge of the consolidated entity's investment in its subsidiary in the Netherlands.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Market risk (continued)

b) Foreign currency risk (continued)

(i) Exposure to currency risk

In thousands of AUD equivalent	AUD	USD	NZD	EUR	HKD	UKP	YEN
2007							
Trade receivables	-	453	-	364	-	-	-
Trade payables	-	(1,131)	-	(19)	(50)	(1)	(15)
Cash	4,166	372	-	411	-	-	-
Gross balance sheet exposure	4,166	(306)	-	756	(50)	(1)	(15)
Estimated forecast sales	-	-	13,092	-	-	-	-
Estimated forecast purchases	-	(34,364)	-	(4,187)	-	-	(1,041)
Gross exposure	-	(34,364)	13,092	(4,187)	-	-	(1,041)
Forward exchange contracts	-	12,229	(173)	-	-	-	367
Net exposure 30 June 2007	4,166	(22,441)	12,919	(3,431)	(50)	(1)	(689)
Foreign exchange rates at balance date	1.0000	0.8487	1.1025	0.6311	6.6337	0.4236	104.70
2008							
Trade receivables	-	3,246	-	196	300	2	-
Trade payables	-	(2,301)	-	(162)	(12)	(21)	-
Cash	6,658	334	-	61	1	-	-
Gross balance sheet exposure	6,658	1,279	-	95	289	(19)	-
Estimated forecast sales	-	-	13,747	-	-	-	-
Estimated forecast purchases	-	(45,808)	-	(5,092)	-	-	(842)
Gross exposure	-	(45,808)	13,747	(5,092)	-	-	(842)
Forward exchange contracts	-	22,092	(2,195)	2,442	-	-	883
Net exposure 30 June 2008	6,658	(22,437)	11,552	(2,555)	289	(19)	41
Foreign exchange rates at balance date	1.0000	0.9626	1.2609	0.6096	7.5091	0.4829	101.93

(ii) Sensitivity analysis

The impact of exchange rate movements on profit is subject to other variables including competitor exchange rate positions and movement in market prices. The impact of exchange rate movements on equity is not material.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

In thousands of AUD	Carrying amount 2008	Fair value 2008	Carrying amount 2007	Fair value 2007
CONSOLIDATED				
Trade and other receivables	109,006	109,006	114,322	114,322
Cash and cash equivalents	53,418	53,418	45,953	45,953
Interest rate swaps:				
Assets	1,587	1,587	637	637
Forward exchange contracts:				
Assets	26,285	26,285	13,627	13,627
Liabilities	(27,592)	(27,592)	(14,625)	(14,625)
Unsecured bank loans	(246,975)	(246,975)	(271,567)	(271,567)
Trade payables and accrued expenses	(53,700)	(53,700)	(50,442)	(50,442)
	(137,971)	(137,971)	(162,095)	(162,095)
THE COMPANY				
Cash and cash equivalents	-	-	232	232
Trade and other receivables	663,776	663,776	599,568	599,568
Payables to controlled entities	(583,654)	(583,654)	(527,430)	(527,430)
Trade payables and accrued expenses	(54)	(54)	-	-
	80,068	80,068	72,370	72,370

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

(i) Derivatives

Forward exchange contracts are marked to market by discounting the contractual forward price and deducting the current spot rate. For interest rate swaps broker quotes are obtained. These quotes are back tested using discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Estimation of fair values (continued)

(ii) Interest-bearing loans and borrowings

The notional amount of the interest-bearing loans is deemed to reflect the fair value. The interest-bearing loans have a maximum three-year rolling maturity.

(iii) Trade and other receivables / payables

All receivables / payables are either repayable within twelve months or repayable on demand. Accordingly, the notional amount is deemed to reflect the fair value.

(iv) Employee share loans and other employee loans

Employee share loans and other employee loans are carried at fair value using discounted cash flow techniques.

(v) Interest rates used for determining fair value

The entity uses the government yield curve as of 30 June 2008 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2008	2007
Derivatives	7.77% - 7.82%	6.49% - 6.96%
Employee share loans and other loans	7.30% - 7.55%	7.05% - 7.30%
Interest bearing loans and borrowings	5.40% - 8.31%	5.80% - 6.35%

25. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Less than one year	10,127	8,838	-	-
Between one and five years	28,014	19,116	-	-
More than five years	4,317	-	-	-
	42,458	27,954	-	-

The consolidated entity leases a number of warehouse and factory facilities under operating leases. The leases typically run for a period of 5 years, with an option to renew the lease after that date. None of the leases include contingent rentals.

One of the leased properties has been sublet by the consolidated entity. The lease and sublease expire in November 2009. Sublease payments of $282,000 will be received during the following financial year.

During the financial year ended 30 June 2008, $10,473,000 (2007: $9,770,000) was recognised as an expense in the income statement in respect of operating leases, which was net of sub-lease income.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. CAPITAL AND OTHER COMMITMENTS

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Capital expenditure commitments				
Plant and equipment				
Contracted but not provided for and payable:				
Within one year	3,152	2,274	-	-

27. CONTINGENCIES

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Contingent liabilities not considered remote				
In the previous financial year, the consolidated entity investigated and identified levels of contamination at the Eagle Farm site. The site was sold during the year and is currently leased and occupied by Rover Mowers Limited. There is currently no obligation to remediate the site, and testing is on-going to verify that there is no risk to employee health and safety. All costs incurred to date have been expensed.	-	-	-	-
Contingent liabilities considered remote				
Guarantees				
(i) Under the terms of a Deed of Cross Guarantee, described in note 28, the Company has guaranteed the repayment of all current and future creditors in the event any of the entities party to the Deed is wound up. No deficiency in net assets exists in these companies at reporting date.	-	-	-	-
(ii) Bank guarantees	3,865	4,387	-	-

28. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries as listed in Note 29 are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' report.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

28. DEED OF CROSS GUARANTEE (continued)

A consolidated income statement and consolidated balance sheet, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2008, is set out below.

Summarised income statement and retained profits	**CONSOLIDATED**	
In thousands of AUD	**2008**	**2007**
Profit before tax	69,138	80,072
Income tax expense	(20,337)	(21,751)
Profit after tax	48,801	58,321
Retained profits at beginning of year	27,563	33,252
Dividends recognised during the year	(61,612)	(64,010)
Retained profits at end of year	14,752	27,563

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. DEED OF CROSS GUARANTEE (continued)

Balance sheet	**CONSOLIDATED**	
In thousands of AUD	**2008**	**2007**
Assets		
Cash and cash equivalents	33,700	32,837
Trade and other receivables	121,355	112,749
Inventories	92,807	116,511
Income tax receivable	-	320
Other	4,358	4,636
Total current assets	252,220	267,053
Receivables	5,298	4,982
Intercompany receivables	55,493	44,179
Investments	12,212	15,600
Deferred tax assets	22,553	24,161
Property, plant and equipment	70,101	77,287
Intangible assets	324,640	321,244
Other	3,770	3,542
Total non-current assets	494,067	490,995
Total assets	746,287	758,048
Liabilities		
Trade and other payables	77,336	59,759
Income tax payable	5,948	-
Employee benefits	15,537	14,618
Provisions	16,982	13,329
Total current liabilities	115,803	87,706
Interest-bearing loans and borrowings	246,975	271,567
Employee benefits	10,514	10,871
Provisions	7,812	8,720
Total non-current liabilities	265,301	291,158
Total liabilities	381,104	378,864
Net assets	365,183	379,184
Equity		
Issued capital	353,938	353,062
Reserves	(3,507)	(1,441)
Retained earnings	14,752	27,563
Total equity	365,183	379,184

29. CONSOLIDATED ENTITIES

	Parties to coss guarantee	Country of incorporation	Ownership interest 2008	Ownership interest 2007
Parent entity				
GWA International Limited	Y	Australia		
Subsidiaries				
GWA Group Limited	Y	Australia	100%	100%
Gainsborough Hardware Industries Limited	Y	Australia	100%	100%
Caroma Holdings Limited	Y	Australia	100%	100%
GWA (North America) Pty Ltd	Y	Australia	100%	100%
Sebel Furniture Inc (liquidated)	N	USA	-	100%
Caroma Industries Limited	Y	Australia	100%	100%
G Subs Pty Ltd	Y	Australia	100%	100%
Sebel Furniture (Hong Kong) Ltd	N	Hong Kong	100%	100%
GWA Trading (Shanghai) Co Ltd	N	China	100%	100%
GWA International (Hong Kong) Limited (in liquidation)	N	Hong Kong	100%	100%
Stylus Pty Ltd	Y	Australia	100%	100%
Ecohome Pty Ltd	Y	Australia	100%	100%
Fowler Manufacturing Pty Ltd	Y	Australia	100%	100%
Starion Tapware Pty Ltd	Y	Australia	100%	100%
Dorf Clark Industries Ltd	Y	Australia	100%	100%
Dorf Industries (NZ) Ltd	N	New Zealand	100%	100%
McIlwraith Davey Pty Ltd	Y	Australia	100%	100%
Stylus Sales Limited (liquidated)	N	New Zealand	-	100%
Caroma Industries Europe BV	N	Netherlands	100%	100%
Wisa Beheer BV	N	Netherlands	100%	100%
Wisa BV	N	Netherlands	100%	100%
Wisa Systems BV	N	Netherlands	100%	100%
Wisa GmbH	N	Germany	100%	100%
Stokis Kon Fav. Van Metaalwerken NV	N	Netherlands	100%	100%

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. CONSOLIDATED ENTITIES (continued)

	Parties to cross guarantee	Country of incorporation	Ownership interest 2008	Ownership interest 2007
Subsidiaries (continued)				
Caroma International Pty Ltd	Y	Australia	100%	100%
Caroma USA Inc	N	USA	100%	100%
Caroma Canada Industries Ltd (liquidated)	N	Canada	-	100%
Caroma Industries (UK) Ltd (liquidated)	N	UK	-	100%
Canereb Pty Ltd	N	Australia	100%	100%
Dux Manufacturing Limited	Y	Australia	100%	100%
GWA Taps Manufacturing Limited	Y	Australia	100%	100%
Lake Nakara Pty Ltd	N	Australia	100%	100%
Mainrule Pty Ltd (deregistered)	N	Australia	-	100%
Warapave Pty Ltd	N	Australia	100%	100%
Rover Mowers (NZ) Limited	N	New Zealand	100%	100%
Caroma Industries (NZ) Limited	N	New Zealand	100%	100%
GWAIL (NZ) Ltd	N	New Zealand	100%	100%
Rover Mowers Limited	Y	Australia	100%	100%
Industrial Mowers (Australia) Limited	Y	Australia	100%	100%
Olliveri Pty Ltd	Y	Australia	100%	100%
Sebel Service & Installations Pty Ltd	Y	Australia	100%	100%
Sebel Properties Pty Ltd	Y	Australia	100%	100%
Sebel Furniture Limited (NZ)	N	New Zealand	100%	100%
Sebel Furniture Limited	Y	Australia	100%	100%
Sebel Furniture (SEA) Pte Ltd (in liquidation)	N	Singapore	100%	100%
Sebel Sales Pty Limited	Y	Australia	100%	100%
Caroma Singapore Pte Limited (in liquidation)	N	Singapore	100%	100%
GWA Finance Pty Limited	Y	Australia	100%	100%
Hetset (No. 5) Pty Ltd	Y	Australia	100%	100%
Gainsborough Hardware Limited (liquidated)	N	UK	-	100%
Bankstown Unit Trust	Y	Australia	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2008	2007	2008	2007
Cash flows from operating activities				
Profit for the period	45,890	56,318	62,641	75,000
Adjustments for:				
Depreciation	17,386	19,240	-	-
Amortisation	534	539	-	-
Impairment losses	9,419	1,227	-	-
Foreign exchange (gains)/losses	(1,971)	755	-	-
Interest expense/(income)	14,623	12,366	-	-
Dividends from controlled entities	-	-	(65,000)	(75,000)
Distributions from controlled trusts	-	-	2,359	-
(Gain)/loss on sale of property, plant and equipment	(6,879)	1,295	-	-
Income tax expense	22,065	22,791	-	-
Operating profit before changes in working capital and provisions	101,067	114,531	-	-
(Increase)/decrease in trade and other receivables	(8,095)	(11,837)	(64,208)	12,806
(Increase)/decrease in inventories	20,703	(32,869)	-	-
Increase/(decrease) in trade and other payables	12,378	1,986	126,849	62,193
Increase/(decrease) in provisions and employee benefits	5,422	(11,684)	-	-
	131,475	60,127	62,641	74,999
Interest received/(paid)	(14,204)	(14,186)	-	-
Income taxes paid	(14,279)	(21,100)	(12,505)	(18,220)
Net cash from operating activities	102,992	24,841	50,136	56,779

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31. RELATED PARTIES

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 5) are as follows:

	CONSOLIDATED		THE COMPANY	
In AUD	2008	2007	2008	2007
Short-term employee benefits	5,583,364	4,318,898	-	-
Post-employment benefits	910,634	804,337	-	-
Termination benefits	500,000	250,000	-	-
Other benefits	39,564	39,076	-	-
	7,033,562	5,412,311	-	-

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation is provided in the remuneration report section of the director's report.

Apart from the details disclosed in this note, no director has entered into a material contract with the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Loans to key management personnel and their related parties (consolidated)

Details regarding loans outstanding at the reporting date to key management personnel and their related parties, where the individual's aggregate loan balance exceeded $100,000 at any time in the reporting period, are as follows:

In AUD	Balance 1 July 2007	Balance 30 June 2008	Interest paid and payable in the reporting period	Highest balance in period
Directors				
P Crowley	980,000	1,721,250	-	1,778,750
Executives				
S Wright	486,457	427,332	-	486,457
A Rusten	858,540	792,540	-	858,540
W Saxelby	-	886,100	-	920,600
L Patterson	1,025,991	959,991	-	1,025,991

31. RELATED PARTIES (continued)

Loans to key management personnel and their related parties (consolidated) (continued)

Loans totalling $1,227,467 (2007: $2,525,040) were made to key management personnel or their related parties during the year. The loans made in the current financial year related to the Employee Share Plan.

Details regarding the aggregate of loans made, guaranteed or secured by any entity in the consolidated entity to key management personnel and their related parties, and the number of individuals in each group, are as follows:

In AUD	Opening balance	Closing balance	Interest paid and payable in the reporting period	Number in group at 30 June
Total for key management personnel 2008	5,830,110	4,787,213	-	5
Total for key management personnel 2007	3,706,901	5,830,110	-	5

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.

Other key management personnel transactions with the Company or its controlled entities

The consolidated entity purchased components and tooling of $282,731 (2007: $355,128) from Great Western Corporation Pty Ltd, a company of which Mr B Thornton is a director. Amounts were billed based on normal market rates for such supplies and were due and payable under normal payment terms. Amounts receivable from and payable to key management personnel at reporting date arising from these transactions were as follows:

	CONSOLIDATED		THE COMPANY	
In AUD	2008	2007	2008	2007
Trade creditors	-	41,679	-	-

From time to time, key management personnel of the Company or its controlled entities, or their related entities, may purchase goods from the consolidated entity. These purchases are on the same terms and conditions as those entered into by other consolidated entity employees or customers and are trivial or domestic in nature.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. RELATED PARTIES (continued)

Movements in shares

The movement during the reporting period in the number of ordinary shares in GWA International Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2007	Purchases	Sales	Held at 30 June 2008
Directors: non-executive				
B Thornton	15,073,902	1,112,820	-	16,186,722
J Kennedy	1,000	100,000	-	101,000
M Kriewaldt	100,000	-	-	100,000
D Barry	12,355,889	30,230	-	12,386,119
R Anderson	28,890,832	-	-	28,890,832
G McGrath	300,000	-	-	300,000
W Bartlett	-	5,000	-	5,000
Executive directors				
P Crowley	500,000	250,000	-	750,000
Executives				
E Harrison	113,911	-	(113,911)	-
S Wright	268,750	-	-	268,750
A Rusten	300,000	-	-	300,000
G Oliver	156,250	-	-	156,250
W Saxelby	-	300,000	-	300,000
L Patterson	300,000	-	-	300,000

31. RELATED PARTIES (continued)

Movements in shares (continued)

	Held at 1 July 2006	Purchases	Sales	Held at 30 June 2007
Directors: non-executive				
B Thornton	15,023,402	52,000	(1,500)	15,073,902
J Kennedy	10,000	-	(9,000)	1,000
M Kriewaldt	100,000	-	-	100,000
D Barry	12,372,389	-	(16,500)	12,355,889
R Anderson	28,890,832	-	-	28,890,832
G McGrath	420,458	-	(120,458)	300,000
Executive directors				
P Crowley	500,000	-	-	500,000
Executives				
E Harrison	620,975	100,000	(607,064)	113,911
S Wright	168,750	100,000	-	268,750
A Rusten	-	300,000	-	300,000
R Watkins	100,000	-	(100,000)	-
J Measroch	200,000	-	(200,000)	-
G Oliver	231,250	25,000	(100,000)	156,250
L Patterson	100,000	200,000	-	300,000

No shares were granted to key management personnel during the reporting period as compensation. The aggregate number of shares held by key management personnel or their related parties at 30 June 2008 was 60,044,673 (2007: 58,360,534).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. RELATED PARTIES (continued)

Subsidiaries

Loans are made by the Company to its wholly owned subsidiaries. The loans have no fixed date of repayment and are non-interest bearing.

Loans are made by wholly owned subsidiaries to other wholly owned subsidiaries. These loans are categorised as funding or trading depending on the nature of transactions.

The funding loans represent funding for tax, capital expenditure and initial investment transactions. Where the funding loans are for tax or capital expenditure and are also between different countries, interest is charged on these loans at market rates. Where the funding loans are in relation to initial investment transactions, these loans are considered part of the net investment in the wholly owned foreign subsidiary and accordingly these loans have no fixed date of repayment and are non-interest bearing. All other funding loans have no fixed date of repayment and are non-interest bearing.

Trading transactions between wholly owned subsidiaries are generally transacted on 30 day credit terms.

32. SUBSEQUENT EVENTS

Subsequent to 30 June 2008, a Memorandum of Understanding has been signed granting Wisa Beheer management an exclusive dealing period to purchase the Wisa Beheer business for Euro 14 million. The sale price of Euro 14 million is below the carrying value of the Wisa Beheer business, and accordingly an impairment loss of $9,419,000 has been incurred in the year ended 30 June 2008. Further details are outlined in note 14 to the financial statements.

DIRECTORS' DECLARATION

1. In the opinion of the directors of GWA International Limited ('the Company'):

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

      (i) giving a true and fair view of the financial position of the Company and the consolidated entity as at 30 June 2008 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and

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

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

2. There are reasonable grounds to believe that the Company and the controlled entities 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 between the Company and those controlled entities pursuant to ASIC Class Order 98/1418.

3. The directors have been given the declarations by the Managing Director and Chief Financial Officer for the financial year ended 30 June 2008 pursuant to Section 295A of the Corporations Act 2001.

Dated at Brisbane on 19 August 2008.

Signed in accordance with a resolution of the directors:

Barry Thornton
Director

Peter Crowley
Director

GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GWA INTERNATIONAL LIMITED

REPORT ON THE FINANCIAL REPORTS

We have audited the accompanying financial report of GWA International Limited (the 'Company'), which comprises the balance sheets as at 30 June 2008, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 32 and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the consolidated entity, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the consolidated entity's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GWA INTERNATIONAL LIMITED

Auditor's opinion

In our opinion:

(a) the financial report of GWA International Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2008. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of GWA International Limited for the year ended 30 June 2008, complies with Section 300A of the Corporations Act 2001.

KPMG

Mark Epper
Partner
Sydney, 19 August 2008

GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
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OTHER STATUTORY INFORMATION as at 18 August 2008

STATEMENT OF SHAREHOLDING

In accordance with the Australian Securities Exchange Listing Rules, the directors state that, as at 18 August 2008, the share capital in the Company was held as follows:-

Range	Ordinary Shareholders	Ordinary Shares	%
1 - 1,000	1,804	1,198,264	0.43
1,001 - 5,000	6,989	21,193,072	7.56
5,001 - 10,000	3,474	26,351,321	9.41
10,001 - 100,000	2,341	50,272,389	17.94
100,001 and over	129	181,157,949	64.66
Total	14,737	280,172,995	100

The number of shareholders with less than a marketable parcel of shares is 164.

VOTING RIGHTS

The voting rights attached to shares are as set out in clause 9.20 of the Company's Constitution. Subject to that clause, at General Meetings of the Company:

1. On a show of hands, every person present as a member, proxy, attorney or representative of a member has one vote; and

2. On a poll, every person present as a member, proxy, attorney or representative of a member, has one vote for each fully paid share.

SUBSTANTIAL SHAREHOLDERS

The following information is extracted from the Company's Register of Substantial Shareholders as at 18 August 2008:-

Shareholder	Number of Shares	% of Shares on Issue
HGT Investments Pty Ltd	14,548,152	5.19

OTHER STATUTORY INFORMATION as at 18 August 2008

20 LARGEST SHAREHOLDERS AS AT 18 AUGUST 2008

Shareholder	Number of Shares	% Shares on Issue
HGT INVESTMENTS PTY LTD	14,548,152	5.19
NATIONAL NOMINEES LIMITED	13,539,041	4.83
RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	11,864,159	4.23
ERAND PTY LTD	9,898,229	3.53
KFA INVESTMENTS PTY LTD	9,863,817	3.52
CJZ INVESTMENTS PTY LTD	9,700,651	3.46
JMB INVESTMENTS PTY LTD	8,816,242	3.15
ASHBERG PTY LTD	8,198,000	2.93
J P MORGAN NOMINEES AUSTRALIA LIMITED	7,474,073	2.67
THEME (NO 3) PTY LTD	7,201,160	2.57
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	6,681,130	2.38
CITICORP NOMINEES PTY LIMITED <CFS FUTURE LEADERS FUND A/C>	5,983,741	2.14
ITA INVESTMENTS PTY LTD	5,152,338	1.84
MR BARRY THORNTON & MR CHRIS HAMLIN <THE SHARP FAMILY A/C>	4,740,033	1.69
DABARY INVESTMENTS PTY LTD	3,406,869	1.22
ANZ NOMINEES LIMITED <CASH INCOME A/C>	3,245,743	1.16
CITICORP NOMINEES PTY LIMITED <CFSIL CFS WS SMALL COMP A/C>	2,674,532	0.95
HARVEST HOME HOLDINGS PTY LTD <MARK MCFAYDEN A/C>	2,586,416	0.92
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,501,182	0.89
MR WILLIAM EDWARD DUNCAN & MR RODNEY JOHN TURNER	2,219,714	0.79
Total	140,295,222	50.07

GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
ABN 15 055 964 380

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 2008 commencing at 10:30 am. Shareholders will be mailed their Notice of Annual General Meeting and Proxy Form during September 2008.

SHAREHOLDER ENQUIRIES

Shareholders with enquiries about their shareholding or dividend payments should contact the Company's share registry, Computershare Investor Services Pty Limited, on 1300 552 270 or write to GPO Box 523 Brisbane Queensland Australia 4001.

CHANGE OF ADDRESS

Shareholders who have changed their address should immediately notify the Company's share registry in writing or online at www.computershare.com.au.

CONSOLIDATION OF SHAREHOLDINGS

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

ANNUAL REPORTS

Annual Reports are made available to shareholders on the Company's website. Shareholders wishing to be mailed a copy of the Annual Report should notify the Company's share registry in writing or online at www.computershare.com.au. Shareholders will be mailed the Notice of Annual General Meeting and Proxy Form which will include details on accessing the online Annual Report.

DIVIDENDS

Dividends are determined by the Board, having regard to the financial circumstances of the Company. Dividends are normally paid in April and October each year following the release of the Company's half year and full year results to the market. The latest dividend details can be found on the Company's website.

DIRECT CREDIT OF DIVIDENDS

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 an advice mailed to shareholders on that date, or emailed where shareholders have requested this form of communication.

To ensure the timely receipt of dividends, the Company encourages shareholders to provide direct credit instructions. Direct credit application forms can be obtained from the Company's share registry or online at www.computershare.com.au.

DIVIDEND REINVESTMENT PLAN

The Dividend Reinvestment Plan (DRP) was reintroduced by the Board on 19 August 2008. The DRP rules can be found on the Company's website. To participate in the DRP, shareholders must complete an election form which can be obtained from the Company's share registry or online at www.computershare.com.au.

STOCK EXCHANGE LISTING

The Company's shares are listed on the Australian Securities Exchange under the ASX code: GWT. Details of the trading activity of the Company's shares are published in most daily newspapers, generally under the abbreviation GWA Intl.

SHAREHOLDER TIMETABLE 2008

30 June	Financial year end
19 August	Year end result and final dividend announcement
15 September	Ex dividend date for final dividend
19 September	Record date for determining final dividend entitlement
19 September	Notice of Annual General Meeting and Proxy Form mailed to shareholders
7 October	Final ordinary dividend paid
28 October	Proxy returns close 10:30 am Brisbane
30 October	Annual General Meeting
31 December	Half year end

HEAD OFFICE LOCATIONS

GWA INTERNATIONAL LIMITED
Level 14
10 Market Street
Brisbane QLD 4000
AUSTRALIA
Telephone: 61 7 3109 6000
Facsimile: 61 7 3236 0522
Website: www.gwail.com.au

CAROMA DORF
4 Ray Road
EPPING NSW 2121
AUSTRALIA
Telephone: 61 2 9202 7000
Facsimile: 61 2 9869 0625
Websites: www.caroma.com.au
www.smartinnovation.com.au
www.fowler.com.au
www.stylus.com.au
www.starion-industries.com
www.dorf.com.au
www.clark.com.au
www.irwell.com.au
www.radiantstainless.com.au
www.ecologicalsolutions.com
www.wisa-sanitair.com

DUX MANUFACTURING LIMITED
Lackey Road
Moss Vale NSW 2577
AUSTRALIA
Telephone: 61 2 4868 0200
Facsimile: 61 2 4868 2014
Websites: www.dux.com.au
www.ecosmart.com.au

GAINSBOROUGH HARDWARE INDUSTRIES LIMITED
31-33 Alfred Street
Blackburn VIC 3130
AUSTRALIA
Telephone: 61 3 9877 1555
Facsimile: 61 3 9894 1599
Website: www.gainsboroughhardware.com.au

ROVER MOWERS LIMITED
155 Fison Avenue West
Eagle Farm QLD 4009
AUSTRALIA
Telephone: 61 7 3213 0222
Facsimile: 61 7 3868 1010
Website: www.rovermowers.com.au

SEBEL FURNITURE LIMITED
96 Canterbury Road
Bankstown NSW 2200
AUSTRALIA
Telephone: 61 2 9780 2222
Facsimile: 61 2 9793 3152
Website: www.sebel.com.au

CORPORATE DIRECTORY

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
G J McGrath, Non-Executive Director
W J Bartlett, Non-Executive Director

COMPANY SECRETARY
R J Thornton, CA B Com (Acc) LLB (Hons) LLM

REGISTERED OFFICE
Level 14, 10 Market Street
Brisbane QLD 4000
AUSTRALIA
Telephone: 61 7 3109 6000
Facsimile: 61 7 3236 0522
Website: www.gwail.com.au
ASX code: GWT

AUDITOR
KPMG
10 Shelley Street
Sydney NSW 2000
AUSTRALIA
Telephone: 61 2 9335 7000
Facsimile: 61 2 9335 7001

SHARE REGISTRY
Computershare Investor Services Pty Ltd
Level 19, 307 Queen Street
Brisbane QLD 4000
AUSTRALIA

GPO Box 523
Brisbane QLD 4001
AUSTRALIA
Telephone: 1300 552 270
Facsimile: 61 7 3237 2152
Website: www.computershare.com.au

GROUP BANKERS
Australia and New Zealand Banking Group
Commonwealth Bank of Australia
National Australia Bank
BNP Paribas

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