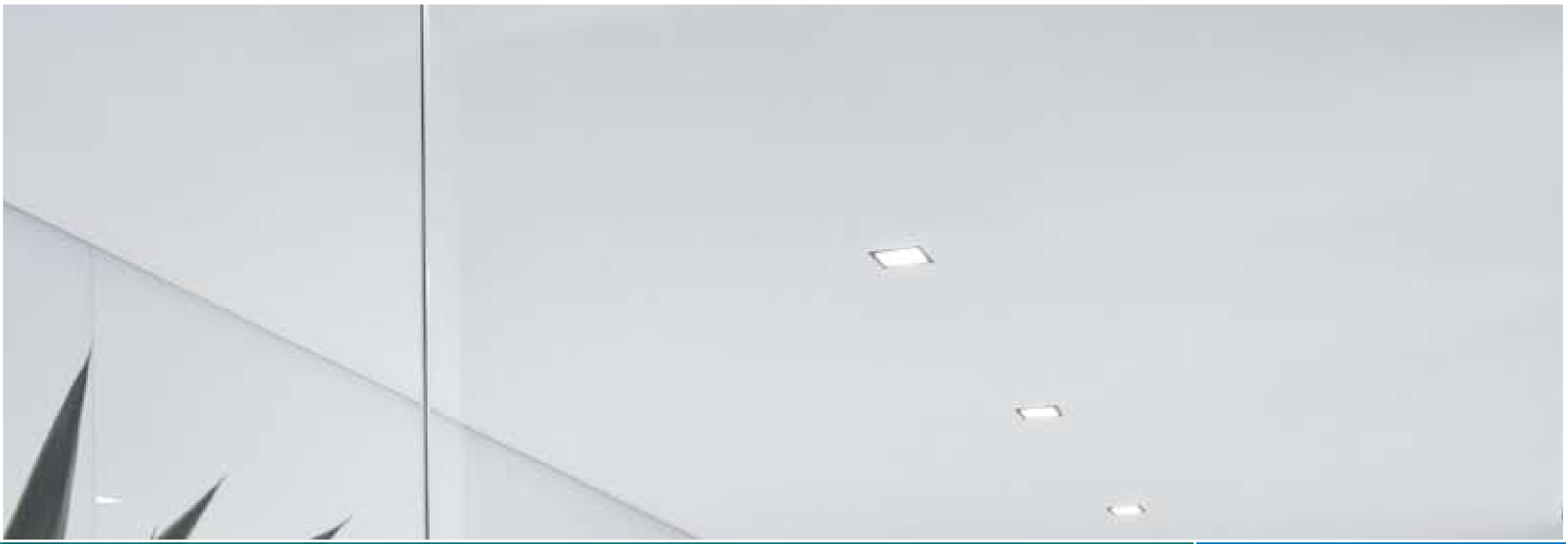


GWA INTERNATIONAL LIMITED

2009 ANNUAL REPORT

CONTENTS



2008/09 YEAR PERFORMANCE SUMMARY

- Revenue increased 4% due to new product and market development initiatives in a weak market
- Net Profit rose 5% after restructuring charges
- Trading EBIT down 12% to $87 million due to market decline impacting high margin products
- Two new banks join banking group with core facilities increased to $268 million
- Strong cash flow and capital management initiatives reduced net debt to $155 million
- Final fully franked dividend of 8.5 cents per share, maintaining full year ordinary dividend at 18 cents per share

Five Year Financial Summary	2004/05 $'000	2005/06 $'000	2006/07 $'000	2007/08 $'000	2008/09 $'000
Revenue	626,866	619,989	636,124	648,902	678,344
Earnings before interest, tax, depreciation, amortisation and restructuring costs	130,067	117,617	118,533	117,314	105,060
(%)	20.7	19.0	18.6	18.1	15.5
Depreciation and amortisation	26,714	22,420	19,779	17,920	18,105
Earnings before interest, tax and restructuring costs	103,353	95,197	98,754	99,394	86,955
(%)	16.5	15.4	15.5	15.3	12.8
Interest (net)	11,137	11,490	12,366	14,623	13,844
Trading profit before tax	92,216	83,707	86,388	84,771	73,111
(%)	14.7	13.5	13.6	13.1	10.8
Tax expense	28,328	23,628	24,975	24,612	21,919
(%)	30.7	28.2	28.9	29.0	30.0
Trading profit after tax	63,888	60,079	61,413	60,159	51,192
Restructuring costs after tax	–	3,227	5,095	14,269	2,867
Net profit after tax	63,888	56,852	56,318	45,890	48,325
Net cash from operating activities	83,767	60,038	24,841	102,992	78,628
Capital expenditure	21,331	30,966	21,516	22,235	17,348
Research and development	6,488	5,775	5,360	6,056	8,119
Net debt	161,706	141,000	225,614	193,557	154,985
Shareholders' equity	409,546	411,968	408,802	389,120	426,164

Other Ratios and Statistics		2004/05	2005/06	2006/07	2007/08	2008/09
Return on shareholders' equity	(%)	15.6	13.8	13.8	11.8	11.3
Interest cover	(times)	11.7	10.2	9.6	8.0	7.6
Net debt / (net debt + equity)	(%)	28.3	25.5	35.6	33.2	26.7
Earnings per share	(cents)	23.0	20.4	20.2	16.4	16.9
Trading earnings per share	(cents)	23.0	21.6	22.0	21.5	17.9
Ordinary dividend per share	(cents)	18.0	18.0	18.0	18.0	18.0
Special dividend per share	(cents)	4.5	3.5	4.0	1.5	–
Total dividend per share	(cents)	22.5	21.5	22.0	19.5	18.0
Franking	(%)	100	100	100	100	100
Ordinary dividend payout ratio	(%)	78.3	88.2	89.1	109.8	106.5
Share price (30 June)	($)	2.92	3.11	4.42	2.50	2.30
Dividend yield (total dividend)	(%)	7.7	6.9	5.0	7.8	7.8
Number of employees		2,474	2,226	1,957	1,786	1,891

COMPANY PROFILE

GWA International Limited (GWA) is one of Australia's leading designers, manufacturers, importers and distributors of household consumer products.

A key focus is the research and development of innovative environmental products which provide sustainable solutions for reducing domestic and commercial water consumption and greenhouse gas emissions.

We support our customers through five well-established business divisions, Caroma Dorf, Dux, Gainsborough, Rover and Sebel.

These business divisions serve as the foundation for our suite of well-known brands, including many household names such as Caroma, Dorf, Fowler, Stylus, Clark, Radiant, Irwell, Dux, Gainsborough, Sebel and Rover. In Australia, we are also the exclusive distributor for other brands including Hansa and KWC.

GWA International Limited is a large Australian employer with manufacturing operations across the country.

The Company invests significantly in research and new product development which enables GWA to take advantage of opportunities in a competitive marketplace.

GWA International Limited has achieved substantial growth since its listing on the Australian Securities Exchange in 1993 as a result of robust operating performance, successful acquisitions and strong management.

The Company remains committed to building shareholder value through continuously improving business performance and pursuing acquisitions which add value to existing operations and support our entry into new markets.

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 technology, 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.

CAROMA DORF

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

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

SEBEL

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

ROVER

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

CHAIRMAN'S REVIEW

Undoubtedly the operational highlight of the year has been the growth in revenue achieved through new product and market development activities which helped to partially offset the negative impact of the lower underlying demand.

As we entered into the 2008/09 financial year there was considerable uncertainty about the economic conditions ahead but few predicted the near collapse of the global financial system and the depth of the recession which would engulf the world in the last quarter of 2008. For the first time in living memory finance was simply not available for many organisations due to a loss of confidence and company collapses ensued. GWA was not immune to these conditions but the robustness of the business and a long history of prudent financial management meant we have been able to refinance the business, maintain dividends, and avoid large capital raisings which if not offset by strong earnings growth will destroy shareholder value.

The Group achieved a trading profit after tax of $51.2 million in the 2008/09 year on sales revenue of $678.3 million. Net profit after tax of $48.5 million was after restructuring charges of $2.9 million after tax. These charges will results in improved efficiency over the next 12 months through ongoing rationalisation of operations and by realising benefits from the recently implemented Movex ERP system into Caroma Dorf.

Trading earnings before interest and tax of $87.0 million represented a 12.5% decrease on the prior year's performance due to the fall in underlying demand. Undoubtedly the operational highlight of the year has been the growth in revenue achieved through new product and market development activities which helped to partially offset the negative impact of the lower underlying demand. The Managing Director will expand on this in his Review of Operations.

DIVIDENDS AND CAPITAL MANAGEMENT

The Group's impressive operating cash flow enabled the directors to declare a final fully franked ordinary dividend of 8.5 cents per share to be paid in October 2009. Together with the interim dividend of 9.5 cents per share paid in April, this maintains the ordinary fully franked dividend for the 2008/09 year at 18.0 cents per share, in line with the prior year ordinary dividend. This is a commendable achievement in an economic environment where many listed companies have been reducing and in some instances ceasing dividend payments to improve their balance sheet.

Following the announcement last year, the Board ceased payment of the special dividend to better position the Company for growth through acquisition. The current dividend policy is that absent an unexpected decline in profitability, ordinary dividends will be maintained at 18.0 cents per share until such time as it equals 70–80% of earnings. At such a time, it is proposed that dividends will then increase in line with improvements in profitability.

In August 2008, the Board announced the reintroduction of the Dividend Reinvestment Plan (DRP). The DRP has been well supported by shareholders throughout the year with take-up rates of 26% and 35% for the final 2007/08 and interim 2008/09 dividends respectively. The DRP has again been offered to shareholders for the final 2008/09 dividend at a discount of 3%, with future availability being subject to the funding requirements of the business.

Another highlight for the year has been the overall refinancing of the group loan facilities. BNP Paribas has exited as a lender to GWA and two new banks now provide loan facilities to GWA. The ability to attract these new lenders during a global financial crisis reflects the strength of the business and confidence in the management of GWA. We appreciate the ongoing support of Commonwealth Bank of Australia, National Australia Bank Limited and Australia and New Zealand Banking Group Limited, and welcome Westpac Banking Corporation and HSBC Bank Australia Limited to the GWA banking group.

EXECUTIVE REMUNERATION

As part of the overall GWA salary structure, a new equity performance plan for the executives was implemented during the year following shareholder approval at the 2008 Annual General Meeting (AGM). The plan incorporates challenging performance hurdles based on earning per share growth and total shareholder return targets with the objective of maximising long term performance. The plan was well supported by shareholders at the 2008 AGM and will continue as part of the remuneration arrangements for the executives.

The Board takes advice from external remuneration consultants in setting remuneration levels for the executives. Given the difficult economic environment and downturn in dwelling construction and renovation activity, incentive payments have been limited and a Company wide freeze has been imposed on fixed executive remuneration increases for the 2009/10 year. Despite these actions, the Board is satisfied that the current remuneration levels are market competitive and will enable the retention of its high quality executive and management team.

SUSTAINABILITY AND PRODUCT INNOVATION

The Board is committed to reducing energy and water usage across the Group's operations. In 2008/09, the Company has continued to build on the progress of the prior year. I congratulate Caroma Dorf on the significant water and waste reductions achieved during the year at the Wetherill Park factory through recycling initiatives. Significant energy savings were also achieved at this site during the year. There are many other examples of the Company's commitment to reducing energy, waste and water across its operations, and I refer you to the Sustainability and Environment (Operations) section in the Annual Report for highlights of the Company's initiatives during the year.

The Group invests over 1% of revenue in research and development and in excess of 25% of revenue is derived from products which were not in the market two years ago. This is a source of competitive advantage for the Company with its commitment to develop new market opportunities in our building fixtures and fittings businesses. The focus of product innovation is in both water saving and energy efficient water heating. The Company is a leading manufacturer and distributor of products which deliver sustainable environmental benefits. These products include Caroma Dorf's market leading water efficient sanitaryware and tapware, and Dux's environmental water heating products.

During the year, Caroma Dorf won the prestigious 2009 Australian Design Award for the Caroma Invisi Series II toilet suite in the Housing and Building Category. The product was developed at Caroma Dorf's Research and Development Centre and features the latest water saving technology, and demonstrates the Company's commitment to the development of innovative environmentally friendly products. I refer you to the Sustainability and Innovation (Products) section in the Annual Report for further information on the Group's sustainability focus.

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 these plans, the Deputy Chairman, Mr Jim Kennedy will retire as a director at the Annual General Meeting in October 2009.

Mr Kennedy has been Deputy Chairman of GWA and Chairman of the Audit Committee since the float in 1993. His experience has been a valuable asset to the Board and I wish to thank Mr Kennedy for his contributions as a director and wish him well for the future.

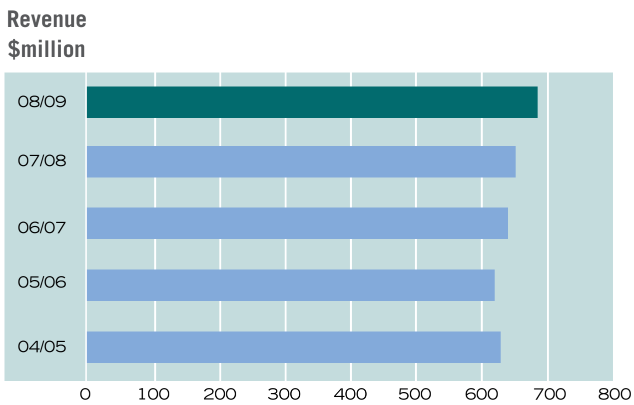
Mr Darryl McDonough and Mr Richard Thornton have joined the Board during the year and will be subject to election at the Annual General Meeting in October 2009. Mr McDonough will become Deputy Chairman of the Board and Mr Bill Bartlett will become Chairman of the Audit Committee following the retirement of Mr Kennedy.

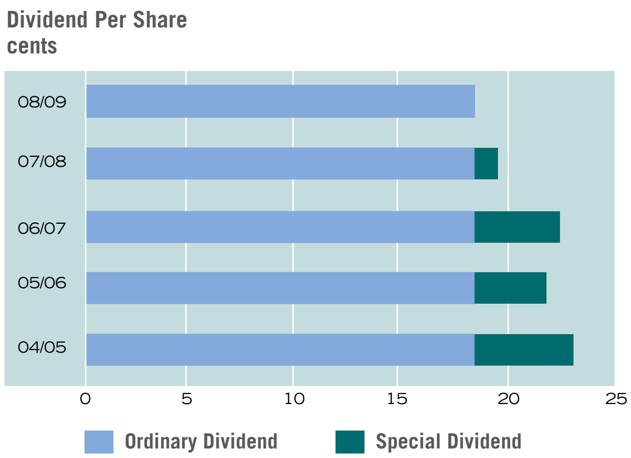
STRATEGIC DIRECTION

The Group will continue to 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. Progress has been made in this regard with the acquisition of Austral Lock in January 2009 for $12 million which is a leading Australian manufacturer of locks for the residential security door and patio door markets. The Group is actively searching for further acquisitions that will enable the expansion of our core building fixtures and fittings businesses. Our balance sheet is strong and we have capacity to grow with support from our banks and shareholders as required.

The financial performance for the 2008/09 year demonstrates the strength of the Group's businesses in challenging market conditions. Despite some early increased activity in the first home buyer market we do not see a substantial increase in overall building activity during the 2009/10 financial year. The cost competitiveness of our operations, new product innovation, improved efficiency of our supply chain and benefits from implementation of the new Movex ERP system will ensure we are well positioned to take advantage of the upturn when it occurs.

In closing, I would like to thank management and staff for their efforts in achieving a sound financial result in the 2008/09 year, and look forward to a further improvement in the performance in the 2009/10 year.





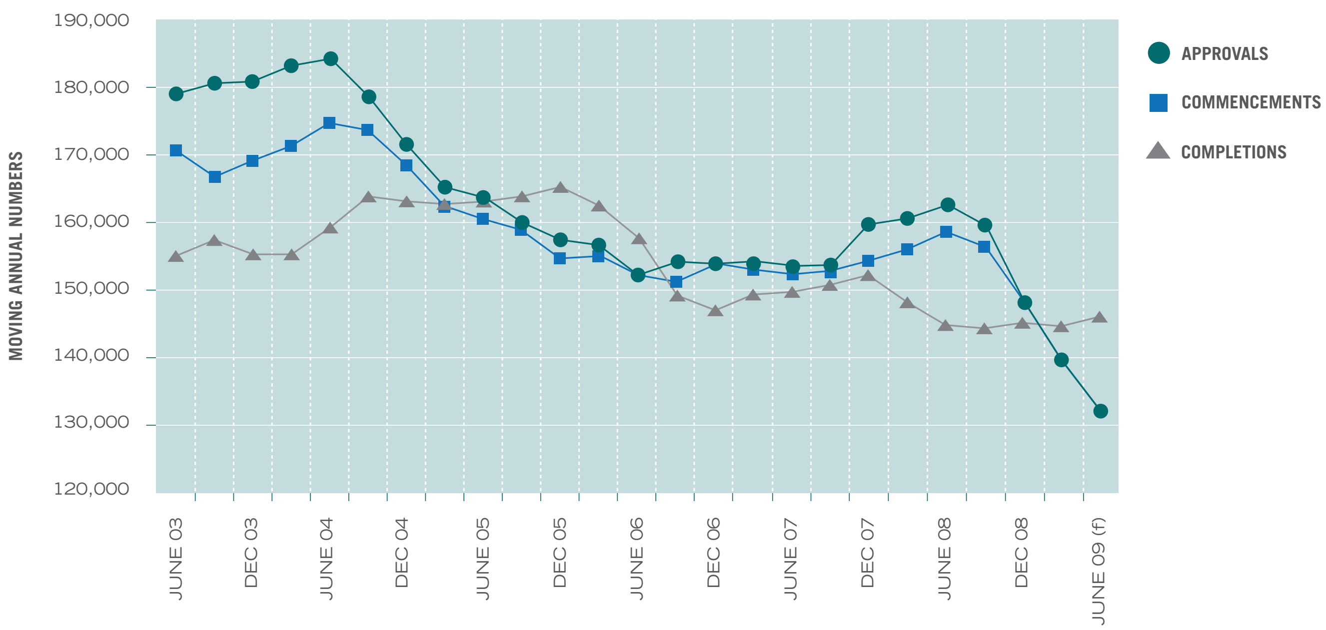
MANAGING DIRECTOR'S REVIEW OF OPERATIONS

A real highlight for the year has been the very strong cashflow which is a function of improved supply chain management and stable operations at the upgraded Wetherill Park vitreous china factory.

Trading conditions for the 2008/09 year have been the most difficult in recent history with dwelling commencements falling to the lowest level since 2001. The loss of confidence arising from the global financial crisis in late 2008 and subsequent lack of financing available for developers, builders and investors, has resulted in a fall in new construction which is unlikely to improve until the 2010 calendar year.

The following chart shows the level of dwelling activity since 2003:

New Dwelling Activity



Source: BIS Shrapnel

Given this context, the results for 2008/09 have been acceptable and reflect the success of GWA's core strategies which require:

- Investment in innovative and sustainable products
- Leveraging our investment in brands, sales and marketing to ensure products are specified and widely available
- Low cost supply chain to ensure a cost competitive supply position
- Continuing improvement in operational and business efficiency improvement with the aid of a modern ERP system
- Optimising our supply chain infrastructure to deliver superior customer service levels.

The summary of financial results for 2008/09 outlined in the table below highlight the key achievements for the year which saw increased revenue from new product and market development and strong operating cash flow reflecting improved supply chain management.

$million	2008/09	2007/08
Sales Revenue	678.3	648.9
Cash Flow before Financing Activities	55.3	95.2
Trading EBIT	87.0	99.4
Trading Profit after Tax	51.2	60.2
Restructure Costs after Tax	(2.9)	(14.3)
Net Profit after Tax	48.3	45.9

Sales revenue increased by 4.5% despite a decline in underlying demand. This is due to the successful development of new product and market opportunities, principally in environmental water heating and the Do It Yourself (DIY) market. Increased demand in environmental water heating is being driven by government rebates aimed at replacing less energy efficient water heating. Over the past two years Dux has successfully developed new products and marketing strategies to take advantage of this market opportunity. For the Group as a whole, overall margins have declined due to additional product and market development costs and a general decline in higher margin product sales.

A real highlight for the year has been the very strong cashflow which is a function of improved supply chain management and stable operations at the upgraded Wetherill Park vitreous china factory.

The restructure charge for 2008/09 reflects a planned 4% reduction in the workforce during 2009 as a result of on-going rationalisation of operations and planned improvements in efficiency after the full implementation of the Movex ERP system into Caroma Dorf in September 2009. We expect this charge to be fully recovered through cost savings in the 2009/10 financial year.

SEGMENT PERFORMANCE

The Company's Building Fixtures and Fittings business segment comprise the Caroma Dorf, Gainsborough and Dux business units.

Caroma Dorf sales declined by 7% for the year. While all markets experienced declines in building activity, the downturns were most pronounced in Queensland (-16%) and New Zealand (-14%).

The completion of restructuring initiatives during the 2007/08 financial year and improved supply chain management has driven cost reductions during 2008/09, but these could not offset the volume decline and adverse Australian dollar exchange rate movements. Price rises were successfully implemented but overall margins have declined in line with the lower volumes.

Dux sales increased by 50% for the year due to the regulatory-driven change to higher-priced environmental products. Improved performance of new products and investment in distribution is flowing through to higher revenue and profitability. The business is continuing to focus on enhancing its range of energy efficient products based on technology developed in-house and through key partnerships with offshore suppliers.

Gainsborough sales increased by 8% for the year due to the impact of the Austral Lock acquisition in January 2009 and new product and market development. Gainsborough is supplementing its strong presence in the builder segment with a broader product offering targeting the architectural and commercial market segments. Sales have also improved in the DIY market and the business has done well to offset the weaker underlying demand through these initiatives.

Sebel has encountered extremely difficult trading conditions with the total absence of demand from the hospitality sector and delays in Government spending. Sales revenue has been maintained due to increased stadium work, but this is much lower margin contract work resulting in lower profitability.

Rover sales have been severely impacted by lower discretionary spending and poor weather conditions early in the year. This was compounded by the devaluation of the Australian dollar which increased product costs prior to the peak selling season. The restructured business is far better positioned now to deliver profitable sales with a stable low cost supply source in China.

CASH FLOW

The strong net cash flow from operating activities of $78.6 million resulted from our continued focus on working capital management and was a very pleasing result given the overall weak market conditions.

Expenditure on the acquisition of plant and equipment of $10.5 million was in line with depreciation. Further investment in the Movex ERP system implementation totalled $6.8 million during the period. Proceeds from the sale of property, plant and equipment of $6.4 million includes a change to more flexible lease arrangements for motor vehicles.

Sales Revenue $million	Building Fixtures and Fittings	Sebel	Rover	Other	Total
2008/09	593.6	56.1	28.6	–	678.3
2007/08	558.6	56.9	33.4	–	648.9
Trading EBIT $million	**Building Fixtures and Fittings**	**Sebel**	**Rover**	**Other**	**Total**
2008/09	98.5	2.0	(0.9)	(12.6)	87.0
2007/08	109.5	3.4	0.4	(13.9)	99.4

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Net interest paid during the year reduced to $12.8 million following the rapid fall in market interest rates in late 2008 and the repayment of lending facilities to the exiting banker, BNP Paribas. The acquisition of Austral Lock in January 2009 for $12.4 million was funded through operating cash flow.

FINANCIAL CONDITION AND CAPITAL MANAGEMENT

As a result of the strong cash flow performance and capital management initiatives, the Company's net debt reduced by $38.6 million to $155.0 million at June 2009. During the financial year the Company paid $49.2 million in dividends and $33.3 million was reinvested through the Dividend Reinvestment Plan (DRP). Of this amount, $15.2 million was taken up by shareholders and $18.1 million was taken up by the underwriters of the DRP for the interim dividend in April 2009.

Net debt at June 2009 totalled $155.0 million, representing gearing of 26.8% as measured by net debt / net debt plus equity. The Company has a strong balance sheet, established lines of funding and investment grade financial metrics which will support future growth opportunities. This has been achieved without a dilutive equity issue so future increases in profits will deliver growth in earnings per share and support our capacity to lift ordinary dividend payments to shareholders.

The Group's financial position at 30 June 2009 has been achieved with the support of our banks over a difficult period in the credit markets. GWA has renegotiated its Master Financing Agreement with its banks, established new bank covenants and managed the exit of BNP Paribas as a core lender using operating cash flow and existing facilities.

GWA has negotiated the addition of two new banks to our banking group. Westpac and HSBC will provide new facilities which further assist our capacity to grow through acquisitions. Currently, we have total core loan facilities of $267.5 million, of which $200 million is drawn. A summary of current facilities and maturity dates is provided below.

Bank $million	Available Facilities	Drawn Facilities	Maturity Dates
CBA	90.0	90.0	June 2011
ANZ	60.0	60.0	Jan 2011
NAB	50.0	50.0	Jan 2011
Westpac	47.5	-	June 2011
HSBC	20.0	-	Jan 2011
Total	**267.5**	**200.0**	

GWA is finalising arrangements for a stand alone EUR5 million facility with ING for our Wisa operations in the Netherlands, as a replacement for the EUR facility previously provided by BNP Paribas.

HEALTH AND SAFETY

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

During the 2008/09 year, the total injury frequency rate (injuries per million man hours worked) was reduced by 21% which is a pleasing result, however our safety performance remains an area of on-going management focus and our objective is to improve this by a further 30% in the coming year.

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 tapware, and energy efficient water heaters. Our environmentally-sustainable products are a major source of competitive advantage for the Company.

The achievement of the 2009 Australian Design Award for the Caroma Invisi Series II toilet suite further highlights the Company's commitment to sustainable design and innovation. During the year, the Company spent $8.1 million on research and development and new products sold during the year accounted for 17% of total sales revenue. This demonstrates the importance of new product development to support future growth in revenue and profitability.

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 packaging. During the year, recycling initiatives were implemented at the Wetherill Park factory which has resulted in significant reductions in water usage and waste. Similar sustainability initiatives are being implemented at the other factory locations.

The current focus on carbon reduction and the new requirements for carbon reporting and trading are being properly addressed. For GWA this is not just a matter of compliance, but an opportunity to ensure a profitable and sustainable future for the business.

STRATEGIC DIRECTION

GWA is well placed to pursue future growth opportunities. Our strong cashflow, together with supportive shareholders and banks ensures the Company will be able to continue pursuing 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 Company is also well positioned to capitalise on acquisition opportunities which complement our Building Fixtures and Fittings businesses. The small Austral Lock acquisition during the year has improved our capabilities to evaluate, execute and integrate an acquisition and provides the model for larger acquisitions in the future.

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 in the current market. Indicative offers were received for Wisa and Rover which did not reflect fair value and we will continue to work on improving these businesses so they are better positioned for sale when the opportunity arises.

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

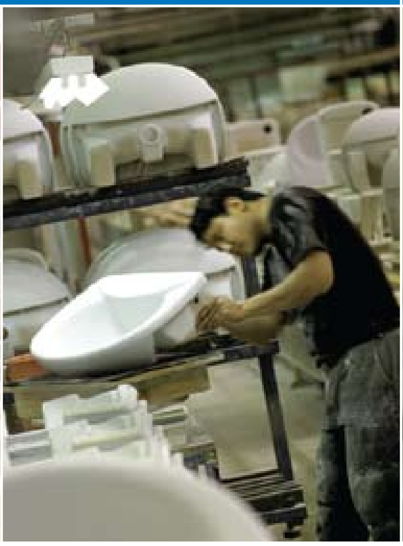
There are a number of positive signals in the market with increased housing finance and first home buyer activity and a more stable Australian dollar, but we do not believe we will see a sustained recovery in dwelling and non-dwelling construction until business confidence improves and financing is available for developers, builders and investors. Given that our products tend to be installed towards the end of the construction phase, we do not expect any material improvement in underlying sales in the 2009/10 financial year.

Increased sales of environmental water heating products, continued benefits from product innovation and market development activities and cost improvements from restructuring are expected to result in some improvement in profitability in the 2009/10 financial year.

Further market guidance for 2009/10 will be provided at the Company's Annual General Meeting in October following first quarter trading.

HEALTH AND SAFETY

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



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

Through divisionally or site-based health and safety advisors, GWA promotes health and safety awareness in an environment which encourages continuous improvement.

GWA's health and safety advisors meet with the Group Risk Manager approximately three times each year with the objectives of:

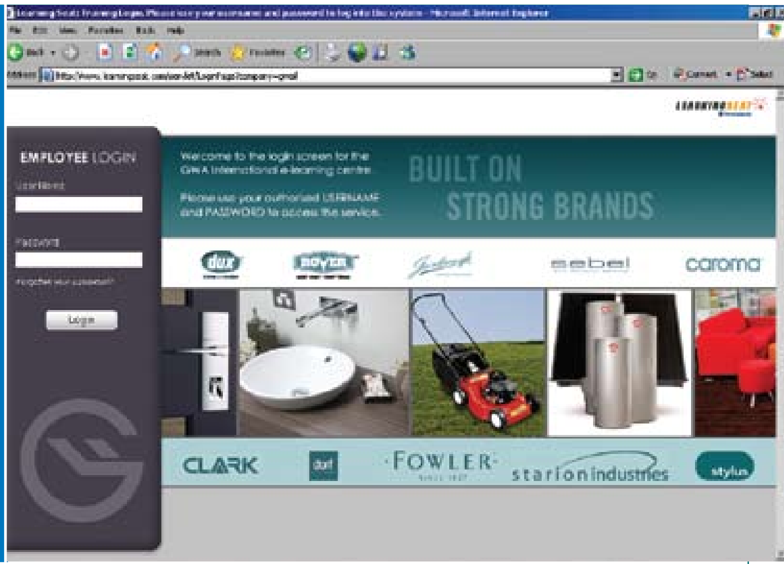
- Discussing safety performance, goals and improvement strategies;
- Exchanging ideas and detailing successful improvement programs;
- Promoting training through guest speakers and external experts;
- Arranging visits to view best practice sites;
- Planning for cross-site auditing (with health and safety advisors visiting different GWA sites); and
- Planning and implementing new systems and procedures.

The Group Risk Manager reports two times each year to the GWA Audit Committee. The reporting includes current health and safety performance, current improvement plans and compliance with regulations (e.g. asbestos and air monitoring). An audit plan, consistent with GWA's health and safety objectives, is also presented for approval for the new financial year.

In January 2009, "eLearning" was successfully introduced into GWA. eLearning is a computer-based online learning tool provided by Learning Seat (a division of News Limited). eLearning allows GWA to deliver its own tailored online learning courses and access an extensive library of more than 400 available courses. Each course meets Federal and State Government compliance obligations and is independently audited by an Australian legal firm. Courses can be delivered as a package and can also be mandated to designate certain pass marks and completion dates. For example, the GWA induction package for all new employees, integrates various training and education elements and can be tailored to meet each individual's role and needs. Learning elements include:

- GWA company history, vision and values; and
- Key policies
  - Health and Safety;
  - Equal Opportunity;
  - Trade Practices;
  - Emergency management;
  - Harassment and bullying prevention; and
  - Local site specific inductions.

eLearning provides GWA and its people with records of training which are easily accessible online at all times. Training completion certificates are also sent electronically to employees when training has been successfully completed. eLearning is cost and time effective and delivers top-up training to existing employees.



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 issued 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 resulting in an inability to work for at least one full shift;
- Medical Treatment Injury Frequency Rate (MTIFR), which measures the number of doctor-treated injuries per million hours worked; and
- Injury Severity Rate (ISR), which measures the number of hours for a lost time injury per million hours worked.

In 2008-09, GWA posted a creditable improvement in two of the key performance measures (LTIFR and MTIFR) by reporting 3% and 26% respective reductions, compared with last financial year. ISR was 1% above the previous financial year.

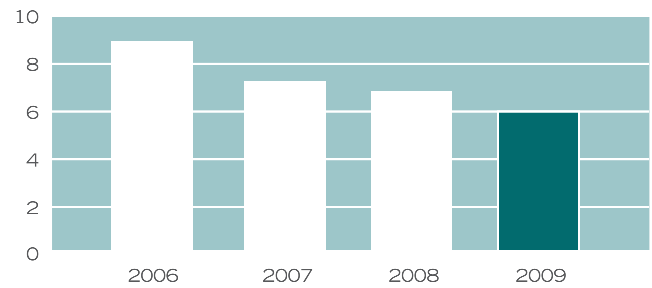
Initiatives introduced for 2008-09 year include:

- Improvements to "Visual Factory" (Safety Star and noticeboards)
  - Major sites now have improved visibility of safety performance with dedicated noticeboards. This reinforces the safety message;
- Increased hazard reporting focus;
- Increased focus and emphasis on supervisor participation and awareness of responsibility for health and safety;
- Monthly event calendars;
- Increased mandatory scheduled audits;
- Integration of Austral Lock (acquired in January 2009) with health and safety systems consistent with GWA policies and procedures;
- Upgraded computer-based health and safety system with significant improvements to incident reporting protocols and the automatic scheduling and reporting of audits undertaken in operational risk and general housekeeping.

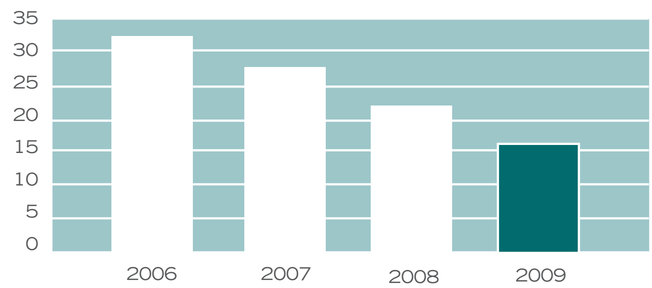
In 2009-10, GWA will target a 30% year-on-year improvement on the 2008-09 results for total injury frequency. Improvement objectives are planned to be met through continuation of the 2008-09 initiatives and new initiatives. These new initiatives include improved investigations following medical and lost time injuries and an increased focus on return to work after an injury.

One of the flow-on effects of good safety performance has been the continued and sustainable reduction of workers compensation premiums.

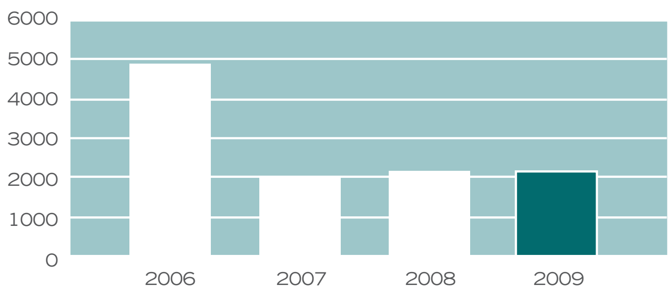
GWA Lost Time Injury Frequency Rate



GWA Medical Treatment Injury Frequency Rate



GWA Injury Severity Rate



IN THE COMMUNITY

GWA takes its role as a good corporate citizen very seriously, and for this reason, is keen to support community events and organisations, particularly those with a sustainability or environmental focus.

GWA takes its role as a good corporate citizen very seriously, and for this reason, is keen to support community events and organisations, particularly those with a sustainability or environmental focus.

The Company is also committed to forming strong relationships with the communities surrounding its operations and making a positive contribution wherever possible.

In early 2009, bushfires swept across Victoria, devastating 78 communities and 400,000 hectares of land. A total of 173 people lost their lives. The devastation also resulted in 2,029 homes being destroyed along with hundreds of businesses, five schools and kindergartens, three sporting clubs and numerous other buildings.

GWA wanted to play its part to support individuals and communities in towns and suburbs affected by these devastating fires.

We felt our best opportunity to help those who suffered such profound loss was during the reconstruction and recovery phase, which is presently underway.

Through a direct approach to the Victorian Government, GWA developed a plan to donate to the fit-out of two public information centres being built at Kinglake and Marysville, which were the two towns worst affected by the fires. These centres will provide vital information to home owners seeking to rebuild after the devastation of the fires.

Our Gainsborough, Caroma, Dux and Sebel businesses are each donating products including locks and door handles, all vitreous china products, taps, sinks, solar hot water systems and public seating for the two centres.

In 2009, GWA's head office also contributed to numerous events and organisations including:

- Sponsorship of the ASX Thomson Reuters Charity Foundation, which raises funds for children's and medical research charities
- Support for the Lions Club of Golden Valley which provides funds for local special needs children
- Donating to Variety Australia which contributes to various projects assisting the Variety Children's Charity
- Contributing to the Rotary Club of Ipswich
- Donating to the Closeburn Rural Fire Brigade.

Individually, our separate businesses also supported several community events and organisations throughout the year.

Caroma Dorf was the Exclusive Bathroom Partner for Channel Nine's *Jack of All Trades* TV series for 2009. Caroma assisted with the design, supply and installation of the two complete bathrooms within the *Jack of all Trades* house. The completed house was auctioned and all proceeds donated to Cystic Fibrosis Australia and the Mater Hospital Brisbane, raising in excess of $250,000.

Caroma Dorf was a sponsor of World Toilet Day in November 2008. This event was organised by the not-for-profit Engineers Without Borders organisation. The event featured a public art exhibition of 100 decorated toilet pans at Reddacliff Place and the Queen Street Mall in Brisbane. Designed by local creative industries and firms, the toilet pan exhibition was created to raise awareness of World Toilet Day. This event was established to raise awareness of global sanitation issues. Designed toilets were auctioned on eBay after the event with all proceeds raised donated towards funding sanitation projects in disadvantaged communities via the World Toilet Organisation and Water Aid Australia.

Caroma Dorf was a silver sponsor of the Australian Water Association's fifth International Water Association specialist conference on efficient use and management of urban water. It was also a diamond sponsor of the Kitchen Bathroom Designer Institute (KBDI), a national organisation providing kitchen and bathroom designers with accreditation, training and professional development opportunities.

GWA is committed to forging strong relationships in the communities where it has its operations. With this objective in mind, our Gainsborough business is a sponsor of the Kyneton Football Club in Victoria, where one of our manufacturing operations is located. Fundraising for the Royal Children's Hospital Melbourne is a further initiative of Gainsborough, which is supported by employee contributions.

Our Dux business was the sponsor of the 2008 race day at the famous Bong Bong Picnic Races. The race day is one of the biggest sporting events in the Southern Highlands attracting thousands of visitors from all over Australia. The 2008 race day was the 50th anniversary of the races being held at its current location, Wyeera, and was a huge success for Dux and its invited guests from Victoria, Queensland and parts of New South Wales.

Dux sponsored the Ute Muster at the local Moss Vale Show which attracts thousands of local visitors each year. Dux also purchased for its staff family passes to the Show so the whole family could enjoy the friendly country atmosphere of this very popular event.

Dux is also sponsoring local sporting clubs – the Moss Vale Junior Dragons Rugby League Club, the Moss Vale Soccer Club and the Robertson Junior Rugby League Club.

BUSINESS DIVISIONS

caroma design for *life*

The leaders in tapware dorf

BUSINESS DESCRIPTION

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

MAIN PRODUCTS AND SERVICES

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

MAJOR BRANDS

Owned: Caroma, Dorf, Fowler, Stylus, Clark, Radiant, Irwell
Exclusive: Hansa, Schell, KWC, Virtu

OPERATING LOCATIONS

Australia, New Zealand, North America, 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 by creating value for its customers through the development of innovative products with appealing design and advanced water saving technology, and providing a superior level of customer service. Caroma Dorf will continue to invest in its iconic brands to reinforce its brand values. Caroma Dorf is committed to continuous process improvement in its Australian manufacturing and supply operations.

HEAD OFFICE LOCATION

Caroma Dorf
4 Ray Road
Epping NSW 2121
AUSTRALIA
Telephone 61 2 9202 7000
Facsimile 61 2 9869 0625

Website: www.caroma.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

thinkhotwater

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, Radiant

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 develop and improve its range of environmental water heaters to meet the new market requirements of improved energy efficiency. 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

Dux Manufacturing Limited
Lackey Road
Moss Vale NSW 2577
AUSTRALIA
Telephone 61 2 4868 0200
Facsimile 61 2 4868 2014

Website: www.dux.com.au
www.ecosmart.com.au
www.hotwaterrebate.com.au

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, Austral Lock

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.

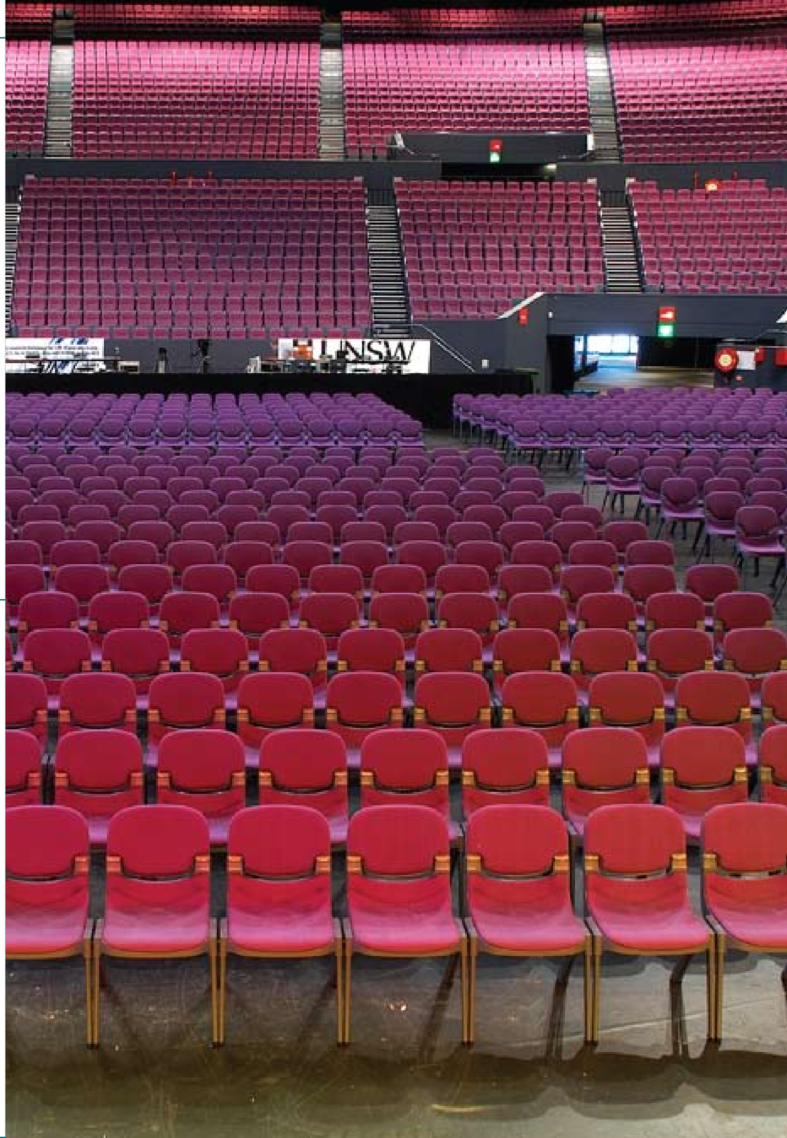
HEAD OFFICE LOCATION

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
www.ausloc.com

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 and aged care markets.

MAJOR BRANDS

Owned: Sebel

OPERATING LOCATIONS

Australia, New Zealand, Hong Kong, United Kingdom, Germany and dealers in over 50 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
92 Gow Street
Padstow NSW 2211
AUSTRALIA
Telephone 61 2 9780 2222
Facsimile 61 2 9793 3152

Website: www.sebel.com.au

GREAT START – GREAT FINISH

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, overseas distributors

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

THE GWA SUSTAINABILITY AND INNOVATION STORY

CAROMA DORF – COMMITMENT TO WATER-SAVING INNOVATION

A key area of focus for the Caroma Dorf business is the design, development and commercialisation of a range of retrofit-specific water-saving product solutions.

Government, businesses and the wider community are actively pursuing solutions and initiatives to address sustainability challenges including climate change and water usage. Caroma Dorf is committed to developing market-leading water saving technologies to meet market needs for more water efficient product solutions. A key area of focus for the Caroma Dorf business is the design, development and commercialisation of a range of retrofit-specific water-saving product solutions. These solutions not only help reduce water consumption with their design features, they also facilitate the replacement of inefficient fixtures in commercial and residential premises.

CAROMA FLEX RETROFIT SOLUTION

Caroma's Flex Retrofit solution is the only product of its kind in the Australian market and it is already recognised for its innovation. The Caroma Flex is an advanced and cost-effective way of accelerating the retrofit of commercial premises, while reducing water consumption.

With many commercial buildings built in the 1970s and now needing refurbishment, Flex provides a retrofit solution previously only possible through a full bathroom renovation. These buildings often have inefficient fixtures and by providing an innovative, retrofit solution, Caroma Dorf is assisting commercial premises to lower their water usage.

Winner of the GreenPlumbers Innovative Product of the Year Award, the Caroma Flex is designed to cover the footprint of many older wall hung toilet pans found in aging commercial bathrooms across Australia. Flex features a unique bracket with adjustable inlet and outlet connections to suit a range of existing set outs, which makes old inefficient pans easier to retrofit. This installation flexibility reduces the need to relocate plumbing and demolish walls, helping lower installation costs and making previously cost prohibitive retrofits possible. It also minimises the need to re-tile or re-paint over old pan footprints.

The Flex pan has been specially developed to be coupled with the new Caroma Invisi™ Series II concealed in-wall cistern, which is another breakthrough innovation, for a complete water-saving retrofit solution.

CAROMA RETROFIT CISTERN

The Caroma Sovereign Retro Suite is an innovative product that simplifies the retrofitting of older style toilet suites. The suite features the unique Retro cistern with a large footprint designed to cover most of the old single-flush cisterns. This water-efficient Smartflush® option can often be installed without the need for re-tiling or re-paint. This 4-star water-saving solution results in minimal disruption and cost.

RETROFIT PROGRAM PARTNERSHIPS

The Caroma Dorf Eco Logical Solutions team works proactively with government bodies and the plumbing industry to encourage retrofit programs which deliver both product and installation solutions to help businesses and communities to more easily upgrade their premises.

RESIDENTIAL PROGRAMS

With millions of single flush toilet suites still in use across Australia, Caroma Dorf continues to provide market-leading, water-saving solutions for government-led toilet replacement programs. These programs have been developed in consultation with the plumbing industry. By providing consumers with a packaged product and installation solution, these programs are making it easy for householders to reduce their water consumption. These initiatives include:

- Launching the ACT Government ToiletSmart Program in mid-2008. This program is now in its second phase with more than 3,900 single flush and inefficient dual flush toilets already replaced with Smartflush® toilet suites. Caroma Dorf worked closely with the ACT Government to develop this program, which to date has already led to significant water savings and significantly reduced the amount of water flowing to the sewerage treatment plant within the Territory
- Partnering with local councils, Caroma Dorf also played a key role in the development of toilet retrofit programs currently underway in regional areas of New South Wales including Palerang, Leeton, Bathurst and Yass
- Playing an instrumental role in implementing residential toilet retrofit programs in Toowoomba (QLD), Dalby (QLD) and Port Macquarie (NSW) in 2008; and
- Continuing to work closely with local councils, water authorities and government departments around Australia to promote the benefits of toilet retrofitting as a cost effective and sustainable solution to saving water.

COMMERCIAL RETROFIT INITIATIVES

With a significant amount of water used in bathrooms, commercial retrofit solutions are a viable option for companies seeking to save water and cut their operating and maintenance expenses by changing to more efficient fixtures and fittings. The Caroma Dorf Eco Logical team continues to work with government and businesses to develop retrofit programs designed to make bathrooms in commercial premises more water efficient.

In February 2009, the ACT Government launched a Commercial Bathroom Retrofit Program to assist businesses in reducing their water consumption. Caroma Dorf is pleased to be part of this proactive initiative, offering a product range designed to meet the needs of most commercial buildings. The program provides eligible businesses with access to funding of up to $20,000 per property to replace inefficient bathroom fixtures with more water efficient product solutions.

NEW ECO LOGICAL TOOLS

LAUNCH OF COMMERCIAL WATER SAVING CALCULATOR

Caroma Dorf launched a sophisticated new Commercial Water Saving Calculator created in conjunction with The Institute for Sustainable Futures at the University of Technology, Sydney. The calculator supports the Caroma Dorf Eco Logical Solutions platform and is an easy-to-use tool that allows businesses to review their water usage and make informed decisions about their retrofit programs. The calculator further reinforces Caroma Dorf's commitment to delivering innovative environmental solutions to help industry to reduce water consumption.

The calculator highlights water savings that can be made from installing more efficient bathroom products in commercial buildings. For specific retrofit projects, a tailored savings assessment can be generated and for new premises the calculator can be used to pre-determine future water usage based on the efficiency of the fixtures selected.

SUSTAINABILITY WEBSITE

Caroma Dorf has launched a new website to support its sustainability initiatives. www.ecologicalsolutions.com reinforces Caroma Dorf's position as a viable partner for sustainability and commitment to a sustainable future through the development of environmentally-friendly bathroom products and the provision of packaged retrofit solutions.

The new website highlights the products, services and tools that Caroma Dorf offers to support businesses wanting to reduce water consumption. The site is an information hub for commercial and residential retrofitting. It is also a platform to keep the market informed on the latest water-saving technologies and retrofit initiatives from Caroma Dorf.

CAROMA'S REVOLUTIONARY INVISI™ SERIES II TOILET SUITE WINS 2009 AUSTRALIAN INTERNATIONAL DESIGN AWARD

The Caroma Invisi™ Series II toilet suite collection has been awarded the highly acclaimed 2009 Australian International Design Award for the Housing and Building Category in recognition of its innovative design at the Australian International Design Awards.

The awards, which are a division of Standards Australia, represent Australia's only national product design awards program, which recognises local product design and innovation excellence.

The Invisi™ Series II range is a unique in-wall toilet system recognised for its water saving technology and ease of installation for commercial and domestic applications.

The 2009 Design Award for the Invisi™ Series II adds to Caroma's earlier Design Awards for the Smartflush® toilet suite system, which innovatively delivers maximum water savings while optimising flushing performance, and the H2Zero™ Cube urinal, a sustainable, high performance waterless urinal.

Caroma Dorf's Research and Design Manager Dr Steve Cummings said: "We are proud the Invisi™ Series II has been acknowledged with a Design Award amongst so many high quality designs across such varied product categories."

"The Invisi™ Series II has been developed using world class technology that breaks new ground in the housing and building sectors," he said.

"A more comprehensive range of toilet suites is offered by the Invisi™ Series II collection, which are suitable for both residential and commercial applications. This allows the sophisticated look of concealed cistern toilet suites to be integrated into any bathroom."

The versatile Invisi™ Series II toilet suites are suitable for in-wall, under counter, induct and in-ceiling applications, and are the first wall-hung toilet suites that fit within a standard 90mm wall cavity with 450mm centres.

Suite servicing can be completed through the wall-mounted button plate to access the cistern and plumbing, as required.

The Invisi™ Series II also incorporates Caroma's reliable and proven Smartflush® water-saving technology and carries a 4 star Water Efficiency Labelling and Standards (WELS) rating.

The collection meets all relevant Australian Standards and is guaranteed against leaking in wall when installed by a certified plumber, in accordance with the installation instructions.

Australian International
DESIGN
AWARD
™

CAROMA INVISI II
Designed in Australia
Licence No. 0901124
Standards Australia

The Invisi™ Series II has been developed using world class technology that breaks new ground in the housing and building sectors

DUX HOT WATER – AWARD WINNING ENVIRONMENTAL INNOVATION

STRONG GROWTH IN ENVIRONMENTAL WATER HEATERS

The hot water market has undergone rapid change over the past three to five years with strong growth in high-efficiency gas, solar and heat pump water heaters. Legislation, backed by significant government incentives, has supported the strong growth of environmental water heaters. These incentives are forecast to continue until the government's proposed ban on storage electric water heaters in 2012.

Dux continues to focus on constant product innovation. In 2008-09 Dux received industry accolades including:

- "Environmental Product of the Year" at the Queensland Plumbing Industry Awards
- "Environment and Heritage Award" at the Engineering Excellence Awards
- WA Master Plumbers "Environmental Product of the Year"
- 2009 Endeavour Award "Australian Trade/Consumer Product of the Year"

Dux has a highly awarded range of environmental water heaters, following the receipt of these important industry accolades.

In September 2008, Dux launched the pioneering rebate website, www.hotwaterrebate.com.au. It is the first national website that calculates Federal and State Government hot water rebates for homeowners across Australia. The website helps to simplify and explain rebates as well as making the claim process easier. With more than 2.5 million page views in less than a year, it is now the industry's most popular rebate information source.

Dux also has a strong focus on customer service and training improvement. The company will soon launch the 'Dux Solar University'. This will be a state-of-the-art training facility, which will enable staff and customers to be provided with the very best technical information on all Dux products, their installation and servicing.

Homeowners can reduce their energy costs and household carbon emissions by installing a solar hot water system.

AIROHEAT®

Airoheat continues to be a highly-successful product. Its unique and innovative design has made it an award winning environmental hot water system with six prestigious industry awards. Airoheat is an efficient compact heat pump water heater as well as being simple, convenient and quick to install. Airoheat is very appealing to consumers seeking environmentally-friendly solutions because it offers similar benefits to electric-boosted solar hot water systems but without the need for solar roof panels. This dramatically reduces installation costs and complexity.

ELECTRIC BOOSTED SOLAR SYSTEMS

The traditional electric storage water heater is presently the dominant hot water system type in Australian households. Homeowners can reduce their energy costs and household carbon emissions by installing a solar hot water system. The Dux range of Sunpro® electric boosted solar hot water systems (along with the Airoheat), is the logical replacement for these old electric systems. These systems are rapidly gaining popularity among consumers because of their environmental benefits.

The Dux range of Sunpro® electric boosted solar is at the forefront of efficiency and will continue to be a hugely popular product of the future.

GAS BOOSTED SOLAR SYSTEMS

Dux continues to be a strong player in the gas boosted solar hot water system market as these systems are among the most environmentally-friendly hot water solutions available.

There are two types of gas solar hot water systems in the Dux range. These include Sunpro 305, which provides a lower entry point price, while 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 higher-end 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.

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 an inexpensive, environmentally-friendly fuel source for heating water.

The future for this segment of the market is in highly efficient gas systems, which typically have an energy rating of 5 stars or higher. Dux continues to develop quality products in these categories with an emphasis being placed on efficiency and innovation.

GAINSBOROUGH – A COMMITMENT TO THE ENVIRONMENT

Gainsborough is committed to reducing the use of packaging across the supply chain and increasing the use of recyclable packaging materials.

Gainsborough is actively managing a number of initiatives to improve environmental sustainability.

Water usage has been reduced by 55% in core production activities over the past three years.

Over the past year, solid waste has been reduced by 22%, with further waste minimisation initiatives to be implemented later in 2009.

Gainsborough was awarded Certificates of Recognition by the Victorian EPA for participation in the Resource Efficiency in Metal Finishing Program in 2007 and for participation in the EPA's Partnership Program in 2008.

Product marketing is also subject to a strong program of sustainability. As a signatory to the National Packaging Covenant, Gainsborough is committed to reducing the use of packaging across the supply chain and increasing the use of recyclable packaging materials.

INNOVATIVE NEW PRODUCTS FROM GAINSBOROUGH

Gainsborough combines the latest in door hardware styling with Trilock '3 in 1' functionality, to provide innovative door solutions for today's homes.

Gainsborough is proud to introduce the exciting new Trilock Eclipse and Trilock Omni, both featuring modern styling and the world renowned Trilock '3 in 1' functionality with the unique convenience of lockset, deadbolt and passage functions. These products are presented in the Gainsborough Designer Collection.

The Trilock Eclipse includes a slim, elegantly designed internal and external escutcheon plate to add style to exterior doors. This door solution is available in a selection of lever designs and finishes and combines impressive styling with Trilock '3 in 1' functionality. Finishes include bright chrome, fusion and brushed satin chrome. Matching leversets are available to coordinate interior doors.

The new Trilock Omni offers all the benefits of Trilock '3 in 1' functionality combined with an impressive 600mm stainless steel pull handle.

The external side of the lock features the 600mm pull handle, slim escutcheon plate and lever, all manufactured from durable 316 marine-grade stainless steel. The inside lever and contemporary escutcheon plate are finished in popular brushed satin chrome.

There are three fashionable inside lever designs which complement the styling of the interior leversets in the Designer Collection's Accent range.

Both products feature a five-year tarnish resistant and 10 year mechanical guarantee.

SEBEL – QUALITY FURNITURE AND SEATING

SEBEL LEADING THE WAY IN REDUCING ITS ECOLOGICAL FOOTPRINT ON THE ENVIRONMENT

Sebel remains at the forefront of injection moulding technology and recycling with today's state-of-the-art factory producing high-quality, sustainable products.

In an effort to support sustainability and strategically position Sebel as an expert in developing and manufacturing polypropylene products, the company sets the environmental and ecological benchmarks within the markets that it operates in.

Examples of Sebel's new innovative sustainable products include:

Postura Chair – 100% Recyclable

The most significant recent event for Sebel has been the release of the 100% recycled school chair called the Postura.

Education clients demand high quality furniture that withstands the rigours of a modern classroom environment.

Sebel has established itself as a market leader and Australia's largest school furniture company.

Sebel has taken the global environmental lead with the new Postura totally recycled school chair. The new Sebel Postura recycled school chair has been designed and strenuously tested to pass the highest Australian and European standards, with key features being strong durability and comfort for students of all ages.

Coinciding with the Federal Government's Building the Education Revolution stimulus package, Sebel is now buying back old Sebel school chairs, re-manufacturing them and creating totally new products. Under Sebel's new buy-back system, schools can now renew their classrooms with bright new chairs at a low cost, while not adding to landfill with discarded chairs.

The launch of this product has further consolidated Sebel's Australian and International leadership position in plastic recycling technology.

Chameleon Office Chair Range

To improve our competitive position and profile in the office furniture market, Sebel has developed a responsible solution to help clients who make their purchasing decisions based on environmental factors.

The Chameleon range is innovative, versatile and environmentally-friendly. It is GECA certified, and with a NATA certified in-house testing facility, the Chameleon range has been tested over 500,000 cycles at 150kg which is well beyond severe duty standards AS 4438.

All of its plastic components are moulded in Australia, using recycled materials (excluding specific outer). At the end of the products useful life, it is genuinely recyclable thus reducing our ecological footprint.

This new range will set Sebel apart from this segment of the market and create new standards that meet or exceed market requirements.

SUSTAINABILITY AND ENVIRONMENT (OPERATIONS)

Waste Stream	Tonnes per Annum
Clay waste	1440
Vitreous china waste	840
Cardboard packaging	All
Office paper	All
All plastics	240
Bulker bags	All
One trip pallets	All

GROUP INITIATIVES

GWA's product ranges in the building fixtures sector have continued to provide innovative products that enhance water and energy saving measures. GWA's commitment to sustainability and the environment also extends to its operations.

2008-09 has been another year of significant developments in water and energy savings, continuing on from the successes of the 2007-08 year.

Significant highlights include:

CAROMA WETHERILL PARK, NEW SOUTH WALES

- Caroma Wetherill Park became a member of Sustainability Advantage – a NSW State Government initiative targeting reduction in energy/emissions and awareness of environmental influences in manufacturing operations and associated capital projects. Objectives and outcomes targeted include maximising efficiency of resources employed in manufacturing including electricity, gas (natural and LPG) and water.

Waste Stream Recycling

- Caroma Wetherill Park manufactures vitreous china sanitaryware including toilets and hand basins. Caroma has established a comprehensive program for segregation of waste streams for recycling as outlined in the table above.

  The most significant recycling initiative has been the clay and fired waste (vitreous china) streams which were previously sent to landfill. Boral Recycling are now taking 95% of Caroma Wetherill Park's manufacturing waste material by weight. Boral Recycling re-use these materials to manufacture (for clay waste) bricks, pavers and garden blocks and (for vitreous china waste) as a material component for road base and also as an adjunct to brick manufacture.

  Caroma Wetherill Park is partnering Boral in the study of further uses of the clay and vitreous china waste into other manufactured products.

  Paper, cardboard and plastics collected are 100% recycled. Timber and particle board pallets, which are classed as single use by Caroma, are 95% recycled. These pallets are now being reused in other applications or converted to timber chips for reuse in landscaping applications.

  It is estimated that for all the waste streams, greater than 95% are recycled and reused in secondary manufacturing processes such as bricks, road base and recycled paper and cardboard.

  As further benefit to Caroma, Wetherill Park has achieved a 75% cost reduction on a waste disposal cost base of $1.1million per annum.

Water Recycling/Reduction

- The installation of a new water treatment plant was completed last year. Caroma Wetherill Park is now treating all process water, and generating water quality suitable for reuse in non-critical plant (approximately 40% of total usage). Distribution of recycled water is being introduced in phases during the 2009-10 year. In order to extend water reuse to critical plant, further enhancement of water quality will be required. Capital investment for this project is pending approval. When approved it will give Caroma Wetherill Park the opportunity to recycle and reuse an estimated 80% of total water consumption (approximately 200,000 litres) of which 170,000 litres is being discharged to Sydney Water sewerage
- Engineers reprogrammed the computer wash cycles for Pressure Casting Moulds to deliver an annual town water usage reduction of 5,000,000 litres per year.

Glaze Reclamation

- The glaze recycling system has now operated successfully for 12 months. The system, called Xtract, recovers the overspray glaze which is applied onto the vitreous china ware. Caroma Wetherill Park is reclaiming all overspray at the rate of 336 tonnes per annum of recycled glaze, which represents 40% of total glaze requirements. The process also produces 8,000 litres of recycled water which is re-used in cleaning operations. Previously the used glaze was sent to landfill (1,400kg annually) and the water sent to waste via the sewer.

Energy Reduction

- Air conditioning – a combination of replacement, rebalancing and installation of timers has occurred in office and canteen areas with estimated usage reductions of 25% for these facilities
- Factory air compressors have been refitted to new energy efficient inverter drive compressors
- Baseline measurements are currently underway to identify opportunities for further efficiency improvements
- Lighting – lux sensors have been trialled in some factory areas. Work is in progress to retro-fit energy efficiency light bulbs throughout the Wetherill Park site
- Investigation and feasibility studies are a work in progress for the feasibility of co-generation, kiln heat recovery, forklift energy conversion and rain water harvesting.

CAROMA NORWOOD, SOUTH AUSTRALIA

Energy Reduction

- Electricity consumption was reduced by 6% when measured as a ratio of consumption compared to factory output. This was achieved via more efficient use of air compressors.

Water Reduction

- Water usage was reduced by 26% compared to the previous year when measured as a ratio of usage compared to factory output by more efficient use of water for cooling.

SEBEL BANKSTOWN, NEW SOUTH WALES

Energy Reduction

- Sebel conducted an air consumption and energy usage survey on three air compressors running on site. Modifications were made to control equipment to optimise running times and efficiency. Estimated savings are approximately 357,000KWh per annum.

Water Reduction

- Sebel Bankstown has reduced the water consumption used in the cooling towers on site by 50% through reconfiguring the cooling tower set-up. This has resulted in an annual saving of approximately 30,000 litres per year.

GAINSBOROUGH BLACKBURN, VICTORIA

Plating Waste Reduction

- Plating waste weight reduction of 6.5% has been realised due to waste filter cake being allowed to dry out prior to being sent off-site as prescribed waste, saving disposal costs.

  Additional initiatives to be implemented are to capture heat generated by die-casting machines into an oven to dry filter cake more efficiently. Further advantages can be achieved if waste can be stored on-site to be sent away in larger volumes made possible due to weight reduction.

Diecast Waste Reduction

- A program to treat oily water from the diecast process is being implemented. Cooling emulsion is currently trapped in machine bunds and pumped to holding tanks for disposal as prescribed waste. The solution will use chemical separation of emulsion streams from holding tanks and will allow the water component to be discharged to sewer. The emulsifying agent to be employed does not require pH and temperature adjustment, which means lower cost for disposal.

NATIONAL PACKAGING COVENANT SIGNATORY

GWA joined the National Packaging Covenant (NPC) during 2008. The signatory commitment is for three years. The aim of the scheme is to reduce packaging to waste by encouraging recycling, minimisation and reuse. Each GWA division has now submitted an approved action plan. During 2009-10 each division will report progress to the NPC against approved action plans.

GREENHOUSE GAS INITIATIVES AND REPORTING

Ultimately all identified energy and water savings will reduce greenhouse gases. Reduction in water usage frequently leads to reduced on-site treatment and typically leads to less energy demands for downstream sewerage treatment plants through decreased effluent processing. GWA remains committed to sustainability, through energy, water and waste reductions in all operations as well as products. During 2009, a sustainability group was formed within GWA. The group is made up of key operational staff from major operations sites and group marketing. The aim of the group is to promote awareness of sustainability for both products and processes in GWA by:

- Reducing energy and water consumption in both products and processes
- Reducing waste in processes
- Encouraging recycling of material where practical
- Ensure reporting requirements under NPC and National Greenhouse Emissions Reporting (NGER).

National Greenhouse Emissions Reporting (NGER)

- GWA has been undertaking preparatory work to capture, record and report greenhouse gas emissions under NGER. In 2009, Caroma Wetherill Park will trigger reporting obligations for greenhouse gas emissions. Policy and procedures are well advanced to report on emissions. A computer based system to streamline recording and to assist with compliance to NGER is running and, with further enhancements, will be used to help provide empirically based data for sustainability based capital projects as well as track reductions. The database captures water and energy usage at all GWA sites where there is operational control. It is expected that all GWA sites will report greenhouse gas emissions during the 2009-10 financial year.

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 a former director of many major listed public companies, including Stockland Corporation Limited and Suncorp-Metway Limited. He is also a 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 and Chairman of Audit 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

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.

PETER CROWLEY BA B ECON 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.

RICHARD THORNTON CA B COM LLB (HONS) LLM
Executive Director and Company Secretary, Elected to the Board 2009

- 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 a Chartered Accountant and is experienced in accounting, taxation and finance through positions at Coopers & Lybrand, Citibank and Ernst & Young in Australia and overseas. Mr Thornton continued in his role as Company Secretary following his appointment as an Executive Director.

DARRYL MCDONOUGH
BBUS (ACTY), LLB (HONS), SJD, FCPA, FAICD
Non-Executive Director, Elected to the Board 2009

- Expertise: Lawyer and experienced public company director
- Special Responsibilities: Member of Nomination Committee

Darryl McDonough is a practicing solicitor with over 25 years of corporate experience. He has served as a director of a number of public companies in the past, including Bank of Queensland Limited and is currently a director of Super Cheap Auto Group Limited and is a Past-President of The Australian Institute of Company Directors, Queensland Division.

During the past three years, Mr McDonough has served as a director of the following other listed company, and the period in which the directorship has been held:

- Super Cheap Auto Group Limited since 2004*

*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 and member of Nomination 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 2003 – 2009

*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 and member of Remuneration 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. He is a director of the Bradman Foundation and Museum.

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*
- Arana Therapeutics Limited (formerly Peptech Limited) 2004 - 2007
- Abacus Property Group since 2007*
- Retail Cube Limited 2004 – 2006

*denotes current directorship

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

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 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.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

ROLE OF THE BOARD

The Board is responsible for the long term growth and financial performance 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:

- Providing input into and final approval of corporate strategies and performance objectives developed by senior management
- 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.

DELEGATIONS POLICY

The Board has approved a 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 understands 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 business objectives and 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 various business locations, followed by management presentations and site tours.

The Divisional General Managers are required to regularly attend and present at the Board meetings on operational issues and performance. A Group strategy meeting is held annually as part of the budget approval process, which enables the Board to review corporate strategies and performance with the Divisional General Managers. This ensures that the Board is effectively carrying out its duties of providing input into and 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 9 directors, 7 of whom, including the Chairman and Deputy Chairman, are non-executive directors and 2, the Managing Director and Executive Director, are executive directors.

Profiles of the directors are set out on in the Annual Report. The profiles outline the skills, experience and expertise of each Board member, including the period of office held by each director.

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 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 be financially literate and have 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 non-executive directors of the Company:

- Mr Jim Kennedy, Deputy Chairman and Non-Executive Director
- Mr David Barry, Non-Executive Director
- Mr Robert Anderson, Non-Executive Director
- Mr Bill Bartlett, Non-Executive Director
- Mr Darryl McDonough, Non-Executive Director
- Mr Geoff McGrath, 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 earlier, 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 to assume the role as acting Chairman of the Board.

(ii) Mr Geoff McGrath – Non-Executive Director

In previous years, Mr Geoff McGrath was deemed not to be an independent director as he was the former Managing Director until his retirement in May 2003. It has been more than three years since the appointment of Mr McGrath as a non-executive director in July 2004. Accordingly, Mr McGrath now meets the definition of an independent director as outlined in the recommendations of the ASX Corporate Governance Council. In the Board's view, Mr McGrath exercises independent judgement in carrying out his duties as director and should be considered an independent 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 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 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.

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's objective is to conduct 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.

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 Annual Report.

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

- The Audit Committee should consist of non-executive directors only
- The Chairperson of the Audit Committee must not be 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 and accounting related 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. A detailed Terms of Reference has been developed to ensure the Audit Committee meeting agenda is consistent with the Committee's role and responsibilities as outlined in the charter.

The External Auditor, Managing Director, Chief Financial Officer, Company Secretary, Group Commercial 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 the notes to the Financial Statements.

SELECTION AND APPOINTMENT OF EXTERNAL AUDITOR

Following shareholder approval at the 2004 Annual General Meeting, KPMG were appointed External Auditor for the financial year commencing 1 July 2004 after a comprehensive tender process conducted by the Audit Committee. KPMG replaced Ernst & Young who had been the External Auditor since 1995.

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. An audit partner rotation plan has been reviewed and approved by the Audit Committee to ensure the transition process is managed effectively.

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 includes 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 Managing Director is the Company's Continuous Disclosure Compliance Officer and is responsible for ensuring compliance with the continuous disclosure requirements, and overseeing and authorising disclosure of information to the ASX. All media releases which contain material price sensitive information must be approved by the Board prior to release to the ASX.

The Company Secretary coordinates the communications with the ASX 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.

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, www.gwail.com.au. All Company announcements and information released to the market are located on the website and may be accessed by shareholders. There is a Corporate Governance section on the website which outlines the practices of the Company, and other Company information including the Company's environmental and social impacts
- The Board is committed to the enhancement of electronic communications with shareholders to reduce the environmental impact and costs. 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 has recently embraced online proxy voting to make it easier for shareholders to lodge their proxy votes if they are unable to attend the Annual General Meeting. 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. Whilst ultimate responsibility for risk oversight rests with the Board, the Audit Committee is an efficient mechanism for focusing the Company on risk oversight, risk management and internal control
- 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 Finance Committee, comprising the executive and senior management of the Company, which has been established to review and monitor the financial risks in the organisation and oversee the execution of finance policies and risk mitigation activities. The Finance Committee reports to the Audit Committee on its activities as outlined in the Finance Committee charter
- a Group Commercial Manager who has primary responsibility for designing, implementing and coordinating the overall risk management and internal control practices of the Company. The Group Commercial Manager attends the Audit Committee meetings to present the Internal Audit Report. Whilst reporting to the Chief Financial Officer 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 operational risks including occupational health and safety, business continuity, environmental and sustainability risks. The Group Risk Manager prepares a monthly Group Risk Report for the Board and attends the June and December Audit Committee meetings to present the Operational Risk Report
- Internal Audit activities, undertaken by a combination of internal and appropriately qualified external resources, based on an Audit Committee 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 occupational 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 have 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, 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 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 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 non-executive directors receive their remuneration by way of directors' fees only (including statutory superannuation), and are not able to participate in the incentive schemes for the executives.

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.

LONG TERM INCENTIVE (EQUITY) PLAN

Shareholders approved a new Long Term Incentive (Equity) Plan (LTIP) as part of the incentive arrangements for executives at the 2008 Annual General Meeting. Full details of the operation of the LTIP is described in the Remuneration Report.

DIRECTORS' REPORT AS AT 30 JUNE 2009

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 2009.

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 (Retired 30 October 2008)
G J McGrath, Non-Executive Director
W J Bartlett, Non-Executive Director
D D McDonough, Non-Executive Director (Appointed 16 February 2009)
R J Thornton, Executive Director (Appointed 6 May 2009)

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 2008/09 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. Mr Thornton continued in his role as Company Secretary following his appointment as an Executive Director on 6 May 2009. Details of Mr Thornton's qualifications and experience are located in the Annual Report.

DIRECTORS' INTERESTS

The relevant interest of each director in the share capital of the Company as notified by the directors to the Australian Securities Exchange in accordance with Section 205G(1) of the Corporations Act 2001 as at the date of this report is:

Director	Ordinary Shares
B Thornton	Nil
J J Kennedy	101,000
P C Crowley	750,000
D R Barry	3,553,830
R M Anderson	8,418,442
G J McGrath	150,000
W J Bartlett	15,425
D D McDonough	43,635
R J Thornton	110,850

Mr P C Crowley and Mr R J Thornton are holders of Performance Rights under the Long Term Incentive (Equity) Plan. For details of the Performance Rights held, please refer to the Remuneration Report.

Note 33 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 61,351,674 shares (last year 58,719,673 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 2009, which are outlined in Note 31 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 1,891 employees as at 30 June 2009 (last year 1,786 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 PERFORMANCE

The segment performance of the Company for the financial year ended 30 June 2009 is as follows:

Business Segment	Segment Revenue		Trading EBIT	
	2008/09 $'000	2007/08 $'000	2008/09 $'000	2007/08 $'000
Building fixtures and fittings	593,671	558,657	98,493	109,552
Commercial furniture	56,088	56,864	2,033	3,369
Mowers	28,585	33,381	(931)	370
Other	–	–	(12,640)	(13,897)
Total	**678,344**	**648,902**	**86,955**	**99,394**

Earnings Per Share	2008/09 cents	2007/08 cents
Basic earnings per share	16.9	16.4
Trading earnings per share	17.9	21.5

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 2009 is provided in the Managing Director's Review of Operations which is located in the Annual Report.

In the opinion of the directors other than the decision to no longer classify the Wisa Beheer sanitaryware business as an asset held for sale, 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:

Dividends	Cents per share	Total Amount $'000	Franked	Date of Payment
Final 2007/08 Ordinary	8.0	22,414	Fully Franked	7 October 2008
Interim 2008/09 Ordinary	9.5	26,831	Fully Franked	1 April 2009

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

DECLARED AFTER END OF THE 2008/09 FINANCIAL YEAR

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

Dividend	Cents per share	Total Amount $'000	Franked	Date of Payment
Final 2008/09 Ordinary	8.5	25,332	Fully Franked	7 October 2009

The financial effect of the dividend has not been brought to account in the Financial Statements for the year ended 30 June 2009 and will be recognised in subsequent Financial Reports.

The record date for the final dividend is 18 September 2009 and the dividend payment date is 7 October 2009. The Dividend Reinvestment Plan (DRP) will be offered to shareholders for the final dividend, and a discount of 3% will apply to shares subscribed for under the DRP. The record date for DRP participation is 18 September 2009.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 18 August 2009, the directors declared a final ordinary dividend of 8.5 cents per share in respect of the financial year ended 30 June 2009. The dividend will be fully franked at the 30% corporate tax rate. The total amount of the dividend is $25.332 million (last year $22.414 million). In accordance with Accounting Standards, the dividend has not been provided for in the Financial Statements for the year ended 30 June 2009.

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 2009.

ENVIRONMENTAL REMEDIATION

In previous financial years, the Company investigated and reported two environmental contamination issues at factory sites at Eagle Farm, Queensland and Revesby, NSW. The Eagle Farm site 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 the ultimate parent entity, GWA International Limited.

The costs to remediate the Eagle Farm site have been provided in the Financial Statements for the year ended 30 June 2009. Whilst there is currently no legal obligation to remediate the site, the Board has approved targeted remediation activities to mitigate potential future environmental liabilities. It is expected that these activities will be carried out during the year ending 30 June 2010. A Site Management Plan will be developed following remediation.

The costs to remediate the Revesby site have been provided in prior years. During the year, a Voluntary Remediation Proposal for the site was submitted to the Department of Environment and Climate Change (NSW) and it is expected that remediation activities will commence during the year ending 30 June 2010. A Site Management Plan will be developed following remediation.

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 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 2004 Annual General Meeting, 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. 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 the termination of the Directors' Retirement Scheme in 2003, retirement benefits are not available for non-executive directors of the Company, other than statutory superannuation.

For details of the emoluments paid to the non-executive directors for the year ended 30 June 2009, refer to the Remuneration Tables.

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 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.

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 participants include the members of the divisional and corporate executive. Under the scheme, there are two incentives including a Short Term Incentive and Long Term Incentive. The objectives of the scheme are to maximise short term operating performance and longer term performance on an absolute basis, and 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 the achievement of personal goals and financial targets approved by the Remuneration Committee at the beginning of the financial year. The provision of incentives based on the achievement of personal goals reinforces the Company's leadership model for improved business performance. The financial targets are based on profit growth which is 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 replaced the previous cash based Long Term Incentive and was approved by shareholders at the 2008 Annual General Meeting. 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 (TSR) compared to a peer group of companies, and growth in Earnings Per Share (EPS). The EPS hurdle is calculated as statutory EPS adjusted at the discretion of the Board for significant or abnormal events. The performance hurdles are challenging and achievable and focus senior executives on sustained long term growth consistent with shareholder wealth creation. The plan runs over a three year performance period and the rights will only vest if the performance hurdles are achieved. If the vesting conditions and performance hurdles are achieved, ordinary shares will be issued to the participants at no cost. If the performance hurdles are not met, then the rights are cancelled after three years.

In accordance with the rules of the Long Term Incentive (Equity) Plan, the executives are prohibited from entering into hedging transactions or arrangements which reduce or limit the economic risk of holding unvested Performance Rights.

The Long Term Incentive is aligned to shareholder interests as Performance Rights only vest if the EPS and TSR performance hurdles are achieved over the three year performance period. The performance hurdles and vesting proportions for each measure are as follows:

EPS Growth over three year performance period	Proportion of Performance Rights that may be exercised if EPS growth hurdle is met
10% or more	50% (ie, 50% of total grant)

TSR of GWA International Limited relative to TSRs of Comparator Companies	Proportion of Performance Rights that may be Exercised if TSR hurdle is met
More than the 50th percentile	50% (ie, 50% of total grant)
Comparator companies	GUD Holdings Limited Hills Industries Limited Bradken Limited Spotless Group Limited Alesco Corporation Limited Crane Group Limited Pacific Brands Limited Adelaide Brighton Limited Ansell Limited Paperlinx Limited

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 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 2009 there are currently 3.9 million shares issued under the GWA International Employee Share Plan, which have an outstanding loan balance of $9.96 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 below table is a summary of key shareholder wealth statistics for the Company over the last five years.

Trading EBIT has declined in the 2008/09 year due to the downturn in the domestic dwelling construction and renovation market following the global financial crisis in late 2008. This follows a number of years of weak domestic dwelling construction activity which is a key driver of earnings growth in the Company's core building fixtures and fittings business. Despite the difficult market conditions, the core business has performed soundly over the last five years generating strong operating cash flows enabling the Company to maximise fully franked dividend payments to shareholders. The restructuring activities of recent years placed the Company in a strong position during the current downturn, and will underpin profitability growth as the market recovers.

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 $1.035 in fully franked dividends paid to shareholders in the last five financial years, which includes 13.5 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 Managing 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.

Performance Rights held by executives under the Long Term Incentive (Equity) Plan will lapse upon the cessation of employment with the Company.

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 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 outlined in the table on the following page.

Financial Year	Trading EBIT ($m)	Trading EPS (cents)	Total DPS (cents)	Share Price ($)
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
2008/09	87.0	17.9	18.0	2.30

		Short–term			Long–term	Post–employment					
		Salary & Fees $	STI Cash Bonus $(a)*	Non–Monetary $(b)	Value of Share–Based Awards $(c)	Super annuation Benefits $	Termin–ation Benefits $	Total $	Proportion of remuneration performance based %	STI Cash Bonus vested in year %	STI Cash Bonus forfeited in year %
Non–Executive Directors											
B Thornton, Chairman	2009	288,899	–	–	–	26,001	–	314,900	–	–	–
	2008	273,150	–	250	–	24,584	–	297,984	–	–	–
J Kennedy, Deputy Chairman	2009	65,342	–	–	–	100,000	–	165,342	–	–	–
	2008	54,683	–	250	–	100,000	–	154,933	–	–	–
M Kriewaldt (Retired 30 October 2008)	2009	40,433	–	–	–	3,639	–	44,072	–	–	–
	2008	112,130	–	250	–	10,092	–	122,472	–	–	–
D Barry	2009	102,300	–	–	–	9,207	–	111,507	–	–	–
	2008	96,624	–	250	–	8,696	–	105,570	–	–	–
R Anderson	2009	4,967	–	–	–	100,000	–	104,967	–	–	–
	2008	–	–	250	–	99,245	–	99,495	–	–	–
G McGrath	2009	28,241	–	–	–	86,172	–	114,413	–	–	–
	2008	17,242	–	250	–	88,078	–	105,570	–	–	–
W Bartlett	2009	115,300	–	–	–	10,377	–	125,677	–	–	–
	2008	102,840	–	250	–	9,256	–	112,346	–	–	–
D McDonough (Appointed 16 February 2009)	2009	–	–	–	–	28,000	–	28,000	–	–	–
	2008	–	–	–	–	–	–	–	–	–	–
Executive Directors											
P Crowley, Managing Director	2009	1,379,601	112,500	240,918	194,658	50,000	–	1,977,677	15.5	13	87
	2008	1,164,718	–	206,927	–	100,000	–	1,471,645	–	–	100
R Thornton, Executive Director (Appointed 6 May 2009)	2009	39,160	4,167	9,526	3,199	3,767	–	59,819	12.3	25	75
	2008	–	–	–	–	–	–	–	–	–	–
Executives											
S Wright, Group Operations Manager (Ceased employment 18 July 2008)	2009	28,634	–	26,603	–	100,000	500,000	655,237	–	–	–
	2008	461,523	300,000	75,504	–	100,000	–	937,027	32.0	100	–
A Rusten, Group Marketing Manager	2009	316,280	17,000	100,817	27,417	31,160	–	492,674	9.0	13	87
	2008	300,224	–	96,397	–	29,680	–	426,301	–	–	100
T Dragicevich, Chief Executive – Caroma Dorf	2009	435,219	41,000	40,659	54,833	100,000	–	671,711	14.3	19	81
	2008	45,833	100,000	767	–	–	–	146,600	68.2	100	–
G Douglas, General Manager – Rover	2009	182,943	–	45,286	21,933	100,000	–	350,162	6.3	–	100
	2008	184,743	33,965	34,337	–	100,000	–	353,045	9.6	50	50
J Measroch, General Manager – Sebel (Ceased employment 31 Oct 2008)	2009	105,337	-	18,994	-	9,333	210,000	343,664	-	-	-
	2008	271,092	-	44,567	-	26,663	-	342,322	-	-	100
G Oliver, General Manager –Gainsborough	2009	295,097	147,000	44,888	30,158	101,112	-	618,255	28.7	100	-
	2008	255,676	76,920	43,236	-	99,768	-	475,600	16.2	50	50
W Saxelby, Chief Financial Officer	2009	552,854	62,000	199,172	54,833	96,000	-	964,859	12.1	25	75
	2008	223,245	200,000	32,222	-	77,619	-	533,086	37.5	100	-
G Welsh, General Manager – Sebel (Commenced employment 20 October 2008)	2009	216,684	75,000	4,460	21,933	18,109	-	336,186	28.8	100	-
	2008	-	-	-	-	-	-	-	-	-	-
L Patterson, General Manager – Dux	2009	356,290	142,000	123,033	30,158	41,220	-	692,701	24.9	100	-
	2008	309,429	88,200	121,398	-	29,400	-	548,427	16.1	100	-

* Comparative STI cash bonus amounts have been adjusted to reflect the actual amounts paid.

(a) The Short Term Incentive cash bonus is for the performance during the financial year ended 30 June 2009 based on the achievement of personal goals and specified performance criteria as set out earlier in the report. The STI cash bonuses are paid annually following the end of the preceding financial year. The amounts have been determined following individual performance reviews and have been approved by the Remuneration Committee.

(b) The non-monetary benefits include the provision of other benefits such as motor vehicles, medical benefits membership, salary continuance and life insurance, interest free loans under the GWA International Employee Share Plan and any applicable fringe benefits tax thereon.

(c) The Long Term Incentive (Equity) Plan was approved by shareholders at the 2008 Annual General Meeting and runs for a three year performance period. If the performance hurdles are achieved the performance rights will vest on the date of the release of the Company's audited financial results for the year ending 30 June 2011 to the Australian Securities Exchange. The fair value of the performance rights granted during the year ended 30 June 2009 is calculated using Binomial option pricing model (EPS hurdle) and Monte Carlo simulation (TSR hurdle) valuation methodologies and allocated to each financial year evenly over the three year performance period.

PERFORMANCE RIGHTS OVER ORDINARY SHARES GRANTED AS COMPENSATION

Details of Performance Rights over ordinary shares in the Company that were granted as compensation to each key management person under the Long Term Incentive (Equity) Plan during the year are as follows:

	Number of rights granted	Grant date*	Fair value of rights at grant date $*
Executive Directors			
P Crowley, Managing Director	355,000	27 February 2009	583,975
R Thornton, Executive Director (Appointed 6 May 2009)	35,000	27 February 2009	57,575
Executives			
S Wright, Group Operations Manager (Ceased employment 18 July 2008)	–	–	–
A Rusten, Group Marketing Manager	50,000	27 February 2009	82,250
T Dragicevich, Chief Executive – Caroma Dorf	100,000	27 February 2009	164,500
G Douglas, General Manager – Rover	40,000	27 February 2009	65,800
J Measroch, General Manager – Sebel (Ceased employment 31 October 2008)	–	–	–
G Oliver, General Manager –Gainsborough	55,000	27 February 2009	90,475
W Saxelby, Chief Financial Officer	100,000	27 February 2009	164,500
G Welsh, General Manager – Sebel (Commenced employment 20 October 2008)	40,000	27 February 2009	65,800
L Patterson, General Manager – Dux	55,000	27 February 2009	90,475

All of the above rights carry an exercise price of nil and vest on the date of the release of the Company's audited financial results for the year ending 30 June 2011 to the Australian Securities Exchange, subject to the achievement of the performance hurdles set out earlier in this report. No rights were forfeited, vested or exercised during the year. The number of rights granted during the year also represents the balance yet to vest at 30 June 2009.

* The issue price used to determine the number of rights offered to all participants during the year, including Mr Crowley and other key management personnel, was $2.46 being the volume weighted average price of the Company's shares calculated over the 20 trading days after the Company's Annual General Meeting on 30 October 2008. The grant dates and corresponding fair values per right in the above table have been determined in accordance with Australian Accounting Standards and are dependent on the dates on which the individual executives are deemed to have received their offers to participate in the plan. Fair values have been calculated using Binomial option pricing model (EPS hurdle) and Monte Carlo simulation (TSR hurdle) valuation methodologies. The fair value of rights issued during the year under the EPS hurdle was $1.78 per right, and the TSR hurdle was $1.51 per right.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of Committees of directors) held during the financial year ended 30 June 2009 and the number of meetings attended by each director were as follows:

Director	Board		Audit Committee		Remuneration Committee		Nomination Committee	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**
B Thornton	13	13	4	4			2	2
J J Kennedy	13	13	4	4			2	2
P C Crowley (1)	13	13						
D R Barry	13	13			3	3		
R M Anderson	13	12						
M D E Kriewaldt (4)	5	5	1	1	1	1		
G J McGrath (2)	13	12			3	3	2	2
W J Bartlett (3)	13	13	4	4	2	2		
D D McDonough (6)	5	5						
R J Thornton (5)	2	2						

Note:
A – Number of meetings held during the time the director held office during the year B – Number of meetings attended

(1) P C Crowley attends Committee meetings by invitation of the Board

(2) G J McGrath was appointed a member of the Nomination Committee on 30 October 2008

(3) W J Bartlett was appointed a member of the Remuneration Committee on 30 October 2008

(4) M D E Kriewaldt retired as a non-executive director on 30 October 2008

(5) R J Thornton was appointed an executive director on 6 May 2009

(6) D D McDonough was appointed a non-executive director on 16 February 2009 and a member of the Nomination Committee on 3 March 2009

As at the date of this report, the Company had an Audit Committee, Remuneration Committee and 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 Kennedy (Chairman)
- Mr B Thornton
- Mr W Bartlett

The members of the Remuneration Committee are:

- Mr G McGrath (Chairman)
- Mr D Barry
- Mr W Bartlett

The members of the Nomination Committee are:

- Mr B Thornton (Chairman)
- Dr D McDonough
- Mr G McGrath

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 2009 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 2009.

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
Brisbane, 18 August 2009

P C Crowley
Managing Director

CONTENTS

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009		CONSOLIDATED		THE COMPANY	
In thousands of AUD	Note	2009	2008	2009	2008
Sales revenue	2	678,344	648,902	–	–
Cost of sales		(448,815)	(416,043)	–	–
Gross profit		229,529	232,859	–	–
Other income	3	4,338	11,333	40,000	65,000
Selling expenses		(97,550)	(93,981)	–	–
Administrative expenses		(47,916)	(42,805)	(1,465)	(745)
Other expenses	4	(5,542)	(24,828)	–	(2,359)
Results from operating activities		82,859	82,578	38,535	61,896
Finance income	7	2,866	5,068	797	745
Finance expenses	7	(16,710)	(19,691)	–	–
Net financing costs		(13,844)	(14,623)	797	745
Profit before tax		69,015	67,955	39,332	62,641
Income tax (expense)/benefit	9	(20,690)	(22,065)	3	–
Profit for the year		48,325	45,890	39,335	62,641
Basic and diluted earnings per share (cents per share)	10	16.9	16.4		
Dividends per share: Ordinary shares (cents per share)	25	17.5	22.0		

The income statements are to be read in conjunction with the notes to the financial statements set out on pages 53 to 99.

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

STATEMENTS OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2009		CONSOLIDATED		THE COMPANY	
In thousands of AUD	Note	2009	2008	2009	2008
Foreign exchange translation differences for foreign operations		4,026	(5,012)	–	–
Cash flow hedges:					
Gains/(losses) taken to equity, net of tax		(755)	176	–	–
Net income recognised directly in equity		3,271	(4,836)	–	–
Profit for the year		48,325	45,890	39,335	62,641
Total recognised income and expense for the year	25	51,596	41,054	39,335	62,641

Other movements in equity arising from transactions with owners as owners are set out in note 25.

The statements of recognised income and expense are to be read in conjunction with the notes to the financial statements set out on pages 53 to 99.

BALANCE SHEETS

FOR THE YEAR ENDED 30 JUNE 2009

		CONSOLIDATED		THE COMPANY	
In thousands of AUD	Note	2009	2008	2009	2008
Assets					
Cash and cash equivalents	11	45,015	53,418	–	–
Trade and other receivables	12	135,039	131,580	661	644
Inventories	13	111,671	107,508	–	–
Income tax receivable	16	980	829	–	–
Other		3,694	4,832	562	814
Total current assets		296,399	298,167	1,223	1,458
Receivables	12	12,185	5,298	703,666	663,132
Deferred tax assets	17	22,961	22,845	–	–
Investment in subsidiaries	31	–	–	325,646	325,646
Property, plant and equipment	18	98,569	106,307	–	–
Intangible assets	19	349,438	339,060	–	–
Other		2,901	3,777	2,879	3,699
Total non–current assets		486,054	477,287	1,032,191	992,477
Total assets		782,453	775,454	1,033,414	993,935
Liabilities					
Trade and other payables	20	89,231	81,292	57	54
Employee benefits	22	14,191	16,599	–	–
Income tax payable	16	7,207	5,890	7,123	5,854
Provisions	24	19,853	17,091	–	–
Total current liabilities		130,482	120,872	7,180	5,908
Trade and other payables	20	5,585	–	597,077	583,653
Interest–bearing loans and borrowings	21	200,000	246,975	–	–
Deferred tax liabilities	17	22	–	–	–
Employee benefits	22	11,337	10,675	–	–
Provisions	24	8,863	7,812	–	–
Total non–current liabilities		225,807	265,462	597,077	583,653
Total liabilities		356,289	386,334	604,257	589,561
Net assets		426,164	389,120	429,157	404,374
Equity					
Issued capital		387,981	353,938	387,981	353,938
Reserves		(3,451)	(7,372)	650	–
Retained earnings		41,634	42,554	40,526	50,436
Total equity	25	426,164	389,120	429,157	404,374

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 53 to 99.

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2009

		CONSOLIDATED		THE COMPANY	
In thousands of AUD	Note	2009	2008	2009	2008
Cash flows from operating activities					
Cash receipts from customers		738,652	726,256	–	–
Dividends and trust distributions received		–	–	40,000	62,641
Cash paid to suppliers and employees		(628,092)	(594,781)	(8)	–
Cash generated from operations		110,560	131,475	39,992	62,641
Interest paid		(14,852)	(18,527)	–	–
Interest received		2,070	4,323	–	–
Income taxes paid		(19,150)	(14,279)	(18,559)	(12,505)
Net cash from operating activities	32	78,628	102,992	21,433	50,136
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		6,395	14,492	–	–
Acquisition of property, plant and equipment		(10,514)	(18,305)	–	–
Acquisition of intangibles		(6,834)	(3,930)	–	–
Acquisition of subsidiary, net of cash acquired	15	(12,419)	–	–	–
Net cash from investing activities		(23,372)	(7,743)	–	–
Cash flows from financing activities					
Issue of employee shares		(841)	(2,107)	(841)	(2,107)
Proceeds from issue of share capital		34,043	876	34,043	876
Repayment of employee share loans		1,321	1,270	1,321	1,270
Repayment of loans by controlled entities		–	–	(6,711)	11,205
Repayment of loans by related parties		8	81	–	–
Repayment of bank bills		(48,167)	(25,000)	–	–
Dividends paid		(49,245)	(61,612)	(49,245)	(61,612)
Net cash from financing activities		(62,881)	(86,492)	(21,433)	(50,368)
Net increase/(decrease) in cash and cash equivalents		(7,625)	8,757	–	(232)
Cash and cash equivalents at 1 July		53,418	45,953	–	232
Effect of exchange rate fluctuations on cash held		(778)	(1,292)	–	–
Cash and cash equivalents at 30 June	11	45,015	53,418	–	–

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 53 to 99.

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 2009 comprises the Company and its subsidiaries (together referred to as the 'consolidated entity').

The financial report was authorised for issue by the directors on 18 August 2009.

(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.

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 19 – measurement of the recoverable amounts of intangible assets
- note 23 – fair value of share–based payments
- note 24 and 29 – provisions and contingencies
- note 26 – 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.

(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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency (continued)

(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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Hedging (continued)

(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.

(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 brand names is reviewed each year to ensure that no impairment exists.

(iii) Goodwill

Goodwill acquired in business combinations of the consolidated entity are measured at cost less accumulated impairment losses. Goodwill represents the excess of the cost of the acquisition over the consolidated entity's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangible assets (continued)

(iv) Other intangible assets

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

(v) 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.

(vi) 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:

- designs 15 years
- patents 3–19 years (based on patent term)
- trade names 10 years
- 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment (continued)

(i) Calculation of recoverable amount (continued)

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. An impairment loss in respect of goodwill is not reversed.

(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.

(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.

(iv) Share–based payment transactions

The grant date fair value of performance rights granted to employees is recognised as a personnel expense, with a corresponding increase in equity, over the specified period that the performance rights vest to employees. The amount recognised as an expense is adjusted to reflect the actual number of performance rights for which the related service and non–market vesting hurdles are met.

(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 that can be estimated reliably, 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Provisions (continued)

(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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Income tax (continued)

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.

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) 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.

(x) Changes in accounting policy

(i) Warranty costs

During the reporting period, management changed its accounting policy in respect of the classification of warranty costs in the income statement. It was determined that warranty costs should be included in cost of sales to better reflect the nature of the cost. In the prior reporting period warranty costs were reported in selling expenses. The impact on the income statement in the consolidated entity for the year ended 30 June 2009 is to increase cost of sales and decrease selling expenses by $12,300,000 (2008: $10,504,000). There is no impact on the balance sheet for the consolidated entity. No adjustments have arisen for the Company.

(ii) Selling costs

During the reporting period, management changed its accounting policy in respect of the classification of costs incurred by state selling regions in the income statement. It was determined that all costs incurred by state selling regions should be included in selling expenses to better reflect the nature of the cost. In the prior reporting period certain costs of the state selling regions were reported in administrative expenses. The impact on the income statement in the consolidated entity for the year ended 30 June 2009 is to increase selling expenses and decrease administrative expenses by $12,585,000 (2008: $12,218,000). There is no impact on the balance sheet for the consolidated entity. No adjustments have arisen for the Company.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) 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 2009, but have not been applied in preparing this financial report:

- Revised AASB 3 Business Combinations (2008) 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, which will be applied prospectively and therefore there will be no impact on prior periods in the consolidated entity's 30 June 2010 financial statements.
- 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 a change in the presentation and 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). Under the management approach, the effect of the revised standard on the consolidated entity's 30 June 2010 financial statements is not significant.
- Revised AASB 101 Presentation of Financial Statements (2007) 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. 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. Therefore, there will be no impact on prior periods in the consolidated entity's 30 June 2010 financial statements.
- Revised AASB 127 Consolidated and Separate Financial Statements (2008) 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 with retrospective application. The consolidated entity has not yet determined the potential effect of the amending standard on the consolidated entity's financial report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENT REPORTING (continued)

Business segments

	Building Fixtures and Fittings*		Commercial Furniture*		Unallocated*		Eliminations		Consolidated*	
In thousands of AUD	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue:										
External sales	593,671	558,657	56,088	56,864	28,585	33,381	–	–	678,344	648,902
Inter–segment sales	–	–	32	1,852	–	–	(32)	(1,852)	–	–
Total sales revenue	593,671	558,657	56,120	58,716	28,585	33,381	(32)	(1,852)	678,344	648,902
Segment result	98,493	109,552	2,033	3,369	(13,571)	(13,527)	–	–	86,955	99,394
Restructuring income/(expenses)	(4,096)	(21,629)	–	(614)	–	5,427	–	–	(4,096)	(16,816)
Segment result after restructuring expenses	94,397	87,923	2,033	2,755	(13,571)	(8,100)	–	–	82,859	82,578
Net financing costs									(13,844)	(14,623)
Income tax expense									(20,690)	(22,065)
Profit for the year									48,325	45,890
Segment assets	643,196	627,265	33,703	35,087	105,554	113,102	–	–	782,453	775,454
Segment liabilities	114,733	106,358	7,449	9,457	234,107	270,519	–	–	356,289	386,334
Depreciation	14,961	14,895	1,248	1,690	580	801	–	–	16,789	17,386
Amortisation	1,081	275	–	–	235	259	–	–	1,316	534
Capital expenditure	14,165	17,028	2,332	1,504	851	3,703	–	–	17,348	22,235
Impairment losses	–	9,419	–	–	–	–	–	–	–	9,419

Geographical segments

	Australia*		Unallocated*		Consolidated *	
In thousands of AUD	2009	2008	2009	2008	2009	2008
External sales revenue	580,934	551,587	97,410	97,315	678,344	648,902
Segment assets	737,836	727,045	44,617	48,409	782,453	775,454
Capital expenditure	15,759	19,433	1,589	2,802	17,348	22,235

* All segments are continuing operations

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. OTHER INCOME

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2009	2008	2009	2008
Foreign currency gains – realised	1,148	2,082	–	–
Foreign currency gains – unrealised	1,927	1,370	–	–
Net gain on disposal of property, plant and equipment and intangible assets	156	6,879	–	–
Dividends received from controlled companies	–	–	40,000	65,000
Other	1,107	1,002	–	–
	4,338	11,333	40,000	65,000

4. OTHER EXPENSES

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2009	2008	2009	2008
Foreign currency losses – realised	660	217	–	–
Foreign currency losses – unrealised	743	1,264	–	–
Net loss on disposal of intangible assets	43	–	–	–
Distribution losses from controlled trusts	–	–	–	2,359
Restructuring and impairment expenses	4,096	23,347	–	–
	5,542	24,828	–	2,359

5. PERSONNEL EXPENSES

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2009	2008	2009	2008
Wages and salaries – including superannuation contributions, annual leave, long service leave and on–costs	144,384	143,509	–	–
Equity–settled share–based payment transactions	650	–	–	–
	145,034	143,509	–	–

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. AUDITORS' REMUNERATION

In AUD	CONSOLIDATED 2009	CONSOLIDATED 2008	THE COMPANY 2009	THE COMPANY 2008
Audit services				
Auditors of the Company				
KPMG Australia:				
Audit and review of financial reports	398,000	360,000	12,000	10,000
Overseas KPMG Firms:				
Audit and review of financial reports	85,000	66,000	–	–
	483,000	426,000	12,000	10,000
Other services				
Auditors of the Company				
KPMG Australia:				
Other assurance services	30,000	–	–	–
Taxation services	17,000	112,000	–	–
Overseas KPMG Firms:				
Other assurance services	21,000	–	–	–
Taxation services	83,000	–	–	–
	151,000	112,000	–	–

7. NET FINANCING COSTS

In thousands of AUD	CONSOLIDATED 2009	CONSOLIDATED 2008	THE COMPANY 2009	THE COMPANY 2008
Interest income	(2,866)	(5,068)	(797)	(745)
Interest expense	16,710	19,691	–	–
Net financing costs/(income)	13,844	14,623	(797)	(745)

8. RESTRUCTURING AND IMPAIRMENT EXPENSES

In thousands of AUD	CONSOLIDATED 2009	CONSOLIDATED 2008	THE COMPANY 2009	THE COMPANY 2008
Restructuring expenses	4,096	13,928	–	–
Impairment loss on intangible assets	–	9,419	–	–
Gains on property sales (included in 'other income')	–	(6,531)	–	–
Net expense before tax	4,096	16,816	–	–
Tax benefit	(1,229)	(2,547)	–	–
Net restructuring expense after tax	2,867	14,269	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE

Recognised in the income statement	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2009	2008	2009	2008
Current tax expense/(benefit)				
Current year	20,491	20,572	(3)	–
Adjustments for prior years	32	–	–	–
	20,523	20,572	(3)	–
Deferred tax expense				
Origination and reversal of temporary differences	167	1,493	–	–
Benefit of tax losses recognised	–	–	–	–
	167	1,493	–	–
Total income tax expense/(benefit) in income statement	20,690	22,065	(3)	–

Numerical reconciliation between tax expense and pre–tax net profit	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2009	2008	2009	2008
Profit before tax	69,015	67,955	39,332	62,641
Income tax using the domestic tax rate of 30% (2008: 30%)	20,705	20,387	11,800	18,792
Increase in income tax expense due to:				
Non–deductible expenses	877	530	197	–
Non–deductible impairment loss	–	2,825	–	–
Rebateable trust distributions	–	–	–	708
Decrease in income tax expense due to:				
Effect of tax rate in foreign jurisdictions	(48)	(97)	–	–
Non–assessable income	(571)	(111)	–	–
Non–assessable capital profits	–	(1,280)	–	–
Rebateable investment allowance	(86)	–	–	–
Rebateable research and development	(219)	(189)	–	–
Rebateable dividends	–	–	(12,000)	(19,500)
	20,658	22,065	(3)	–
Under / (over) provided in prior years	32	–	–	–
Income tax expense/(benefit) on pre–tax net profit	20,690	22,065	(3)	–

Deferred tax recognised directly in equity	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2009	2008	2009	2008
Derivatives	(324)	193	-	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. EARNINGS PER SHARE

Basic earnings per share

Calculation of basic earnings per share at 30 June 2009 was based on the profit attributable to ordinary shareholders of $48,325,000 (2008: $45,890,000) and a weighted average number of ordinary shares of 285,498,000 (2008: 280,075,000) calculated as follows:

	CONSOLIDATED	
	2009	2008
Cents per share	16.9	16.4

Profit attributable to ordinary shareholders	CONSOLIDATED	
	2009	2008
Profit for the year	48,325	45,890

Weighted average number of ordinary shares	CONSOLIDATED	
	2009	2008
Issued ordinary shares at 1 July	280,173	279,923
Effect of shares issued	5,325	152
Weighted average number of ordinary shares at 30 June	285,498	280,075

Diluted earnings per share

Calculation of diluted earnings per share at 30 June 2009 was based on the profit attributable to ordinary shareholders of $48,325,000 (2008: $45,890,000) and a weighted average number of ordinary shares of 285,899,000 (2008: 280,075,000) calculated as follows:

	CONSOLIDATED	
	2009	2008
Cents per share	16.9	16.4

Profit attributable to ordinary shareholders	CONSOLIDATED	
	2009	2008
Profit for the year	48,325	45,890

Weighted average number of ordinary shares	CONSOLIDATED	
	2009	2008
Issued ordinary shares at 1 July	280,173	279,923
Effect of shares issued	5,726	152
Weighted average number of ordinary shares at 30 June	285,899	280,075

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2009	2008	2009	2008
Bank balances	22,011	18,323	–	–
Call deposits	23,004	35,095	–	–
Cash and cash equivalents in the statement of cash flows	45,015	53,418	–	–

The consolidated entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 26.

12. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2009	2008	2009	2008
Current				
Trade receivables	108,282	100,121	–	–
Provision for impairment	(2,028)	(1,052)	–	–
Derivatives used for hedging	23,943	27,872	–	–
Employee share loans	661	644	661	644
Other	4,181	3,995	–	–
	135,039	131,580	661	644
Non–current				
Receivables due from controlled entities	–	–	697,807	657,847
Derivatives used for hedging	6,318	–	–	–
Employee share loans	5,859	5,285	5,859	5,285
Other	8	13	–	–
	12,185	5,298	703,666	663,132

The consolidated entity's exposure to credit and currency risk and impairment losses related to trade and other receivables are disclosed in note 26.

13. INVENTORIES

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2009	2008	2009	2008
Raw materials and consumables	17,818	18,676	–	–
Work in progress	7,518	6,892	–	–
Finished goods	86,335	81,940	–	–
	111,671	107,508	–	–

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

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, was presented as a disposal group held for sale in the prior reporting period. Management became aware during the current reporting period of the prospective buyer's inability to obtain finance due to the difficult prevailing market conditions. Accordingly, the conditions for sale of the Wisa business no longer exist and the business is no longer classified as held for sale. There is no impact on the results for the current reporting period ended 30 June 2009 due to this change in circumstances. An impairment loss of $9,419,000 was recognised in the prior reporting period.

15. ACQUISITIONS OF SUBSIDIARIES

Business combination

On 5 January 2009 the consolidated entity acquired 100% of the shares in Austral Lock Pty Ltd for $12,419,000. Austral Lock Pty Ltd is an Australian manufacturer of locks for security and sliding doors. As part of the transaction, the consolidated entity had a call option over the Indian operations of Austral Lock Pty Ltd which was not exercised.

In the six months to 30 June 2009 the subsidiary contributed profit before tax of $432,000. If the acquisition had occurred on 1 July 2008, management estimates that consolidated revenue for the period would have been $682,930,000 and consolidated profit before tax would have been $69,447,000. In determining those amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 July 2008.

The acquisition had the following effect on the consolidated entity's assets and liabilities on acquisition date:

In thousands of AUD	Pre–acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
Trade and other receivables	2,078	–	2,078
Inventories	2,899	–	2,899
Property, plant and equipment	3,901	–	3,901
Intangible assets	2,365	812	3,177
Deferred tax assets	–	117	117
Trade and other payables	(278)	–	(278)
Employee benefits	(390)	–	(390)
Deferred tax liabilities	–	(180)	(180)
Net identifiable assets and liabilities	10,575	749	11,324
Goodwill on acquisition			1,095
Consideration paid (including legal and consulting fees), satisfied in cash			12,419

Pre-acquisition carrying amounts were determined based on applicable AASBs immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values determined by independent consultants.

The goodwill recognised on the acquisition is attributable mainly to the skills and technical expertise of the acquired businesses work force and the synergies expected to be achieved from integrating the company into the consolidated entity's existing building hardware product business.

16. CURRENT TAX ASSETS AND LIABILITIES

The current tax asset for the consolidated entity of $980,000 (2008: $829,000) represents the amount of income taxes recoverable in respect of current and prior periods. The current tax liability for the consolidated entity of $7,207,000 (2008: $5,890,000) and for the Company of $7,123,000 (2008: $5,854,000) represents the amount of income taxes payable in respect of the current period. 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.

17. 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	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Property, plant and equipment	841	817	(218)	(181)	623	636
Intangible assets	–	–	(343)	(205)	(343)	(205)
Inventories	2,624	3,583	–	–	2,624	3,583
Employee benefits	7,297	7,879	–	–	7,297	7,879
Provisions	10,607	8,096	–	–	10,607	8,096
Other items	2,603	3,202	(472)	(346)	2,131	2,856
Tax assets / (liabilities)	23,972	23,577	(1,033)	(732)	22,939	22,845
Set off of tax	(1,011)	(732)	1,011	732	–	–
Net tax assets / (liabilities)	22,961	22,845	(22)	–	22,939	22,845

Unrecognised deferred tax assets

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

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	**2009**	**2008**	**2009**	**2008**
Tax losses	451	351	–	–

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. DEFERRED TAX ASSETS AND LIABILITIES (continued)

Movement in temporary differences during the year

	CONSOLIDATED					THE COMPANY			
In thousands of AUD	Balance 1 July 07	Recognised in income	Recognised in equity	Acquired in business combinations	Balance 30 June 08	Balance 1 July 07	Recognised in income	Recognised 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	–	–	–	–

In thousands of AUD	Balance 1 July 08	Recognised in income	Recognised in equity	Acquired in business combinations	Balance 30 June 09	Balance 1 July 08	Recognised in income	Recognised equity	Balance 30 June 09
Property, plant and equipment	636	(13)	–	–	623	–	–	–	–
Intangible assets	(205)	42	–	(180)	(343)	–	–	–	–
Inventories	3,583	(959)	–	–	2,624	–	–	–	–
Employee benefits	7,879	(699)	–	117	7,297	–	–	–	–
Provisions	8,096	2,511	–	–	10,607	–	–	–	–
Other items	2,856	(1,049)	324	–	2,131	–	–	–	–
	22,845	(167)	324	(63)	22,939	–	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. PROPERTY, PLANT AND EQUIPMENT

	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
Cost										
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)	–	–	–	–	–
Effect of movements in foreign exchange	133	721	(119)	(80)	655	–	–	–	–	–
Balance at 30 June 2008	50,314	188,767	12,424	6,641	258,146	–	–	–	–	–
Balance at 1 July 2008	50,314	188,767	12,424	6,641	258,146	–	–	–	–	–
Acquisitions through business combinations	–	3,883	18	–	3,901	–	–	–	–	–
Additions	122	6,629	2,664	1,099	10,514	–	–	–	–	–
Transfers	–	740	–	(740)	–	–	–	–	–	–
Disposals	–	(18,002)	(9,934)	–	(27,936)	–	–	–	–	–
Effect of movements in foreign exchange	234	1,724	39	56	2,053	–	–	–	–	–
Balance at 30 June 2009	50,670	183,741	5,211	7,056	246,678	–	–	–	–	–

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. 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 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	–	–	–	–	–
Effect of movements in foreign exchange	(102)	(653)	82	–	(673)	–	–	–	–	–
Balance at 30 June 2008	(7,546)	(138,369)	(5,924)	–	(151,839)	–	–	–	–	–
Balance at 1 July 2008	(7,546)	(138,369)	(5,924)	–	(151,839)	–	–	–	–	–
Depreciation charge for the year	(1,039)	(13,826)	(1,924)	–	(16,789)	–	–	–	–	–
Disposals	–	18,104	4,054	–	22,158	–	–	–	–	–
Effect of movements in foreign exchange	(171)	(1,460)	(8)	–	(1,639)	–	–	–	–	–
Balance at 30 June 2009	(8,756)	(135,551)	(3,802)	–	(148,109)	–	–	–	–	–
Carrying amounts										
At 1 July 2007	46,825	48,608	6,904	10,682	113,019	–	–	–	–	–
At 30 June 2008	42,768	50,398	6,500	6,641	106,307	–	–	–	–	–
At 1 July 2008	42,768	50,398	6,500	6,641	106,307	–	–	–	–	–
At 30 June 2009	41,914	48,190	1,409	7,056	98,569	–	–	–	–	–

Impairment losses

There were no impairment losses to property, plant and equipment during the 2009 financial year (2008: nil).

19. INTANGIBLE ASSETS

	CONSOLIDATED					THE COMPANY				
In thousands of AUD	Software	Brand names	Trade names, designs and patents	Goodwill	Total	Software	Brand names	Trade names, designs and patents	Goodwill	Total
Cost										
Balance at 1 July 2007	5,366	340,345	–	–	345,711	–	–	–	–	–
Additions	3,930	–	–	–	3,930	–	–	–	–	–
Effect of movements in foreign exchange	–	620	–	–	620	–	–	–	–	–
Balance at 30 June 2008	9,296	340,965	–	–	350,261	–	–	–	–	–
Balance at 1 July 2008	9,296	340,965	–	–	350,261	–	–	–	–	–
Acquisitions through business combinations	–	–	3,177	1,095	4,272	–	–	–	–	–
Additions	6,834	–	–	–	6,834	–	–	–	–	–
Disposals	(291)	–	–	–	(291)	–	–	–	–	–
Effect of movements in foreign exchange	–	631	–	–	631	–	–	–	–	–
Balance at 30 June 2009	15,839	341,596	3,177	1,095	361,707	–	–	–	–	–
Amortisation and impairment losses										
Balance at 1 July 2007	(1,248)	–	–	–	(1,248)	–	–	–	–	–
Amortisation for the year	(534)	–	–	–	(534)	–	–	–	–	–
Impairment loss	–	(9,419)	–	–	(9,419)	–	–	–	–	–
Balance at 30 June 2008	(1,782)	(9,419)	–	–	(11,201)	–	–	–	–	–
Balance at 1 July 2008	(1,782)	(9,419)	–	–	(11,201)	–	–	–	–	–
Amortisation for the year	(1,166)	–	(150)	–	(1,316)	–	–	–	–	–
Disposals	248	–	–	–	248	–	–	–	–	–
Balance at 30 June 2009	(2,700)	(9,419)	(150)	–	(12,269)	–	–	–	–	–
Carrying amounts										
At 1 July 2007	4,118	340,345	–	–	344,463	–	–	–	–	–
At 30 June 2008	7,514	331,546	–	–	339,060	–	–	–	–	–
At 1 July 2008	7,514	331,546	–	–	339,060	–	–	–	–	–
At 30 June 2009	13,139	332,177	3,027	1,095	349,438	–	–	–	–	–

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. INTANGIBLE ASSETS (continued)

Carrying value of brand names and goodwill	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2009	2008	2009	2008
Building Fixtures and Fittings	320,872	319,146	–	–
Commercial Furniture	12,400	12,400	–	–
	333,272	331,546	–	–

Impairment testing for brand names and goodwill

The recoverable amounts of all brand names and goodwill were assessed at 30 June 2009 based on internal value in use calculations and no impairment was identified for any segments (2008: Building Fixtures and Fittings segment: $9,419,000, Commercial Furniture segment: nil).

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 and 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 post–tax discount rate of 10.27% was used in discounting the projected future cash flows.

The values assigned to the key assumptions represent management's assessment of future trends in the Building Fixtures and Fittings and Commercial Furniture industries and are based on both external sources and internal sources (historical data).

The above assumptions are particularly sensitive in the following areas:

- An increase of 1 percentage point in the post–tax discount rate would have decreased value in use for the Building Fixtures and Fittings segment by $99,200,000 and for the Commercial Furniture segment by $4,600,000. No impairment losses would be realised for either segment as a result of this change.
- A 10 percent decrease in future planned revenues would have decreased value in use for the Building Fixtures and Fittings segment by $74,300,000 and for the Commercial Furniture segment by $2,500,000. No impairment losses would be realised for either segment as a result of this change.

20. TRADE AND OTHER PAYABLES

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2009	2008	2009	2008
Current				
Trade payables and accrued expenses	60,583	50,287	57	54
Derivatives used for hedging	25,477	27,592	–	–
Non–trade payables and accrued expenses	3,171	3,413	–	–
	89,231	81,292	57	54
Non–current				
Derivatives used for hedging	5,585	–	–	–
Payables to controlled entities	–	–	597,077	583,653
	5,585	–	597,077	583,653

The consolidated entity's exposure to currency risk and liquidity risk related to trade and other payables are disclosed in note 26.

21. 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 26.

Non–current liabilities	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2009	2008	2009	2008
Unsecured bank loans	200,000	246,975	–	–

Terms and debt repayment schedule			CONSOLIDATED			
In thousands of AUD	Currency	Year of maturity	2009 Face value	2009 Carrying amount	2008 Face value	2008 Carrying amount
Unsecured bank loan	AUD	2011	60,000	60,000	60,000	60,000
Unsecured bank loan	AUD		–	–	60,000	60,000
Unsecured bank loan	AUD	2011	90,000	90,000	65,000	65,000
Unsecured bank loan	AUD	2011	50,000	50,000	50,000	50,000
Unsecured bank loan	EUR		–	–	11,975	11,975
			200,000	200,000	246,975	246,975

The unsecured bank loans mature over the next 2 years and have variable rates ranging from 5.01% – 5.26% at 30 June 2009 (2008: 5.40% – 8.31%).

Financing facilities	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2009	2008	2009	2008
Bank overdraft	6,000	6,357	–	–
Standby letters of credit	8,000	7,685	–	–
Unsecured bank facility	247,500	286,975	–	–
	261,500	301,017	–	–
Facilities utilised at reporting date				
Bank overdraft	–	–	–	–
Standby letters of credit	1,530	1,578	–	–
Unsecured bank facility	200,000	246,975	–	–
	201,530	248,553	–	–
Facilities not utilised at reporting date				
Bank overdraft	6,000	6,357	–	–
Standby letters of credit	6,470	6,107	–	–
Unsecured bank facility	47,500	40,000	–	–
	59,970	52,464	–	–

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. 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 2009.

Unsecured bank loans

Bank loans are provided to GWA Finance Pty Limited under the facility agreements. The bank loans are denominated in Australian dollars. 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.

22. EMPLOYEE BENEFITS

Current	**CONSOLIDATED**		**THE COMPANY**	
In thousands of AUD	**2009**	**2008**	**2009**	**2008**
Liability for long–service leave	1,778	1,728	–	–
Liability for annual leave	9,943	11,357	–	–
Liability for on–costs	2,470	3,514	–	–
	14,191	16,599	–	–
Non–current				
Liability for long–service leave	10,073	9,794	–	–
Liability for on–costs	1,264	881	–	–
	11,337	10,675	–	–

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 $9,212,000 for the financial year ended 30 June 2009 (2008: $8,656,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. EMPLOYEE BENEFITS (continued)

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 2009, 442,500 ordinary shares were issued to employees at the market price of $1.90, being total market value of $840,750. In the prior year, 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.

As at 30 June 2009, loans are issued for 3,933,750 (2008: 3,846,250) shares and the remaining balances of these loans is $9,962,000 (2008: $10,442,000) or $6,520,000 (2008: $5,929,000) at net present value. During 2009, dividends of $630,000 (2008: $814,000) were paid against the loans and a further $691,000 (2008: $456,000) was paid by employees against these loans.

23. SHARE-BASED PAYMENTS

The Long Term Incentive (Equity) Plan was approved by shareholders at the 2008 Annual General Meeting. 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 certain financial performance hurdles and the holder remaining in employment with the Company until the nominated vesting date.

The performance hurdles are subject to financial performance conditions which measure Total Shareholder Returns (TSR) compared to a peer group of companies, and growth in Earnings Per Share (EPS). The performance hurdles are challenging and achievable and focus senior executives on sustained long term growth consistent with shareholder wealth creation. The plan runs over a three year performance period and the rights will only vest if the performance hurdles are achieved. If the vesting conditions and performance hurdles are achieved, ordinary shares will be issued to the participants at no cost. If the performance hurdles are not met, then the rights are cancelled after three years.

The performance hurdles are as follows:

- EPS hurdle – 10% or more EPS growth over the three-year performance period; and
- TSR hurdle – GWAIL's TSR is more than the 50th percentile relative to the TSR of comparator companies.

Fair value

During the current financial year 1,185,000 performance rights were granted to employees (2008: nil) at a weighted average fair value of $1.65 (2008: nil). The fair value of the performance rights subject to the EPS hurdle for vesting (50%) was determined as $1.78 by using a Binomial option pricing model. The fair value of the performance rights granted subject to the TSR hurdle for vesting (50%) was determined as $1.51 by using a Monte Carlo simulation. When determining the fair values it was assumed the Company would have a dividend yield of 7.86%, the risk free rate was 3.25% and volatility ranged between 40-50% for the Company and its comparator companies listed for the TSR hurdle.

The fair value of the performance rights granted will be allocated to each financial year evenly over the specified three year service period. The amount recognised as personnel expenses in the current financial year was $650,000 (2008: nil).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. PROVISIONS

In thousands of AUD	Warranties	Restructuring	Site restoration	Other	Total
Consolidated					
Balance at 1 July 2008	10,011	4,278	6,490	4,124	24,903
Provisions made during the year	8,159	4,096	–	2,549	14,804
Provisions used during the year	(6,093)	(2,652)	(541)	(1,721)	(11,007)
Effect of movements in foreign exchange	16	–	–	–	16
Balance at 30 June 2009	12,093	5,722	5,949	4,952	28,716
Current	7,091	5,722	2,559	4,481	19,853
Non–current	5,002	–	3,390	471	8,863
	12,093	5,722	5,949	4,952	28,716

Warranties

The total provision for warranties at balance date of $12,093,000 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 $7,091,000 of the total provision in the financial year ending 30 June 2010, and the majority of the balance of the liability over the following four years.

Restructuring

During the financial year ended 30 June 2009, provisions of $4,096,000 were made to cover the estimated costs of redundancies and related costs with respect to the closure of manufacturing operations and other business restructuring. At balance date the balance of the restructuring provision was $5,722,000. Of this amount $1,755,000 remains from the prior financial year for onerous lease commitments in relation to sites restructured and $3,967,000 represents the balance remaining for the provision raised in the current year. The restructuring is expected to be completed by June 2010.

Site restoration

At balance date the balance of the site restoration provision was $5,949,000. Payments of $541,000 were made in the current financial year. 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. Site restoration will be incurred when leased sites are exited. The net present value of the provision has been calculated using a discount rate of 5.85 per cent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

In thousands of AUD	Share capital	Translation reserve	Hedging reserve	Equity compensation reserve	Retained earnings	Total
Consolidated						
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
Balance at 1 July 2008	353,938	(7,565)	193	–	42,554	389,120
Total recognised income and expense	–	4,026	(755)	–	48,325	51,596
Share–based payments, net of tax	–	–	–	650	–	650
Issue of ordinary shares	34,043	–	–	–	–	34,043
Dividends to shareholders	–	–	–	–	(49,245)	(49,245)
Balance at 30 June 2009	387,981	(3,539)	(562)	650	41,634	426,164

In thousands of AUD	Share capital	Equity compensation reserve	Retained earnings	Total equity
The Company				
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
Balance at 1 July 2008	353,938	–	50,436	404,374
Total recognised income and expense	–	–	39,335	39,335
Share–based payments, net of tax	–	650	–	650
Issue of ordinary shares	34,043	–	–	34,043
Dividends to shareholders	–	–	(49,245)	(49,245)
Balance at 30 June 2009	387,981	650	40,526	429,157

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. CAPITAL AND RESERVES (continued)

Share capital

	THE COMPANY	
	Ordinary shares	
In thousands of shares	2009	2008
On issue at 1 July – fully paid	280,173	279,923
Issue of shares under the dividend reinvestment plan	17,403	–
Issue of shares under the employee share plan	443	250
On issue at 30 June – fully paid	298,019	280,173

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.

Equity compensation reserve

The equity compensation reserve represents the fair value of performance rights expensed during the year ended 30 June 2009 (2008: nil).

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
2009				
Interim 2009 ordinary	9.5	26,831	100%	1st April 2009
Final 2008 ordinary	8.0	22,414	100%	7th Oct 2008
Total amount	17.5	49,245		
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		

25. CAPITAL AND RESERVES (continued)

Dividends (continued)

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	8.5	25,332	100%	7th Oct 2009

The financial effect of these dividends has not been brought to account in the financial statements for the financial year ended 30 June 2009 and will be recognised in subsequent financial reports.

Dividend franking account	THE COMPANY	
In thousands of AUD	2009	2008
30 per cent franking credits available to shareholders of GWA International Limited for subsequent financial years	20,009	22,528

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 $10,857,000 (2008: $9,606,000). In accordance with the tax consolidation legislation, the Company as the head entity in the tax–consolidated group has also assumed the benefit of $20,009,000 (2008: $22,528,000) franking credits.

26. 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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 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 42% of the trade receivables carrying amount at 30 June 2009 (2008: 46%). At the balance sheet date there were no material uninsured concentrations of credit risk.

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	2009	2008	2009	2008
Cash and cash equivalents	45,015	53,418	–	–
Gross trade receivables	128,542	118,683	–	–
Employee share loans	6,520	5,929	6,520	5,929
Receivables due from controlled entities	–	–	697,807	657,847
Commodity contracts used for hedging	13,819	–	–	–
Forward exchange contracts used for hedging	16,442	26,285	–	–
Interest rate swaps used for hedging	–	1,587	–	–
	210,338	205,902	704,327	663,776

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

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

	CONSOLIDATED			
In thousands of AUD	2009 Gross	2009 Impairment	2008 Gross	2008 Impairment
Not yet due	78,523	(69)	66,844	(170)
Past due 0–30 days	40,155	(13)	41,517	(7)
Past due 31–60 days	3,245	(361)	4,778	(116)
Past due 61–90 days	1,584	(150)	3,092	(140)
Past due 91–120 days	2,850	(464)	1,482	(216)
Past due 120+ days	2,185	(971)	970	(403)
	128,542	(2,028)	118,683	(1,052)

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			
In thousands of AUD	2009 Gross	2009 Impairment	2008 Gross	2008 Impairment
Gross trade receivables with terms re–negotiated	74	(60)	265	(120)

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	2009	2008
Balance at 1 July	(1,052)	(804)
Impairment loss recognised	(1,305)	(527)
Impairment losses applied	354	279
Effect of movements in foreign exchange	(25)	–
Balance at 30 June	(2,028)	(1,052)

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. 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:

	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 – 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)	–	–
Non–derivative financial liabilities – 2009										
Unsecured bank loans	(200,000)	(218,681)	(5,490)	(5,491)	(207,700)	–	–	–	–	–
Trade and other payables	(60,583)	(60,583)	(60,547)	(36)	–	(57)	(57)	(57)	–	–
Derivative financial liabilities – 2009										
Interest rate swaps designated as hedges	(1,839)	(2,056)	(1,205)	(733)	(118)	–	–	–	–	–
Commodity contracts designated as hedges – outflow	(12,280)	(12,280)	(3,982)	(2,713)	(5,585)	–	–	–	–	–
Commodity contracts designated as hedges – inflow	13,819	13,819	4,342	3,159	6,318	–	–	–	–	–
Forward exchange contracts designated as hedges – outflow	(16,943)	(16,943)	(15,064)	(1,879)	–	–	–	–	–	–
Forward exchange contracts designated as hedges – inflow	16,442	16,442	14,568	1,874	–	–	–	–	–	–
Total at 30 June 2009	(261,384)	(280,282)	(67,378)	(5,819)	(207,085)	(57)	(57)	(57)	–	–

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.

26. 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 3.76% to 7.36% (2008: 5.63% – 7.36%). At 30 June 2009, the consolidated entity had interest rate swaps with a notional contract amount of $125,000,000 (2008: $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 2009 was $1,839,000 recognised as a fair value derivative liability. (2008: $1,587,000 fair value derivative asset).

(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	2009 Notional value	2009 Carrying amount	2008 Notional value	2008 Carrying amount	2009 Notional value	2009 Carrying amount	2008 Notional value	2008 Carrying amount
Variable rate financial instruments								
Unsecured bank loans	(200,000)	(200,000)	(246,975)	(246,975)	–	–	–	–
Bank balances	22,011	22,011	18,323	18,323	–	–	–	–
Call deposits	23,004	23,004	35,095	35,095	–	–	–	–
	(154,985)	(154,985)	(193,557)	(193,557)	–	–	–	–
Fixed rate financial instruments								
Interest rate swap derivatives	125,000	(1,839)	125,000	1,587	–	–	–	–
Total	(29,985)	(156,824)	(68,557)	(191,970)	–	–	–	–

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. 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	2009	2008	2009	2008
Increase of 100 basis points				
Hedging reserve (increase)/decrease	(603)	(1,311)	–	–
Financial assets increase/(decrease)	–	1,311	–	–
Financial liabilities (increase)/decrease	603	–	–	–
	–	–	–	–
Decrease of 100 basis points				
Hedging reserve (increase)/decrease	609	1,608	–	–
Financial assets increase/(decrease)	–	(1,587)	–	–
Financial liabilities (increase)/decrease	(609)	(21)	–	–
	–	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. 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

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	2009	2008	2009	2008
Increase of 100 basis points				
Unsecured bank loans (AUD)	(2,207)	(2,560)	–	–
Unsecured bank loans (EUR)	(117)	(122)	–	–
Bank balances	220	183	–	–
Interest rate swap derivatives	1,198	1,049	–	–
Call deposits variable rate	303	351	–	–
Call deposits fixed rate	–	166	–	–
	(603)	(933)	–	–
Decrease of 100 basis points				
Unsecured bank loans (AUD)	2,209	2,565	–	–
Unsecured bank loans (EUR)	117	122	–	–
Bank balances	(220)	(183)	–	–
Interest rate swap derivatives	(1,198)	(1,049)	–	–
Call deposits variable rate	(303)	(351)	–	–
Call deposits fixed rate	–	(166)	–	–
	605	938	–	–

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 was designated as a hedge of the consolidated entity's investment in its subsidiary in the Netherlands.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. 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
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
2009							
Trade receivables	–	1,457	–	1,400	1,528	3	–
Trade payables	–	(1,065)	–	(191)	(26)	(1)	–
Cash	–	93	–	51	399	–	–
Gross balance sheet exposure	–	485	–	1,260	1,901	2	–
Estimated forecast sales	–	7,231	10,549	17,825	–	–	–
Estimated forecast purchases	–	(66,101)	(4,624)	(20,501)	–	–	(3,472)
Gross exposure	–	(58,870)	5,925	(2,676)	–	–	(3,472)
Forward exchange contracts	–	16,330	–	–	–	–	–
Net exposure 30 June 2009	–	(42,055)	5,925	(1,416)	1,901	2	(3,472)
Foreign exchange rates at balance date	1.0000	0.8114	1.2428	0.5751	6.2884	0.4872	77.76

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. 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:

Consolidated	Carrying amount	Fair value	Carrying amount	Fair value
In thousands of AUD	2009	2009	2008	2008
Cash and cash equivalents	45,015	45,015	53,418	53,418
Trade and other receivables	116,963	116,963	109,006	109,006
Interest rate swaps:				
Assets	–	–	1,587	1,587
Liabilities	(1,839)	(1,839)	–	–
Commodity contracts:				
Assets	13,819	13,819	–	–
Liabilities	(12,280)	(12,280)	–	–
Forward exchange contracts:				
Assets	16,442	16,442	26,285	26,285
Liabilities	(16,943)	(16,943)	(27,592)	(27,592)
Unsecured bank loans	(200,000)	(200,000)	(246,975)	(246,975)
Trade payables and accrued expenses	(63,754)	(63,754)	(53,700)	(53,700)
	(102,577)	(102,577)	(137,971)	(137,971)

The Company	Carrying amount	Fair value	Carrying amount	Fair value
In thousands of AUD	2009	2009	2008	2008
Trade and other receivables	704,327	704,327	663,776	663,776
Payables to controlled entities	(597,077)	(597,077)	(583,654)	(583,654)
Trade payables and accrued expenses	(57)	(57)	(54)	(54)
	107,193	107,193	80,068	80,068

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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. Commodity contracts are marked to market by discounting the contractual forward price and deducting the current commodity spot price. 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.

(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 2009 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2009	2008
Derivatives	3.19% – 4.84%	7.77% – 7.82%
Employee share loans and other loans	5.85% – 8.05%	7.30% – 7.55%
Interest bearing loans and borrowings	5.01% – 5.26%	5.40% – 8.31%

27. OPERATING LEASES

Leases as lessee

Non–cancellable operating lease rentals are payable as follows:

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2009	2008	2009	2008
Less than one year	13,416	10,127	–	–
Between one and five years	29,494	28,014	–	–
More than five years	2,967	4,317	–	–
	45,877	42,458	–	–

The consolidated entity leases a warehouse and factory facilities and motor vehicles under operating leases. The warehouse and facility leases typically run for a period of 3 to 5 years, with an option to renew the lease after that date. None of the leases include contingent rentals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. OPERATING LEASES (continued)

Leases as lessee (continued)

One of the leased properties has been sublet by the consolidated entity. The lease and sublease expire in November 2009. Sublease payments of $95,000 will be received during the following financial year.

During the financial year ended 30 June 2009, $11,407,000 (2008: $10,473,000) was recognised as an expense in the income statement in respect of operating leases, which was net of sub–lease income.

28. CAPITAL AND OTHER COMMITMENTS

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	2009	2008	2009	2008
Capital expenditure commitments				
Plant and equipment				
Contracted but not provided for and payable:				
Within one year	4,401	3,152	–	–

29. 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	2009	2008	2009	2008
Contingent liabilities not considered remote				
In previous financial years, the Company investigated and reported two environmental contamination issues at factory sites at Eagle Farm, Queensland and Revesby, NSW. Both sites are leased and occupied by wholly owned subsidiaries of the ultimate parent entity, GWA International Limited.				
The costs to remediate the Eagle Farm site have been provided in the financial statements for the year ended 30 June 2009. The costs to remediate the Revesby site have been fully provided in prior years.	–	–	–	–
Contingent liabilities considered remote				
Guarantees				
(i) Under the terms of a Deed of Cross Guarantee, described in note 30, 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	1,404	3,865	–	–

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. 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 31 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.

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 2009, is set out below.

Summerised income statement and retained profits	**CONSOLIDATED**	
In thousands of AUD	**2009**	**2008**
Profit before tax	68,446	69,138
Income tax expense	(20,396)	(20,337)
Profit after tax	48,050	48,801
Retained profits at beginning of year	14,752	27,563
Dividends recognised during the year	(49,245)	(61,612)
Retained profits at end of year	13,557	14,752

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. DEED OF CROSS GUARANTEE (continued)

Balance sheet

	CONSOLIDATED	
In thousands of AUD	**2009**	**2008**
Assets		
Cash and cash equivalents	37,979	33,700
Trade and other receivables	126,447	121,355
Inventories	99,729	92,807
Other	3,052	4,358
Total current assets	267,207	252,220
Receivables	12,185	5,298
Intercompany receivables	25,729	55,493
Investments	22,973	12,212
Deferred tax assets	22,516	22,553
Property, plant and equipment	63,040	70,101
Intangible assets	334,206	324,640
Other	2,894	3,770
Total non–current assets	483,543	494,067
Total assets	750,750	746,287
Liabilities		
Trade and other payables	85,063	77,336
Income tax payable	7,211	5,948
Employee benefits	12,953	15,537
Provisions	19,473	16,982
Total current liabilities	124,700	115,803
Trade and other payables	5,585	–
Interest–bearing loans and borrowings	200,000	246,975
Employee benefits	11,091	10,514
Provisions	8,864	7,812
Total non–current liabilities	225,540	265,301
Total liabilities	350,240	381,104
Net assets	400,510	365,183
Equity		
Issued capital	387,981	353,938
Reserves	(1,028)	(3,507)
Retained earnings	13,557	14,752
Total equity	400,510	365,183

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. CONSOLIDATED ENTITIES

	Parties to cross guarantee	Country of incorporation	Ownership interest 2009	Ownership interest 2008
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%
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 (liquidated)	N	Hong Kong	–	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%
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%
Caroma International Pty Ltd	Y	Australia	100%	100%
Caroma USA Inc	N	USA	100%	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%
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%
Austral Lock Pty Ltd (acquired)	Y	Australia	100%	–

31. CONSOLIDATED ENTITIES (continued)

	Parties to cross guarantee	Country of incorporation	Ownership interest 2009	Ownership interest 2008
Subsidiaries (continued)				
Sebel Furniture Limited (NZ)	N	New Zealand	100%	100%
Sebel Furniture Limited	Y	Australia	100%	100%
Sebel Furniture (SEA) Pte Ltd (liquidated)	N	Singapore	–	100%
Sebel Sales Pty Limited	Y	Australia	100%	100%
Caroma Singapore Pte Limited (liquidated)	N	Singapore	–	100%
GWA Finance Pty Limited	Y	Australia	100%	100%
Hetset (No. 5) Pty Ltd	Y	Australia	100%	100%
Bankstown Unit Trust	N	Australia	100%	100%

32. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	CONSOLIDATED		THE COMPANY	
In thousands of AUD	**2009**	**2008**	**2009**	**2008**
Cash flows from operating activities				
Profit for the period	48,325	45,890	39,335	62,641
Adjustments for:				
Depreciation	16,789	17,386	–	–
Amortisation	1,316	534	–	–
Share–based payments	650	–	650	–
Impairment losses	–	9,419	–	–
Foreign exchange (gains)/losses	(1,183)	(1,971)	–	–
Interest expense/(income)	13,844	14,623	–	–
Dividends from controlled entities	–	–	(40,000)	(65,000)
Distributions from controlled trusts	–	–	–	2,359
(Gain)/loss on sale of property, plant and equipment and intangible assets	(113)	(6,879)	–	–
Income tax expense	20,690	22,065	(3)	–
Operating profit before changes in working capital and provisions	100,318	101,067	(18)	–
(Increase)/decrease in trade and other receivables	(19,114)	(8,095)	(40,541)	(64,208)
(Increase)/decrease in inventories	(1,264)	20,703	–	–
Increase/(decrease) in trade and other payables	28,942	12,378	80,551	126,849
Increase/(decrease) in provisions and employee benefits	1,677	5,422	–	–
	110,559	131,475	39,992	62,641
Interest received/(paid)	(12,781)	(14,204)	–	–
Income taxes paid	(19,150)	(14,279)	(18,559)	(12,505)
Net cash from operating activities	78,628	102,992	21,433	50,136

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. 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	2009	2008	2009	2008
Short–term employee benefits	6,008,604	5,622,928	–	–
Post–employment benefits	1,014,097	910,634	–	–
Share–based payments	439,122	–	–	–
Termination benefits	710,000	500,000	–	–
	8,171,823	7,033,562	–	–

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 2008	Balance 30 June 2009	Interest paid and payable in the reporting period	Highest balance in period
Directors				
P Crowley	1,721,250	1,590,000	–	1,721,250
R Thornton	298,996	281,496	–	298,996
Executives				
S Wright	427,332	–	–	427,332
A Rusten	792,540	740,040	–	792,540
W Saxelby	886,100	833,600	–	886,100
L Patterson	959,991	907,491	–	959,991

No loans were made to key management personnel or their related parties during the year (2008: $1,227,467). The loans made in the prior financial year related to the Employee Share Plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. RELATED PARTIES (continued)

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

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 2009*	5,086,209	4,352,627	–	6
Total for key management personnel 2008	5,830,110	4,787,213	–	5

*The 2009 opening balance differs to the 2008 closing balance due to the appointment of Richard Thornton as Director on 6 May 2009.

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 $214,331 (2008: $282,731) 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. The consolidated entity incurred legal fees of $380,343 (2008: n/a) from Clayton Utz Lawyers, a legal firm of which Mr D McDonough is an equity partner. 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	2009	2008	2009	2008
Trade creditors	67	–	–	–

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. 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 2008	Purchases	Sales	Held at 30 June 2009
Directors: non–executive				
B Thornton	16,186,722	1,263,228	–	17,449,950
J Kennedy	101,000	–	–	101,000
M Kriewaldt (Retired 30 October 2008)	100,000	–	–	n/a
D Barry	12,386,119	517,415	–	12,903,534
R Anderson	28,890,832	895,363	–	29,786,195
G McGrath	300,000	–	(150,000)	150,000
W Bartlett	5,000	10,425	–	15,425
D McDonough (Appointed 16 February 2009)	n/a	–	–	83,635
Executive directors				
P Crowley	750,000	–	–	750,000
R Thornton (Appointed 6 May 2009)	n/a	–	–	111,935
Executives				
S Wright (Ceased employment 18 July 2008)	268,750	–	–	n/a
A Rusten	300,000	–	–	300,000
G Oliver	156,250	13,280	–	169,530
W Saxelby	300,000	–	–	300,000
L Patterson	300,000	–	–	300,000

The relevant interest of each director in the share capital of the Company as notified by the directors' to the Australian Securities Exchange in accordance with Section 205G(1) of the Corporations Act 2001 as at 30 June 2009 is listed in the Directors' Report.

	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 (Appointed 21 February 2007)	n/a	–	–	5,000
Executive directors				
P Crowley	500,000	250,000	–	750,000
Executives				
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

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 2009 was 62,421,204 (2008: 60,044,673).

33. 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.

34. SUBSEQUENT EVENTS

To management's best knowledge, there are no events that have arisen subsequent to 30 June 2009 that will, or may, significantly affect the operation or results of the consolidated entity.

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

DIRECTORS' DECLARATION

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

(a) the financial statements and notes, and the Remuneration Report in the Directors' Report, 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 2009 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 30 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 2009 pursuant to Section 295A of the Corporations Act 2001.

Dated at Brisbane on 18 August 2009.

Signed in accordance with a resolution of the directors:

B Thornton
Director

P C Crowley
Director

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 2009 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
Sydney, 18 August 2009

Mark Epper
Partner

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 2009, 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 34 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.

Independence

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

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 2009 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 2009. 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 2009, complies with Section 300A of the Corporations Act 2001.

KPMG	**Mark Epper**
Sydney, 18 August 2009	Partner

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

OTHER STATUTORY INFORMATION
as at 17 August 2009

STATEMENT OF SHAREHOLDING

In accordance with the Australian Securities Exchange Listing Rules, the directors state that, as at 17 August 2009, the share capital in the Company was held as follows:-

Range	Ordinary Shareholders	Ordinary Shares	%
1 - 1,000	1,920	1,058,920	0.36
1,001 - 5,000	6,503	19,259,506	6.46
5,001 - 10,000	3,194	24,020,432	8.06
10,001 - 100,000	2,163	46,013,128	15.44
100,001 and over	129	207,666,866	69.68
Total	13,909	298,018,852	100

The number of shareholders with less than a marketable parcel of 174 shares is 325.

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 17 August 2009:

Shareholder	Number of Shares	% of Shares on Issue
HGT Investments Pty Ltd	15,784,678	5.30

OTHER STATUTORY INFORMATION
as at 17 August 2009

20 LARGEST SHAREHOLDERS as at 17 August 2009

Shareholder	Number of Shares	% Shares on Issue
NATIONAL NOMINEES LIMITED	18,753,896	6.29
J P MORGAN NOMINEES AUSTRALIA	16,206,726	5.44
HGT INVESTMENTS PTY LTD	15,784,678	5.30
KFA INVESTMENTS PTY LTD	10,864,945	3.65
ERAND PTY LTD	9,898,229	3.32
JMB INVESTMENTS PTY LTD	9,186,434	3.08
RBC DEXIA INVESTOR SERVICES	8,897,629	2.99
HSBC CUSTODY NOMINEES	8,727,554	2.93
ASHBERG PTY LTD	8,418,442	2.82
THEME (NO 3) PTY LTD	7,843,226	2.63
CJZ INVESTMENTS PTY LTD	7,016,832	2.35
AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	6,681,130	2.24
CITICORP NOMINEES PTY LIMITED	5,372,931	1.80
ITA INVESTMENTS PTY LTD	5,152,338	1.73
CITICORP NOMINEES PTY LIMITED	5,069,218	1.70
DABARY INVESTMENTS PTY LTD	3,553,830	1.19
MR PETER ZINN & MRS CAROL JOAN ZINN (CAROL ZINN FAMILY NO 2 A/C)	3,353,740	1.13
HARVEST HOME HOLDINGS PTY LTD	2,586,416	0.87
ANZ NOMINEES LIMITED	2,496,205	0.84
AMP LIFE LIMITED	2,319,688	0.78
Total	158,184,087	46.92

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 29 October 2009 commencing at 10:30 am. Shareholders will be mailed their Notice of Annual General Meeting and Proxy Form during September 2009.

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. Alternatively, you can view details of your holding or make changes to your personal information online at www.computershare.com.au.

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 re-introduced 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 2009

30 JUNE
Financial year end

18 AUGUST
Year end result and final dividend announcement

14 SEPTEMBER
Ex dividend date for final dividend

18 SEPTEMBER
Record date for determining final dividend entitlement

25 SEPTEMBER
Notice of Annual General Meeting and Proxy Form mailed to shareholders

7 OCTOBER
Final ordinary dividend paid

27 OCTOBER
Proxy returns close 10:30 am Brisbane

29 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.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

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
www.hotwaterrebate.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
www.ausloc.com

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
92 Gow Street
Padstow NSW 2211
AUSTRALIA
Telephone 61 2 9780 2222
Facsimile 61 2 9793 3152
Website: www.sebel.com.au

WISA BV
Driepoortenweg 5
6827 BP Arnhem
NETHERLANDS
Telephone +31 (0) 26 362 9020
Facsimile +31 (0) 26 363 5480
Website: www.wisa-sanitair.com

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
G J McGrath, Non-Executive Director
W J Bartlett, Non-Executive Director
D D McDonough, Non-Executive Director
R J Thornton, Executive Director

CHIEF FINANCIAL OFFICER
W R Saxelby, FCPA GAICD

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
Commonwealth Bank of Australia
Australia and New Zealand Banking Group Limited
HSBC Bank Australia Limited
National Australia Bank
Westpac Banking Corporation

Printed using Forestry Stewardship Council (FSC) certified paper. All paper sourced from responsibly managed plantation forests. ISO14001 environmental management system in use.

ACID FREE
ENVIRONMENTAL ACCREDITATION
RESPONSIBLE FORESTRY PRACTICES
ISO 9706 LONGLIFE
ELEMENTAL CHLORINE FREE

Level 14 10 Market Street Brisbane Queensland 4000 Australia
Telephone: 61 7 3109 6000 Facsimile: 61 7 3236 0522
Website: www.gwail.com.au