



GWA International Limited
ABN 15 055 964 380

17 February 2009

ASX On-Line
Manager Company Announcements
Australian Securities Exchange


Dear Sir

Financial Results for the Half Year Ended 31 December 2008

We enclose the following documents for immediate release to the market:

- Appendix 4D Half Year Report
- Media Release
- Directors' Report
- Interim Financial Report

Yours faithfully



R J Thornton
Company Secretary

Appendix 4D

Half Year Report

Period Ended 31 December 2008

GWA INTERNATIONAL LIMITED

ABN	Half Yearly	Preliminary Final	Year ended ('current period')
15 055 964 380	✓		31 December 2008

Results for announcement to the market

\$A'000			
Revenues from ordinary activities	Down	2.6%	to 332,940
Trading earnings before interest and tax	Down	12.2%	to 44,690
Profit from ordinary activities after tax attributable to members	Up	1.3%	to 26,591
Net profit for the period attributable to members	Up	1.3%	to 26,591
Interim Dividend		Amount Per Security	Franked Amount Per Security
Ordinary dividend		9.5¢	9.5¢
Previous corresponding period:-			
Ordinary dividend		10.0¢	10.0¢
Special dividend		1.5¢	1.5¢
Record date for determining dividend entitlements	10 March 2009		
Last date for receipt of election notices for the DRP	10 March 2009		
Date dividend payable	1 April 2009		
		Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security		0.22	0.21
<p>Brief explanation of the figures reported above:- Refer to the attached Media Release and Directors' Report. The attached Interim Financial Report has been reviewed by GWA's independent statutory auditors.</p>			

This Half Year Report should be read in conjunction with the most recent Annual Financial Report.



17 February 2009

Media Release

**GWA Reports a Sound Half Year Performance
in Weakening Markets**

- **Decline in underlying sales results in 12% lower EBIT of \$44.7 million**
- **Market development initiatives and cost reductions assist in reducing the impact of lower sales**
- **Core bank financing extended to 2011**
- **Austral acquisition successfully completed**
- **Fully franked dividend of 9.5 cents per share**

GWA International Limited, Australia's leading supplier of fixtures and fittings to households and commercial premises today announced a 12% reduction in Trading Earnings before Interest and Tax (EBIT) for the half year to December 2008.

As foreshadowed last month, the half year results reflect an accelerating decline in sales as a result of reduced building activity.

A consequent reduction in margin more than offset the benefits of lower costs from the recently completed restructuring program and increased sales from market development activities.

Trading Profit after tax of \$26.6 million was 13% below the same period last year but net profit was flat due to restructuring costs in the prior year.

Directors have announced an interim fully franked dividend of 9.5 cents per share, representing a 100% payout ratio which is in accordance with the company's policy of paying a large proportion of earnings as dividends.

Managing Director Peter Crowley said, "This result is acceptable in such a difficult market. Over recent years we have sought to grow shareholder value by pursuing business improvement initiatives through our restructuring program. We believe that this has been a better option to date than pursuing acquisitions. Our strategy positions the Company to ride out the downturn while retaining flexibility to pursue acquisitions now that asset prices are falling."

“Market demand is reducing and competition is increasing despite the higher cost of imported products due to the lower Australian dollar. Some price rises are necessary but with over 60% of our production costs in local manufacturing we will work with our customers to improve our value proposition and retain market share.”

“Increased working capital due to higher cost imported products and difficulty in managing inventory in a declining market has been an issue and we are looking to improve this in the second half of the year.”

Sales in the building fixtures and fittings division reduced by 2.8%. Market development activities partially offset reduced underlying demand but the loss of higher margin sales volumes and higher costs resulted in a 9% reduction in EBIT to \$50.9 million.

Caroma Dorf suffered from declining markets most notably in Queensland, New South Wales and New Zealand. Showing the benefits of diversification, door furniture manufacturer, Gainsborough, and Dux water heating performed well with new product offerings receiving good market acceptance.

Sebel, GWA’s commercial furniture division, benefited from higher sales to major export projects, offsetting a decline in the Australian commercial market.

The Rover Mowers business suffered a 25% decline in underlying sales due to reduced discretionary spending on walk behind and ride-on mowers. This was partially offset by sales of lower margin products but overall EBIT declined with the business recording a loss of \$0.4 million.

For the 2008 financial year final dividend, Directors reactivated the Dividend Reinvestment Plan with a pleasing 26% participation rate. As part of the Group’s ongoing capital management approach a proportion of the Dividend Reinvestment Plan for the interim dividend will be underwritten subject to investor demand and market conditions prior to the dividend record date. The Share Purchase Plan will also be introduced to allow shareholders to increase their investment in the Company.

The Company has continued its efforts to sell non-core businesses. Due to the inability of Wisa management to attract financing, the sale of Wisa to management will not be proceeding and the sale process has been terminated.

In commenting on the Company’s priorities Mr Crowley said “In the past six months we have completed the Wetherill Park upgrade, extended our core bank financing, completed the Austral acquisition, and made inroads into new markets. Our focus for the next half year is to complete the computer systems upgrade, recover our cost increases through necessary price rises, reduce costs and working capital, and look for growth opportunities.”

“The 2009 calendar year will be a very difficult market but we will use this period to strengthen and grow our business for the future,” he concluded.

For Further Information call:

Peter Crowley
GWA International
07 3109 6000

Tim Allerton
City PR
02 92674511

GWA INTERNATIONAL LIMITED
ABN 15 055 964 380

Directors' Report for the Half Year Ended 31 December 2008

Your directors submit their report on the consolidated entity of GWA International Limited and the entities it controlled for the half year ended 31 December 2008.

Directors

The names of the directors of the Company in office during the half year and until the date of this report are as below. Directors were in office for 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)

Review of Operations

Trading profit after tax for the December 2008 half year of \$26.6 million is 13% below trading profit for the corresponding period last year. Last year's net profit result included a \$4.4 million restructure charge which results in overall net profit being flat for the period.

The group's sales revenue for the half year declined 3% to \$332.9 million, but underlying sales are 7% below the previous period with product and market development sales totalling approximately \$12.2 million or 4% of revenue offsetting the decline. This comprises approximately \$2.0 million in architectural and DIY sales for Gainsborough, \$7.4 million additional sales for Dux due to higher value environmental products and \$3.5 million sales of Scott Bonner lawn mowers.

Trading Earnings before Interest and Tax (EBIT) for the group was 12% lower than last year. Net impact of the volume decline was \$8.8 million, with cost increases of \$6.7 million. These increases were offset by \$2.6 million in price increases and net cost improvements of \$6.8 million. The reduced underlying volume and lower margins on new product sales resulted in an overall decline in EBIT margin from 14.9% to 13.4%.

Operating cash flow for the half year before interest and tax of \$42.1 million is \$16.6 million unfavourable to last year due to an increase in inventory levels in contrast to a reduction last year. Approximately \$10.0 million of the increased inventory is due to the lower A\$ exchange rate and approximately \$8.0 million is due to inventory build-up associated with the market decline.

Net borrowings at December of \$192.8 million are in line with June 2008 and well below the \$222.6 million for December 2007. Debt has been contained due to lower capital expenditure, lower restructure costs and \$5.8 million cash inflow from the Dividend Reinvestment Plan.

The building fixtures and fittings segment, comprising Caroma Dorf, Gainsborough and Dux, recorded a trading EBIT of \$50.9 million on 3% lower sales. Gainsborough and Dux improved trading results with Caroma Dorf incurring an 8% sales decline due to lower Government initiated toilet retrofit activity, changes in product mix and lower market activity, particularly in NSW, Queensland and New Zealand.

Sebel, GWA's commercial furniture division, had flat sales with major export projects offsetting lower domestic demand. EBIT margins declined slightly due to the sales mix and pricing pressure in core markets. Rover Mowers suffered a 25% decline in underlying sales due to reduced discretionary spending on mowers but sales volumes were maintained by lower margin Scott Bonner sales.

Key issues for the Group going forward are margin retention and reducing working capital levels. Higher A\$ inventory costs will feed through to cost of sales in the second half requiring effective execution of price increases in a declining market.

Interim Dividend

The directors have declared a fully franked interim dividend of 9.5 cents per share. The record date for the interim dividend is 10 March 2009, and is payable on 1 April 2009. The Dividend Reinvestment Plan (DRP) will be offered to shareholders for the interim dividend, and a discount of 5% will apply. The record date to participate in the DRP is 10 March 2009.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The Lead Auditor's Independence Declaration forms part of the Directors' Report for the half year ended 31 December 2008.

Rounding

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

Signed in accordance with a resolution of the directors.



B Thornton
Chairman



P C Crowley
Managing Director

Brisbane, 17 February 2009

GWA International Limited and its
controlled entities

31 December 2008 interim financial
report

ABN 15 055 964 380

GWA International Limited and its controlled entities Consolidated interim income statement

For the six months ended 31 December 2008

In thousands of AUD

	Note	31 Dec 2008	31 Dec 2007
Revenue	5	332,940	341,940
Cost of sales		(210,820)	(220,093)
Gross profit		122,120	121,847
Other income	6	4,411	9,416
Selling expenses		(54,339)	(53,306)
Administrative expenses		(24,462)	(19,053)
Other expenses	7	(3,040)	(14,767)
Results from operating activities		44,690	44,137
Finance income		1,918	2,167
Finance expenses		(8,698)	(9,460)
Net finance costs		(6,780)	(7,293)
Profit before tax		37,910	36,844
Income tax expense	8	(11,319)	(10,585)
Profit for the period		26,591	26,259
Basic and diluted earnings per share (cents per share)		9.5	9.4

The income statement is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 6 to 9.

GWA International Limited and its controlled entities

Consolidated interim statement of recognised income and expense

For the six months ended 31 December 2008

In thousands of AUD

	31 Dec 2008	31 Dec 2007
Foreign exchange translation differences	10,661	651
Cash flow hedges:		
Losses taken to equity	(2,702)	(858)
Net income/(expense) recognised directly in equity	7,959	(207)
Profit for the period	26,591	26,259
Total recognised income and expense for the period	34,550	26,052

The amounts recognised directly in equity are disclosed net of tax.

The statement of recognised income and expense is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 6 to 9.

GWA International Limited and its controlled entities

Consolidated interim balance sheet

As at 31 December 2008

In thousands of AUD

	Note	31 Dec 2008	30 June 2008
Current assets			
Cash and cash equivalents		47,057	53,418
Trade and other receivables		103,360	127,821
Inventories		125,916	100,806
Assets classified as held for sale		-	26,018
Income tax receivable		265	829
Other		5,059	4,565
Total current assets		<u>281,657</u>	<u>313,457</u>
Non-current assets			
Receivables		4,709	5,298
Deferred tax assets		22,345	22,845
Property, plant and equipment		104,542	101,441
Intangible assets		346,351	328,636
Other		3,544	3,777
Total non-current assets		<u>481,491</u>	<u>461,997</u>
Total assets		<u>763,148</u>	<u>775,454</u>
Current liabilities			
Trade and other payables		60,749	78,469
Interest-bearing loans and borrowings	10	39,840	-
Employee benefits		14,658	15,736
Income tax payable		5,289	5,854
Provisions		17,362	17,091
Liabilities classified as held for sale		-	3,873
Total current liabilities		<u>137,898</u>	<u>121,023</u>
Non-current liabilities			
Interest-bearing loans and borrowings	10	200,000	246,975
Employee benefits		10,798	10,524
Provisions		7,354	7,812
Total non-current liabilities		<u>218,152</u>	<u>265,311</u>
Total liabilities		<u>356,050</u>	<u>386,334</u>
Net assets		<u>407,098</u>	<u>389,120</u>
Equity			
Issued capital		359,780	353,938
Reserves		587	(7,372)
Retained earnings		46,731	42,554
Total equity	9	<u>407,098</u>	<u>389,120</u>

The balance sheet is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 6 to 9.

GWA International Limited and its controlled entities Consolidated interim statement of cash flows

For the six months ended 31 December 2008

In thousands of AUD

	31 Dec 2008	31 Dec 2007
Cash flows from operating activities		
Cash receipts from customers	378,775	380,024
Cash paid to suppliers and employees	(336,692)	(321,349)
Cash generated from operations	42,083	58,675
Interest paid	(7,549)	(8,427)
Interest received	1,509	1,818
Income taxes paid	(9,499)	(10,542)
Net cash from operating activities	26,544	41,524
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	657	1,701
Acquisition of property, plant and equipment	(6,367)	(9,204)
Acquisition of intangibles	(2,787)	(1,739)
Net cash from investing activities	(8,497)	(9,242)
Cash flows from financing activities		
Issue of employee share loans	-	(880)
Proceeds from issue of share capital	-	876
Repayment of employee share loans	934	498
Repayment of loans by related parties	5	78
Repayment of bank bills	(10,000)	-
Dividends paid	(16,572)	(29,392)
Net cash from financing activities	(25,633)	(28,820)
Net increase/(decrease) in cash and cash equivalents	(7,586)	3,462
Cash and cash equivalents at 1 July	53,418	45,953
Effect of exchange rate fluctuations on cash held	1,225	178
Cash and cash equivalents at 31 December	47,057	49,593

This statement of cash flows is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 6 to 9.

Condensed notes to the consolidated interim financial statements

1. Reporting entity

GWA International Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2008 is available from the Company's website www.gwail.com.au.

2. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2008.

This consolidated interim financial report was approved by the Board of Directors on 17 February 2009.

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

3. Significant accounting policies

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2008.

4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2008.

Condensed notes to the consolidated interim financial statements (continued)

5. Segment reporting For the six months ended 31 December 2008

	Building fixtures & fittings		Commercial furniture		Unallocated		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<i>In thousands of AUD</i>										
Segment sales revenue	286,519	294,760	28,831	29,150	17,614	18,977	(24)	(947)	332,940	341,940
Segment result	50,949	55,686	1,413	1,536	(7,672)	(6,320)	-	-	44,690	50,902
Restructuring income / (expenses)	-	(12,180)	-	-	-	5,415	-	-	-	(6,765)
Segment result after restructuring expenses	50,949	43,506	1,413	1,536	(7,672)	(905)	-	-	44,690	44,137
Net financing costs									(6,780)	(7,293)
Income tax expense									(11,319)	(10,585)
Profit for the period									26,591	26,259

Condensed notes to the consolidated interim financial statements (continued)

6. Other income

For the six months ended 31 December 2008

In thousands of AUD

	2008	2007
Foreign currency gains - realised	721	1,128
Foreign currency gains - unrealised	2,788	238
Net gain on disposal of property, plant and equipment	31	6,676
Other	871	1,374
	<u>4,411</u>	<u>9,416</u>

7. Other expenses

For the six months ended 31 December 2008

In thousands of AUD

	2008	2007
Foreign currency losses - realised	1,045	49
Foreign currency losses - unrealised	543	291
Restructuring expenses	-	13,283
Other	1,452	1,144
	<u>3,040</u>	<u>14,767</u>

8. Income tax expense

The consolidated entity's consolidated effective tax rate in respect of continuing operations for the six months ended 31 December 2008 was 29.9 percent (for the year ended 30 June 2008: 32.5 percent; for the six months ended 31 December 2007: 28.7 percent). The higher effective tax rate in the year ended 30 June 2008 was caused mainly by the non-deductible brand name impairment write-down in relation to the Wisa Beheer business.

Condensed notes to the consolidated interim financial statements (continued)

9. Capital and reserves

Reconciliation of movement in capital and reserves

Attributable to equity holders of the parent

Consolidated <i>In thousands of AUD</i>	Share capital	Translation reserve	Hedging reserve	Retained earnings	Total
Balance at 1 July 2007	353,062	(2,553)	17	58,276	408,802
Total recognised income and expense	-	651	(858)	26,259	26,052
Issue of ordinary shares	876	-	-	-	876
Dividends to shareholders	-	-	-	(29,392)	(29,392)
Balance at 31 December 2007	353,938	(1,902)	(841)	55,143	406,338
Balance at 1 July 2008	353,938	(7,565)	193	42,554	389,120
Total recognised income and expense	-	10,661	(2,702)	26,591	34,550
Dividends to shareholders	-	-	-	(22,414)	(22,414)
Issue of shares as a result of Dividend Reinvestment Plan	5,842	-	-	-	5,842
Balance at 31 December 2008	359,780	3,096	(2,509)	46,731	407,098

Dividends

The following dividends were paid by the consolidated entity.

For the six months ended 31 December 2008

In thousands of AUD

	2008	2007
Franked dividends paid		
- Final dividend 2 October 2008 (8c per share, 2007: 8c)	22,414	22,394
- Special dividend (nil, 2007: 2.5c per share)	-	6,998
Total dividends paid	22,414	29,392

On 17 February 2009, the Board declared an interim ordinary dividend of 9.5 cents per share. The dividend is fully franked. The aggregate dividend payable on 1 April 2009 will be \$26,831,000 and the Dividend Reinvestment Plan will be offered to shareholders.

10. Loans and borrowings

The consolidated entity has unsecured bank loans of \$239,840,000 (current and non-current) as at 31 December 2008 (30 June 2008: \$246,975,000). The movement is due to foreign currency translation of \$2,865,000 and repayment of loans and borrowings of \$10,000,000. The notional amount of the interest-bearing loans is deemed to reflect the fair value. The interest-bearing loans are unsecured and have a maximum term of three years. 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.

As at 31 December 2008 \$39,840,000 (June 2008: nil) of the consolidated entity's total loan facilities are current due to the facilities expiring in July 2009.

11. Subsequent events

Subsequent to the interim balance sheet date, the consolidated entity has acquired 100% of the shares in Austral Lock Pty Ltd for \$12,000,000. Austral Lock Pty Ltd is an Australian manufacturer of locks for security and sliding doors. As part of the transaction, the consolidated entity has a call option over the Indian operations of Austral Lock Pty Ltd which may be exercised prior to 31 March 2009.

In relation to the Wisa business, subsequent to the interim balance sheet date, management became aware of the prospective buyers inability to obtain finance due to the difficult prevailing market conditions. Accordingly, the conditions for sale of the Wisa business did not exist at reporting date and the business is no longer classified as held for sale.

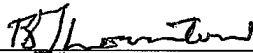
Directors' Declaration

In the opinion of the directors of GWA International Limited ("the Company"):

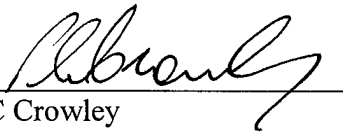
1. The financial statements and notes are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2008 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Brisbane this 17 day of February 2009.

Signed in accordance with a resolution of the directors:



B Thornton
Director



P C Crowley
Director



Independent auditor's review report to the members of GWA International Limited

We have reviewed the accompanying interim financial report of GWA International Limited, which comprises the consolidated interim balance sheet as at 31 December 2008, income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 11 and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the interim 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 interim 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of GWA International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

(continued overleaf)



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of GWA International Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Mark Epper
Partner

Sydney
17 February 2009


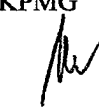


Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To: the directors of GWA International Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2008 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.


KPMG


Mark Epper
Partner

Sydney
17 February 2009