



**GWA International Limited**

ABN 15 055 964 380

19 February 2008

**ASX On-Line**  
Manager Company Announcements  
Australian Securities Exchange

Dear Sirs

**GWA International Limited**  
**Financial Results for the Half Year Ended 31 December 2007**

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**

GWA International Limited ABN 15 055 964 380  
Level 14, 10 Market Street, Brisbane Q 4000 GPO Box 1411 Brisbane Q 4001  
Tel 61 7 3109 6000 Fax 61 7 3236 0522

# Appendix 4D

## Half Year Report

### Period Ended 31 December 2007

#### GWA INTERNATIONAL LIMITED

ABN

Half  
Yearly

Preliminary  
Final

Year ended ('current period')

15 055 964 380

✓

31 December 2007

#### Results for announcement to the market

		\$A'000	
Revenues from ordinary activities	Up	5.7%	to 341,940
Trading earnings before interest and tax	Up	1.0%	to 50,902
Trading profit after tax	Down	5.6%	to 30,665
Restructuring expenses after tax			(4,406)
Profit from ordinary activities after tax attributable to members	Down	14.1%	to 26,259
Net profit for the period attributable to members	Down	14.1%	to 26,259
<b>Interim Dividend</b>		<b>Amount Per Security</b>	<b>Franked Amount Per Security</b>
Ordinary dividend		10.0¢	10.0¢
Special dividend		1.5¢	1.5¢
<b>Previous corresponding period:-</b>			
Ordinary dividend		10.0¢	10.0¢
Special dividend		1.5¢	1.5¢
Record date for determining dividend entitlements		11 March 2008	
Date dividend payable		2 April 2008	
		<b>Current Period</b>	<b>Previous Corresponding Period</b>
Net tangible asset backing per ordinary security		0.21	0.24
Net tangible asset backing per ordinary security (including brand names and software)		1.45	1.47
<b>Brief explanation of the figures reported above:-</b>			
Refer to the attached Media Release and Directors' Report. The attached Interim Financial Report has been reviewed by GWA's independent statutory auditors.			

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



**GWA International Limited**

ABN 15 055 964 380

## **Restructuring On Track And Sustained Trading Performance Lifts Half Year Trading EBIT**

- **Trading EBIT 1% higher to \$50.9 million**
- **Strong cash flow reflecting improved capital management**
- **One-off restructure charge of \$4.4 million (after tax)**
- **Fully franked dividend of 11.5 cents a share**
- **Full year trading profit expected to exceed last year**

GWA International Limited, Australia's leading supplier of fixtures and fittings to households and commercial premises, is on track to post improved Trading Earnings Before Interest and Tax (EBIT) for the 2007/2008 financial year, despite continuing flat market conditions.

The company has maintained its full year Trading EBIT guidance after posting Net Profit After Tax of \$26.3 million in the six months to 31 December 2007.

The half year featured continued restructuring of the group's operations, including the closure of the Clark stainless steel manufacturing operations, the continuing upgrade of the world class vitreous china sanitaryware manufacturing facilities at Wetherill Park, and the strengthening of sourcing relationships in China, Thailand and Malaysia.

The result, which was also impacted by higher funding and tax costs, was struck on a 5.7 per cent rise in sales revenue from \$323.6 million to \$341.9 million.

Directors have announced a fully franked interim dividend of 11.5 cents a share, including a special dividend of 1.5 cents a share.

Managing Director, Mr Peter Crowley, said "Our result reflects the continuing re-structuring program we have undertaken over the last two years to place the group in a good position for growth in the second half and for the longer term.

"The group's overall first half trading performance improved with a particularly strong take-up of our environmental products, despite the continuing difficult conditions faced in the fixtures and fittings market as a result of the housing slowdown", he added.

Mr. Crowley said, "Price and import competition in our key domestic markets continues to intensify and in response we have undertaken the re-structuring program to close non competitive operations, invest in core businesses and strengthen offshore strategic supply relationships. "

“We are well placed to capitalise when the housing market recovers, with the bulk of our re-structuring now complete, and the growing acceptance of the environmental products we produce”, he added.

The building fixtures and fittings division, including the now fully-integrated Caroma Dorf, performed well with sales rising 5.2 per cent from \$280 million to \$295 million and trading profit contribution steady at \$56.7 million.

Market leader in the kitchen and bathroom market, Caroma Dorf posted stronger sales in Europe through the Wisa business and in North America, while the ramp up of manufacturing operations at Wetherill Park will create a stronger earnings contribution in the second half.

Door furniture manufacturer, Gainsborough, continued to perform well, while the Dux water heater business recovered sales through new environmental products. Trading EBIT reflected this sales improvement.

Sebel, GWA’s commercial furniture division, benefited from the re-structuring program with its profit contribution more than doubling from \$0.8 million to \$1.9 million, struck on 4.2 per cent sales growth from \$28.0 million to \$29.2 million.

The Rover Mowers business experienced 14 per cent sales growth from \$16.7 million to \$19.0 million, as weather conditions improved, however its profit contribution was affected by the one-off costs associated with the closure of the Brisbane manufacturing plant.

Commenting on GWA International’s outlook, Mr. Crowley said “While we expect continued subdued demand in the domestic fixtures and fittings market, improved competitiveness and environmental sustainability related opportunities will maintain the division’s sales revenue in the second half.

“The benefits of our re-structuring program will be realized progressively over the second half, particularly at Wetherill Park, where we have invested \$50 million to expand our production”, he concluded.

For Further Information call:

Peter Crowley  
GWA International Limited  
(07) 3109 6000

Tim Allerton  
City PR  
(02) 9267 4511

**GWA INTERNATIONAL LIMITED**  
**ABN 15 055 964 380**

**Directors' Report for the Half Year Ended 31 December 2007**

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 2007.

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

**Review of Operations**

Net profit after tax for the December 2007 half year of \$26.3 million is after allowing for net restructure charges after tax of \$4.4 million. Trading profit after tax of \$30.7 million is 6% below the corresponding period last year due largely to higher interest costs and a one-off tax benefit included in the prior year.

The group's sales revenue for the half year rose 6% to \$342 million, a sound performance given static market conditions. Improvements in the WISA, Caroma USA, Sebel Furniture and Rover Mowers businesses were the main contributors to the revenue increase.

The pre-tax restructure charge in the period of \$6.8 million comprise costs associated with the closure of the Clark manufacturing facility at Revesby and additional costs associated with closure of the Rover Mowers manufacturing facility, offset by the profit on sale of the Rover Eagle Farm site.

Trading Earnings Before Interest and Tax (EBIT) for the group (before restructuring charge) was 1% higher than last year on the stronger revenue levels. EBIT margin declined due to the mix of sales within businesses. Results for the half year reflect a lag in gaining full benefit from restructuring due to transition costs. These benefits are expected to have greater impact in the second half of the year.

The improved operating cash flow for the half year before interest and tax of \$61.1 million reflects improved working capital management. Further improvement in working capital is anticipated in the second half of the year.

Net borrowings at December of \$185.7 million were \$5.4 million below June 2007 as a result of the improved cash management. Higher interest rates in the half year resulted in net interest expense increasing by \$1.4 million compared to the corresponding period last year.

The building fixtures and fittings segment, comprising Caroma Dorf, Gainsborough and Dux, recorded a flat trading EBIT of \$56.7 million on 5% higher sales. Gainsborough and Dux improved trading results with Caroma Dorf incurring transition costs associated with reconfiguring the business including ramp up of Wetherill Park production and establishing secure offshore sourcing.

Sebel, GWA's commercial furniture division, improved sales by 4% due to project timing and an improved product range leading to a 149% increase in EBIT. The Rover Mowers business improved sales by 14% but profit fell due to a higher cost of inventory being used following the plant closure last year. The benefit of lower cost offshore sourced products will increasingly flow through during the year.

The Group is well positioned to gain from the investment and restructure program undertaken to date. Offshore strategic sourcing and logistics arrangements are being strengthened, the Wetherill Park upgrade and ramp up is progressing and the new ERP system is being progressively rolled out during 2008. The systems upgrade will improve management capability and further reduce back office costs.

The overall competitive position is being strengthened for the long term and the Group expects the full year result to exceed the 2006/07 trading EBIT (before restructuring costs) of \$98.7 million.

### **Interim Dividend**

The directors have declared a fully franked interim dividend of 11.5 cents per share, comprising an ordinary dividend of 10.0 cents per share and a special dividend of 1.5 cents per share. The record date for the interim dividend is 11 March 2008, and the interim dividend is payable on 2 April 2008.

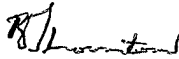
### **Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

The Lead Auditor's Independence Declaration forms part of the Directors' Report for the half year ended 31 December 2007.

## **Rounding**

The consolidated entity 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.

Signed in accordance with a resolution of the directors.



**B Thornton**  
**Chairman**



**P C Crowley**  
**Managing Director**

**Brisbane, 19 February 2008**

GWA International Limited and its  
controlled entities

31 December 2007 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 2007**

*In thousands of AUD*

	Note	31 Dec 2007	31 Dec 2006
Revenue	5	341,940	323,649
Cost of sales		(184,262)	(168,309)
<b>Gross profit</b>		<b>157,678</b>	<b>155,340</b>
Other income	6	9,416	1,581
Distribution expenses		(78,359)	(71,275)
Administrative expenses		(30,974)	(33,785)
Restructuring expenses	7	(13,283)	(2,763)
Other expenses		(341)	(1,484)
<b>Results from operating activities</b>		<b>44,137</b>	<b>47,614</b>
Finance income		2,167	3,481
Finance expenses		(9,460)	(9,377)
<b>Net finance costs</b>		<b>(7,293)</b>	<b>(5,896)</b>
<b>Profit before tax</b>		<b>36,844</b>	<b>41,718</b>
Income tax expense	8	(10,585)	(11,162)
<b>Profit for the period</b>		<b>26,259</b>	<b>30,556</b>
Basic and diluted earnings per share (cents per share)		9.4	11.0

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 2007

*In thousands of AUD*

	31 Dec 2007	31 Dec 2006
Foreign exchange translation differences	651	115
Cash flow hedges:		
Gains / (losses) taken to equity	(858)	(222)
<b>Net income/(expense) recognised directly in equity</b>	<b>(207)</b>	<b>(107)</b>
<b>Profit for the period</b>	<b>26,259</b>	<b>30,556</b>
<b>Total recognised income and expense for the period</b>	<b>26,052</b>	<b>30,449</b>

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 2007

In thousands of AUD

	Note	31 Dec 2007	30 June 2007
<b>Current assets</b>			
Cash and cash equivalents		86,478	80,421
Trade and other receivables		84,468	75,508
Inventories		119,521	128,211
Income tax receivable		1,977	1,440
Other		6,603	5,043
<b>Total current assets</b>		<u>299,047</u>	<u>290,623</u>
<b>Non-current assets</b>			
Receivables		5,024	4,983
Deferred tax assets		23,417	24,531
Property, plant and equipment		109,246	113,019
Intangible assets		346,982	344,463
Other		3,764	3,549
<b>Total non-current assets</b>		<u>488,433</u>	<u>490,545</u>
<b>Total assets</b>		<u>787,480</u>	<u>781,168</u>
<b>Current liabilities</b>			
Trade and other payables		54,905	51,440
Employee benefits		15,521	16,056
Provisions		19,822	13,570
<b>Total current liabilities</b>		<u>90,248</u>	<u>81,066</u>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	10	272,207	271,567
Employee benefits		10,315	11,015
Provisions		8,372	8,718
<b>Total non-current liabilities</b>		<u>290,894</u>	<u>291,300</u>
<b>Total liabilities</b>		<u>381,142</u>	<u>372,366</u>
<b>Net assets</b>		<u>406,338</u>	<u>408,802</u>
<b>Equity</b>			
Issued capital		353,938	353,062
Reserves		(2,743)	(2,536)
Retained earnings		55,143	58,276
<b>Total equity</b>	9	<u>406,338</u>	<u>408,802</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 2007

*In thousands of AUD*

	31 Dec 2007	31 Dec 2006
<b>Cash flows from operating activities</b>		
Cash receipts from customers	382,441	361,251
Cash paid to suppliers and employees	(321,349)	(331,139)
Cash generated from operations	61,092	30,112
Interest paid	(8,427)	(10,354)
Income taxes paid	(10,542)	(11,330)
Interest received	1,818	3,249
<b>Net cash from operating activities</b>	<b>43,941</b>	<b>11,677</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	1,701	907
Acquisition of property, plant and equipment	(9,204)	(10,460)
Acquisition of intangibles	(1,739)	(13)
<b>Net cash used in investing activities</b>	<b>(9,242)</b>	<b>(9,566)</b>
<b>Cash flows from financing activities</b>		
Issue of employee share loans	(880)	(1,607)
Proceeds from issue of share capital	876	-
Repayment of employee share loans	498	1,631
Repayment of loans by other parties	78	3
Repayment of unsecured bank loans	-	(25,000)
Dividends paid	(29,392)	(32,005)
<b>Net cash used in financing activities</b>	<b>(28,820)</b>	<b>(56,978)</b>
Net increase/(decrease) in cash and cash equivalents	5,879	(54,867)
Cash and cash equivalents at 1 July	80,421	156,498
Effect of exchange rate fluctuations on cash held	178	445
<b>Cash and cash equivalents at 31 December</b>	<b>86,478</b>	<b>102,076</b>

This statement of cashflows 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 2007 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 2007 is available from the Company's website [www.gwail.com.au](http://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 Reports* 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 2007.

This consolidated interim financial report was approved by the Board of Directors on 19 February 2008.

The consolidated entity 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 2007.

### 4. Estimates

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

Except as described below, 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 2007.

During the six months ended 31 December 2007 management received assessments in relation to the environmental testing being conducted at two sites. A remediation action plan is required for the Revesby site and management has estimated the costs required for this site (see note 7).

## Condensed notes to the consolidated interim financial statements (continued)

### 5. Segment reporting For the six months ended 31 December 2007

	Building Fixtures & Fittings		Commercial Furniture		Unallocated		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
<i>In thousands of AUD</i>										
Segment sales revenue	294,760	280,167	29,150	27,965	18,977	16,699	(947)	(1,182)	341,940	323,649
Segment result	44,525	54,015	1,940	779	(2,328)	(7,180)	-	-	44,137	47,614
Net financing costs									(7,293)	(5,896)
Income tax expense									(10,585)	(11,162)
Profit for the period									26,259	30,556

## Condensed notes to the consolidated interim financial statements (continued)

### 6. Other income

#### For the six months ended 31 December 2007

*In thousands of AUD*

	2007	2006
Foreign currency gains - realised	1,128	361
Foreign currency gains - unrealised	238	115
Net gain on disposal of property, plant and equipment	6,676	-
Other	1,374	1,105
	<u>9,416</u>	<u>1,581</u>

### 7. Restructuring expenses

During the period, management approved the strategy to exit production at the consolidated entity's Revesby site. Management also received an assessment on the environmental testing conducted at this site. Restructuring costs expensed during the period in relation to the exit and remediation of the Revesby site were \$12,180,000. Management reassessed the restructure costs in relation to the exit of production from the Eagle Farm site, and estimated further costs of \$1,103,000. The total restructuring expenses recognised for the six months ended 31 December 2007 was \$13,283,000 (for the six months ended 31 December 2006: \$2,763,000). In the prior interim period the restructuring costs recognised were in relation to the exit of the consolidated entity's Coburg and Smithfield sites.

### 8. Income tax expense

The consolidated entity's consolidated effective tax rate in respect of continuing operations for the six months ended 31 December 2007 was 28.7 percent (for the year ended 30 June 2007: 28.8 percent; for the six months ended 31 December 2006: 26.8 percent). The lower effective tax in the six months ended 31 December 2006 was caused mainly by previously unrecognised capital tax losses of \$3,022,000 being recognised as capital gains were realised against which they could be utilised. This resulted in a reduction in income tax payable of \$907,000.

## 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

<b>Consolidated</b> <i>In thousands of AUD</i>	<b>Share capital</b>	<b>Translation reserve</b>	<b>Hedging reserve</b>	<b>Retained earnings</b>	<b>Total</b>
Balance at 1 July 2006	346,853	(1,395)	542	65,968	411,968
Total recognised income and expense	-	115	(222)	30,556	30,449
Dividends to shareholders	-	-	-	(32,005)	(32,005)
Balance at 31 December 2006	<u>346,853</u>	<u>(1,280)</u>	<u>320</u>	<u>64,519</u>	<u>410,412</u>
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	<u>353,938</u>	<u>(1,902)</u>	<u>(841)</u>	<u>55,143</u>	<u>406,338</u>

#### Dividends

The following dividends were paid by the consolidated entity.

#### For the six months ended 31 December 2007

*In thousands of AUD*

	<b>2007</b>	<b>2006</b>
Franked dividends paid		
- Final dividend 2 October 2007 (8c per share, 2006: 8c)	22,394	22,264
- Special dividend 2 October 2007 (2.5c per share, 2006: 3.5c)	6,998	9,741
Total dividends paid	<u>29,392</u>	<u>32,005</u>

On 19 February 2008, the Board declared an interim dividend of 11.5 cents per share, comprising an ordinary dividend of 10.0 cents per share and a special dividend of 1.5 cents per share. All dividends are fully franked. The aggregate dividend payable on 2 April 2008 will be \$32,220,000.

### 10. Loans and borrowings

The consolidated entity has unsecured bank loans of \$272,207,000 as at 31 December 2007 (30 June 2007: \$271,567,000). The movement is due to foreign currency translation of \$640,000 AUD. 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 three-year rolling maturity, subject to annual review. 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.

In the prior interim period loans and borrowings of \$25,000,000 were repaid.

### 11. Contingencies

During the period, further testing was conducted by the consolidated entity in relation to contamination identified at two sites. Rectification costs of \$200,000 were expensed with respect to the Eagle Farm site during the year ended 30 June 2007. This property is under contract for sale and there is no current requirement for further remediation. The scope and scale of rectification at the leased Revesby site has been assessed during the period. All costs to date have been expensed and an estimate of future remediation costs has been provided in the financial statements.

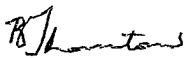
## Directors' Declaration

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 2007 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 19 day of February 2008.

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 2007, 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 Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls 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 an Interim Financial Report 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 2007 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 a 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.

### *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 2007 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  
19 February 2008



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

To: the directors of GWA International Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2007 there have been:

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

A handwritten signature in black ink, appearing to read 'M Epper', is written above the printed name.

KPMG

A handwritten signature in black ink, appearing to read 'M Epper', is written above the printed name.

Mark Epper  
*Partner*

Sydney  
19 February 2008