



**GWA International Limited**

ABN 15 055 964 380

26 March 2008

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

Dear Sir

**GWA International Limited**  
**Shareholders' Report for the Half Year Ended 31 December 2007**

Please find enclosed the GWA International Limited Shareholders' Report for the half year ended 31 December 2007 which will be mailed to shareholders with the interim dividend payment on 2 April 2008.

Yours faithfully

**R J Thornton**  
Company Secretary

## GWA International Limited and its controlled entities

### Consolidated interim balance sheet

As at 31 December 2007		
In thousands of AUD	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>	<b>299,047</b>	<b>290,623</b>
<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>	<b>488,433</b>	<b>490,545</b>
<b>Total assets</b>	<b>787,480</b>	<b>781,168</b>
<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>	<b>90,248</b>	<b>81,066</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	272,207	271,567
Employee benefits	10,315	11,015
Provisions	8,372	8,718
<b>Total non-current liabilities</b>	<b>290,894</b>	<b>291,300</b>
<b>Total liabilities</b>	<b>381,142</b>	<b>372,366</b>
<b>Net assets</b>	<b>406,338</b>	<b>408,802</b>
<b>Equity</b>		
Issued capital	353,938	353,062
Reserves	(2,743)	(2,536)
Retained earnings	55,143	58,276
<b>Total equity</b>	<b>406,338</b>	<b>408,802</b>

## 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)
<b>Cash generated from operations</b>	<b>61,092</b>	<b>30,112</b>
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>

The above interim financial statements extract should be read in conjunction with the notes to the interim financial statements as filed with the Australian Securities Exchange on 19 February 2008, and available on the GWA International Limited website at [www.gwail.com.au](http://www.gwail.com.au)

#### Share Registry

Computershare Investor Services Pty Limited  
GPO Box 523 Brisbane Qld Australia 4001  
Telephone 1300 552 270 Facsimile 61 7 3237 2152  
[www.computershare.com.au](http://www.computershare.com.au)

#### GWA International Limited

ABN 15 055 964 380  
Level 14, 10 Market Street Brisbane Qld Australia 4000  
Telephone 61 7 3109 6000 Facsimile 61 7 3236 0522  
[www.gwail.com.au](http://www.gwail.com.au)

## Shareholders' Report

for the half year ended  
31 December 2007



**GWA International Limited**

ABN 15 055 964 380

## Shareholders' Report for the half year ended 31 December 2007

Set out below is the text of the announcement to the Australian Securities Exchange on 19 February 2008 of the financial results of GWA International Limited for the half year ended 31 December 2007.

### 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.

### B Thornton

Chairman

Shareholder Timetable	
19 February 2008	Half year result and interim dividend announcement
4 March 2008	Ex dividend date for interim dividend
11 March 2008	Record date for determining interim dividend entitlement
2 April 2008	Interim ordinary dividend and special dividend paid
30 June 2008	Financial year end
19 August 2008	Year end result and final dividend announcement
30 October 2008	Annual General Meeting
31 December 2008	Half year end

## GWA International Limited and its controlled entities

### Consolidated interim income statement

For the six months ended 31 December 2007		
In thousands of AUD	31 Dec 2007	31 Dec 2006
Revenue	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	9,416	1,581
Distribution expenses	(78,359)	(71,275)
Administrative expenses	(30,974)	(33,785)
Restructuring expenses	(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	(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