



GWA International Limited

ABN 15 055 964 380

30 January 2009

ASX On-Line

Manager Company Announcements
Australian Securities Exchange

Dear Sir

Trading Update

GWA International Limited, Australia's leading supplier of fixtures and fittings to households and commercial premises, today provides a trading update, with further details to be released at the half year profit announcement on 17 February 2009.

Trading Results

Trading conditions have continued to weaken in the period leading up to and after Christmas, and trading EBIT for the half year to December 2008 is expected to be approximately 12% below the corresponding period last year. Net profit after tax is expected to be flat on the prior corresponding period.

Along with the rest of the sector, underlying demand for GWA's products has reduced by approximately 7% from the same period last year, however revenue is expected to be only 3% below the corresponding period due to success in developing new products and market channels. The new sales are being generated at generally lower margins. Additional costs have been incurred by the group in the development of these new products and markets, resulting in lower EBIT margins for the period.

Funding

GWA retains the support of our core banks, the CBA, NAB and ANZ. BNP Paribas currently provides \$40 million in lending facilities to GWA and will cease to be a lender from July 2009. Discussions are well advanced with our core banks, and in combination with a range of capital management initiatives, directors are very confident that our funding requirements will be met through to 2011. A full update will also be provided in the 17 February 2009 half year profit announcement.

Capital Management

GWA's policy of paying a high proportion of earnings as dividends will continue through the downturn in the economic cycle. A final decision on the quantum of the dividend will be made after the half year results have been reviewed in detail and we have updated our view on profit outlook for the year. This will be communicated with the results announcement but given adequate

franking credits, directors' intend to hold the full year ordinary dividends as near as possible to the prior year's levels. The Dividend Reinvestment Plan will be offered to shareholders for the interim dividend.

Efforts are continuing to sell non-core businesses despite the poor market. In August 2008, a Memorandum of Understanding was signed with management of Wisa for the sale of that business, but difficulties for management in raising capital has delayed completion. We expect to have a final decision on this sale by the end of February 2009.

Acquisitions

The Austral Lock acquisition was completed on 5 January 2009 and an integration process to maximise value from the business is being progressed. A decision on whether to exercise the option to acquire the Indian operation will be made in February 2009.

For further information call:

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