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GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES INCOME STATEMENTS

| FOR THE YEAR ENDED 30 JUNE 2007 | | CONSOLIDATED | | THE COMPANY | |
|--|------|-----------------|-----------------|---------------|---------------|
| In thousands of AUD | Note | 2007 | 2006 | 2007 | 2006 |
| Revenue | 2 | 645,669 | 619,989 | — | — |
| Cost of sales | | (345,222) | (326,128) | — | — |
| Gross profit | | 300,447 | 293,861 | — | — |
| Other income | 3 | 4,998 | 15,797 | 75,000 | 30,734 |
| Distribution expenses | | (139,709) | (135,818) | — | — |
| Administrative expenses | | (62,440) | (61,004) | (502) | (1) |
| Restructuring expenses | 8 | (7,279) | (21,963) | — | — |
| Other expenses | 4 | (4,542) | (1,620) | — | — |
| Results from operating activities | | 91,475 | 89,253 | 74,498 | 30,733 |
| Financial income | 7 | 5,718 | 6,096 | 502 | 27 |
| Financial expenses | 7 | (18,084) | (17,586) | — | — |
| Net financing costs | | (12,366) | (11,490) | 502 | 27 |
| Profit before tax | | 79,109 | 77,763 | 75,000 | 30,760 |
| Income tax expense | 9 | (22,791) | (20,911) | — | 624 |
| Profit for the year | | 56,318 | 56,852 | 75,000 | 31,384 |
| Basic and diluted earnings per share (cents per share) | 10 | 20.2 | 20.4 | | |
| Dividends per share | | | | | |
| Ordinary shares (cents per share) | 22 | 23.0 | 20.0 | | |

The income statements are to be read in conjunction with the notes of the financial statements set out on pages 43 to 80.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES STATEMENTS OF RECOGNISED INCOME AND EXPENSE

| FOR THE YEAR ENDED 30 JUNE 2007 | | CONSOLIDATED | | THE COMPANY | |
|--|------|----------------|---------------|---------------|---------------|
| In thousands of AUD | Note | 2007 | 2006 | 2007 | 2006 |
| Foreign exchange translation differences | | (1,158) | 688 | — | — |
| Cash flow hedges: | | | | | |
| Gains/(losses) taken to equity | | (525) | 385 | — | — |
| Net income recognised directly in equity | | (1,683) | 1,073 | — | — |
| Profit for the year | | 56,318 | 56,852 | 75,000 | 31,384 |
| Total recognised income and expense for the period | 22 | 54,635 | 57,925 | 75,000 | 31,384 |
| Effects of change in accounting policy – adjustment on adoption of AASB 132 and 139 | | — | 157 | — | — |

Other movements in equity arising from transactions with owners as owners are set out in note 22.

The statements of recognised income and expense are to be read in conjunction with the notes to the financial statements set out on pages 43 to 80.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES BALANCE SHEETS

| AS AT 30 JUNE 2007 | | CONSOLIDATED | | THE COMPANY | |
|---------------------------------------|------|----------------|----------------|----------------|----------------|
| In thousands of AUD | Note | 2007 | 2006 | 2007 | 2006 |
| Assets | | | | | |
| Cash and cash equivalents | 11 | 80,421 | 156,498 | 232 | — |
| Trade and other receivables | 12 | 75,508 | 67,853 | 576 | 518 |
| Inventories | 13 | 128,211 | 95,342 | — | — |
| Income tax receivable | 14 | 1,440 | 2,512 | 348 | 2,512 |
| Other – prepayments | | 5,043 | 4,399 | 724 | 413 |
| Total current assets | | 290,623 | 326,604 | 1,880 | 3,443 |
| Receivables | 12 | 4,983 | 3,676 | 598,992 | 512,482 |
| Deferred tax assets | 15 | 24,531 | 25,034 | — | — |
| Investment in subsidiaries | 28 | — | — | 325,646 | 325,646 |
| Property, plant and equipment | 16 | 113,019 | 117,839 | — | — |
| Intangible assets | 17 | 344,463 | 343,786 | — | — |
| Other – prepayments | | 3,549 | 2,333 | 3,381 | 1,771 |
| Total non-current assets | | 490,545 | 492,668 | 928,019 | 839,899 |
| Total assets | | 781,168 | 819,272 | 929,899 | 843,342 |
| Liabilities | | | | | |
| Trade and other payables | 18 | 51,440 | 48,664 | — | 54 |
| Employee benefits | 20 | 16,056 | 17,451 | — | — |
| Income tax payable | 14 | — | 258 | — | — |
| Provisions | 21 | 13,570 | 19,586 | — | — |
| Total current liabilities | | 81,066 | 85,959 | — | 54 |
| Interest-bearing loans and borrowings | 19 | 271,567 | 297,498 | — | — |
| Payables | 18 | — | — | 527,430 | 458,018 |
| Employee benefits | 20 | 11,015 | 12,503 | — | — |
| Provisions | 21 | 8,718 | 11,344 | — | — |
| Total non-current liabilities | | 291,300 | 321,345 | 527,430 | 458,018 |
| Total liabilities | | 372,366 | 407,304 | 527,430 | 458,072 |
| Net assets | | 408,802 | 411,968 | 402,469 | 385,270 |
| Equity | | | | | |
| Issued capital | | 353,062 | 346,853 | 353,062 | 346,853 |
| Reserves | | (2,536) | (853) | — | — |
| Retained earnings | | 58,276 | 65,968 | 49,407 | 38,417 |
| Total equity | 22 | 408,802 | 411,968 | 402,469 | 385,270 |

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 43 to 80.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2007

| FOR THE YEAR ENDED 30 JUNE 2007 | | CONSOLIDATED | | THE COMPANY | |
|---|------|--------------|-----------|-------------|----------|
| In thousands of AUD | Note | 2007 | 2006 | 2007 | 2006 |
| Cash flows from operating activities | | | | | |
| Cash receipts from customers | | 714,364 | 683,805 | — | — |
| Dividends and trust distributions received | | — | — | 75,000 | 13,142 |
| Cash paid to suppliers and employees | | (650,780) | (585,571) | (1) | (1) |
| Cash generated from operations | | 63,584 | 98,234 | 74,999 | 13,141 |
| Interest paid | | (19,366) | (14,717) | — | — |
| Interest received | | 5,180 | 5,540 | — | 27 |
| Income taxes paid | | (21,100) | (29,019) | (18,220) | (27,927) |
| Net cash from operating activities | 29 | 28,298 | 60,038 | 56,779 | (14,759) |
| Cash flows from investing activities | | | | | |
| Proceeds from sale of property, plant and equipment | | 1,719 | 46,422 | — | — |
| Acquisition of property, plant and equipment | | (18,161) | (30,228) | — | — |
| Acquisition of intangibles | | (2,717) | (738) | — | — |
| Net cash from investing activities | | (19,159) | 15,456 | — | — |
| Cash flows from financing activities | | | | | |
| Issue of employee shares | | (7,828) | — | (7,828) | — |
| Proceeds from issue of shares | | 6,208 | — | 6,208 | — |
| Repayment of employee share loans | | 4,387 | 1,792 | 4,387 | 1,792 |
| Repayment of loans by controlled entities | | — | — | 4,750 | 68,621 |
| Repayment of loans from controlled entities | | — | — | — | — |
| Issue of loans to other parties | | — | (7) | — | — |
| Repayment of loans by related parties | | 510 | 284 | — | — |
| Repayment of bank bills | | (25,000) | — | — | — |
| Dividends paid | | (64,010) | (55,660) | (64,010) | (55,660) |
| Net cash from financing activities | | (85,733) | (53,591) | (56,493) | 14,753 |
| Net increase/(decrease) in cash and cash equivalents | | | | | |
| Net increase/(decrease) in cash and cash equivalents | | (76,594) | 21,903 | 286 | (6) |
| Cash and cash equivalents at 1 July | | 156,498 | 134,854 | (54) | (48) |
| Effect of exchange rate fluctuations on cash held | | 517 | (259) | — | — |
| Cash and cash equivalents at 30 June | 11 | 80,421 | 156,498 | 232 | (54) |

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 43 to 80.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES 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 2007 comprises the Company and its subsidiaries (together referred to as the 'consolidated entity').

The financial report was authorised for issue by the directors on 21 August 2007.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') 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 Standard Board.

(b) Basis of preparation

The financial report is presented in Australian dollars. 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 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) 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 in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and 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.

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.

Accounting standards not yet effective

The AASB has issued additional standards and interpretations that are effective for periods commencing after the date of this financial report. The following standards have been identified as those which are relevant to the consolidated entity. These standards are available for early adoption at 30 June 2007, but have not yet been adopted by the consolidated entity:

- AASB 7 Financial Instruments and Disclosures – applicable to annual reporting periods beginning on or after 1 January 2007. Adoption of AASB 7 will result in additional disclosures in respect of financial instruments.
- AASB 8 Operating Segments – and consequential amendments to other accounting standards resulting from this issue – applicable to annual reporting periods beginning on or after 1 January 2009. This standard relates to disclosure only.

The consolidated entity does not anticipate that adoption of these standards will have a material impact on its financial reports on initial adoption.

(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.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant accounting policies (continued)

(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 balance sheet date are translated 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 translated 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.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations including goodwill and fair value adjustments arising on consolidation are translated to Australian dollars at foreign exchange rates ruling at the balance sheet 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.

(iii) Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges recognised in the foreign currency translation reserve. 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 balance sheet 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 balance sheet 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.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant accounting policies (continued)

(f) Hedging (continued)

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.

(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 stated at cost less accumulated depreciation and impairment losses. 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.

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.

(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. 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 | 3–10 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 if the product or process is technically and commercially feasible and the consolidated entity has sufficient resources to complete development. Capitalised development expenditure is stated 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 these brand names is reviewed each year to ensure that no impairment exists.

(iii) Other intangible assets

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

(iv) 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.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant accounting policies (continued)

(h) Intangible assets (continued)

(v) 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:

- capitalised software development costs 5 years

(i) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

(j) Inventories

Inventories are stated 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 and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of 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.

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.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant accounting policies (continued)

(l) Impairment (continued)

(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.

(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

Current accounting policy

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated 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

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

(ii) Long-term service benefits

The consolidated entity's net obligation in respect of long-term service 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) Wages, salaries, annual leave, sick leave and non-monetary 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.

(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, 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.

(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.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant accounting policies (continued)

(q) Trade and other payables

Trade and other payables are stated 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 and recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

(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 on the profit or loss for the year comprises current and deferred tax. Income tax 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 balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided 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 balance sheet date.

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.

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.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant accounting policies (continued)

(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) Accounting estimates and judgements

Management discussed with the Audit Committee the development, selection and disclosure of the consolidated entity's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of intangibles with indefinite useful lives

The consolidated entity assesses whether intangibles with indefinite useful lives are impaired at least annually in accordance with the accounting policy. These calculations involve an estimation of the recoverable amount of the cash-generating units to which the intangibles with indefinite useful lives are allocated.

2. Segment reporting

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 16% 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 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | Building fixtures and fittings * | | Commercial furniture* | | Unallocated* | | Eliminations | | Consolidated* | |
|---|-------------------------------------|----------|--------------------------|--------|--------------|----------|--------------|---------|---------------|----------|
| In thousands of AUD | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| 2. Segment reporting (continued) | | | | | | | | | | |
| Business segments | | | | | | | | | | |
| Revenue: | | | | | | | | | | |
| External sales | 555,633 | 523,100 | 56,973 | 56,738 | 33,063 | 40,151 | — | — | 645,669 | 619,989 |
| Inter-segment sales | — | — | 1,993 | 2,810 | — | — | (1,993) | (2,810) | — | — |
| Total sales revenue | 555,633 | 523,100 | 58,966 | 59,548 | 33,063 | 40,151 | (1,993) | (2,810) | 645,669 | 619,989 |
| Segment result | 110,521 | 102,858 | 3,619 | 4,655 | (15,386) | (12,316) | — | — | 98,754 | 95,197 |
| Restructuring income/(expenses) | (3,158) | (12,228) | — | 6,284 | (4,121) | — | — | — | (7,279) | (5,944) |
| Segment result after restructuring expenses | 107,363 | 90,630 | 3,619 | 10,939 | (19,507) | (12,316) | — | — | 91,475 | 89,253 |
| Net financing costs | | | | | | | | | (12,366) | (11,490) |
| Income tax expense | | | | | | | | | (22,791) | (20,911) |
| Profit for the period | | | | | | | | | 56,318 | 56,852 |
| Segment assets | 595,294 | 570,143 | 34,498 | 36,941 | 151,376 | 213,650 | — | — | 781,168 | 820,734 |
| Segment liabilities | 76,517 | 92,655 | 6,331 | 8,316 | 289,518 | 307,795 | — | — | 372,366 | 408,766 |
| Depreciation | 15,689 | 17,023 | 2,325 | 3,418 | 1,226 | 1,488 | — | — | 19,240 | 21,929 |
| Amortisation | 276 | 276 | — | — | 263 | 215 | — | — | 539 | 491 |
| Capital expenditure | 18,726 | 28,569 | 156 | 1,024 | 2,634 | 1,373 | — | — | 21,516 | 30,966 |
| Impairment losses | 1,227 | 1,206 | — | 1,610 | — | — | — | — | 1,227 | 2,816 |

* All segments are continuing operations

Geographical segments

| | Australia* | | Unallocated* | | Consolidated * | |
|------------------------|------------|---------|--------------|--------|----------------|---------|
| In thousands of AUD | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| External sales revenue | 544,939 | 521,265 | 100,730 | 95,724 | 645,669 | 619,989 |
| Segment assets | 718,230 | 760,329 | 63,491 | 60,405 | 781,721 | 820,734 |
| Capital expenditure | 18,666 | 29,175 | 2,850 | 1,791 | 21,516 | 30,966 |

* All segments are continuing operations



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | CONSOLIDATED | | THE COMPANY | |
|--|--------------|---------|-------------|--------|
| In thousands of AUD | 2007 | 2006 | 2007 | 2006 |
| 3. Other income | | | | |
| Foreign currency gains – realised | 2,288 | 116 | – | – |
| Foreign currency gains – unrealised | 204 | 551 | – | – |
| Net gain on disposal of property, plant and equipment | – | 14,471 | – | – |
| Impairment reversals | – | – | – | 17,592 |
| Dividends received from controlled companies | – | – | 75,000 | – |
| Distributions received from controlled trusts | – | – | – | 13,142 |
| Other | 2,506 | 659 | – | – |
| | 4,998 | 15,797 | 75,000 | 30,734 |
| 4. Other expenses | | | | |
| Foreign currency losses – realised | 969 | 432 | – | – |
| Foreign currency losses – unrealised | 2,278 | 1,188 | – | – |
| Net loss on disposal of property, plant and equipment | 1,295 | – | – | – |
| | 4,542 | 1,620 | – | – |
| 5. Personnel expenses | | | | |
| Wages and salaries – including annual leave, long service leave and on-costs | 140,785 | 138,251 | – | – |
| | | | | |
| | CONSOLIDATED | | THE COMPANY | |
| In AUD | 2007 | 2006 | 2007 | 2006 |
| 6. Auditors' remuneration | | | | |
| Audit services | | | | |
| Auditors of the Company | | | | |
| <i>KPMG Australia:</i> | | | | |
| Audit and review of financial reports | 340,000 | 260,000 | 10,000 | 10,000 |
| Other regulatory audit services | – | 36,329 | – | – |
| <i>Overseas KPMG Firms:</i> | | | | |
| Audit and review of financial reports | 60,000 | 62,559 | – | – |
| | 400,000 | 358,888 | 10,000 | 10,000 |
| Other services | | | | |
| Auditors of the Company | | | | |
| <i>KPMG Australia:</i> | | | | |
| Due diligence services | 30,000 | 101,500 | – | – |
| Taxation services | 102,819 | – | – | – |
| Other | – | 27,500 | – | – |
| | 132,819 | 129,000 | – | – |
| | | | | |
| | CONSOLIDATED | | THE COMPANY | |
| In thousands of AUD | 2007 | 2006 | 2007 | 2006 |
| 7. Net financing costs | | | | |
| Interest income | (5,718) | (6,096) | (502) | (27) |
| Interest expense | 18,084 | 17,586 | – | – |
| Net financing costs/(income) | 12,366 | 11,490 | (502) | (27) |



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| In thousands of AUD | CONSOLIDATED | | THE COMPANY | |
|--|--------------|----------|-------------|---------|
| | 2007 | 2006 | 2007 | 2006 |
| 8. Restructuring expenses | | | | |
| Restructuring expenses | 7,279 | 21,963 | — | — |
| Gains on property sales (included in other income) | — | (16,019) | — | — |
| Net expense before tax | 7,279 | 5,944 | — | — |
| Tax benefit | (2,184) | (2,717) | — | — |
| Net restructuring expense after tax | 5,095 | 3,227 | — | — |
| 9. Income tax expense | | | | |
| Recognised in the income statement | | | | |
| Current tax expense | | | | |
| Current year | 23,487 | 21,898 | — | 8 |
| Adjustments for prior years | (1,539) | (1,411) | — | (632) |
| | 21,948 | 20,487 | — | (624) |
| Deferred tax expense | | | | |
| Origination and reversal of temporary differences | 706 | 434 | — | — |
| Benefit of tax losses recognised | 137 | (10) | — | — |
| | 843 | 424 | — | — |
| Total income tax expense/(benefit) in income statement | 22,791 | 20,911 | — | (624) |
| Numerical reconciliation between tax expense and pre-tax net profit | | | | |
| Profit before tax | 79,109 | 77,763 | 75,000 | 30,760 |
| Income tax using the domestic corporation tax rate of 30% (2006: 30%) | 23,733 | 23,329 | 22,500 | 9,228 |
| Increase in income tax expense due to: | | | | |
| Non-deductible building depreciation | 63 | 76 | — | — |
| Non-deductible expenses | 636 | 381 | — | — |
| Effect of tax rate in foreign jurisdictions | 39 | 156 | — | — |
| Decrease in income tax expense due to: | | | | |
| Effect of tax losses recognised | — | (10) | — | — |
| Non-assessable income | — | (576) | — | — |
| Non-assessable capital profits | — | (934) | — | — |
| Rebateable research and development | (141) | (100) | — | — |
| Impairment reversals | — | — | — | (5,278) |
| Rebateable trust distributions | — | — | — | (3,942) |
| Rebateable dividends | — | — | (22,500) | — |
| | 24,330 | 22,322 | — | 8 |
| Under / (over) provided in prior years | (1,539) | (1,411) | — | (632) |
| Income tax expense/(benefit) on pre-tax net profit | 22,791 | 20,911 | — | (624) |
| Deferred tax recognised directly in equity | | | | |
| Derivatives | (340) | 232 | — | — |



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | CONSOLIDATED | | | |
|--|--------------|---------|-------------|---------|
| | 2007 | 2006 | | |
| 10. Earnings per share | | | | |
| Basic and diluted earnings per share | | | | |
| Cents per share | 20.2 | 20.4 | | |
| Profit attributable to ordinary shareholders | | | | |
| In thousands of AUD | | | | |
| Profit for the period | 56,318 | 56,852 | | |
| Weighted average number of ordinary shares | | | | |
| In thousands of shares | | | | |
| Issued ordinary shares at 1 July | 278,303 | 278,303 | | |
| Effect of shares issued | 453 | — | | |
| Weighted average number of ordinary shares at 30 June | 278,756 | 278,303 | | |
| | | | | |
| | CONSOLIDATED | | THE COMPANY | |
| In thousands of AUD | 2007 | 2006 | 2007 | 2006 |
| 11. Cash and cash equivalents | | | | |
| Bank balances | 47,497 | 93,011 | 232 | — |
| Call deposits | 32,924 | 63,487 | — | — |
| Cash and cash equivalents in the statement of cash flows | 80,421 | 156,498 | 232 | — |
| 12. Trade and other receivables | | | | |
| Current | | | | |
| Trade receivables | 73,520 | 65,407 | — | — |
| Provision for impairment | (804) | (1,126) | — | — |
| Fair value derivatives | 637 | 920 | — | — |
| Employee share loans | 576 | 518 | 576 | 518 |
| Other | 1,579 | 2,134 | — | — |
| | 75,508 | 67,853 | 576 | 518 |
| Non-current | | | | |
| Receivables due from controlled entities | — | — | 594,069 | 509,021 |
| Employee share loans | 4,923 | 3,461 | 4,923 | 3,461 |
| Other | 60 | 215 | — | — |
| | 4,983 | 3,676 | 598,992 | 512,482 |



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| In thousands of AUD | CONSOLIDATED | | THE COMPANY | |
|-------------------------------|--------------|--------|-------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| 13. Inventories | | | | |
| Raw materials and consumables | 22,205 | 19,930 | — | — |
| Work in progress | 10,220 | 8,396 | — | — |
| Finished goods | 95,786 | 67,016 | — | — |
| | 128,211 | 95,342 | — | — |

14. Current tax assets and liabilities

The current tax asset for the consolidated entity of \$1,440,000 (2006: \$2,512,000) and for the Company of \$348,000 (2006: \$2,512,000) represents the amount of income taxes recoverable in respect of prior periods and the current period. No current tax liability exists for the consolidated entity at balance date (2006: \$258,000). The current tax asset for both the prior and current periods arise from the payment of tax in excess of the amounts due to the relevant tax authorities and also payment of non-resident withholding tax on payment of a dividend from a New Zealand subsidiary company to an Australian subsidiary company. This tax will be claimable against current year profits by New Zealand subsidiary companies. 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.

| In thousands of AUD | ASSETS | | LIABILITIES | | NET | |
|--|--------|--------|-------------|-------|--------|--------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| 15. Deferred tax assets and liabilities | | | | | | |
| Recognised deferred tax assets and liabilities | | | | | | |
| Deferred tax assets and liabilities are attributable to the following: | | | | | | |
| Consolidated | | | | | | |
| Property, plant and equipment | 948 | 56 | (1) | (50) | 947 | 6 |
| Intangible assets | — | — | (197) | (95) | (197) | (95) |
| Inventories | 3,979 | 5,001 | — | — | 3,979 | 5,001 |
| Employee benefits | 7,524 | 8,987 | — | — | 7,524 | 8,987 |
| Provisions | 10,653 | 10,628 | — | — | 10,653 | 10,628 |
| Other items | 1,626 | 370 | (1) | — | 1,625 | 370 |
| Tax loss carry-forwards | — | 137 | — | — | — | 137 |
| Tax assets / (liabilities) | 24,730 | 25,179 | (199) | (145) | 24,531 | 25,034 |
| Set off of tax | (199) | (145) | 199 | 145 | — | — |
| Net tax assets / (liabilities) | 24,531 | 25,034 | — | — | 24,531 | 25,034 |



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| In thousands of AUD (net) | CONSOLIDATED | | THE COMPANY | |
|---|--------------|-------|-------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| 15. Deferred tax assets and liabilities (continued) | | | | |
| Unrecognised deferred tax assets | | | | |
| Deferred tax assets have not been recognised in respect of the following items: | | | | |
| Tax losses | 403 | 2,160 | — | — |

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.

Movement in temporary differences during the year

| In thousands of AUD | CONSOLIDATED | | | | THE COMPANY | | | |
|-------------------------------|----------------------|-------------------------|-------------------------|-----------------------|----------------------|-------------------------|-------------------------|-----------------------|
| | Balance 1 July 05 | Recognised in income | Recognised in equity | Balance 30 June 06 | Balance 1 July 05 | Recognised in income | Recognised in equity | Balance 30 June 06 |
| Property, plant and equipment | 233 | (227) | — | 6 | — | — | — | — |
| Intangible assets | 65 | (160) | — | (95) | — | — | — | — |
| Inventories | 5,641 | (640) | — | 5,001 | — | — | — | — |
| Employee benefits | 9,005 | (18) | — | 8,987 | — | — | — | — |
| Provisions | 9,850 | 778 | — | 10,628 | — | — | — | — |
| Other items | 769 | (167) | (232) | 370 | — | — | — | — |
| Tax loss carry-forwards | 127 | 10 | — | 137 | — | — | — | — |
| | 25,690 | (424) | (232) | 25,034 | — | — | — | — |

| In thousands of AUD | Balance 1 July 06 | Recognised in income | Recognised in equity | Balance 30 June 07 | Balance 1 July 06 | Recognised in income | Recognised in equity | Balance 30 June 07 |
|-------------------------------|----------------------|-------------------------|-------------------------|-----------------------|----------------------|-------------------------|-------------------------|-----------------------|
| Property, plant and equipment | 6 | 941 | — | 947 | — | — | — | — |
| Intangible assets | (95) | (102) | — | (197) | — | — | — | — |
| Inventories | 5,001 | (1,022) | — | 3,979 | — | — | — | — |
| Employee benefits | 8,987 | (1,463) | — | 7,524 | — | — | — | — |
| Provisions | 10,628 | 25 | — | 10,653 | — | — | — | — |
| Other items | 370 | 915 | 340 | 1,625 | — | — | — | — |
| Tax loss carry-forwards | 137 | (137) | — | — | — | — | — | — |
| | 25,034 | (843) | 340 | 24,531 | — | — | — | — |



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| In thousands of AUD | CONSOLIDATED | | | | | THE COMPANY | | | | |
|---|--------------------|---------------------|----------------|------------------|-----------|--------------------|---------------------|----------------|------------------|-------|
| | Land and buildings | Plant and equipment | Motor vehicles | Work in progress | Total | Land and buildings | Plant and equipment | Motor vehicles | Work in progress | Total |
| 16. Property, plant and equipment | | | | | | | | | | |
| Cost | | | | | | | | | | |
| Balance at 1 July 2005 | 58,755 | 216,207 | 14,238 | 9,417 | 298,617 | — | — | — | — | — |
| Additions | 14,415 | 7,085 | 2,463 | 6,265 | 30,228 | — | — | — | — | — |
| Disposals | (18,469) | (17,179) | (2,603) | — | (38,251) | — | — | — | — | — |
| Effect of movements in foreign exchange | 287 | 2,066 | (54) | 25 | 2,324 | — | — | — | — | — |
| Balance at 30 June 2006 | 54,988 | 208,179 | 14,044 | 15,707 | 292,918 | — | — | — | — | — |
| Balance at 1 July 2006 | 54,988 | 208,179 | 14,044 | 15,707 | 292,918 | — | — | — | — | — |
| Additions | 518 | 16,173 | 2,108 | — | 18,799 | — | — | — | — | — |
| Transfers | — | 4,929 | — | (4,929) | — | — | — | — | — | — |
| Disposals | (976) | (38,554) | (2,885) | — | (42,415) | — | — | — | — | — |
| Effect of movements in foreign exchange | (303) | (1,765) | 54 | (96) | (2,110) | — | — | — | — | — |
| Balance at 30 June 2007 | 54,227 | 188,962 | 13,321 | 10,682 | 267,192 | — | — | — | — | — |
| Depreciation and impairment losses | | | | | | | | | | |
| Balance at 1 July 2005 | (7,872) | (152,011) | (4,816) | — | (164,699) | — | — | — | — | — |
| Depreciation charge for the year | (961) | (18,317) | (2,651) | — | (21,929) | — | — | — | — | — |
| Disposals | 2,449 | 12,386 | 1,555 | — | 16,390 | — | — | — | — | — |
| Impairment losses | — | (2,816) | — | — | (2,816) | — | — | — | — | — |
| Effect of movements in foreign exchange | (222) | (1,788) | (15) | — | (2,025) | — | — | — | — | — |
| Balance at 30 June 2006 | (6,606) | (162,546) | (5,927) | — | (175,079) | — | — | — | — | — |
| Balance at 1 July 2006 | (6,606) | (162,546) | (5,927) | — | (175,079) | — | — | — | — | — |
| Depreciation charge for the year | (1,025) | (15,746) | (2,469) | — | (19,240) | — | — | — | — | — |
| Disposals | — | 37,262 | 2,010 | — | 39,272 | — | — | — | — | — |
| Impairment losses | — | (1,227) | — | — | (1,227) | — | — | — | — | — |
| Effect of movements in foreign exchange | 229 | 1,903 | (31) | — | 2,101 | — | — | — | — | — |
| Balance at 30 June 2007 | (7,402) | (140,354) | (6,417) | — | (154,173) | — | — | — | — | — |
| Carrying amounts | | | | | | | | | | |
| At 1 July 2005 | 50,883 | 64,196 | 9,422 | 9,417 | 133,918 | — | — | — | — | — |
| At 30 June 2006 | 48,382 | 45,633 | 8,117 | 15,707 | 117,839 | — | — | — | — | — |
| At 1 July 2006 | 48,382 | 45,633 | 8,117 | 15,707 | 117,839 | — | — | — | — | — |
| At 30 June 2007 | 46,825 | 48,608 | 6,904 | 10,682 | 113,019 | — | — | — | — | — |

Impairment losses

During the 2007 financial year decisions were made to close certain operating sites. The consolidated entity assessed the recoverable amount of plant and equipment at these sites. Based on this assessment, the carrying amount of this plant and equipment was written down by \$1,227,000 (2006: \$2,816,000).



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| In thousands of AUD | CONSOLIDATED | | | THE COMPANY | | |
|---|--------------|-------------|---------|-------------|-------------|-------|
| | Software | Brand names | Total | Software | Brand names | Total |
| 17. Intangible assets | | | | | | |
| Cost | | | | | | |
| Balance at 1 July 2005 | 1,911 | 340,338 | 342,249 | — | — | — |
| Additions | 738 | — | 738 | — | — | — |
| Effect of movements in foreign exchange | — | 1,508 | 1,508 | — | — | — |
| Balance at 30 June 2006 | 2,649 | 341,846 | 344,495 | — | — | — |
| Balance at 1 July 2006 | 2,649 | 341,846 | 344,495 | — | — | — |
| Additions | 2,717 | — | 2,717 | — | — | — |
| Effect of movements in foreign exchange | — | (1,501) | (1,501) | — | — | — |
| Balance at 30 June 2007 | 5,366 | 340,345 | 345,711 | — | — | — |
| Amortisation and impairment losses | | | | | | |
| Balance at 1 July 2005 | (218) | — | (218) | — | — | — |
| Amortisation for the year | (491) | — | (491) | — | — | — |
| Balance at 30 June 2006 | (709) | — | (709) | — | — | — |
| Balance at 1 July 2006 | (709) | — | (709) | — | — | — |
| Amortisation for the year | (539) | — | (539) | — | — | — |
| Balance at 30 June 2007 | (1,248) | — | (1,248) | — | — | — |
| Carrying amounts | | | | | | |
| At 1 July 2005 | 1,693 | 340,338 | 342,031 | — | — | — |
| At 30 June 2006 | 1,940 | 341,846 | 343,786 | — | — | — |
| At 1 July 2006 | 1,940 | 341,846 | 343,786 | — | — | — |
| At 30 June 2007 | 4,118 | 340,345 | 344,463 | — | — | — |

Impairment testing for brand names

The values of brand names in the building fixtures and fittings segment were assessed by an independent valuer effective 30 June 2006 and no impairment was identified. The carrying values of the CaromaDorf brand names at 30 June 2007 are \$284,200,000 (2006: \$284,200,000). The carrying value of the multiple units without significant brand name value is \$60,263,000 (2006: \$59,586,000). Business valuations were based on the capitalisation of earnings approach and brand name valuations on the relief from royalty approach.

Maintainable earnings were based on current divisional profitability adjusted for an allocation of corporate overheads. Earnings before interest and tax (EBIT) multiples for the cash generating units ranged from 8.1 to 9.2 except for the CaromaDorf cash generating unit for which the EBIT multiple was 12.7.

The royalty rates applied for brand name value calculation were in the range of 4% to 6.5% except for the CaromaDorf brand names for which the royalty rate was 12.5%.

The 30 June 2006 business valuation and brand name valuations with respect to the CaromaDorf brand names were significantly above the carrying values for the business and brand names respectively. The circumstances of the CaromaDorf business have not significantly changed during the 2007 financial year.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | CONSOLIDATED | | THE COMPANY | |
|---|--------------|---------|-------------|---------|
| In thousands of AUD | 2007 | 2006 | 2007 | 2006 |
| 18. Trade and other payables | | | | |
| Current | | | | |
| Trade payables and accrued expenses | 47,372 | 42,363 | — | 54 |
| Fair value derivatives | 998 | 146 | — | — |
| Non-trade payables and accrued expenses | 3,070 | 6,155 | — | — |
| | 51,440 | 48,664 | — | 54 |
| Non-current | | | | |
| Payables to controlled entities | — | — | 527,430 | 458,018 |
| 19. Interest-bearing loans and borrowings | | | | |
| This note provides information about the contractual terms of the consolidated entity's interest-bearing loans and borrowings. For more information about the consolidated entity's exposure to interest rate and foreign currency risk, see note 23. | | | | |
| Non-current liabilities | | | | |
| Unsecured bank loans | 271,567 | 297,498 | — | — |
| Financing facilities | | | | |
| Bank overdraft | 6,408 | 6,370 | — | — |
| Standby letters of credit | 25,378 | 27,320 | — | — |
| Unsecured bank facility | 271,567 | 312,498 | — | — |
| | 303,353 | 346,188 | — | — |
| Facilities utilised at reporting date | | | | |
| Bank overdraft | — | — | — | — |
| Standby letters of credit | 1,440 | 6,967 | — | — |
| Unsecured bank facility | 271,567 | 297,498 | — | — |
| | 273,007 | 304,465 | — | — |
| Facilities not utilised at reporting date | | | | |
| Bank overdraft | 6,408 | 6,370 | — | — |
| Standby letters of credit | 23,938 | 20,353 | — | — |
| Unsecured bank facility | — | 15,000 | — | — |
| | 30,346 | 41,723 | — | — |



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. 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 2007.

Unsecured bank loans

Bank loans are provided to GWA Finance Pty Limited under the facility agreements. The bank loans are denominated in Australian dollars, except for the Euro facility which is denominated in Euros. The bank 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.

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.

| | CONSOLIDATED | | THE COMPANY | |
|----------------------------------|--------------|--------|-------------|------|
| In thousands of AUD | 2007 | 2006 | 2007 | 2006 |
| 20. Employee benefits | | | | |
| Current | | | | |
| Liability for long service—leave | 1,792 | 2,048 | — | — |
| Liability for annual leave | 11,773 | 11,985 | — | — |
| Liability for on—costs | 2,491 | 3,418 | — | — |
| | 16,056 | 17,451 | — | — |
| Non — current | | | | |
| Liability for long—service leave | 10,157 | 11,734 | — | — |
| Liability for on—costs | 858 | 769 | — | — |
| | 11,015 | 12,503 | — | — |



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Employee benefits (continued)

Defined contribution superannuation funds

The consolidated entity makes contributions to a defined contribution superannuation fund. The amount recognised as expense was \$9,326,000 for the financial year ended 30 June 2007 (2006: \$10,101,000).

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.

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 2007, 540,000 ordinary shares were purchased on market for employees at an average share price of \$2.98 and 1,620,000 ordinary shares were issued to employees at the market price of \$3.84, being total market value of \$7,828,000. In the prior year, no ordinary shares were issued to employees.

As at 30 June 2007, loans are issued for 3,436,561 (2006: 3,081,250) shares and the remaining balances of these loans is \$9,605,000 (2006: \$6,163,000) or \$5,499,000 (2006: \$3,979,000) at net present value. During 2007, dividends of \$640,000 (2006: \$735,000) were paid against the loans and a further \$3,747,000 (2006: \$1,057,000) was paid by employees against these loans.

21. Provisions

| In thousands of AUD | Warranties | Restructuring | Site restoration | Other | Total |
|---|------------|---------------|------------------|-------|----------|
| Consolidated | | | | | |
| Balance at 1 July 2006 | 9,104 | 9,176 | 4,486 | 8,164 | 30,930 |
| Provisions made during the year | 5,489 | 7,279 | 160 | 158 | 13,086 |
| Provisions used during the year | (5,611) | (13,857) | — | (899) | (20,367) |
| Provisions reversed during the year | (594) | — | — | (711) | (1,305) |
| Effect of movements in foreign exchange | (56) | — | — | — | (56) |
| Balance at 30 June 2007 | 8,332 | 2,598 | 4,646 | 6,712 | 22,288 |
| Current | 5,644 | 2,598 | — | 5,328 | 13,570 |
| Non-current | 2,688 | — | 4,646 | 1,384 | 8,718 |
| | 8,332 | 2,598 | 4,646 | 6,712 | 22,288 |

Warranties

The total provision for warranties at balance date of \$8,332,000 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 \$3,541,000 of the total provision in the financial year ending 30 June 2008, and the majority of the balance of the liability over the following four years.

Restructuring

During the financial year ended 30 June 2007, provisions of \$7,279,000 were made to cover the estimated costs of redundancies and related costs with respect to the closure of manufacturing operations and other business restructuring. Of this amount, \$2,598,000 remains provided for at balance date and this amount represents the estimate of costs to be expended in the financial year ending 30 June 2008. The restructuring is expected to be completed by May 2008.

Site restoration

At balance date the balance of the site restoration provision was \$4,646,000. No expenditures were made in the current financial year, the only movement being an adjustment to reflect the net present value of this provision. 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. The net present value of the provision has been calculated using a discount rate of 6.5 per cent.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Capital and reserves

Reconciliation of movement in capital and reserves attributable to equity holders of the parent

| In thousands of AUD | CONSOLIDATED | | | | |
|---------------------------------------|---------------|---------------------|-----------------|-------------------|----------|
| | Share capital | Translation reserve | Hedging reserve | Retained earnings | Total |
| Balance at 1 July 2005 | 346,853 | (2,083) | — | 64,776 | 409,546 |
| Effect of change in accounting policy | — | — | 157 | — | 157 |
| Balance at 1 July 2005 restated | 346,853 | (2,083) | 157 | 64,776 | 409,703 |
| Total recognised income and expense | — | 688 | 385 | 56,852 | 57,925 |
| Dividends to shareholders | — | — | — | (55,660) | (55,660) |
| Balance at 30 June 2006 | 346,853 | (1,395) | 542 | 65,968 | 411,968 |
| Balance at 1 July 2006 | 346,853 | (1,395) | 542 | 65,968 | 411,968 |
| Total recognised income and expense | — | (1,158) | (525) | 56,318 | 54,635 |
| Issue of ordinary shares | 6,209 | — | — | — | 6,209 |
| Dividends to shareholders | — | — | — | (64,010) | (64,010) |
| Balance at 30 June 2007 | 353,062 | (2,553) | 17 | 58,276 | 408,802 |

Reconciliation of movement in capital and reserves

| In thousands of AUD | THE COMPANY | | |
|-------------------------------------|---------------|-------------------|--------------|
| | Share capital | Retained earnings | Total equity |
| Balance at 1 July 2005 | 346,853 | 62,693 | 409,546 |
| Total recognised income and expense | — | 31,384 | 31,384 |
| Dividends to shareholders | — | (55,660) | (55,660) |
| Balance at 30 June 2006 | 346,853 | 38,417 | 385,270 |
| Balance at 1 July 2006 | 346,853 | 38,417 | 385,270 |
| Total recognised income and expense | — | 75,000 | 75,000 |
| Issue of ordinary shares | 6,209 | — | 6,209 |
| Dividends to shareholders | — | (64,010) | (64,010) |
| Balance at 30 June 2007 | 353,062 | 49,407 | 402,469 |

Share capital

| In thousands of shares | THE COMPANY | |
|---|-----------------|---------|
| | Ordinary shares | |
| | 2007 | 2006 |
| On issue at 1 July – fully paid | 278,303 | 278,303 |
| Issue of shares under the employee share plan | 1,620 | — |
| On issue at 30 June – fully paid | 279,923 | 278,303 |

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, 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.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Capital and reserves (continued)

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation 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 translation 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.

Dividends

Dividends recognised in the current year by the Company are:

| In thousands of AUD | Cents per share | Total amount | Franked | Date of payment |
|-----------------------|-----------------|---------------|---------|-----------------|
| 2007 | | | | |
| Interim 2007 ordinary | 10.0 | 27,830 | 100% | 2nd April 2007 |
| Interim 2007 special | 1.5 | 4,175 | 100% | 2nd April 2007 |
| Final 2006 ordinary | 8.0 | 22,264 | 100% | 3rd Oct 2006 |
| Final 2006 special | 3.5 | 9,741 | 100% | 3rd Oct 2006 |
| Total amount | 23.0 | 64,010 | | |
| 2006 | | | | |
| Interim 2006 ordinary | 10.0 | 27,830 | 100% | 3rd April 2006 |
| Final 2005 ordinary | 8.0 | 22,264 | 100% | 3rd Oct 2005 |
| Final 2005 special | 2.0 | 5,566 | 100% | 3rd Oct 2005 |
| Total amount | 20.0 | 55,660 | | |

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. 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 | 8.0 | 22,394 | 100% | 2nd Oct 2007 |
| Final special | 2.5 | 6,998 | 100% | 2nd Oct 2007 |
| Total amount | 10.5 | 29,392 | | |

The financial effect of these dividends have not been brought to account in the financial statements for the financial year ended 30 June 2007 and will be recognised in subsequent financial reports.

Dividends

| In thousands of AUD | THE COMPANY | |
|--|-------------|--------|
| | 2007 | 2006 |
| Dividend franking account: | | |
| 30 per cent franking credits available to shareholders of GWA International Limited for subsequent financial years | 30,225 | 37,274 |

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 the 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 \$12,597,000 (2006: \$13,716,000). In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has also assumed the benefit of \$30,225,000 (2006: \$37,274,000) franking credits.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Financial instruments

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.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers within the industries it trades. A risk assessment process is used for customers requiring credit over \$50,000 and credit insurance is utilised for major concentrations of trade debts. The consolidated entity does not require collateral in respect of financial assets.

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.

At the balance sheet date there were no uninsured concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

The consolidated entity's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

Hedging

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 5.52 per cent to 5.67 per cent. At 30 June 2007, the consolidated entity had interest rate swaps with a notional contract amount of \$125,000,000 (2006: \$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 2007 was \$637,000 (2006: \$920,000). These amounts were recognised as fair value derivative assets in the current financial year.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Financial instruments (continued)

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

| CONSOLIDATED | | 2007 | | | | | |
|---|---------------------------------|-----------|------------------|-------------|-----------|-----------|-------------------|
| In thousands of AUD | Average effective interest rate | Total | 6 months or less | 6–12 months | 1–2 years | 2–5 years | More than 5 years |
| Cash and cash equivalents | 6.10% | 80,421 | 80,421 | – | – | – | – |
| Effect of interest rate swap derivatives* | (0.79)% | – | 25,000** | – | (25,000) | – | – |
| Unsecured bank loans | 6.34% | (271,567) | (271,567) | – | – | – | – |
| | | (191,146) | (166,146) | – | (25,000) | – | – |

| CONSOLIDATED | | 2006 | | | | | |
|---|---------------------------------|-----------|------------------|-------------|-----------|-----------|-------------------|
| In thousands of AUD | Average effective interest rate | Total | 6 months or less | 6–12 months | 1–2 years | 2–5 years | More than 5 years |
| Cash and cash equivalents | 5.57% | 156,498 | 156,498 | – | – | – | – |
| Effect of interest rate swap derivatives* | (0.21)% | – | 125,000 | – | (100,000) | (25,000) | – |
| Unsecured bank loans | 5.80% | (297,498) | (297,498) | – | – | – | – |
| | | (141,000) | (16,000) | – | (100,000) | (25,000) | – |

| COMPANY | | 2007 | | | | | |
|---------------------------|---------------------------------|-------|------------------|-------------|-----------|-----------|-------------------|
| In thousands of AUD | Average effective interest rate | Total | 6 months or less | 6–12 months | 1–2 years | 2–5 years | More than 5 years |
| Cash and cash equivalents | 6.00% | 232 | 232 | – | – | – | – |

| COMPANY | | 2006 | | | | | |
|---------------------|---------------------------------|-------|------------------|-------------|-----------|-----------|-------------------|
| In thousands of AUD | Average effective interest rate | Total | 6 months or less | 6–12 months | 1–2 years | 2–5 years | More than 5 years |
| | 5.57% | – | – | – | – | – | – |

* These assets / liabilities bear interest at a fixed rate.

** As at 30 June 2007, the consolidated entity holds interest rate swaps of \$125,000,000. Of this total, \$100,000,000 reprice within the next 6 months and \$25,000,000 reprice within the next 2 years.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Financial instruments (continued)

Foreign currency risk

The consolidated entity is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the AUD. 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 one year after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity.

Forecasted transactions

The consolidated entity classifies its forward exchange contracts hedging forecasted transactions as cash flow hedges and states them at fair value.

The net fair value of forward exchange contracts used as hedges of forecasted transactions at 30 June 2007 was \$728,000 (2006: \$146,000). These amounts were recognised as fair value derivative liabilities in the current financial year.

Hedge of net investment in foreign subsidiary

The consolidated entity's EUR denominated bank loan is designated as a hedge of the consolidated entity's investment in its subsidiary in the Netherlands. The carrying amount of the loan at 30 June 2007 was \$11,567,000 (2006: \$12,556,000). A foreign exchange gain of \$989,000 (2006: loss of \$996,000) was recognised in the foreign currency translation reserve on translation of the loan to AUD.

Fair values

The fair values 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 | 2007 | 2007 | 2006 | 2006 |
| Trade and other receivables | 79,854 | 79,854 | 70,609 | 70,609 |
| Cash and cash equivalents | 80,421 | 80,421 | 156,498 | 156,498 |
| Interest rate swaps: | | | | |
| Assets | 637 | 637 | 920 | 920 |
| Forward exchange contracts: | | | | |
| Liabilities | (998) | (998) | (146) | (146) |
| Unsecured bank loans | (271,567) | (271,567) | (297,498) | (297,498) |
| Trade payables and accrued expenses | (50,442) | (50,442) | (48,518) | (48,518) |
| | (162,095) | (162,095) | (118,135) | (118,135) |
| The Company | Carrying amount | Fair value | Carrying amount | Fair value |
| In thousands of AUD | 2007 | 2007 | 2006 | 2006 |
| Cash and cash equivalents | 232 | 232 | — | — |
| Trade and other receivables | 599,568 | 599,568 | 513,000 | 513,000 |
| Payables to controlled entities | (527,430) | (527,430) | (458,018) | (458,018) |
| Trade payables and accrued expenses | — | — | (54) | (54) |
| | 72,370 | 72,370 | 54,928 | 54,928 |



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Financial instruments (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.

Derivatives

Forward exchange contracts are marked to market by discounting the contractual forward price and deducting the current spot rate. 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.

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, however are rolled for periods no longer than 90 days. At balance date, the AUD loans were rolled over to 27 August 2007 and the EUR loan was rolled over to 28 August 2007.

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.

Employee share loans and other employee loans

Employee share loans and other employee loans are carried at fair value using discounted cash flow techniques.

Interest rates used for determining fair value

The entity uses the government yield curve as of 30 June 2007 plus an adequate constant credit spread to discount financial instruments.

The interest rates used are as follows:

| | 2007 | 2006 |
|---------------------------------------|---------------|---------------|
| Derivatives | 6.49% – 6.96% | 5.98% – 6.21% |
| Employee share loans and other loans | 7.05% – 7.30% | 7.05% – 7.05% |
| Interest bearing loans and borrowings | 5.80% – 6.35% | 5.53% – 5.80% |

24. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

| | CONSOLIDATED | | THE COMPANY | |
|----------------------------|--------------|--------|-------------|------|
| In thousands of AUD | 2007 | 2006 | 2007 | 2006 |
| Less than one year | 8,838 | 10,055 | — | — |
| Between one and five years | 19,116 | 23,440 | — | — |
| More than five years | — | 1,868 | — | — |
| | 27,954 | 35,363 | — | — |

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

One of the leased properties has been sublet by the consolidated entity. The lease and sublease expire in November 2009. Sublease payments of \$273,000 will be received during the following financial year.

During the financial year ended 30 June 2007, \$9,770,000 (2006: \$9,497,000) was recognised as an expense in the income statement in respect of operating leases, which was net of sub-lease income.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| In thousands of AUD | CONSOLIDATED | | THE COMPANY | |
|--|--------------|--------|-------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| 25. Capital and other commitments | | | | |
| Capital expenditure commitments | | | | |
| Plant and equipment | | | | |
| Contracted but not provided for and payable: | | | | |
| Within one year | 2,274 | 10,636 | — | — |

26. 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.

| In thousands of AUD | CONSOLIDATED | | THE COMPANY | |
|---|--------------|-------|-------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| Contingent liabilities not considered remote | | | | |
| During the year, environmental testing conducted by the consolidated entity identified levels of contamination at two sites. Rectification costs of \$200,000 have been expensed with respect to the Eagle Farm site. Two types of contaminants have been identified at the leased Revesby site and the scope and scale of rectification are being assessed. Further testing is proceeding at both sites and all costs incurred to date have been expensed. The costs of future rectification activities were not able to be reliably estimated with respect to either site and at balance date no amount has been provided in the consolidated accounts. | — | — | — | — |
| Contingent liabilities considered remote | | | | |
| Guarantees | | | | |
| (i) Under the terms of a Deed of Cross Guarantee, described in note 27, 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 | 4,387 | 3,243 | — | — |



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. 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 28 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 2007, is set out below.

Summarised income statement and retained profits

| | CONSOLIDATED | |
|---------------------------------------|--------------|----------|
| In thousands of AUD | 2007 | 2006 |
| Profit before tax | 80,072 | 63,137 |
| Income tax expense | (21,751) | (17,972) |
| Profit after tax | 58,321 | 45,165 |
| Retained profits at beginning of year | 33,252 | 43,747 |
| Dividends recognised during the year | (64,010) | (55,660) |
| Retained profits at end of year | 27,563 | 33,252 |



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| In thousands of AUD | CONSOLIDATED | |
|--|----------------|----------------|
| | 2007 | 2006 |
| 27. Deed of cross guarantee (continued) | | |
| Balance Sheet | | |
| Assets | | |
| Cash and cash equivalents | 66,332 | 138,298 |
| Trade and other receivables | 65,627 | 61,045 |
| Inventories | 116,511 | 85,869 |
| Income tax receivable | 320 | 4,905 |
| Other | 4,636 | 3,969 |
| Total current assets | 253,426 | 294,086 |
| Receivables | 4,982 | 3,677 |
| Intercompany receivables | 44,179 | 31,252 |
| Investments | 15,600 | 16,280 |
| Deferred tax assets | 24,673 | 25,330 |
| Property, plant and equipment | 77,287 | 92,896 |
| Intangible assets | 321,244 | 319,066 |
| Other | 3,542 | 2,326 |
| Total non-current assets | 491,507 | 490,827 |
| Total assets | 744,933 | 784,913 |
| Liabilities | | |
| Trade and other payables | 46,132 | 45,257 |
| Employee benefits | 14,618 | 16,400 |
| Provisions | 13,329 | 19,219 |
| Total current liabilities | 74,079 | 80,876 |
| Interest-bearing loans and borrowings | 271,567 | 297,498 |
| Deferred tax liabilities | 512 | 967 |
| Employee benefits | 10,871 | 12,369 |
| Provisions | 8,720 | 11,344 |
| Total non-current liabilities | 291,670 | 322,178 |
| Total liabilities | 365,749 | 403,054 |
| Net assets | 379,184 | 381,859 |
| Equity | | |
| Issued capital | 353,062 | 346,853 |
| Reserves | (1,441) | 1,754 |
| Retained earnings | 27,563 | 33,252 |
| Total equity | 379,184 | 381,859 |



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | COUNTRY OF INCORPORATION | | OWNERSHIP INTEREST | |
|--|-------------------------------|-------------|--------------------|------|
| | Parties to Cross Guarantee | | 2007 | 2006 |
| 28. Consolidated entities | | | | |
| 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% |
| Sebel Furniture Inc | N | USA | 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 | N | Hong Kong | 100% | 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% |
| Stylus Sales Limited | N | New Zealand | 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% |
| Caroma Canada Industries Ltd | N | Canada | 100% | 100% |
| Caroma Industries (UK) Ltd | N | UK | 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% |
| Mainrule 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% |



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | Parties to Cross Guarantee | COUNTRY OF INCORPORATION | OWNERSHIP INTEREST | |
|---------------------------------------|-------------------------------|--------------------------|--------------------|------|
| | | | 2007 | 2006 |
| | | | | |
| 28. Consolidated entities (continued) | | | | |
| Sebel Furniture Limited (NZ) | N | New Zealand | 100% | 100% |
| Sebel Furniture Limited | Y | Australia | 100% | 100% |
| Sebel Furniture (SEA) Pte Ltd | N | Singapore | 100% | 100% |
| Sebel Sales Pty Limited | Y | Australia | 100% | 100% |
| Caroma Singapore Pte Limited | N | Singapore | 100% | 100% |
| GWA Finance Pty Limited | Y | Australia | 100% | 100% |
| Hetset (No. 5) Pty Ltd | Y | Australia | 100% | 100% |
| Gainsborough Hardware Limited | N | UK | 100% | 100% |
| Bankstown Unit Trust | Y | Australia | 100% | 100% |

| | CONSOLIDATED | | THE COMPANY | |
|--|----------------|----------------|---------------|-----------------|
| | 2007 | 2006 | 2007 | 2006 |
| In thousands of AUD | | | | |
| 29. Reconciliation of cash flows from operating activities | | | | |
| Cash flows from operating activities | | | | |
| Profit for the period | 56,318 | 56,852 | 75,000 | 31,384 |
| <i>Adjustments for:</i> | | | | |
| Depreciation | 19,240 | 21,929 | — | — |
| Amortisation | 539 | 491 | — | — |
| Impairment/(reversal of) losses | 1,227 | 2,816 | — | (17,592) |
| Foreign exchange (gains)/losses | 755 | 755 | — | — |
| Interest expense/(income) | 12,366 | 11,490 | — | (27) |
| Dividends from controlled entities | — | — | (75,000) | — |
| Distributions from controlled trusts | — | — | — | (13,142) |
| (Gain)/loss on sale of property, plant and equipment | 1,295 | (14,471) | — | — |
| Income tax expense/(benefit) | 22,791 | 20,911 | — | (624) |
| Operating profit before changes in working capital and provisions | 114,531 | 100,773 | — | (1) |
| (Increase)/decrease in trade and other receivables | (8,380) | (8,235) | 12,806 | (41,778) |
| (Increase)/decrease in inventories | (32,869) | 2,148 | — | — |
| Increase/(decrease) in trade and other payables | 1,986 | (4,498) | 62,193 | 54,920 |
| Increase/(decrease) in provisions and employee benefits | (11,684) | 8,046 | — | — |
| | 63,584 | 98,234 | 74,999 | 13,141 |
| Interest received/(paid) | (14,186) | (9,177) | — | 27 |
| Income taxes paid | (21,100) | (29,019) | (18,220) | (27,927) |
| Net cash from operating activities | 28,298 | 60,038 | 56,779 | (14,759) |



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Related parties

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive Directors

B Thornton (Chairperson)
J Kennedy
M Kriewaldt
D Barry
R Anderson
G McGrath
W Bartlett – appointed 21 February 2007

Executive Directors

P Crowley (Managing Director)

Executives

E Harrison (Chief Financial Officer)
S Wright (Group Operations Manager)
A Rusten (Group Marketing Manager)
R Watkins (General Manager – Rover) – terminated 14 February 2007
J Measroch (General Manager – Sebel)
G Oliver (General Manager – Gainsborough)
D Duncan (General Manager – Dorf Clark) – ceased key management personnel status 30 June 2006
L Patterson (General Manager – Dux)

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 5) are as follows:

| | CONSOLIDATED | | THE COMPANY | |
|------------------------------|--------------|-----------|-------------|------|
| | 2007 | 2006 | 2007 | 2006 |
| In AUD | | | | |
| Short-term employee benefits | 4,318,898 | 4,263,776 | — | — |
| Post-employment benefits | 804,337 | 570,997 | — | — |
| Termination benefits | 250,000 | — | — | — |
| Other benefits | 39,076 | 39,054 | — | — |
| | 5,412,311 | 4,873,827 | — | — |

Principles of compensation

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.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Related parties (continued)

Principles of compensation (continued)

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 Annual General Meeting on 28 October 2004, 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 (refer below). 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 shareholder approval of the termination of the Directors' Retirement Scheme for Non-Executive Directors at the Annual General Meeting on 30 October 2003, retirement benefits are not available for any new Non-Executive Directors of the Company, other than statutory superannuation.

At the Annual General Meeting on 28 October 2004, shareholders approved the payment of the accrued benefits to the Non-Executive Directors under the former Directors' Retirement Scheme, when each director requests that payment be made.

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
 - Medium-Term Incentive
- Employee Share Plan.

The fixed remuneration component includes base salary, statutory superannuation and non-monetary benefits including medical benefits membership, life and disability insurance and the provision of motor vehicles. The variable remuneration component includes a short-term incentive and medium-term incentive under the Executive Incentive Scheme. As a further component of remuneration, employees of the Company may be invited to participate in the GWA International Employee Share Plan.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Related parties (continued)

Principles of compensation (continued)

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.

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. Under the scheme there are two incentives, one based on yearly performance and one based on discrete three year periods. All performance plan payments are subject to maximum amounts.

Executive incentive scheme

The Executive Incentive Scheme came into effect on 1 July 2001 and its participants include the members of the divisional and corporate executive. There are two incentives including an Operating Performance Incentive and a Strategic Growth Incentive, with the objective of maximising short term operating performance and long term strategic growth.

The Operating Performance Incentive operates from divisional operating profit targets for divisional executives, and group earnings before interest and tax targets for corporate executives. Where the yearly profit targets are achieved, participating executives receive an incentive payment, subject to a cap of 30% to 35% of their base salary.

The yearly profit targets are set by the Remuneration Committee at the beginning of the year having regard to the major external factors which are expected to impact each division including forecast economic conditions, expected benefits from new products, capital expenditure and other relevant factors. The Remuneration Committee ensures that the profit targets are challenging and achievable, and will assist in focusing divisional and corporate executives on maximising operating performance of the Company's businesses.

The Strategic Growth Incentive rewards progressive growth in underlying divisional profitability and earnings per share over time. The incentive is calculated based on divisional profit targets for divisional executives, and earnings per share targets for corporate executives, within discrete three year periods. Where the three year profit and earnings per share targets are achieved, participating executives receive an incentive payment, subject to a cap of 20% to 30% of their base salary.

The three year profit and earnings per share targets are set by the Remuneration Committee at the beginning of the three year period having regard to current performance and forecast external factors expected to impact each division, and are also subject to minimum return on investment achievement. The Remuneration Committee ensures that the three year profit and earnings per share targets are challenging and achievable, and will assist in focusing divisional and corporate executives on maximising growth in profitability and return on investment.

The total combined payments under the abovementioned two incentives are capped at 50% to 65% of salary for each participating executive. Payments are delivered by way of cash bonus, and are paid when the Company's annual Financial Statements are completed.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Related parties (continued)

Principles of compensation (continued)

Employee share plan

As a further component of remuneration, employees of the Company may be invited to participate in the GWA International Employee Share Plan which commenced on the listing of the Company in 1993. 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 2007 there are currently 3.44 million shares issued under the GWA International Employee Share Plan, which have an outstanding loan balance of \$9.6 million. The plan does not provide for the issue of options and no options have been issued by the Company.

There are three events which trigger employee share issues, all of which must be approved by the Remuneration Committee, including:

- Appointment of new divisional and corporate executives as recommended by the Managing Director
- Achievement of three year targets by divisional and corporate executives pursuant to the Executive Incentive Scheme (refer above)
- The periodic issue to employees who merit additional recognition of their performance and are integral to the future success of the Company, as recommended by the Managing Director.

The GWA International Employee Share Plan is an effective incentive in encouraging and rewarding sustained higher performance from executives and senior management, and represents a long term financial commitment to their employment with the Company.

Termination of employment

The executives are on open-ended contracts, except for the Executive 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 executives, the Company is legally required to give reasonable notice of termination, or payment in lieu, based upon current salary levels.

Under the Executive Incentive Scheme, no incentive is payable in the event of termination of employment during the incentive period.

Any loan to an executive under the GWA International Employee Share Plan, must be repaid in full upon the cessation of employment with the Company.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Related parties (continued)

Key management personnel compensation (continued)

Individual directors and executives compensation

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Details of the nature and amount of each major element of remuneration of each director of the Company and other key management personnel are:

| | | SHORT-TERM | | | | POST-EMPLOYMENT | | | |
|--|------|------------------------|---------------------------|------------------------------------|-----------------------------|-----------------|---------------------------------------|-------------|-------------|
| | | Salary & fees \$ | 1 year incentive \$ | Non- monetary benefits \$ | 3 year * incentive \$ | Total \$ | Super- annuation benefits \$ | Other \$ | Total \$ |
| Directors: | | | | | | | | | |
| Non-Executive | | | | | | | | | |
| B Thornton | 2007 | 177,873 | — | — | — | 177,873 | 102,693 | 250 | 280,816 |
| | 2006 | 166,173 | — | — | — | 166,173 | 101,640 | 250 | 268,063 |
| J Kennedy | 2007 | 144,024 | — | — | — | 144,024 | — | 250 | 144,274 |
| | 2006 | 137,477 | — | — | — | 137,477 | — | 250 | 137,727 |
| M Kriewaldt | 2007 | 102,960 | — | — | — | 102,960 | 9,266 | 250 | 112,476 |
| | 2006 | 98,280 | — | — | — | 98,280 | 8,845 | 250 | 107,375 |
| D Barry | 2007 | 90,948 | — | — | — | 90,948 | 8,185 | 250 | 99,383 |
| | 2006 | 86,814 | — | — | — | 86,814 | 7,813 | 250 | 94,877 |
| R Anderson | 2007 | 85,800 | — | — | — | 85,800 | 7,722 | 250 | 93,772 |
| | 2006 | 81,900 | — | — | — | 81,900 | 7,371 | 250 | 89,521 |
| G McGrath | 2007 | 22,737 | — | — | — | 22,737 | 76,396 | 250 | 99,383 |
| | 2006 | 86,814 | — | — | — | 86,814 | 7,813 | 250 | 94,877 |
| W Bartlett (appointed 21 February 2007) | 2007 | — | — | — | — | — | 36,434 | 250 | 36,684 |
| | 2006 | — | — | — | — | — | — | — | — |
| Executive Directors | | | | | | | | | |
| P Crowley | 2007 | 1,057,228 | — | 152,875 | — | 1,210,103 | 36,000 | 11,855 | 1,257,958 |
| | 2006 | 917,997 | — | 158,916 | (190,000) | 886,913 | 36,000 | 10,727 | 933,640 |
| Total — Directors | 2007 | 1,681,570 | — | 152,875 | — | 1,834,445 | 276,696 | 13,605 | 2,124,746 |
| Total — Directors | 2006 | 1,575,455 | — | 158,916 | (190,000) | 1,544,371 | 169,482 | 12,227 | 1,726,080 |

* The incentives for the Executive Director and Executives under the three year Executive Incentive Scheme were provided for in the 2004/05 year and were written back in the 2005/06 year as the targets were not expected to be achieved.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Related parties (continued)

Key management personnel compensation (continued)

Individual directors and executives compensation (continued)

| | | SHORT-TERM | | | | POST-EMPLOYMENT | | | | |
|--|------|---------------|------------------|-----------------------|--------------------|-----------------|--------------------------|--------|----------------------|-----------|
| | | Salary & fees | 1 year incentive | Non-monetary benefits | 3 year * incentive | Total | Super-annuation benefits | Other | Termination benefits | Total |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Executives | | | | | | | | | | |
| E Harrison | 2007 | 365,707 | — | 83,345 | — | 449,052 | 105,000 | 4,260 | — | 558,312 |
| | 2006 | 447,268 | — | 87,546 | (70,546) | 464,268 | — | 5,118 | — | 469,386 |
| S Wright | 2007 | 417,957 | — | 50,473 | — | 468,430 | 123,420 | 4,069 | — | 595,919 |
| | 2006 | 387,089 | — | 60,845 | (70,945) | 376,989 | 100,592 | 3,993 | — | 481,574 |
| A Rusten | 2007 | 272,087 | — | 74,310 | — | 346,397 | 26,700 | 3,262 | — | 376,359 |
| | 2006 | 263,209 | — | 23,835 | — | 287,044 | 25,288 | 3,070 | — | 315,402 |
| R Watkins (terminated 14 February 2007) | 2007 | 161,844 | — | 42,132 | — | 203,976 | 70,000 | 5,103 | 250,000 | 529,079 |
| | 2006 | 281,171 | — | 50,936 | — | 332,107 | 58,725 | 3,152 | — | 393,984 |
| J Measroch | 2007 | 278,245 | — | 50,168 | — | 328,413 | 26,663 | 3,258 | — | 358,334 |
| | 2006 | 275,764 | — | 67,223 | — | 342,987 | 25,485 | 3,125 | — | 371,597 |
| G Oliver | 2007 | 194,603 | 84,810 | 47,027 | — | 326,440 | 147,695 | 2,092 | — | 476,227 |
| | 2006 | 177,333 | 79,425 | 62,289 | (47,505) | 271,542 | 138,475 | 1,973 | — | 411,990 |
| D Duncan (ceased key management personnel status 30 June 2006) | 2007 | — | — | — | — | — | — | — | — | — |
| | 2006 | 258,151 | — | 123,019 | (50,000) | 331,170 | 27,420 | 3,266 | — | 361,856 |
| L Patterson | 2007 | 285,269 | — | 76,476 | — | 361,745 | 28,163 | 3,427 | — | 393,335 |
| | 2006 | 250,744 | — | 62,554 | — | 313,298 | 25,530 | 3,130 | — | 341,958 |
| Total – Executives | 2007 | 1,975,712 | 84,810 | 423,931 | — | 2,484,453 | 527,641 | 25,471 | 250,000 | 3,287,565 |
| Total – Executives | 2006 | 2,340,729 | 79,425 | 538,247 | (238,996) | 2,719,405 | 401,515 | 26,827 | — | 3,147,747 |
| Total –Directors and Executives | 2007 | 3,657,282 | 84,810 | 576,806 | — | 4,318,898 | 804,337 | 39,076 | 250,000 | 5,412,311 |
| Total – Directors and Executives | 2006 | 3,916,184 | 79,425 | 697,163 | (428,996) | 4,263,776 | 570,997 | 39,054 | — | 4,873,827 |

* The incentives for the Executive Director and Executives under the three year Executive Incentive Scheme were provided for in the 2004/05 year and written back in the 2005/06 year as the targets are not expected to be achieved.



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Related parties (continued)

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:

| | Balance 1 July 2006 \$ | Balance 30 June 2007 \$ | Interest paid and payable in the reporting period \$ | Highest balance in period \$ |
|-------------------|------------------------------|-------------------------------|---|------------------------------------|
| Directors | | | | |
| P Crowley | 1,095,000 | 980,000 | — | 1,095,000 |
| Executives | | | | |
| E Harrison | 610,255 | 97,303 | — | 845,986 |
| S Wright | 141,269 | 486,457 | — | 486,457 |
| A Rusten | — | 858,540 | — | 893,040 |
| J Measroch | 339,745 | — | — | 379,745 |
| G Oliver | 362,900 | — | — | 362,900 |
| L Patterson | 280,991 | 1,025,991 | — | 1,025,991 |
| D Duncan | 780,991 | — | — | 780,991 |

Loans totalling \$2,525,040 (2006: \$nil) were made to key management personnel or their related parties during the year. The loans made in the current financial year related to the Employee Share Plan.

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:

| | Opening Balance \$ | Closing Balance \$ | Interest paid and payable in the reporting period \$ | Number in group at 30 June \$ |
|---|--------------------------|--------------------------|---|--|
| Total for key management personnel 2007 | 3,706,901 | 5,830,110 | — | 5 |
| Total for key management personnel 2006 | 4,769,637 | 3,706,901 | — | 8 |

Mr E Harrison has an unsecured housing loan of \$75,000. This loan is interest free and repayable on termination. Mr D Duncan repaid a \$500,000 housing loan during the current financial year. All other loans are with respect to the Employee Share Plan. 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 \$355,128 (2006: \$304,009) 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. Amounts receivable from and payable to key management personnel at reporting date arising from these transactions were as follows:

| | CONSOLIDATED | | THE COMPANY | |
|-----------------|--------------|-------|-------------|------|
| In AUD | 2007 | 2006 | 2007 | 2006 |
| Trade creditors | 41,679 | 3,982 | — | — |

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 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. 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 2006 | Purchases | Sales | Held at 30 June 2007 |
|---------------------------------|---------------------|-----------|-----------|----------------------|
| Directors: Non-Executive | | | | |
| B Thornton | 15,023,402 | 52,000 | (1,500) | 15,073,902 |
| J Kennedy | 10,000 | — | (9,000) | 1,000 |
| M Kriewaldt | 100,000 | — | — | 100,000 |
| D Barry | 12,372,389 | — | (16,500) | 12,355,889 |
| R Anderson | 28,890,832 | — | — | 28,890,832 |
| G McGrath | 420,458 | — | (120,458) | 300,000 |
| W Bartlett | — | — | — | — |
| Executive Directors | | | | |
| P Crowley | 500,000 | — | — | 500,000 |
| Executives | | | | |
| E Harrison | 620,975 | 100,000 | (607,064) | 113,911 |
| S Wright | 168,750 | 100,000 | — | 268,750 |
| A Rusten | — | 300,000 | — | 300,000 |
| R Watkins | 100,000 | — | (100,000) | — |
| J Measroch | 200,000 | — | (200,000) | — |
| G Oliver | 231,250 | 25,000 | (100,000) | 156,250 |
| L Patterson | 100,000 | 200,000 | — | 300,000 |

| | Held at 1 July 2005 | Purchases | Sales | Held at 30 June 2006 |
|---------------------------------|---------------------|-----------|-----------|----------------------|
| Directors: non-executive | | | | |
| B Thornton | 15,025,902 | — | (2,500) | 15,023,402 |
| J Kennedy | 50,000 | — | (40,000) | 10,000 |
| M Kriewaldt | 100,000 | — | — | 100,000 |
| D Barry | 12,409,189 | — | (36,800) | 12,372,389 |
| R Anderson | 20,692,832 | 8,198,000 | — | 28,890,832 |
| G McGrath | 593,026 | — | (172,568) | 420,458 |
| Executive Directors | | | | |
| P Crowley | 500,000 | — | — | 500,000 |
| Executives | | | | |
| E Harrison | 620,975 | — | — | 620,975 |
| S Wright | 418,750 | — | (250,000) | 168,750 |
| A Rusten | — | — | — | — |
| R Watkins | 100,000 | — | — | 100,000 |
| J Measroch | 200,000 | — | — | 200,000 |
| G Oliver | 231,250 | — | — | 231,250 |
| D Duncan | 100,000 | — | — | 100,000 |
| L Patterson | 100,000 | — | — | 100,000 |

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 2007 was 58,360,534 (2006: 57,036,806).



GWA INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. 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.

31. Subsequent events

To the best of our knowledge, since balance date, no matters have arisen which will, or may, significantly affect the operation or results of the consolidated entity in later years.



DIRECTORS' DECLARATION

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

(a) the financial statements and notes 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 2007 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

(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 27 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 2007 pursuant to Section 295A of the Corporations Act 2001.

Dated at Brisbane on 21 August 2007.

Signed in accordance with a resolution of the directors:

Barry Thornton

Director

Peter Crowley

Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GWA INTERNATIONAL LIMITED

We have audited the accompanying financial report of GWA International Limited (the "Company"), which comprises the balance sheets as at 30 June 2007, and the income statements, statements of recognised income and expense, and statements of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 31 to the financial statements, 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 and the Company, 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 purposes of expressing an opinion on the effectiveness of the entity's internal control.

An audit also involves 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.

Auditor's opinion on the financial report

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 consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report of the consolidated entity also complies with International Financial Reporting Standards as disclosed in note 1(a).

KPMG

Sydney, 21 August 2007

Mark Epper

Partner



OTHER STATUTORY INFORMATION AS AT 20 AUGUST 2007

Statement of shareholding

In accordance with the Australian Securities Exchange Listing Rules, the directors state that, as at 20 August 2007, the share capital in the Company was held as follows:

| Range | Ordinary Shareholders | Ordinary Shares | % |
|------------------|-----------------------|-----------------|-------|
| 1 – 1,000 | 1,679 | 1,117,710 | 0.4 |
| 1,001 – 5,000 | 6,889 | 20,913,050 | 7.5 |
| 5,001 – 10,000 | 3,495 | 26,436,065 | 9.4 |
| 10,001 – 100,000 | 2,165 | 45,904,363 | 16.4 |
| 100,001 and over | 122 | 185,551,807 | 66.3 |
| Total | 14,350 | 279,922,995 | 100.0 |

The number of shareholders with less than a marketable parcel of shares is 116.

Voting Rights

The voting rights attached to shares are as set out in clause 10.20 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;
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 20 August 2007:

| Shareholder | Number of Shares | % of Shares on Issue |
|-------------------------|------------------|----------------------|
| HGT Investments Pty Ltd | 14,448,152 | 5.16 |



OTHER STATUTORY INFORMATION AS AT 20 AUGUST 2007

20 Largest shareholders as at 20 August 2007

| Shareholder | Number of Shares | % Shares on Issue |
|---|--------------------|-------------------|
| J P Morgan Nominees Australia Limited | 18,439,775 | 6.59 |
| HGT Investments Pty Ltd | 14,448,152 | 5.16 |
| National Nominees Limited | 13,209,411 | 4.72 |
| Erand Pty Ltd | 9,898,229 | 3.54 |
| KFA Investments Pty Ltd | 9,863,817 | 3.52 |
| CJZ Investments Pty Ltd | 9,700,651 | 3.47 |
| JMB Investments Pty Ltd | 8,800,425 | 3.14 |
| Ashberg Pty Ltd | 8,198,000 | 2.93 |
| Theme (No 3) Pty Ltd | 7,201,160 | 2.57 |
| Australian Foundation Investment Company Limited | 6,612,136 | 2.36 |
| Citicorp Nominees Pty Limited | 6,193,456 | 2.21 |
| HSBC Custody Nominees (Australia) Limited | 6,014,585 | 2.15 |
| RBC Dexia Investor Services Australia Nominees Pty Limited (Bkcust A/c) | 5,774,569 | 2.06 |
| ITA Investments Pty Ltd | 5,152,338 | 1.84 |
| Mr Barry Thornton & Mr Chris Hamlin (The Sharp Family Account) | 4,740,033 | 1.69 |
| Citicorp Nominees Pty Limited (CFS Future Leaders Fund A/c) | 3,842,940 | 1.37 |
| Dabary Investments Pty Ltd | 3,398,961 | 1.21 |
| Cogent Nominees Pty Limited | 2,656,460 | 0.95 |
| Harvest Home Holdings Pty Ltd | 2,586,416 | 0.92 |
| ANZ Nominees Limited | 2,286,165 | 0.82 |
| Total | 149,017,679 | 53.24 |



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 25 October 2007 commencing at 10:30 am. Shareholders will be mailed their Notice of Annual General Meeting and Proxy Form during September 2007.

Shareholder Enquiries

Shareholders with enquiries about their shareholding or dividend payments should contact the Company's share registry, Computershare Investor Services Pty Ltd, on 1300 552 270 or write to GPO Box 523 Brisbane Queensland Australia 4001.

Change of Address

Shareholders who have changed their address should immediately notify the Company's share registry in writing.

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 an Annual Report should notify the Company's share registry in writing. 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.

Dividend Reinvestment Plan and Share Purchase Plan

Both Plans were suspended on 8 February 2000. Past support from shareholders has provided sufficient funds to meet the growth needs of the Company. Directors keep this position under review.

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 INFORMATION

Shareholder Timetable 2007

| | |
|--------------|--|
| 30 June | Financial year end |
| 21 August | Year end result and final dividend announcement |
| 10 September | Ex dividend date for final dividend |
| 14 September | Record date for determining final dividend entitlement |
| 17 September | Notice of Annual General Meeting and Proxy Form mailed to shareholders |
| 2 October | Final ordinary dividend and special dividend paid |
| 23 October | Proxy returns close 10:30 am Brisbane |
| 25 October | Annual General Meeting |
| 31 December | Half year end |

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
M D E Kriewaldt, Non-Executive Director
G J McGrath, Non-Executive Director
W J Bartlett, Non-Executive Director

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 9299 7077

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

BNP Paribas
Citibank
Commonwealth Bank of Australia
National Australia Bank

HEAD OFFICE LOCATIONS

GWA INTERNATIONAL LIMITED

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Brisbane QLD 4000
AUSTRALIA

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Facsimile: 61 7 3236 0522
Website: www.gwail.com.au

CAROMA DORF

4 Ray Road
EPPING NSW 2121
Telephone: 61 2 9202 7000
Facsimile: 61 2 9869 0625
Websites: www.caroma.com.au
www.smartflush.com.au
www.fowler.com.au
www.stylus.com.au
www.wisa-sanitair.com
www.starion-industries.com
www.dorf.com.au
www.clark.com.au

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

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

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

96 Canterbury Road
Bankstown NSW 2200
AUSTRALIA
Telephone: 61 2 9780 2222
Facsimile: 61 2 9793 3152
Website: www.sebel.com.au



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