



GWA International Limited
ABN 15 055 964 380

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ASX On-Line
Manager Company Announcements
Australian Securities Exchange

Dear Sir

GWA Trading Update For March 2009 Quarter

GWA International Ltd, Australia's leading supplier of fixtures and fittings to households and commercial premises, provides the following information on trading conditions, operational performance and capital management initiatives to update the market following completion of trading for the March 2009 quarter.

Third Quarter Trading and Operational Performance

Despite difficult market conditions experienced in the sector, GWA has posted an 8% lift in revenue for the March quarter, compared with the previous corresponding period.

The lift in revenue reflects continued success in new product and channel development, particularly environmental water heating products. These new sales offset an estimated 7% decline in underlying demand.

EBIT for the quarter is 10% below the same period last year, due to extensive plant shutdowns over the Christmas period and the fact that the new products are generally being sold at lower margins than the overall business, which has been subject to the market decline.

Managing Director of GWA, Mr Peter Crowley, "This result is creditable in view of the very depressed conditions in the construction sector and we continue to seek opportunities to boost our leading market share in fixtures and fittings across the household and commercial property sectors".

Higher selling and administration expenses incurred in the first half were contained in the March quarter and progress has been made in implementing price increases to recover the impact of the lower exchange rate. Inventory levels have also reduced in the quarter and operating cash flows have improved as a result.

Mr Crowley said trading conditions continued to be variable across GWA's businesses and the outlook for the full year was still too difficult to forecast. Sales and profit in the final quarter are expected to be negatively impacted by anticipated customers de-stocking towards year end and results will be below the strong performance experienced in the final quarter of 2007/08.

The recent acquisition, Austral Lock, has been integrated into Gainsborough during the quarter and is trading according to expectations. The decision has been made not to exercise the option to acquire the Austral Lock Indian operation due to operational concerns. This will not adversely impact the business.

Caroma Dorf successfully went live with the first stage of the new Movex system at the end of March. This is a major milestone in the systems upgrade and the final stage will be completed early in the new financial year as planned.

Capital Management / Financing

With the 35% uptake of the Dividend Reinvestment Plan (DRP) by shareholders for the interim dividend and support for the DRP underwriting, net debt at quarter end was reduced to \$184 million and the BNP Paribas loan facility has been reduced to \$26 million. We see no difficulty in exiting this facility by the end of May. Discussions are well advanced with other banks to increase our total facilities to provide scope to fund growth opportunities.

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