



GWA
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30 January 2012

ASX On-Line

Manager Company Announcements
Australian Securities Exchange

Dear Sir

Trading Update

GWA Group Limited, Australia's leading supplier of fixtures and fittings to households and commercial premises, today provides a trading update based on unaudited financial accounts for the six months to December 2011. Further details will be released at the half year profit announcement on 14 February 2012.

Trading Results

Revenue and trading earnings before interest and tax (EBIT) for the first half are in line with previous guidance to the market. Revenue was slightly down on the corresponding period last year and trading EBIT is in the \$44 million to \$46 million range. An underlying decline in revenue of approximately 11% for like for like businesses has been offset by revenue from Gliderol, which was acquired in January 2011.

Revenue was adversely impacted by lower sales of environmental water heating products in the Dux business, the absence of government stimulus spending and the general downturn in the building sector and renovation activity.

Net profit after tax will be impacted by restructuring costs and the results from discontinued operations during the half year. Each of these items will have a loss after tax in the range of \$7 million to \$8 million, as previously advised.

Restructuring and Discontinued Operations

In addition to the completion of the Sebel sale in September 2011, the Caroma North American business was exited in December, with working capital and business activities being transferred to our North American distributor, Sustainable Solutions International.

Restructuring of local manufacturing has progressed to plan and total employees have reduced by 7% in the last six months. The restructuring involves the wind back of the Caroma Wetherill Park operations to one shift and the closure of the Gainsborough door furniture factories in Blackburn and Kyneton.

GWA is continuing to work with potential buyers of non-core properties but no agreements have been reached and a decision will be made in the second half of 2011/12 on whether selling the properties is in the best interests of shareholders.

Brivis Evaporative Cooler Rework

As reported in the Company's financial accounts for the half year ended 31 December 2010, a product rework program was recommenced in February 2011 for Brivis evaporative coolers manufactured between August 2000 and November 2003 as a result of several fire incidents caused by a defective component.

Brivis continues to work with the relevant State and Federal authorities to replace the defective component in coolers installed in houses. This rework has been the subject of recent media coverage and extensive advertising by Brivis to assist with identifying the coolers that require rework. A full update on the product rework will be provided with the half year results in February.

For further information call:

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