GWA
Group Limited

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14 February 2012

ASX On-Line
Manager Company Announcements
Australian Securities Exchange

Dear Sirs

Financial Results for the Half Year Ended 31 December 2011

We enclose the following documents for immediate release to the market:

- Appendix 4D Half Year Report
- Media Release
- Directors' Report
- Interim Financial Report

Yours faithfully

R J Thornton
Executive Director

Appendix 4D
Half Year Report
Period Ended 31 December 2011

GWA GROUP LIMITED

ABN	Half Yearly	Preliminary Final	Year ended ('current period')
15 055 964 380	✔		**31 December 2011**

Results for announcement to the market

$A'000

Continuing Operations				
Revenues from ordinary activities	Down	1.2%	to	314,995
Trading earnings before interest and tax	Down	9.3%	to	44,886
Trading profit after tax	Down	6.5%	to	27,393
Significant Items				
Restructuring expenses after tax				(7,457)
Loss from discontinued operations after tax				(6,679)
Reported Profit After Significant Items				
Net profit for the period attributable to members	**Down**	**60.0%**	**to**	**13,257**

Interim Dividend	**Amount Per Security**	**Franked Amount Per Security**
Ordinary dividend	9.5¢	9.5¢
Previous corresponding period:-		
Ordinary dividend	9.5¢	9.5¢
Record date for determining dividend entitlements	16 March 2012	
Date dividend payable	4 April 2012	

	Current Period	**Previous Corresponding Period**
Net tangible asset backing per ordinary security	0.14	0.23

Brief explanation of the figures reported above:-

Refer to the attached Media Release and Directors' Report. The attached Interim Financial Report has been reviewed by GWA's independent statutory auditors.

This Half Year Report should be read in conjunction with the most recent Annual Financial Report.

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Media Release

GWA Reports Solid Result in Difficult Market

- **Revenue from continuing operations of $315 million in line with same period last year**
- **Trading Earnings before Interest and Tax (EBIT) from continuing operations of $44.9 million**
- **Profit impact of lower activity in building and renovation partially offset by cost reductions and contribution from Gliderol**
- **Restructuring and divestment of non-core businesses progressed to plan**
- **Net profit after tax of $13.3 million impacted by restructuring costs and losses from discontinued operations**
- **Fully franked interim dividend of 9.5 cents per share same as last year**

GWA Group Ltd, Australia's leading supplier of fixtures and fittings to households and commercial premises, today announced a 9% decline in Trading Earnings before Interest and Tax (EBIT) for continuing operations from $49.5 million to $44.9 million for the half year to December 31, 2011.

The result was achieved on similar total sales to the corresponding period last year, with the impact of reduced building and renovation activity being partially offset by the inclusion of the Gliderol acquisition and cost reductions.

Net profit after tax for the half year of $13.3 million decreased by 60%, due to the impact of restructuring costs and losses from discontinued operations.

The directors have maintained the fully franked interim dividend at 9.5 cents per share, representing a 104% payout ratio on trading profits from continuing operations.

Managing Director Peter Crowley said, "The half has been successful in terms of finalising the sale of non-core businesses, which will allow us to focus on the Australian building fixtures and fittings sector. Restructuring of local operations has also progressed to plan to improve the group's overall competitiveness. The benefits of this restructuring will be reflected in the results for the 2012/13 financial year and future periods."

Sales by the Bathrooms & Kitchens segment decreased by 11%, with EBIT before restructuring costs down 13% from $41.2 million to $35.9 million. Sales were adversely impacted by the cessation of government stimulus spending and the general reduction in building and renovation activity.

Sales by the Door & Access Systems segment increased by 63%, due to the inclusion of Gliderol, with EBIT before restructuring costs reducing by 4% to $8.4 million. Competitive pressure has caused some margin compression and market share loss in the Gainsborough door hardware business. We are working to improve Gainsborough's position through new market offers, like the Electronic Access System launched in December.

Sales by the Heating & Cooling segment fell 14%, due to lower demand for environmental water heating products and a slow summer season for evaporative coolers. Despite the lower sales activity, EBIT remained flat at $7.2 million due to cost improvements.

Restructuring in the half year has resulted in a 7% reduction in the group's workforce, slightly ahead of target. A further 2% reduction is expected in the second half of the year. The divestment of Sebel and Caroma North America were also completed during the half year, finalising the divestment of non-core businesses.

Commenting on the Company's future priorities Mr Crowley said "Our priorities are to keep focussing on our core building fixtures and fittings businesses through cost reductions, product development and market initiatives to grow revenue, and ongoing improvement in supply chain management. We are continuing to look at acquisition opportunities, but with the market uncertainty we are currently reviewing priorities.

"The outlook for 2011/12 is difficult to assess, however our businesses are in good shape and, with restructuring largely complete, we can focus on market initiatives. We see no short term improvement in market activity and I expect sales for the second half year to be 3% to 6% down on the first half year. With this lower activity, trading EBIT will be down approximately 10% to 15% on the first half, concluded Mr Crowley".

For further information call:

Peter Crowley	Tim Allerton
GWA Group Limited	City PR
(07) 3109 6000	(02) 9267 4511

GWA Group Limited
ABN 15 055 964 380

Directors' Report for the Half Year Ended 31 December 2011

Your directors submit their report on the consolidated entity of GWA Group Limited and the entities it controlled for the half year ended 31 December 2011.

Directors

The names of the directors of the Company in office during the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

G J McGrath, Chairman and Non-Executive Director
D D McDonough, Deputy Chairman and Non-Executive Director
P C Crowley, Managing Director
R M Anderson, Non-Executive Director
W J Bartlett, Non-Executive Director
J F Mulcahy, Non-Executive Director
P A Birtles, Non-Executive Director
R J Thornton, Executive Director

Review of Operations

Net profit after tax for the December 2011 half year of $13.3 million is 60% lower than the same period last year due to losses from discontinued operations, restructuring costs and difficult trading conditions for our core Australian building fixtures and fittings businesses.

For continuing operations, net profit after tax of $19.9 million decreased by 32% from the corresponding period last year. Restructuring costs associated with the closure and wind back of uncompetitive Australian manufacturing operations accounted for a loss of $7.5 million after tax. Sales revenue from continuing operations of $315 million for the half year reduced by 1% from the same period last year. Underlying sales were approximately 11% below the previous period with sales from the Gliderol acquisition offsetting the underlying decline.

Trading earnings before interest and tax (EBIT) for continuing operations of $44.9 million was 9% lower than the same period last year. Results were adversely impacted by lower housing and renovation activity and the absence of government stimulus spending in public housing and cessation of the Building the Education Revolution (BER) program. The impact of lower demand was partially offset by cost reductions and the contribution from Gliderol.

Trading profit after tax for continuing operations of $27.4 million was 7% lower than the same period last year. The after tax result did not reduce to the same extent as EBIT as it benefited from a 26% effective tax rate principally due to tax concessions for research and development expenditure.

Cash generated from operations for the half year of $50.4 million represented a decrease of $14.7 million from last year due to increased restructuring expenditures of $3.5 million and differences in cash flow from discontinued operations of $9.4 million. Cash generated from trading activities for continuing operations were similar to the same period last year. Sale proceeds from the disposal of discontinued operations totaled $23.1 million and are shown separately as cash flow from investing activities.

Net borrowings at 31 December 2011 of $186.9 million have reduced from $198.1 million at June 2011 due to proceeds from the sale of non-core businesses. The Company has a strong balance sheet and financing facilities to fund growth and operating activities.

The Bathrooms and Kitchens segment comprising sanitaryware, tapware, baths and kitchen and laundry products recorded sales of $155 million for the half year, a decline of 11% on the same period last year. The segment was adversely impacted by lower building and renovation activity as well as the absence of government stimulus spending. Trading EBIT reduced by 13% to $35.9 million as a result of the lower sales activity.

The Door and Access Systems segment, comprising Gainsborough door hardware and Gliderol garage doors, recorded sales of $74 million for the half year. This represents an increase of 63% on the same period last year due to the inclusion of sales from the Gliderol acquisition. Despite the inclusion of Gliderol, trading EBIT reduced by 4% to $8.4 million due to some loss of market share as well as overall market decline in the Gainsborough door hardware business.

The Heating and Cooling segment, comprising Dux water heating and Brivis heating and cooling ducted climate systems, recorded sales of $86.6 million for the half year, a decline of 14% on the same period last year. Sales were adversely impacted by lower environmental water heating demand and a slow summer season for evaporative coolers, together with the general market decline. Trading EBIT of $7.2 million increased slightly due to cost reductions despite lower sales.

The Company is undertaking restructuring activities in the 2011/12 year to improve competitiveness. This involves the wind back of production at the Wetherill Park vitreous china factory to one shift and the closure of door hardware manufacturing facilities at Kyneton and Blackburn in Victoria. Supply chains from Asia have been established to source products at more competitive costs. Restructuring costs totaled $10.7 million for the period comprising principally of redundancies, plant write-offs and provisioning for obsolete stock.

The sale of non-core operations was also completed during the half year with the sale of Sebel Furniture and the Caroma North America operations. This allows management to focus on the core Australian building fixtures and fittings sector. An after tax loss of $6.7 million was recorded for the discontinued operations compared to a profit of $3.9 million for the same period last year.

Outlook

There is no indication of an improvement in building activity in the second half year and sales are expected to be 3% to 6% lower than the first half due to seasonal factors and low building approval levels. Trading EBIT in the second half is expected to reduce by approximately 10% to 15% on the first half as a result of the lower sales volume and sales mix.

Interim Dividend

The directors have declared a fully franked interim dividend of 9.5 cents per share. The record date for the interim dividend is 16 March 2012, and is payable on 4 April 2012. The Dividend Reinvestment Plan will not be offered to shareholders for the interim dividend and remains suspended.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The Lead Auditor's Independence Declaration forms part of the Directors' Report for the half year ended 31 December 2011.

Rounding

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors.

G J McGrath
Chairman

P C Crowley
Managing Director

Brisbane, 14 February 2012

GWA Group Limited and its controlled entities

31 December 2011 interim financial report

ABN 15 055 964 380

GWA Group Limited and its controlled entities
Consolidated statement of comprehensive income

For the period ended 31 December 2011

In thousands of AUD	*Note*	**31 Dec 2011**	**31 Dec 2010 Restated***
Continuing operations			
Sales revenue	*5*	314,995	318,891
Cost of sales		(198,907)	(200,383)
Gross profit		116,088	118,508
Other income	*7*	1,483	516
Selling expenses		(46,613)	(42,659)
Administrative expenses		(25,872)	(24,790)
Other expenses	*8*	(10,853)	(2,098)
Results from operating activities		34,233	49,477
Finance income		1,068	1,346
Finance expenses		(8,360)	(8,871)
Net financing costs		(7,292)	(7,525)
Profit before tax		26,941	41,952
Income tax expense	*10*	(7,005)	(12,648)
Profit from continuing operations		19,936	29,304
Discontinued operation			
(Loss)/profit from discontinued operations, net of income tax	*6*	(6,679)	3,854
Profit for the period		13,257	33,158
Other comprehensive income			
Foreign currency translation differences for foreign operations, net of income tax		2,583	(826)
Effective portion of changes in fair value of cash flow hedges, net of tax		(1,320)	(1,269)
Other comprehensive income for the period, net of income tax		1,263	(2,095)
Total comprehensive income for the period		14,520	31,063
Earnings per share			
Basic earnings per share (cents per share)		4.40	11.01
Diluted earnings per share (cents per share)		4.38	10.94
Continuing operations			
Basic earnings per share (cents per share)		6.61	9.73
Diluted earnings per share (cents per share)		6.59	9.67

* Refer to discontinued operations –note 6.

The statement of comprehensive income is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 7 to 12.

GWA Group Limited and its controlled entities
Consolidated statement of financial position

As at 31 December 2011

In thousands of AUD	***Note***	**31 Dec 2011**	**30 Jun 2011**
Current assets			
Cash and cash equivalents		33,011	36,573
Trade and other receivables		107,084	126,408
Inventories		103,111	104,160
Income tax receivable		287	493
Other		3,444	3,276
Total current assets		246,937	270,910
Non-current assets			
Receivables		4,438	4,659
Deferred tax assets		18,177	17,085
Property, plant and equipment		118,941	118,660
Intangible assets		384,238	398,278
Other		3,736	4,171
Total non-current assets		529,530	542,853
Total assets		776,467	813,763
Current liabilities			
Trade and other payables		73,037	76,422
Employee benefits		13,666	15,828
Income tax payable		1,120	10,632
Provisions		19,860	13,865
Total current liabilities		107,683	116,747
Non-current liabilities			
Interest-bearing loans and borrowings	*12*	219,923	234,656
Deferred tax liabilities		-	27
Employee benefits		12,467	14,146
Provisions		8,535	8,192
Total non-current liabilities		240,925	257,021
Total liabilities		348,608	373,768
Net assets		427,859	439,995
Equity			
Issued capital		397,844	397,844
Reserves		(2,775)	(3,276)
Retained earnings		32,790	45,427
Total equity		427,859	439,995

The statement of financial position is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 7 to 12.

GWA Group Limited and its controlled entities
Consolidated statement of cash flows

For the period ended 31 December 2011

In thousands of AUD	**31 Dec 2011**	**31 Dec 2010**
Cash flows from operating activities		
Cash receipts from customers	380,678	429,079
Cash paid to suppliers and employees	(330,283)	(363,983)
Cash generated from operations	50,395	65,096
Interest paid	(8,310)	(9,056)
Interest received	726	1,038
Income taxes paid	(16,715)	(12,165)
Net cash from operating activities	26,096	44,913
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	229	84
Acquisition of property, plant and equipment	(11,213)	(5,235)
Acquisition of intangibles	(1,668)	(1,617)
Proceeds from business disposal/acquisition settlements	23,112	6,185
Net cash from investing activities	10,460	(583)
Cash flows from financing activities		
Repayment of employee share loans	493	627
Repayment of bank bills	(15,000)	(30,000)
Dividends paid	(25,630)	(25,594)
Net cash from financing activities	(40,137)	(54,967)
Net decrease in cash and cash equivalents	(3,581)	(10,637)
Cash and cash equivalents at 1 July	36,573	54,914
Effect of exchange rate fluctuations on cash held	19	(523)
Cash and cash equivalents at 31 December	33,011	43,754

The statement of cash flows is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 7 to 12.

GWA Group Limited and its controlled entities
Consolidated statement of changes in equity

For period ended 31 December 2011

In thousands of AUD	**Share capital**	**Translation reserve**	**Hedging reserve**	**Equity compensation reserve**	**Retained earnings**	**Total**
Balance at 1 July 2010	396,539	(4,654)	1,058	1,880	36,266	431,089
Total comprehensive income for the period						
Profit for the period	-	-	-	-	33,158	33,158
Other comprehensive income						
Foreign currency translation differences for foreign operations	-	(826)	-	-	-	(826)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	(1,269)	-	-	(1,269)
Total other comprehensive income	-	(826)	(1,269)	-	-	(2,095)
Total comprehensive income for the period	-	(826)	(1,269)	-	33,158	31,063
Transaction with owners, recorded directly in equity						
Share-based payments, net of tax	-	-	-	615	-	615
Dividends to shareholders	-	-	-	-	(25,594)	(25,594)
Total transactions with owners	-	-	-	615	(25,594)	(24,979)
Balance at 31 December 2010	396,539	(5,480)	(211)	2,495	43,830	437,173

The statement of changes in equity is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 7 to 12.

GWA Group Limited and its controlled entities
Consolidated statement of changes in equity (continued)

For period ended 31 December 2011

In thousands of AUD	Share capital	Translation reserve	Hedging reserve	Equity compensation reserve	Retained earnings	Total
Balance at 1 July 2011	397,844	(5,430)	(648)	2,802	45,427	439,995
Total comprehensive income for the period						
Profit for the period	-	-	-	-	13,257	13,257
Other comprehensive income						
Foreign currency translation differences for foreign operations	-	(261)	-	-	-	(261)
Translation differences for disposed businesses transferred to profit or loss, net of tax	-	2,844	-	-	-	2,844
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	(1,320)	-	-	(1,320)
Total other comprehensive income	-	2,583	(1,320)	-	-	1,263
Total comprehensive income for the period	-	2,583	(1,320)	-	13,257	14,520
Transaction with owners, recorded directly in equity						
Share-based payments, net of tax	-	-	-	(762)	(264)	(1,026)
Dividends to shareholders	-	-	-	-	(25,630)	(25,630)
Total transactions with owners	-	-	-	(762)	(25,894)	(26,656)
Balance at 31 December 2011	397,844	(2,847)	(1,968)	2,040	32,790	427,859

The statement of changes in equity is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 7 to 12.

Condensed notes to the consolidated interim financial statements

1. Reporting entity

GWA Group Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2011 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2011 is available from the Company's website www.gwagroup.com.au.

2. Statement of compliance

The consolidated interim financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting,* IAS 34 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2011.

This consolidated interim financial report was approved by the Board of Directors on 14 February 2012.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. Significant accounting policies

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2011.

4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2011.

Condensed notes to the consolidated interim financial statements (continued)

5. Operating segments

The consolidated entity has three reportable segments, as described below. The segments are managed separately because they operate in different markets and require different marketing strategies. For each segment the CEO reviews internal management reports on a monthly basis. The following describes the operations in each of the consolidated entity's reportable segments:

- Bathrooms & Kitchens – This segment includes the sale of vitreous china toilet suites, hand basins, plastic cisterns, tapware, baths, spas, kitchen sinks, laundry tubs and bathroom accessories.
- Door & Access Systems – This segment includes the sale of garage doors, door handles and door access systems.
- Heating & Cooling – This segment includes the sale of water heating and climate control systems.
- Discontinued operations – This segment includes the sale of education, hospitality and aged care furniture and stadia seating. It also includes the sale of sanitaryware in the North American market.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before interest and income tax as included in the management reports that are reviewed by the CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate in these industries.

	Bathrooms & Kitchens		Heating & Cooling		Door & Access Systems		Discontinued operations		Total	
In thousands of AUD	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
External sales revenue	154,512	172,922	86,386	100,386	74,029	45,482	12,438	49,436	327,365	368,226
Inter-segment revenue	21	110	167	144	-	-	3	3	191	257
Total sales revenue	154,533	173,032	86,553	100,530	74,029	45,482	12,441	49,439	327,556	368,483
Segment result before restructuring	35,940	41,215	7,192	7,120	8,403	8,753	(7,862)	5,657	43,673	62,745
Restructuring expenses	(4,446)	-	-	-	(6,104)	-	-	-	(10,550)	-
Reportable segment profit/(loss) before income tax	31,494	41,215	7,192	7,120	2,299	8,753	(7,862)	5,657	33,123	62,745
Depreciation	3,312	3,622	1,521	1,355	1,320	763	267	509	6,420	6,249
Amortisation	2,196	2,068	532	326	333	150	-	-	3,061	2,544
Capital expenditure	2,933	2,063	8,189	3,619	1,140	329	195	308	12,457	6,319

Condensed notes to the consolidated interim financial statements (continued)

5. Operating segments (continued)

Reconciliations of reportable segment revenues and profit

In thousands of AUD	2011	2010
Revenues		
Total revenue for reportable segments	327,556	368,483
Unallocated amounts: corporate revenue	71	104
Elimination of inter-segment revenue	(191)	(257)
Elimination of discontinued operations	(12,441)	(49,439)
Consolidated revenue – continuing operations	314,995	318,891
Profit		
Total profit for reportable segments	33,123	62,745
Elimination of discontinued operations	7,862	(5,657)
Unallocated amounts: corporate expenses	(6,752)	(7,611)
Profit from operating activities	34,233	49,477
Net financing costs	(7,292)	(7,525)
Consolidated profit before tax – continuing operations	26,941	41,952

6. Discontinued operations

During the period ended 31 December 2011, the commercial furniture business, Sebel, was sold with an effective date of 30 September 2011. The North American sanitaryware business was also sold, with an effective date of 31 December 2011. The operating activities of both businesses were not discontinuing operations or classified as held for sale as at 31 December 2010 or 30 June 2011. The comparative statement of comprehensive income has been re-presented to show the discontinued operations separately from continuing operations.

In the prior half-year reporting period, the final payment of $2,276,000 for the sale of the Rover business was also received.

In thousands of AUD	2011	2010
Results of discontinued operations		
Revenue	12,441	49,439
Expenses	(15,003)	(43,782)
Results from operating activities	(2,562)	5,657
Income tax	227	(1,689)
Results from operating activities, net of income tax	(2,335)	3,968
Loss on sale of the discontinued operations	(5,300)	(114)
Income tax benefit on loss on sale of discontinued operations	956	-
Loss for the period	(6,679)	3,854
Basic loss per share (cents per share)	(2.21)	1.28
Diluted loss per share (cents per share)	(2.21)	1.27

In thousands of AUD	2011	2010
Cash flows from/(used in) discontinued operations		
Net cash (used in)/from operating activities	(1,202)	7,373
Net cash used in investing activities	22,928	1,968
Net cash from discontinued operations	21,726	9,341

Condensed notes to the consolidated interim financial statements (continued)

6. Discontinued operations (continued)

In thousands of AUD	2011
Effect of disposals on the financial position of the consolidated entity	
Trade and other receivables	(4,140)
Inventories	(8,546)
Property, plant and equipment	(4,262)
Cash and cash equivalents	(354)
Other current assets	(635)
Trade and other payables	3,440
Income tax receivable	(26)
Provisions	354
Employee benefits	2,689
Income tax payable	136
Deferred tax assets	(1,027)
Intangible assets	(12,400)
Net assets and liabilities	(24,771)
Disposal costs	(1,779)
Foreign currency translation reserve	(2,844)
	(29,394)
Consideration proceeds	24,094
Cash and cash equivalents disposed of	(354)
Consideration owing	(628)
Net cash inflow	23,112

7. Other income

For the six months ended 31 December 2011

In thousands of AUD	2011	2010
Foreign currency gains - realised	85	136
Foreign currency gains - unrealised	95	6
Other	1,303	374
	1,483	516

8. Other expenses

For the six months ended 31 December 2011

In thousands of AUD	2011	2010
Foreign currency losses - realised	64	911
Foreign currency losses - unrealised	34	10
Acquisition and disposal costs	75	996
Net loss on disposal of property, plant and equipment and intangible assets	27	181
Restructuring expenses	10,653	-
	10,853	2,098

Condensed notes to the consolidated interim financial statements (continued)

9. Restructuring expenses

For the six months ended 31 December 2011

In thousands of AUD	2011	2010
Restructuring expenses	10,653	-
Tax benefit	(3,196)	-
Net restructuring expense after tax	7,457	-

10. Income tax expense

Recognised in the income statement

In thousands of AUD	2011	2010
Current tax expense		
Current year	9,288	12,515
Adjustments for prior years	(648)	(648)
	8,640	11,867
Deferred tax expense		
Origination and reversal of temporary differences	(1,635)	781
Income tax expense from continuing operations	7,005	12,648
Income tax (benefit)/expense from discontinued operations (excluding loss on sale)	(227)	1,689
Income tax benefit on loss on sale of discontinued operations	(956)	-
Total income tax expense in income statement	5,822	14,337

Numerical reconciliation between tax expense and pre-tax net profit

In thousands of AUD	2011	2010
Profit before tax	19,079	47,495
Income tax using the domestic tax rate of 30% (2010: 30%)	5,724	14,249
Increase in income tax expense due to:		
Non-deductible expenses	64	444
Non-deductible acquisition and disposal costs	23	143
Non-deductible share-based payments	-	301
Non-deductible capital losses	672	-
Tax losses not recognised	614	31
Decrease in income tax expense due to:		
Effect of tax rate in foreign jurisdictions	(188)	(72)
Deductible share-based payments	(228)	-
Rebateable investment allowance	-	(7)
Rebateable research and development	(211)	(104)
	6,470	14,985
Over provided in prior years due to:		
Rebateable research and development	(470)	(307)
Black-hole expenditure claim	(32)	(65)
Other	(146)	(276)
	(648)	(648)
Income tax expense on pre-tax net profit	5,822	14,337

Condensed notes to the consolidated interim financial statements (continued)

11. Capital and reserves

Share capital

In thousands of shares	Ordinary shares
On issue at 1 July 2010	301,103
Issue of shares	-
Balance at 31 December 2010	301,103
Balance at 1 July 2011	301,525
Issue of shares	-
Balance at 31 December 2011	301,525

Dividends

The following dividends were paid by the consolidated entity.

For the six months ended 31 December 2011

In thousands of AUD	2011	2010
Franked dividends paid		
- Final dividend 6 October 2011 (8.5c per share, 2010 8.5c)	25,630	25,594
Total dividends paid	25,630	25,594

On 14 February 2012, the Board declared an interim ordinary dividend of 9.5 cents per share. The dividend is fully franked. The aggregate dividend payable on 4 April 2012 will be $28,645,000.

12. Loans and borrowings

The consolidated entity has unsecured bank loans of $219,923,000 as at 31 December 2011 (30 June 2011: $234,656,000). The movement is due to repayment of borrowings of $15,000,000 and an increase of $267,000 due to foreign currency translation of the $5,000,000 USD denominated borrowings. The notional amount of the interest-bearing loans is deemed to reflect the fair value. The bank loans are unsecured with a negative pledge in favour of the banks, and are split between three year and five year terms. The loans bear interest at market rates and interest is typically payable every 30 to 90 days. The consolidated entity hedges its exposure to variable interest rates through interest rate swap transactions.

13. Contingencies

Since the acquisition of Brivis in April 2010, the consolidated entity has continued a product recall commenced by the former owner, Carrier, for Brivis evaporative coolers manufactured between August 2000 and November 2003 as a result of several fire incidents attributed to a defective component. The total cost of the product recall cannot be reliably estimated at this stage. Our purchase agreement with Carrier is that we share product liability and product recall costs. The balance of the provision in respect of potential product liability and product recall costs at 31 December 2011 is $1,700,000. The directors believe the provision at 31 December 2011 is adequate.

14. Subsequent events

On 8 February 2012, the consolidated entity announced that a conditional contract has been entered into for the sale of its Norwood property in Adelaide. The sale is subject to environmental assessment and other approvals and is expected to complete in May 2012 if these conditions are met. The gain on sale will offset the after tax cost of restructuring activities during the current financial year. The consolidated entity will continue to lease the premises from the new owner following completion until a new facility is available which is more suited to its requirements.

Directors' Declaration

In the opinion of the directors of GWA Group Limited ("the Company"):

1. The financial statements and notes are in accordance with the Corporations Act 2001 including:

   (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2011 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and

   (b) complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Brisbane this 14 day of February 2012.

Signed in accordance with a resolution of the directors:

G J McGrath
Director

P C Crowley
Director

Independent auditor's review report to the members of GWA Group Limited

We have reviewed the accompanying interim financial report of GWA Group Limited, which comprises the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 14 comprising a summary of significant accounting policies, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of GWA Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Independent auditor's review report to the members of GWA Group Limited (continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of GWA Group Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Greg Boydell
Partner

Sydney

14 February 2012

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of GWA Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Greg Boydell
Partner

Sydney

14 February 2012