



GWA
Group Limited

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14 August 2012

ASX On-Line
Manager Company Announcements
Australian Securities Exchange

Dear Sir

Dividend Reinvestment Plan

As announced to the market earlier today, the directors have reintroduced the Dividend Reinvestment Plan (DRP).

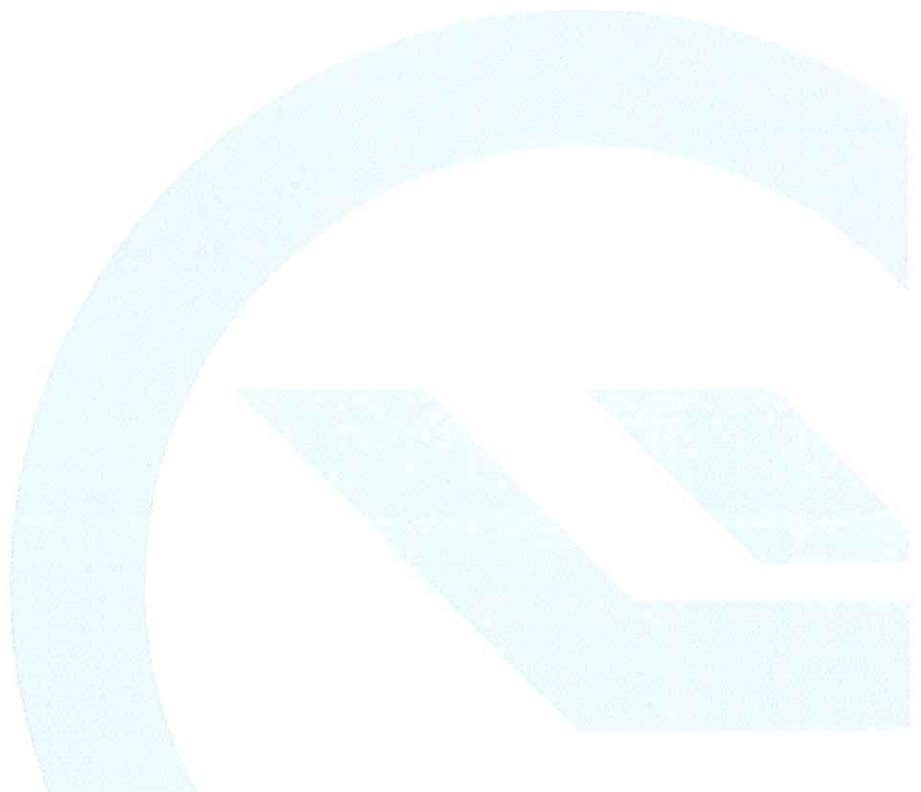
The DRP will be available from the final dividend for the 2011/12 year, and a discount of 2.5% will apply to the reinvestment of this dividend. The record date to participate in the DRP is 14 September 2012.

Please find attached a letter which will be mailed to shareholders today, and the DRP Rules.

Yours faithfully



R J Thornton
Executive Director





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14 August 2012

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Dear Shareholder

With the release of GWA Group Limited's annual results on 14 August 2012, the Board announced the re-introduction of the Dividend Reinvestment Plan (DRP) to provide funds for future growth opportunities. The DRP is an easy, cost-effective way to increase your investment in GWA Group Limited.

The DRP is available to ordinary shareholders with an Australian or New Zealand registered address. It will be available from the final dividend for the 2011/12 financial year, and a discount of 2.5% to the volume weighted average market price of GWA ordinary shares sold on the Australian Securities Exchange during the 5 trading days following 14 September 2012 will apply to the reinvestment of this dividend.

If you would like to participate in the DRP for this dividend, you must make your election online at www.computershare.com.au/easyupdate/gwa on or before 5:00 pm on the record date of 14 September 2012. DRP shares will be issued to participating shareholders on 4 October 2012.

GWA Group Limited invites all eligible shareholders to participate in the DRP, subject to the DRP Rules. If you have previously elected to participate in the DRP and have not changed your election since it was last offered, we will assume you wish to continue your participation in the DRP. If you do not wish to participate in the DRP, please ensure you have withdrawn from the DRP by the record date.

Please refer to www.gwagroup.com.au under Investor Relations to view the DRP, the Rules and a summary that you may find useful to better understand the Plan. You may also view the Rules at www.computershare.com.au/easyupdate/gwa whilst making your election.

If you have any questions concerning the DRP or if you require a paper form to make your election, please contact the Company's Share Registry, Computershare, on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside of Australia).

Yours sincerely

Geoff McGrath
Chairman

GWA GROUP LIMITED
ABN 15 055 964 380



DIVIDEND REINVESTMENT PLAN

August 2012

CONTENTS

	Page
1. Chairman's Letter	1
2. Summary of the Dividend Plan	2
3. Rules of the Dividend Plan	5



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CHAIRMAN'S LETTER

Dear Shareholder

The Directors of *GWA Group Limited* (formerly *GWA International Limited*) have established the *GWA Group Limited Dividend Reinvestment Plan* ("the **Dividend Plan**").

The Dividend Plan enables you to receive some or all of your future Dividends as Ordinary Shares in *GWA Group Limited* instead of cash.

As all brokerage and associated costs are paid by the Company, the Dividend Plan provides a cost effective means for you to increase your ownership in *GWA Group Limited*.

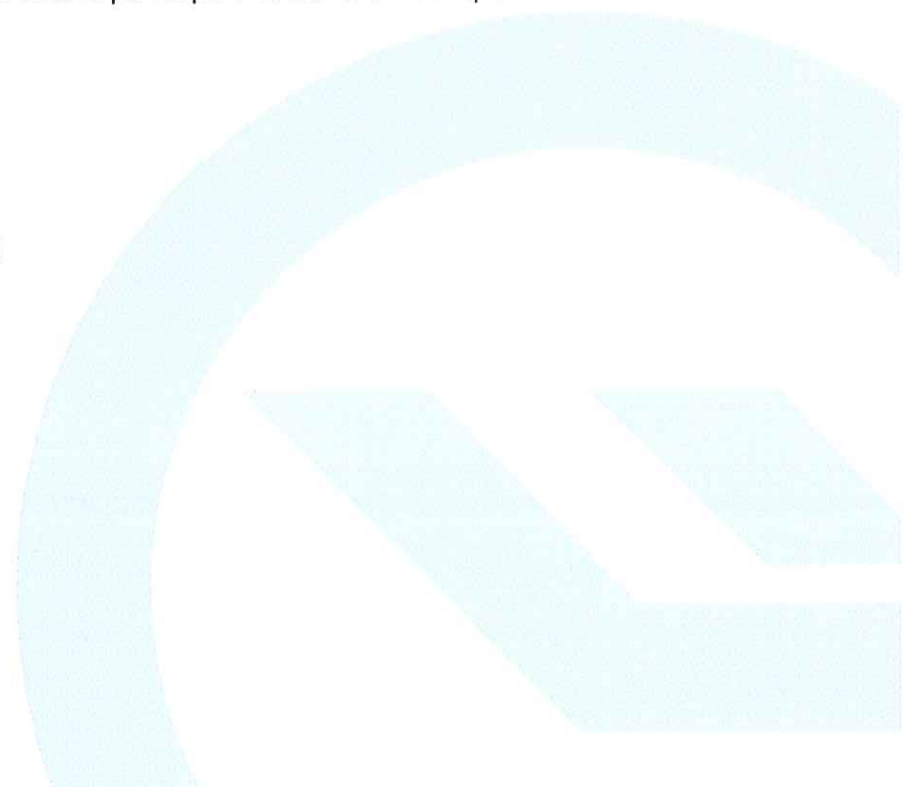
In addition, Shares issued under the Dividend Plan may be issued at a discount to the market price.

Enclosed in this booklet is a summary that may help you to better understand the Dividend Plan, as well as a copy of the Dividend Plan rules.

You should read this information carefully and obtain your own independent advice before determining whether you should participate in the *GWA Group Limited Dividend Plan*.

Yours sincerely

Geoff McGrath
Chairman



SUMMARY OF THE DIVIDEND PLAN

PURPOSE

The purpose of the Dividend Plan is to provide shareholders with the choice of applying Dividends paid or declared by the Company in subscribing for Ordinary Shares in the Company rather than receiving those Dividends in cash.

ELIGIBILITY

Participation in the Dividend Plan is offered to all ordinary shareholders who are residents of Australia and New Zealand. Participation is not currently offered to a shareholder who is a citizen or resident of a place outside Australia and New Zealand, or a shareholder acting on their behalf, to whom the Company may not lawfully make the offer or may not lawfully accept the offer.

Shareholders resident in a country outside Australia and New Zealand may, in the future, be able to participate in the Dividend Plan if legal advice, satisfactory to the Company, is provided to the Company by a shareholder, at the shareholder's expense, that it is lawful for the Company to make the offer to participate in the Dividend Plan to all resident shareholders of that country without complying with conditions or assuming potential liability which the Company considers unduly onerous.

PARTICIPATION

Eligible Members may elect to participate in the Dividend Plan in respect of all of their holding (full participation) or a specified number of Shares (partial participation) as follows:

Full participation

For full participation, all the Ordinary Shares registered in a shareholder's name as at each record date for a Dividend will participate in the Dividend Plan. For example, Shares issued under the Dividend Plan and any bonus Shares issued by the Company from time to time will be added to the shareholder's total shareholding participating in the Dividend Plan.

Partial participation

For partial participation, participation of a shareholder is in respect of the specified number of Shares registered in the shareholder's name at each record date for a Dividend. Unless advised otherwise, Shares issued under the Dividend Plan and any bonus Shares issued by the Company from time to time will not be added to Shares participating in the Dividend Plan, but instead will form part of the Shares not participating in the Dividend Plan.

APPLICATIONS TO PARTICIPATE

To participate in the Dividend Plan, Eligible Members must complete a Notice of Dividend Election and return it to the share registry of the Company. A separate notice must be lodged for each shareholding account. Participation in the Dividend Plan will commence with the first Dividend payment after receipt by the Company of the Notice of Dividend Election, provided it is received before the books closing date for that Dividend.

Alternatively, shareholders can also register for the Dividend Plan and update other details of their shareholding on the share registry's website (www.computershare.com.au).

VARIATION OF LEVEL OF PARTICIPATION OR WITHDRAWAL

Participating shareholders may vary the level of participation or withdraw from the Dividend Plan at any time by completing a Notice of Variation and returning it to the share registry or by making the necessary amendments online on the share registry's website (www.computershare.com.au).

ENTITLEMENT

Participating shareholders will be entitled on each Dividend payment to be allotted the nearest whole number of Ordinary Shares, which the cash Dividend on Dividend Plan Shares in the shareholding account would purchase at the issue price.

ISSUE PRICE

Shares allotted under the Dividend Plan will be issued at a discount up to 10% (the exact percentage to be determined by the Directors) from the weighted average market price of Ordinary Shares of the Company sold on the Australian Securities Exchange during the 5 trading days following the record date in relation to the Dividend to which the allotment under the Dividend Plan relates (but excluding all off-market trades including but not limited to transactions defined in the ASX Market Rules as special crossings, crossings prior to the commencement of normal trading or during the closing phase and after hours adjust phase, portfolio special crossings, equity combinations, crossings during overnight trading, overseas trades, trades pursuant to the exercise of options over Shares and any other trades that the Directors determine should be excluded on the basis that the trades are not fairly reflective of supply and demand). The minimum price for Shares will be One Dollar (\$1.00). If the issue price would be less than One Dollar (\$1.00), then a cash Dividend will be paid and the Dividend Plan will not apply to that Dividend.

COSTS

The issue of Shares under the Dividend Plan will not be subject to brokerage, commissions, stamp duty or other transaction costs. All administrative costs will be met by the Company.

RANKING

Shares issued or purchased under the Dividend Plan will rank equally in every respect with the existing issued fully paid Ordinary Shares of the Company and will participate in all Dividends subsequently declared or paid.

RECORDS

Shareholders participating in the Dividend Plan will receive a statement at the time of each Dividend payment showing, for each shareholding account, full details of the amount of Dividend entitlement, the issue price and the number of Shares issued.

SALE OF SHARES

Shareholders participating in the Dividend Plan may sell any of their Shares, including Shares participating in the Dividend Plan or issued or purchased at any time. Shares participating in the Dividend Plan which are transferred are automatically withdrawn from the Dividend Plan.

If a Shareholder does not notify the share registry of the Company otherwise, any Shares disposed of will, to the extent possible, be taken to be:

- (a) first, Shares which are not Dividend Plan Shares; and
- (b) secondly, Dividend Plan Shares.

If a shareholder disposes of all their Shares without giving a Notice of Variation to the share registry of the Company and is not a registered holder of any Shares when the Company's share register is next closed for payment of a Dividend, the shareholder will be deemed to have terminated participation on the date when the Company last registered a transfer of the shareholder's Shares.

LISTING

Application will be made for all Shares allotted under the Dividend Plan to be listed for quotation as fully paid Ordinary Shares on the Official List of the Australian Securities Exchange if other Ordinary Shares of the Company are quoted at that time.

TAXATION

For income tax purposes, Dividends reinvested are treated by the Australian Taxation Office in the same manner as Dividends received in cash. Any imputation credit attaching to the cash Dividend is also available to shareholders participating in the Dividend Plan with respect to income tax payable or withholding tax deductible in Australia. Shares received by shareholders under the Dividend Plan will, in general, be subject to capital gains tax in Australia on disposal. The cost base of the Shares received under the Dividend Plan will be calculated for capital gains tax purposes on the basis that the Shares are acquired at a cost equal to the cash value of the Dividend which is applied in subscribing for the Shares.

All participating shareholders are advised to make their own enquiries regarding any tax liability in respect of their shareholding.

The Company takes no responsibility for any taxation liabilities of shareholders. Specific tax advice should be obtained by the Participant if so desired.

MODIFICATION AND TERMINATION OF THE DIVIDEND PLAN

The Dividend Plan may be varied, suspended or terminated by the Directors at any time by giving shareholders written notice as provided in the rules of the Dividend Plan.

IMPORTANT NOTE

The above is only a summary of the rules of the Dividend Plan and should not be relied on in substitution for reading the rules of the Dividend Plan.

RULES OF THE DIVIDEND PLAN

1 INTERPRETATION

The following words have these meanings in these Rules, unless the contrary intention appears:

"*Company*" means GWA Group Limited ABN 15 055 964 380 (formerly GWA International Limited).

"*Directors*" means the directors of the Company acting as a board or any duly appointed committee of the board.

"*Dividend*" means a cash dividend or cash component of a dividend paid by the Company.

"*Eligible Member*" means an ordinary shareholder resident in Australia or New Zealand.

"*Notice of Dividend Election*" means the application to participate in the Plan in respect of a particular shareholding account in the form that the Directors from time to time approve.

"*Notice of Variation*" means a notice in the form that the Directors from time to time approve for a Participant to increase or decrease the number of the Participant's Dividend Plan Shares.

"*Ordinary Shares*" means fully paid ordinary shares in the capital of the Company.

"*Participant*" means an Eligible Member whose application to participate in the Dividend Plan in respect of a particular shareholding account has been accepted by the Directors.

"*Dividend Plan*" means the GWA Group Limited (formerly GWA International Limited) Dividend Reinvestment Plan, the terms of which are set out in these Rules.

"*Dividend Plan Shares*" means the Shares in a particular shareholding account which are designated by a Participant as Shares the dividend on which is to be applied in subscribing for Ordinary Shares under the Plan.

"*Shares*" means Ordinary Shares.

A reference to a person includes a corporation and the singular includes the plural and vice versa.

2 APPLICATIONS TO PARTICIPATE IN THE DIVIDEND PLAN

- 2.1 No person other than an Eligible Member may apply to participate in the Dividend Plan.
- 2.2 Participation in the Dividend Plan is optional and not transferable.
- 2.3 Eligible Members who wish to participate in the Dividend Plan must lodge a Notice of Dividend Election with the share registry of the Company or register and update other details of their shareholding on the share registry's website (www.computershare.com.au).
- 2.4 All joint holders of Shares must sign a Notice of Dividend Election for it to be valid. Alternatively, joint holders can also register for the Dividend Plan and update other details of their shareholding on the share registry's website (www.computershare.com.au).
- 2.5 A Notice of Dividend Election must be lodged for each shareholding account and each shareholding account of an Eligible Member will be treated separately for all purposes under the Dividend Plan.

3 DEGREE OF PARTICIPATION

- 3.1 An Eligible Member must specify on the Notice of Dividend Election the degree to which the shareholder wishes to participate in the Dividend Plan in respect of the nominated shareholding account. Participation may be:
 - (a) full participation for all the Participant's Shares from time to time however acquired (including Ordinary Shares allotted under the Dividend Plan and any bonus Shares as issued by the Company from time to time); or
 - (b) partial participation for a specific number of Shares nominated by the Participant. However, if at the books closing date for a Dividend, the number of the Shares held by the Participant is fewer than the nominated number, then the Dividend Plan will apply only to that lesser number. Dividends that are part of a shareholding (if any) that does not participate in the Dividend Plan will be paid in cash. Unless the Participant advises us otherwise, Shares issued under the Dividend Plan and any bonus Shares issued by the Company from time to time will not be added to the number of Shares participating in the Dividend Plan, but will be added to your Shares not participating in the Dividend Plan.
- 3.2 Notices of Dividend Election received by the share registry of the Company which do not indicate the shareholding account to which the notice applies or the degree of participation in the Dividend Plan will, without notice to the applicant, be deemed to be an application for full participation in the Dividend Plan for all shareholding accounts of the applicant.

4 ACCEPTANCE OF APPLICATIONS

- 4.1 The Directors may in their absolute discretion accept or refuse any Notice of Dividend Election, without being bound to give any reason for doing so.
- 4.2 Each Notice of Dividend Election accepted by the Directors will be effective in respect of the first Dividend payment after receipt of the Notice of Dividend Election, provided it is received before the books closing date for that Dividend.
- 4.3 The Company will record for each shareholding account of each Participant particulars of:

- (a) the name and address of the Participant; and
- (b) the number of Dividend Plan Shares held by the Participant from time to time,

and the Company's records will be conclusive evidence of the matters so recorded.

5 REINVESTMENT OF DIVIDENDS

- 5.1 Dividends on Dividend Plan Shares will be applied by the Directors on the Participant's behalf in subscribing for Ordinary Shares. Any Dividends on Dividend Plan Shares which the Company is entitled to retain under its Constitution or otherwise will not be available for subscribing for Ordinary Shares. If withholding tax is payable in respect of a Dividend that tax will be deducted and only the balance will be applied in subscribing for Ordinary Shares.
- 5.2 At the time of each Dividend payment, the Directors of the Company will:
- (a) determine the Dividend payable in respect of the Dividend Plan Shares;
 - (b) determine (where applicable) the withholding tax deductible by the Company in respect of the Dividend, and any other sum the Company is entitled to retain in respect of the Dividend Plan Shares;
 - (c) credit the amount in 5.2(a) above and debit any amount in (b) to the Participant's holding account with the share registry;
 - (d) determine and subscribe for the maximum whole number of Ordinary Shares which can be acquired under these Rules by using the amount credited in 5.2(a) above less any amount debited under 5.2(b) above;
- 5.3 The number of Ordinary Shares issued to each Participant will be the number calculated by the formula below. If the number is not a whole number, it will be rounded to the nearest whole number:

$$\frac{D - T}{C}$$

where:

- D is the Dividend payable on the Participant's Dividend Plan Shares as at the books closing date for that Dividend.
- T is any withholding tax or other sum the Company is entitled to retain in relation to the Dividend or the Dividend Plan Shares.
- C is an amount at a discount of up to 10% (the exact percentage to be determined by Directors) from the weighted average market price of Ordinary Shares in the Company sold on the Australian Securities Exchange during the 5 trading days following the record date in relation to the Dividend to which the allotment under the Dividend Plan relates (but excluding all off-market trades including but not limited to transactions defined in the ASX Market Rules as special crossings, crossings prior to the commencement of normal trading or during the closing phase and after hours adjust phase, portfolio special crossings, equity combinations, crossings during overnight trading, overseas trades, trades pursuant to the exercise of options over Shares and any other trades that the Directors determine should be excluded on the basis that the trades are not fairly reflective of supply and demand).

If C is less than One Dollar (\$1.00), then the Dividend Plan will not apply and the Dividend payable on the Participant's Dividend Plan Shares will be paid in cash.

- 5.4 As soon as practicable after each allotment of Ordinary Shares under the Dividend Plan, the Company will send to each Participant, for each shareholding account, a statement setting out:
- (a) the number of the Participant's Dividend Plan Shares on the books closing date for the relevant Dividend;
 - (b) the Dividend payable in respect of that Participant's Plan Shares which has been applied towards subscription for additional Ordinary Shares;
 - (c) any withholding tax deducted by the Company in respect of the Dividend, and any other sum retained by the Company in respect of the Dividend Plan Shares;
 - (d) the number of additional Ordinary Shares allotted to that Participant under the Plan and the percentage discount applicable for the purposes of "C" in Rule 5.3; and
 - (e) the number of Shares (including Dividend Plan Shares) in respect of which that Participant is the registered holder after the allotment.

6 ISSUE

- 6.1 All Ordinary Shares allotted under the Dividend Plan will from the date of allotment rank equally in all respects with existing Ordinary Shares.

- 6.2 Ordinary Shares to be allotted under the Dividend Plan will be allotted within the time required by the Australian Securities Exchange.
- 6.3 The Company will make application promptly after each allotment of Ordinary Shares under the Dividend Plan for quotation of those Ordinary Shares on the Australian Securities Exchange, if other Ordinary Shares of the Company are quoted at that time.

7 VARIATION OR TERMINATION OF PARTICIPATION

- 7.1 A Participant who wishes to increase or decrease the number of its Dividend Plan Shares or terminate participation in the Dividend Plan must lodge a Notice of Variation with the share registry of the Company or by making the necessary amendments online on the share registry's website (www.computershare.com.au). A Notice of Variation must be lodged for each shareholding account. The Directors may in their absolute discretion accept or refuse any Notice of Variation without being bound to give any reason for doing so. To be effective for a forthcoming Dividend, the Notice of Variation must be received by the share registry of the Company before the books closing date for that Dividend.
- 7.2 If a Participant disposes of all the Participant's Shares without giving a Notice of Variation and is not registered as a holder of any Shares at the next record date for payment of a Dividend, the Participant will be deemed to have terminated participation on the last date when the Company registered a transfer of the Participant's Shares.
- 7.3 When a Participant disposes of part of the holding of Shares of that Participant, and does not notify the Company otherwise, the Shares disposed of will, to the extent possible, be taken to be:
- (a) first, Shares which are not Dividend Plan Shares; and
 - (b) secondly, Dividend Plan Shares.
- 7.4 If an individual Participant dies, participation by that Participant will be terminated upon receipt of a notice of death. Death of one of two or more joint holders will not automatically terminate participation in the Dividend Plan.

8 LIMIT ON SUBSCRIPTION

The Directors may at any time by notice in writing to Participants limit the amount of Dividend which may be reinvested in subscription for Ordinary Shares under the Dividend Plan.

9 MODIFICATION, SUSPENSION AND TERMINATION OF THE DIVIDEND PLAN

- 9.1 The Dividend Plan may be modified by the Directors at any time after giving one month's notice in writing to all Participants in accordance with the Company's Constitution.

- 9.2 The Dividend Plan may be suspended or terminated by the Directors at any time, after giving such notice (if any) as the Directors may determine is appropriate. Notice of suspension or termination must be given to all Participants in accordance with the Company's Constitution.
- 9.3 The accidental omission to give notice of modification, suspension or termination to any Participant or the non-receipt of any notice by any Participant will not invalidate the modification, suspension or termination of the Dividend Plan.

10 ADMINISTRATION OF THE DIVIDEND PLAN

- 10.1 This Dividend Plan will be administered by the Directors who have the power to:
- (a) determine procedures for administration of the Dividend Plan consistent with the Rules;
 - (b) settle in such manner as they think expedient any difficulties, anomalies or disputes which may arise in connection with, or by reason of, the operation of the Dividend Plan, whether generally or in relation to any Participant or any Shares and the determination of the Directors is to be conclusive and binding on all Participants and other persons to whom the determination relates; and
 - (c) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of any of their powers or discretions arising under the Dividend Plan.

11 PARTICIPANTS TO BE BOUND

Participants are at all times bound by the Rules of the Dividend Plan as modified from time to time.

12 COST TO PARTICIPANTS

No brokerage, commission or other transaction costs will be payable by Participants in respect of Ordinary Shares allotted under the Dividend Plan. However, the Company does not assume liability for any taxes or other imposts assessed against or imposed on a Participant.