GWA
Group Limited

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GPO Box 1411
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17 February 2015

ASX On-Line
Manager Company Announcements
Australian Securities Exchange

Dear Sirs

Financial Results for the Half Year Ended 31 December 2014

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 2014

GWA GROUP LIMITED

ABN	Half Yearly	Preliminary Final	Year ended ('current period')
15 055 964 380	✔		**31 December 2014**

Results for announcement to the market

$A'000

				31 Dec 2014	31 Dec 2013
Revenues from continuing operations	Up	5%	to	235,999	224,223
Revenue from discontinued operations				70,858	63,861
Total Revenue	Up	6.5%	to	**306,857**	**288,084**
Profit from continuing operations before net financing costs, tax and significant items	Up	5%	to	33,058	31,370
Discontinued operations profit before tax and significant items				6,405	2,879
Profit before net financing costs, tax and significant items	Up	15%	to	**39,463**	**34,249**
Net financing costs before significant items	Down	18%	to	(4,729)	(5,776)
Profit before tax and significant items	Up	22%	to	**34,734**	**28,473**
Significant items from continuing operations	Up	>100%	to	(44,305)	(19,234)
Significant items from discontinued operations				(6,654)	(148)
Profit / (loss) before tax	Down	>100%	To	**(16,225)**	**9,091**
Income tax benefit / (expense) from continuing operations				4,057	(7,053)
Income tax benefit / (expense) from discontinued operations				(600)	(301)
Net profit/(loss) after tax	Down	>100%	To	**(12,768)**	**1,737**

Interim Dividend	**Amount Per Security**	**Franked Amount Per Security**
Ordinary dividend	-	-
Previous corresponding period:-		
Ordinary dividend	-	-
	Current Period	**Previous Corresponding Period**
Net tangible asset backing per ordinary security	0.22	0.13

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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17 February 2015

Media Release

GWA EXECUTES STRATEGY AMID MARKET IMPROVEMENT DURING FIRST HALF

- **Successful divestment of Dux and Brivis non-core businesses and exit from vitreous china manufacturing in Sydney**
- **Subject to the appropriate regulatory approvals and rulings, proceeds from the divested businesses to be returned to shareholders as quickly and as efficiently as possible**
- **Revenue for continuing businesses of $236 million was 5% higher than the same period last year**
- **Trading earnings before interest and tax (EBIT) for continuing operations of $33.1 million increased 5% on the same period last year**
- **Operating cash flow for continuing operations (before interest and tax) of $41 million was $21 million higher than the same period last year**
- **Bathrooms & Kitchens revenue grew 6% - in line with the market**
- **Net loss after tax of $12.8 million includes a $36.7 million one-off restructuring and significant items charge, mainly due to the exit of manufacturing in Bathrooms & Kitchens, announced in October 2014**
- **No interim dividend due to insufficient retained earnings**

GWA Group Ltd, Australia's leading supplier of fixtures and fittings to households and commercial premises, today announced a 5% increase in trading earnings before interest and tax (EBIT) for continuing operations to $33.1 million for the half year to 31 December 2014.

Managing Director Peter Crowley commented that "The focus for the first half was executing our strategy to divest the Dux and Brivis non-core businesses and the exit of manufacturing in the Bathrooms & Kitchens division.

"With the successful completion of those tasks, our total focus will move to growing the core divisions of Bathrooms & Kitchens and Door & Access Systems.

Dwelling completion activity – the stage in the building cycle where GWA products are typically sold - continues to improve and we expect a stronger second half performance", he added.

Net loss after tax of $12.8 million for the half year was driven by a one-off $36.7 million restructuring and significant items charge. This was predominantly due to the exit of manufacturing in Bathrooms & Kitchens, as announced in October 2014.

As a consequence of the restructuring charge associated with the exit of manufacturing in Bathrooms & Kitchens, the Group has insufficient retained earnings at 31 December 2014 from which to pay an interim dividend.

The Group has commenced the process of obtaining a class ruling from the Australian Taxation Office in relation to a proposed return of capital to shareholders of the Dux and Brivis sale proceeds. A return of capital is proposed to be undertaken in conjunction with a share consolidation. We are well advanced with the regulatory approvals process and shareholders will be advised as soon as details become available.

Mr Crowley said, "In addition to the successful execution of the divestments and the manufacturing closure, our Bathrooms & Kitchens business has performed in line with the market. We have also seen strong operating cash flow generated from our continuing businesses, with a focus on working capital management.

"There remain a number of challenges, including a disappointing performance by Door & Access Systems. A slower than expected customer re-stocking of Gainsborough products, following supply issues last year, coupled with continued losses in the Gliderol business, has seen a deterioration in EBIT year on year", he added.

Sales by the Door & Access Systems division increased by 4%, with trading EBIT down by 71% to $0.6 million. It has taken longer than expected to recover volumes in the Gainsborough business following our transition to overseas suppliers last year. We expect this to improve through the 2015 calendar year. Gliderol revenues across all states increased by 8%, compared with the same period last year.

The API business has had a strong half year, with revenues growing in line with the market and earnings now on track to exceed the original acquisition assumptions.

Sales by the Bathrooms & Kitchens division increased by 6%, with trading EBIT up 7% to $40.3 million. However earnings during the period were impacted by adverse production recoveries, as Wetherill Park manufacturing volumes were reduced prior to its closure in December 2014. These under recoveries of factory overheads have ceased now that Wetherill Park has closed.

Commenting on the Group's future priorities, Mr Crowley said "Our single-minded focus is on ensuring our two divisions take advantage of the improving market. We will continue to execute our plans so that the core Bathrooms & Kitchens business continues its positive growth momentum.

“We will also ensure the Gainsborough business regains the ground it lost following last year's supply disruption, and continue to drive Gliderol for revenue growth and a return to profitability. We continue our focus on reducing our working capital to drive strong operating cash flow and we will progress the sale of the Wetherill Park site.

“Our financial metrics remain strong, our business is more focussed and we are aligning our organisational structures and introducing new capabilities that will allow the Group to deliver improved shareholder returns.

“The FY15 full year trading EBIT before restructuring and significant items for continuing operations is expected to be around $70 million. This range excludes the forecast full year EBIT associated with the divested Dux and Brivis businesses, and includes the corporate management charges that remain with the Group that were previously allocated to those businesses. The comparable trading EBIT for FY14 was $61.5 million”, concluded Mr Crowley.

For further information call:

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GWA Group Limited
ABN 15 055 964 380

Directors' Report for the Half Year Ended 31 December 2014

Your directors submit their report on the consolidated entity of GWA Group Limited (the Group) and the entities it controlled for the half year ended 31 December 2014.

Directors

The names of the directors of the Group during the half year and up to the date of this report are listed below. Directors were in office for this entire period unless otherwise stated.

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

Review of Operations

For the December 2014 half year trading earnings before interest and tax (EBIT) for continuing operations of $33.1 million was 5% higher than the same period last year. Sales and profit growth in the Bathrooms & Kitchens division was offset by lower than expected performance in the Door & Access Systems division. Trading profit after tax for continuing operations of $19.2 million was 9% higher than the same period last year.

The Group recorded a net loss after tax for the half year of $12.8 million compared to a profit of $1.7 million for the same period last year. The significant driver of the loss was a $36.7 million one-off restructuring and significant items charge, the majority of which relates to the exit from manufacturing of vitreous china and plastics in Sydney and Adelaide announced in October 2014.

Operating cash flow from continuing operations (before interest and tax) for the half year of $40.6 million represented an increase of $21.1 million from last year due to an improvement in working capital. The strong operating cash flow in the half year represents 102% of EBITDA. Although improvements have been made across all working capital components, the significant driver was lower inventories in both Bathrooms & Kitchens and Door & Access Systems.

Net borrowings at 31 December 2014 of $99.4 million are $45.7 million lower compared to the June 2014 year end position. The significant reduction includes the proceeds from the Dux divestment that was completed on 19 December 2014. Subject to the appropriate regulatory approvals and rulings the Directors will return to shareholders the proceeds from the recent divestments of Dux and Brivis as quickly and as efficiently as possible. The Company has a strong balance sheet and adequate financing facilities to fund growth and operating activities.

The Bathrooms & Kitchens division comprising sanitaryware, tapware, baths, and kitchen and laundry products recorded sales of $163 million for the half year, an increase of 6% on the same period last year. Trading EBIT increased by 7% to $40.3 million. The Bathrooms & Kitchens division grew revenue in line with the market.

The Door & Access Systems division comprising Gainsborough door hardware, Gliderol garage doors and API Locksmiths, recorded sales of $73 million for the half year which was 4% higher than the same period last year. Trading EBIT reduced by $1 million driven by slower customer re-stocking of the Gainsborough products following the supply disruption last year and continued very disappointing performance of the Gliderol business.

Outlook

The lead indicators suggest that new dwelling completions will strengthen through the 2015 calendar year. GWA's products are typically sold and installed as dwellings approach completion and a stronger second half performance is expected. Following the decline in the Australian dollar, price increases were taken through the first half and prices will continue to be under review during the 2015 calendar year.

The Bathrooms & Kitchens division is expected to continue its strong performance and further improve working capital following the closure of the Wetherill Park manufacturing facility in December 2014. The Gainsborough business has resolved its supply issues and is focused on regaining market share. The Gliderol business has grown revenues in most states and the focus will be on improving performance.

For continuing operations we expect the FY15 full year trading EBIT before restructuring and significant items to be around $70 million. This range excludes the forecast full year EBIT associated with the divested Dux and Brivis businesses and includes the corporate management charges that remain with the Group that were previously allocated to those businesses. The comparable trading EBIT for FY14 year was $61.5 million.

Interim Dividend

The Directors have not declared an interim dividend to shareholders as the Group has insufficient retained earnings at 31 December 2014 from which to pay an interim dividend.

Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration forms part of the Directors' Report for the half year ended 31 December 2014.

Rounding

The Group is of a kind referred to in Class Order 98/100 issued by the Australian Securities Investment Commission relating to the rounding of amounts in the Directors' Report.

Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise stated.

This Directors' Report is made out in accordance with a resolution of the directors:

D D McDonough
Chairman

P C Crowley
Managing Director

Brisbane, 17 February 2015

GWA Group Limited and its controlled entities

31 December 2014 Interim Financial Report

ABN 15 055 964 380

GWA Group Limited and its controlled entities
Consolidated statement of profit or loss and other comprehensive income

For the half year period ended

In thousands of AUD	*Note*	31 Dec 2014	31 Dec 2013 Restated*
Continuing operations			
Sales revenue	*5*	235,999	224,223
Cost of sales		(145,786)	(138,351)
Gross profit		90,213	85,872
Other income	*7*	289	516
Selling expenses		(34,822)	(31,879)
Administrative expenses		(22,298)	(21,427)
Other expenses	*8*	(44,629)	(20,946)
Results from operating activities		(11,247)	12,136
Finance income		359	354
Finance expenses		(5,088)	(6,130)
Net financing costs		(4,729)	(5,776)
(Loss)/ profit before tax		(15,976)	6,360
Income tax (expense)/benefit	*10*	4,057	(7,053)
(Loss)/ profit from continuing operations		(11,919)	(693)
Discontinued operations			
Profit/(loss) from discontinued operations, net of income tax	*6A*	(849)	2,430
(Loss)/ profit for the period		(12,768)	1,737
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations, net of income tax		305	681
Effective portion of changes in fair value of cash flow hedges, net of tax		1,151	(302)
Other comprehensive income for the period, net of income tax		1,456	379
Total comprehensive income for the period		(11,312)	2,116
Earnings per share			
Basic earnings per share (cents per share)		(4.17)	0.57
Diluted earnings per share (cents per share)		(4.17)	0.56
Earnings per share – continuing operations			
Basic earnings per share (cents per share)		(3.89)	(0.23)
Diluted earnings per share (cents per share)		(3.89)	(0.23)

* Refer to Note 6. Discontinued Operations.

The statement of profit or loss and other comprehensive income is to be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 7 to 16.

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

As at

In thousands of AUD	*Note*	31 Dec 2014	30 Jun 2014
Current assets			
Cash and cash equivalents		68,443	29,873
Trade and other receivables		99,122	126,950
Inventories		88,607	113,053
Other		3,554	2,068
Assets held for sale	*6D*	61,126	-
Total current assets		320,852	271,944
Non-current assets			
Deferred tax assets		21,329	13,906
Property, plant and equipment		46,089	97,022
Intangible assets		331,449	368,690
Other		833	673
Total non-current assets		399,700	480,291
Total assets		720,552	752,235
Current liabilities			
Trade and other payables		78,458	105,200
Employee benefits		9,061	11,748
Income tax payable		1,669	3,471
Provisions		35,363	9,802
Liabilities held for sale	*6D*	15,745	-
Total current liabilities		140,296	130,221
Non-current liabilities			
Loans and borrowings	*12*	170,000	175,000
Employee benefits		10,266	13,241
Provisions		1,514	7,784
Total non-current liabilities		181,780	196,025
Total liabilities		322,076	326,246
Net assets		398,476	425,989
Equity			
Issued capital		408,100	408,100
Reserves		566	(1,241)
Retained earnings/(accumulated losses)		(10,190)	19,130
Total equity		398,476	425,989

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 16.

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

For the half year period ended

In thousands of AUD	**31 Dec 2014**	**31 Dec 2013**
Cash flows from operating activities		
Cash receipts from customers	352,867	331,381
Cash paid to suppliers and employees	(316,872)	(307,711)
Cash generated from operations	35,995	23,670
Interest paid and facility fees	(4,944)	(5,769)
Interest received	359	354
Income taxes paid	(8,606)	(4,505)
Net cash from operating activities	22,804	13,750
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	33	6,651
Acquisition of property, plant and equipment	(1,914)	(2,166)
Acquisition of intangibles	(1,342)	(639)
Proceeds from business disposal, net of transaction costs	42,980	-
Net cash from investing activities	39,757	3,846
Cash flows from financing activities		
Repayment of employee share loans	-	263
(Repayment) / drawdown of bank bills	(5,000)	5,000
Dividends paid, net of dividend reinvestment plan	(16,859)	(18,392)
Net cash from financing activities	(21,859)	(13,129)
Net increase in cash and cash equivalents	40,702	4,467
Cash and cash equivalents at 1 July	29,873	32,757
Effect of exchange rate fluctuations on cash held	61	272
Cash within Asset Held for Sale on the balance sheet	(2,193)	-
Cash and cash equivalents at 31 December	68,443	37,496

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 16.

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

For the half year period ended 31 December 2014

In thousands of AUD	Share capital	Translation reserve	Hedging reserve	Equity compensation reserve	Retained earnings	Total
Balance at 1 July 2014	408,100	(1,141)	(1,908)	1,808	19,130	425,989
Total comprehensive income for the period						
Profit for the period	-	-	-	-	(12,768)	(12,768)
Other comprehensive income						
Foreign currency translation differences for foreign operations	-	305	-	-	-	305
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	1,151	-	-	1,151
Total other comprehensive income	-	305	1,151	-	-	1,456
Total comprehensive income for the period	-	305	1,151	-	(12,768)	(11,312)
Transaction with owners, recorded directly in equity						
Share-based payments, net of tax	-	-	-	351	307	658
Dividends to shareholders	-	-	-	-	(16,859)	(16,859)
Total transactions with owners	-	-	-	351	(16,552)	(16,201)
Balance at 31 December 2014	408,100	(836)	(757)	2,159	(10,190)	398,476

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 16.

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

For period ended 31 December 2013

In thousands of AUD	**Share capital**	**Translation reserve**	**Hedging reserve**	**Equity compensation reserve**	**Retained earnings**	**Total**
Balance at 1 July 2013	408,100	(1,985)	(289)	1,866	19,050	426,742
Total comprehensive income for the period						
Profit for the period	-	-	-	-	1,737	1,737
Other comprehensive income						
Foreign currency translation differences for foreign operations	-	681	-	-	-	681
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	(302)	-	-	(302)
Total other comprehensive income	-	681	(302)	-	-	379
Total comprehensive income for the period	-	681	(302)	-	1,737	2,116
Transaction with owners, recorded directly in equity						
Share-based payments, net of tax	-	-	-	(306)	(124)	(430)
Dividends to shareholders	-	-	-	-	(18,392)	(18,392)
Total transactions with owners	-	-	-	(306)	(18,516)	(18,822)
Balance at 31 December 2013	408,100	(1,304)	(591)	1,560	2,271	410,036

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 16.

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 half year period ended 31 December 2014 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 2014 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 2014.

This consolidated interim financial report was approved by the Board of Directors on 17 February 2015.

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 2014, except as noted below.

Accounting policies and recently issued accounting pronouncements

(a) Standards and Interpretations affecting amounts reported in the current period

The following new and revised Standards and Interpretations have been adopted by the consolidated entity for the first time in the half year period ended 31 December 2014:

- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*
- Interpretation 21 *Levies*
- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*
- AASB 2014-1 *Amendments to Australian Accounting Standards - Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles; Part B: Defined Benefit Plans: Employee Contributions (Amendments to AASB 119),* and *Part C: Materiality*
- AASB 1031 *Materiality (2013)*

The initial adoption of each of the above Standards, Interpretations and revisions has not had a material impact on the amounts reported in the consolidated interim financial report but may affect the accounting for future transactions or arrangements.

(b) Standards and Interpretations in issue but not yet adopted

At the date of authorising the consolidated interim financial report, the following Standards and Interpretations were issued but not yet effective.

Condensed notes to the consolidated interim financial statements (continued)

Standard/ Interpretation	Effective for the annual reporting period Beginning on	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments (December 2010)', AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures', AASB 2014-1 'Amendments to Australian Accounting Standards'	*1 January 2018 (Applies on a modified retrospective basis)*	*30 June 2019*
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	*1 January 2016*	*30 June 2017*
IFRS 15 'Revenue from Contracts with Customers'	*1 January 2017*	*30 June 2018*
IFRS 9 'Financial Instruments'	*1 January 2018*	*30 June 2019*
'Equity Method in Separate Financial Statements' (Amendments to IAS 27)	*1 January 2016*	*30 June 2017*
'Annual Improvement to IFRSs 2012-2014 Cycle'	*1 January 2016*	*30 June 2017*

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 expenses. 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 2014.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 11. Intangible assets: Impairment testing for brand names and goodwill .

5. Operating segments

The consolidated entity has two continuing 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 locks and levers and supply and maintenance of commercial door systems.

Discontinued operations includes the sale of water heaters (Dux Hot Water) and ducted heating and climate control systems (Brivis Heating & Cooling). The sale of water heaters was previously reported within the Bathrooms & Kitchens segment, and ducted heating and climate cooling systems was previously reported within the Heating & Cooling segment.

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.

Condensed notes to the consolidated interim financial statements (continued)

5. Operating segments (continued)

For the half year period ended 31 December	**Bathrooms & Kitchens**		**Door & Access Systems**		**Discontinued operations**		**Total**	
In thousands AUD	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
External sales revenue	162,990	154,399	73,008	70,171	70,858	63,513	306,856	288,083
Inter-segment revenue	-	-	269	-	-	348	269	348
Total sales revenue	162,990	154,399	73,277	70,171	70,858	63,861	307,125	288,431
Segment result before restructuring & impairment	40,254	37,534	565	1,957	6,405	2,879	47,224	42,370
Restructuring expenses	(40,816)	-	-	(1,717)	-	(148)	(40,816)	(1,865)
Impairment	-	-	-	(17,000)	(1,546)	-	(1,546)	(17,000)
Supplier compensation payment	(995)	-	-	-	-	-	(995)	-
Loss on disposal of Dux	-	-	-	-	(1,288)	-	(1,288)	-
Brivis disposal costs	-	-	-	-	(3,820)	-	(3,820)	-
Reportable segment profit/(loss) before income tax	(1,557)	37,534	565	(16,760)	(249)	2,731	(1,241)	23,505
Depreciation	3,153	3,543	1,137	979	1,448	1,683	5,738	6,205
Amortisation	-	-	423	423	305	276	728	699
Capital expenditure	317	439	611	966	973	620	1,901	2,025
As at	**31 Dec 2014**	**30 Jun 2014**	**31 Dec 2014**	**30 Jun 2014**	**31 Dec 2014**	**30 June 2014**	**31 Dec 2014**	**30 Jun 2014**
Reportable segment assets	418,693	454,441	99,698	102,362	56,424	97,297	574,815	654,100
Reportable segment liabilities	57,556	45,205	17,477	19,278	12,663	27,828	87,696	92,311

Condensed notes to the consolidated interim financial statements (continued)

5. Operating segments (continued)

Reconciliations of reportable segment revenues and profit

For the half year period ended 31 December *In thousands of AUD*	**2014**	**2013**
Revenue		
Total revenue for reportable segments	307,125	288,431
Unallocated amounts: corporate revenue	1	1
Elimination of inter-segment revenue	(269)	(348)
Elimination of discontinued operations	(70,858)	(63,861)
Consolidated revenue – continuing operations	235,999	224,223
Profit		
Total profit for reportable segments	(1,241)	23,505
Elimination of discontinued operations	249	(2,731)
Other significant Items	(1,432)	(1,555)
Restructuring expenses: corporate	(1,007)	(415)
Unallocated amounts: corporate expenses	(7,816)	(6,668)
Profit from operating activities	(11,247)	12,136
Net financing costs	(4,729)	(5,776)
Consolidated (loss)/profit before tax – continuing operations	(15,976)	6,360

6. Discontinued operations

During the period ended 31 December 2014, the Dux Hot Water business was sold with an effective date of 19 December 2014. The group also entered into a binding agreement to sell the Brivis Heating & Cooling business on 15 December 2014. The Brivis sale completed on 2 February 2015, refer to Note 16. Subsequent Events.

The operating activities of both businesses were not discontinuing or classified as held for sale at 31 December 2013 or 30 June 2014. The comparative statement of comprehensive income has been represented to show the discontinued operations separately from continuing operations.

A. Results of discontinued operations

For the half year period ended 31 December *In thousands of AUD*	**2014**	**2013**
Revenue	70,858	63,861
Expenses	(69,819)	(61,130)
Results from operating activities	1,039	2,731
Income tax expense	(600)	(301)
Results from operating activities, net of income tax	439	2,430
Loss on sale of the discontinued operations	(1,288)	-
Income tax on loss on sale of discontinued operations	-	-
(Loss)/ profit for the period	(849)	2,430
Basic profit/(loss) per share (cents per share)	(0.28)	0.91
Diluted profit/(loss) per share (cents per share)	(0.28)	0.90

Condensed notes to the consolidated interim financial statements (continued)

6. Discontinued operations (continued)

B. Cash flows from discontinued operations

For the half year period ended 31 December *In thousands of AUD*	**2014**	**2013**
Net cash from operating activities	7,178	5,426
Net cash from investing activities	41,422	1,299
Net cash from discontinued operations	48,600	6,725

C. Effect of disposal of Dux Hot Water on the financial position of the consolidated entity

As at *In thousands of AUD*	**31 Dec 2014**
Trade and other receivables	(10,031)
Inventories	(10,465)
Property, plant and equipment	(26,925)
Cash and cash equivalents	(6)
Other	(232)
Trade and other payables	5,880
Provisions	6,097
Employee benefits	2,597
Deferred tax assets	(3,767)
Intangible assets	(6,000)
Net assets and liabilities	(42,582)
Disposal costs	(4,436)
	(47,288)
Consideration proceeds	46,000
Cash and cash equivalents disposed of	(6)
Net cash inflow	45,994

D. Assets and liabilities of disposal group held for sale: Brivis

As at *In thousands of AUD*	**31 Dec 2014**
Cash	2,193
Trade and other receivables	6,143
Inventories	8,950
Property, plant and equipment	12,886
Intangible assets	28,167
Other	2,787
Assets held for sale	61,126
Trade and other payables	(5,351)
Provisions	(4,358)
Employee benefits	(2,953)
Income tax payable	(311)
Deferred tax liability	(2,772)
Liabilities held for sale	(15,745)

Condensed notes to the consolidated interim financial statements (continued)

7. Other Income

For the half year period ended 31 December *In thousands of AUD*	**2014**	**2013**
Foreign currency gains – realised	-	7
Foreign currency gains – unrealised	-	245
Other	289	264
	289	516

8. Other expenses

For the half year period ended 31 December *In thousands of AUD*	**2014**	**2013**
Foreign currency losses – realised	65	1,631
Foreign currency losses – unrealised	72	-
Net loss on disposal of property, plant and equipment	32	180
Impairment loss	-	17,000
Restructuring expenses	41,824	2,135
Other expenses	2,636	-
	44,629	20,946

9. Net restructuring expenses

For the half year period ended 31 December *In thousands of AUD*	**2014**	**2013**
Restructuring expenses	(41,824)	(2,135)
Tax benefit	12,547	640
Net restructuring expense after tax	(29,277)	(1,495)

10. Income tax expense

Recognised in the consolidated statement of profit or loss and other comprehensive income

For the half year period ended 31 December *In thousands of AUD*	**2014**	**2013**
Income tax (benefit)/expense from continuing operations	(4,057)	7,053
Income tax expense from discontinued operations (excluding loss on sale)	600	301
	(3,457)	7,354

Numerical reconciliation between tax expense and pre-tax net profit

For the half year period ended 31 December *In thousands of AUD*	**2014**	**2013**
Profit / (loss) before tax	(16,225)	9,091
Income tax using the domestic tax rate of 30% (2013: 30%)	(4,867)	2,727
Capital loss on disposal of Dux	386	-
Non-deductible impairment loss	506	5,100
Other items	(286)	(334)
Under / (over) provided in prior years	786	(139)
Income tax (benefit) expense on pre-tax net profit	(3,457)	7,354

Condensed notes to the consolidated interim financial statements (continued)

11. Intangible assets

Carrying value of brand names and goodwill for each cash generating unit and segment

As at *In thousands of AUD*	**31 Dec 2014**	**30 June 2014**
CaromaDorf	284,201	284,188
Dux*	-	6,000
Bathrooms & Kitchens	284,201	290,188
API Locksmiths	4,556	4,556
Gainsborough	20,049	20,049
Gliderol	7,075	7,075
Door & Access Systems	31,680	31,680
Heating & Cooling*	-	20,834
	315,881	342,702

* During the period ended 31 December 2014, the Dux Hot Water business was sold. The consolidated entity also entered into a binding agreement to sell the Brivis heating and cooling business and as a result the assets of the Heating & Cooling business have been reclassified to Assets Held for Sale at 31 December 2014. Refer to Note 6. Discontinued Operations and Note 16. Subsequent Events for further information.

Impairment testing for brand names and goodwill

The carrying amount of the consolidated entity's brand names and goodwill were reviewed at 31 December 2014 to determine whether there were any indications of impairment. The Gliderol business performed below expectations in the half year to 31 December 2014 and therefore the recoverable amount of Gliderol was tested for impairment based on a value in use calculation. The recoverable amount of the Gliderol business exceeded its carrying value and therefore no impairment to the carrying value was recognised in the half year period ended 31 December 2014. An impairment of $17,000,000 was recorded in respect of Gliderol for the half year ended 31 December 2013.

In both the current and prior reporting period, value in use was determined by discounting the future cash flows to be generated from the continuing use of the business unit and to which the brand or goodwill is attached. The key assumptions underlying the discounted future cash flows relate to dwelling completions, economic activity and market share. The values assigned to the key assumptions represent management's assessment of future trends in the Bathrooms & Kitchens and Door & Access Systems industries and are based on both external sources and internal sources (historical data).

Condensed notes to the consolidated interim financial statements (continued)

12. Loans and borrowings

On 17 October 2014, GWA successfully completed the refinance of its syndicated banking facility. The facility now comprises a single three year revolving facility of $225 million which matures in October 2017. Prior to 17 October 2014 and for the year ended 30 June 2014, the interest bearing loans were split between three and five year terms.

The consolidated entity has unsecured bank loans of $170,000,000 as at 31 December 2014 (30 June 2014: $175,000,000). The movement in the loan balance is due to a net repayment of borrowings of $5,000,000. The notional amount of the interest-bearing loans is deemed to reflect the fair value.

The loan bears 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. Capital and reserves

Share capital

In thousands of shares	**Ordinary shares**
On issue at 1 July 2014	306,534
Issue of shares	-
Balance at 31 December 2014	306,534
Balance at 1 July 2013	306,534
Issue of shares	-
Balance at 31 December 2013	306,534

Dividends

The following dividends were paid by the consolidated entity.

For the six months ended 31 December 2014

In thousands of AUD	**2014**	**2013**
Franked dividends paid		
- Final dividend 8 October 2014 (5.5c per share, 2013: 6.0c per share)	16,859	18,392
Total dividends paid	16,859	18,392

Condensed notes to the consolidated interim financial statements (continued)

14. Financial instruments

Estimation of fair values

Financial assets and liabilities that are not measured at cost or amortised cost in the half year financial report comprise forward foreign exchange contracts and interest rate swaps. 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.

Fair value hierarchy

The consolidated entity recognises the fair value of its financial instruments using the level 2 valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

In thousands of AUD	Level 1	Level 2	Level 3	Total
As at 31 December 2014				
Financial Assets – Other current assets				
Forward exchange contracts used for hedging	-	41,997	-	41,997
Interest rate swaps used for hedging	-	-	-	-
	-	41,997	-	41,997
Financial Liabilities – Other current liabilities				
Forward exchange contracts used for hedging	-	(41,131)	-	(41,131)
Interest rate swaps used for hedging	-	(2,007)	-	(2,007)
	-	(43,138)	-	(43,138)
As at 30 June 2014				
Financial Assets – Other current assets				
Forward exchange contracts used for hedging	-	43,935	-	43,935
Interest rate swaps used for hedging	-	-	-	-
	-	43,935	-	43,935
Financial Liabilities – Other current liabilities				
Forward exchange contracts used for hedging	-	(45,140)	-	(45,140)
Interest rate swaps used for hedging	-	(1,521)	-	(1,521)
	-	(46,661)	-	(46,661)

Condensed notes to the consolidated interim financial statements (continued)

15. Contingencies

Brivis evaporative recall

Since the acquisition of Brivis in April 2010, the consolidated entity has continued product recalls commenced by the former owner, Carrier, for Brivis evaporative coolers manufactured between August 2000 and November 2003 due to defective components. The Brivis purchase agreement provides that Carrier is responsible for product warranty, recall and product liability costs above specified thresholds with an overall cap on Carrier's liability.

A number of progress claims have been submitted to Carrier under the Brivis purchase agreement since February 2012. Carrier has rejected Brivis' payment demands and a Dispute Notice was served on Carrier in April 2014 which triggered the dispute resolution process under the Brivis purchase agreement. The parties are currently undertaking the dispute resolution process provided by the Brivis purchase agreement. The consolidated entity has not recognised the progress claims at 31 December 2014.

A further progress claim in the amount of $2,812,000 was submitted to Carrier in February 2015 under the Brivis purchase agreement. No payment has been received from Carrier to date and the matter remains under dispute.

The directors believe the provision at 31 December 2014 of $986,991 is adequate to cover any remaining product recall costs and product liability claims incurred but not reported at 31 December 2014 based on historical trends.

Following the sale of Brivis on 2 February 2015, the consolidated entity continues to remain responsible for the liability and management of the Brivis product defect issues associated with the dispute. The consolidated entity has provided an indemnity to the acquirer in the sale agreement for these issues.

16. Subsequent events

On 2 February 2015, the consolidated entity announced the successful completion of the sale of Brivis Climate Systems.

Other than the matter noted above, to the Director's best knowledge, there are no events that have arisen subsequent to 31 December 2014 that will, or may, significantly affect the operation or results of the consolidated entity.

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 2014 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 17 day of February 2015

Signed in accordance with a resolution of the directors:

D D McDonough
Director

P C Crowley
Director

KPMG

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

We have reviewed the accompanying interim financial report of GWA Group Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2014, consolidated statement of profit or loss and other 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 16 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year period.

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 internal 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 Group's financial position as at 31 December 2014 and its performance for the half-year period 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.*

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 Group's financial position as at 31 December 2014 and of its performance for the half-year period ended on that date; and

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

KPMG

KPMG

G Boydell

Greg Boydell
Partner

Sydney
17 February 2015

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 2014 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
17 February 2015