

Notice of Annual General Meeting

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of GWA International Limited ABN 15 055 964 380 will be held in The Grand Ballroom, Stamford Plaza Brisbane, Cnr Edward and Margaret Streets Brisbane on Thursday 28 October 2010 commencing at 10:30 am.

ORDINARY BUSINESS

Accounts

To receive and consider the Company's Financial Statements for the financial year ended 30 June 2010 together with the statement and report by the directors and the report by the auditor in relation thereto.

Re-election of Directors

To consider, and if thought fit to pass, the following resolutions as ordinary resolutions:

1. That Mr W Bartlett, who retires as a director of the Company in accordance with clause 10.3 of the Company's Constitution, be re-elected as a director of the Company.
2. That Mr R Anderson, who retires as a director of the Company in accordance with clause 10.3 of the Company's Constitution, be re-elected as a director of the Company.

SPECIAL BUSINESS

Adoption of Remuneration Report

To consider the Remuneration Report as it appears in the Directors' Report for the year ended 30 June 2010, and if thought fit to pass, the following non-binding advisory resolution as an ordinary resolution in accordance with section 250R of the *Corporations Act*:

3. That the Remuneration Report for the year ended 30 June 2010 be approved.

Approval of grant of Performance Rights to Managing Director under the Long Term Incentive Plan

To consider, and if thought fit to pass, the following resolution as an ordinary resolution:

4. That for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval is hereby given for the grant of Performance Rights (incorporating the right to acquire shares in the Company) to the Managing Director, Mr Peter Crowley, to a maximum value of \$913,500 on the terms set out in the accompanying Explanatory Memorandum and under the GWA International Limited Long Term Incentive Plan (LTIP) which is constituted and administered in accordance with the Rules of the LTIP.

Note: The Company will disregard any votes cast on Resolution 4 by any director (except one who is ineligible to participate in any employee incentive scheme of the Company) and any associates of such a director. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

Approval of grant of Performance Rights to Executive Director under the Long Term Incentive Plan

To consider, and if thought fit to pass, the following resolution as an ordinary resolution:

5. That for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval is hereby given for the grant of Performance Rights (incorporating the right to acquire shares in the Company) to the Executive Director, Mr Richard Thornton, to a maximum value of \$94,920 on the terms set out in the accompanying Explanatory Memorandum and under the GWA International Limited Long Term Incentive Plan (LTIP) which is constituted and administered in accordance with the Rules of the LTIP.

Note: The Company will disregard any votes cast on Resolution 5 by any director (except one who is ineligible to participate in any employee incentive scheme of the Company) and any associates of such a director. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

Change of Company Name

To consider and, if thought fit to pass, the following resolution as a special resolution:

6. That for the purposes of sections 136(2) and 157(1) of the *Corporations Act* and for all other purposes, the Company adopt GWA Group Limited as the name of the Company, and that the Constitution of the Company be modified accordingly.

Explanatory Memorandum

Accompanying this notice is an Explanatory Memorandum that provides shareholders with background information and further details on the resolutions to be considered at the meeting. The information provided is intended to assist shareholders in understanding the reasons for and the effect of the resolutions, if passed. Information is also presented in accordance with the requirements of the *Corporations Act* and the Listing Rules. Terms defined in the Explanatory Memorandum and used in this notice bear the same meaning as in the Explanatory Memorandum.

Voting Entitlements

The Board has determined that the entitlement of any person to vote at the meeting will be that person's entitlement as set out in the Company's register of members as at 6:00 pm (Brisbane time) on Tuesday 26 October 2010.

Voting by Proxy

A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies. A proxy need not be a member of the Company. A shareholder may appoint an individual or body corporate to act as its proxy. If a body corporate is appointed as proxy, the body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the *Corporations Act* to exercise its

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powers as proxy at the meeting. If two proxies are appointed, the appointment may specify the proportion or number of votes that the proxy may exercise. Otherwise, each proxy may exercise half the votes.

A proxy form accompanies this notice of meeting.

To be valid, the proxy form (together with the original or a certified copy of any power of attorney under which the proxy form is signed) must be received at:

- The Company's share registry – Computershare Investor Services Pty Limited, GPO Box 242 Melbourne Victoria 3001

Within Australia - Facsimile 1800 783 447
Outside Australia +61 3 9473 2555; or

- The Company's registered office – GWA International Limited, Level 14, 10 Market Street Brisbane Qld 4000

Within Australia – Facsimile (07) 3236 0522
Outside Australia +61 7 3236 0522

Alternatively, you may lodge a proxy electronically, at www.investorvote.com.au, by following the instructions provided on the proxy form.

A proxy form must be received by 10:30 am (Brisbane time) on Tuesday 26 October 2010, being not less than 48 hours before the time for holding the meeting.

By Order of the Board

R Thornton
Executive Director

13 September 2010

EXPLANATORY MEMORANDUM

In this Explanatory Memorandum, the following terms have the following meanings:

“Company” means GWA International Limited ABN 15 055 964 380

“director” means a director of the Company

“Constitution” means the Constitution of the Company

“Corporations Act” means the Corporations Act 2001 (Cth)

“Listing Rules” means the Listing Rules of the ASX Limited

Accounts

As required by section 317 of the *Corporations Act*, the Financial Statements for the financial year ended 30 June 2010 together with the statement and report by the directors and the report by the auditor will be laid before the meeting. Members will be provided with the opportunity to ask questions about the reports however there will be no formal resolution put to the meeting.

Ordinary Resolutions

Resolutions 1 to 5 (inclusive) are ordinary resolutions and will require the support of more than 50% of the votes cast at the meeting in order that they be passed.

Resolution 6 is a special resolution and will require the support of at least 75% of the votes cast at the meeting in order that it be passed.

RESOLUTIONS 1 AND 2 – RE-ELECTION OF DIRECTORS

The Company's Constitution provides for the retirement of one-third of the directors from office at each Annual General Meeting. The directors who are to retire is determined according to the length of time each director has spent in office, with the director having spent the longest time in office retiring. By virtue of the Company's Constitution, Mr W Bartlett and Mr R Anderson are retiring by rotation at this Annual General Meeting and, being eligible, offer themselves for re-election as directors.

Profiles of Messrs Bartlett and Anderson are outlined below:

W Bartlett FCA, CPA, FCMA, CA (SA)
Non-Executive Director

Mr Bartlett was appointed a Non-Executive Director of GWA International Limited in 2007. Mr Bartlett is a Fellow of the Institute of Chartered Accountants with over 35 years experience in accounting and was a partner at Ernst & Young in Australia for 23 years, retiring in June 2003. He is a director of a number of public corporations including Suncorp-Metway Limited, Reinsurance Group of America Inc (NYSE) and Abacus Property Group. He is a director of the Bradman Foundation and Museum. Mr Bartlett is Chairman of the Audit and Remuneration Committees and a member of the Nomination Committee.

R Anderson
Non-Executive Director

Mr Anderson was appointed a Non-Executive Director of GWA International Limited in 1992. He was appointed a director of the former public company, GWA Limited, in 1979 after joining the Group in 1955 where he gained wide experience in management, investment and property matters.

Recommendation

The Board (with Messrs Bartlett and Anderson abstaining) recommends that you support the resolutions re-electing Messrs Bartlett and Anderson as directors of the Company.

RESOLUTION 3 – ADOPTION OF REMUNERATION REPORT

This resolution is a requirement of section 250R of the *Corporations Act*.

Shareholders non-binding vote on the Remuneration Report

Section 250R of the *Corporations Act* requires that the Company's members vote on whether or not the Remuneration Report should be adopted. This vote is advisory only and the outcome will not be binding on the Board.

Prior to holding this vote, the Chairman will allow a reasonable opportunity for shareholders to ask questions or make comments about the Remuneration Report.

What is included in the Remuneration Report?

The Remuneration Report includes information on how Company directors and certain executives are remunerated. More specifically, the report includes disclosure of all elements of the remuneration received by the Company's directors and the 5 most highly paid executives of the Company and the consolidated entity and other key management personnel.

The report also includes a discussion of the Board's policy for determining executive remuneration and the relationship between the Board's policy for determining remuneration and the Company's performance.

In respect of executives whose remuneration is linked to performance conditions, the report contains:

1. a summary of the performance conditions that attach to each element of their remuneration; and
2. an explanation of the relative proportions of those elements of their remuneration that are linked to performance conditions and those elements of their remuneration that are not.

In respect of executives who are employed under a contract, the report sets out the length of the contract, the notice period for terminating the contract and the amount of any termination payments payable under the contract.

Recommendation

The Board recommends that you support the resolution approving the Remuneration Report for the year ended 30 June 2010.

RESOLUTION 4 - APPROVAL OF GRANT OF PERFORMANCE RIGHTS TO MANAGING DIRECTOR UNDER THE LONG TERM INCENTIVE PLAN

The Long Term Incentive Plan (LTIP) was approved by shareholders at the Annual General Meeting on 30 October 2008. The Board is seeking approval of shareholders by ordinary resolution to the grant of \$913,500 in value of Performance Rights under the LTIP to the Managing Director, Mr Peter Crowley, in accordance with the requirements of ASX Listing Rule 10.14.

A Performance Right is the right to receive one share in the Company, at no exercise price, if and when all applicable vesting conditions are satisfied.

Mr Crowley is eligible to receive \$913,500 in value of Performance Rights under the LTIP which is 60% of his fixed remuneration for the 2010/11 year, potentially vesting over the performance period from 1 July 2010 to 30 June 2013. Performance Rights which do not vest will lapse, and will not be re-tested.

The actual number of Performance Rights to be granted to Mr Crowley (with a value no greater than \$913,500) will be determined based on the volume weighted average price of shares in the Company calculated over the 20 trading days after the Company's Annual General Meeting on 28 October 2010.

For example, based on a closing share price of \$3.05 as at 28 July 2010, Mr Crowley would be eligible to be granted 299,508 Performance Rights. He will receive the Performance Rights at no cost to him.

Performance Rights will vest depending upon the Company meeting or exceeding its performance hurdles during the specified three year performance period of 1 July 2010 to 30 June 2013. The basis of the grant to Mr Crowley is as follows:

- 50% of the Performance Rights are subject to an Earnings Per Share (EPS) measurement; and
- 50% of the Performance Rights are subject to a Total Shareholder Return (TSR) measurement.

The performance hurdles and vesting proportions for each measure that will apply to the grant of Performance Rights this year are as follows:

EPS Growth from 1 July 2010 to 30 June 2013	Proportion of Performance Rights that may be exercised if EPS growth hurdle is met
10% or more	50% (ie, 50% of total grant)

TSR of GWA International Limited relative to TSRs of Comparator Companies over 3 year period	Proportion of Performance Rights that may be exercised if TSR hurdle is met
More than the 50th percentile	50% (ie, 50% of total grant)
Comparator companies	GUD Holdings Limited Hills Industries Limited Bradken Limited Spotless Group Limited Alesco Corporation Limited Crane Group Limited Pacific Brands Limited Adelaide Brighton Limited Ansell Limited Paperlinx Limited

The EPS hurdle is calculated as net profit after tax as set out in the Company's audited Financial Statements divided by the weighted average number of ordinary shares on issue. The Board has discretion to make reasonable adjustments to the EPS figure where it is unduly distorted by significant or abnormal events.

The base year EPS for the year ended 30 June 2010 for the purpose of the grant to Mr Crowley under the LTIP is 18.5 cents per share and has been adjusted for the discontinued Rover Mowers and Wisa Beheer businesses.

Previously, 305,000 Performance Rights were granted to Mr Crowley on 12 March 2010 valued at \$2.84 per right, relating to the three year performance period 1 July 2009 to 30 June 2012. The grant was approved by shareholders at the Annual General Meeting on 29 October 2009. On the same date, 30,000 Performance Rights were granted to Mr Richard Thornton valued at \$2.84 per right.

Mr Crowley and Mr Thornton are currently the only directors eligible under the LTIP rules to be granted Performance Rights. No director other than Mr Crowley and Mr Thornton will be issued with Performance Rights unless and until a separate shareholder approval is obtained for the purposes of ASX Listing Rule 10.14.

No loans will be granted to Mr Crowley in relation to his participation in the LTIP.

In accordance with the rules of the LTIP, Mr Crowley is prohibited from entering into hedging transactions or arrangements which reduce or limit the economic risk of holding unvested Performance Rights.

Further, Mr Crowley will be prohibited from selling or disposing of any shares issued on vesting of the Performance Rights until the seventh anniversary of the grant date, and the shares will be subject to a holding lock upon issue. There are limited circumstances where the LTIP permits the sale or disposal of shares during the restriction period including cessation of employment with the Company or where approval is granted by the Board in its discretion.

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Details of any Performance Rights issued under the LTIP (and shares issued upon their vesting) will be published in the Company's Annual Report relating to the period in which they have been issued, together with a note that approval of the issue was obtained under Listing Rule 10.14.

Allocation of Performance Rights to Mr Crowley will be made no later than 12 months after the date of this meeting. Any issue of shares to Mr Crowley under this approval will be made no later than 3 years after the date of this meeting.

Recommendation

The Board (with Mr Crowley and Mr Thornton abstaining) recommends that you support the resolution approving the grant of \$913,500 in Performance Rights to the Managing Director, Mr Peter Crowley, under the terms of the Long Term Incentive Plan. None of the directors (other than Mr Crowley) has an interest in the outcome of Resolution 4.

RESOLUTION 5 - APPROVAL OF GRANT OF PERFORMANCE RIGHTS TO EXECUTIVE DIRECTOR UNDER THE LONG TERM INCENTIVE PLAN

The Board is seeking approval of shareholders by ordinary resolution to the grant of \$94,920 in value of Performance Rights under the LTIP to the Executive Director, Mr Richard Thornton, in accordance with the requirements of ASX Listing Rule 10.14.

Mr Thornton is eligible to receive \$94,920 in value of Performance Rights under the LTIP which is 40% of his fixed remuneration for the 2010/11 year, potentially vesting over the performance period from 1 July 2010 to 30 June 2013. Performance Rights which do not vest will lapse, and will not be re-tested.

The actual number of Performance Rights to be granted to Mr Thornton (with a value no greater than \$94,920) will be determined based on the volume weighted average price of shares in the Company calculated over the 20 trading days after the Company's Annual General Meeting on 28 October 2010.

For example, based on a closing share price of \$3.05 as at 28 July 2010, Mr Thornton would be eligible to be granted 31,121 Performance Rights. He will receive the Performance Rights at no cost to him.

Performance Rights will vest depending upon the Company meeting or exceeding its performance hurdles during the specified three year performance period of 1 July 2010 to 30 June 2013. The basis of the grant to Mr Thornton and the performance hurdles and vesting proportions for each measure are the same as outlined above for the grant of Performance Rights to Mr Crowley.

Previously, 30,000 Performance Rights were granted to Mr Thornton on 12 March 2010 valued at \$2.84 per right, relating to the three year performance period 1 July 2009 to 30 June 2012. The grant was approved by shareholders at the Annual General Meeting on 29 October 2009. On the same date, 305,000 Performance Rights were granted to Mr Peter Crowley valued at \$2.84 per right.

Mr Thornton and Mr Crowley are the only directors eligible under the LTIP rules to be granted Performance Rights. No director other than Mr Thornton and Mr Crowley will be issued with Performance Rights unless and until a separate shareholder approval is obtained for the purposes of ASX Listing Rule 10.14.

No loans will be granted to Mr Thornton in relation to his participation in the LTIP.

Mr Thornton will be subject to the same restrictions on entering into hedging transactions, and restrictions on sales or disposals of shares, as are described above in relation to Mr Crowley.

Details of any Performance Rights issued under the LTIP (and shares issued upon their vesting) will be published in the Company's Annual Report relating to the period in which they have been issued, together with a note that approval of the issue was obtained under Listing Rule 10.14.

Allocation of Performance Rights to Mr Thornton will be made no later than 12 months after the date of this meeting. Any issue of shares to Mr Thornton under this approval will be made no later than 3 years after the date of this meeting.

Recommendation

The Board (with Mr Thornton and Mr Crowley abstaining) recommends that you support the resolution approving the grant of \$94,920 in Performance Rights to the Executive Director, Mr Richard Thornton, under the terms of the Long Term Incentive Plan. None of the directors (other than Mr Thornton) has an interest in the outcome of Resolution 5.

RESOLUTION 6 – APPROVAL OF CHANGE OF COMPANY NAME

The Board is seeking approval of shareholders to change the Company name from GWA International Limited to GWA Group Limited. The major operating locations of the Company's core building fixtures and fittings businesses are in Australia and New Zealand with only minor activities in other locations. The change of Company name to GWA Group Limited is more reflective of the nature and location of the Company's existing operating activities and is consistent with the Company's future growth plans.

The Company's Australian Securities Exchange listing code will change from "GWT" to "GWA" from 1 November 2010.

Recommendation

The Board recommends that you support the resolution approving the change of Company name to GWA Group Limited.