

## 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 29 October 2009 commencing at 10:30 am.

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### ORDINARY BUSINESS

#### Accounts

To receive and consider the Company's Financial Statements for the financial year ended 30 June 2009 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 Geoff McGrath, 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 David Barry, 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.

#### Election of Mr Darryl McDonough as Director

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

3. That Mr Darryl McDonough, who retires as a director of the Company in accordance with clause 10.11 of the Company's Constitution, be re-elected as a director of the Company.

#### Election of Mr Richard Thornton as Director

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

4. That Mr Richard Thornton, who retires as a director of the Company in accordance with clause 10.11 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 2009, 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:

5. That the Remuneration Report for the year ended 30 June 2009 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:

6. That for the purposes of the 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 \$870,000 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 6 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:

7. That for the purposes of the 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 \$90,400 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 7 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.

### 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 7:00 pm on Tuesday 27 October 2009.

### 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 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.

To be valid, the proxy (together with the original or a certified copy of any power of attorney under which the proxy 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](http://www.investorvote.com.au), by following the instructions provided on the proxy form. A proxy form accompanies this notice of meeting.

A proxy must be received by 10:30 am on Tuesday 27 October 2009, being not less than 48 hours before the time for holding the meeting.

By Order of the Board

**R Thornton**

Company Secretary

18 September 2009

## 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 2009 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 7 (inclusive) are ordinary resolutions and will require the support of at least 50% of the votes cast at the meeting in order that they 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 Geoff McGrath and Mr David Barry are retiring by rotation at this Annual General Meeting and, being eligible, offer themselves for re-election as directors.

Profiles of Messrs McGrath and Barry are outlined below:

#### **G J McGrath** MIE

Non-Executive Director

Mr McGrath was appointed a Non-Executive Director of GWA International Limited in 2004. Mr McGrath was the former Managing Director of the Company until his retirement in May 2003 after 43 years of service to the Group, the last 10 as Managing Director. He is Chairman of Campbell Brothers Limited, and a former director of Fletcher Building Limited. Mr McGrath is Chairman of the Remuneration Committee and a member of the Nomination Committee.

**D R Barry** FAIM

Non-Executive Director

Mr Barry was appointed a Non-Executive Director of GWA International Limited in 1992. Mr Barry has been involved with the Group in various capacities for over 40 years, and his expertise is in the areas of importation, wholesaling and retailing. He is a member of the Remuneration Committee.

**RECOMMENDATION**

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

**Resolution 3 – Election of Mr Darryl McDonough as Director**

In accordance with clause 10.11 of the Constitution, the Board appointed Mr McDonough as a Non-Executive Director on 16 February 2009. Under the Constitution, Mr McDonough holds office until the next Annual General Meeting, when he must retire and is then eligible for re-election at the Annual General Meeting.

Mr McDonough offers himself for re-election as a director.

The profile of Mr McDonough is outlined below:

**Darryl McDonough** BBus (Acty), LLB (Hons), SJD, FCPA, FAICD

Non-Executive Director

Mr McDonough is a practicing solicitor with over 25 years of corporate experience. He has served as a director of a number of public companies in the past, including Bank of Queensland Limited and is currently a director of Super Cheap Auto Group Limited, and is a Past-President of The Australian Institute of Company Directors, Queensland Division.

**RECOMMENDATION**

*The Board (with Mr McDonough abstaining) recommends that you support the resolution re-electing Mr McDonough as a director of the Company.*

**Resolution 4 – Election of Mr Richard Thornton as Director**

In accordance with clause 10.11 of the Constitution, the Board appointed Mr Thornton as an Executive Director on 6 May 2009. Under the Constitution, Mr Thornton holds office until the next Annual General Meeting, when he must retire and is then eligible for re-election at the Annual General Meeting.

Mr Thornton offers himself for re-election as a director.

The profile of Mr Thornton is outlined below:

**R J Thornton** CA BCom LLB (Hons) LLM

Executive Director

Mr Thornton joined GWA International Limited in 2002 as Group Taxation Manager and Treasurer and was appointed Company Secretary in 2003. He is a Chartered Accountant and is experienced in accounting, taxation and finance through positions at Coopers & Lybrand, Citibank and Ernst & Young in Australia and overseas. Mr Thornton continued in his role as Company Secretary following his appointment as an Executive Director.

**RECOMMENDATION**

*The Board (with Mr Thornton abstaining) recommends that you support the resolution re-electing Mr Thornton as a director of the Company.*

**Resolution 5 – 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 2009.*

**Resolution 6 - 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 \$870,000 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.

Mr Crowley is eligible to receive \$870,000 in value of Performance Rights under the LTIP which is 60% of his fixed remuneration for the 2009/10 year, potentially vesting over the performance period from 1 July 2009 to 30 June 2012.

The actual number of Performance Rights to be granted to Mr Crowley (with a value no greater than \$870,000) 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 29 October 2009.

Based on a closing share price of \$2.87 as at 7 August 2009, Mr Crowley would be eligible to be granted 303,135 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 2009 to 30 June 2012. 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.

<b>EPS Growth from 1 July 2009 to 30 June 2012</b>	<b>Proportion of Performance Rights that may be exercised if EPS growth hurdle is met</b>
10% or more	50% (ie, 50% of total grant)

<b>TSR of GWA International Limited relative to TSRs of Comparator Companies over 3 year period</b>	<b>Proportion of Performance Rights that may be exercised if TSR hurdle is met</b>
More than the 50th percentile	50% (ie, 50% of total grant)

The group of comparator companies for the TSR hurdle will include Australian Securities Exchange listed companies including:

G.U.D. 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 Board in its discretion may change the group of comparator companies if a Company delists or TSR is not ascertainable.

Previously, 355,000 Performance Rights were granted to Mr Crowley on 27 February 2009 at an issue price of \$2.46 per right, relating to the three year performance period 1 July 2008 to 30 June 2011. The grant was approved by shareholders at the Annual General Meeting on 30 October 2008. On the same date, 35,000 Performance Rights were granted to Mr Thornton at an issue price of \$2.46 per right. No other Performance Rights have been granted to directors since the LTIP was approved.

Mr Crowley and Mr Richard Thornton are currently the only directors eligible under the LTIP rules to be granted Performance Rights. No director other than Mr Crowley and Mr Richard 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.

Details of any Performance Rights issued under the LTIP (and shares issued upon their vesting) will be published in the Annual Report of the Company 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.

The grant of Performance Rights to Mr Crowley is dependent on the Company being satisfied with the outcome of the current review of Employee Share Schemes by the Federal Government. The Board reserves the right to offer an alternative form of cash based or cash equivalent long term incentive to Mr Crowley.

## RECOMMENDATION

*The Board (with Mr Crowley abstaining) recommends that you support the resolution approving the grant of \$870,000 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 6.*

## Resolution 7 - 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 \$90,400 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 \$90,400 in value of Performance Rights under the LTIP which is 40% of his fixed remuneration for the 2009/10 year, potentially vesting over the performance period from 1 July 2009 to 30 June 2012.

The actual number of Performance Rights to be granted to Mr Thornton (with a value no greater than \$90,400) 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 29 October 2009.

Based on a closing share price of \$2.87 as at 7 August 2009, Mr Thornton would be eligible to be granted 31,498 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 2009 to 30 June 2012. 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, 35,000 Performance Rights were granted to Mr Thornton on 27 February 2009 at an issue price of \$2.46 per right, relating to the three year performance period 1 July 2008 to 30 June 2011. There was no requirement for the grant to be approved by shareholders at the Annual General Meeting on 30 October 2008 as Mr Thornton was not a director of the Company at that time. On the same date, 355,000 Performance Rights were granted to Mr Crowley at an issue price of \$2.46 per right. No other Performance Rights have been granted to directors since the LTIP was approved.

Mr Richard Thornton and Mr Crowley are the only directors eligible under the LTIP rules to be granted Performance Rights. No director other than Mr Richard 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.

Details of any Performance Rights issued under the LTIP (and shares issued upon their vesting) will be published in the Annual Report of the Company 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.

The grant of Performance Rights to Mr Thornton is dependent on the Company being satisfied with the outcome of the current review of Employee Share Schemes by the Federal Government. The Board reserves the right to offer an alternative form of cash based or cash equivalent long term incentive to Mr Thornton.

## RECOMMENDATION

*The Board (with Mr Thornton abstaining) recommends that you support the resolution approving the grant of \$90,400 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 7.*