

Reece Australia Limited
(ABN 49 004 313 133) and controlled entities

Financial Information

FOR THE YEAR ENDED 30 JUNE 2012 PROVIDED
TO THE ASX UNDER LISTING RULE 4.3A



Appendix 4E

Preliminary Financial Report

Reece Australia Limited

(ABN 49 004 313 133)

1. Reporting period

Report for the financial year ended 30 June 2012

Previous corresponding period is the financial year ended 30 June 2011

2. Results for announcement to the market

		\$A'000
Revenues from ordinary activities	Down 2.9% to	1,518,507
Profit from ordinary activities after tax attributable to members	Down 4.5% to	113,280
Net profit for the period attributable to members	Down 4.5% to	113,280

Dividends	Amount per security	Franked amount per security
Interim dividend	21 cents	21 cents
Final dividend	40 cents	40 cents
Record date for determining entitlements to the dividend		8 October 2012

3. Income Statement

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	Consolidated Entity	
	2012 (\$000's)	2011 (\$000's)
Revenue		
Sales revenue	1,518,507	1,563,634
Other income	7,295	6,634
	1,525,802	1,570,268
Less: Expenses		
Cost of goods sold	1,035,818	1,073,993
Employee benefits expense	167,247	161,857
Depreciation	32,998	29,619
Finance costs	445	2,520
Other expenses	126,287	131,239
Profit before income tax	163,007	171,040
Income tax expense	49,727	52,429
Net Profit for the year from continuing operations	113,280	118,611
Other Comprehensive Income		
Exchange differences on translation of foreign operations, net of tax	106	(401)
Total comprehensive income	113,386	118,210
Basic earnings per share	114 cents	119 cents
Diluted earnings per share	114 cents	119 cents

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4. Balance Sheet

Consolidated Balance Sheet

As at 30 June 2012

	Consolidated Entity	
	2012 (\$000's)	2011 (\$000's)
Current Assets		
Cash and cash equivalents	166,758	134,186
Receivables	230,248	246,257
Inventories	212,624	212,481
Total Current Assets	609,630	592,924
Non-Current Assets		
Property, plant and equipment	374,198	341,012
Deferred tax assets	25,038	24,081
Total Non-Current Assets	399,236	365,093
Total Assets	1,008,866	958,017
Current Liabilities		
Payables	229,898	229,251
Short-term borrowings	9,018	8,302
Current tax payable	12,234	18,263
Provisions	33,072	30,951
Other	10,694	10,069
Total Current Liabilities	294,916	296,836
Non-Current Liabilities		
Long-term payable	4,762	5,122
Provisions	2,241	1,742
Total Non-Current Liabilities	7,003	6,864
Total Liabilities	301,919	303,700
Net Assets	706,947	654,317
Equity		
Contributed equity	9,960	9,960
Reserves	2,567	2,461
Retained earnings	694,420	641,896
Total Equity	706,947	654,317

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5. Statement of Cash Flows

Consolidated Statement of Cash Flows

For the year ended 30 June 2012

	Consolidated Entity	
	2012 (\$000's)	2011 (\$000's)
Cash flow from operating activities		
Receipts from customers	1,687,397	1,705,056
Payments to suppliers and employees	(1,479,430)	(1,522,412)
Interest received	5,756	6,072
Borrowing costs	(457)	(2,506)
Income tax paid	(56,713)	(50,378)
Net cash provided by operating activities	156,553	135,832
Cash flow from investing activities		
Payment for property, plant and equipment	(67,749)	(67,334)
Proceeds from sale of property, plant and equipment	3,809	2,479
Net cash used in investing activities	(63,940)	(64,855)
Cash flow from financing activities		
Dividends paid	(60,756)	(58,764)
Repayments of borrowings	(41,307)	(38,815)
Proceeds from borrowings	42,022	38,157
Net cash used in financing activities	(60,041)	(59,422)
Net increase in cash and cash equivalents	32,572	11,555
Cash and cash equivalents at the beginning of the year	134,186	122,631
Cash and cash equivalents at the end of the year	166,758	134,186

6. Dividends

	Date of payment	Total amount of dividend \$
Interim dividend – year ended 30 June 2012	21 March 2012	20,916,000
Final dividend – year ended 30 June 2012	25 October 2012	39,840,000

Amount per ordinary security

	Amount per security	Franked amount per security
Final dividend:		
Current year	40 cents	40 cents (at 30% tax rate)
Previous year	40 cents	40 cents (at 30% tax rate)
Interim dividend:		
Current year	21 cents	21 cents (at 30% tax rate)
Previous year	21cents	21 cents (at 30% tax rate)

Total dividend per security

	Current period	Previous period
Ordinary securities	61 cents	61 cents

7. Statement of retained earnings

	Consolidated Entity	
	2012 (\$000's)	2011 (\$000's)
Balance at beginning of year	641,896	582,049
Net profit attributable to members of the parent entity	113,280	118,611
Dividends paid	60,756	58,764
Balance at end of year	694,420	641,896

8. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	685 cents	657 cents

9.

The financial information provided in the Appendix 4E has been prepared in accordance with Australian Accounting Standards.

10. Commentary on the results for the period

Reece earned a net profit after tax of \$113.3m for the year ended 30 June 2012, down 4.5% on the prior year (2011 \$118.6m). Sales revenue was down 2.9% to \$1,519m (2011 \$1,564m), with profit before income tax down 4.7% to \$163.0m (2011 \$171.0m). The profit after tax result was impacted by lower revenue due to the reduction in building activity and the challenging economic conditions in both Australia and New Zealand. The Company has maintained investment in key areas of the business whilst continuing to deliver process improvements to ensure costs are tightly managed. The Directors wish to record their appreciation of the work and commitment of the company's employees in delivering a commendable result in these difficult times.

Reece has maintained a very strong cash position with cash and cash equivalents of \$166.8m at 30 June 2012. Net assets increased by 8.1% to \$707m (2011 \$654m) with growth funded through internally generated profit.

Investment in the branch network continued with the refurbishment of trade and showroom outlets during the year. In addition, the company has completed the roll out of the new corporate identity as well as opening 13 new outlets in Australia and 1 new outlet in New Zealand. One outlet was closed in Australia. At the end of the year 453 outlets were trading in Australia and New Zealand. The Company will continue to invest in the development of key sites in both Australia and New Zealand and intends to open more sites over the next twelve months.

Customer service continues to be the number one business priority. Customer feedback is used by management to identify opportunities and develop plans to further improve the in-store service and on-line experience. Reece has introduced a range of new products during the year, sourced both locally and overseas, to further increase the product offering. The Company has a comprehensive development and testing program to ensure the high level of quality is maintained.

Inventory levels are in line with prior year despite an increase in the number of outlets. The stock management system and stock ordering process allowed the Company to more effectively manage inventory and improve customer service. This was further enhanced with the opening of the new regional distribution centre in Queensland. The new distribution centre incorporates the latest warehouse management technology and allows the Company, in conjunction with the national distribution centre in Victoria, to provide a more effective and efficient service to the branch network.

The IT transformation program is well underway with the Company enhancing the online offering to both trade and retail customers with new functionality launched during the year. The development of the new point of sale system continued with new functionality implemented during the year. Reece will continue to invest in the development of new technology to further improve business processes and customer service.

Trading conditions continued to be challenging for the building and construction industry. Reece has worked closely with customers to manage customer relationships and receivables during the year. Bad debts were contained within acceptable levels.

The Board is pleased to advise it has declared a final dividend of 40 cents per share fully franked. The final dividend will be paid on 25 October 2012 with the record date for entitlement being 8 October 2012. Total dividends paid and to be paid relating to the year ended 30 June 2012 will be 61 cents per share, the same as the prior year.

The Board expects the challenging economic environment to continue into 2013 and is reluctant to provide a forecast. Guidance will be provided to the market at the appropriate time.

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Preliminary Financial Report

11. The audit has been completed

The financial report is not subject to audit dispute or qualification.

The annual general meeting will be held as follows:

Place	Computershare Investor Services Pty Ltd Yarra Falls 452 Johnston Street Abbotsford, Victoria
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Time	3.00 pm
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Date	25 October 2012
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Approximate date the annual report will be distributed	19 September 2012
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G W Street
Company Secretary

30 August 2012



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ABN 27 975 255 196

We have audited the accompanying financial report of Reece Australia Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Liability limited by a scheme approved under Professional Standards Legislation

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditors' Opinion

In our opinion:

- (a) the financial report of Reece Australia Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 12 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditors' Opinion

In our opinion, the Remuneration Report of Reece Australia Limited and controlled entities for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

D. A. KNOWLES
Partner
30 August 2012

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Melbourne

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