

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

FINANCIAL INFORMATION

for the year ended 30 June 2010 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 2010

Previous corresponding period is the financial year ended 30 June 2009

2. Results for announcement to the market

| | | \$A'000 |
|---|---------------------|-----------------------------|
| Revenues from ordinary activities | down 0.3% to | 1,503,487 |
| Profit from ordinary activities after tax attributable to members | up 18.1% to | 114,261 |
| Net profit for the period attributable to members | up 17.9% to | 114,404 |
| <hr/> | | |
| Dividends | Amount per security | Franked amount per security |
| Interim dividend | 20 cents | 20 cents |
| Final dividend | 38 cents | 38 cents |
| Record date for determining entitlements to the dividend | | 8 October 2010 |

3. Income Statement

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2010

| | Consolidated Entity | |
|---|---------------------|-------------------|
| | 2010 (\$000's) | 2009 (\$000's) |
| Revenue | | |
| Sales revenue | 1,503,487 | 1,507,479 |
| Other income | 4,651 | 952 |
| | 1,508,138 | 1,508,431 |
| Cost of goods sold | 1,034,031 | 1,049,698 |
| Employee benefits expense | 154,240 | 163,599 |
| Depreciation | 28,138 | 25,243 |
| Other expenses | 128,164 | 123,438 |
| Earnings before impairment, interest and income tax | 163,565 | 146,453 |
| Finance costs | 1,760 | 3,305 |
| Impairment of Goodwill | - | 2,845 |
| Income tax expense | 47,544 | 43,571 |
| Profit for the year from continuing operations | 114,261 | 96,732 |
| Other Comprehensive Income | | |
| Exchange differences on translation of foreign operations, net of tax | 143 | 306 |
| Total Comprehensive Income | 114,404 | 97,038 |
| Basic earnings per share | 115 cents | 97 cents |
| Diluted earnings per share | 115 cents | 97 cents |

4. Balance Sheet

CONSOLIDATED BALANCE SHEET

as at 30 June 2010

| | Consolidated Entity | |
|--------------------------------|---------------------|-------------------|
| | 2010 (\$000's) | 2009 (\$000's) |
| Current Assets | | |
| Cash and cash equivalents | 122,631 | 54,546 |
| Receivables | 231,833 | 242,699 |
| Inventories | 202,161 | 219,211 |
| Total Current Assets | 556,625 | 516,456 |
| Non-Current Assets | | |
| Property, plant and equipment | 308,046 | 302,397 |
| Deferred tax assets | 22,431 | 19,760 |
| Total Non-Current Assets | 330,477 | 322,157 |
| Total Assets | 887,102 | 838,613 |
| Current Liabilities | | |
| Payables | 221,506 | 212,129 |
| Short-term borrowings | 8,960 | 47,790 |
| Current tax payable | 14,562 | 4,444 |
| Provisions | 29,150 | 27,703 |
| Other | 10,910 | 6,635 |
| Total Current Liabilities | 285,088 | 298,701 |
| Non-Current Liabilities | | |
| Long-term payable | 5,546 | 5,972 |
| Provisions | 1,597 | 685 |
| Total Non-Current Liabilities | 7,143 | 6,657 |
| Total Liabilities | 292,231 | 305,358 |
| Net Assets | 594,871 | 533,255 |
| Equity | | |
| Contributed equity | 9,960 | 9,960 |
| Reserves | 2,862 | 2,719 |
| Retained earnings | 582,049 | 520,576 |
| Total Equity | 594,871 | 533,255 |

Appendix 4E

Preliminary Financial Report

5. Statement of Cash Flows

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2010

| | Consolidated Entity | |
|---|---------------------|-------------------|
| | 2010 (\$000's) | 2009 (\$000's) |
| Cash flow from operating activities | | |
| Receipts from customers | 1,652,544 | 1,650,214 |
| Payments to suppliers and employees | (1,424,069) | (1,479,152) |
| Interest received | 3,398 | 422 |
| Borrowing costs | (1,753) | (3,305) |
| Income tax paid | (40,096) | (54,923) |
| Net cash provided by operating activities | 190,024 | 113,256 |
| Cash flow from investing activities | | |
| Payment for property, plant and equipment | (33,397) | (61,112) |
| Proceeds from sale of property, plant and equipment | 3,076 | 2,743 |
| Net cash used in investing activities | (30,321) | (58,369) |
| Cash flow from financing activities | | |
| Dividends paid | (52,788) | (54,780) |
| Repayments of borrowings | (186,034) | (601,840) |
| Proceeds from borrowings | 147,204 | 617,774 |
| Net cash used in financing activities | (91,618) | (38,846) |
| Net increase in cash and cash equivalents | 68,085 | 16,041 |
| Cash and cash equivalents at the beginning of the year | 54,546 | 38,505 |
| Cash and cash equivalents at the end of the year | 122,631 | 54,546 |

6. Dividends

| | Date of payment | Total amount of dividend \$ |
|--|-----------------|-----------------------------|
| Interim dividend – year ended 30 June 2010 | 26 March 2010 | 19,920,000 |
| Final dividend – year ended 30 June 2010 | 28 October 2010 | 37,848,000 |

Amount per ordinary security

| | Amount per security | Franked amount per security |
|--------------------------------|---------------------|-----------------------------|
| Final dividend: Current year | 38 cents | 38 cents (at 30% tax rate) |
| Previous year | 33 cents | 33 cents (at 30% tax rate) |
| Interim dividend: Current year | 20 cents | 20 cents (at 30% tax rate) |
| Previous year | 18 cents | 18 cents (at 30% tax rate) |

Total dividend per security

| | Current period | Previous period |
|---------------------|----------------|-----------------|
| Ordinary securities | 58 cents | 51 cents |

7. Statement of retained earnings

| | Consolidated Entity | |
|---|---------------------|-------------------|
| | 2010 (\$000's) | 2009 (\$000's) |
| Balance at beginning of year | 520,576 | 478,624 |
| Net profit attributable to members of the parent entity | 114,261 | 96,732 |
| Dividends paid | (52,788) | (54,780) |
| Balance at end of year | 582,049 | 520,576 |

8. Net tangible assets per security

| | Current period | Previous corresponding period |
|--|----------------|-------------------------------|
| Net tangible asset backing per ordinary security | 597cents | 535cents |

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 \$114.3m for the year ended 30 June 2010, up 18.1% (2009 \$96.7m). Normalised earnings before tax were up 11.7% primarily driven by a lower cost of doing business. Sales revenue was flat.

In Australia the trading environment continued to be challenging with the impact of rising interest rates, reduction in Government stimulus and volatility in global markets causing uncertainty in consumer confidence and spending.

During the year Reece commenced trading from 13 new outlets and closed 9 existing outlets. All of the closures were in the Onsite business driven by a consolidation into key sites across Australia. At the end of the year the Company had 433 trading outlets throughout Australia and New Zealand. The Board expects the opening of outlets to be at a similar rate in 2011.

Reece has maintained a very strong cash position with cash and cash equivalents of \$122.6m at 30 June 2010. Net assets increased by 11.6% to \$595m with growth funded through internally generated cash. Total borrowings reduced to \$9.0m at June 30 2010 down from \$47.8m as at June 30 2009.

The reduction in the cost of doing business was driven by process improvement, system changes and procurement. Reece is committed to providing a market leading service to its customers. The Company's continuous improvement program is focused on improving existing processes, reducing costs and increasing customer satisfaction.

Reece has continued to invest in the technology transformation program, with upgrades to the IT infrastructure in head office and branches completed and development underway to further enhance core operating systems.

A new national distribution centre was opened in Victoria during the year providing over 42,000 square metres of storage and incorporating new technology.

Inventory levels were reduced by 8%, whilst maintaining existing service standards. The decrease in inventory has been driven by the improvement in stock management throughout the branch network and in the national distribution centre. Reece has continued to seek out and introduce new products to further enhance the offering to its customers.

Bad debts incurred for the year ended 30 June 2010 were up on the prior year as a result of the continuing aftermath of the global financial crisis and the consequent financial pressures being suffered by customers. Reece has continued to manage customer relationships and receivables ensuring the level of bad debts is contained within acceptable levels.

Reece has continued to grow its property portfolio across Australia during the year and will continue to pursue strategic acquisitions in the future. In addition, the Company has continued to invest in the branch network through the refurbishment of existing trade and showroom outlets.

The Board is pleased to advise it has declared a final dividend of 38 cents per share fully franked. The final dividend will be paid on 28 October 2010 with the record date for entitlement being 8 October 2010. Total dividends paid and to be paid relating to the year ended 30 June 2010 will be 58 cents per share compared to 51 cents per share in 2009, which is an increase of 13.7%.

The Board anticipates 2011 to be another challenging year. However the Board does confirm that Reece is continuing to maintain a positive outlook for the ongoing growth of the business.

Appendix 4E

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 |
| Time | 3.00 pm |
| Date | 28 October 2010 |
| Approximate date the annual report will be distributed | 17 September 2010 |

| | |
|---|----------------|
| G W Street Company Secretary | 30 August 2010 |
|---|----------------|