



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

Financial Information

for the year ended 30 June 2011 provided to the ASX under listing rule 4.3A

reece™

Appendix 4E

Preliminary Financial Report

Reece Australia Limited

(ABN 49 004 313 133)

1. Reporting period

Report for the financial year ended 30 June 2011

Previous corresponding period is the financial year ended 30 June 2010

2. Results for announcement to the market

		\$A'000
Revenues from ordinary activities	Up 4.0% to	1,563,634
Profit from ordinary activities after tax attributable to members	Up 3.8% to	118,611
Net profit for the period attributable to members	Up 3.8% to	118,611

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		7 October 2011

3. Income Statement

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

	Consolidated Entity	
	2011 (\$000's)	2010 (\$000's)
Revenue		
Sales revenue	1,563,634	1,503,487
Other income	6,634	4,651
	1,570,268	1,508,138
Less: Expenses		
Cost of goods sold	1,073,993	1,034,031
Employee benefits expense	161,857	154,240
Depreciation	29,619	28,138
Finance costs	2,520	1,760
Other expenses	131,239	128,164
Profit before income tax	171,040	161,805
Income tax expense	52,429	47,544
Net Profit for the year from continuing operations	118,611	114,261
Other Comprehensive Income		
Exchange differences on translation of foreign operations, net of tax	(401)	143
Total comprehensive income	118,210	114,404
Basic earnings per share	119 cents	115 cents
Diluted earnings per share	119 cents	115 cents

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4. Balance Sheet

Consolidated Balance Sheet

As at 30 June 2011

	Consolidated Entity	
	2011 (\$000's)	2010 (\$000's)
Current Assets		
Cash and cash equivalents	134,186	122,631
Receivables	246,257	231,833
Inventories	212,481	202,161
Total Current Assets	592,924	556,625
Non-Current Assets		
Property, plant and equipment	341,012	308,046
Deferred tax assets	24,081	22,431
Total Non-Current Assets	365,093	330,477
Total Assets	958,017	887,102
Current Liabilities		
Payables	229,251	221,506
Short-term borrowings	8,302	8,960
Current tax payable	18,263	14,562
Provisions	30,951	29,150
Other	10,069	10,910
Total Current Liabilities	296,836	285,088
Non-Current Liabilities		
Long-term payable	5,122	5,546
Provisions	1,742	1,597
Total Non-Current Liabilities	6,864	7,143
Total Liabilities	303,700	292,231
Net Assets	654,317	594,871
Equity		
Contributed equity	9,960	9,960
Reserves	2,461	2,862
Retained earnings	641,896	582,049
Total Equity	654,317	594,871

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5. Statement of Cash Flows

Consolidated Statement of Cash Flows

For the year ended 30 June 2011

	Consolidated Entity	
	2011 (\$000's)	2010 (\$000's)
Cash flow from operating activities		
Receipts from customers	1,705,056	1,652,544
Payments to suppliers and employees	(1,522,404)	(1,424,069)
Interest received	6,072	3,398
Borrowing costs	(2,506)	(1,753)
Income tax paid	(50,386)	(40,096)
Net cash provided by operating activities	135,832	190,024
Cash flow from investing activities		
Payment for property, plant and equipment	(67,334)	(33,397)
Proceeds from sale of property, plant and equipment	2,479	3,076
Net cash used in investing activities	(64,855)	(30,321)
Cash flow from financing activities		
Dividends paid	(58,764)	(52,788)
Repayments of borrowings	(38,815)	(186,034)
Proceeds from borrowings	38,157	147,204
Net cash used in financing activities	(59,422)	(91,618)
Net increase in cash and cash equivalents	11,555	68,085
Cash and cash equivalents at the beginning of the year	122,631	54,546
Cash and cash equivalents at the end of the year	134,186	122,631

6. Dividends

	Date of payment	Total amount of dividend \$
Interim dividend – year ended 30 June 2011	25 March 2011	20,916,000
Final dividend – year ended 30 June 2011	27 October 2011	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	38 cents	38 cents (at 30% tax rate)
Interim dividend:		
Current year	21 cents	21 cents (at 30% tax rate)
Previous year	20 cents	20 cents (at 30% tax rate)

Total dividend per security

	Current period	Previous period
Ordinary securities	61 cents	58 cents

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7. Statement of retained earnings

	Consolidated Entity	
	2011 (\$000's)	2010 (\$000's)
Balance at beginning of year	582,049	520,676
Net profit attributable to members of the parent entity	118,611	114,261
Dividends paid	(58,764)	(52,788)
Balance at end of year	641,896	582,049

8. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	657 cents	597 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 \$118.6m for the year ended 30 June 2011, up 3.8% (2010 \$114.3m). Revenue was up 4.0% to \$1,564m (2010 \$1,503m), with profit before income tax up 5.7% to \$171.0m (2010 \$161.8m). The growth of the profit after tax was impacted by the diminishing effect of the government investment allowance scheme which was introduced in 2009 and expired in the current financial year.

It was a challenging year with the floods in Victoria and Queensland, cyclones in North Queensland and heavy rain in other states. All damaged properties have been repaired with lost trading days being kept to a minimum due to the hard work of staff, suppliers and customers. The economic conditions also provided significant challenges with rising interest rates and uncertainty in business and consumer confidence. Taking all these factors into account, the full year result is a satisfactory one.

Reece has maintained a very strong cash position with cash and cash equivalents of \$134m at 30 June 2011. Net assets increased by 10% to \$654m (2010 \$595m) with growth funded through internally generated cash.

Reece has continued to invest in the branch network with the refurbishment of 40 trade and showroom outlets during the year. In addition, the company has continued to rollout the new corporate identity with a further 105 branches updated. Reece opened 7 new outlets and closed 1 existing outlet in Australia and opened 1 new outlet in New Zealand. At balance date the company had 440 trading outlets throughout Australia and New Zealand. The Company will continue to invest in the development of key sites in both Australia and New Zealand and expects to open more sites over the next 12 months.

A new regional distribution centre is currently under development in Queensland and will be fully operational in early 2012. In conjunction with the national distribution centre in Victoria, Reece has developed a market leading logistics capability which will allow the company to further improve customer service, reduce logistic costs and increase product range.

The company has continued to introduce new products into the market to further increase the offering to both retail and trade customers. Reece is focussed on improving customer service with customer surveys undertaken for every branch, and feedback collated and actioned. Overall customer satisfaction improved on the prior year with expertise, service and product availability being important differentiators to our customers.

Reece has continued to invest in the technology transformation with significant improvements made to the company's website, upgrading the IT infrastructure and continuing to develop and integrate new technology to compliment and improve business processes. The company is committed to its continuous improvement program which in conjunction with technology has delivered process improvements to further enhance service and reduce costs.

Bad debts incurred for the year ended 30 June 2011 were down on the prior year. Trading conditions continued to be challenging however management were able to manage customer relationships and receivables during the year ensuring the level of bad debts was 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 27 October 2011 with the record date for entitlement being 7 October 2011. Total dividends paid and to be paid relating to the year ended 30 June 2011 will be 61 cents per share compared to 58 cents per share in 2010, which is an increase of 5.2%.

The Board anticipates 2012 to be another challenging year. However the Board does confirm that Reece is well positioned to manage through these uncertain times.

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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	27 October 2011
Approximate date the annual report will be distributed	16 September 2011

G W Street Company Secretary	25 August 2011
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