

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

Half-year information for the six months ended 31 December 2011
provided to the ASX under listing rule 4.2A.3

This half-year financial report is to be read in conjunction with
the financial report for the year ended 30 June 2011.

Appendix 4D

Half-year report for the six months to 31 December 2011

Reece Australia Limited
(ABN 49 004 313 133)

1. Reporting period

Report for the half-year ended 31 December 2011.

Previous corresponding period is the financial year ended 30 June 2011 and half-year ended 31 December 2010.

2. Results for announcement to the market

			\$A'000
Revenues from ordinary activities	down	1.4% to	789,638
Profit from ordinary activities after tax attributable to members	down	3.3% to	57,869
Net profit for the period attributable to members	down	3.3% to	57,869

Dividends	Amount per security	Franked amount per security
Interim dividend	21 cents	21 cents
Previous corresponding period – interim dividend	21 cents	21 cents
Record date for determining entitlements to the dividend		14 March 2012

Commentary

The Company earned a profit after tax of \$57.9M for the six months ending December 2011, a decrease of 3.3% over the prior corresponding period. Profit before income tax was down 2.8% to \$83.4M (2010: \$85.9M). The after tax result was impacted by the government investment allowance scheme which was introduced in 2009 and expired in the prior financial year.

The Board has declared an interim dividend of 21 cents per share (2010: 21 cents per share), fully franked. The interim dividend will be paid on 21 March 2012 with a record date of 14 March 2012.

The decline in building activity and consumer spending continued to be experienced in both Australia and New Zealand. As a result sales revenue was down 1.5% to \$784.7M (2010: \$796.4M) for the six months ending December 2011. The Directors regard this as a commendable outcome in the circumstances.

Reece has maintained a strong balance sheet and cash position whilst continuing to invest in the business through the introduction of new products and new technologies to further enhance business processes and customer service.

The Company has grown its network commencing trading from 4 new outlets in Australia and one new outlet in New Zealand and consolidating 2 existing outlets in Australia. At the end of the half-year the Company had 443 trading outlets throughout Australia and New Zealand. Reece has continued to invest in the branch network through the refurbishment of existing trade and showroom outlets.

The construction of the regional distribution centre in Queensland was completed in December 2011 and will be fully operational by March 2012. In conjunction with the national distribution centre in Victoria, Reece has now established a market leading logistics capability.

The Board anticipates the present economic conditions to continue well into 2012 and as a result is reluctant to provide a forecast for the immediate period ahead.

Appendix 4D

Half-year report for the six months to 31 December 2011

Reece Australia Limited
(ABN 49 004 313 133)

	2011 \$A'000	2010 \$A'000
3. Net tangible assets per security		
Net tangible asset backing per ordinary security	651 cents	619 cents

4. Dividends

Ordinary shares

Dividends paid during the half-year	39,840	37,848
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The final dividend relating to the year ended on 30 June 2011 was paid on 27 October 2011.

Subsequent events

Since the end of the half-year the directors have declared the following interim dividend:

21 cents per ordinary share fully franked	20,916	20,916
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The interim dividend relating to the half-year ended on 31 December 2011 has not been included as a provision in the financial statements because the dividend was declared after balance date.

Date dividend is payable 21 March 2012

Record date to determine entitlements to the dividend 14 March 2012

Amount per ordinary security

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

5. The financial information provided in the Appendix 4D is based on the half-year condensed consolidated financial report (attached).

6. Independent review of the financial report

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.

Reece Australia Limited

(ABN 49 004 313 133)
and controlled entities

Financial report for the half-year ended 31 December 2011

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the financial report for the year ended 30 June 2011

Reece Australia Limited and controlled entities
Financial report for the half-year ended 31 December 2011

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Reece Australia Limited and controlled entities

Directors' Report

The Directors present their report together with the condensed financial report of the consolidated entity consisting of Reece Australia Limited and the entities it controlled, for the half-year ended 31 December 2011 and independent review report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors' Names

The names of the Directors in office at any time during or since the end of the half-year are:

Name	Period of directorship
Mr L. A. Wilson	42 years
Mr B. W. C. Wilson	41 years
Mr J. G. Wilson	27 years
Mr P. J. Wilson	14 years
Mr R. G. Pitcher, AM	9 years
Mr A.T. Gorecki	3 years

Each Director has been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of Operations

The Company earned a profit after tax of \$57.9M for the six months ending December 2011, a decrease of 3.3% over the prior corresponding period. Profit before income tax was down 2.8% to \$83.4M (2010: \$85.9M). The after tax result was impacted by the government investment allowance scheme which was introduced in 2009 and expired in the prior financial year.

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Reece Australia Limited and controlled entities

Directors' Report

Significant changes in the state of affairs

There have been no significant changes in the consolidated group / company's state of affairs during the financial year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporation Act 2001 in relation to the review for the half-year is provided with this report.

Rounding of amounts to nearest thousand dollars

The amounts contained in the report and in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of Directors.

L.A. Wilson
Executive Chairman

P.J. Wilson
Chief Executive Officer

Melbourne
23 February 2012

Auditor's Independence Declaration

To the Directors of Reece Australia Limited

In relation to the independent review for the half-year ended 31 December 2011, to the best of my knowledge and belief there have been:

- (1) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (2) No contraventions of any applicable code of professional conduct.

D A KNOWLES
Partner
23 February 2012

PITCHER PARTNERS
Melbourne

Reece Australia Limited and controlled entities

Condensed consolidated statement of comprehensive income for the half-year
ended 31 December 2011

	Half-year	
	2011 \$A'000	2010 \$A'000
Revenue		
Sales Revenue	784,745	796,397
Other income	4,893	4,231
	<u>789,638</u>	<u>800,628</u>
Less: Expenses		
Cost of sales	541,473	550,229
Employee benefits expense	82,636	80,357
Depreciation	15,970	14,598
Finance Costs	288	1,294
Other expenses	65,851	68,293
	<u>706,218</u>	<u>714,771</u>
Profit before income tax expense	83,420	85,857
Income tax expense	25,551	26,031
Profit from continuing operations	<u>57,869</u>	<u>59,826</u>
Profit for the half-year	<u><u>57,869</u></u>	<u><u>59,826</u></u>
Earnings per security (EPS) for profit from continuing operations attributable to equity holders of the parent entity:		
Basic EPS	58 cents	60 cents
Diluted EPS	58 cents	60 cents

The accompanying notes form part of these financial statements

Reece Australia Limited and controlled entities

Condensed consolidated statement of financial position as at 31 December 2011

	31 December 2011 \$A'000	30 June 2011 \$A'000
Current assets		
Cash and cash equivalents	139,087	134,186
Trade and other receivables	220,604	246,257
Inventories	206,288	212,481
Total current assets	565,979	592,924
Non-current assets		
Property, plant and equipment	358,686	341,012
Deferred tax assets	23,590	24,081
Total non-current assets	382,276	365,093
Total assets	948,255	958,017
Current liabilities		
Trade and other payables	205,396	229,251
Short-term borrowings	9,002	8,302
Current tax payable	11,339	18,263
Provisions	32,024	30,951
Other	11,617	10,069
Total current liabilities	269,378	296,836
Non-current liabilities		
Payables	4,808	5,122
Provisions	1,814	1,742
Total non-current liabilities	6,622	6,864
Total liabilities	276,000	303,700
Net assets	672,255	654,317
Equity		
Issued capital	9,960	9,960
Reserves	2,370	2,461
Retained earnings	659,925	641,896
Total equity	672,255	654,317

The accompanying notes form part of these financial statements

Reece Australia Limited and controlled entities

**Condensed consolidated statement of changes in equity for the half-year
ended 31 December 2011**

	Contributed equity \$A'000	Reserves \$A'000	Retained earnings \$A'000	Total Equity \$A'000
Balance as at 1 July 2010	9,960	2,862	582,049	594,871
Profit for the half-year	-	-	59,826	59,826
Exchange differences on translation of foreign operations, net of tax	-	(506)	-	(506)
Total comprehensive income for the half-year	-	(506)	59,826	59,320
Transactions with owners in their capacity as owners:				
Dividends paid	-	-	(37,848)	(37,848)
Total transactions with owners in their capacity as owners	-	-	(37,848)	(37,848)
Balance as at 31 December 2010	9,960	2,356	604,027	616,343
	Contributed equity \$A'000	Reserves \$A'000	Retained earnings \$A'000	Total Equity \$A'000
Balance as at 1 July 2011	9,960	2,461	641,896	654,317
Profit for the half-year	-	-	57,869	57,869
Exchange differences on translation of foreign operations, net of tax	-	(91)	-	(91)
Total comprehensive income for the half-year	-	(91)	57,869	57,778
Transactions with owners in their capacity as owners:				
Dividends paid	-	-	(39,840)	(39,840)
Total transactions with owners in their capacity as owners	-	-	(39,840)	(39,840)
Balance as at 31 December 2011	9,960	2,370	659,925	672,255

The accompanying notes form part of these financial statements

Reece Australia Limited and controlled entities

**Condensed consolidated statement of cash flows for the half-year
ended 31 December 2011**

	Half-year	
	2011 \$A'000	2010 \$A'000
<hr/>		
Cash flow from operating activities		
Receipts from customers	893,608	889,865
Payments to suppliers and employees	(789,837)	(820,084)
Interest received	2,906	3,028
Borrowing costs	(221)	(1,237)
Income tax paid	(31,979)	(26,711)
	<hr/>	<hr/>
Net cash provided by operating activities	74,477	44,861
	<hr/>	<hr/>
Cash flow from investing activities		
Payments for property, plant and equipment	(32,500)	(31,284)
Proceeds from sale of property, plant and equipment	2,063	1,118
	<hr/>	<hr/>
Net cash used in investing activities	(30,437)	(30,166)
	<hr/>	<hr/>
Cash flow from financing activities		
Proceeds from borrowings	16,610	14,988
Repayments of borrowings	(15,909)	(15,965)
Dividends paid	(39,840)	(37,848)
	<hr/>	<hr/>
Net cash used in financing activities	(39,139)	(38,825)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	4,901	(24,130)
Cash and cash equivalents at the beginning of the half-year	134,186	122,631
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Cash and cash equivalents at the end of the half-year	139,087	98,501
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form part of these financial statements

Reece Australia Limited and controlled entities

**Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2011**

Note 1: Basis of preparation of the half-year financial report

This half-year financial report does not include all the notes of the type usually included in the annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Reece Australia Limited during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

The half year financial report was authorised for issue by the directors as at the date of the directors' report.

(a) Basis of preparation of the half-year financial report

This general purpose half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the *Corporations Act 2001*.

(b) Summary of the significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2011.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which Reece Australia Limited controlled from time to time during the half-year and at balance date.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(d) Rounding amounts

The company is of a kind referred to in ASIC Class Order CO 98/0100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Note 2: Subsequent events

There have been no material events subsequent to the end of the half-year that require recognition or disclosure in the half-year financial report.

Reece Australia Limited and controlled entities

Notes to the condensed consolidated financial statements for the half-year
ended 31 December 2011

Note 3: Dividends

	2011 \$A'000	2010 \$A'000
(a) Dividends paid or declared		
Dividends paid at 40 cents per share (2010: 38 cents) fully franked at 30%	39,840	37,848
(b) Dividends proposed after the reporting period and not recognised		
Proposed dividends not recognised at the end of the half-year at 21 cents per share (2010: 21 cents) fully franked at 30%	20,916	20,916

Note 4: Segment reporting

The sole activity of the operating companies within the group is that of plumbing, building and hardware merchants in Australia and New Zealand.

Note 5: Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 December 2011 the Group acquired assets with a cost of \$35.6 million (six months ended 31 December 2010: \$29.1 million).

Assets with a carrying amount of \$2.0 million were disposed of during the six months ended 31 December 2011 (six months ended 31 December 2010: \$1.25 million), resulting in a gain on disposal of \$55 thousand (six months ended 31 December 2010: loss of \$131 thousand).

Reece Australia Limited and controlled entities
ABN 49 004 313 133

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 4 to 9 in accordance with the *Corporations Act 2001*:

- (a) Comply with Accounting Standard AASB 134 *'Interim Financial Reporting'* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements, and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2011 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Reece Australia Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

L. A. Wilson
Executive Chairman

P. J. Wilson
Chief Executive Officer

Melbourne
23 February 2012

Independent Auditor's Review Report to the members of Reece Australia Limited and controlled entities

We have reviewed the accompanying half-year financial report of Reece Australia Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2011, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, 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 period's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Reece Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Reece Australia Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

D A KNOWLES
Partner
23 February 2012

PITCHER PARTNERS
Melbourne