

Reece Annual Report 2009



REECE AUSTRALIA LIMITED

A.B.N. 49 004 313 133

Controlled Entities	Reece Pty Ltd A.B.N. 84 004 097 090 Plumbing World Pty Ltd A.B.N. 99 004 910 829 Reece Project Supply Pty Ltd A.B.N. 54 100 065 307 Reece International Pty Ltd A.B.N. 11 100 278 171 Reece New Zealand Limited Company No. 1530569
Directors	L.A. Wilson (Executive Chairman) P.J. Wilson (Chief Executive Officer) B.W.C. Wilson J.G. Wilson R.G. Pitcher, AM A.T. Gorecki
Company Secretary	G.W. Street
Bankers	National Australia Bank Limited Commonwealth Bank of Australia Limited Bank of New Zealand Limited
Solicitors	Russell Kennedy Lander & Rogers
Auditors	Pitcher Partners
Registered Office	118 Burwood Highway Burwood, Victoria, 3125 Telephone (03) 9274 0000 Facsimile (03) 9274 0197
Share Registry	Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford, Victoria, 3067 Telephone (03) 9415 5000 Facsimile (03) 9473 2500
Stock Exchange Listing	Reece Australia Limited shares are listed on the Australian Stock Exchange ASX Code: REH

NOTICE OF MEETING

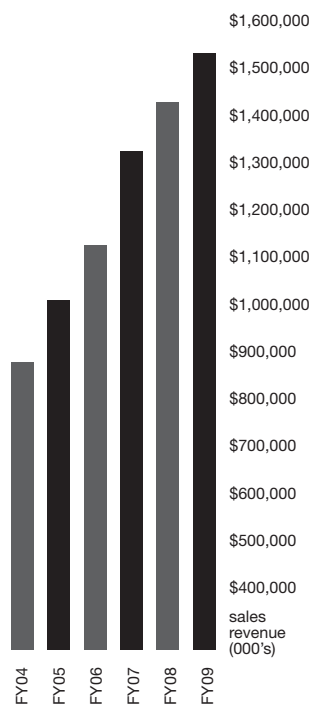
Notice is hereby given that the Annual General Meeting of Reece Australia Limited will be held at 3 pm on Thursday, 22 October, 2009 at 452 Johnston Street, Abbotsford, Victoria

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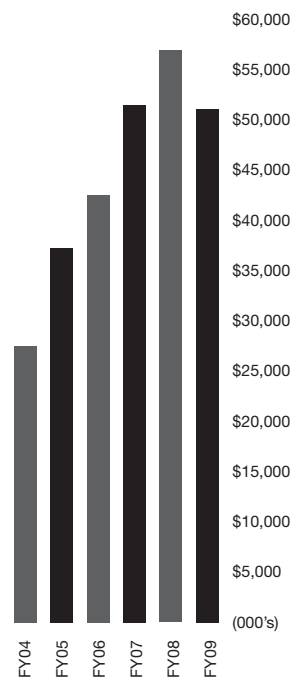
Reece Australia Limited and its controlled entities
Annual Report for the financial year ended 30 June 2009

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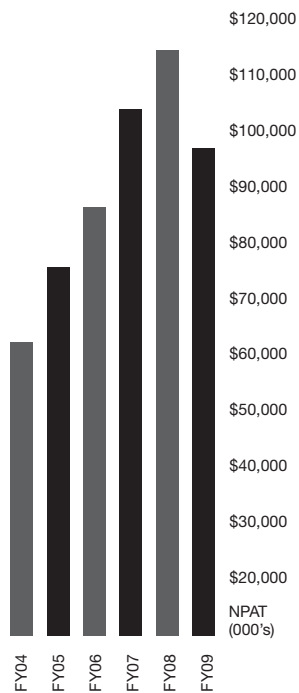
2009 Highlights



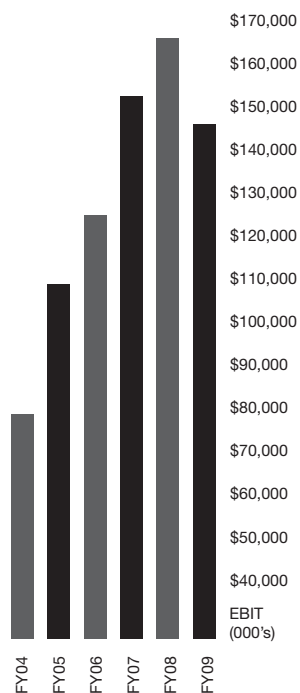
SALES REVENUE (000'S)



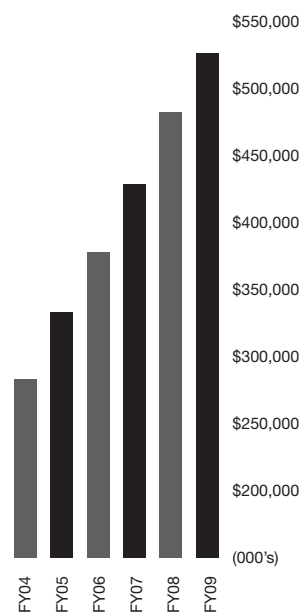
DIVIDENDS (000's)



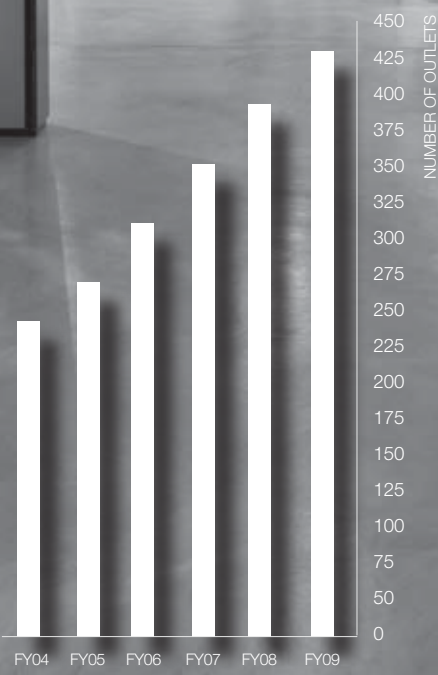
NPAT (000's)



EBIT (000's)



NET ASSETS (000'S)



Number of Outlets

Corporate Governance Statement

The Board of Directors of Reece Australia Limited is responsible for the corporate governance of the Company.

This statement outlines the corporate governance policies and practices formally adopted by the Company. These policies and practices are in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Revised Principles) 2nd Edition August 2007 unless otherwise stated.

Principle 1

Lay Solid Foundations for Management and Oversight

The role of the Board is to provide strategic guidance and effective oversight of management. The Board operates in accordance with the principles outlined in the Board Charter. The Charter describes the Board's composition, functions and responsibilities and designates authority reserved to the Board and that delegated to senior executives, and is available from the Company upon request.

The Board is generally responsible for the business strategies of the Company, overseeing the management of the Company, setting the values and standards of the Company to uphold in dealings with all stakeholders and acting as custodian of the Company's shareholders' interests.

More particularly, the Board's responsibilities encompass:

- Setting and monitoring the strategic plans and corporate objectives for the Company
- Monitoring the operational and financial aspects of the Company's activities
- Reviewing and approving the Company's risk management strategy, internal controls and accounting and reporting systems
- Approving and monitoring capital expenditure, capital management and acquisitions
- Monitoring compliance with regulatory requirements
- Monitoring the performance of senior executives
- Appointing or removing the Chief Executive Officer, the Chief Financial Officer and the Company Secretary
- Monitoring compliance with the Company's own ethical and business standards

An internal process of evaluation was undertaken during the year of the performance of senior executives, including executive directors, having regard to the overall performance of the Company and of the individual.

Principle 2

Structure the Board to Add Value

The growth of the Company, strong results and returns to shareholders, reflects the Board's wide management and professional experience and its commitment to growing returns for shareholders and protecting shareholders' investment.

The experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office
Mr L.A. Wilson	40 years
Mr B.W.C. Wilson	39 years
Mr J.G. Wilson	25 years
Mr P.J. Wilson	12 years
Mr R.G. Pitcher, AM	6 years
Mr A.T. Gorecki	15 months

The ASX Corporate Governance Principles and Recommendations recommend that the Board comprise a majority of directors who are independent, and an independent Chairperson.

The Board, as currently composed, does not comply with these recommendations.

Mr L.A. Wilson is a substantial shareholder of the Company. He has been Executive Chairman since 1 January 2008 having previously held the position of Chairman and Chief Executive Officer.

Mr B.W.C. Wilson and Mr J.G. Wilson are substantial shareholders of the Company. They, along with Mr R.G. Pitcher and Mr A.T. Gorecki, represent a majority of non-executive directors in the current Board structure and bring independent judgement to bear on Board decisions commensurate with their commercial knowledge, experience and expertise.

Mr P.J. Wilson is a senior executive of the Company and has been Chief Executive Officer since 1 January 2008.

The Company does not have a nomination committee with the role being carried out by the full Board.

An internal process of evaluation was undertaken during the year of the performance of the Board and its committees. This review provided satisfaction to the Board that it is effective and appropriate to the Company's circumstances.

To enable performance of their duties, all directors:

- are provided with appropriate information in a timely manner and can request additional information at any time
- have access to the Company Secretary
- are able to seek independent professional advice at the Company's expense

Principle 3

Promote Ethical and Responsible Decision Making

The Board places great emphasis on honesty and integrity in all its business dealings, recognising that the interests of all stakeholders will be best served when directors, senior executives and employees adhere to high standards of business ethics and comply with the law.

In order to clarify the standards of ethical behaviour required of its directors, senior executives and employees the Board has established Codes of Conduct to ensure the Company's ethical reputation is maintained. The Company's Code of Conduct for Directors and Senior Executives and Code of Business Ethics and Conduct are published on the Company's website at www.reece.com.au.

The Company has in place a policy concerning trading in Company securities. The Company's Policy on Share Trading by Directors and Employees is published on the Company's website at www.reece.com.au.

Principle 4

Safeguard Integrity in Financial Reporting

The Company has an audit committee comprised of a majority of independent directors. The audit committee presently comprises Mr R.G. Pitcher (Chairman), Mr A.T. Gorecki and Mr B.W.C. Wilson. All members of the committee are non-executive directors of the Company and have extensive experience in, and knowledge of, the industry in which the Company operates. Mr R.G. Pitcher and Mr B.W.C. Wilson have accounting qualifications.

The details of the number of audit committee meetings held and attended are included in the Directors' Report.

The Audit Committee operates under its own charter which is available from the Company upon request.

The Audit Committee ensures the rotation of the external audit engagement partners in accordance with regulatory requirements.

Principle 5

Make Timely and Balanced Disclosure

The Company has in place policies and procedures to ensure compliance with the ASX Listing Rule requirements for the timely and balanced disclosure of all material matters concerning the Company. All market disclosures are approved by the Board.

The Chairman and the Company Secretary are authorised to communicate with shareholders and the market in relation to Board approved ASX disclosures. Other directors and management must adhere to this policy at all times.

All announcements made to the ASX are placed on the Company's website directly after public release.

Principle 6

Respect the Rights of Shareholders

The Company provides a hard copy of its annual and half-year report to all shareholders. The annual report contains relevant information about the operation of the Company during the year, changes in the state of affairs of the Company and other disclosures required by the Corporations Act. The half year report contains summarised financial information and a review of the operations of the Company during the period.

The Company's website at www.reece.com.au provides all shareholders and the public access to the Company's announcements to the ASX, and general information about the Company and its business.

The format of general meetings aims to encourage shareholders to actively participate in the meeting through being invited to comment or raise questions of directors on any matter relevant to the performance and operation of the Company.

The external auditor of the Company attends each annual general meeting and is available to answer shareholder questions about the audit.

Principle 7

Recognise and Manage Risk

The Board recognises that the effective management of risk is an integral part of good management and vital to the continued growth and success of the Company. The Company does not have a risk management committee with this function being the responsibility of the full Board. The Company's risk management policy aims not to eliminate risk but to identify, monitor and manage material risks inherent in the activities of the Company.

In managing risk, the Board has charged management with the responsibility of determining and implementing risk management controls in the conduct of the business in at least the following areas:

- strategic risks
- operations including business continuity
- product and service quality
- reputation
- ethical conduct in business dealings
- maintenance of a safe work environment
- management of technology resources
- the integrity and reliability of financial reporting
- compliance with internal policies and procedures
- compliance with regulatory requirements
- compliance with environmental obligations

Corporate Governance Statement

The Company has effective risk management controls implemented by Reece management incorporating:

- a clearly defined organisational structure with defined management responsibilities
- segregation of duties
- delegated limits of authority
- reliable and stable management reporting systems and accounting controls
- internal audit function to review the quality and effectiveness of internal processes, procedures and controls
- procedures for managing financial risk and the treasury function
- a comprehensive insurance programme which is reviewed annually
- utilisation of an independent, confidential and impartial whistleblowing management service
- a clearly defined set of standards and behaviours expected from those working within the Company

The board has received written assurances from management as to the effectiveness of the company's management of its material business risks.

The Board retains oversight responsibility for assessing the effectiveness of the Company's systems for the management of material business risks.

The Chief Executive Officer and Chief Financial Officer have provided written assurance that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8

Remunerate Fairly and Responsibly

The ASX Corporate Governance Principles and Recommendations recommend that a listed company should have a Remuneration Committee comprising at least three members with the majority being independent directors.

The Remuneration Committee, as currently composed, does not comply with this recommendation.

The Committee currently comprises Mr R.G. Pitcher (Chairman) and Mr B.W.C. Wilson. Mr. B.W.C. Wilson is a substantial shareholder of the Company.

The Remuneration Committee operates under its own charter available from the company upon request.

Remuneration of the directors and senior executives is the responsibility of the Remuneration Committee. The Committee obtains advice where necessary to ensure the Company attracts and retains talented and motivated directors and employees who can enhance Company performance through their contributions and leadership. The Board has been able to retain a high calibre management team through a policy of fair and appropriate remuneration which takes into consideration prevailing employment market conditions and which is linked to the Company's financial and operational performance.

The components of remuneration for each executive director and senior executive are largely cash based. There are no share based payments and non-cash benefits are minimal. Performance based cash payments are largely related to Company trading and operating performance. Currently there is no scheme to provide any director or member of management with retirement benefits other than accrued long service leave, accrued annual leave and superannuation benefits.

Non-executive directors are remunerated by way of cash fees plus statutory superannuation and do not participate in the Company's incentive scheme. There is no scheme to provide non-executive directors with retirement benefits other than statutory superannuation.

Director and executive disclosure requirements are dealt with in the Directors' Report.

The Directors present their report together with the financial report of the consolidated entity consisting of Reece Australia Limited and the entities it controlled ("Reece"), for the financial year ended 30 June 2009 and auditor's report thereon. This financial report has been prepared in accordance with Australian equivalents of International Financial Reporting Standards.

Principal Activities

Reece is a leading supplier of plumbing and bathroom products with operations in Australia and New Zealand. Its activities include importing, wholesaling, distribution, marketing and retailing. Reece supplies customers in the trade, retail, professional and commercial markets.

There has been no significant change in the nature of these activities during the financial year.

Results

The consolidated profit for the year attributable to the members of Reece Australia Limited was:

	2009 (\$000's)	2008 (\$000's)
Earnings before impairment, Interest and income tax	146,453	165,181
Finance Costs	3,305	2,003
Impairment of Goodwill	2,845	-
Income tax expense	43,571	49,611
Operating profit after income tax attributable to the members of Reece Australia Limited	96,732	113,567

Review of Operations

Reece earned a net profit after tax of \$96.7m for the year ended 30 June 2009, down 14.8% (2008 \$113.6m). Normalised earnings before interest and tax were down 11.3% to \$146.5m (2008 \$165.2m), primarily driven by a higher cost of doing business due to the growth in new outlets over the past two years. Sales revenue was up 4.9% to \$1,507m (2008 \$1,437m).

Having regard to the slowdown in the economy which provided tighter trading conditions, the Board was generally satisfied with the full year result. In Australia, both business and consumer spending decreased due to the impact of global financial crisis and uncertain economic environment. Government stimulus packages and programs encouraging consumers to upgrade to more environmental friendly products offset some of the impact of the tougher economic conditions. As a consequence of the significant downturn in the New Zealand economy the Board wrote off the entire goodwill applicable to it in the first half of the year.

During the year Reece commenced trading from 43 new outlets. In Australia, one site was consolidated with Forty-two new outlets opened, further building on a strong national network and bringing the total network across Australia to 424 outlets. In New Zealand, Reece consolidated an existing outlet in Auckland and commenced trading from one new location, with the total outlets remaining at 5. The Board expects the opening of stores to be at a slower rate in 2010 as Reece enters a period of consolidation from its existing sites.

Reece has maintained a very strong cash position with cash and cash equivalents of \$54.5m at 30 June 2009. Net assets increased by 8.6% to \$533m with growth funded through internally generated cash and borrowings as required. During 2009 Reece regularly used funding available to it via facilities provided by its bankers for working capital purposes.

Reece has continued to grow its property portfolio with selective acquisitions and developments across Australia and New Zealand during the year. The Board does not currently see a need to alter this approach to property ownership and will continue to pursue strategic acquisitions in the future.

During the year management took appropriate action to contain the cost of doing business, with significant savings recognised in the second half of the year. Reece is committed to providing a market leading service model and the Board will not compromise on that model for short-term gain. The continuous improvement program delivered new processes and system changes to further enhance the level of service provided to its customers.

Investment in inventory levels has been held in line with the prior year despite an increase in the number of outlets. A new stock management system was launched during the year improving customer service and inventory management. In addition, Reece has been developing a new national distribution centre in Victoria to further improve stock management and increase the range of stock and level of support provided to the Reece network. The national distribution centre will be fully operational in September 2009.

During the year the Board was pleased with management of Reece's receivables during a period in which economic and trading conditions across all areas have markedly tightened. Bad debts incurred for the year ended 30 June 2009 were well contained.

The Information Technology transformation program continues to develop Reece's solid and reliable IT platform. The program will deliver significant benefits in the short and long term.

The Board is pleased to advise it has declared a final dividend of 33 cents per share fully franked. The final dividend will be paid on 22 October 2009 with the record date for entitlement being 8 October 2009. Total dividends paid and to be paid relating to the year ended 30 June 2009 will be 51 cents per share compared to 57 cents per share in 2008, which is a decrease of 10.5%.

Looking ahead and taking into account current market conditions, the Board anticipates 2010 to be another challenging year. Accordingly, the Board is reluctant to provide a forecast for 2010 but does confirm that Reece is continuing to maintain a positive outlook for the ongoing growth of the business.

Directors' Report

Significant Changes in the State of Affairs

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

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely Developments

The consolidated entity will continue to pursue its operating strategy to create shareholder value. In the opinion of the directors, disclosure of any further information would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental Regulations

The consolidated entity's operations are subject to certain environmental regulation under a law of the Commonwealth or of a State. The consolidated entity is not aware of any significant breaches of environmental regulations during the year.

Dividends

Dividends paid or declared by Reece Australia Limited since the end of the previous financial year were:

In respect of the previous financial year:	(\$000's)
A final fully franked ordinary dividend of 37 cents per share in respect of the year ended 30 June 2008, was paid on 23 October 2008.	36,852
In respect of the current financial year:	
An interim ordinary dividend of 18 cents per share was paid on 19 March 2009.	17,928
The final dividend declared to be paid on 22 October 2009 is an ordinary fully franked dividend of 33 cents per share.	32,868
	50,796

Share Options

No options over unissued shares or interests in the consolidated entity were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

Indemnification and Insurance of Directors, Officers and Auditors

A deed of indemnity, insurance and access has been entered into with each director, and with the Company Secretary, of the consolidated entity.

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company against a liability incurred as auditor.

During the financial year the consolidated entity paid a premium for Directors' and Officers' Liability insurance. Further disclosure is prohibited under the terms of the contract.

Proceedings on Behalf of the Consolidated Entity

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity.

Philanthropic Initiatives

During the financial year, the Board approved payments totalling \$560,000 (2008 - \$435,000) to various charitable organisations. This is a continuing initiative and recipients may vary from year to year at the discretion of the Board. The recipients this year were:

Red Cross Bushfire Appeal	100,000
The Asthma Foundation	20,000
Multiple Sclerosis Australia	20,000
Salvation Army.....	25,000
The Smith Family	25,000
Royal Flying Doctor Service.....	25,000
Doctors Without Borders.....	30,000
Barnados	25,000
Peter MacCallum Cancer Centre	25,000
Prostate Cancer Foundation of Australia	25,000
Centre for Eye Research Australia	30,000
Alzheimers Australia	20,000
Beyond Blue	20,000
Mental Health Research Institute	40,000
Motor Neurone Disease Association of Victoria	20,000
St Vincent De Paul Society.....	30,000
Baker Heart Research Institution.....	20,000
Legacy.....	20,000
St. Vincent's Institute.....	20,000
Bush Heritage	10,000
Trust of Nature.....	10,000

Information on Directors and Company Secretary

Name: Mr L. Alan Wilson
Age: 68
Position: Executive Chairman
Experience: Appointed to the Board 1969
 General Manager 1970 – 1974.
 Deputy Chairman 1973 – 2001.
 Managing Director 1974 - 2008.
 Appointed Chairman 2001.

No other directorships of listed companies were held at any time during the three years prior to 30 June 2009.

Name: Mr Peter J. Wilson
Age: 41
Position: Chief Executive Officer
Experience: B.Comm (Melb), FAIM
 Appointed to the Board 1997
 General Manager Operations 2002 - 2004
 Chief Operating Officer 2005 - 2007
 Appointed Chief Executive Officer 2008.

No other directorships of listed companies were held at any time during the three years prior to 30 June 2009.

Name: Mr Bruce W.C. Wilson
Age: 63
Position: Non-Executive Director
Experience: B.Comm (Melb).
 Appointed to the Board 1970.
 Secretary 1974 – 1999.

Committee Membership: Member of Audit Committee
 Member of Remuneration Committee

No other directorships of listed companies were held at any time during the three years prior to 30 June 2009.

Name: Mr John G. Wilson
Age: 71
Position: Non-Executive Director
Experience: Appointed to the Board 1984.

No other directorships of listed companies were held at any time during the three years prior to 30 June 2009.

Name: Mr Ronald G. Pitcher, AM
Age: 70
Position: Non-Executive Director
Experience: FCA, FCPA, ACAA.

A chartered accountant and business consultant with over 45 years experience in the accounting profession and in the provision of business advisory services. Appointed to the Board 2003.

Mr Pitcher was a previous partner of the Company's audit firm until his retirement from the audit firm in 1999.

Committee Membership: Chairman of Audit Committee
 Chairman of Remuneration Committee

Directorships of other Listed Companies:

Cellestis Limited 8 years
 McMillan Shakespeare Limited 5 years
 National Can Industries Limited 15 years

Name: Mr Andrzej (Andrew) T. Gorecki
Age: 54
Position: Non-Executive Director
Experience: Master of Science (Engineering),
 Warsaw Technical University
 Appointed to the Board March 2008.
 Managing Director of I.T. company
 Retail Directions.

Committee Membership: Member of Audit Committee.
 Appointed 2008

No other directorships of listed companies were held at any time during the three years prior to 30 June 2009.

Name: Mr Gavin W. Street
Age: 40
Position: Company Secretary &
 Chief Financial Officer
Experience: B.Bus, B.Comp (Monash), CPA
 Joined consolidated entity 2008
 Appointed Company Secretary &
 Chief Financial Officer 2008

Directors' Report

Directors' Meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the number of meetings attended by each director were:

Director	Number of Directors Meetings Attended	Number of Directors Meetings Held Whilst in Office
L.A. Wilson	11	11
P.J. Wilson	11	11
B.W.C. Wilson	10	11
J.G. Wilson	10	11
R.G. Pitcher	10	11
A.T. Gorecki	11	11

Director	Number of Audit Committee Meetings Attended	Number of Audit Committee Meetings Held Whilst In Office
R.G. Pitcher	3	3
B.W.C. Wilson	2	3
A.T. Gorecki	3	3

Director	Number of Remuneration Committee Meetings Attended	Number of Remuneration Committee Meetings Held Whilst In Office
R.G. Pitcher	3	3
B.W.C. Wilson	3	3

Directors' Interests in Shares

Directors' relevant interests in shares of Reece Australia Limited are detailed below.

Director	Ordinary Shares of Reece Australia Limited
J.G. Wilson	67,438,320
L.A. Wilson	66,625,820
B.W.C. Wilson	66,508,320
P.J. Wilson	106,500
R.G. Pitcher	30,000
A.T. Gorecki	3,000

Directors' Interests in Contracts

Directors' interests in contracts are disclosed in note 27 to the financial statements.

Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Non-Audit Services

Non-audit services are approved by resolution of the Audit Committee and approval is provided in writing to the board of directors. Non-audit services provided by the auditors of the consolidated entity during the year, Pitcher Partners, are detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Amounts paid or payable to an auditor for non-audit services provided during the year by the auditor to any entity that is part of the consolidated entity are detailed below.

	2009 \$	2008 \$
Audit/Review fees	413,200	413,752
Non-audit fees:		
Taxation services	27,860	17,679
Review of accounting policies	2,920	-
Other assurance services	7,920	13,307
	38,700	30,986

Rounding of Amounts

The amounts contained in the report and in the financial report, other than remuneration, have been rounded to the nearest \$1,000 (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.

Remuneration Report

Remuneration Policies

Remuneration of the directors and senior managers is the responsibility of the Remuneration Committee. The broad remuneration policy is to ensure remuneration packages properly reflect the person's duties and responsibilities and that remuneration is competitive in attracting and retaining talented and motivated executives who can enhance Company performance through their contributions and leadership. The Committee seeks external advice in relation to these matters where necessary.

The components of remuneration for each executive director and senior manager are largely cash based and comprise fixed remuneration (including superannuation and benefits) and performance based short-term incentives. There is no share-based remuneration. The executive director and senior management have employment contracts with notice periods executable by either party. Apart from termination benefits which accrue under statute (accrued leave entitlements and superannuation benefits), there are no arrangements in place to provide any executive director or senior manager with retirement benefits. The Company pays superannuation contributions at the required superannuation guarantee rate or greater into an accumulation type fund and therefore there are no future liabilities in respect of these payments.

Performance based cash payments are largely related to Company trading and operating performance. The CEO's performance based incentive scheme is largely structured around the achievement of targets within a range of financial performance criteria. This criteria encompasses return on funds invested, EBIT to sales and the rate of profit before tax growth. The CEO's performance based cash payment is calculated on 75% of base salary with a ceiling of 112.5% for exceptional performance. The scheme provides for no payment in the event of unacceptable Company performance.

The Executive Chairman's performance based incentive is structured around the same company performance criteria as the CEO but with a ceiling of 40% of base salary.

Non-executive directors receive fees and do not receive performance based payments. Their fees reflect the additional committees that they may serve on from time to time. The aggregate remuneration paid to non-executive directors is capped at the level approved by shareholders for this purpose. There are no termination benefits for non-executive directors.

Directors' Report

Key Management Personnel

	Short Term			Other	Post Employment	Total
	Salary & Fees	Performance Based Payment	Termination Payment	Non-cash benefits	Super Contributions	
	\$	\$	\$	\$	\$	\$
Directors						
L.A. Wilson (Executive Chairman)						
2009	1,331,658	139,824	-	62,342	100,000	1,633,824
2008	1,331,658	960,706	-	62,342	100,000	2,454,706
P.J. Wilson (Chief Executive Officer)						
2009	1,400,000	260,505	-	77,564	50,000	1,788,069
2008	1,044,049	489,375	-	43,933	49,167	1,626,524
B.W.C. Wilson (Non-Executive)						
2009	50,000	-	-	-	4,500	54,500
2008	50,000	-	-	-	4,500	54,500
J.G. Wilson (Non-Executive)						
2009	50,000	-	-	-	4,500	54,500
2008	50,000	-	-	-	4,500	54,500
R.G. Pitcher (Non-Executive)						
2009	99,000	-	-	-	8,910	107,910
2008	87,000	-	-	-	7,830	94,830
A.T. Gorecki (Non-Executive)						
2009	75,000	-	-	-	6,750	81,750
2008	25,000	-	-	-	2,250	27,250
Total Remuneration: Directors						
2009	3,005,658	400,329	-	139,906	174,660	3,720,553
2008	2,587,707	1,450,081	-	106,275	168,247	4,312,310
Executives						
N.G. Cathie (Company Secretary, Chief Financial Officer)						
2009	844,773	175,000	1,082,921	-	97,500	2,200,194
2008	572,775	350,000	-	46,745	100,000	1,069,520
G.W. Street (Company Secretary, Chief Financial Officer)						
2009	275,000	28,930	-	-	27,500	331,430
2008	-	-	-	-	-	-
Total Remuneration; Executives						
2009	1,119,773	203,930	1,082,921	-	125,000	2,531,624
2008	572,775	350,000	-	46,745	100,000	1,069,520

"Executives" are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Being a working Board, decisions and direction are exercised through the Board and accordingly, there is only one employee in addition to the directors who is in this category. Mr. N.G. Cathie resigned from Reece effective 31 December 2008. Mr G.W. Street commenced on 15 December 2008.

Dated at Melbourne on 27 August 2009.

Signed in accordance with a resolution of Directors.

L. A. WILSON
Executive Chairman

P.J. WILSON
Chief Executive Officer

Auditor's Independence Declaration



PITCHER PARTNERS

An independent Victorian Partnership
ABN 27 975 255 196

To the Directors of Reece Australia Limited

In relation to the independent audit for the financial year ended 30 June 2009,
to the best of my knowledge and belief there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001.
2. No contraventions of any applicable code of professional conduct.

A. R. FITZPATRICK
Partner
27 August 2009

PITCHER PARTNERS
Melbourne

Consolidated Income Statement

For the Year Ended 30 June 2009

	Notes	Consolidated Entity		Parent Entity	
		2009 (\$000's)	2008 (\$000's)	2009 (\$000's)	2008 (\$000's)
Revenue					
Sales revenue	4	1,507,479	1,437,426	-	-
Other income		952	1,516	54,780	54,780
		1,508,431	1,438,942	54,780	54,780
Cost of goods sold					
Cost of goods sold		1,049,698	974,270	-	-
Employee benefits expense		163,599	156,589	-	-
Depreciation		25,243	19,612	-	-
Other expenses		123,438	123,290	-	-
Earnings before impairment, interest and income tax	5	146,453	165,181	54,780	54,780
Finance costs		3,305	2,003	-	-
Impairment of Goodwill		2,845	-	-	-
Income tax expense	6	43,571	49,611	-	-
Profit for the year		96,732	113,567	54,780	54,780
Profit attributable to the members of the parent		96,732	113,567	54,780	54,780
Basic earnings per share	25	97 cents	114 cents	-	-
Diluted earnings per share	25	97 cents	114 cents	-	-

The Consolidated Income Statement is to be read in conjunction with the notes to the financial statements set out on pages 20 to 33.

Consolidated Balance Sheet

As at 30 June 2009

	Notes	Consolidated Entity		Parent Entity	
		2009 (\$000's)	2008 (\$000's)	2009 (\$000's)	2008 (\$000's)
Current Assets					
Cash and cash equivalents	8	54,546	38,505	-	-
Receivables	9	242,699	231,224	-	-
Inventories	10	219,211	219,074	-	-
Total Current Assets		516,456	488,803	-	-
Non-Current Assets					
Other financial assets	11	-	-	18,242	13,927
Property, plant and equipment	12	302,397	271,142	-	-
Intangible assets	14	-	2,779	-	-
Deferred tax assets	6	19,760	18,717	-	-
Total Non-Current Assets		322,157	292,638	18,242	13,927
Total Assets		838,613	781,441	18,242	13,927
Current Liabilities					
Payables	15	212,129	207,161	6,719	2,404
Short-term borrowings	16	47,790	31,767	-	-
Current tax payable		4,444	14,769	-	-
Provisions	17	27,703	27,603	-	-
Other	19	6,635	8,269	-	-
Total Current Liabilities		298,701	289,569	6,719	2,404
Non-Current Liabilities					
Long-term borrowings	18	-	-	-	-
Long-term payable	15	5,972	-	-	-
Provisions	17	685	875	-	-
Total Non-Current Liabilities		6,657	875	-	-
Total Liabilities		305,358	290,444	6,719	2,404
Net Assets		533,255	490,997	11,523	11,523
Equity					
Contributed equity	20	9,960	9,960	9,960	9,960
Reserves	21	2,719	2,413	37	37
Retained earnings	22	520,576	478,624	1,526	1,526
Total Equity		533,255	490,997	11,523	11,523

The Consolidated Balance Sheet is to be read in conjunction with the notes to the financial statements set out on pages 20 to 33.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2009

	Consolidated Entity		Parent Entity	
	2009 (\$000's)	2008 (\$000's)	2009 (\$000's)	2008 (\$000's)
Total equity at the beginning of the year	490,997	432,869	11,523	11,523
Exchange differences on translation of foreign operations	306	(659)	-	-
Net income recognised directly in equity	306	(659)	-	-
Profit for the year	96,732	113,567	54,780	54,780
Total recognised income and expense for the period	97,038	112,908	54,780	54,780
Transactions with equity holders in their capacity as equity holders:				
Dividends paid	(54,780)	(54,780)	(54,780)	(54,780)
Total equity at the end of the year	533,255	490,997	11,523	11,523

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 20 to 33.

Consolidated Statement of Cash Flows

For The Year Ended 30 June 2009

	Notes	Consolidated Entity		Parent Entity	
		2009 (\$000's)	2008 (\$000's)	2009 (\$000's)	2008 (\$000's)
Cash flow from operating activities					
Receipts from customers		1,650,214	1,562,036	-	-
Payments to suppliers and employees		(1,479,152)	(1,388,336)	-	-
Dividends received		-	-	54,780	54,780
Interest received		422	833	-	-
Borrowing costs		(3,305)	(2,003)	-	-
Income tax paid		(54,923)	(51,215)	-	-
Net cash provided by operating activities	23(a)	113,256	121,315	54,780	54,780
Cash flow from investing activities					
Payment for property, plant and equipment		(61,112)	(80,822)	-	-
Proceeds from sale of property, plant and equipment		2,743	1,833	-	-
Net cash used in investing activities		(58,369)	(78,989)	-	-
Cash flow from financing activities					
Dividends paid		(54,780)	(54,780)	(54,780)	(54,780)
Repayments of borrowings		(601,840)	(553,000)	-	-
Proceeds from borrowings		617,774	580,311	-	-
Net cash used in financing activities		(38,846)	(27,469)	(54,780)	(54,780)
Net increase in cash and cash equivalents		16,041	14,857	-	-
Cash and cash equivalents at the beginning of the year		38,505	23,648	-	-
Cash and cash equivalents at the end of the year	8	54,546	38,505	-	-

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 20 to 33.

A growing network that continues to deliver.

ADELAIDE AIRPORT WEST ALBANY ALBION ARMADALE ARMIDALE ARTARMON AUCKLAND CITY BACCHUS MARSH BACCHUS MARSH BAY BATHURST BEENLEIGH BELL PARK BELMONT BENALLA BENDIGO BENDIGO EAST BERESFIELD BERRI BERRIMAH BERRI BROKEN HILL BROOKVALE BROWNS PLAINS BRUNSWICK BUNBURY BUNDABERG BUNDALL BURLEIGH JUNCTION BURWOOD BUSSELTON BYRON BAY CABOOLTURE CAIRNS CALOUNDRA CALOUNDRA WEST CAMBERWELL CAMPBELLFIELD CANNONVALE CAPALABA CARLTON CAROLE PARK CASTLE HILL CASTLEMAINE CAULFIELD CESSNOCK CHARMHAVEN CLAREMONT CLAREMONT CLARKSON CLAYTON CLONTARF COBURG NORTH COCONUT GROVE COFFS HARBOUR COWES CRANBOURNE CROYDON CURRAJONG DANDENONG DAW PARK DERWENT PARK DEVONPORT DIAMOND CROOKED NECK DUBBO DURAL EAST MT GAMBIER EAST WAGGA WAGGA ECHUCA EDMONTON EMERALD ENOGGERA ERINA FAIRFIELD FORTITUDE VALLEY FREMANTLE GATESHEAD GEEBUNG GEELONG GERALDTON GLADESVILLE GLADSTONE GLENDENEGAN GROVEDALE GUNNEDAH HALLAM HAMILTON HASTINGS HEALESVILLE HEATHERBRAE HEIDELBERG WEST HELENSVALE HOPKINS HOPPERS CROSSING HORSHAM INNISFAIL INVERELL ISLINGTON JIMBOOMBA JOONDALUP KADINA KALGOORLIE KANGAROO ISLAND KEMPSEY KEW KILMORE KINCUMBER KINGS PARK KINGSTON KIRRAWEE KIRWAN KOTARA KYNETON LABRADOR LAKES LEWISHAM LIDCOMBE LILYDALE LISMORE LONSDALE MACKAY MACKAY NORTH MAIRANGI BAY MALAGA MANAUKAU MARIBYRNONG MAROOCHYDORE MARYBOROUGH MARYVILLE MATRAVILLE MELTON MENTONE MERMAID BEACH MIDLAND MOAMA MOE MONA VALE MONTMORENCY MOONAH MOONEE PONDS MORAYFIELD MORISSET MORLEY MORNINGSIDE BARKER MUDGEE MULGRAVE MURARRIE MURRAY BRIDGE MYAREE NAMBOUR NARACOORTE NARELLAN NARRE WARREN NEWPORT NOOSAVILLE NORTH BEGA NORTH GEELONG NORTH IPSWICH NORTH PARRAMATTA NORTH ROCKHAMPTON NORWOOD NOWRA OAK FLATS OAKLEIGH OCEAN GROVE OHALLORAN HILL ORANGE OSBORNE PARK OXFENFORD PAKENHAM PIALBA PORT ADELAIDE PORT DOUGLAS PORT LINCOLN PORT MACQUARIE PORTLAND PRESTONS PUNCHBOWL PYMBOUL ROCKDALE ROCKHAMPTON ROCKINGHAM RUTHERFORD RYDALMERE SALAMANDER BAY SALE SALISBURY SALISBURY SHEPPARTON SILVERWATER SINGLETON SMITHFIELD SOMERVILLE SOUTH BRISBANE SOUTH LAUNCESTON SOUTH MELBOURNE ST KILDA ST LEONARDS STEPNEY STH WINDSOR STRATHPINE STUART PARK SUNBURY SUNSET SUNSHINE SURRY HILLS TARINGA TAYLORS LAKES TEMPLESTOWE THOMASTOWN THORNLEIGH THORNTON TOOTGAROOK TOOWOOMBA TOOWONG TWEED HEADS SOUTH UNANDERRA UNDERWOOD VICTOR HARBOR WAGGA WAGGA WALLSEND WANGARA WANGARAH WARRNAMBOOL WEST WARWICK WATERLOO WAVERLEY WELSHPOOL WERRIBEE WEST END WEST FOOTSCRAY WHITTLESEA WHYALLA WILLASTON WINGFIELD WINGFIELD WODONGA WOLLONGONG WONTHAGGI WYNNUM YARRA J

IRNSDALE BALLARAT BALLINA BALMAIN BATEMANS
BLACKWALL BOWEN BOWRAL BOX HILL BRADDON
RNE (ROUND HILL) BURNLEY BURNSIDE BURWOOD
FIELD CAMPBELLTOWN CANNING VALE CANNINGTON
CHATSWOOD CHIPPING NORTON CIVIL BLACKTOWN
OFFS HARBOUR SOUTH COLAC CONDON COOLUM
REEK DOCKLANDS DOVETON DROMANA DRYSDALE
FIELD FERNTREE GULLY FOOTSCRAY FORESTVILLE
NING GOULBURN GRAFTON GREENACRES GRIFFITH
HENDERSON HENDON HILLCREST HILTON HOBART
ANGAROO FLAT KATOOMBA KEDRON KELMSCOTT
S ENTRANCE LAUNCESTON LAVINGTON LEONGATHA
U CITY MANDURAH MANSFIELD MARGARET RIVER
VALE MILDURA MILL PARK MINCHINBURY MITCHELL
SIDE MORNINGTON MORPHETTVILLE MORWELL MT
REN NERANG NEW ENGLAND HIGHWAY NEWCASTLE
(KAWANA) NORTH SUNSHINE NORTH WOLLONGONG
HAM PALMERSTON PARKES PENRITH PERTH PHILLIP
BLE QUEANBEYAN REVESBY RICHMOND RINGWOOD
PLAINS SEAFORD SEAFORD SEVEN HILLS SEYMOUR
ELBOURNE SOUTH NOWRA SOUTHPORT ST AGNES
HILLS SWAN HILL TAMWORTH TAREE TAREN POINT
WOOMBA WEST TORQUAY TRARALGON TUGGERAH
RATTA WARNERS BAY WARRAGUL WARRNAMBOOL
Y WEST GOSFORD WEST RYDE WETHERILL PARK
UNCTION YARRAWONGA YATALA YEPPOON YOUNG



Notes

To the Financial Statements for the
Year Ended 30 June 2009

1. Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Reece Australia Limited as an individual parent entity and Reece Australia Limited and controlled entities as a consolidated entity. Reece Australia Limited is a company limited by shares, incorporated and domiciled in Australia.

The following is a summary of material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of Preparation of the Financial Report

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with Australian equivalent International Financial Reporting Standards ensures compliance with International Financial Reporting Standards (IFRSs).

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) 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 year and at balance date. Details of the controlled entities are contained in Note 29.

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.

(c) Revenue Recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amounts of goods and services tax (GST).

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is based on the first-in first-out principle.

(f) Property, Plant and Equipment

All classes of property, plant and equipment are stated at cost less depreciation and any accumulated impairment losses.

Depreciation

Land is not depreciated. The depreciable amounts of all other fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use. Fixture, fittings and equipment are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of assets are:

	2009	2008
Buildings	25 years	25 years
Fixtures, fittings and equipment	2.7 to 20 years	2.7 to 20 years
Motor vehicles	5 to 8 years	5 to 8 years

(g) Leases

Leases of buildings, plant and equipment under which the parent entity or its controlled entities do not assume substantially all the risks and benefits of ownership are classified as operating leases.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(h) Intangibles

Goodwill

Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses, if any.

(i) Impairment of Assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(j) Taxes

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax Consolidation

The parent entity and its Australian controlled entities have formed an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses for the tax consolidated group. The tax consolidated group has also entered into a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(k) Employee Benefits

Liabilities arising in respect of wages and salaries, annual leave, and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

(l) Financial Instruments

Financial Assets

Trade receivables are carried at full amounts due less provision for doubtful debts. Amounts receivable from other debtors are carried at full amounts due. Amounts receivable from related parties are carried at full amounts due.

Financial Liabilities

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.

Hedge Accounting

Certain derivatives are designated as hedging instruments and are further classified as fair value hedges.

At the inception of each hedging transaction the group documents the relationship between the hedging instruments and hedged items, its risk management objective and its strategy for undertaking the hedge transaction. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(m) Foreign Currencies

Functional and Presentation Currency

The financial statements of each group entity are measured using its functional currency, which is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, as this is the parent entity's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of entities within the consolidated entity are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

Group Companies

The financial statements of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- All resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve as a separate component of equity in the balance sheet.

(n) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(o) Rounding Amounts

The Company is of a kind referred to in ASIC Class Order 98/100, 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.

(p) New Accounting Standards and Interpretations

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. They are available for early adoption, but have not been applied in preparing this financial report.

AASB3 Business Combinations; provides a more detailed guidance for accounting for acquisitions as well as requiring all acquisition costs to be expensed rather than recognised as goodwill. Application of this standard is not expected to impact any of the amounts recognised in the financial report.

AASB8 operating segment; is a disclosure standard only and will have no impact on the amounts recognised in the financial statements.

AASB101 Presentation of Financial Statements; is applicable for annual reporting periods commencing on or after 1 January 2009. The application is not expected to affect amounts disclosed in the financial statements but there may be changes to the presentation of financial statements.

AASB2008-1 Amendments to AASB2 Share Based Payments; will have no impact on the financial statements as Reece does not issue share based payments.

Notes

To the Financial Statements for the
Year Ended 30 June 2009

2. Critical Accounting Estimates and Judgements

The group makes certain estimates and assumptions concerning the future, which, by definition, will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

Income Taxes

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

3. Financial Risk Management

The consolidated entity is exposed to a variety of financial risks comprising:

- a) Currency risk
- b) Interest rate risk
- c) Credit risk
- d) Liquidity risk
- e) Fair values

The board of directors has overall responsibility for identifying and managing operational and financial risks.

(a) Currency Risk – Forward Exchange Contracts

Forward exchange contracts are entered into in order to buy and sell specified amounts of foreign currency in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect the consolidated entity against unfavourable exchange rate movements for both the contracted and anticipated future purchases undertaken in foreign currencies. The consolidated entity reviews its currency risk on a regular basis, taking into account refinancing, renewal of existing positions and alternative financing. Budgeted foreign currency requirements are determined over a rolling 12 month period and forward exchange positions are taken in consideration of those requirements in accordance with the consolidated entity's Foreign Exchange Management Policy.

The full amount of the foreign currency the consolidated entity will be required to pay or purchase when settling the brought forward exchange contracts should the counterparty not pay the currency it is committed to deliver at balance date was \$24,216,963 (2008: \$15,989,742).

The accounting policy in regards to forward exchange contracts is detailed in Note 1(l)

At balance date, the details of outstanding forward exchange contracts are:

Buy United State Dollars	Sell Australian Dollars		Average Exchange Rate	
Settlement	2009	2008	2009	2008
	\$'000	\$'000	\$	\$
Less than 6 months	17,053	9,260	0.72	0.92
6 months to 1 year	1,006	1,628	0.80	0.92
Buy Euros	Sell Australian Dollars		Average Exchange Rate	
Settlement	2009	2008	2009	2008
	\$'000	\$'000	\$	\$
Less than 6 months	5,270	5,102	0.53	0.61
6 months to 1 year	888	-	0.56	-

The sensitivity of the consolidated entity's financial assets and liabilities to foreign exchange risk is not material at current levels of exposure.

(b) Interest Rate Risk

The consolidated entity's main interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the consolidated entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk. During 2009 and 2008, the consolidated entity's borrowings at fixed and variable rates were denominated in Australian and New Zealand Dollars.

The consolidated entity reviews its interest rate exposure on a monthly basis, taking into account refinancing, renewal of existing positions and alternative financing.

At 30 June 2009, if interest rates had changed +/-1% from the year-end rates, with all other variables held constant, the effect on post-tax profit for the year would have been immaterial.

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Floating interest rate	Fixed interest rate maturing in:					Total carrying amount as per Balance Sheet	Weighted average effective interest rate
		1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing			
	2009 2008	2009 2008	2009 2008	2009 2008	2009 2008	2009 2008	2009 2008	
	\$'000 \$'000	\$'000 \$'000	\$'000 \$'000	\$'000 \$'000	\$'000 \$'000	\$'000 \$'000	% %	
<i>(i) Financial assets</i>								
Cash	54,546 38,505	- -	- -	- -	- -	54,546 38,505	4.05 6.75	
Trade and other receivables	- -	- -	- -	- -	242,699 231,224	242,699 231,224		
Total financial assets	54,546 38,505	- -	- -	- -	242,699 231,224	297,245 269,729		
<i>(ii) Financial liabilities</i>								
Short-term borrowings	- -	47,790 31,767	- -	- -	- -	47,790 31,767	5.59 7.65	
Trade payables	- -	- -	- -	- -	212,129 207,161	212,129 207,161		
Amounts owing under contract	- -	- -	- -	- -	6,635 8,269	6,635 8,269		
Long-term payables	- -	- -	- -	- -	5,972 -	5,972 -		
Total financial liabilities	- -	47,790 31,767	- -	- -	224,736 215,430	272,526 247,197		

Notes

To the Financial Statements for the
Year Ended 30 June 2009

(c) Credit risk exposures

At balance date, the maximum exposure to credit risk, excluding the value of any collateral or other security, to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts as disclosed in the Balance Sheet and Notes to the financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations. The credit risk exposure to forward exchange contracts is the net fair value of these contracts.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

The consolidated entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

(d) Liquidity Risk

The consolidated entity's risk management includes maintaining sufficient cash and the availability of funding via an adequate amount of credit facilities as disclosed in note 23(b).

(e) Fair values

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the Balance Sheet and Notes to the financial statements.

4. Revenue	Consolidated Entity		Parent Entity	
	2009 (\$000's)	2008 (\$000's)	2009 (\$000's)	2008 (\$000's)
Revenues from continuing operations:				
Revenue from sale of goods	1,507,479	1,437,426	-	-
Other Income				
Dividends received or due and receivable from related entities	-	-	54,780	54,780
Interest received or due and receivable from other persons	422	833	-	-
Net gain on sale or disposal of property, plant and equipment	27	37	-	-
Bad debts recovered	503	646	-	-
	952	1,516	54,780	54,780
Total revenues from continuing operations	1,508,431	1,438,942	54,780	54,780

5. Profit from continuing operations

Profit from continuing operations before income tax has been determined after the following specific expenses:

Cost of goods sold	1,049,698	974,270	-	-
Bad debts written off:				
Trade Debtors	2,066	1,681	-	-
Depreciation:				
Buildings	3,663	3,426	-	-
Motor vehicles	6,565	5,689	-	-
Fixtures, fittings and equipment	15,015	10,497	-	-
Employee benefits expense:				
Wages and salaries	150,068	145,706	-	-
Superannuation costs	13,531	10,883	-	-
Other expense items:				
Provision for inventory obsolescence	-	845	-	-
Provision for warranty	400	201	-	-
Foreign currency loss	2,699	516	-	-
Operating lease rentals	19,595	16,980	-	-

Notes

To the Financial Statements for the
Year Ended 30 June 2009

	Consolidated Entity		Parent Entity	
	2009 (\$000's)	2008 (\$000's)	2009 (\$000's)	2008 (\$000's)
6. Income Tax				
(a) The components of tax expense:				
Current tax	44,614	52,545	-	-
Deferred tax	(1,043)	(3,001)	-	-
Under(over)provision in prior years	-	67	-	-
Income tax expense	43,571	49,611	-	-
(b) The prima facie tax on profit, using tax rates applicable in the country of operation, differs from the income tax provided in the financial statements as follows:				
At the statutory income tax rate of 30% (2008: 30%)	42,090	48,953	16,434	16,434
Tax effect of amounts which are not deductible in calculating taxable income:				
Non-deductible expenditure	1,481	591	-	-
Underprovision in prior year	-	67	-	-
Rebateable dividends	-	-	(16,434)	(16,434)
Income tax expense	43,571	49,611	-	-
(c) Deferred tax asset relates to the following:				
Employee benefits	7,856	8,009	-	-
Other provisions	6,039	4,858	-	-
Losses available for offset against future taxable income	-	586	-	-
Depreciation of buildings	5,865	5,264	-	-
	19,760	18,717	-	-
Movement in deferred tax asset:				
Balance at beginning of year	18,717	15,716	-	-
Credited to the income statement	1,043	3,001	-	-
Balance at the end of the year	19,760	18,717	-	-
Deferred tax asset not brought to account				
Deferred tax asset relating to tax losses at 30% (2008: 30%)	1,350	495	-	-
The deferred tax asset which has not been recognised as an asset will only be obtained if:				
(i) the tax consolidated group derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised; and				
(ii) the tax consolidated group continues to comply with the conditions for deductibility imposed by the law; and				
(iii) no changes in tax legislation adversely affect the group in realising the benefit.				

	Consolidated Entity		Parent Entity	
	2009 (\$000's)	2008 (\$000's)	2009 (\$000's)	2008 (\$000's)
7. Dividends on ordinary shares				
The following are the dividends paid and/or proposed for the financial year:				
In respect of the previous financial year:				
Final dividend of 37cents per share paid 23 October 2008 (fully franked to 30%)	36,852	34,860	36,852	34,860
In respect of the current financial year:				
Interim dividend of 18 cents per share paid 19 March 2009 (fully franked to 30%)	17,928	19,920	17,928	19,920
Dividend declared to be paid 22 October 2009 (33 cents per share fully franked)	32,868	36,852	32,868	36,852
	50,796	56,772	50,796	56,772
Dividend franking account				
Balance of franking account at year end adjusted for franking credits arising from payment of income tax and franking debits arising from dividends paid.	257,674	235,768	257,674	235,768
Impact on the franking account of dividends recommended by the directors since the year end but not recognised as a liability at year end.	(14,086)	(15,794)	(14,086)	(15,794)
	243,588	219,974	243,588	219,974
8. Cash and Cash Equivalents				
Cash on hand	289	264	-	-
Cash on deposit	54,257	38,241	-	-
	54,546	38,505	-	-

Notes

To the Financial Statements for the
Year Ended 30 June 2009

	Consolidated Entity		Parent Entity	
	2009 (\$000's)	2008 (\$000's)	2009 (\$000's)	2008 (\$000's)
9. Receivables				
Current				
Trade receivables	223,919	217,957	-	-
Less: Provision for doubtful debts	(5,379)	(5,379)	-	-
	218,540	212,578	-	-
Other debtors and prepayments	24,159	18,646	-	-
	242,699	231,224	-	-
10. Inventories				
Current				
Finished goods, at cost	228,226	228,089	-	-
Less: Provision for obsolescence	(9,015)	(9,015)	-	-
	219,211	219,074	-	-
11. Other Financial Assets				
Non-current				
Shares in related corporations at cost	-	-	18,242	13,927
12. Property, Plant and Equipment				
Freehold land at cost	83,773	75,814	-	-
Freehold buildings at cost	94,472	90,410	-	-
Less: Accumulated depreciation	(33,454)	(29,797)	-	-
	144,791	136,427	-	-
Total land and buildings	178,245	166,224	-	-
Less: Accumulated depreciation	(33,454)	(29,797)	-	-
	144,791	136,427	-	-
Fixtures, fittings and equipment at cost	207,075	170,938	-	-
Less: Accumulated depreciation	(83,855)	(68,843)	-	-
	123,220	102,095	-	-
Motor vehicles at cost	57,374	53,857	-	-
Less: Accumulated depreciation	(22,988)	(21,237)	-	-
	34,386	32,620	-	-
Total property, plant and equipment	302,397	271,142	-	-

12. Property, Plant and Equipment (cont'd)

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

	Consolidated Entity	
	2009 (\$000's)	2008 (\$000's)
Freehold land		
Carrying amount at beginning of year	75,814	60,992
Additions	8,039	14,822
Disposals	(80)	-
Carrying amount at end of year	83,773	75,814
Buildings		
Carrying amount at beginning of year	60,613	55,037
Additions	4,128	9,002
Disposals	(61)	-
Depreciation	(3,662)	(3,426)
Carrying amount at end of year	61,018	60,613
Fixtures, fittings & equipment		
Carrying amount at beginning of year	102,095	69,268
Additions	36,145	43,337
Disposals	(5)	(13)
Depreciation	(15,015)	(10,497)
Carrying amount at end of year	123,220	102,095
Motor vehicles		
Carrying amount at beginning of year	32,620	26,015
Additions	10,901	14,077
Disposals	(2,570)	(1,783)
Depreciation	(6,565)	(5,689)
Carrying amount at end of year	34,386	32,620

13. Current Value of Land and Buildings

A Directors' valuation of land and buildings was undertaken on 30 June 2009. In their valuation, the directors took account of independent valuations previously completed over the last 3 years. As at 30 June 2009, the directors' assessment of the current market value of land and buildings is \$256,976,816. The Company has not provided any land or buildings as security.

	Consolidated Entity		Parent Entity	
	2009 (\$000's)	2008 (\$000's)	2009 (\$000's)	2008 (\$000's)
14. Intangibles				
Goodwill at cost	2,845	2,779	-	-
Accumulated impairment loss	(2,845)	-	-	-
	-	2,779	-	-

Notes

To the Financial Statements for the
Year Ended 30 June 2009

	Consolidated Entity		Parent Entity	
	2009 (\$000's)	2008 (\$000's)	2009 (\$000's)	2008 (\$000's)
15. Payables				
Current				
Trade payables	212,129	207,161	-	-
Loans – Controlled Entities	-	-	6,719	2,404
Non Current				
Other	5,972	-	-	-
16. Short Term Borrowings				
Current				
Bank overdraft secured by guarantee from Reece Australia Limited	428	819	-	-
Uncommitted cash advance to Reece Pty Ltd by National Australia Bank Limited secured by Deed of Negative Pledge	-	25,000	-	-
Fixed rate term loan under a facility for NZ\$8M established by Reece New Zealand Limited with the Bank of New Zealand which is guaranteed by Reece Australia Limited and Reece Pty Ltd.	-	5,948	-	-
Multi Currency Multi Jurisdictional Cash Advance to Reece Pty Ltd by National Australia Bank secured by Deed of Negative Pledge	47,362	-	-	-
	47,790	31,767	-	-
17. Provisions				
Current				
Employee benefits	25,503	25,803	-	-
Warranty	2,200	1,800	-	-
	27,703	27,603	-	-
Non-current				
Employee benefits	685	875	-	-
Aggregate employee benefits liability	26,188	26,678	-	-
Number of employees at year end	2,959	3,357	-	-
<p>The consolidated group has changed its current and non current classification of provision for long service leave for the year ended 30 June 2009. Provision for long service leave was previously classified as a current liability where settlement of the liability was expected to occur within 12 months. In accordance with guidance issued by the IASB in March 2009 provision for long service leave is now classified as current where the employee is entitled to be compensated for the leave within 12 months of them rendering the service and there is no unconditional right of deferral.</p> <p>The aggregate effect of the change in classification for the comparative year ended 30 June 2008 was to increase the current provision for long service leave and total current liabilities by \$10M and to decrease non current provision for long service leave and total non current liabilities by \$10M.</p>				
18. Long Term Borrowings				
Non-current				
Fixed rate term loan under a facility for NZ\$8M established by Reece New Zealand Limited with the Bank of New Zealand which is guaranteed by Reece Australia Limited and Reece Pty Ltd.	-	-	-	-

	Consolidated Entity		Parent Entity	
	2009 (\$000's)	2008 (\$000's)	2009 (\$000's)	2008 (\$000's)
19. Other Current Liabilities				
Amounts owing under contract	6,635	8,269	-	-
20. Contributed Equity				
Issued and paid up capital				
Ordinary shares fully paid (99,600,000 ordinary shares)	9,960	9,960	9,960	9,960
Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.				
At shareholder's meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.				
21. Reserves				
Asset revaluation reserve	461	461	-	-
General reserve	51	51	-	-
Capital profits reserve	2,491	2,491	37	37
Foreign currency translation reserve	(284)	(590)	-	-
	2,719	2,413	37	37
22. Retained Earnings				
Balance at the beginning of year	478,624	419,837	1,526	1,526
Net profit attributable to members of parent entity	96,732	113,567	54,780	54,780
Dividends paid	(54,780)	(54,780)	(54,780)	(54,780)
Balance at end of year	520,576	478,624	1,526	1,526
23. Cash Flow Information				
(a) Reconciliation of the net profit after tax to the net cash flows from operations:				
Net profit	96,732	113,567	54,780	54,780
Add/(less) non cash items:				
Profit on sale or disposal of non-current assets	(27)	(37)	-	-
Depreciation	25,243	19,611	-	-
Exchange translation	220	(146)	-	-
Amounts set aside to provisions	(93)	5,146	-	-
Goodwill write off	2,845	-	-	-
Net cash flows from operations before change in assets and liabilities	124,920	138,141	54,780	54,780
Change in assets and liabilities				
(Increase)/decrease in trade debtors	(5,962)	(16,509)	-	-
(Increase)/decrease in other debtors	(5,513)	1,194	-	-
(Increase)/decrease in inventory	(137)	(21,218)	-	-
Increase/(decrease) in trade creditors and accruals	11,317	21,319	-	-
(Decrease)/increase in income taxes payable	(10,326)	1,422	-	-
(Increase)/decrease in deferred tax assets	(1,043)	(3,034)	-	-
Net cash flow from operating activities	113,256	121,315	54,780	54,780

Notes

To the Financial Statements for the
Year Ended 30 June 2009

	Consolidated Entity		Parent Entity		
	2009 (\$000's)	2008 (\$000's)	2009 (\$000's)	2008 (\$000's)	
23. Cash Flow Information (cont'd)					
(b) Financing facilities					
Bank Loans and Overdraft					
Bank facilities are secured by Deeds of Negative Pledge					
The consolidated entity has access to the following lines of credit:					
Total facilities available and unused at 30 June 2009					
Bank Overdraft	- facility	5,805	5,000	-	-
	- unused	5,387	5,000	-	-
Committed Cash Advance	- facility	67,362	66,345	-	-
	- unused	67,362	60,397	-	-
Uncommitted Cash Advance	- facility	-	50,000	-	-
	- unused	-	25,000	-	-
Uncommitted Placement Line	- facility	25,000	25,000	-	-
	- unused	25,000	25,000	-	-
Multi Currency Multi Jurisdictional	- facility	50,000	-	-	-
	- unused	2,826	-	-	-
Bank Guarantees	- facility	5,000	5,000	-	-
	- unused	854	4,664	-	-
Trade Refinance & documentary letters of credit/surrenders	- facility	7,000	5,000	-	-
	- unused	4,445	229	-	-
Credit cards	- facility	3,228	3,228	-	-
	- unused	2,785	3,146	-	-
Total	- facility	163,395	159,573	-	-
	- unused	108,659	123,436	-	-

24. Commitments

Future operating lease rentals not provided for
and payable in respect of:

Buildings	127,429	85,477	-	-
Equipment	1,993	3,588	-	-
	129,422	89,065	-	-
Due not later than one year	22,655	20,228	-	-
Due later than one year but not later than five years	62,239	46,792	-	-
Due later than five years	44,528	22,045	-	-
	129,422	89,065	-	-

	Consolidated Entity	
	2009	2008
25. Earnings per Share		
Earnings used in calculating basic and diluted earnings per share.	96,731,874	113,567,054
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share.	99,600,000	99,600,000
The earnings per share has been calculated on the weighted average of share capital during the year.	97 cents	114 cents

	Consolidated Entity		Parent Entity	
	2009 (\$000's)	2008 (\$000's)	2009 (\$000's)	2008 (\$000's)
26. Auditor's Remuneration				
Amounts received or due and receivable by Pitcher Partners for:				
An audit or review of the financial report of the entity and any other entity in the consolidated entity	413	414	-	-
Other financial services	39	31	-	-
	452	445	-	-

27. Related Party Disclosures

(a) Directors

The names of each person holding the position of Director of Reece Australia Limited during the financial year were L.A. Wilson, B.W.C. Wilson, J.G. Wilson, P.J. Wilson, R.G. Pitcher and A.T. Gorecki. Senior management were N.G. Cathie and G.W. Street.

Details of directors' and senior managers' remuneration, superannuation and retirement payments are set out in the Directors' Report.

Apart from the details disclosed in this note, no director or senior manager has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' or senior managers' interests existing at year end.

Directors of the Company, Messrs L.A. Wilson, B.W.C. Wilson and J. G. Wilson have a beneficial interest in an entity that sold plumbing and building supplies to the consolidated entity. All dealings are in the ordinary course of business and on normal terms and conditions no more favourable than those which it is reasonable to expect would have been accepted if dealing at arms length in the same circumstances. Goods purchased from this entity during the year total \$4,034,473 (2008 \$3,097,292) of which \$349,905 (2008 \$287,466) was owing at year end.

Directors of the Company Messrs L.A. Wilson, B.W.C. Wilson and J.G. Wilson have a beneficial interest in entities that lease premises to the consolidated entity. All dealings with these entities are in the ordinary course of business and on normal terms and conditions no more favourable than those which would have been expected if dealing at arms length in the same circumstances. Lease rentals paid to these entities during the year were \$985,719 (2008 \$976,012).

From time to time, directors and senior managers of the Company or its controlled entities, may purchase goods from the consolidated entity. These transactions are on the same terms and conditions as those entered into by other consolidated entity employees.

b) Ownership Interests in Related Parties

Details of interests in controlled entities are set out in Note 29

28. Segment Information

The sole activity of the consolidated entity is the supply of plumbing and bathroom products in Australia and New Zealand.

29. Particulars in Relation to Corporations in the Group

Name of entity	Ownership Percentage 2009	Ownership Percentage 2008
	%	%
Parent entity		
Reece Australia Limited		
Controlled entities of Reece Australia Limited		
1. Reece Pty Ltd	100%	100%
2. Plumbing World Pty Ltd	100%	100%
3. Reece Project Supply Pty Ltd	100%	100%
4. Reece International Pty Ltd	100%	100%
5. Reece New Zealand Limited	100%	100%

Notes

- (i) Controlled entities 1 to 4 are incorporated in Australia
- (ii) Controlled entity 5 is incorporated in New Zealand
- (iii) All shareholdings are of ordinary shares
- (iv) Controlled entities 1 to 4 carry on business in Australia only
- (v) Controlled entity 5 carries on business in New Zealand only
- (vi) All corporations financial years end on 30 June

30. Subsequent Events

There has been no matter or circumstance, which has arisen since 30 June 2009, that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2009, of the consolidated entity, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2009, of the consolidated entity.

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 14 to 33 in accordance with the Corporations Act 2001:

- (a) Comply with Accounting Standards 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 company and the consolidated entity as at 30 June 2009 and of their performance as represented by the results of their operations, changes in equity and their cash flows, for the 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 has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2009.

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

Dated at Melbourne on 27 August 2009.

L. A. Wilson
Executive Chairman

P.J. Wilson
Chief Executive Officer



PITCHER PARTNERS

An independent Victorian Partnership
ABN 27 975 255 196

We have audited the accompanying financial report of Reece Australia Limited and controlled entities. The financial report comprises the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the director's 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 entity'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.

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*.

Auditor's 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 company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 2009. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Reece Australia Limited and controlled entities for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

A. R. FITZPATRICK
Partner
27 August 2009

PITCHER PARTNERS
Melbourne

Shareholders Information

In accordance with Section 4.10 of the Australian Stock Exchange Limited Listing Rules, the directors provide the following information.

Shareholding Analysis

(a) Distribution of shareholders

At 17 August 2009, the distribution of shareholdings was as follows:

Size of Shareholding	Number of Shareholders
1 – 1,000	604
1,001 – 5,000	338
5,001 – 10,000	92
10,001 – 100,000	126
Over 100,000	37
Holdings of less than a marketable parcel	11

(b) Substantial shareholdings

The number of shares held by the substantial shareholders listed in the Company's register of substantial shareholders as at 17 August 2009 were:

Shareholder	Number of Shares
Wah Pty Ltd	42,465,320
W.A.L. Investments Pty Ltd	41,931,320
Leslie Alan Wilson	66,625,820
Wilgay Pty Ltd	42,465,320
J.G.W. Investments Pty Ltd	42,465,320
John Gay Wilson	67,438,320
Lezirol Pty Ltd	42,465,320
Florizel Investments Pty Ltd	41,931,320
Bruce Walter Campbell Wilson	66,508,320
Adawarra Nominees Pty Ltd	55,479,000
Warramunda Investments Pty Ltd	55,479,000
L.T.W. Holdings Pty Ltd	53,169,000
L.T. Wilson Pty Ltd	38,571,000
Wilaust Holdings Pty Ltd	38,571,000
Austral Hardware Pty Ltd	38,571,000
Austral Hardware (Healesville) Pty Ltd	38,571,000
Tyara Pty Ltd	42,465,320
Wal Assets Pty Ltd	42,465,320
Abtourk Vic No. 11 Pty Ltd	42,465,320
Perpetual Trustees Australia Limited	13,817,545

Note: Many of these substantial shareholdings relate to the same shares.

(c) Class of shares and voting rights

At 17 August 2009, there were 1,197 holders of ordinary shares of the Company. All of the issued shares in the capital of the parent entity are ordinary shares and each shareholder is entitled to one vote per share.

(d) Twenty largest shareholders, as at 17 August 2009:

Shareholder	Number of Shares	% Held
L.T. Wilson Pty Ltd	31,440,000	31.6%
L.T.W. Holdings Pty Ltd	12,000,000	12.1%
Warramunda Investments Pty Ltd	9,729,000	9.8%
RBC Dexia Investor Services Australia Nominees Pty Ltd (PI Pooled A/C)	8,959,501	9.0%
Florizel Investments Pty Ltd	3,360,320	3.4%
W.A.L. Investments Pty Ltd	3,360,320	3.4%
J.G.W. Investments Pty Ltd	3,360,320	3.4%
Austral Hardware Pty Ltd	2,985,000	3.0%
Austral Hardware (Healesville) Pty Ltd	2,400,000	2.4%
Adawarra Nominees Pty Ltd	2,310,000	2.3%
Wilaust Holdings Pty Ltd	1,746,000	1.8%
RBC Dexia Investor Services Australia Nominees Pty Ltd (PIIC A/C)	1,581,890	1.6%
Citicorp Nominees Pty Ltd (CFSIL CWLTH AUST SHS 4 A/C)	1,128,121	1.1%
J P Morgan Nominees Australia Limited	980,303	1.0%
UBS Nominees Pty Ltd	965,670	1.0%
John G. Wilson	934,000	0.9%
Cogent Nominees Pty Limited	916,525	0.9%
National Nominees Limited	676,646	0.7%
Citicorp Nominees Pty Limited	588,026	0.6%
Argo Investments Limited	583,006	0.6%

The twenty members holding the largest number of shares together held a total of 90.4% of the issued capital.

