Annual Report 2015

reece group™

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
	Actrol Parts Holdings Pty Ltd A.B.N. 98 142 644 488
	Actrol Parts Finance Pty Ltd A.B.N. 21 142 653 889
	Actrol Parts Pty Ltd A.B.N. 93 142 654 564
	A.C. Components Pty Ltd A.B.N. 69 134 588 935
	Metalflex Pty Ltd A.B.N. 18 007 133 057
	Metalflex Regional Pty Ltd A.B.N. 50 142 651 509
	Metalflex (S.A.) Pty Ltd A.B.N. 88 084 260 837
	Metalflex (W.A.) Pty Ltd A.B.N. 98 105 291 263
	Air Plus Pty Ltd A.B.N. 33 135 270 718
Directors	L.A. Wilson (Executive Chairman)
	P.J. Wilson (Chief Executive Officer/ Managing Director)
	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 Mills Oakley Lawyers
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 3pm on Wednesday, 28 October, 2015 at 452 Johnston Street, Abbotsford, Victoria

Contents

Reece Australia Limited and its controlled entities
Annual Report for the financial year ended 30 June 2015

Our Goal

TO BE THE BEST BY CONTINUALLY IMPROVING THE SERVICE WE PROVIDE OUR CUSTOMERS.

“The 2015 financial year was another record with sales exceeding two billion for the first time in our history and net profit after tax of $165.6 million.

This is a great result and we are proud of our achievement.

What makes this year’s result even more significant is that we achieved it while also managing the integration into the Reece Group of the Actrol and Metalflex businesses acquired last financial year. This is a vivid testament to the calibre and commitment of our leaders and all our people.

But this noteworthy result should not be seen as a reflection of our efforts just over the past 12 months. It represents a culmination of decades of commitment to our customers, our people and to continuous improvement.

It also reflects a positive housing and building environment. While we maximise the opportunities of the current climate, we also continue to invest in product development, service quality and logistics capability to ensure we build on this year’s achievement for a strong position for the future.”

Peter Wilson - CEO

Chairman's Report

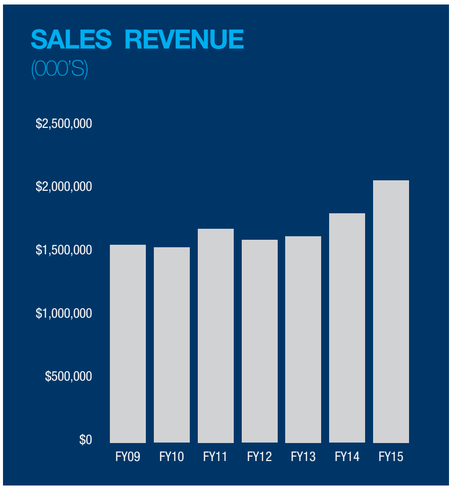
L. Alan Wilson
Executive Chairman

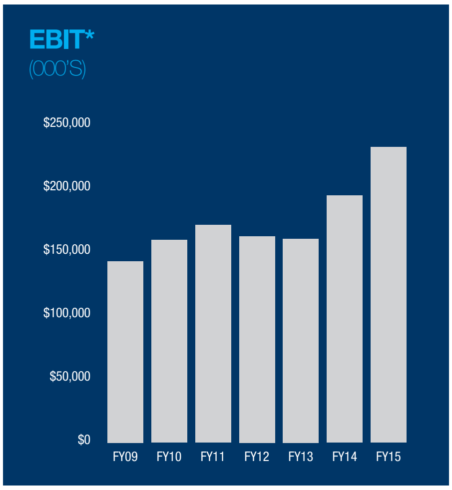
Sales including the Actrol Group were $2,085m up 17.4% on the prior year (2014: $1,776m). Profit before unrealised gain on foreign exchange contracts and income tax was $227.9m up 23.3% on the prior year (2014: $184.9m). The profit after tax and unrealised gains on foreign exchange contracts was $165.6m up 34.6% on the prior year (2014: $123.0m).

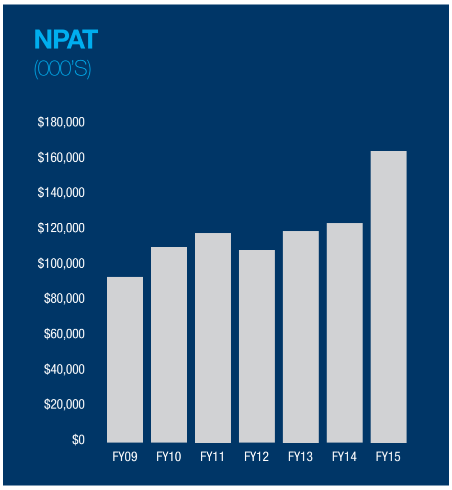
The underlying Reece business has continued to perform strongly supported by the increase in housing activity in both Australia and New Zealand. The integration of the Actrol Group is on track with both companies performing to expectations.

We have a very strong balance sheet with Net Assets growing by 12.0% to $926m during the year. The business has continued to generate strong cash flow funding the growth and investment into the business as well as reducing loans and increasing the level of cash held.

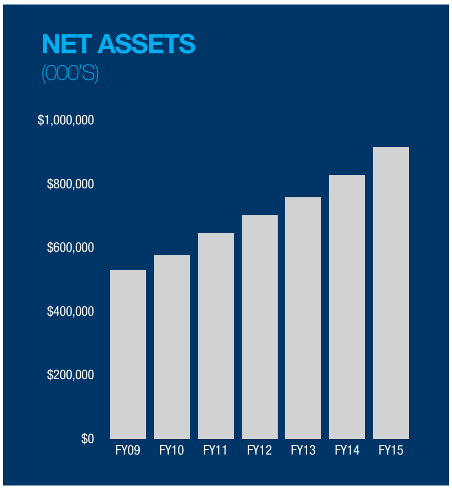
The Board is very pleased to announce a dividend increase of 12 cents against the prior year, with total dividends paid and to be paid at 76 cents per share relating to the year ended 30 June 2015. The final dividend is 52 cents per share fully franked, which will be paid on 28 October 2015 with the record date for entitlement being 8 October 2015.

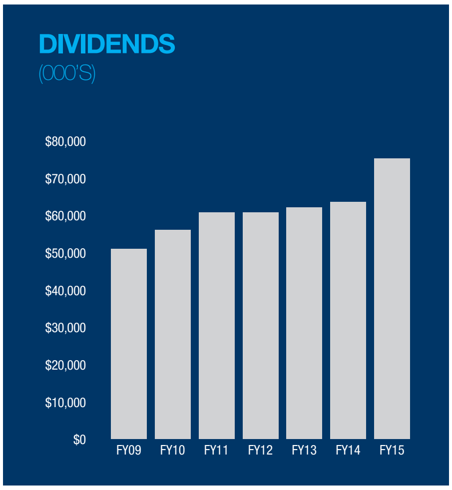


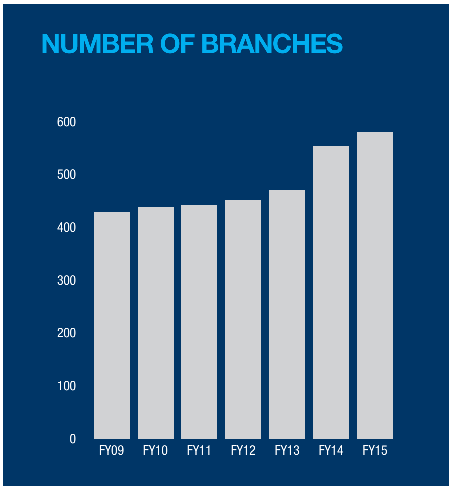




* Before gain/loss on foreign exchange contracts.







The business has continued to generate strong cash flow, funding the growth and investment into the business

CEO's Report

Peter J Wilson
Chief Executive Officer / Managing Director

FY2015 was a record year for Reece for sales and profitability. Total sales revenue was above two billion for the first time in our history at $2,085m, up 17.4% on the prior year. Profit before unrealised gain on foreign exchange contracts and income tax was $228m up 23.3% on the prior year. Net profit after tax and unrealised gain on foreign currency contracts was $165.6, up 34.6% on prior year. We have continued to utilise forward exchange contracts to manage foreign currency risk. With the devaluation of the Australian dollar compared with the USD and Euro, Reece has recognised an unrealised gain of $10.4m.

The integration of the Actrol Group which includes the Actrol Parts and A.C. Components (trading as Metalflex) has continued to progress to plan. We have completed the integration of Metalflex onto the Reece IT platform, with Actrol Parts to be completed in early FY2016. The performance of both businesses was in line with expectations.

Customer service remains our number one priority with our goal to be the best by continually improving the service we provide our customers. In FY2015 we have delivered a number of key initiatives to enhance our customer service offering. During the year we continued to grow our existing market leading exclusive brands and launched a number of innovative new products. In addition to this, we made improvements to our in-store and online experience, making it easier for our customers to do business with us. We opened 14 new branches and continued to refurbish our existing stores providing more options and a better experience for our customers.

We are committed to making Reece a great place to work. Our staff satisfaction was at a record level. We are working to ensure our employees have the training, support and resources available to help us deliver great service to our customers. Improved recruitment processes ensures we continue to attract new talent into the business.

With the growth of the Reece business and integration of the Actrol Group, we have continued to invest in our logistic and warehousing capability. The addition of a regional distribution centre in Melbourne in FY2015 and a new regional distribution centre in Perth which is due to be operational during FY2016, will provide additional capacity to service the total group requirements as well as supporting the growth of our business.

We have continued to invest in the development of our core technology to deliver productivity improvements and better customer service. During the year we launched upgrades to our backend systems to automate processes to make it easier for our staff to do business, whilst making further enhancements to MyAccount helping our customers manage their business more efficiently. We have continued to develop our website, launching retail on-line orders and making it easier for our customers to view and purchase products.

Building activity during FY2015 was very strong with building completions at record levels. We are expecting the momentum to continue in the short-term however there are a number of economic factors that may impact the outlook. Overall Reece is in a very strong position and is committed to the integration of the Actrol Group and continuing to deliver on our goal of continually improving the service we provide our customers.

Year in Review

Product innovation

Our customers want quality and they want innovation. During the year we continued to source the best of both for our plumbing and bathroom customers. The Thermann range of hot water systems, designed with the plumber in mind, was a clear success story. In the bathroom space, we continued to lead the way in innovation introducing brands like Issy, which takes bathroom furniture to a new level of customisation. We also released a new generation of toilets from Roca, the world's leading bathroom brand, featuring revolutionary rimless and integrated pan and cistern solutions.

Delivering integration

A major emphasis during the year was the integration into Reece of the Actrol Group, including Actrol Parts and Metalflex. This is on target with the incorporation already of Metalflex onto the Reece IT Platform. The integration of Actrol Parts will be completed in early FY2016. The performance of both businesses is in line with expectations and has contributed to our overall record result. We are steadily building a compelling and unique offering for HVAC and refrigeration plumbers, providing them with new levels of service, convenience and product range.

Works for you

Our focus is, and always has been, to provide the very best customised service to our customers. During the year we renewed this commitment by articulating and reinforcing the service standards that set Reece apart. The Reece Service Standards provide a clear reference for all Reece staff driving consistent attitudes and actions in relation to customer service. They put our customers at the heart of our business and encourage us all to deliver a unique customer experience.

Always on

During the year we continued to invest in technology to enhance the purchasing experience for our customers. We added new features to the functionality of My Account to help make it more efficient and even easier for our trade customers to do business with us. We also launched our retail e-commerce platform, allowing customers to select and buy their bathroom products online. This reflects our commitment to enabling our customers to engage with us and buy in whichever way they find most convenient.

Community

With more than 570 branches throughout Australia and New Zealand, Reece is a part of many local communities.

We have always been an active part of those communities, contributing to the commercial and social fabric and giving back where we can, supporting local sporting clubs, schools and charities. In addition to our local support, Reece has a wider structured philanthropic program and recently developed the Reece Grant to improve the quality of life within underprivileged communities around the world.

People power

With more than 4000 staff across Australia and New Zealand, our people are a powerful and positive force supporting a wide range of fundraising activities and charities.

From the World's Greatest Shave, Australia's Biggest Morning Tea to a host of local charities, we support the efforts of our staff, providing them with time and resources to help causes of their choice.

Philanthropic initiatives

During the year, Reece contributed to 20 charitable organisations. This is a continuing initiative and recipients cover a range of health, education and welfare interests.

MS Society of Victoria Ltd
Salvation Army
The Smith Family
Royal Flying Doctor Service
Doctors Without Borders
Breast Cancer Network
Australians for Cambodian Education
Prostate Cancer Foundation of Australia
Centre for Eye Research Australia
Alzheimers Australia
Florey Inst. of Neuroscience & Mental Health
Motor Neurone Disease Association of Victoria
Baker Heart Research Institution
Legacy
St. Vincent's Institute
Bush Heritage Australia
Evolve at Typo Station
Victorian Homeless Fund
Sane
Epworth Medical Foundation

reece

REECE GRANT

A community water initiative

Creating healthier and happier communities

Established during 2015, the Reece Grant is an initiative to improve the quality of life in underprivileged communities by supporting our customers in undertaking projects to provide clean water or improve sanitation.

It is open to all Reece account customers who want to make a difference through a water related project. The support provided through the Grant can take the form of funds or products.

The response to The Reece Grant has been tremendous. Applications include a huge number of worthy and amazing projects, ranging from the provision of education on the importance of clean water and sanitation, to schools in India, to assisting a group of volunteers to rebuild a community structure in the typhoon devastated area of Talcoban in the Philippines.

Our business centres on the quality and enjoyment of water, and the Reece Grant is one way we can extend the benefits of what we do to less privileged communities around the world.

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 Reece. These policies and practices are in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) 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 details the Board's composition, their functions, responsibilities and powers. Other than the authority specifically reserved for the Board that is outlined in the Charter, the responsibility of management of Reece's business activities is delegated to the Chief Executive Officer and senior executives who are accountable to the Board. A copy of the Board Charter is available from Reece upon request.

The Board is responsible for establishing Reece's business strategies, overseeing the company's management, setting the values and standards of the company which we uphold when dealing with all of our stakeholders and, acting as custodian of our shareholder's interests.

More particularly, the Board's responsibilities encompass:

- Setting and monitoring the strategic plans and corporate objectives, including performance objectives and approving the entities remuneration framework;
- Appointing the Chair of the Board;
- Monitoring the company's operational and financial activities;
- Overviewing the risk management strategy, internal policies and procedures and, accounting and reporting systems;
- Determining the dividend distributions policy that represents the best interests of the company and shareholders;
- Approving budgets and monitoring capital expenditure, capital management and acquisitions;
- Monitoring compliance with legal and regulatory requirements and the effectiveness of the entities governance;
- Monitoring compliance with Reece's own ethical and business standards, including codes of conduct and company values;
- Monitoring the performance of senior executives;
- Appointing or removing the Chief Executive Officer, the Chief Financial Officer and the Company Secretary;
- Approving the appointment and, where appropriate, the removal of executives who report directly to the Chief Executive Officer, including their remuneration;
- Managing the succession planning for executive directors and senior executives;
- Approving the annual reports and disclosures to the market and overseeing the entities process for making timely and balanced disclosures of all material information; and
- Approving the appointment and providing all relevant material information on directors who will come before shareholders for election at the annual general meeting.

The Company has written agreements with Executive Directors and senior executive setting out the terms of their appointment.

An internal process of evaluation was undertaken during the year of the performance of senior executives, including Executive Directors, with regard to the overall performance of Reece and of the individual Directors against the Board Charter.

The Company Secretary is responsible for all matters to do with the proper functioning of the Board and is directly accountable to the Board.

Principle 2

Structure the Board to add value

The growth of the Company, its trading results and returns to shareholders, reflects the Board's wide management and professional experience, as well as 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	46 years
Mr B.W.C. Wilson	45 years
Mr J.G. Wilson	31 years
Mr P.J. Wilson	18 years
Mr R.G. Pitcher, AM	12 years
Mr A.T. Gorecki	7 years

Principle 2.4 and 2.5 of the ASX Corporate Governance Principles and Recommendations recommends 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. 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 AM and Mr A.T. Gorecki, represent a majority of Non-Executive Directors in the current Board structure and bring objective judgement to bear on Board decisions commensurate with their commercial knowledge, experience and expertise.

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

Principle 2.1 of the ASX Corporate Governance Principles and Recommendations recommends that the Board establishes a Nomination Committee. Reece does not have a Nomination Committee, with the role being carried out by the full Board.

The Board has the range of skills, knowledge and experience to direct the company. 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;
- Are able to undertake professional development opportunities to further develop their knowledge and skill needed to perform their role as a director; and
- Have undergone an induction process to enable them to be effective Directors and gain substantial knowledge about Reece.

Corporate Governance Statement

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 that Reece's ethical reputation is maintained. Senior executives and employees are required to complete online Code of Conduct training when they commence with Reece. The Reece Code of Conduct for Directors and senior executives and Code of Business Ethics and Conduct are published on the company website at www.reecegroup.com.au/finance.

Reece has in place a policy concerning trading in company securities. The Share Trading for Directors and Employees Policy includes detailed requirements for Directors, officers and key management on when they can trade Reece securities. The policy is published on the company website at www.reecegroup.com.au/finance.

Reece has in place an Equal Opportunity and Diversity Policy which is published on the company website at www.reecegroup.com.au/finance.

The Company has adopted a Whistleblower Policy designed to provide all employees the opportunity to raise concerns regarding improper conduct without fear of any adverse ramifications. These concerns can be raised internally with our human resources department, or via an independent and confidential service.

The Board encourages and supports the Reece commitment to an ethical and responsible work environment that provides an equal opportunity to all employees. Reece has implemented the following initiatives:

- Made the policy available to all employees;
- Introduced online training programs on equal opportunity;
- Continued providing management training programs that highlight the importance and benefits of diversity in the workforce;
- Continually re-enforced our policy to recruit for the best available talent regardless of gender, age, ethnicity, disability or cultural background; and
- Conducted an annual review by the company's Risk and Compliance Committee and the Board of the Reece gender profile.

Of the company's employees, 23% are women and 26% of the senior management roles are occupied by women. Senior management roles are identified through a job evaluation methodology. There are currently no female directors on the Board.

The Board confirms it has undertaken an annual review of the aforementioned policies and has set objectives for the Equal Opportunity and Diversity Policy for the financial year 2016. The Board has confirmed that it will maintain the existing measurable objectives, in addition to:

- Managing and taking action on complaints, recommendations, changes and breaches for the Equal Opportunity and Diversity Policy;
- Discussing recommendations and approving recommendations at Board meetings; and
- Conducting an annual review of the policy.

Principle 4

Safeguard integrity in financial reporting

Reece has an Audit Committee comprised of a majority of Independent Directors. The Audit Committee presently comprises Mr R.G. Pitcher AM (Chairman), Mr A.T. Gorecki and Mr B.W.C. Wilson. All members of the committee are Non-Executive Directors and have extensive experience in, and knowledge of, the industry in which Reece operates. Mr R.G. Pitcher AM 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. Minutes are taken at each Audit Committee meeting, with the minutes tabled in the following full Board meeting.

The Audit Committee operates under its own charter that details the roles, duties and membership requirements. The Audit Committee Charter is available on request.

The Audit Committee reports back to the Board on all matters relevant to the Committee's roles and responsibilities. This includes:

- An assessment of the adequacy of Reece's external reporting for shareholder needs;
- An assessment as to the appropriateness of accounting judgements exercised by management in the preparation of the financial statements;
- An assessment as to whether the financial statements reflect a true and fair view of the financial position and performance of the company;
- The procedures to select and appoint an external auditor and the rotation of external audit engagement partners in accordance with regulatory requirements;
- Recommendations for the appointment or, if required, the removal of an external auditor;
- Assessment of the performance of the external auditor;
- Assessment of the performance and objectivity of Reece's internal audit function; and
- Review of Reece's risk management system and associated internal controls.

In addition to their roles and responsibilities, the key activities undertaken by the Audit Committee during the year include:

- Monitoring developments in accounting and financial reporting that is relevant to Reece;
- Approval of the scope, plan and fees for the 2015 external audit;
- Meeting with external auditors and monitoring the progress of the external audit for 2015;
- Review and recommendation to the Board the adoption of Reece's half year and annual financial statements;
- Jointly with the full Board, monitoring the progress of matters arising from the Code of Conduct and Whistleblower Policy;
- Review of the internal audit reports and approval of the 2016 Internal Audit Plan.

The Company has an internal audit function that is responsible for auditing all branches and departments. Internal auditors attend branches to conduct audits and monitor adherence to policies and procedures. In addition, the external auditors undertake audits of selected branches each year. Detailed reports are provided to senior management and the Audit Committee.

Corporate Governance Statement

Principle 5

Make timely and balanced disclosure

Reece has 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 Board has approved a Continuous Disclosure Policy and is committed to complying with the continuous disclosure requirements of the Corporations Act and ASX Listing Rules.

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 Reece website directly after public release.

Principle 6

Respect the rights of shareholders

Reece provides a printed copy of its annual report to all requesting shareholders and is also available on the company's website. The annual report contains relevant information about the company's operations during the year, changes in the state of affairs and, other disclosures required by the *Corporations Act 2001*. The half year report contains summarised financial information and a review of Reece operations during the period.

The Reece website provides all shareholders with access to announcements and related information which are posted immediately after release to the ASX. Through its share registry shareholders are able to elect to receive communication electronically. In addition the Reece website contains the corporate governance documents, overview of operations and history of the company.

All shareholders are invited to the Annual General Meeting with the format designed 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.

External auditors attend each annual general meeting and are available to answer shareholder questions about the auditor's report.

Principle 7

Recognise and manage risk

The Board recognises that effective risk management is an integral part of good management and vital to the continued growth and success of the company. The Board has decided against the establishment of a separate Board Risk Committee at this time, and risk oversight remains a direct responsibility of the full Board. As a part of the risk management process a Risk and Compliance Committee, made up of senior management, meet quarterly and report to the Board. The committee reviews the risk management framework annually and provides recommendations to the Board.

Reece 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 the Risk and Compliance Committee 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;
- Integrity and reliability of financial reporting;
- Compliance with internal policies and procedures;
- Compliance with regulatory requirements; and
- Compliance with environmental obligations.

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; and
- 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.

Corporate Governance Statement

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.

Reece does not have any exposure to environmental and social sustainability risks. The company has a number of initiatives in place to manage environmental, customer, supplier and employee risks and include:

- The Company reports its carbon emissions annually under the Federal Government's National Greenhouse and Emissions Reporting scheme, with a copy available on the company website at www.reecegroup.com.au/finance.
- The Board has continued to support a number of philanthropic initiatives during the year with details provided in the Directors' Report.
- Reece supports a range of community projects to improve the environment.
- Reece is committed to providing products which provide sustainable solutions to our customers.
- Reece undertake independent quality testing and operate an in-house laboratory for the testing and development of products.
- Reece provide an after sales customer care service to manage any customer issues.
- Customer satisfaction surveys are conducted annually and reported to management and the Board. Senior management review the feedback and develop actions to further improve customer service.
- Reece works closely with its suppliers and conduct regular meetings.
- Reece undertakes employee engagement surveys annually. Results, issues and actions are reported to the Board. In addition, employees have the ability to provide feedback on a daily basis directly to senior management on any issues.

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. Reece's Remuneration Committee currently consists of three non-executive directors with the majority being independent.

The Committee is chaired by an independent director, Mr R.G. Pitcher AM and comprises of Mr B.W.C. Wilson and independent director Mr. A.T. Gorecki. Mr. B.W.C. Wilson is a non-executive director and a substantial shareholder.

Remuneration of the directors and senior executives is the responsibility of the Remuneration Committee. The Committee obtains advice, where necessary, to ensure that Reece attracts and retains talented and motivated employees who can enhance our 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 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 modest. 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 executives disclosure requirements are dealt with in the Directors' Report. The Remuneration Committee operates under its own charter and is available from Reece upon request.

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 2015 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Principal Activities

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

Results

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

	2015 (000's)	2014 (000's)	% Change
Profit before gain/(loss) on foreign exchange contracts and income tax	**227,943**	**184,875**	23.3%
Unrealised gain/(loss) on foreign exchange contracts	**10,363**	**(6,382)**	
Profit before income tax	**238,306**	**178,493**	33.5%
Income tax expense	**72,750**	**55,468**	
Operating profit after income tax attributable to the members of Reece Australia Limited	**165,556**	**123,025**	34.6%

Review of Operations

Sales revenue increased by 17.4% to $2,085M (2014: $1,776 m) a record result for Reece. Profit before tax and unrealised gain on foreign exchange contracts was up 23.3% to $227.9m (2014: $184.9m), net profit after tax was $165.6m for the year ending 30 June 2015 an increase of 34.6% on the prior year (2014: $123.0m).

Reece has utilised forward exchange contracts to manage currency risks. As a result of the devaluation of the Australian dollar against the USD and Euro over the last 12 months and the level of forward exchange contracts held by Reece, the company has recognised an unrealised gain on foreign exchange contracts of $10.4m.

The FY2015 financial results include the first full year results for the Actrol Group (settlement completed 31st January 2014). The integration of the business has continued as planned with results in line with expectations

Cost of doing business excluding finance costs increased by 18.8% to $452.1m (2014: $380.6m). The increase was predominately driven by a full 12 months of costs for the Actrol Group and increase in staff levels driven by the growth of the business. Reece has continued to invest in the branch network with 14 branches opened in Australia in the current year. In addition the company has continued the refurbishment program.

Finance costs increased to $9.2m (2014: $4.2m) as result of the full 12 months interest recognised on the loans taken out for the purchase of the Actrol Group. Reece has continued to pay down the principal on outstanding loans with a reduction of $29.7m over the prior year.

Inventory levels as at 30 June 2015 were $365.4m an increase of 12.2% over the prior year (2014: $325.7m). The increase was driven by the continued growth of the business and improvement in stock service rates. As a result of the integration of the Actrol Group and growth of the business, Reece has signed an agreement to lease a new regional distribution centre in Perth. The Perth distribution centre will support the National Distribution in Melbourne and regional distribution centres located in Brisbane and Melbourne.

Reece has maintained a very strong balance sheet with net assets of $926.2m, up 12.0% on the prior year (2014: $827.0m). The business has continued to generate strong cash flow, funding the additional growth in inventory, supporting the growth of the business, reducing loans and increasing cash and cash equivalents to $85.0m, up from $73.8m in the prior year.

The Board has declared a final dividend of 52 cents per share fully franked. The final dividend will be paid on 28 October 2015 with the record date for entitlement being 8 October 2015. Total dividends paid and to be paid relating to the year ended 30 June 2015 will be 76 cents per share, an increase of 12 cents compared to the prior year.

The Board was pleased with the FY2015 financial results and the performance of the Actrol Group. Building completions were at record levels and are expected to continue in the short-term however there are a number of economic factors that could impact the market. Reece has a very experienced team, financially strong and is well placed to deliver on its FY2016 objectives.

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.

Environmental Regulations

The consolidated entity's operations are subject to certain environmental regulations 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.

Directors' Report

Dividends

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

	($000's)
In respect of the previous financial year:	
A final fully franked ordinary dividend of 42 cents per share in respect of the year ended 30 June 2014 was paid on 30 October 2014.	41,832
In respect of the current financial year:	
An interim ordinary dividend of 24 cents per share was paid on 26 March 2015.	23,904
Dividends declared after the reporting period and not recognised:	
The final dividend declared to be paid on 28 October 2015 is an ordinary fully franked dividend of 52 cents per share.	51,792
	75,696

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.

Reece has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Reece 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 $525,000 (2014:$505,000) 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:

MS Society of Victoria Ltd	20,000
Salvation Army	20,000
The Smith Family	20,000
Royal Flying Doctor Service	25,000
Doctors Without Borders	75,000
Breast Cancer Network	15,000
Australians for Cambodian Education	5,000
Prostate Cancer Foundation of Australia	30,000
Centre for Eye Research Australia	35,000
Alzheimers Australia	20,000
Florey Inst. of Neuroscience & Mental Health	40,000
Motor Neurone Disease Association of Victoria	25,000
Baker Heart Research Institution	20,000
Legacy	20,000
St. Vincent's Institute	20,000
Bush Heritage Australia	10,000
Evolve at Typo Station	15,000
Victorian Homeless Fund	40,000
Sane	50,000
Epworth Medical Foundation	20,000
TOTAL	**525,000**

Directors' Report

Information on Directors and Company Secretary

Name:	**Mr L. Alan Wilson**
Age:	74
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 2015.

Name:	**Mr Peter J. Wilson**
Age:	47
Position:	Chief Executive Officer/ Managing Director
Experience:	B.Comm (Melb), FAIM. Appointed to the Board 1997. General Manager Operations 2002 - 2004. Chief Operating Officer 2005 - 2007. Appointed Chief Executive Officer / Managing Director 2008.

No other directorships of listed companies were held at any time during the three years prior to 30 June 2015.

Name:	**Mr Bruce W.C. Wilson**
Age:	69
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 2015.

Name:	**Mr John G. Wilson**
Age:	77
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 2015.

Name:	**Mr Ronald G. Pitcher, AM**
Age:	76
Position:	Non-Executive Director
Experience:	FCA, FCPA, ACAA. A chartered accountant and business consultant with over 50 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:	McMillan Shakespeare Limited 11 years

---

Name:	**Mr Andrzej (Andrew) T. Gorecki**
Age:	60
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 Member of Remuneration Committee

No other directorships of listed companies were held at any time during the three years prior to 30 June 2015.

Name:	**Mr Gavin W. Street**
Age:	46
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	9	11
J.G. Wilson	11	11
R.G. Pitcher, AM	11	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, AM	3	3
B.W.C. Wilson	3	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, AM	3	3
B.W.C. Wilson	3	3
A.T. Gorecki	3	3

Directors' Interests in Contracts

Directors' interests in contracts are disclosed in the remuneration report.

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 to the Board 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.

	2015 $	2014 $
Audit/Review fees	702,000	660,879
Amounts paid and payable to Pitcher Partners for non-audit services:		
Taxation services	367,354	92,105
Other services	14,343	464,941
	381,697	557,046
Amounts paid and payable to network firms of Pitcher Partners:		
Audit/Review fees	1,759	1,757
Other services	15,663	20,701
	17,422	22,458

Directors' Report

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 under ASIC Class Order 98/0100. Reece is an entity to which the Class Order applies.

Remuneration Report (Audited)

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 was G.W. Street.

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

Directors of Reece, 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 arm's length in the same circumstances. Goods purchased from this entity during the year total $3,905,824 (2014: $3,554,781) of which $335,383 (2014: $295,344) was owing at year end.

Directors of Reece 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 arm's length in the same circumstances. Lease rentals paid to these entities during the year were $1,194,287 (2014: $1,132,905).

From time to time, directors and senior manager of Reece 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.

Directors and key management personnel shareholding:

	Ordinary Shares of Reece Australia Limited	
Director	**2015**	**2014**
J.G. Wilson	**67,438,320**	**67,438,320**
L.A. Wilson	**66,625,820**	**66,625,820**
B.W.C. Wilson	**66,508,320**	**66,508,320**
P.J. Wilson	**106,500**	**106,500**
R.G. Pitcher, AM	**30,000**	**30,000**
A.T. Gorecki	**13,000**	**10,000**
G.W Street	**-**	**-**

Note: Many of the director's shareholdings relate to the same shares.

Directors' Report

Remuneration Report (Audited)

Remuneration Policies

Remuneration of the Directors and senior management 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 our performance through their contributions and leadership. The Remuneration Committee undertakes benchmarking in comparing the Director and senior management remuneration levels with a comparative group of companies. The Remuneration Committee did not seek external advice in relation to these matters.

Remuneration – Non-executive Directors

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 maximum aggregate amount of remuneration payable to Non-Executive Directors is capped at the level approved by the shareholders. There was no increase in fees for the financial year 2015.

Non-Executive Directors are not entitled to receive any performance based incentives, non-cash benefits or retirement benefits other than statutory superannuation. The amount of superannuation paid to directors increased in line with statutory requirements.

There is no scheme to provide Non-Executive Directors with retirement benefits other than statutory superannuation.

Remuneration – Executive Chairman

The Executive Chairman receives a salary, non-cash benefits and superannuation contributions. The majority of the non-cash benefits relates to the provision of a motor vehicle. The Executive Chairman does not participate in any performance based incentive. There was no increase in salary or superannuation contributions.

Apart from statutory termination benefits, which include accrued leave entitlements, there are no arrangements in place to provide the Executive Chairman with any additional retirement benefits.

Remuneration - Chief Executive Officer and Senior Management

The Chief Executive Officer and senior management receive salary, short-term incentives, non-cash benefits and superannuation contributions. Apart from statutory termination benefits, which include accrued leave entitlements, there are no arrangements in place to provide the Chief Executive Officer or senior management with any additional retirement benefits.

The Chief Executive Officer and senior management have employment contracts with notice periods executable by either party. Reece is required to give the Chief Executive Officer a 12 months' notice of termination and the Chief Executive Officer is required to provide a 6 months' notice period on resignation. Senior management are required to provide a 3 months' notice period on resignation and Reece is required to provide a 3 months' notice of termination. The Chief Executive Officer and senior management have restraint provisions.

The salary for the Chief Executive Officer and senior management reflects their roles, experience and level of responsibility. Salaries are reviewed and benchmarked to a comparable group by the Remuneration Committee.

Non-cash benefits were received by the Chief Executive Officer, the majority of the benefit related to the provision of a motor vehicle. The Company Secretary / Chief Financial Officer did not receive any non-cash benefits. Superannuation payments were maintained at the same level as the previous year.

The Chief Executive Officer's performance based short-term incentive is calculated on 75% of base salary with a ceiling of 120% for exceptional performance. The scheme provides for no payment in the event the minimum performance targets as set by the Board annually are not met.

The Company Secretary / Chief Financial Officer's performance based short-term incentive is calculated on 40% of base salary with a ceiling of 60% and structured around the same company performance criteria as the Chief Executive Officer and provides for no payment in the event the minimum performance targets as set by the Board annually are not met.

Short-term Incentives

Short-term incentives are a cash payment only and based on financial and non-financial measures framed around the Company's trading and operating performance and individual performance. The majority of the short-term incentives relate to the following metrics; growth in profit before tax, return on equity, capital management and profit before tax as a percentage of sales (all metrics are before the unrealised gain or loss on foreign exchange contracts). The targets are set by the Board at the beginning of the financial year.

Short term incentives are paid to the Chief Executive Officer and senior management. The Non-Executive Directors and Executive Chairman do not receive any short-term incentives. The financial and operational targets set by the Board are considered the most relevant measures of the group performance and are key inputs in driving long-term shareholder value.

Long-term Incentives

The Board does not pay any long-term incentives or performance options to the Non-Executive Directors, Executive Chairman, Chief Executive Officer or senior management. The Board believe the substantial ownership of shares in the company by Directors provides the incentive to drive long-term shareholder value.

Directors' Report

Remuneration Report (Audited)

Business Performance

The Board was very pleased with the performance of the business with record sales and profit results.
The key financial achievements of the business were;

- Sales Revenue was up 17.4% to $2,085 million
- Profit before tax and unrealised gain on foreign exchange contracts up 23.3% to $227.9 million
- Net Profit after Tax up 34.6% to $165.6 million
- Net Assets up 12.0% to $926.2 million
- Total Dividend for FY2015 up 12 cents to 76 cents

Relationship between remuneration and company performance	2015 $(000's)	2014 $(000's)	2013 $(000's)	2012 $(000's)	2011 $(000's)
Sales Revenue	2,085,128	1,775,876	1,534,878	1,518,507	1,563,634
Earnings before interest, tax and foreign currency	237,166	189,060	163,547	165,165	176,409
Net Profit After Tax	165,556	123,025	119,131	113,280	118,611
Dividends Declared	75,696	63,744	61,752	60,756	60,756
Performance Based Incentives to KMP	2,179	1,854	1,174	947	1,674

	2015 $	2014 $	2013 $	2012 $	2011 $
Share Price at year-end	34.71	30.24	23.80	18.00	20.66

Directors' Report

Key Management Personnel

	Salary & Fees $	Short-Term Performance Based Payment $	Other Non-cash benefits $	Super Contributions $	Total $	Total Performance Related %
Directors						
L.A. Wilson (Executive Chairman)						
2015	1,400,000	-	54,068	35,000	1,489,068	0%
2014	1,400,000	-	57,042	35,000	1,492,042	0%
P.J. Wilson (Chief Executive Officer/Managing Director)						
2015	1,702,440	1,896,903	75,666	25,258	3,700,267	51%
2014	1,656,080	1,613,923	82,526	25,000	3,377,529	48%
B.W.C. Wilson (Non-Executive)						
2015	75,000	-	-	7,125	82,125	0%
2014	75,000	-	-	6,938	81,938	0%
J.G. Wilson (Non-Executive)						
2015	81,938	-	-	-	81,938	0%
2014	81,938	-	-	-	81,938	0%
R.G. Pitcher, AM (Non-Executive)						
2015	130,000	-	-	12,350	142,350	0%
2014	130,000	-	-	12,025	142,025	0%
A.T. Gorecki (Non-Executive)						
2015	95,000	-	-	9,025	104,025	0%
2014	95,000	-	-	8,788	103,788	0%
Total Remuneration: Directors						
2015	3,484,378	1,896,903	129,734	88,758	5,599,773	34%
2014	3,438,017	1,613,923	139,568	87,750	5,279,258	31%
Executives						
G.W. Street (Company Secretary, Chief Financial Officer)						
2015	611,013	282,290	-	25,014	918,317	31%
2014	594,360	239,616	-	25,000	858,976	28%
Total Remuneration: Key Management Personnel						
2015	4,095,391	2,179,193	129,734	113,772	6,518,090	33%
2014	4,032, 377	1,853,539	139,568	112,750	6,138,234	30%

"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.

At our most recent Annual General Meeting, resolution to adopt the prior year remuneration was put to the vote and at least 75% of "yes" votes were cast for adoption of the report. No comments were made on the remuneration report requiring consideration at the Annual General Meeting.

This concludes the Remuneration Report (Audited).

Dated at Melbourne on 27 August 2015.
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

To the Directors of Reece Australia Limited

In relation to the independent audit for the year ended 30 June 2015, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*.

(ii) No contraventions of any applicable code of professional conduct.

This declaration is in respect of Reece Australia Limited and the entities it controlled during the period.

D. A. KNOWLES
Partner
27 August 2015

PITCHER PARTNERS
Melbourne

Consolidated Statement Of Comprehensive Income

For the year ended 30 June 2015

		Consolidated Entity	
	Notes	2015 ($000's)	2014 ($000's)
Revenue and other income			
Sales revenue	4	2,085,128	1,775,876
Other income	4	1,636	3,574
		2,086,764	1,779,450
Less: Expenses			
Cost of goods sold	5	1,397,488	1,209,783
Employee benefits expense	5	237,379	193,744
Depreciation	5	44,456	42,006
Finance costs		9,223	4,185
Other expenses		170,275	144,857
Unrealised (gain) / loss on foreign exchange contracts		(10,363)	6,382
Profit before income tax		238,306	178,493
Income tax expense	6	72,750	55,468
Net Profit for the year from continuing operations		165,556	123,025
Other Comprehensive Income			
Items that maybe reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations, net of tax		(576)	859
Total comprehensive income		164,980	123,884
Basic earnings per share	23	166 cents	124 cents
Diluted earnings per share	23	166 cents	124 cents

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 29 to 47.

Consolidated Statement Of Financial Position

For the year ended 30 June 2015

		Consolidated Entity	
	Notes	2015 ($000's)	2014 ($000's)
Current Assets			
Cash and cash equivalents	8	85,021	73,762
Receivables	9	306,274	282,715
Inventories	10	365,425	325,655
Total Current Assets		756,720	682,132
Non-Current Assets			
Property, plant and equipment	11	462,427	452,138
Intangible assets	13	211,843	211,843
Deferred tax assets	6	29,609	30,671
Total Non-Current Assets		703,879	694,652
Total Assets		1,460,599	1,376,784
Current Liabilities			
Payables	14	296,712	281,992
Short-term borrowings	15	20,116	29,777
Current tax payable	6	9,130	10,518
Provisions	16	48,803	44,077
Other liabilities	17	-	2,935
Total Current Liabilities		374,761	369,299
Non-Current Liabilities			
Long-term payables	14	2,826	3,347
Long-term borrowings	15	155,000	175,000
Provisions	16	1,800	2,170
Total Non-Current Liabilities		159,626	180,517
Total Liabilities		534,387	549,816
Net Assets		926,212	826,968
Equity			
Contributed equity	18	9,960	9,960
Reserves	19	3,360	3,936
Retained earnings	20	912,892	813,072
Total Equity		926,212	826,968

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 29 to 47.

Consolidated Statement Of Changes In Equity

For the year ended 30 June 2015

Consolidated Entity	Contributed Equity $A'000	Reserves $A'000	Retained Earnings $A'000	Total Equity $A'000
Balance as at 1 July 2013	9,960	3,077	752,795	765,832
Profit for the year	-	-	123,025	123,025
Exchange differences on translation of foreign operations, net of tax	-	859	-	859
Total comprehensive income for the year	-	859	123,025	123,884
Transactions with owners in their capacity as owners:				
Dividends paid	-	-	(62,748)	(62,748)
Total transactions with owners in their capacity as owners:	-	-	(62,748)	(62,748)
Balance as at 30 June 2014	9,960	3,936	813,072	826,968
Balance as at 1 July 2014	9,960	3,936	813,072	826,968
Profit for the year	-	-	165,556	165,556
Exchange differences on translation of foreign operations, net of tax	-	(576)	-	(576)
Total comprehensive income for the year	-	(576)	165,556	164,980
Transactions with owners in their capacity as owners:				
Dividends paid	-	-	(65,736)	(65,736)
Total transactions with owners in their capacity as owners:	-	-	(65,736)	(65,736)
Balance as at 30 June 2015	9,960	3,360	912,892	926,212

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 29 to 47.

Consolidated Statement Of Cash Flows

For the year ended 30 June 2015

	Notes	2015 ($000's)	2014 ($000's)
		Consolidated Entity	
Cash flow from operating activities			
Receipts from customers		2,268,562	1,969,867
Payments to suppliers and employees		(2,021,416)	(1,758,202)
Interest received		1,113	3,432
Finance costs		(8,955)	(4,191)
Income tax paid		(73,058)	(65,183)
Net cash provided by operating activities	21	166,246	145,723
Cash flow from investing activities			
Payment for property, plant and equipment		(65,134)	(65,907)
Purchase of subsidiary		-	(299,903)
Proceeds from sale of property, plant and equipment		5,544	4,477
Net cash used in investing activities		(59,590)	(361,333)
Cash flow from financing activities			
Dividends paid		(65,736)	(62,748)
Repayments of borrowings		(182,661)	(53,000)
Proceeds from borrowings		153,000	248,888
Net cash provided / (used) in financing activities		(95,397)	133,140
Net increase / (decrease) in cash and cash equivalents		11,259	(82,470)
Cash and cash equivalents at the beginning of the year		73,762	156,232
Cash and cash equivalents at the end of the year	8	85,021	73,762

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 29 to 47.

Notes

To the financial statements for the year ended 30 June 2015

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 and controlled entities as a consolidated entity. Reece Australia Limited is a company limited by shares, incorporated and domiciled in Australia. Reece Australia Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report was authorised for issue as at the date of the Directors' Report.

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

Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards.

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. The group controls an entity when it is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Details of the controlled entities are contained in Note 28.

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.

Rent revenue from operating leases is recognised on a straight-line basis over the term of the lease.

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 statement of financial position.

(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. Fixtures, 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:

	2015	2014
Buildings	25 years	25 years
Fixtures, fittings and equipment	2.5 to 20 years	2.5 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.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(h) Business Combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control. Deferred consideration payable is measured at fair value.

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

If the fair value of the acquirer's interest is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), the surplus is immediately recognised in the statement of comprehensive income.

Acquisition related costs are expensed as incurred.

Notes
To the financial statements for the year ended 30 June 2015

(i) Intangibles

Goodwill

Goodwill is initially measured at the excess over the aggregate of the consideration transferred, the fair value (or proportionate share of net assets value) of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

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.

(j) Impairment of Non-Financial Assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136 *Impairment of assets*. 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.

(k) Taxes

Current income tax expense 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.

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.

The tax consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax consolidated group arising under the joint and several liability requirements of the tax consolidation system in the event of default by the parent entity to meet its payment obligations.

(l) 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.

(m) Financial Instruments

Classification

The consolidated entity classifies its financial instruments in the following categories: loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Held-to-maturity investments

Fixed term investments intended to be held to maturity are classified as held-to-maturity investments. They are measured at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derivative financial instruments

The consolidated entity holds derivative financial instruments to hedge its risk exposures from foreign currency.

Derivatives are initially recognised at fair value and applicable transaction costs are recognised in profit or loss as they are incurred. After initial recognition, derivatives that are not designated in a qualifying hedge relationship are measured at fair value and changes in value are recognised immediately in profit or loss.

Borrowing costs

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset which are capitalised until the asset is ready for its intended use or sale.

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment.

Notes
To the financial statements for the year ended 30 June 2015

(n) 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 statement of financial position.

(o) Comparatives

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

(p) 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.

(q) New Accounting standards and interpretations

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below.

AASB 15 Revenue from contracts with customers

AASB 15 introduces a five step process for revenue recognition with the core principle being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. The five step approach is as follows:

Step 1: Identify the contracts with the customer;

Step 2: Identify the separate performance obligations;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price; and

Step 5: Recognise revenue when a performance obligation is satisfied.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The effective date is annual reporting periods beginning on or after 1 January 2018.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

AASB 9 Financial Instruments

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value.

Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.

Impairment of assets is now based on expected losses in AASB 9 which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument.

The effective date is annual reporting periods beginning on or after 1 January 2018.

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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:

(a) 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.

(b) Impairment of goodwill

Goodwill is allocated to cash generating units (CGU) according to applicable business operations. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of 5 years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. A terminal value growth rate of 5% and a discount rate of 13% has been used to determine value-in-use.

(c) Impairment of non-financial assets other than goodwill

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity. Impairment triggers include declining product performance, technology changes, adverse changes in the economic or political environment or future product expectations. The recoverable amount of those assets is determined by value-in-use calculations as described in 2(b).

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 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 $114,547,764 (2014: $251,724,942).

The consolidated entity utilised a mixture of forward exchange contracts and direct purchase of foreign currency to manage its foreign currency exposure.

The accounting policy in regards to financial instruments is detailed in Note 1(m).

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

Buy United States Dollars	Sell Australian Dollars		Average Exchange Rate	
Settlement	2015	2014	2015	2014
	$'000	$'000	$	$
Less than 6 months	39,875	62,390	0.87	0.93
6 months to 1 year	14,177	22,269	0.92	0.92
1 to 2 years	-	81,466	-	0.90

Buy Euros	Sell Australian Dollars		Average Exchange Rate	
Settlement	2015	2014	2015	2014
	$'000	$'000	$	$
Less than 6 months	30,009	30,498	0.68	0.66
6 months to 1 year	14,459	33,629	0.69	0.65
1 to 2 years	14,038	19,385	0.71	0.67

Buy Japanese Yen	Sell Australian Dollars		Average Exchange Rate	
Settlement	2015	2014	2015	2014
	$'000	$'000	$	$
Less than 6 months	1,990	2,088	100.50	95.77

If the exchange rate was to increase by 10% from the rates used to determine the fair values as at the reporting date, then the impact for the year would be an additional loss of $9.2m after tax (2014: $15.5m). If the exchange rate was to decrease by 10% from the rates used to determine the fair values as at the reporting date, then the impact for the year would be an additional profit of $8.7m after tax (2014: $18.9m).

Notes

To the financial statements for the year ended 30 June 2015

(b) Interest Rate Risk

The consolidated entity's long-term borrowings are for periods of 3 and 5 years at fixed interest rates. Interest rate risk arises from short-term cash deposits. During 2015 and 2014, the consolidated entity's held both fixed and variable rate deposits.

The consolidated entity reviews its interest rate exposure on a monthly basis, taking into account both short-term and long-term deposit rates. At 30 June 2015, 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	Fixed interest rate maturing in:						
	Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total carrying amount as per Statement of financial position	Weighted average effective interest rate
	2015 2014	2015 2014	2015 2014	2015 2014	2015 2014	2015 2014	2015 2014
	$'000	$'000	$'000	$'000	$'000	$'000	%
(i) Financial assets							
Cash	85,021	-	-	-	-	85,021	3.31
	43,262	30,500	-	-	-	73,762	3.51
Trade and other receivables	-	-	-	-	306,274	306,274	
	-	-	-	-	282,715	282,715	
Total financial assets	**85,021**		-	-	**306,274**	**391,295**	
	43,262	**30,500**	-	-	**282,715**	**356,477**	
(ii) Financial liabilities							
Borrowings	116	20,000	155,000	-	-	175,116	4.86
	717	29,060	175,000	-	-	204,777	4.62
Trade payables	-	-	-	-	296,712	296,712	
	-	-	-	-	281,992	281,992	
Amounts owing under contract	-	-	-	-	-	-	
	-	-	-	-	2,935	2,935	
Long-term payables	-	-	-	-	2,826	2,826	
	-	-	-	-	3,347	3,347	
Total financial liabilities	**116**	**20,000**	**155,000**	-	**299,538**	**474,654**	
	717	**29,060**	**175,000**	-	**288,274**	**493,051**	

(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 impairment as disclosed in the Statement of Financial Position and Notes to the financial statements.

Credit risk for cash deposits is managed by holding all cash deposits with a selection of major Australian banks.

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. All forward exchange contracts are transacted with a selection of major Australian banks.

With the exception of its bankers, 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.

The consolidated entity has established systems and controls in relation to the approval of credit terms for each customer, monitoring of any overdue amounts and removal of credit terms where appropriate. In addition the consolidated entity holds an insurance policy against certain larger customers whereby the consolidated entity is compensated in the event of a customer default.

At balance date 95.8% of trade receivables are within approved credit terms (2014: 95.6%). All trade receivables that are not impaired are expected to be received in accordance with trading terms.

(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 21. Long-term borrowings are for periods of 3 and 5 years. All other current payables and borrowings are expected to be settled within 6 months.

(e) Fair values

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the Statement of financial position and Notes to the financial statements. Other derivative instruments in relation to forward exchange contracts have been recognised at fair value through the profit and loss. Forward exchange contracts are level 2 financial instruments in the fair value measurement hierarchy.

The fair value of these foreign exchange contracts is the estimated amount that the consolidated entity would pay to terminate the contract at the balance date, taking into account current foreign exchange rates at the time of maturity.

At 30 June 2015 the unrealised gain on these agreements totalling $10.4 million was included in other receivables within the Consolidated Statement of Financial Position.

	Consolidated Entity	
	2015 ($000's)	2014 ($000's)
4. Revenue and Other Income		
Revenues from continuing operations:		
Revenue from sale of goods	2,085,128	1,775,876
Other Income		
Interest received or due and receivable from other persons	1,113	3,101
Bad debts recovered	523	473
	1,636	3,574
Total revenues and other income from continuing operations	2,086,764	1,779,450
5. Profit from Continuing Operations		
Profit from continuing operations before income tax has been determined after the following specific expenses:		
Cost of goods sold	1,397,488	1,209,783
Bad debts written off:		
Trade debtors	1,899	1,932
Depreciation:		
Buildings	4,684	4,626
Motor vehicles	9,330	8,613
Fixtures, fittings and equipment	30,442	28,767
Employee benefits expense:		
Wages and salaries	219,521	179,997
Superannuation costs	17,858	13,747
Other expense items:		
Loss on disposal of fixed assets	1,909	169
Operating lease rentals	37,421	30,118

	Consolidated Entity	
	2015 ($000's)	2014 ($000's)
6. Income Tax		
(a) The components of tax expense:		
Current tax	71,828	60,674
Deferred tax	1,080	(5,206)
Under / (Over) provision in prior year	(158)	-
Income tax expense	72,750	55,468
(b) The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
At the statutory income tax rate of 30% (2014: 30%)	71,492	53,548
Tax effect of amounts which are not deductible in calculating taxable income:		
Non-deductible expenditure	1,416	1,920
Under / (Over) provision in prior year	(158)	-
Income tax expense	72,750	55,468
(c) Deferred tax asset relates to the following:		
Employee benefits	14,671	13,388
Provisions and other timing differences	5,187	8,429
Depreciation of buildings & rental incentives	9,751	8,854
	29,609	30,671
Movement in deferred tax asset:		
Balance at beginning of year	30,671	23,390
Foreign Exchange movement on foreign DTA	18	(35)
Acquired DTA from business acquisition	-	2,110
Movement to the statement of financial position	(1,080)	5,206
Balance at the end of the year	29,609	30,671
Current tax liability		
Balance at the beginning of the year	10,518	12,344
Current tax	71,828	60,674
Tax instalments paid	(73,058)	(65,183)
Acquired provision from business acquisition	-	2,683
Under / (Over) provision in prior year	(158)	-
Balance at the end of the year	9,130	10,518
Deferred tax asset not brought to account		
Deferred tax asset relating to tax losses at 28% (2014: 28%)	3,142	2,818

The deferred tax asset not brought to account relates to a foreign subsidiary and will only be obtained if:

(i) the subsidiary derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised; and

(ii) the subsidiary continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the subsidiary in realising the benefit.

Notes
To the financial statements for the year ended 30 June 2015

	Consolidated Entity	
	2015 ($000's)	2014 ($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 42 cents per share paid 30 October 2014 (fully franked to 30%)	41,832	40,836
In respect of the current financial year:		
Interim dividend of 24 cents per share paid 26 March 2015 (fully franked to 30%)	23,904	21,912
Dividends declared after the reporting period and not recognised:		
Dividend to be paid 28 October 2015 (52 cents per share fully franked)	51,792	41,832
	75,696	63,744
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.	440,782	397,285
Impact on the franking account of dividends recommended by the directors since the year end but not recognised as a liability at year end.	(22,197)	(17,928)
	418,585	379,357
8. Cash and Cash Equivalents		
Cash on hand	193	181
Cash on deposit	84,828	73,581
	85,021	73,762
9. Receivables		
Current		
Trade receivables	292,651	275,498
Less: Impairment	(5,750)	(5,665)
	286,901	269,833
Other receivables and prepayments	19,373	12,882
	306,274	282,715
Provision for impairment		
Opening balance at 1 July	(5,665)	(4,979)
Additions through business combination	-	(826)
Charge for the year	(85)	-
Amounts written off	-	140
Closing balance as at 30 June	(5,750)	(5,665)
10. Inventories		
Finished goods, at lower of costs or net realisable value	365,425	325,655

	Consolidated Entity	
	2015 ($000's)	2014 ($000's)

11. Property, Plant and Equipment

	2015 ($000's)	2014 ($000's)
Freehold land at cost	134,154	133,972
Freehold buildings at cost	140,259	129,563
Less: Accumulated depreciation	(58,868)	(54,279)
	81,391	75,284
Fixtures, fittings and equipment at cost	382,911	356,531
Less: Accumulated depreciation	(190,169)	(164,027)
	192,742	192,504
Motor vehicles at cost	88,634	83,197
Less: Accumulated depreciation	(34,494)	(32,819)
	54,140	50,378
Total property, plant and equipment	462,427	452,138

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

	2015 ($000's)	2014 ($000's)
Freehold land		
Carrying amount at beginning of year	133,972	125,451
Additions through business combination	-	-
Additions	3,019	9,959
Disposals	(2,837)	(1,438)
Carrying amount at end of year	**134,154**	133,972
Buildings		
Carrying amount at beginning of year	75,284	78,086
Additions through business combination	-	-
Additions	10,925	1,824
Disposals	(134)	-
Depreciation	(4,684)	(4,626)
Carrying amount at end of year	**81,391**	75,284
Fixtures, fittings & equipment		
Carrying amount at beginning of year	192,504	176,807
Additions through business combination	-	12,887
Additions	32,387	31,826
Disposals	(1,707)	(249)
Depreciation	(30,442)	(28,767)
Carrying amount at end of year	**192,742**	192,504
Motor vehicles		
Carrying amount at beginning of year	50,378	43,435
Additions through business combination	-	3,420
Additions	15,868	15,074
Disposals	(2,776)	(2,938)
Depreciation	(9,330)	(8,613)
Carrying amount at end of year	**54,140**	50,378

	Consolidated Entity 2015 ($000's)	2014 ($000's)
Total Property, Plant and Equipment		
Carrying amount at beginning of year	452,138	423,779
Additions through business combination	-	16,307
Additions	62,199	58,683
Disposals	(7,454)	(4,625)
Depreciation	(44,456)	(42,006)
Carrying amount at end of year	**462,427**	452,138

12. Current Value of Land and Buildings

A Directors' valuation of land and buildings was undertaken on 30 June 2015. In their valuation, the directors took account of independent valuations previously completed over the last 3 years. As at 30 June 2015, the directors' assessment of the current market value of land and buildings based on continuing use is $342,669,137. The Company has not provided any land or buildings as security. Property valuations are based on level 3 inputs as specified in AASB13, utilising both the direct comparative and income capitalisation methodologies.

13. Intangibles

	Consolidated Entity 2015 ($000's)	2014 ($000's)
Goodwill		
Carrying amount at beginning of year	162,543	3,367
Additions through business combination	-	159,176
Carrying amount at end of year	**162,543**	162,543
Brand Names		
Carrying amount at beginning of year	49,300	-
Additions through business combination	-	49,300
Carrying amount at end of year	49,300	49,300
	211,843	211,843

The goodwill and brand names have been allocated to the Groups cash generating units (CGUs) identified according to the businesses acquired upon the purchase of Actrol Parts Holdings Pty Ltd:

	Goodwill	Brand Names
Actrol Parts Pty Ltd ('Actrol')	119,326	29,100
AC Components Pty Ltd ('ACC')	39,850	20,200
Other	3,367	-
	162,543	49,300

Goodwill and brand names have been tested for impairment as at 30 June 2015 using discounted cash flow on a value-in-use basis. These calculations are based on projected cash flows approved by management covering a period of 5 years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. For the Actrol CGU, a terminal value growth rate of 5% (2014: 3%) and a discount rate of 13% (2014: 14%) has been used to determine value-in-use. For the ACC CGU, a terminal value growth rate of 5% (2014: 3%) and a discount rate of 13% (2014: 14%) has been used to determine value-in-use.

The calculations confirmed there were no impairment issues requiring a write-down of goodwill or intangible assets with indefinite useful lives. No reasonable change in key assumptions would result in impairment.

	Consolidated Entity	
	2015 ($000's)	2014 ($000's)
14. Payables		
Current		
Trade payables	296,712	281,992
Non Current		
Other	2,826	3,347
15. Borrowings		
Current		
Bank overdraft secured by guarantee from Reece Australia Limited	116	717
Multi-Currency Cash Advance		9,060
Bank term loan facility	20,000	20,000
	20,116	29,777
Non-current		
Bank term loan facility	155,000	175,000
	175,116	204,777
16. Provisions		
Current		
Employee benefits	45,277	40,551
Warranty	2,776	2,776
Other	750	750
	48,803	44,077
Non-current		
Employee benefits	1,800	2,170
Aggregate employee benefits liability	47,077	42,721
17. Other Current Liabilities		
Amounts owing under contract	-	2,935
18. Contributed Equity		
Issued and paid up capital		
Ordinary shares fully paid (99,600,000 ordinary shares)	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.

Capital Management

When managing capital, management's objective is to ensure the consolidated entity continues as a going concern as well as to maintain returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

During 2015, management paid /declared dividends of $75.7m (2014: $63.7m).

Notes

To the financial statements for the year ended 30 June 2015

	Consolidated Entity	
	2015 ($000's)	2014 ($000's)
19. Reserves		
Asset revaluation reserve (historic revaluation of properties)	461	461
General reserve	51	51
Capital profits reserve (historic profits from sale of property)	2,491	2,491
Foreign currency translation reserve (translation of foreign entity)	357	933
	3,360	3,936
20. Retained Earnings		
Balance at the beginning of year	813,072	752,795
Net profit attributable to members of parent entity	165,556	123,025
Dividends paid	(65,736)	(62,748)
Balance at end of year	912,892	813,072
21. Cash Flow Information		
(a) Reconciliation of the net profit after tax to the net cash flows from operations:		
Net profit	165,556	123,025
Add/(less) non cash items:		
(Profit) / loss on sale or disposal of non-current assets	1,909	169
Depreciation	44,456	42,006
Exchange translation	(576)	859
Amounts set aside to provisions	4,356	3,551
Net cash flows from operations before change in assets and liabilities	215,701	169,610
Change in assets and liabilities		
(Increase)/decrease in receivables	(23,559)	13,992
(Increase)/decrease in inventory	(39,769)	(34,707)
Increase /(decrease) in payables	14,198	6,508
Increase/(decrease) in income taxes payable	(1,387)	(4,509)
(Increase)/decrease in deferred tax assets	1,062	(5,171)
Net cash flow from operating activities	166,246	145,723

		Consolidated Entity	
		2015 ($000's)	2014 ($000's)

21. Cash Flow Information (cont'd)

(b) Financing facilities

Bank Loans and Overdraft

Bank facilities are secured by Deed of Negative Pledge which includes the following financial covenants; shareholder equity, interest cover ratio and gearing ratio

The consolidated entity has access to the following lines of credit:

Total facilities available and unused at 30 June 2015

		2015 ($000's)	2014 ($000's)
Bank Overdraft	- facility	885	929
	- unused	769	211
Term Loan	- facility	175,000	195,000
	- unused	-	-
Uncommitted Placement Line	- facility	25,000	25,000
	- unused	25,000	25,000
Multi-Currency Cash Advance	- facility	15,000	15,000
	- unused	15,000	5,940
Cash Advance	- facility	35,000	50,000
	- unused	35,000	50,000
Bank Guarantees	- facility	8,923	7,000
	- unused	1,624	1,541
Trade Refinance & documentary letters of credit/surrenders	- facility	10,000	10,000
	- unused	4,649	4,844
Credit cards	- facility	3,421	3,432
	- unused	2,725	2,819
Total	- facility	273,229	306,150
	- unused	84,767	90,355

22. Commitments

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

	2015 ($000's)	2014 ($000's)
Buildings	191,112	176,970
Equipment	1,024	2,049
	192,136	179,019
Due not later than one year	41,921	37,939
Due later than one year but not later than five years	105,550	97,548
Due later than five years	44,665	43,532
	192,136	179,019

23. Earnings per Share

	2015	2014
Earnings used in calculating basic and diluted earnings per share.	165,555,960	123,025,314
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 the basic and diluted earnings per share has been calculated on the weighted average of share capital during the year.	166 cents	124 cents

	Consolidated Entity	
	2015 ($)	2014 ($)
24. Auditors' Remuneration		
Audit/Review Fees	**702,000**	**660,879**
Amounts paid and payable to Pitcher Partners for non-audit services:		
Taxation services	367,354	92,105
Other assurance services	14,343	464,941
	381,697	**557,046**
Amounts paid and payable to network firms of Pitcher Partners:		
Audit/Review fees	1,759	1,757
Other assurance services	15,663	20,701
	17,422	22,458

25. Related Party Disclosures

(a) Directors and key management personnel

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 was G.W. Street.

Short-term employee benefits of $6,404,318 (2014: $6,025,484) and superannuation benefits of $113,772 (2014: $112,750) were made to the directors' and senior manager.

(b) Ownership Interests in Related Parties

Details of interests in controlled entities are set out in Note 28.

Further details regarding related party exposures are included in the Director's Report.

26. Segment Information

The sole activity of the consolidated entity is the supply of plumbing, bathroom, heating ventilation and air-conditioning products in Australia and New Zealand. The revenue and non-current assets for the New Zealand operations are not material.

Notes

To the financial statements for the year ended 30 June 2015

27. Deed of Cross Guarantee

All entities listed in note 28 with the exception of Reece New Zealand Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

A consolidated Statement of Comprehensive Income and Statement of Financial Position, comprising the Company and controlled entities subject to the deed, after eliminating all transactions between parties to the Deed of Cross Guarantee is set out as follows:

	Consolidated Entity	
	2015 ($000's)	2014 ($000's)
Revenue		
Sales revenue	2,062,123	1,755,470
Other income	2,087	3,571
	2,064,210	1,759,041
Less: Expenses		
Cost of goods sold	1,380,206	1,194,435
Employee benefits expense	235,103	191,656
Depreciation	43,273	40,944
Finance costs	8,844	3,860
Other expenses	167,513	142,313
(Gain)/Loss on foreign exchange contracts	(10,363)	6,382
Profit before income tax	239,634	179,451
Income tax expense	72,729	55,462
Net Profit for the year from continuing operations	166,905	123,989
Total comprehensive income	166,905	123,989
Basic earnings per share	168 cents	124 cents
Diluted earnings per share	168 cents	124 cents

27. Deed of Cross Guarantee (cont'd)

	Consolidated Entity	
	2015 ($000's)	2014 ($000's)
Movements in Retained Earnings		
Retained earnings at the beginning of the financial year	826,458	765,217
Profit for the year	166,905	123,989
Dividends Paid	(65,736)	(62,748)
Retained Earnings at end of financial year	927,627	826,458

Current Assets		
Cash and cash equivalents	85,018	73,759
Receivables	303,294	279,321
Inventories	360,645	321,485
Total Current Assets	748,957	674,565
Non-Current Assets		
Investments and receivables	29,751	22,118
Property, plant and equipment	451,857	437,695
Intangible assets	211,843	211,843
Deferred tax assets	29,987	31,046
Total Non-Current Assets	723,438	702,702
Total Assets	1,472,395	1,377.267
Current Liabilities		
Payables	294,480	280,055
Short term borrowings	20,000	20,000
Current tax payable	9,130	10,518
Provisions	48,570	43,821
Other	-	2,935
Total Current Liabilities	372,180	357,329
Non Current Liabilities		
Long-term payable	2,825	3,347
Long-term borrowings	155,000	175,000
Provisions	1,800	2,170
Total Non-Current Liabilities	159,625	180,517
Total Liabilities	531,805	537,846
Net Assets	940,590	839,421
Equity		
Contributed equity	9,960	9,960
Reserves	3,003	3,003
Retained earnings	927,627	826,458
Total Equity	940,590	839,421

Notes

To the financial statements for the year ended 30 June 2015

28. Particulars in Relation to Corporations in the Group

Name of entity	Ownership Percentage 2015 %	Ownership Percentage 2014 %
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%
6. Actrol Parts Holdings Pty Ltd	100%	100%
7. Actrol Parts Finance Pty Ltd	100%	100%
8. Actrol Parts Pty Ltd	100%	100%
9. A.C. Components Pty Ltd	100%	100%
10. Metalflex Pty Ltd	100%	100%
11. Metalflex Regional Pty Ltd	100%	100%
12. Metalflex (S.A.) Pty Ltd	100%	100%
13. Metalflex (W.A.) Pty Ltd	100%	100%
14. Air Plus Pty Ltd	100%	100%

Notes

(i) Controlled entities 1 to 4 and 6 to 14 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 and 6 to 14 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

29. Subsequent Events

There has been no matter or circumstance, which has arisen since 30 June 2015, that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2015, of the consolidated entity, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 30 June 2015, of the consolidated entity.

Notes

To the financial statements for the year ended 30 June 2015

30. Parent Entity Details

	Consolidated Entity	
	2015 ($000's)	2014 ($000's)
(a) Summarised statement of financial position		
Assets		
Current Assets	9,130	10,518
Non-current Assets	320,581	332,024
Total Assets	329,711	342,542
Liabilities		
Current Liabilities	163,188	156,019
Non-current Liabilities	155,000	175,000
Total Liabilities	318,188	331,019
Net Assets	11,523	11,523
Equity		
Contributed equity	9,960	9,960
Retained earnings	1,526	1,526
Reserves	37	37
Total Equity	11,523	11,523

(b) Summarised statement of comprehensive income		
Profit for the year	65,736	62,748
Other comprehensive income for the year payable	-	-
Total comprehensive income for the year	65,736	62,748

(c) Parent entity guarantees		
Bank Overdraft	885	929
Cash advance facility	50,000	65,000
Term loan facility	175,000	195,000

(d) The final dividend declared to be paid on 28 October 2015 as per note 7 shall be funded by way of a dividend to be recieved from a wholy owned subsidiary.

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 19 to 35 in accordance with the *Corporations Act 2001*:

(a) Comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;

(b) As stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and

(c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2015 and of its performance 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.

The Company and the group entities identified in Note 28 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

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 sections 295A of the *Corporations Act 2001* for the financial year ending 30 June 2015.

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

Dated at Melbourne on 27 August 2015.

L. A. Wilson
Executive Chairman

P. J. Wilson
Chief Executive Officer

Independent Auditors' Report

PITCHER PARTNERS

We have audited the accompanying financial report of Reece Australia Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditors' Responsibility

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

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

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

Independence

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

Auditors' Opinion

In our opinion:

(a) the financial report of Reece Australia Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 23 of the directors' report for the year ended 30 June 2015. 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.

Opinion

In our opinion, the Remuneration Report of Reece Australia Limited and controlled entities for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

D. A. KNOWLES
Partner
27 August 2015

PITCHER PARTNERS
Melbourne

An independent Victorian Partnership ABN 27 975 255 196
Level 19, 15 William Street, Melbourne VIC, 3000
Liability limited by a scheme approved under Professional Standards Legislation

Pitcher Partners is an association of independent firms
Melbourne | Sydney | Perth | Adelaide | Brisbane | Newcastle
An independent member of Baker Tilly International

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 12 August 2015, the distribution of shareholdings was as follows:

Size of Shareholding	Number of Shareholders
1 – 1,000	704
1,001 – 5,000	351
5,001 – 10,000	79
10,001 – 100,000	104
Over 100,000	39
Holdings of less than a marketable parcel	0
TOTAL	1,277

(b) Substantial shareholdings

The number of shares held by the substantial shareholders listed in the Company's register of substantial shareholders as at 12 August 2015 were:

Shareholder	Number of Shares
Waln 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
Addawarra 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 12 August 2015, there were 1,277 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 12 August 2015:

Shareholder	Number of Shares	% Held
L.T. Wilson Pty Ltd	31,440,000	31.60%
L.T.W. Holdings Pty Ltd	12,000,000	12.10%
Warramunda Investments Pty Ltd	9,729,000	9.80%
RBC Investor Services Australia Nominees Pty Ltd (PI Pooled A/C)	5,811,716	5.80%
Florizel Investments Pty Ltd	3,360,320	3.40%
W.A.L. Investments Pty Ltd	3,360,320	3.40%
J.G.W. Investments Pty Ltd	3,360,320	3.40%
J P Morgan Nominees Australia Limited	3,161,561	3.20%
Austral Hardware Pty Ltd	2,985,000	3.00%
Austral Hardware (Healesville) Pty Ltd	2,400,000	2.40%
Addawarra Nominees Pty Ltd	2,310,000	2.30%
Citicorp Nominees Pty Limited	2,129,808	2.10%
Wilaust Holdings Pty Ltd	1,746,000	1.80%
UBS Nominees Pty Ltd	1,539,663	1.60%
BNP Paribas Noms Pty Ltd <DRP>	1,031,486	1.00%
RBC Investor Services Australia Nominees Pty Ltd (PIIC A/C)	1,019,442	1.00%
National Nominees Limited	936,934	0.90%
John G. Wilson	934,000	0.90%
Argo Investments Limited	697,806	0.70%
HSBC Custody Nominees (Australia) Limited	559,487	0.60%

The twenty members holding the largest number of shares together held a total of 90.9% of the issued capital.