

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

Half-year information for the six months ended 31 December 2006
provided to the ASX under listing rule 4.2A.

This half-year financial report is to be read in conjunction with
the financial report for the year ended 30 June 2006.

Appendix 4D

Half-year report for the six months to 31 December 2006

Reece Australia Limited
(ABN 49 004 313 133)

1. Reporting period

Report for the half-year ended 31 December 2006.

Previous corresponding period is the financial year ended 30 June 2006 and half-year ended 31 December 2005.

2. Results for announcement to the market

		\$A'000
Revenues from ordinary activities	up 18.1% to	650,284
Profit from ordinary activities after tax attributable to members	up 18.4% to	45,983
Net profit for the period attributable to members	up 18.4% to	45,983

Dividends	Amount per security	Franked amount per security
Interim dividend	17 cents	17 cents
Previous corresponding period – interim dividend	14 cents	14 cents
Record date for determining entitlements to the dividend		9 March 2007

Commentary

The Company enjoyed a good six months to 31 December 2006 with better sales and profit than for the same period last year.

Revenues for the half-year increased by 18.1% to \$650.3m and net profit after tax for the half-year increased by 18.4% to \$46.0m.

As a consequence the Board has announced a fully franked interim dividend of 17 cents per share.

In Australia the Company continued to grow its network, commencing trading from 17 new locations during the half-year. The Company now has 284 trading locations throughout Australia. With a number of locations having multiple businesses operating from the same site, this translates to a network of 327 outlets throughout Australia.

The Board is satisfied with the first nine months trading from the Company's 2 New Zealand outlets. There has been no variation in the plan to build a viable network in New Zealand over the longer term by greenfielding additions or through acquisitions if and when opportunities arise.

In its review of operations in the 2006 Annual Report, looking ahead, the Board anticipated continued growth and a continuing upward pressure on business costs. This has generally been the Company's experience. One of the most pressing challenges remains recruiting the right people to keep pace with the Company's growth. It is with unpredictable factors such as these in mind that the Board declines to forecast future growth rates at this time but does expect the Company to continue to grow given the continuing store roll-outs.

The Board is determined that the Company continues to focus on the principles and initiatives that have contributed to its solid performance over the longer term. With a focus on these areas, the Board is confident that the Company can maintain its position as Australia's leading distributor of plumbing and bathroom products.

Appendix 4D

Half-year report for the six months to 31 December 2006

Reece Australia Limited
(ABN 49 004 313 133)

	2006 \$A'000	2005 \$A'000
3. Net tangible assets per security		
Net tangible asset backing per ordinary security	376 cents	330 cents

4. Dividends

Ordinary shares

Dividends paid during the half-year	29,880	25,896
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Subsequent events

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

17 cents per ordinary share fully franked	16,932	13,944
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The interim dividend relating to the half-year ended on 31 December 2006 has not been included as a provision in the financial statements because the dividend was declared after balance date.

Date dividend is payable 23 March 2007

Record date to determine entitlements to the dividend 9 March 2007

Amount per ordinary security

		Amount per security	Franked amount per security
Interim dividend:	Current year	17 cents	17 cents (at 30% tax rate)
	Previous year	14 cents	14 cents (at 30% tax rate)

5. The financial information provided in the Appendix 4D is based on the half-year condensed financial report (attached), which has been prepared in accordance with Australian Equivalents of International Financial Reporting Standards (AIRFS).

6. Independent review of the financial report

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

22 February 2007
Melbourne

N G Cathie
Company Secretary

Reece Australia Limited

(ABN 49 004 313 133)
and controlled entities

Financial report for the half-year ended 31 December 2006

This half-year financial report is to be read in conjunction with
the financial report for the year ended 30 June 2006

Reece Australia Limited and controlled entities
Financial report for the half-year ended 31 December 2006

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Reece Australia Limited and controlled entities

Directors' Report

The Directors present their report together with the condensed financial report of the consolidated entity consisting of Reece Australia Limited and the entities it controlled, for the half-year ended 31 December 2006 and independent review report thereon. This financial report has been prepared in accordance with Australian Equivalents of International Financial Reporting Standards.

Directors' Names

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

Name	Period of directorship
Mr L. A. Wilson	37 years
Mr B. W. C. Wilson	36 years
Mr J. G. Wilson	22 years
Mr P. J. Wilson	9 years
Mr R. G. Pitcher	4 years

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

Review of Operations

The Company enjoyed a good six months to 31 December 2006 with better sales and profit than for the same period last year.

Revenues for the half-year increased by 18.1% to \$650.3m and net profit after tax for the half-year increased by 18.4% to \$46.0m.

As a consequence the Board has announced a fully franked interim dividend of 17 cents per share.

In Australia the Company continued to grow its network, commencing trading from 17 new locations during the half-year. The Company now has 284 trading locations throughout Australia. With a number of locations having multiple businesses operating from the same site, this translates to a network of 327 outlets throughout Australia.

The Board is satisfied with the first nine months trading from the Company's 2 New Zealand outlets. There has been no variation in the plan to build a viable network in New Zealand over the longer term by greenfielding additions or through acquisitions if and when opportunities arise.

In its review of operations in the 2006 Annual Report, looking ahead, the Board anticipated continued growth and a continuing upward pressure on business costs. This has generally been the Company's experience. One of the most pressing challenges remains recruiting the right people to keep pace with the Company's growth. It is with unpredictable factors such as these in mind that the Board declines to forecast future growth rates at this time but does expect the Company to continue to grow given the continuing store roll-outs.

The Board is determined that the Company continues to focus on the principles and initiatives that have contributed to its solid performance over the longer term. With a focus on these areas, the Board is confident that the Company can maintain its position as Australia's leading distributor of plumbing and bathroom products.

Reece Australia Limited and controlled entities

Directors' Report

Auditor's Declaration

A copy of the auditor's declaration in relation to the review for the half-year is provided with this report.

Rounding of amounts to nearest thousand dollars

The amounts contained in the report and in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of Directors.

L.A. Wilson
Chairman

Melbourne
22 February 2007

Auditor's Independence Declaration

To the Directors of Reece Australia Limited

In relation to the half-year independent review for the six months to 31 December 2006, to the best of my knowledge and belief there have been:

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

Pitcher Partners

22 February 2007
Melbourne

A. R. Fitzpatrick
Partner

Reece Australia Limited and controlled entities
Condensed consolidated income statement for the half-year
ended 31 December 2006

	2006	2005
	\$A'000	\$A'000
Revenue		
Sales Revenue	649,492	548,771
Other income	792	1,764
	<u>650,284</u>	<u>550,535</u>
Change in inventory	30,744	6,471
Purchases	439,557	397,180
Employee benefits expense	58,491	49,819
Depreciation	7,813	6,302
Finance costs	514	-
Other expenses	46,481	35,073
	<u>583,600</u>	<u>494,845</u>
Profit before income tax	66,684	55,690
Income tax expense	20,701	16,869
Profit for the half-year	<u>45,983</u>	<u>38,821</u>
Profit attributable to the members of Reece Australia Limited	<u><u>45,983</u></u>	<u><u>38,821</u></u>
Earnings per security (EPS)		
Basic EPS	<u>46 cents</u>	<u>39 cents</u>
Diluted EPS	<u><u>46 cents</u></u>	<u><u>39 cents</u></u>

The accompanying notes form part of these financial statements

Reece Australia Limited and controlled entities

Condensed consolidated balance sheet as at 31 December 2006

	31 December 2006 \$A'000	30 June 2006 \$A'000
Current assets		
Cash and cash equivalents	63,212	53,665
Receivables	191,073	191,323
Inventories	197,082	166,210
Total current assets	451,367	411,198
Non-current assets		
Property, plant and equipment	192,159	176,734
Intangible assets	3,123	2,879
Deferred tax assets	14,873	14,319
Total non-current assets	210,155	193,932
Total assets	661,522	605,130
Current liabilities		
Payables	177,555	184,264
Short-term borrowings	50,000	-
Current tax payable	10,163	12,410
Provisions	11,655	11,312
Other	6,310	8,539
Total current liabilities	255,683	216,525
Non-current liabilities		
Interest-bearing liabilities	3,477	3,208
Provisions	10,108	9,394
Total non-current liabilities	13,585	12,602
Total liabilities	269,268	229,127
Net assets	392,254	376,003
Equity		
Share capital	9,960	9,960
Other reserves	3,035	2,887
Retained earnings	379,259	363,156
Total equity	392,254	376,003

The accompanying notes form part of these financial statements

Reece Australia Limited and controlled entities

**Condensed consolidated statement of changes in equity for the half-year
ended 31 December 2006**

	2006	2005
	\$A'000	\$A'000
Total equity at the beginning of the half-year	376,003	329,100
Exchange differences on translation of foreign operations	148	-
Net income recognised directly in equity	148	-
Profit for the half-year	45,983	38,821
Total recognised income and expenses for the period	46,131	38,821
Transactions with equity holders in their capacity as equity holders:		
Dividends paid	(29,880)	(25,896)
Total equity at the end of the half-year	392,254	342,025

The accompanying notes form part of these financial statements

Reece Australia Limited and controlled entities

**Condensed consolidated statement of cash flows for the half-year
ended 31 December 2006**

	2006	2005
	\$A'000	\$A'000
<hr/>		
Cash flow from operating activities		
Receipts from customers	714,806	618,563
Payments to suppliers and employees	(676,566)	(549,050)
Interest received	478	972
Borrowing costs	(514)	-
Income tax paid	(23,497)	(20,318)
	<hr/>	<hr/>
Net cash provided by operating activities	14,707	50,167
<hr/>		
Cash flow from investing activities		
Payments for property, plant and equipment	(25,920)	(19,854)
Proceeds from sale of property, plant and equipment	640	607
	<hr/>	<hr/>
Net cash provided by investing activities	(25,280)	(19,247)
<hr/>		
Cash flow from financing activities		
Proceeds from borrowings	50,000	-
Dividends paid	(29,880)	(25,896)
	<hr/>	<hr/>
Net cash provided by financing activities	20,120	(25,896)
<hr/>		
Net increase in cash and cash equivalents	9,547	5,024
Cash and cash equivalents at the beginning of the half-year	53,665	45,976
	<hr/>	<hr/>
Cash and cash equivalents at the end of the half-year	63,212	51,000
	<hr/>	<hr/>

The accompanying notes form part of these financial statements

Reece Australia Limited and controlled entities

**Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2006**

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

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

It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2006 and any public announcements made by Reece Australia Limited during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

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

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

The half-year 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) Summary of the significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2006.

(c) Principles of consolidation

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

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

(d) Rounding amounts

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

Note 2: Subsequent events

There have been no material events subsequent to the end of the half-year that have not been recognised in the half-year financial statements.

Reece Australia Limited and controlled entities

**Notes to the condensed consolidated financial statements for the half-year
ended 31 December 2006**

Note 3: Dividends

	2006	2005
	\$A'000	\$A'000
Ordinary shares		
Dividends provided for or paid during the half-year	29,880	25,896
Proposed dividends not recognised at the end of the half-year	16,932	13,944

Note 4: Segment reporting

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

Note 5: Contingent liabilities

There have been no changes in contingent liabilities since 30 June 2006.

Reece Australia Limited
ABN 49 004 313 133

Directors' Declaration

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

- (a) Comply with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001, and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2006 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

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

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

L. A. Wilson
Chairman

Melbourne
22 February 2007

**Independent Review Report
to the members of Reece Australia Limited**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Reece Australia Limited and controlled entities which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Reece Australia Limited and controlled entities are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the financial position of Reece Australia Limited and controlled entities as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Reece Australia Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the financial position of Reece Australia Limited and controlled entities as at 31 December 2006 and its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001.

Pitcher Partners

A. R. Fitzpatrick
Partner

22 February 2007
Melbourne