

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

Half-year information for the six months ended 31 December 2007
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 2007.

Appendix 4D

Half-year report for the six months to 31 December 2007

Reece Australia Limited
(ABN 49 004 313 133)

1. Reporting period

Report for the half-year ended 31 December 2007.

Previous corresponding period is the financial year ended 30 June 2007 and half-year ended 31 December 2006.

2. Results for announcement to the market

		\$A'000
Revenues from ordinary activities	up 10.6% to	719,236
Profit from ordinary activities after tax attributable to members	up 15.8% to	53,259
Net profit for the period attributable to members	up 15.8% to	53,259

Dividends	Amount per security	Franked amount per security
Interim dividend	20 cents	20 cents
Previous corresponding period – interim dividend	17 cents	17 cents
Record date for determining entitlements to the dividend		6 March 2008

Commentary

The Company is pleased to report continued growth for the six months to 31 December 2007 compared to the same period last year, with revenues for the half-year increasing by 10.6% to \$719.2M and net profit after tax for the half year increasing by 15.8% to \$53.3M.

As a consequence the Board has announced a 17.6% increase in the interim dividend to 20 cents per share, fully franked.

In Australia the Company has continued to grow its network, commencing trading from 12 new locations during the half-year. At the end of the half year the Company had 316 trading locations throughout Australia. With a number of locations having multiple businesses operating from the same site, this translates to a network of 364 outlets throughout Australia. The second half will see further growth in the Australian network with operations expected to commence from new outlets similar in number to the first half.

The New Zealand network remained at 2 locations for the half year with a third location opening in Auckland in January 2008. Another outlet is expected to be operational in the Auckland area by the end of the financial year.

Mr Peter Wilson was appointed Chief Executive Officer of the Company effective 1 January 2008. Peter joined Reece in 1993 and has contributed significantly to the success of the business, particularly in more recent years in the executive roles of General Manager Operations and, since 2005, Chief Operating Officer.

Mr Alan Wilson will continue to have an active role in the business as Executive Chairman with a focus on the strategic development of the Company.

In its review of operations in the 2007 Annual Report, looking ahead, the Board anticipated continued growth but in a tougher market of tight labour conditions resulting in higher wage costs, rising interest rates and unfavourable housing affordability data. These conditions did prevail throughout the half year and will remain a challenge for some time to come.

Notwithstanding such challenges, the Board expects the Company to continue to grow but declines to forecast future growth rates at this time.

Appendix 4D

Half-year report for the six months to 31 December 2007

Reece Australia Limited
(ABN 49 004 313 133)

	2007 \$A'000	2006 \$A'000
3. Net tangible assets per security		
Net tangible asset backing per ordinary security	433 cents	376 cents

4. Dividends

Ordinary shares

Dividends paid during the half-year

34,860

29,880

Subsequent events

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

20 cents per ordinary share fully franked

19,920

16,932

The interim dividend relating to the half-year ended on 31 December 2007 has not been included as a provision in the financial statements because the dividend was declared after balance date.

Date dividend is payable

20 March 2008

Record date to determine entitlements to the dividend

6 March 2008

Amount per ordinary security

		Amount per security	Franked amount per security
Interim dividend:	Current year	20 cents	20 cents (at 30% tax rate)
	Previous year	17 cents	17 cents (at 30% tax rate)

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

6. Independent review of the financial report

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

21 February 2008
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 2007

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the financial report for the year ended 30 June 2007

Reece Australia Limited and controlled entities
Financial report for the half-year ended 31 December 2007

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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 2007 and independent review report thereon.

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	38 years
Mr B. W. C. Wilson	37 years
Mr J. G. Wilson	23 years
Mr P. J. Wilson	10 years
Mr R. G. Pitcher	5 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 experienced continued growth for the six months to 31 December 2007 compared to the same period last year, with revenues for the half-year increasing by 10.6% to \$719.2M and net profit after tax for the half year increasing by 15.8% to \$53.3M.

As a consequence the Board has announced a 17.6% increase in the interim dividend to 20 cents per share, fully franked.

In Australia the Company has continued to grow its network, commencing trading from 12 new locations during the half-year. At the end of the half year the Company had 316 trading locations throughout Australia. With a number of locations having multiple businesses operating from the same site, this translates to a network of 364 outlets throughout Australia. The second half will see further growth in the Australian network with operations expected to commence from new outlets similar in number to the first half.

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In its review of operations in the 2007 Annual Report, looking ahead, the Board anticipated continued growth but in a tougher market of tight labour conditions resulting in higher wage costs, rising interest rates and unfavourable housing affordability data. These conditions did prevail throughout the half year and will remain a challenge for some time to come.

Notwithstanding such challenges, the Board expects the Company to continue to grow but declines to forecast future growth rates at this time.

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
Executive Chairman

P.J. Wilson
Chief Executive Officer

Melbourne
21 February 2008

Auditor's Independence Declaration

To the Directors of Reece Australia Limited

In relation to the half-year independent auditor's review for the six months to 31 December 2007, 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
Melbourne

A. R. FITZPATRICK
Partner
21 February 2008

Reece Australia Limited and controlled entities
Condensed consolidated income statement for the half-year
ended 31 December 2007

	2007	2006
	\$A'000	\$A'000
Revenue		
Sales Revenue	718,092	649,492
Other income	1,144	792
	719,236	650,284
Cost of sales	495,268	470,301
Employee benefits expense	77,642	58,491
Depreciation	9,439	7,813
Finance costs	629	514
Other expenses	59,500	46,481
	642,478	583,600
Profit before income tax	76,758	66,684
Income tax expense	23,499	20,701
Profit for the half-year	53,259	45,983
Profit attributable to the members of the parent	53,259	45,983
Earnings per security (EPS)		
Basic EPS	53 cents	46 cents
Diluted EPS	53 cents	46 cents

The accompanying notes form part of these financial statements

Reece Australia Limited and controlled entities

Condensed consolidated balance sheet as at 31 December 2007

	31 December 2007 \$A'000	30 June 2007 \$A'000
Current assets		
Cash and cash equivalents	19,921	23,648
Trade and other receivables	202,815	215,908
Inventories	212,471	197,856
Total current assets	435,207	437,412
Non-current assets		
Property, plant and equipment	232,633	211,312
Intangible assets	3,086	3,177
Deferred tax assets	16,942	15,716
Total non-current assets	252,661	230,205
Total assets	687,868	667,617
Current liabilities		
Trade and other payables	188,541	185,646
Current tax payable	11,622	13,381
Short-term provisions	15,118	13,686
Other	5,384	7,152
Total current liabilities	220,665	219,865
Non-current liabilities		
Long-term borrowings	5,064	5,215
Long-term provisions	10,679	9,668
Total non-current liabilities	15,743	14,883
Total liabilities	236,408	234,748
Net assets	451,460	432,869
Equity		
Issued capital	9,960	9,960
Reserves	3,264	3,072
Retained earnings	438,236	419,837
Total equity	451,460	432,869

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 2007

	2007 \$A'000	2006 \$A'000
Total equity at the beginning of the half-year	432,869	376,003
Exchange differences on translation of foreign operations	192	148
Net income recognised directly in equity	192	148
Profit for the half-year	53,259	45,983
Total recognised income and expenses for the period	53,451	46,131
Transactions with equity holders in their capacity as equity holders:		
Dividends paid	(34,860)	(29,880)
Total equity at the end of the half-year	451,460	392,254

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 2007**

	2007	2006
	\$A'000	\$A'000
<hr/>		
Cash flow from operating activities		
Receipts from customers	803,225	714,806
Payments to suppliers and employees	(713,476)	(676,566)
Interest received	502	478
Borrowing costs	(629)	(514)
Income tax paid	(26,480)	(23,497)
	<hr/>	<hr/>
Net cash provided by operating activities	63,142	14,707
	<hr/>	<hr/>
Cash flow from investing activities		
Payments for property, plant and equipment	(32,893)	(25,920)
Proceeds from sale of property, plant and equipment	884	640
	<hr/>	<hr/>
Net cash used in investing activities	(32,009)	(25,280)
	<hr/>	<hr/>
Cash flow from financing activities		
Proceeds from borrowings	-	50,000
Dividends paid	(34,860)	(29,880)
	<hr/>	<hr/>
Net cash (used in)/provided by financing activities	(34,860)	20,120
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(3,727)	9,547
Cash and cash equivalents at the beginning of the half-year	23,648	53,665
	<hr/>	<hr/>
Cash and cash equivalents at the end of the half-year	19,921	63,212
	<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 2007**

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 2007 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.

(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 2007.

(c) Principles of consolidation

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

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

(d) Rounding amounts

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

Note 2: Subsequent events

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

Reece Australia Limited and controlled entities

**Notes to the condensed consolidated financial statements for the half-year
ended 31 December 2007**

Note 3: Dividends

	2007	2006
	\$A'000	\$A'000
Ordinary shares		
Dividends provided for or paid during the half-year	34,860	29,880
Proposed dividends not recognised at the end of the half-year	19,920	16,932

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 2007.

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 2007 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
Executive Chairman

P. J. Wilson
Chief Executive Officer

Melbourne
21 February 2008

**Independent Auditor's 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. The half-year financial report comprises the condensed consolidated balance sheet as at 31 December 2007, and the condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half-year ended on that date, for the company and the entities it controlled at the half-year or from time to time during the period, together with 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 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 consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Reece Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the 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 2007 and its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Pitcher Partners
Melbourne

A. R. FITZPATRICK
PARTNER
21 February 2008