

04

SHAREHOLDER
INFORMATION

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REECE AUSTRALIA LIMITED
ABN 49 004 313 133



half year highlights

Dear Shareholder

The Company enjoyed a good six months to 31 December 2004 with better sales and profit than for the same period last year. Each division of the Company (Plumbing & Bathroom, HVAC, Industrial, Irrigation and Commercial Projects) improved its performance. Revenues for the half year increased by 17.6% to \$503.5M and net profit after tax for the half year increased by 29.8% to \$35.0M.

As a consequence, the Board has announced a fully franked interim dividend of 12 cents per share.

A summary of the financial results is contained in this report.

The strong results can be attributed in part to a housing and renovation market that remained reasonably buoyant and the absence of any significant interest rate increases. These external factors are likely to continue to impact on the Company's performance for the remainder of the year. However the building market has shown signs of softening with an easing of new housing starts and interest rate uncertainty. Due to the unpredictability of these factors the Board is reluctant to forecast any future growth rates.

The Company continued to grow its network, adding 10 new locations during the half year. The Company now has a total of 225 trading locations throughout Australia. There were no acquisitions during the period.

Looking forward, the Company will continue to focus on the principles and initiatives that have contributed to its strong performance to date. These include:

- > Commitment to its continuous improvement program
- > Staff training and development
- > Effective marketing activity
- > Improved customer service
- > Strong management and leadership
- > Effective teamwork
- > Efficient and reliable technology

Finally, the Board would like to acknowledge the contribution made by management and staff to the continuing success of Reece.

L. Alan Wilson

Chairman & C.E.O

summary of financial results to 31 december 2004

	2004 \$A'000	2003 \$A'000
Total Revenue	503,554	428,355
Profit before tax	50,434	39,178
Less Tax	15,401	12,178
Net profit after tax	35,033	27,000
	2004 \$A'000	2003 \$A'000
Current Assets		
Cash assets	46,001	40,731
Receivables	141,690	119,768
Inventories	146,806	128,614
Total Current Assets	334,497	289,113
Non-Current Assets		
Property, plant and equipment	128,749	113,880
Intangible assets	3	440
Deferred tax asset	8,558	7,399
Total Non-Current Assets	137,310	121,719
Total Assets	471,807	410,832
Current Liabilities		
Payables	146,342	129,837
Current tax liability	8,821	6,333
Provisions	9,531	8,584
Other	1,668	2,728
Total Current Liabilities	166,362	147,482
Non-Current Liabilities		
Provisions	8,310	7,886
Total Non-Current Liabilities	8,310	7,886
Total Liabilities	174,672	155,368
Net Assets	297,135	255,464
Equity		
Contributed Equity	9,960	9,960
Reserves	3,003	2,508
Retained Profits	284,172	242,996
Total Equity	297,135	255,464

For full half yearly reports and announcements, please see the Investors section of the Reece website: www.reece.com.au



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