



2002-2003
Half Yearly Report

half year highlights dear shareholder

The Board has declared an interim dividend of 7.5 cents per share following a solid six months to 31 December 2002 in which sales increased by 20.6% and net earnings increased by 30.8%.

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

The continuing buoyant housing and renovation markets contributed to the growth in earnings recorded by the group. The Board expects similar trading conditions throughout the remainder of this financial year but remains cautious about the 2004 financial year with the slowdown in housing activity expected in that period.

At the end of the reporting period the group was operating from 186 sites nationally which is up from 174 sites at the same time last year. In accordance with the Board's direction, the group will continue to expand into new geographic locations within Australia as and when opportunities arise.

On 16 November 2002 our Caulfield store, the first in the Reece network, was destroyed by fire. Reece had been trading from this location since 1920 and we were saddened to lose this piece of our company history. Pleasingly, a temporary site in the area was secured, fitted out and commenced operating from the beginning of December. We are currently rebuilding on the original Caulfield site and plan to open towards the end of this financial year.

The Board is very pleased to announce the appointment of Mr Ronald George Pitcher as a non-executive Director of Reece Australia Limited and all subsidiary companies, effective 6 January 2003. Mr Pitcher is a chartered accountant and business consultant with over 45 years experience in the accounting profession and in the provision of business advisory services. He is also a Director of National Can Industries Limited, Capral Aluminium Limited and Cellestis Limited.

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

L. Alan Wilson
Chairman & C.E.O

Summary of Financial Results to 31 December 2002

Statement of financial performance for six months to 31 December 2002

| | 2002 \$A'000 | 2001 \$A'000 |
|-----------------------------|-----------------|-----------------|
| Total Revenue | 371,559 | 308,277 |
| Operating profit before tax | 33,334 | 25,646 |
| Less Tax | 10,495 | 8,180 |
| Operating profit after tax | 22,839 | 17,466 |

Statement of financial position as at 31 December 2002

| | 2002 \$A'000 | 2001 \$A'000 |
|--------------------------------------|-----------------|-----------------|
| Current Assets | | |
| Cash | 47,484 | 38,917 |
| Receivables | 107,698 | 93,231 |
| Inventories | 108,211 | 90,510 |
| Total Current Assets | 263,393 | 222,658 |
| Non-Current Assets | | |
| Property, plant and equipment | 97,020 | 86,907 |
| Intangibles | 566 | 743 |
| Other | 6,180 | 5,713 |
| Total Non-Current Assets | 103,766 | 93,363 |
| Total Assets | 367,159 | 316,021 |
| Current Liabilities | | |
| Accounts payable | 120,656 | 101,616 |
| Provisions | 21,245 | 17,447 |
| Other | 947 | 2,009 |
| Total Current Liabilities | 142,848 | 121,072 |
| Non-Current Liabilities | | |
| Provisions | 6,302 | 6,347 |
| Total Non-Current Liabilities | 6,302 | 6,347 |
| Total Liabilities | 149,150 | 127,419 |
| Net Assets | 218,009 | 188,602 |
| Shareholders' Equity | | |
| Share capital | 9,960 | 9,960 |
| Reserves | 1,743 | 1,743 |
| Retained profits | 206,306 | 176,899 |
| Total Shareholders' Equity | 218,009 | 188,602 |

Shareholder Inquiries

Computershare Investor Services Pty Ltd
GPO Box 2975EE
Melbourne 3001
Telephone 03 9611 5711
Facsimile 03 9611 5710

Reece Australia Limited
ABN 49 004 313 133
Head Office 118 Burwood Highway
Burwood Victoria 3125
Telephone 03 9274 0000
Facsimile 03 9274 0199
Postal P.O. Private Bag 109
Burwood Victoria 3125