

1919
1999

1919 +80

1999

Celebrating 80 years of

During the 1998/99 financial year, Reece celebrated its 80th anniversary of trading. Its story over that period is one of growth and innovation characterised by a commitment to quality and its customers.

The Reece story began in 1919 when Harold Joseph Reece started selling goods from the back of his truck. In 1920 the first Reece plumbing hardware store began operating at Caulfield in Melbourne.

The business survived the Depression and World War II and by 1954 was listed on the Melbourne Stock Exchange. In 1956 a new branch was established in Clayton. By 1969 there were branches also at Croydon and Box Hill in Victoria following Reece's acquisition of Duncan & Ling.

The 1970's set the scene for the development of Reece into the position it enjoys today as a leading supplier of plumbing products. Business grew steadily in Victoria with 13 new stores opening. In 1978 Reece took its first step towards becoming a national chain when it opened its first New South Wales store in Albury.

Reece continued its national expansion in the 1980's adding some 32 stores to its network. These included its first store in metropolitan Sydney in Parramatta, its first store in Queensland at Labrador and its first store in the ACT at Fyshwick.



strong trading

In 1987 the company changed its name from "H.J.Reece Limited" to Reece Australia Limited. And by the end of the 1980's Reece had unveiled its flagship Showroom in Burwood, Victoria. Today, showrooms remain an integral feature of all Reece stores.

The 1990's have been an exciting and challenging time for Reece and the industry. The nature of plumbing work has become more specialised, new regulatory controls have been introduced and there continues to be strong competition from traditional and new areas.

During the early part of the decade Reece continued to build its presence along the east coast. Then, in 1997 Reece added 37 stores to its network following its acquisition of Plumbing World and Bridglunds. The acquisition resulted in Reece entering the South Australian, West Australian and Northern Territory markets and increasing its presence in Queensland.

In 1994 Reece established a National Training Centre at Ringwood in Victoria - this was a first for the industry. The Training Centre provides a facility where plumbers can obtain on-going training to improve their technical and business skills. Courses developed at the Training Centre have been provided to plumbers in country areas and other states.

To meet the needs of plumbers working in specialised areas, Reece established dedicated branches for mechanical services and gas. It has continued to expand into allied markets with the opening of new irrigation stores.

During the 1990's Reece also embarked on a program of continual improvement involving an on-going review and refinement of procedures and systems. This program has provided a strong foundation for Reece's continued growth.

In an increasingly competitive environment Reece implemented a number of marketing initiatives designed to raise its profile. In 1997, it launched a magazine and TV campaign based on the theme, "It all comes together at Reece." The campaign involved a second limb promoting the message "Don't risk it, use a licensed plumber".

During the 1998/99 financial year a new corporate identity was developed comprising a new logo, new corporate colours and a change of store description to "Plumbing Centres." The new identity, while retaining a visible link to the tradition of Reece, better reflects where Reece is today and positions it strongly for the future.

Today, the company that started on the back of a truck emerges as one of Australia's leading suppliers of plumbing products with over 150 plumbing centres across the country.



Don't risk it use a licensed plumber.



reece
Plumbing Centre

Reece Australia Limited A.C.N. 004 313 133

Controlled Entities	Reece Pty Ltd A.C.N. 004 097 090 Plumbing World Pty Ltd A.C.N. 004 910 829 Duncan and Ling Proprietary Limited A.C.N. 004 248 953
Controlled Entity of Reece Pty Ltd	Bolong Pty Limited A.C.N. 008 576 903
Directors	L.T. Wilson (Chairman) L.A. Wilson (Managing Director) B.W.C. Wilson J.G. Wilson P.J. Wilson
Company Secretary	N.G. Cathie
Bankers	National Australia Bank Limited
Solicitors	Russell Kennedy
Auditors	Pitcher Partners
Registered Office	118 Burwood Highway, Burwood Victoria, 3125 Telephone (03) 9274 0000 Facsimile (03) 9274 0197
Share Registry	Computershare Registry Services Pty Limited Level 12 565 Bourke Street Melbourne, Victoria, 3000 Telephone (03) 9611 5711 Facsimile (03) 9611 5710
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, 27 October, 1999 at 118 Burwood Highway, Burwood, Victoria

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1919

1999

annual report

Reece Australia Limited a.c.n. 004 313 133 and its controlled entities

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for the year ended 30 June 1999

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Directors' Report

The Directors present their report together with the financial report of Reece Australia Limited (The Company) and the consolidated financial report of the economic entity, being the Company and its controlled entities for the year ended 30 June 1999 and the auditors' report thereon.

Directors

The Directors in office at the date of this report are:

L.T. Wilson
L.A. Wilson
B.W.C. Wilson
J.G. Wilson
P.J. Wilson

Principal Activities

The principal activities of the economic entity during the course of the financial year were plumbing, building and hardware merchants.

There were no significant changes in the nature of the economic entity's principal activities during the year.

Consolidated Result

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

	1999	1998
	(\$000's)	(\$000's)
Operating profit before income tax	43,825	29,656
Abnormal items	-	(1,029)
	43,825	28,627
Income tax expense	16,392	11,353
Operating profit after income tax attributable to the members of Reece Australia Limited	27,433	17,274

The contribution to consolidated profit by each entity in the economic entity is set out in Note 28 to the financial statements.

Dividends

Dividends paid or declared by the Company since the end of the previous financial year were:

As proposed and provided for in last year's report: (\$000's)

A final fully franked ordinary dividend of 35 cents per share amounting to \$6,972,000 in respect of the year ended 30 June 1998, paid on 28 October 1998.

6,972

In respect of the current financial year

An interim fully franked ordinary dividend of 17.5 cents per share was paid on 9 April 1999.

3,486

The final dividend recommended by the Directors of the Company to be paid on 27 October 1999 is an ordinary fully franked dividend of 37.5 cents per share.

7,470
10,956

Review of Operations

The year was characterised by keen competition in all markets in which the economic entity operates.

The strength of the new building and renovation markets in most states, contributed to the performance of the economic entity.

In addition, the focus on continual improvement programs has manifested in a further refining of systems and procedures which have proved to be a strong foundation for the economic entity's growing operations.

The economic entity continues its expansion into the mechanical services, gas and irrigation markets with dedicated outlets now servicing these areas. These allied markets are presenting exciting opportunities to the operating entity.

During the financial year the economic entity opened or acquired 17 new outlets throughout mainland Australia.

The economic entity will continue to pursue its policy of increasing its profitability and market share during the next financial year.

Environmental Regulations

The economic entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the economic entity that occurred during the financial year under review not otherwise disclosed in this report or the consolidated accounts.

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity, in subsequent financial years.

Likely Developments

Likely developments in the operations of the economic entity and the expected results of those operations have not been included in this report as the Directors believe, on reasonable grounds, that the inclusion of such information would result in unreasonable prejudice to the economic entity.

Information on Directors

Name: Mr Leslie T. Wilson
Age: 89
Position: Chairman
Experience: Appointed to the board in 1958. Chairman of Reece Australia Limited since 1969. He has been associated with the manufacture and distribution of plumbing supplies since 1929.

Name: Mr L. Alan Wilson
Age: 58
Position: Managing Director
Experience: Appointed to the board 1969. General Manager 1970-1974. Deputy Chairman since 1973. Managing Director since 1974.

Name: Mr Peter J. Wilson
Age : 31
Position: Executive Director/
Marketing Manager
Experience: B.Comm (Melb). Appointed to the board in 1997.

Name: Mr. Bruce W.C. Wilson
Age: 53
Position: Non-Executive Director
Experience: B.Comm (Melb). Appointed to the board 1970. Secretary 1974 - 1999.

Name: Mr John G. Wilson
Age: 61
Position: Non-Executive Director
Experience: Appointed to the board in 1984.

Directors' Report

Meetings of Directors

The number of Directors' meetings (including audit committee meetings) and number of meetings attended by each of the Directors of the company during the financial year were :

Director	Number of Directors Meetings Attended	Number of Directors Meetings held
L.T. Wilson	10	10
L.A. Wilson	10	10
P.J. Wilson	10	10
B.W.C. Wilson	10	10
J.G. Wilson	10	10

Director	Number of Audit Committee Meetings Attended	Number of Audit Committee Meetings held
L.A. Wilson	2	2
B.W.C. Wilson	2	2

Directors' Interest and Benefits

The relevant interest of each Director in the share capital of the company shown in the Register of Directors share holdings as at the date of this report is:

	Ordinary Shares
L.A. Wilson	8,516,564
J.G. Wilson	8,679,064
B.W.C. Wilson	8,493,064
L.T. Wilson	11,098,200
P.J. Wilson	21,300

Since the end of the previous financial year no Director of the company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the consolidated accounts) because of a contract made by the company, its controlled entities or a related body corporate with a Director or with a firm of which a director is a member, or with an entity in which the Director has a substantial interest. However, L.T. Wilson, L.A. Wilson, B.W.C. Wilson, and J.G. Wilson have interests in, and are directors of, entities which let properties to a related entity under normal terms and conditions.

In addition, L.T. Wilson, L.A. Wilson, B.W.C. Wilson and J.G. Wilson have interests in and are directors of entities which supply plumbing and building supplies to a related entity on terms and conditions no more favourable than other suppliers.

Further details of these transactions are set out in Note 23 to the financial statements.

Directors and Senior Executive Officer Emoluments

Remuneration of the directors and the executive officers is the responsibility of the Board as a whole.

Details of the nature and amount of each major element of the emoluments of each director of the Company and, the executive officer who is concerned in, or takes part in, the management of the Company and the Group and who is not a director are:

	Salary \$	Directors Fees \$	Super Contributions \$	Non-cash benefits \$	Total \$
Director					
L.A. Wilson	932,500	500	73,019	125,967	1,131,986
B.W.C. Wilson	250,500	500	29,500	82,495	362,995
P.J. Wilson	162,833	500	13,499	17,023	193,855
L.T. Wilson	-	20,000	-	11,781	31,781
J.G. Wilson	-	12,000	840	-	12,840
Executive					
N.G. Cathie	263,397	-	15,000	28,615	307,012

Share Options

No options to shares have been granted during the financial year and there were no options outstanding at the end of the financial year.

Indemnification and Insurance of Officers

During the year the Company has paid a premium in respect of an insurance contract to indemnify officers against liabilities that may arise from their position as officers of the Company and its controlled entities.

Officers indemnified include the Directors, Company Secretary and all executive officers participating in the management of the company and its controlled entities.

Further disclosure required under section 300(1)(g) of the Corporations Law is prohibited under the terms of the contract.

Rounding of Amounts to Nearest Thousand Dollars

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that class order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Melbourne on 23 September 1999.

Signed in accordance with a resolution of Directors.

L.T. WILSON
Director

L.A. WILSON
Director

Corporate Governance Statement

Reece Australia Limited is a long established Public Company that operates across a well-defined area of business. Corporate Governance practices have been implemented that are consistent with the nature of the company's operations.

Responsibility for Corporate Governance

Responsibility for Corporate Governance lies with the Board of Directors of Reece Australia Limited. In conjunction with the senior management team, the Board is responsible for setting the strategic direction of the group, monitoring its performance and ensuring that appropriate policies and procedures regarding controls, risk management, financing, employment, occupational health and safety, environmental and trade practices are in place.

The Board sets benchmarks for the ethical and business standards of the organisation. This includes monitoring internal and external professional conduct, enhancing and promoting the business and community reputation of the group and delivering professionalism and equity within the workplace.

The Board of Directors

The Board comprises two executive directors; L.A. Wilson and P.J. Wilson and three non-executive directors; L.T. Wilson, J.G. Wilson and B.W.C. Wilson. Further details of the directors experience and qualifications are set out on page 4. In accordance with the Articles of Association and subject to other provisions of the Corporations Law, each director (apart from the managing director), must, every three years on a rotational basis, vacate their position and may offer themselves for re-election. Remuneration of both executive and non-executive directors is a responsibility of the Board as a whole.

Audit Committee

An Audit Committee exists comprising L.A. Wilson and B.W.C. Wilson. Meetings of the Committee are held periodically and may involve other participants at the discretion of the Committee. The duties of the Audit Committee include; the review and assessment of statutory and management financial statements, monitoring performance of the internal control environment including the identification of weaknesses and potential risks, monitoring conformance with statutory responsibilities, liaison with and appraisal of both internal and external audit functions, assessment and review of the performance of management, and, providing assurance to the Board regarding the reliability of financial information prepared for use by the Board.

Internal Controls and Risk Management

The Board is ultimately responsible for both the implementation and maintenance of a comprehensive framework of internal control within the organisation. Achieving the objectives of safeguarding the assets of the group whilst operating a competitive and efficient workplace is, however, a joint responsibility of all participants of the organisation.

To this end the Board and senior management have established a 'Continuous Improvement Program' to promote the ongoing development of the control and operating environment of the Reece group. This involves assessing the controls in place throughout all facets of the organisation, measuring their effectiveness in a continually changing environment, and developing new and improved procedures where necessary.

This process aids in the timely identification of business risks allowing management to control these risks in order to achieve the objectives of Reece Australia Limited.

Year 2000

Initial assessment of Year 2000 compliance of Reece systems commenced in February 1998. At that time the Board established the Reece 2000 project team and appointed Hitachi Data Systems to undertake a project investigating Reece's exposure to the Year 2000 problem.

The Reece Year 2000 project manager reports to the Managing Director and Hitachi Data Systems reports to the Board. Year 2000 project updates are provided to each meeting of the Reece Board and Reece Audit Committee.

The Reece Year 2000 project is comprised of three phases:

Phase	Status
• Investigation	Complete
• Assessment & Planning	Complete
• Remediation & Testing	Ongoing

Reece will continue to review its critical business services and determine what contingencies are feasible and appropriate to reduce its exposure to Year 2000 related problems.

Independent Auditors' Report

to the members of Reece Australia Limited



Scope

We have audited the financial report of Reece Australia Limited for the financial year ended 30 June 1999 as set out on pages 10 to 30. The financial report includes the consolidated financial statements of the economic entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, statutory requirements and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the company's and the economic entity's financial position, the result of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Reece Australia Limited is in accordance with:

- (a) the Corporations Law, including:
 - i) giving a true and fair view of the company's and economic entity's financial position as at 30 June 1999 and of their performance for the year ended on that date; and
 - ii) complying with Accounting Standards and Corporations Regulations
- (b) other mandatory professional reporting requirements.

Dated at Melbourne on 23 September 1999.

PITCHER PARTNERS

S P CATLIN
Partner

Directors Declaration

The directors of Reece Australia Limited declare that the financial statements and notes set out on pages 11 to 30:

- (a) comply with the Accounting Standards and the Corporations Law; and
- (b) give a true and fair view of the financial position as at 30 June 1999 and financial performance for the year ended on that date of Reece Australia Limited and the economic entity.

The directors further declare that in their opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne on 23 September 1999.

Signed in accordance with a resolution of directors.

L. T. WILSON
Director

L. A. WILSON
Director

Profit and Loss Accounts

for the year ended 30 June 1999

	Note	Consolidated		The Company	
		1999 (\$000's)	1998 (\$000's)	1999 (\$000's)	1998 (\$000's)
Operating profit before abnormal items	2	43,825	29,656	10,956	6,972
Abnormal items	3	-	(1,029)	-	-
Operating profit		43,825	28,627	10,956	6,972
Income tax attributable to operating profit	4	16,392	11,353	-	-
Operating profit after income tax		27,433	17,274	10,956	6,972
Retained profits at the beginning of the financial year		118,584	108,351	111	111
Total available for appropriation		146,017	125,625	11,067	7,083
Dividends provided for or paid	5	10,956	6,972	10,956	6,972
Aggregate of amounts transferred to Reserves	20	-	69	-	-
		10,956	7,041	10,956	6,972
Retained profits at the end of the financial year		135,061	118,584	111	111
Earnings per share	6				

The Profit and Loss Accounts are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 30.

Balance Sheets

as at 30 June 1999

	Note	Consolidated		The Company	
		1999 (\$000's)	1998 (\$000's)	1999 (\$000's)	1998 (\$000's)
Current Assets					
Cash	7	23,819	11,527	-	-
Receivables	8	77,758	71,395	-	-
Inventories	9	58,855	51,280	-	-
Investments	10	18,340	18,034	-	-
Total Current Assets		178,772	152,236	-	-
Non-Current Assets					
Receivables	8	-	-	7,867	7,369
Investments	10	-	-	9,711	9,711
Property, plant and equipment	11	61,892	56,613	-	-
Intangibles	13	1,181	1,229	-	-
Other	14	4,582	4,071	-	-
Total Non-Current Assets		67,655	61,913	17,578	17,080
Total Assets		246,427	214,149	17,578	17,080
Current Liabilities					
Accounts payable	15	72,846	60,234	-	-
Borrowings	16	-	65	-	-
Provisions	17	23,081	19,291	7,470	6,972
Other	18	225	999	-	-
Total Current Liabilities		96,152	80,589	7,470	6,972
Non-Current Liabilities					
Provisions	17	3,918	3,680	-	-
Total Non-Current Liabilities		3,918	3,680	-	-
Total Liabilities		100,070	84,269	7,470	6,972
Net Assets		146,357	129,880	10,108	10,108
Shareholders' Equity					
Share capital	19	9,960	9,960	9,960	9,960
Reserves	20	1,336	1,336	37	37
Retained Profits		135,061	118,584	111	111
Total Shareholders' Equity		146,357	129,880	10,108	10,108

The Balance Sheets are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 30.

Statements of Cash Flows

for the year ended 30 June 1999

	Note	Consolidated		The Company	
		1999 (\$000's)	1998 (\$000's)	1999 (\$000's)	1998 (\$000's)
Cash flows from operating activities					
Cash receipts in the course of operations		461,705	410,083	10,458	3,984
Cash payments in the course of operations		(412,978)	(382,082)	-	-
Dividends received		3	-	-	-
Interest received		1,047	750	-	-
Income taxes paid		(14,130)	(8,224)	-	-
Net cash provided by operating activities	21(b)	35,647	20,527	10,458	3,984
Cash flows from investing activities					
Payments for property, plant and equipment		(12,871)	(10,984)	-	-
Purchase of intangibles		(630)	(30)	-	-
Proceeds from sale of property, plant and equipment		660	3,465	-	-
Payments for investments		-	(34)	-	-
Net cash provided by investing activities		(12,841)	(7,583)	-	-
Cash flows from financing activities					
Borrowing costs paid		-	(23)	-	-
Loans repaid by other entities		9	509	-	-
Dividends paid		(10,458)	(3,984)	(10,458)	(3,984)
Net cash provided by financing activities		(10,449)	(3,498)	(10,458)	(3,984)
Net increase in cash held		12,357	9,446	-	-
Cash at the beginning of the year		29,462	20,016	-	-
Cash at the end of the year	21 (a)	41,819	29,462	-	-

The Statements of Cash Flows are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 14 to 30.

Notes

to and forming part of the financial statements for the year ended 30 June 1999

1. Statement of Significant Accounting Policies

The significant policies which have been adopted in the preparation of the financial report are:

Basis of Preparation

The financial report of the company and the economic entity is a general purpose financial report that has been drawn up in accordance with the disclosure requirements of the Australian accounting bodies, applicable Accounting Standards and other mandatory professional reporting requirements and the requirements of law. They have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied.

Recoverable Amounts of Non-Current Assets

The carrying amounts of all non-current assets are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company, being the parent entity, and its controlled entities. A list of controlled entities is contained in Note 28 to the financial statements.

All inter-entity balances and transactions (including unrealised profits or losses) have been eliminated on consolidation.

Where a controlled entity has been acquired during the year, its results are included in consolidated profit from the date of acquisition.

Income Tax

The liability method of tax-effect accounting has been adopted in the preparation of these financial statements.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the balance sheet as a future income tax benefit or a deferred tax liability, at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits which include tax losses are only brought to account when their realisation is virtually certain.

Capital Gains Tax

Capital gains tax is provided in the profit and loss account in the period in which the relevant asset is sold. The tax effect of capital gains or losses is not recorded unless realisation is virtually certain.

Property, Plant and Equipment

Property, plant and equipment are brought to account at cost or at independent or directors' valuation, less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted back to their present values in determining recoverable amounts.

Acquisition

Items of property, plant and equipment are recorded at cost and depreciated as outlined below.

Revaluations

The valuation of property, plant and equipment is regularly reviewed and, where considered appropriate, revalued amounts are incorporated in the financial statements. This is in addition to the annual review for recoverable amount referred to above.

Where revalued amounts are included in the accounts, the potential impact of capital gains tax is not included where the asset is an integral part of the economic entity's operations. Where there is an intention to dispose of the revalued asset, the relevant capital gains tax liability is brought to account.

Disposal of Revalued Assets

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal, and is included in the results in the year of disposal.

Any realised revaluation increment relating to the disposed asset standing in the asset revaluation reserve at the time of disposal is transferred to the capital profits reserve.

Depreciation

Items of plant and equipment are depreciated over their estimated useful lives commencing from the time the asset is held ready for use. The straight-line method of depreciation is used.

Notes

to and forming part of the financial statements for the year ended 30 June 1999

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

Net Realisable Value

Net realisable value is determined on the basis of the normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

Provisions

Doubtful Debts

The collectibility of debts is assessed at year end and provision is made for any doubtful accounts.

Employee Entitlements

The liability for employee entitlements represents the amount which the economic entity has a present obligation to pay resulting from employees' services provided up to balance date.

Annual Leave

The liability has been calculated at nominal amounts based on current wage and salary rates and includes related on-costs.

Long Service Leave

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Liabilities for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the economic entity's experience with staff departures. Related on-costs have also been included in the liability.

Superannuation Fund

Contributions are made to superannuation funds on behalf of employees. Contributions are based on the relevant industrial awards, the superannuation guarantee charge rate or the level of allowable contributions defined by the Australian Prudential Regulation Authority. Such contributions are charged against income.

Goodwill

Goodwill, representing the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired on the acquisition of a controlled entity, is amortised over the period of time during which benefits are expected to arise.

Goodwill on consolidation is amortised on a straight line basis over 20 years.

The unamortised balance of all goodwill is reviewed at least each reporting date. Where the balance exceeds the value of expected future benefits, the difference is charged to the profit and loss account.

Notes

to and forming part of the financial statements for the year ended 30 June 1999

	Consolidated		The Company	
	1999 (\$000's)	1998 (\$000's)	1999 (\$000's)	1998 (\$000's)
2. Operating Profit				
Operating profit has been arrived at after including:				
Operating revenue				
Sales revenue	468,380	417,475	-	-
Dividends received or due and receivable from related entities	-	-	10,956	6,972
Interest received or due and receivable from other persons	1,108	726	-	-
Gross proceeds on sale of property, plant and equipment	658	3,465	-	-
Bad debts recovered	242	183	-	-
	470,388	421,849	10,956	6,972
Profit on sale of property, plant and equipment	251	176	-	-
Operating expenses				
Interest paid or due and payable to:				
Other entities	-	23	-	-
Bad debts written off:				
Trade Debtors	1,831	1,529	-	-
Amortisation of Goodwill	679	566	-	-
Depreciation	6,410	6,710	-	-
Amounts set aside to:				
Provision for employee entitlements	756	727	-	-
Provision for stock obsolescence	530	770	-	-
Provision for doubtful debts	-	300	-	-
Lease rentals paid or due and payable to other entities	3,675	3,595	-	-
Amounts received or due and receivable by the auditors for:				
Auditing the financial statements	215	199	-	-
Other services	124	144	-	-
3. Abnormal Items				
Abnormal Income (Expense)				
Profit (loss) on disposal of land and buildings	-	(1,029)	-	-
Income tax benefit applicable	-	-	-	-
	-	(1,029)	-	-

Notes

to and forming part of the financial statements for the year ended 30 June 1999

	Consolidated		The Company	
	1999 (\$000's)	1998 (\$000's)	1999 (\$000's)	1998 (\$000's)
4. Income Tax				
Prima facie income tax expense calculated at 36% (1998 - 36%) on the operating profit	15,777	10,306	3,944	2,510
Increase in income tax expense due to:				
Non - deductible items	725	677	-	-
Non - deductible capital losses	-	370	-	-
Decrease in income tax expense due to:				
Non - taxable unrealised profits	(110)	-	-	-
Rebateable dividends	-	-	(3,944)	(2,510)
Future income tax benefit of provisions acquired	-	-	-	-
Income tax expense attributable to operating profit	16,392	11,353	-	-
Income tax expense attributable to operating profit is made up of:				
Current income tax expense	16,903	11,953	-	-
Future income tax benefit	(511)	(600)	-	-
	16,392	11,353	-	-
Provision for Current Income Tax				
Movements during the year were as follows:				
Balance at beginning of year	8,154	4,425	-	-
Income tax paid	(14,130)	(8,224)	-	-
Current income tax expense on operating profit	16,903	11,953	-	-
	10,927	8,154	-	-
Future Income Tax Benefit				
Future income tax benefit reflects the future benefit at current income tax rates on the following items:				
Provision for doubtful debts	792	792	-	-
Provision for employee entitlements	3,097	2,824	-	-
Provision for stock obsolescence	1,354	1,163	-	-
Prepayments	(478)	(556)	-	-
Other timing differences	(183)	(152)	-	-
	4,582	4,071	-	-
Future Income Tax Benefit Not Taken To Account				
The future income tax benefit arising from Capital losses has not been recognised as an asset because recovery is not virtually certain:				
	1,344	1,354	-	-
The future income tax benefit which has not been recognised as an asset will only be obtained if:				
(i) the company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised; and				
(ii) the company continues to comply with the conditions for deductibility imposed by the law; and				
(iii) no changes in tax legislation adversely affect the company in realising the benefit.				

Notes

to and forming part of the financial statements for the year ended 30 June 1999

	Consolidated		The Company	
	1999 (\$000's)	1998 (\$000's)	1999 (\$000's)	1998 (\$000's)
5. Dividends Paid and Proposed				
The following are the dividends paid and / or proposed for the financial year:				
Dividend of 35 cents per share paid 28 October 1998, (fully franked to 36%)	6,972	3,984	6,972	3,984
Interim dividend of 17.5 cents per share paid 9 April 1999 (fully franked to 36%)	3,486	-	3,486	-
Dividend Proposed (37.5 cents per share fully franked)	7,470	6,972	7,470	6,972
Dividend Franking Account				
Balance of franking account adjusted for franking credits that will arise after payment of income tax payable and after payment of proposed dividends. Class C - franked to 36%	132,495	123,297	12	12

	Consolidated	
	1999 Cents	1998 Cents
6. Earnings per Share		
Basic earnings per share	138	87
Diluted earnings per share	138	87
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share.	19,920,000	19,920,000

The earnings per share has been calculated on the weighted average of share capital during the year in accordance with Accounting Standard AASB 1027: Earnings Per Share.

	Consolidated		The Company	
	1999 (\$000's)	1998 (\$000's)	1999 (\$000's)	1998 (\$000's)
7. Cash				
Cash on hand	109	89	-	-
Cash on deposit	23,710	11,438	-	-
	23,819	11,527	-	-

Notes

to and forming part of the financial statements for the year ended 30 June 1999

	Consolidated		The Company	
	1999 (\$000's)	1998 (\$000's)	1999 (\$000's)	1998 (\$000's)
8. Receivables				
Current				
Trade debtors	69,796	65,225	-	-
Less: Provision for doubtful debts	(2,200)	(2,200)	-	-
	67,596	63,025	-	-
Other debtors and prepaid expenses	10,162	8,370	-	-
	77,758	71,395	-	-
Non-current				
Loans, controlled entities	-	-	7,867	7,369
9. Inventories				
Current				
Finished goods, at cost	62,615	54,510	-	-
Provision for obsolescence	(3,760)	(3,230)	-	-
	58,855	51,280	-	-
10. Investments				
Current				
Short maturity bills and term deposits	18,000	18,000	-	-
Shares in quoted corporations, at deemed cost	340	34	-	-
	18,340	18,034	-	-
Non-current				
Shares in related corporations at director's valuation (1987). The directors revaluation in 1987 of its investment in controlled entities was based upon the increase in the underlying value of land and buildings held in those entities at that date.	-	-	9,711	9,711

Notes

to and forming part of the financial statements for the year ended 30 June 1999

	Consolidated		The Company	
	1999 (\$000's)	1998 (\$000's)	1999 (\$000's)	1998 (\$000's)
11. Property, Plant and Equipment				
Freehold land and buildings:				
At cost	40,690	36,330	-	-
Less: Accumulated depreciation	(6,464)	(5,628)	-	-
	34,226	30,702		
At directors valuation 1986	1,612	1,612	-	-
Less: Accumulated depreciation	-	-	-	-
	1,612	1,612		
At directors valuation 1987	13,110	13,110	-	-
Less: Accumulated depreciation	(4,023)	(3,645)	-	-
	9,087	9,465	-	-
Total land and buildings	55,412	51,052	-	-
Less: Accumulated depreciation	(10,487)	(9,273)	-	-
	44,925	41,779	-	-
Fixtures, fittings and equipment, at cost	31,065	26,978	-	-
Less: Accumulated depreciation	(21,812)	(18,823)	-	-
	9,253	8,155	-	-
Motor vehicles at cost	17,497	15,913	-	-
Less: Accumulated depreciation	(9,783)	(9,234)	-	-
	7,714	6,679	-	-
	61,892	56,613	-	-

12. Current Value of Land and Buildings

A directors valuation of land and buildings was undertaken on 25 June 1999. The valuation was undertaken to comply with Accounting Standard AASB 1034 as part of a policy to reassess the current market value of land and buildings every 3 years. In preparing their valuation the directors took account of periodic independent kerbside valuations obtained throughout the reporting period. As at 30 June 1999 the directors assessment of the current market value of land and buildings is \$66,628,345.

Notes

to and forming part of the financial statements for the year ended 30 June 1999

	Consolidated		The Company	
	1999 (\$000's)	1998 (\$000's)	1999 (\$000's)	1998 (\$000's)
13. Intangibles				
Goodwill on consolidation	1,750	1,750	-	-
Less: Accumulated amortisation	(963)	(876)	-	-
	787	874	-	-
Goodwill, at cost	1,774	1,144	-	-
Less: Accumulated amortisation	(1,380)	(789)	-	-
	394	355	-	-
	1,181	1,229	-	-
14. Other Assets				
Non-current				
Future income tax benefit	4,582	4,071	-	-
15. Accounts Payable				
Current				
Trade creditors and accruals	72,846	60,234	-	-
16. Borrowings				
Current				
Bank overdraft, secured	-	65	-	-
17. Provisions				
Current				
Provision for income tax	10,927	8154	-	-
Provision for employee entitlements	4,684	4,165	-	-
Provision for dividend	7,470	6,972	7,470	6,972
	23,081	19,291	7,470	6,972
Non-current				
Provision for employee entitlements	3,918	3,680	-	-
Aggregate employee entitlements	8,602	7,845	-	-

Notes

to and forming part of the financial statements for the year ended 30 June 1999

	Consolidated		The Company	
	1999 (\$000's)	1998 (\$000's)	1999 (\$000's)	1998 (\$000's)
18. Other Current Liabilities				
Amount owing under contract of sale	225	999	-	-
19. Share Capital				
Issued and paid up capital 19,920,000 Ordinary shares fully paid	9,960	9,960	9,960	9,960
20. Reserves				
Asset revaluation reserve	461	461	-	-
General reserve	51	51	-	-
Capital Profits reserve	824	824	37	37
	1,336	1,336	37	37
Movements during the year consist of:-				
Capital Profits reserve				
Balance at beginning of year	824	755	37	37
Profit on sale of land and buildings	-	69	-	-
Balance at end of year	824	824	37	37

Notes

to and forming part of the financial statements for the year ended 30 June 1999

	Consolidated		The Company	
	1999 (\$000's)	1998 (\$000's)	1999 (\$000's)	1998 (\$000's)
21. Notes to the Statement of Cashflows				
(a) Reconciliation of Cash				
For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, short term deposits at call and short maturity bills net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:				
Cash on hand	109	89	-	-
Cash on deposit	23,710	11,438	-	-
Bank overdraft, fully secured	-	(65)	-	-
Short maturity bills and term deposits	18,000	18,000	-	-
	41,819	29,462	-	-
(b) Reconciliation of operating profit after income tax to net cash provided by operating activities				
Operating profit after income tax	27,433	17,274	10,956	6,972
<i>Add/(less) items classified as investing / financing activities:</i>				
Unrealised gain on investment	(306)	-	-	-
Profit on sale of non-current assets	(251)	(177)	-	-
Loss on sale of non-current assets	-	1,029	-	-
Interest paid	-	23	-	-
<i>Add/(less) non cash items:</i>				
Depreciation	6,410	6,710	-	-
Amortisation of goodwill	679	566	-	-
Dividend received - controlled entity	-	-	(498)	(6,972)
Amounts set aside to provisions	756	1,797	-	-
(Decrease)/increase in income taxes payable	2,774	3,728	-	-
Net cash from operating activities before change in assets and liabilities	37,495	30,950	10,458	-
Change in assets and liabilities during the financial year				
(Increase)/decrease in trade debtors	(4,572)	(5,456)	-	-
(Increase)/decrease in sundry debtors	(1,800)	(1,032)	-	-
(Increase)/decrease in inventory	(7,575)	(4,883)	-	-
Increase/(decrease) in trade creditors and accruals	12,611	1,548	-	-
(Increase)/decrease in deferred tax benefits	(512)	(600)	-	-
(Increase)/decrease in loans, controlled entities	-	-	(498)	3,984
Increase/(decrease) in provision for dividend	-	-	498	-
Net cash provided by operating activities	35,647	20,527	10,458	3,984

Notes

to and forming part of the financial statements for the year ended 30 June 1999

	Consolidated		The Company	
	1999 (\$000's)	1998 (\$000's)	1999 (\$000's)	1998 (\$000's)
21. Notes to the Statement of Cashflows (continued)				
(c) Financing Facilities				
Bank Loans and Overdraft				
Bank facilities are secured by a letter of lien over certain of the company's property assets.				
The economic entity has access to the following lines of credit:				
Total Facilities available:				
Bank Overdraft	1,000	1,000	1,000	1,000
Bank Guarantees	140	140	140	140
Trade Refinance & documentary letters of credit/surrenders	500	500	500	500
Total	1,640	1,640	1,640	1,640
Facilities utilised at Balance Date:				
Bank Overdraft	-	65	-	-
Bank Guarantee	-	-	-	-
Trade Refinance & documentary letters of credit/surrenders	-	8	-	-
Total	-	73	-	-
22. Remuneration and Retirement Benefits				
(a) Directors' Remuneration				
Income paid or payable, or otherwise made available, to all directors of each entity in the economic entity and any related party. Income includes salary, superannuation and other benefits.	1,733	1,592		
Income paid or payable, or otherwise made available, to all directors of the parent entity from the parent entity and any related party. Income includes salary, superannuation and other benefits.			1,733	1,592

Notes

to and forming part of the financial statements for the year ended 30 June 1999

	Consolidated		The Company	
	1999	1998	1999	1998
22. Remuneration and Retirement Benefits (continued)				
The number of directors referred to above are shown below in their relevant income bands.				
\$10,000 and \$19,999	1	1	1	1
\$20,000 and \$29,999	0	1	0	1
\$30,000 and \$39,999	1	0	1	0
\$130,000 and \$139,999	0	1	0	1
\$190,000 and \$199,999	1	0	1	0
\$360,000 and \$369,999	1	0	1	0
\$530,000 and \$539,999	0	1	0	1
\$640,000 and \$649,999	0	1	0	1
\$1,130,000 and \$1,139,000	1	0	1	0
Total number of directors	5	5	5	5

	Consolidated		The Company	
	1999 (\$000's)	1998 (\$000's)	1999 (\$000's)	1998 (\$000's)
(b) Executive Officers' Remuneration				
Income received or due and receivable by executive officers of the economic entity, from all entities in the economic entity and any related entities, whose income is \$100,000 or more. Income includes salary, superannuation and other benefits.				
	307	201	-	-
In prior years all employees whose income was \$100,000 or more were disclosed in this note, whereas the majority of those employees did not fall within the definition of executive officer. That is, they were not involved in the strategic direction, general management or control of the business at a company or operating division level.				

	Consolidated		The Company	
	1999	1998	1999	1998
\$200,000 and \$209,999	-	1	-	1
\$300,000 and \$309,999	1	-	1	-

Directors' and executive officers' income bands do not include insurance premiums paid by the Company or related entities in respect of Directors' and Officers' Liabilities and Legal Expenses insurance contracts, as the insurance policies do not specify premiums payable in respect of each individual.

Notes

to and forming part of the financial statements for the year ended 30 June 1999

23. RELATED PARTY DISCLOSURES

(a) Directors

The names of each person holding the position of Director of Reece Australia Limited during the financial year were L.T. Wilson, L.A. Wilson, B.W.C. Wilson, J.G. Wilson and P.J. Wilson.

Details of directors remuneration, superannuation and retirement payments are set out in Note 22.

Apart from the details disclosed in this note no Director has entered into a material contract with the Company or the economic entity since the end of the previous financial year and there were no material contracts involving directors interests existing at year end.

Directors of the company, Messrs L.T. Wilson, 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 economic 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 arms length in the same circumstances. Goods purchased from these entities during the year total \$2,475,611 of which \$171,286 was owing at year end.

Directors of the company Messrs L.A. Wilson, B.W.C. Wilson, J.G. Wilson have a beneficial interest in entities that lease premises to the economic 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 arms length in the same circumstances. Lease rentals paid to these entities during the year were \$156,060.

From time to time, directors of the parent entity or its controlled entities, may purchase goods from the economic entity. These transactions are on the same terms and conditions as those entered into by other economic entity employees.

(b) Directors Holding of Shares and Share Options

The relevant interest of Directors of the reporting entity and their Director related entities in shares of Reece Australia Limited are set out in the Director's Report attached to these financial statements. All subsidiary entities are wholly owned directly and indirectly by the ultimate parent entity.

(c) Controlling Entity

Reece Australia Limited, is incorporated in Victoria, and is believed to be the ultimate Parent entity.

(d) Ownership Interests in Related Parties

Details of interests in wholly owned entities are set out in Note 28.

	Consolidated		The Company	
	1999 (\$000's)	1998 (\$000's)	1999 (\$000's)	1998 (\$000's)
24. Lease Rental Commitments				
Future operating lease rentals not provided for and payable in respect of :				
Motor Vehicles	247	650	-	-
Buildings	10,047	7,007	-	-
Equipment	1,462	-	-	-
	11,756	7,657	-	-
Due not later than one year	4,035	3,313	-	-
Due later than one year but not later than two years	3,353	1,947	-	-
Due later than two years but not later than five years	4,368	2,386	-	-
Due later than five years	-	11	-	-
	11,756	7,657	-	-

Notes

to and forming part of the financial statements for the year ended 30 June 1999

25. Financial Instruments

(a) Terms, conditions and accounting policies

Recognised Financial Instrument	Note	Accounting Policy	Terms & Conditions
a) Financial assets			
Cash	7	Cash is carried at the lower of cost and net realisable value.	Cash balances in bank accounts receive the bank benchmark interest rates. Cash is at call.
Receivables - trade	8	Trade receivables are carried at nominal amounts less any provision for doubtful debts.	Trade receivables are on 30 day terms.
Receivables - other	8	Other receivables are carried at nominal amounts due.	
Short maturity bills and term deposits	10	Short maturity bills are carried at the lower of cost and net realisable value.	Short maturity bills have an average maturity of 24 days with effective interest rates of 4.75% to 5.2% (1998: 4.98% to 5.5%).
Shares in quoted corporations	10	Shares are carried at the lower of deemed cost and net realisable value.	Included in quoted shares held at balance date are ordinary shares with a deemed cost of \$339,732 (1998: \$33,975).
b) Financial liabilities			
Trade creditors and accruals	15	Recognised for amounts to be settled in the future, whether or not billed to the economic entity.	Trade payables are ordinarily settled within 30 day terms.
Dividends payable	17	Dividends payable are recognised when declared by the company.	Dividends payable represent the final dividend of 37.5 cents (1998: 35 cents) per ordinary share for the financial year ended 30 June 1999. The dividend is fully franked and franking credits available for the subsequent financial year are disclosed in Note 5.
Amounts owing under contract of sale	18	Amounts owing under contract of sale are carried at the principal amount.	
c) Equity			
Ordinary shares	19	Ordinary share capital is recognised at the paid up amount of each share.	The company is authorised to issue up to 40,000,000 (1998: 40,000,000) ordinary shares.

There are no financial instruments not recognised in the accounts at balance date.

Notes

to and forming part of the financial statements for the year ended 30 June 1999

25. Financial Instruments (Continued)

(b) Interest rate risks

The company's exposure to interest rate risks and the effective interest rates of financial assets and liabilities at balance date are as follows:

	Weighted Average Interest Rate %		Variable Interest Rate		Fixed Interest Less than 1 year		Non Interest Bearing		Total	Total
	1999 %	1998 %	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
i) Financial assets										
Cash	4.65	4.84	23,819	11,462	-	-	-	-	23,819	11,462
Receivables - trade	n/a	n/a	-	-	-	-	67,596	63,025	67,596	63,025
Receivables - other	n/a	n/a	-	-	-	-	10,162	8,370	10,162	8,370
Short maturity bills and term deposits	4.82	5.39	-	-	18,000	18,000	-	-	18,000	18,000
Shares in quoted corporations	n/a	n/a	-	-	-	-	340	34	340	34
Total financial assets	-	-	23,819	11,462	18,000	18,000	78,098	71,429	119,917	100,891
ii) Financial liabilities										
Trade creditors & accruals	n/a	n/a	-	-	-	-	72,846	61,234	72,846	61,234
Dividends payable	n/a	n/a	-	-	-	-	7,470	6,972	7,470	6,972
Amounts owing under contract	n/a	n/a	-	-	-	-	225	999	225	999
Total financial liabilities	-	-	-	-	-	-	80,541	69,205	80,541	69,205

(c) Credit risk

i) Exposure to credit risk

The economic entity's maximum exposure to credit risk, not taking into account the value of any collateral or other security held by the company, at balance date, in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

Credit risk in trade receivables is managed in the following ways:

- payment terms are 30 days; and
- a risk assessment process prior to granting credit is used for all customers.

ii) Concentrations of credit risk

The company minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers in the plumbing, building and hardware industry in Australia.

Notes

to and forming part of the financial statements for the year ended 30 June 1999

25. Financial Instruments (Continued)

(d) Net fair values

The following table details the net market values as at balance date of each class of financial asset and financial liability, both recognised and unrecognised.

	Carrying amount		Net fair value	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Financial assets				
<i>Readily traded</i>				
Cash	23,819	11,462	23,819	11,462
Shares in quoted corporation	340	34	393	29
Short maturity bills and term deposits	18,000	18,000	18,000	18,000
<i>Not readily traded</i>				
Receivables - trade	67,596	63,025	67,596	63,025
Receivables - other	10,162	8,370	10,162	8,370
Total financial assets	119,917	100,891	119,970	100,886
Financial liabilities				
<i>Not readily traded</i>				
Trade creditors and accruals	72,846	61,234	72,846	61,234
Dividends payable	7,470	6,972	7,470	6,972
Amounts owing under contract of sale	225	999	225	999
Total financial liabilities	80,541	69,205	80,541	69,205

Determination of Net Fair Value

Financial assets

Carrying value as noted in the balance sheet approximates net fair value.

Financial liabilities

Carrying value as noted in the balance sheet approximates net fair value.

Notes

to and forming part of the financial statements for the year ended 30 June 1999

26. SUPERANNUATION COMMITMENTS

At 30 June 1999, entities within the economic entity participated in four employer established superannuation plans all of which are accumulation plans. In addition, entities within the economic entity participated in several award-related superannuation plans in order to satisfy award entitlements of employees. Employees contribute to the plans at various percentages of their salaries and wages. Entities within the economic entity also contribute to the plans at varying levels and satisfy all of their legal obligations. The assets of the plans are sufficient to satisfy all benefits that would have been vested under the plans in the event of termination of the plans or voluntary or compulsory termination of the employment of each employee.

27. GEOGRAPHICAL AND INDUSTRY SEGMENTS

The sole activity of the economic entity is that of plumbing, building and hardware merchants in Australia.

28. PARTICULARS IN RELATION TO CORPORATIONS IN THE GROUP

Name of entity	Ownership Percentage 1999 %	Ownership Percentage 1998 %
Parent Entity		
Reece Australia Limited	-	-
Controlled entities of Reece Australia Limited		
Reece Pty Ltd	100%	100%
Plumbing World Pty Ltd	100%	100%
Duncan & Ling Proprietary Ltd	100%	100%
Controlled entity of Reece Pty Ltd		
Bolong Pty Limited	100%	100%

Notes

- (i) All corporations in the group are incorporated in Australia.
- (ii) All shareholdings are of ordinary shares.
- (iii) The amount of the investments recorded in the books of the Company is unchanged from the prior year and is stated at cost except for the investment in Reece Pty Ltd which is recorded at 1987 director's valuation.
- (iv) All corporations in the group carry on business in Australia only.
- (v) All corporations financial years end on 30 June.

Shareholders Information

as at 31 August 1999

In accordance with Section 4.10 of the Australian Stock Exchange Limited Listing rules, the directors provide the following information.

Shareholding Analysis

At 31 August 1999

(a) Distribution of Shareholders

The distribution of shareholdings were as follows:

Size Of Shareholding	Number of Shareholders
1 - 1,000	116
1,001 - 5,000	110
5,001 - 10,000	30
10,001 - 100,000	47
Over 100,000	22
Holdings of less than a marketable parcel.	4

(b) Substantial shareholdings

The number of shares held by the substantial shareholders listed in the Company's register of substantial shareholders as at 31 August 1999 were:

Shareholder	Number of Shares
Waln Pty Ltd	9,295,428
W.A.L. Investments Pty Ltd	10,260,292
Leslie Alan Wilson	8,516,564
Wilgay Pty Ltd	9,457,928
J.G.W. Investments Pty Ltd	10,260,292
John Gay Wilson	8,679,064
Lezirol Pty Ltd	8,623,364
Florizel Investments Pty Ltd	10,260,292
Bruce Walter Campbell Wilson	8,493,064
Adawarra Nominees Pty Ltd	15,070,492
Warramunda Investments Pty Ltd	15,070,492
L.T.W. Holdings Pty Ltd	15,070,492
L.T. Wilson Pty Ltd	15,070,492
Leslie Thomas Wilson	11,098,200
Wilaust Holdings Pty Ltd	15,070,492
Austral Hardware Pty Ltd	15,070,492
Austral Hardware (Healesville) Pty Ltd	15,070,492
Tyara Pty Ltd	10,260,292
Wal Assets Pty Ltd	9,295,428
Abtourk Vic No. 11 Pty Ltd	9,457,928

Note: Many of these substantial shareholdings relate to the same shares.

Shareholders Information

as at 31 August 1999

(c) Class of Shares and Voting Rights

At 31 August 1999, there were 325 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 31 August 1999:

Shareholder	Number	% Held
L.T. Wilson Pty Ltd	6,288,000	31.6%
L.T.W. Holdings Pty Ltd	2,400,000	12.0%
Warramunda Investments Pty Ltd	1,945,800	9.8%
AXA Trustees Ltd	992,250	5.0%
Florizel Investments Pty Ltd	672,064	3.4%
W.A.L. Investments Pty Ltd	672,064	3.4%
J.G.W. Investments Pty Ltd	672,064	3.4%
Austral Hardware Pty Ltd	597,000	3.0%
NRMA Investments Pty Ltd	504,400	2.5%
Austral Hardware (Healesville) Pty Ltd	480,000	2.4%
Adawarra Nominees Pty Ltd	462,000	2.3%
BT Custodial Services Pty Ltd (Equi ¹ / ₂)	373,547	1.9%
Wilaust Holdings Pty Ltd	349,200	1.7%
Perpetual Trustees Nominees Limited	284,000	1.4%
Westpac Custodian Nominees Limited	278,175	1.4%
BT Custodial Services Pty Limited	228,700	1.2%
John G. Wilson	186,000	0.9%
Permanent Trustee Australia Limited	144,784	0.7%
Whitefield Limited,	120,000	0.6%
Abtourk Vic No. 11 Pty Ltd	106,800	0.5%

The twenty members holding the largest number of shares together held a total of 89.15% of the issued capital.

Victoria Plumbing Centres

AIRPORT WEST
BOX HILL
BRUNSWICK
BURWOOD
CAMBERWELL
CAMPBELLFIELD
CAULFIELD
CITY
CLAYTON
CRANBOURNE
CROYDON
DANDENONG
DIAMOND CREEK
DOVETON
DROMANA
EMERALD
FERNTREE GULLY
FOOTSCRAY
HASTINGS
HEALESVILLE
HEIDELBERG
HOPPERS CROSSING
LILYDALE
MELTON
MENTONE
MONTMORENCY
MOONEE PONDS
MORNINGTON
NEWPORT
PAKENHAM
RICHMOND
RINGWOOD
SEAFORD
ST KILDA
STH MELBOURNE
SUNBURY
SUNSHINE
TEMPLESTOWE
THOMASTOWN
TOOTGAROOK
VIC COUNTRY
ALBURY
BAIRNSDALE
BALLARAT
BENDIGO
COLAC
ECHUCA
GEELONG
HAMILTON
HORSHAM
MILDURA
MOE
SALE
SHEPPARTON

Irrigation

CLAYTON
RINGWOOD
SUNSHINE

Gas Appliance Spares

CLAYTON

Mechanical Services

CLAYTON
SUNSHINE

New South Wales Plumbing Centres

ARTARMON
BLACKTOWN
BROOKVALE
CHIPPING NORTON
MINCHINBURY
PARRAMATTA
PENRITH
PUNCHBOWL
TAREN POINT
THORNLEIGH
WATERLOO
WETHERILL PARK
NSW COUNTRY
ALBURY
BRADDON
COFFS HARBOUR
ERINA
GOSFORD
GOULBURN
GRAFTON
LISMORE
MITCHELL
MOSS VALE
NEWCASTLE
NTH WOLLONGONG
OAK FLATS
PORT MACQUARIE
QUEANBEYAN
RYDALMERE
UNANDERRA
WAGGA WAGGA
WARNERS BAY
WOLLONGONG
MECHANICAL SERVICES
REVESBY

Queensland Plumbing Centres

BROWNS PLAINS
BUNDABERG
BURLEIGH JUNCTION
CABOOLTURE
CAIRNS
CALOUNDRA
CAPALABA
ENOGERA
GEEBUNG
HERVEY BAY
IPSWICH
KEDRON
LABRADOR
MACKAY
MAROOCHYDORE
MERMAID BEACH
MT ISA
NERANG
NOOSA
SALISBURY
TOWNSVILLE
TWEED HEADS
UNDERWOOD
WEST END
MECHANICAL SERVICES
WEST END

Northern Territory Plumbing Centres

DARWIN

South Australia Plumbing Centres

ADELAIDE
ADELAIDE - Plumbing
ATHOL PARK
HILTON
LONSDALE
MORPHETTVILLE
MT BARKER
MT GAMBIER
O'HALLORAN HILL
RIDGEHAVEN
SALISBURY PLAINS
STEPNEY
WINGFIELD

Mechanical Services

WINGFIELD

Western Australia Plumbing Centres

ALBANY
BUNBURY
BUSSELTON
CANNINGTON
GERALDTON
JOONDALUP
KALGOORLIE
MANDURAH
MIDVALE
MYAREE
OSBORNE PARK
PERTH
ROCKINGHAM

Plumbing Centre

reece
Plumbing Centre

reece
Plumbing Centre

showroom bathroom kitchen laundry

