



REECE AUSTRALIA LIMITED

A.B.N. 49 004 313 133

Controlled Entities	Reece Pty Ltd A.B.N. 84 004 097 090 Plumbing World Pty Ltd A.B.N. 99 004 910 829 Duncan and Ling Proprietary Limited A.B.N. 73 004 248 953 Reece Project Supply Pty Ltd A.B.N. 54 100 065 307 Reece International Pty Ltd A.B.N. 11 100 278 171
Controlled Entity of Reece Pty Ltd	Bolong Pty Limited A.B.N. 96 008 576 903
Directors	L.A. Wilson (Chairman and C.E.O.) P.J. Wilson B.W.C. Wilson J.G. Wilson
Company Secretary	N.G. Cathie
Bankers	National Australia Bank Limited Commonwealth Bank of Australia 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 Investor 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 Tuesday, 22 October, 2002 at 118 Burwood Highway, Burwood, Victoria.

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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 2002 and the auditors' report thereon.

Directors

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

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

	2002	2001
	(\$000's)	(\$000's)
Operating profit before income tax	61,456	44,767
Income tax expense	18,996	16,547
Operating profit after income tax attributable to the members of Reece Australia Limited	42,460	28,220

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 32 cents per share in respect of the year ended 30 June 2001, was paid on 24 October 2001. 6,374

In respect of the current financial year:

An interim ordinary dividend of 30 cents per share was paid on 5 April 2002. 5,976

The final dividend declared by the Directors of the Company to be paid on 22 October 2002 is an ordinary fully franked dividend of 11 cents per share. 10,956
16,932

Review of Operations

During the financial year the economic entity commenced trading from 16 new outlets throughout mainland Australia.

The group will continue to expand into new locations as and when opportunities arise.

The result for the economic entity has been positively impacted by continuing low interest rates, a buoyant building and construction sector and the lower company tax rate.

Whilst these factors remain constant the outlook for the economic entity is positive.

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.

Share Split

On 8 May 2002 the shares on issue by Reece Australia Limited were split on a five for one basis. As a result of this share split the total ordinary shares on issue at 30 June 2002 have increased from 19,920,000 to 99,600,000. For further details refer to Note 18.

State of Affairs

Other than disclosed above, the Directors are of the opinion that 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 financial report.

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.

Philanthropic Initiatives

During the financial year the Board approved payments totalling \$85,000 to various charitable organisations. This is a continuing initiative and recipients may vary from year to year at the discretion of the Board.

Information on Directors

Name: Mr L. Alan Wilson
Age: 61
Position: Chairman & C.E.O.
Experience: Appointed to the board 1969.
General Manager 1970-1974.
Deputy Chairman 1973 - 2001.
Managing Director since 1974.
Appointed Chairman 2001.

Name: Mr Peter J. Wilson
Age : 34
Position: Executive Director/
General Manager - Operations
Experience: B.Comm (Melb). Appointed
to the board in 1997.

Name: Mr. Bruce W.C. Wilson
Age: 56
Position: Non-Executive Director
Experience: B.Comm (Melb). Appointed
to the board 1970. Secretary
1974 - 1999.

Name: Mr John G. Wilson
Age: 64
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 Whilst in Office
L.A. Wilson	14	14
P.J. Wilson	14	14
B.W.C. Wilson	11	14
J.G. Wilson	14	14

Director	Number of Audit Committee Meetings Attended	Number of Audit Committee Meetings held
J.G. Wilson	2	2
B.W.C. Wilson	2	2

Directors' Interest

The number of shares of the Company in which each of its directors has a 'relevant interest' (as defined in the Corporations Act 2001) is:

Director	Number of Shares
L.A. Wilson	42,586,820
B.W.C. Wilson	42,469,320
J.G. Wilson	43,399,320
P.J. Wilson	106,500

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 financial report) 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.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.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 officers who are concerned in, or take part in, the management of the Company and the Group are:

	Salary \$	Directors Fees \$	Super Contributions \$	Non-cash benefits \$	Total \$
Directors					
L.A. Wilson	1,489,045	500	76,976	73,570	1,640,091
P.J. Wilson	313,365	500	22,750	14,034	350,649
B.W.C. Wilson	-	36,000	2,880	-	38,880
J.G. Wilson	-	36,000	2,880	-	38,880
Executive Officers					
L.A. Wilson	1,489,045	500	76,976	73,570	1,640,091
P.J. Wilson	313,365	500	22,750	14,034	350,649
N.G. Cathie	475,071	-	21,052	9,803	505,926

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 Act 2001 is prohibited under the terms of the contract.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

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 17 September 2002.

Signed in accordance with a resolution of Directors.

L.A. WILSON
Director

P.J. 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 economic entity's operations.

Responsibility of Corporate Governance

Responsibility for Corporate Governance lies with the Board of Directors of Reece Australia Limited.

The Board of Directors

The Board of directors comprises both executive directors and non-executive directors. The executive directors comprise L.A. Wilson and P.J. Wilson and the non-executive directors comprise J.G Wilson and B.W.C. Wilson. Further details of the director's experience and qualifications are set out on page 5 to this annual report.

In accordance with the Company's Constitution and subject to other provisions of the Corporation Act 2001, each director (apart from the C.E.O.), 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.

The primary responsibilities of the board include:

- the approval of the annual and half-year financial report;
- the establishment of the long term goals of the company and the strategic plans to achieve those goals;
- the review and adoption of annual budgets for the financial performance of the company and monitoring the results on a quarterly basis; and
- ensuring that the company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities.

Independent Professional Advice

With the prior approval of the Chairman, each director has the right to seek independent legal and other professional advice at the company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

Audit Committee

The board has established an audit committee consisting of two non-executive directors:

- B.W.C. Wilson
- J.G Wilson.

The audit committee provides a forum for the effective communication between the board, external auditors and the Reece management team. The audit committee reviews:

- the annual and half-year financial report prior to their approval by the board;
- the effectiveness of management information systems and systems of internal control;
- the appointment of external auditors; and
- the efficiency and effectiveness of the external audit function and Reece management team, including reviewing the respective audit plans.

The audit committee, at its discretion and as required, invites the Chairman, Chief Financial Officer/Company Secretary, and the external auditors to attend committee meetings. The audit committee also meets with and receives regular reports from the external auditors and Reece management team concerning any matters which arise in connection with the performance of their respective roles, including the adequacy of internal controls.

Risk Management

The board is responsible for the company's system of internal controls. The board constantly monitors the operational and financial aspects of the company's activities. Reece has a risk management team which conduct special branch internal controls reviews on a random basis throughout the year.

The board through the audit committee considers the recommendations and advice of the Reece risk management team, external auditors and other external advisors on the operational and financial risks that face Reece Australia Limited.

The board ensures that recommendations made by the external auditors and the Reece risk management team and other external advisers are investigated and, where considered necessary, appropriate action is taken to ensure that the company has an appropriate internal control environment in place to manage the key risks identified.

In addition, the board investigates ways of enhancing risk management strategies, including appropriate segregation of duties, the employment of training of suitably qualified and experienced personnel, and, in conjunction with the recommendation of the audit committee, the scope and work program of the Reece risk management team.

Policy on Share Trading

The company has a policy in place to ensure that directors, executives and employees of the company who buy or sell shares of the company do not breach relevant legislation or Australian Stock Exchange listing requirements.



Scope

We have audited the financial report of Reece Australia Limited for the financial year ended 30 June 2002 comprising of the Directors' Declaration, Statements of Financial Performance, Statements of Financial Position, Statements of Cash Flows and notes to the financial statements.

The financial report includes the consolidated financial statements of the consolidated 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 this 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 and other mandatory professional reporting requirements in Australia and the Corporations Act 2001 so as to present a view which is consistent with our understanding of the company's and consolidated entity's financial position and performance as represented by the results 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 Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2002 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Dated at Melbourne on 18 September 2002.

PITCHER PARTNERS

S P CATLIN
Partner

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 11 to 31, are in accordance with the Corporations Act 2001; and
 - (a) comply with Accounting Standards in Australia and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2002 and of the financial performance for the year ended on that date of the Company.
2. In the directors' 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.

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

Dated at Melbourne on 17 September 2002.

L.A. WILSON
Director

P.J. WILSON
Director

Statements of Financial Performance

For the year ended 30 June 2002

	Note	Consolidated		The Company	
		2002 (\$000's)	2001 (\$000's)	2002 (\$000's)	2001 (\$000's)
Revenues from ordinary activities	2	638,915	532,648	16,932	11,354
Expenses from ordinary activities, excluding borrowing costs expense		577,459	487,866	-	-
Borrowing costs expense		-	15	-	-
	3	577,459	487,881	-	-
Profit from ordinary activities before income tax expense	2	61,456	44,767	16,932	11,354
Income tax expense relating to ordinary activities	4	18,996	16,547	-	-
Net Profit from ordinary activities after income tax		42,460	28,220	16,932	11,354
Total changes in equity other than those resulting from transactions with owners as owners		42,460	28,220	16,932	11,354
Basic earnings per share	6	43 cents	28 cents	-	-
Diluted earnings per share	6	43 cents	28 cents	-	-

The Statements of Financial Performance are to be read in conjunction with the notes to the financial statements set out on pages 14 to 31.

Statements of Financial Position

As at 30 June 2002

	Note	Consolidated		The Company	
		2002 (\$000's)	2001 (\$000's)	2002 (\$000's)	2001 (\$000's)
Current Assets					
Cash assets	7	43,678	34,885	-	-
Receivables	8	116,563	89,509	-	-
Inventories	9	94,957	81,971	-	-
Total Current Assets		255,198	206,365	-	-
Non-Current Assets					
Receivables	8	-	-	11,353	6,771
Other financial assets	10	-	-	9,711	9,711
Property, plant and equipment	11	90,465	83,226	-	-
Intangibles	13	603	612	-	-
Deferred tax asset	14	6,050	5,371	-	-
Total Non-Current Assets		97,118	89,209	21,064	16,482
Total Assets		352,316	295,574	21,064	16,482
Current Liabilities					
Accounts payable	15	115,841	93,122	-	-
Current tax liability	4	7,989	4,407	-	-
Provisions	16	17,914	12,587	10,956	6,374
Other	17	2,091	1,341	-	-
Total Current Liabilities		143,835	111,457	10,956	6,374
Non-Current Liabilities					
Non-current tax liability	4	-	1,926	-	-
Provisions	16	5,841	5,079	-	-
Total Non-Current Liabilities		5,841	7,005	-	-
Total Liabilities		149,676	118,462	10,956	6,374
Net Assets		202,640	177,112	10,108	10,108
Equity					
Contributed equity	18	9,960	9,960	9,960	9,960
Reserves	19	1,743	1,743	37	37
Retained Profits	20	190,937	165,409	111	111
Total Shareholders' Equity		202,640	177,112	10,108	10,108

The Statements of Financial Position are to be read in conjunction with the notes to the financial statements set out on pages 14 to 31.

Statements of Cash Flows

For the year ended 30 June 2002

	Note	Consolidated		The Company	
		2002 (\$000's)	2001 (\$000's)	2002 (\$000's)	2001 (\$000's)
Cash flows from operating activities					
Cash receipts in the course of operations		614,612	540,516	12,350	14,940
Cash payments in the course of operations		(561,609)	(497,226)	-	-
Dividends received		-	2	-	-
Interest received		949	1,355	-	-
Income taxes paid		(18,019)	(25,806)	-	-
Borrowing costs paid		-	(15)	-	-
Net cash provided by operating activities	21(b)	35,933	18,826	12,350	14,940
Cash flows from investing activities					
Payments for property, plant and equipment		(15,157)	(16,303)	-	-
Proceeds from sale of property, plant, equipment and investments		509	824	-	-
Purchase of intangibles		(150)	-	-	-
Net cash provided by investing activities		(14,798)	(15,479)	-	-
Cash flows from financing activities					
Loans repaid by other entities		8	8	-	-
Dividends paid		(12,350)	(14,940)	(12,350)	(14,940)
Net cash provided by financing activities		(12,342)	(14,932)	(12,350)	(14,940)
Net increase in cash held		8,793	(11,585)	-	-
Cash at the beginning of the year		34,885	46,470	-	-
Cash at the end of the year	21 (a)	43,678	34,885	-	-

The Statements of Cash Flows are to be read in conjunction with the notes to the financial statements set out on pages 14 to 31.

Notes

To the Financial Statements for the year ended 30 June 2002

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 Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. They have been prepared on the basis of historical costs and do not take into account changing money values nor, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied.

The financial report covers the economic entity of Reece Australia Limited and controlled entities and Reece Australia Limited as an individual parent entity. Reece Australia Limited is a listed public company limited by shares incorporated and domiciled in Australia.

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 29 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.

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.

Property, Plant and Equipment

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.

Capital Profits Reserve

The consolidated entity elected on 1 July 2000 to revert to the cost basis for measuring land and buildings which were previously carried at a revalued amount. The gain or loss on disposal of previously 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. The depreciation rates used for each class of depreciable assets are:

Freehold buildings	4%
Fixtures, fittings and equipment	5% - 37.5%
Motor vehicles	15% - 20%

Leased Motor Vehicles, Buildings, Plant and Equipment

Leases of motor vehicles, buildings, plant and equipment under which the company or its controlled entities do not assume substantially all the risks and benefits of ownership are classified as operating leases.

Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of the benefits to be derived from the leased property.

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.

Warranty

Provision is made in respect of the economic entity's estimated liability on all relevant products and services under warranty at balance date. The provision is based on the economic entity's history of warranty claims.

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 negotiated contributions under individual employment agreements. Such contributions are charged against income.

Foreign Currency**Transactions**

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Notes

To the Financial Statements for the year ended 30 June 2002

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change except where hedging arrangements exist for specific anticipated transactions.

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 and/or business assets, 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 each reporting date. Where the balance exceeds the value of expected future benefits, the difference is charged to the profit and loss account.

Revenue Recognition

Sales Revenue

Sales revenue comprises revenue earned from the provision of products to entities outside the economic entity. Sales revenue is recognised when the goods are invoiced.

Interest Revenue

Interest revenue is recognised as it accrues.

Asset Sales

The gross proceeds of asset sales are included as revenue of the consolidated entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

Dividends

Revenue from dividends from controlled entities is recognised by the parent entity when they are declared by the controlled entities.

Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Notes

To the Financial Statements for the year ended 30 June 2002

	Consolidated		The Company	
	2002 (\$000's)	2001 (\$000's)	2002 (\$000's)	2001 (\$000's)

2. Profit from Ordinary Activities

Profit from ordinary activities before income tax expense has been determined after:

Revenue and net gains

Sales revenue	636,711	529,660	-	-
Dividends received or due and receivable from:				
Related entities	-	-	16,932	11,354
Other entities	-	2	-	-
Interest received or due and receivable from other persons	1,374	1,737	-	-
Gross proceeds on sale of property, plant, equipment & investments	509	823	-	-
Bad debts recovered	321	426	-	-
	638,915	532,648	16,932	11,354
Profit on sale of property, plant, equipment and investments	219	348	-	-

Expenses

Bad debts written off:				
Trade Debtors	882	1,167	-	-
Amortisation of goodwill	159	166	-	-
Depreciation	8,362	7,416	-	-
Amounts set aside to:				
Provision for employee entitlements	1,346	626	-	-
Provision for obsolescence	(715)	907	-	-
Provision for warranty	162	333	-	-
Lease rental paid or due payable to other entities	5,051	5,279	-	-

Auditors remuneration

Consolidated amounts due and receivable by auditors of the parent entity for auditing the financial statements of any entity in the economic entity were \$254,000 (2001: \$236,500) and for other services provided for any entity in the economic entity were \$143,842 (2001: \$156,847)

	Consolidated	
	2002 (\$000's)	2001 (\$000's)

3. Expenses Relating to Ordinary Activities by Function

Cost of sales	476,262	394,684
Distribution expenses	52,311	47,335
Marketing expenses	3,885	2,341
Occupancy expenses	6,803	6,836
Administrative and other expenses	38,198	36,670
Borrowing costs expenses	-	15
Total expenses relating to Ordinary Activities	577,459	487,881

Notes

To the Financial Statements for the year ended 30 June 2002

	Consolidated		The Company	
	2002 (\$000's)	2001 (\$000's)	2002 (\$000's)	2001 (\$000's)
4. Income Tax				
Prima facie income tax expense calculated at 30% (2001 - 34%) on the operating profit	18,437	15,221	5,080	3,860
Increase in income tax expense due to:				
Non - deductible expenditure	572	554	-	-
Non - deductible capital losses	26	29	-	-
Change in tax rate	-	715	-	-
Underprovision in prior year	-	90	-	-
Decrease in income tax expense due to:				
Non - taxable profits on asset sales	-	(62)	-	-
Rebateable dividends	-	-	(5,080)	(3,860)
Overprovision in prior year	(39)	-	-	-
Income tax expense attributable to operating profit	18,996	16,547	-	-
Income tax expense attributable to operating profit is made up of:				
Current income tax expense	19,714	16,350	-	-
Future income tax benefit	(679)	107	-	-
Overprovision in prior year	(39)	-	-	-
Underprovision in prior year	-	90	-	-
	18,996	16,547	-	-
Provision for current income tax				
Movements during the year were as follows:				
Balance at beginning of year	6,333	15,699	-	-
Income tax paid	(18,019)	(25,806)	-	-
Current income tax expense on operating profit	19,714	16,350	-	-
Income tax overprovided in prior year	(39)	-	-	-
Income tax underprovided in prior year	-	90	-	-
Deferral greater than twelve months	-	(1,926)	-	-
	7,989	4,407	-	-
Future income tax benefit				
Future income tax benefit reflects the future benefit at future income tax rates on the following items:				
Provision for doubtful debts	1,006	1,006	-	-
Provision for employee entitlements	3,521	3,118	-	-
Provision for stock obsolescence	1,355	1,569	-	-
Provision for warranty	319	270	-	-
Prepayments	(151)	(258)	-	-
Other timing differences	-	(334)	-	-
	6,050	5,371	-	-
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 at 30% (2001 - 30%)	469	443	-	-
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 the Financial Statements for the year ended 30 June 2002

	Consolidated		The Company	
	2002 (\$000's)	2001 (\$000's)	2002 (\$000's)	2001 (\$000's)
5. Dividends Paid and Proposed				
The following are the dividends paid and / or proposed for the financial year:				
Final dividend of 32 cents per share paid 24 October 2001, (fully franked to 30%)	6,374	9,960	6,374	9,960
Interim dividend of 30 cents per share paid 5 April 2002 (fully franked to 30%)	5,976	4,980	5,976	4,980
Dividend Declared (11 cents per share fully franked)	10,956	6,374	10,956	6,374
	16,932	11,354	16,932	11,354
Dividend franking account				
Balance of franking account adjusted for franking credits that will arise after payment of income tax payable and after payment of declared dividends.				
Class C - franked to 30%.	251,981	234,976	13	13

	Consolidated	
	2002	2001
6. Earnings per Share		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share.	99,600,000	99,600,000

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.

On 8 May 2002 the shares on issue by Reece Australia Limited were split on a five for one basis. As a result of this share split, the total ordinary shares on issue at 30 June 2002 have increased from 19,920,000 to 99,600,000. For the purpose of comparability and in accordance with AASB 1027, Earnings per Share at 30 June 2001 has been restated to reflect the share split during the reporting period. For further details on the share split refer Note 18.

	Consolidated		The Company	
	2002 (\$000's)	2001 (\$000's)	2002 (\$000's)	2001 (\$000's)
7. Cash Assets				
Cash on hand	155	148	-	-
Cash on deposit	43,523	34,737	-	-
	43,678	34,885	-	-

Notes

To the Financial Statements for the year ended 30 June 2002

	Consolidated		The Company	
	2002 (\$000's)	2001 (\$000's)	2002 (\$000's)	2001 (\$000's)
8. Receivables				
Current				
Trade debtors	105,274	84,012	-	-
Less: Provision for doubtful debts	(3,355)	(3,355)	-	-
	101,919	80,657	-	-
Other debtors and prepaid expenses	14,644	8,852	-	-
	116,563	89,509	-	-
Non-current				
Loans, controlled entities	-	-	11,353	6,771
9. Inventories				
Current				
Finished goods, at cost	99,472	87,201	-	-
Provision for obsolescence	(4,515)	(5,230)	-	-
	94,957	81,971	-	-
10. Investments				
Non-current				
Shares in related corporations at deemed cost	-	-	9,711	9,711

Notes

To the Financial Statements for the year ended 30 June 2002

	Consolidated		The Company	
	2002 (\$000's)	2001 (\$000's)	2002 (\$000's)	2001 (\$000's)
11. Property, Plant and Equipment				
Freehold land at deemed cost	30,896	27,305	-	-
Freehold buildings at deemed cost	45,596	42,911	-	-
Less: Accumulated depreciation	(14,940)	(13,224)	-	-
	61,552	56,992	-	-
Total land and buildings	76,492	70,216	-	-
Less: Accumulated depreciation	(14,940)	(13,224)	-	-
	61,552	56,992	-	-
Fixtures, fittings and equipment at cost	48,986	44,027	-	-
Less: Accumulated depreciation	(31,751)	(28,103)	-	-
	17,235	15,924	-	-
Motor vehicles at cost	24,983	22,612	-	-
Less: Accumulated depreciation	(13,305)	(12,302)	-	-
	11,678	10,310	-	-
Total property, plant and equipment	90,465	83,226	-	-

Land and buildings with a deemed cost of \$6,534,787 are used as security for the entities banking facilities.

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment are set out below:

Freehold land

Carrying amount at beginning of year	27,305
Additions	3,591
Disposals	-
Carrying amount at end of year	<u>30,896</u>

Buildings

Carrying amount at beginning of year	29,687
Additions	2,685
Disposals	-
Depreciation	(1,716)
Carrying amount at end of year	<u>30,656</u>

Fixtures, fittings & equipment

Carrying amount at beginning of year	15,924
Additions	4,960
Disposals	-
Depreciation	(3,649)
Carrying amount at end of year	<u>17,235</u>

Motor vehicles

Carrying amount at beginning of year	10,310
Additions	4,655
Disposals	(289)
Depreciation	(2,998)
Carrying amount at end of year	<u>11,678</u>

Notes

To the Financial Statements for the year ended 30 June 2002

12. Current Value of Land and Buildings

A directors valuation of land and buildings was undertaken on 30 June 2002. The valuation was undertaken to comply with Accounting Standard AASB 1040 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 2002 the directors assessment of the current market value of land and buildings is \$88,077,793.

	Consolidated		The Company	
	2002 (\$000's)	2001 (\$000's)	2002 (\$000's)	2001 (\$000's)
13. Intangibles				
Goodwill on consolidation	1,750	1,750	-	-
Less: Accumulated amortisation	(1,226)	(1,138)	-	-
	524	612	-	-
Goodwill, at cost	1,924	1,774	-	-
Less: Accumulated amortisation	(1,845)	(1,774)	-	-
	79	-	-	-
	603	612	-	-

14. Other Assets

Non-current Future income tax benefit	6,050	5,371	-	-
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15. Accounts Payable

Current Trade creditors and accruals	115,841	93,122	-	-
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16. Provisions

Current				
Provision for employee entitlements	5,896	5,313	-	-
Provision for dividend	10,956	6,374	10,956	6,374
Provision for warranty	1,062	900	-	-
	17,914	12,587	10,956	6,374
Non-current				
Provision for employee entitlements	5,841	5,079	-	-
Aggregate employee entitlements	11,737	10,392	-	-
Number of employees at balance date	1,573	1,405	-	-

Notes

To the Financial Statements for the year ended 30 June 2002

	Consolidated		The Company	
	2002 (\$000's)	2001 (\$000's)	2002 (\$000's)	2001 (\$000's)
17. Other Current Liabilities				
Amounts owing under contracts of sale	2,091	1,341	-	-
18. Share Capital				
Issued and paid up capital	9,960	9,960	9,960	9,960
Movement during the year in the number of ordinary shares on issue:				
At the beginning of the reporting period	19,920,000	19,920,000	19,920,000	19,920,000
Five for one share split on 8 May 2002	79,680,000	-	79,680,000	-
Balance at the end of the reporting period	99,600,000	19,920,000	99,600,000	19,920,000
19. Reserves				
Asset revaluation reserve	461	461	-	-
General reserve	51	51	-	-
Capital profits reserve	1,231	1,231	37	37
	1,743	1,743	37	37
20. Retained Profits				
Retained profits at beginning of year	165,409	148,543	111	111
Net profit attributable to members of parent entity	42,460	28,220	16,932	11,354
Dividends	(16,932)	(11,354)	(16,932)	(11,354)
Retained profits at end of year	190,937	165,409	111	111

Notes

To the Financial Statements for the year ended 30 June 2002

	Consolidated		The Company	
	2002 (\$000's)	2001 (\$000's)	2002 (\$000's)	2001 (\$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	155	148	-	-
Cash on deposit	43,523	34,737	-	-
	43,678	34,885	-	-
(b) Reconciliation of operating profit after income tax to net cash provided by operating activities				
Operating profit after income tax	42,460	28,220	16,932	11,354
<i>Add/(less) items classified as investing / financing activities:</i>				
Profit on sale of non-current assets	(219)	(348)	-	-
<i>Add/(less) non cash items:</i>				
Depreciation	8,362	7,416	-	-
Amortisation of goodwill	159	166	-	-
Dividend received - controlled entity	-	-	(4,582)	3,586
Amounts set aside to provisions	1,508	959	-	-
(Decrease)/increase in income taxes payable	1,656	(9,366)	-	-
Net cash from operating activities before change in assets and liabilities	53,926	27,047	12,350	14,940
Change in assets and liabilities during the financial year				
(Increase)/decrease in trade debtors	(21,262)	11,927	-	-
(Increase)/decrease in sundry debtors	(5,800)	2,668	-	-
(Increase)/decrease in inventory	(12,986)	(13,915)	-	-
Increase/(decrease) in trade creditors and accruals	22,734	(9,009)	-	-
(Increase)/decrease in deferred tax benefits	(679)	108	-	-
(Increase)/decrease in loans, controlled entities	-	-	(4,582)	3,586
Increase/(decrease) in provision for dividend	-	-	4,582	(3,586)
Net cash provided by operating activities	35,933	18,826	12,350	14,940

	Consolidated		The Company	
	2002 (\$000's)	2001 (\$000's)	2002 (\$000's)	2001 (\$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 entities property assets.

The economic entity has access to the following lines of credit:

Total facilities available and unused at 30 June 2002

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
Credit cards	1,300	1,100	-	-
Total	2,940	2,740	1,640	1,640

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.

	(\$)	(\$)	(\$)	(\$)
	2,068,500	1,451,962		

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.

	2,068,500	1,451,962
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Notes

To the Financial Statements for the year ended 30 June 2002

	Consolidated		The Company	
	2002	2001	2002	2001

22. Remuneration and Retirement Benefits

(a) Directors' remuneration (continued)

The number of directors referred to above are shown below in their relevant income bands.

\$10,000 and \$19,999	-	1	-	1
\$30,000 and \$39,999	2	2	2	2
\$230,000 and \$239,999	-	1	-	1
\$350,000 and \$359,999	1	-	1	-
\$1,110,000 and \$1,119,999	-	1	-	1
\$1,640,000 and \$1,649,999	1	-	1	-
Total number of directors	4	5	4	5

	Consolidated		The Company	
	2002 (\$)	2001 (\$)	2002 (\$)	2001 (\$)

(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.	2,496,666	1,722,052	-	-
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	Consolidated		The Company	
	2002	2001	2002	2001

\$230,000 and \$239,999	-	1	-	1
\$350,000 and \$359,999	1	-	1	-
\$360,000 and \$369,999	-	1	-	1
\$500,000 and \$509,999	1	-	1	-
\$1,110,000 and \$1,119,999	-	1	-	1
\$1,640,000 and \$1,649,999	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.

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.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.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 \$2,626,091 (2001 \$ 2,981,134) of which \$202,171 (2001 \$313,433) 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 \$666,250 (2001 \$475,000).

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 29.

	Consolidated		The Company	
	2002 (\$000's)	2001 (\$000's)	2002 (\$000's)	2001 (\$000's)
Future operating lease rentals not provided for and payable in respect of :				
Motor Vehicles	-	32	-	-
Buildings	13,509	14,133	-	-
Equipment	225	470	-	-
	13,734	14,635	-	-
Due not later than one year	5,456	5,051	-	-
Due later than one year but not later than five years	8,278	9,584	-	-
	13,734	14,635	-	-
Rental expense	5,051	5,279	-	-

Notes

To the Financial Statements for the year ended 30 June 2002

25. Amounts Payable in Foreign Currencies

The Australian dollar equivalents of amounts payable in foreign currencies, calculated at the year-end exchange rates, are as follows:

	US dollar		EURO		Other	
	2002 (\$000's)	2001 (\$000's)	2002 (\$000's)	2001 (\$000's)	2002 (\$000's)	2001 (\$000's)
Current	1,033	1,432	1,709	626	119	55
Non-current	-	-	-	-	-	-
	1,033	1,432	1,709	626	119	55

26. 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.	
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	16	Dividends payable are recognised when declared by the company.	Dividends payable represent the final dividend of 11 cents (2001: 6.4 cents) per ordinary share for the financial year ended 30 June 2002. 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	17	Amounts owing under contract of sale are carried at the principal amount.	
c) Equity			
Ordinary shares	18	Ordinary share capital is recognised at the paid up amount of each share.	The company is authorised to issue up to 200,000,000 (2001: 40,000,000) ordinary shares.

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

26. Financial Instruments (Continued)**(b) Interest rate risks**

The economic entity'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
	2002 %	2001 %	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
i) Financial assets										
Cash	4.4	5.00	43,678	34,885	-	-	-	-	43,678	34,885
Receivables - trade	n/a	n/a	-	-	-	-	101,919	80,657	101,919	80,657
Receivables - other	n/a	n/a	-	-	-	-	14,644	8,852	14,644	8,852
Total financial assets	-	-	43,678	34,885	-	-	116,563	89,509	160,241	124,394
ii) Financial liabilities										
Trade creditors & accruals	n/a	n/a	-	-	-	-	115,841	93,122	115,841	93,122
Dividends payable	n/a	n/a	-	-	-	-	10,956	6,374	10,956	6,374
Amounts owing under contracts of sale	n/a	n/a	-	-	-	-	2,091	1,341	2,091	1,341
Total financial liabilities	-	-	-	-	-	-	128,888	100,837	128,888	100,837

(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.

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.

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.

Notes

To the Financial Statements for the year ended 30 June 2002

26. Financial Instruments (Continued)

(d) Foreign exchange risk

The consolidated entity enters into forward foreign exchange contracts to hedge a proportion of anticipated purchase commitments denominated in foreign currencies expected in each month within the following twelve months, subject to Board approved limits.

Forward exchange contracts not settled at balance date:

	2002 \$	2001 \$
US dollar	2,890,255	-
EURO	1,654,073	400,000

As these contracts are hedging anticipated purchases, any unrealised gains and losses on the contracts, together with the costs of the contracts, will be deferred and then recognised in the financial statements at the time the underlying transaction occurs.

(e) 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	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Financial assets				
<i>Readily traded</i>				
Cash	43,678	34,885	43,678	34,885
<i>Not readily traded</i>				
Receivables - trade	101,919	80,657	101,919	80,657
Receivables - other	14,644	8,852	14,644	8,852
Total financial assets	160,241	124,394	160,241	124,394
Financial liabilities				
<i>Not readily traded</i>				
Trade creditors and accruals	115,841	93,122	115,841	93,122
Dividends payable	10,956	6,374	10,956	6,374
Amounts owing under contracts of sale	2,091	1,341	2,091	1,341
Total financial liabilities	128,888	100,837	128,888	100,837

Determination of net fair value

Financial assets

Carrying value as noted in the Statements of Financial Position approximates net fair value.

Financial liabilities

Carrying value as noted in the Statements of Financial Position approximates net fair value.

27. Superannuation Commitments

At 30 June 2002, entities within the economic entity participated in an employer established superannuation plan which is an accumulation plan. 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.

28. Geographical and Industry Segments

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

29. Particulars in Relation to Corporations in the Group

Name of entity	Ownership Percentage 2002 %	Ownership Percentage 2001 %
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 Limited	100%	100%
Reece Project Supply Pty Ltd	100%	-
Reece International Pty Ltd	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) All corporations in the group carry on business in Australia only.
- (iv) All corporations financial years end on 30 June.

Shareholders Information

As at 31 July 2002

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

Shareholding Analysis

At 31 July 2002

(a) Distribution of shareholders

The distribution of shareholdings were as follows:

Size Of Shareholding	Number of Shareholders
1 - 1,000	89
1,001 - 5,000	151
5,001 - 10,000	58
10,001 - 100,000	120
Over 100,000	42
Holdings of less than a marketable parcel.	3

(b) Substantial shareholdings

The number of shares held by the substantial shareholders listed in the Company's register of substantial shareholders as at 31 July 2002 were:

Shareholder	Number of Shares
Waln Pty Ltd	46,477,140
W.A.L. Investments Pty Ltd	51,301,460
Leslie Alan Wilson	42,586,820
Wilgay Pty Ltd	47,289,640
J.G.W. Investments Pty Ltd	51,301,460
John Gay Wilson	43,399,320
Lezirol Pty Ltd	43,116,820
Florizel Investments Pty Ltd	51,301,460
Bruce Walter Campbell Wilson	42,469,320
Adawarra Nominees Pty Ltd	75,352,460
Warramunda Investments Pty Ltd	75,352,460
L.T.W. Holdings Pty Ltd	75,352,460
L.T. Wilson Pty Ltd	75,352,460
Wilaust Holdings Pty Ltd	75,352,460
Austral Hardware Pty Ltd	75,352,460
Austral Hardware (Healesville) Pty Ltd	75,352,460
Tyara Pty Ltd	51,301,460
Wal Assets Pty Ltd	46,477,140
Abtourk Vic No. 11 Pty Ltd	47,289,640
Perpetual Trustees Australia Limited	9,256,080

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

Shareholders Information

As at 31 July 2002

(c) Class of shares and voting rights

At 31 July 2002, there were 460 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 July 2002:

Shareholder	Number	% Held
L.T. Wilson Pty Ltd	31,440,000	31.6%
L.T.W. Holdings Pty Ltd	12,000,000	12.0%
Warramunda Investments Pty Ltd	9,729,000	9.8%
RBC Global Services Australia Nominees Pty Ltd (PI Pooled A/C)	7,614,310	7.6%
J P Morgan Nominees Australia Limited	4,859,188	4.9%
Florizel Investments Pty Ltd	3,360,320	3.4%
W.A.L. Investments Pty Ltd	3,360,320	3.4%
J.G.W. Investments Pty Ltd	3,360,320	3.4%
Austral Hardware Pty Ltd	2,985,000	3.0%
Austral Hardware (Healesville) Pty Ltd	2,400,000	2.4%
Adawarra Nominees Pty Ltd	2,310,000	2.3%
Wilaust Holdings Pty Ltd	1,746,000	1.7%
RBC Global Services Australia Nominees Pty Ltd (PIIC A/C)	1,402,445	1.4%
RBC Global Services Australia Nominees Pty Ltd	1,213,476	1.2%
John G. Wilson	934,000	0.9%
Whitefield Limited	600,000	0.6%
Abtourk Vic No. 11 Pty Ltd	534,000	0.5%
Tyara Pty Ltd	534,000	0.5%
WAL Assets Pty Ltd	534,000	0.5%
Argo Investments Limited	500,000	0.5%

The twenty members holding the largest number of shares together held a total of 91.8% of the issued capital.

Network

VICTORIA

Plumbing Centres

Airport West
Armadale
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
Morningside
Newport
Pakenham
Richmond
Ringwood
Seaford
St Kilda
Sth Melbourne
Sunbury
Sunshine
Templestowe
Thomastown
Tootgarook

Vic Country

Albury
Bairnsdale
Ballarat
Ballarat west
Bendigo
Colac
Echuca
Geelong
Geelong North
Hamilton
Horsham
Kyneton
Mildura
Moe
Ocean Grove
Sale

Seymour
Shepparton
Swan Hill
Torquay
Traralgon
Wangaratta
Warragul
Warrnambool
Wodonga
Wonthaggi

Irrigation

Campbellfield
Clayton
Lilydale
Mildura
Morningside
Ringwood
Sunshine

Gas

Clayton
West Footscray

Mechanical Services

Clayton

Industrial

Albury
Campbellfield
Nth Sunshine

NEW SOUTH WALES

Plumbing Centres

Artarmon
Auburn
Blacktown
Brookvale
Castle Hill
Chipping Norton
Lewisham
Minchinbury
Mona Vale
Narellan
Parramatta
Penrith
Punchbowl
Rockdale
Rydalmere
Taren Point
Thornleigh
Waterloo
Wetherill Park
Windsor

NSW Country

Ballina
Bowral
Broken Hill
Coffs Harbour
Dubbo
Erina

Gosford
Goulburn
Grafton
Griffith
Lismore
Newcastle
Nth Wollongong
Nowra
Oak Flats
Port Macquarie
Salamander Bay
Taree
Thornton
Tweed Heads
Unanderra
Wagga Wagga
Warners Bay
Wollongong

Mechanical Services

Revesby

ACT

Braddon
Mitchell
Phillip
Queanbeyan

QUEENSLAND

Plumbing Centres

Albion
Beenleigh
Browns Plains
Caboolture
Capalaba
Enoggera
Geebung
Kedron
Morningside
Salisbury
Underwood
West End

QLD Country

Bundaberg
Burleigh Junction
Cairns
Caloundra
Cannonvale
Edmonton
Hervey Bay
Ipswich
Kirwan
Labrador
Mackay
Maroochydoore
Mermaid Beach
Mt Isa
Nerang
Noosa
Rockhampton

Toowoomba
Townsville

Gas

Kedron

Mechanical Services

West End

NORTHERN TERRITORY

Plumbing Centres

Darwin
Palmerston

SOUTH AUSTRALIA

Plumbing Centres

Adelaide - Showroom
Adelaide - Trade Counter
Daw Park
Hendon
Hilton
Lonsdale
Morphettville
Mt Barker
Mt Gambier
O'Halloran Hill
Ridgehaven
Salisbury Plains
Stepney
Willaston
Wingfield

Mechanical Services

Wingfield

WESTERN AUSTRALIA

Plumbing Centres

Albany
Belmont
Bunbury
Busselton
Cannington
Claremont
Fremantle
Geraldton
Joondalup
Kalgoorlie
Mandurah
Midvale
Myaree
Morley
Osborne Park
Perth - Showroom
Perth - Trade Counter
Rockingham

Mechanical Services

Cannington



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