

03

annual
report

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 Reece Project Supply Pty Ltd A.B.N. 54 100 065 307 Reece International Pty Ltd A.B.N. 11 100 278 171
Directors	L.A. Wilson (Chairman and C.E.O.) P.J. Wilson B.W.C. Wilson J.G. Wilson R.G. Pitcher
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 Thursday, 23 October, 2003 at 118 Burwood Highway, Burwood, Victoria.

contents

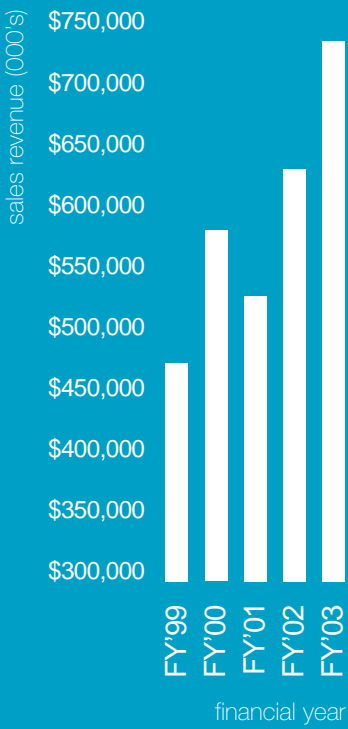
Reece Australia Limited and its controlled entities
Financial Statements and Reports for the year ended 30 June 2003

directors' report	3
corporate governance statement	10
auditors' report	11
directors' declaration	12
statement of financial performance	13
statement of financial position	14
statement of cash flows	15
notes to the financial statements	16
ASX shareholder information	34

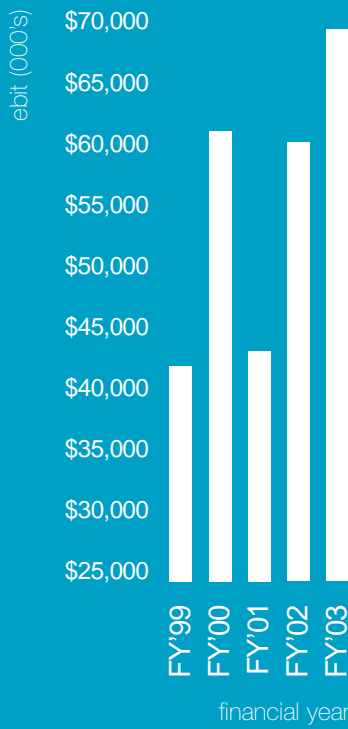
03

snapshot

sales revenue



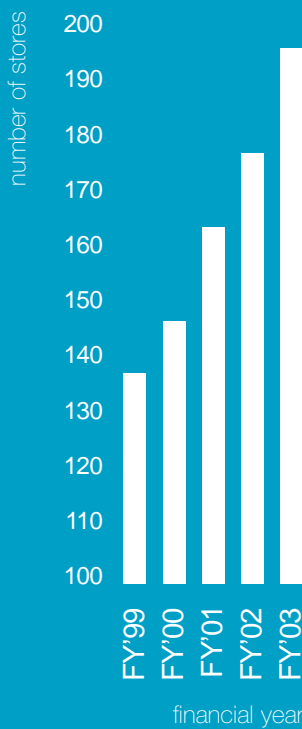
ebit



npat



number of locations



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 2003 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
R.G. Pitcher (appointed 6 January 2003)

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:

	2003 (\$000's)	2002 (\$000's)
Operating profit before income tax	67,685	61,456
Income tax expense	20,945	18,996
Operating profit after income tax attributable to the members of Reece Australia Limited	<u>46,740</u>	<u>42,460</u>

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 11 cents per share in respect of the year ended 30 June 2002, was paid on 22 October 2002. 10,956

In respect of the current financial year:

An interim ordinary dividend of 7.5 cents per share was paid on 21 March 2003. 7,470

The final dividend declared by the Directors of the Company to be paid on 23 October 2003 is an ordinary fully franked dividend of 13.5 cents per share. 13,446

20,916

Review of Operations

The Board is very pleased with this solid result which has been driven again by consumer demand fuelled by continuing low interest rates, an extremely buoyant housing and renovation market and continuing internally generated efficiencies and profit opportunities. However the Board remains cautious about the 2004 financial year with the much anticipated domestic slowdown in new housing and unit development expected during this period along with a continuing uncertain global environment. Under these circumstances, the Board is expecting only moderate growth in 2004.

During the year ended 30 June 2003 the Company commenced trading from 18 new locations throughout Australia. This policy of greenfielding additions to the Reece network will continue in 2004. Business acquisitions will be considered if and when they arise.

The Board is pleased to advise it has determined to increase the dividend payout ratio and has declared a final dividend of 13.5 cents per share. The final dividend will be paid on 23 October 2003 with the record date for entitlement being 9 October 2003. Total dividends paid relating to the year ended 30 June 2003 will be 21 cents per share compared to 17 cents per share in 2002.

interest rates
have stayed
down / building
approvals
have stayed
up // how long
will it last?

Environmental Regulations

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

State of Affairs

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 other than disclosed elsewhere 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 \$160,000 (2002 - \$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: 62
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: 35
Position: Executive Director/
 General Manager - Operations
Experience: B.Comm (Melb). Appointed to the board in 1997.

Name: Mr. Bruce W.C. Wilson
Age: 57
Position: Non-Executive Director
Experience: B.Comm (Melb). Appointed to the board 1970. Secretary 1974 - 1999.

Name: Mr John G. Wilson
Age: 65
Position: Non-Executive Director
Experience: Appointed to the board in 1984.

Name: Mr Ronald G. Pitcher
Age: 64
Position: Non-Executive Director
Experience: FCA, FCPA, ACAA. Appointed to the board January 2003. A chartered accountant and business consultant with over 45 years experience in the accounting profession and in the provision of business advisory services.

we are an
australian
business with
products
supplied from
around the
world // the
world remains
an uncertain
place

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	10	10
P.J. Wilson	9	10
B.W.C. Wilson	10	10
J.G. Wilson	10	10
R.G. Pitcher	4	4

Director	Number of Audit Committee Meetings Attended	Number of Audit Committee Meetings Held Whilst in Office
R.G. Pitcher	-	-
J.G. Wilson	3	3
B.W.C. Wilson	3	3

Directors' Interest

The relevant interest of Directors of the reporting entity and their Director related entities in shares of Reece Australia Limited are set out in Note 23(b) to the financial statements.

Since the end of the previous financial year, except as disclosed in Note 23 to the financial statements, 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.

it's a
competitive
market / with
challenges
from traditional
and new
sources // big
and small

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	1,677,045	-	82,054	63,511	1,822,610
P.J. Wilson	358,865	-	28,600	10,724	398,189
B.W.C. Wilson	-	36,000	2,880	-	38,880
J.G. Wilson	-	36,000	2,880	-	38,880
R.G. Pitcher	-	30,000	2,700	-	32,700
Executive Officers					
L.A. Wilson	1,677,045	-	82,054	63,511	1,822,610
P.J. Wilson	358,865	-	28,600	10,724	398,189
N.G. Cathie	540,321	-	37,522	24,870	602,713

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 the 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 25 September 2003.

Signed in accordance with a resolution of Directors.

L.A. WILSON
Director

P.J. WILSON
Director

corporate governance statement

page 10

reece annual report 03

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, B.W.C. Wilson and R.G. Pitcher. 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 three non-executive directors:

- R.G. Pitcher
- 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 control 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 and 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 and controlled entities for the financial year ended 30 June 2003 comprising of the Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement 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 statutory requirements so as to present a view which is consistent with our understanding of the company's and the 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 2003 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 26 September 2003.

PITCHER PARTNERS

S P CATLIN
Partner

directors' declaration

page 12

reece annual report 03

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 13 to 32 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 2003 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 25 September 2003.

L.A. WILSON
Director

P.J. WILSON
Director

statement of financial performance

for the year ended
30 June 2003

reece annual report 03

page 13

	Note	Consolidated		The Company	
		2003 (\$000's)	2002 (\$000's)	2003 (\$000's)	2002 (\$000's)
Revenues from ordinary activities	2	743,134	638,915	8,885	16,932
Expenses from ordinary activities, excluding borrowing costs expense	3	675,449	577,459	-	-
Borrowing costs expense		-	-	-	-
		675,449	577,459	-	-
Profit from ordinary activities before income tax expense	2	67,685	61,456	8,885	16,932
Income tax expense relating to ordinary activities	4	20,945	18,996	-	-
Net Profit from ordinary activities after income tax		46,740	42,460	8,885	16,932
Total changes in equity other than those resulting from transactions with owners as owners		46,740	42,460	8,885	16,932
Basic earnings per share	6	47 cents	43 cents	-	-
Diluted earnings per share	6	47 cents	43 cents	-	-

The Statement of Financial Performance is to be read in conjunction with the notes to the financial statements set out on pages 16 to 32

statement of financial position

as at 30 June 2003

page 14

reece annual report 03

	Note	Consolidated		The Company	
		2003 (\$000's)	2002 (\$000's)	2003 (\$000's)	2002 (\$000's)
Current Assets					
Cash assets	7	45,072	43,678	-	-
Receivables	8	124,085	116,563	-	-
Inventories	9	107,180	94,957	-	-
Total Current Assets		276,337	255,198	-	-
Non-Current Assets					
Receivables	8	-	-	1,812	11,353
Other financial assets	10	-	-	9,711	9,711
Property, plant and equipment	11	105,770	90,465	-	-
Intangible assets	13	444	603	-	-
Deferred tax asset	14	6,680	6,050	-	-
Total Non-Current Assets		112,894	97,118	11,523	21,064
Total Assets		389,231	352,316	11,523	21,064
Current Liabilities					
Payables	15	122,633	115,841	-	-
Current tax liability	4	5,449	7,989	-	-
Provisions	16	7,797	17,914	-	10,956
Other	17	4,364	2,091	-	-
Total Current Liabilities		140,243	143,835	-	10,956
Non-Current Liabilities					
Provisions	16	7,078	5,841	-	-
Total Non-Current Liabilities		7,078	5,841	-	-
Total Liabilities		147,321	149,676	-	10,956
Net Assets		241,910	202,640	11,523	10,108
Equity					
Contributed equity	18	9,960	9,960	9,960	9,960
Reserves	19	2,508	1,743	37	37
Retained Profits	20	229,442	190,937	1,526	111
Total Equity		241,910	202,640	11,523	10,108

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 16 to 32

statement of cash flows

for the year ended
30 June 2003

reece annual report 03

page 15

		Consolidated		The Company	
	Note	2003 (\$000's)	2002 (\$000's)	2003 (\$000's)	2002 (\$000's)
Cash flows from operating activities					
Cash receipts in the course of operations		731,083	614,612	18,426	12,350
Cash payments in the course of operations		(666,052)	(561,609)	-	-
Interest received		1,049	949	-	-
Income taxes paid		(24,115)	(18,019)	-	-
Net cash provided by operating activities	21(b)	41,965	35,933	18,426	12,350
Cash flows from investing activities					
Payments for property, plant and equipment		(22,954)	(15,157)	-	-
Proceeds from sale or disposal of property, plant and equipment		811	509	-	-
Purchase of intangibles		(3)	(150)	-	-
Net cash provided by investing activities		(22,146)	(14,798)	-	-
Cash flows from financing activities					
Loans repaid by other entities		1	8	-	-
Dividends paid		(18,426)	(12,350)	(18,426)	(12,350)
Net cash provided by financing activities		(18,425)	(12,342)	(18,426)	(12,350)
Net increase in cash held		1,394	8,793	-	-
Cash at the beginning of the year		43,678	34,885	-	-
Cash at the end of the year	21 (a)	45,072	43,678	-	-

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 16 to 32

to the financial statements for the year ended 30 June 2003

1. Statement of Significant Accounting Policies

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

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 Statement of Financial Position as a deferred tax asset 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 for in the Statement of Financial Performance 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 at 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	12.5% - 20%

Leased Buildings, Plant and Equipment

Leases of 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 installments 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.

to the financial statements for the year ended 30 June 2003

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.

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 decrement is brought to account in the Statement of Financial Performance.

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 disposals 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. In accordance with AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" which became effective on 1 July 2002, the final dividend relating to the year ended on 30 June 2003 has not been included as a provision in the financial statements because the dividend was declared after balance date.

Comparative Figures

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

to the financial statements for the year ended 30 June 2003

	Consolidated		The Company	
	2003 (\$000's)	2002 (\$000's)	2003 (\$000's)	2002 (\$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	740,236	636,711	-	-
Dividends received or due and receivable from:				
Related entities	-	-	8,885	16,932
Interest received or due and receivable from other persons	1,049	1,374	-	-
Gross proceeds on sale or disposal of property, plant and equipment	1,604	509	-	-
Bad debts recovered	245	321	-	-
	743,134	638,915	8,885	16,932
Profit on sale or disposal of property, plant and equipment	812	219	-	-

Expenses

Bad debts written off:

Trade Debtors	1,101	882	-	-
Amortisation of goodwill	163	159	-	-
Depreciation:				
Buildings	1,821	1,715	-	-
Motor vehicles	3,341	2,999	-	-
Fixtures, fittings and equipment	3,944	3,648	-	-
Foreign currency loss	27	41	-	-
Amounts set aside to:				
Provision for employee entitlements	2,076	1,346	-	-
Provision for obsolescence	465	(715)	-	-
Provision for warranty	-	162	-	-
Lease rental paid or due payable to other entities	6,496	5,051	-	-

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 \$264,000 (2002: \$254,000) and for other services provided for any entity in the economic entity were \$178,883 (2002: \$143,842).

	Consolidated	
	2003 (\$000's)	2002 (\$000's)
3. Expenses Relating to Ordinary Activities by Function		
Cost of sales	548,597	476,262
Distribution expenses	60,918	52,311
Marketing expenses	5,835	3,885
Occupancy expenses	8,428	6,803
Administrative and other expenses	51,671	38,198
Borrowing costs expense	-	-
Total expenses relating to ordinary activities	675,449	577,459

to the financial
statements for the year
ended 30 June 2003

	Consolidated		The Company	
	2003 (\$000's)	2002 (\$000's)	2003 (\$000's)	2002 (\$000's)
4. Income Tax				
Prima facie income tax expense calculated at 30% (2002 - 30%) on the operating profit	20,306	18,437	2,666	5,080
Increase in income tax expense due to:				
Non - deductible expenditure	684	572	-	-
Non - deductible capital losses	26	26	-	-
Underprovision in prior year	142	-	-	-
Decrease in income tax expense due to:				
Non - taxable profits on asset sales or disposals	(213)	-	-	-
Rebateable dividends	-	-	(2,666)	(5,080)
Overprovision in prior year	-	(39)	-	-
Income tax expense relating to ordinary activities	20,945	18,996	-	-
Income tax expense relating to ordinary activities is made up of:				
Current income tax expense	21,433	19,714	-	-
Future income tax benefit	(630)	(679)	-	-
Overprovision in prior year	-	(39)	-	-
Underprovision in prior year	142	-	-	-
	20,945	18,996	-	-
Current tax liability				
Movements during the year were as follows:				
Balance at beginning of year	7,989	6,333	-	-
Income tax paid	(24,115)	(18,019)	-	-
Current income tax expense on operating profit	21,433	19,714	-	-
Income tax overprovided in prior year	-	(39)	-	-
Income tax underprovided in prior year	142	-	-	-
	5,449	7,989	-	-
Deferred tax asset				
Deferred tax asset 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	4,144	3,521	-	-
Provision for stock obsolescence	1,494	1,355	-	-
Provision for warranty	319	319	-	-
Prepayments	(283)	(151)	-	-
	6,680	6,050	-	-
Deferred tax asset				
The future income tax benefit arising from capital losses has not been recognised as an asset because recovery is not virtually certain at 30% (2002 - 30%)	495	469	-	-

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 2003

page 20

reece annual report 03

	Consolidated		The Company	
	2003 (\$000's)	2002 (\$000's)	2003 (\$000's)	2002 (\$000's)

5. Dividends Paid and Proposed

The following are the dividends paid and / or proposed for the financial year:

Final dividend of 11 cents per share paid

22 October 2002, (fully franked to 30%)

10,956	6,374	10,956	6,374
--------	-------	--------	-------

Interim dividend of 7.5 cents per share

paid 21 March 2003 (fully franked to 30%)

7,470	5,976	7,470	5,976
-------	-------	-------	-------

Dividend Declared (13.5 cents per share fully franked)

13,446	10,956	13,446	10,956
--------	--------	--------	--------

20,916	16,932	20,916	16,932
--------	--------	--------	--------

In accordance with AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" which became effective on 1 July 2002, the final dividend relating to the year ended on 30 June 2003 has not been included as a provision in the financial statements because the dividend was declared after balance date.

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. The balance of the franking account for the Company results from the adoption of tax consolidation for the year ended 30 June 2003.

Class C - franked to 30%.

306,356	251,981	306,356	13
---------	---------	---------	----

Consolidated

2003	2002
------	------

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.

	Consolidated		The Company	
	2003 (\$000's)	2002 (\$000's)	2003 (\$000's)	2002 (\$000's)

7. Cash Assets

Cash on hand

179	155	-	-
-----	-----	---	---

Cash on deposit

44,893	43,523	-	-
--------	--------	---	---

45,072	43,678	-	-
--------	--------	---	---

to the financial
statements for the year
ended 30 June 2003

	Consolidated		The Company	
	2003 (\$000's)	2002 (\$000's)	2003 (\$000's)	2002 (\$000's)
8. Receivables				
Current				
Trade debtors	113,513	105,274	-	-
Less: Provision for doubtful debts	(3,355)	(3,355)	-	-
	110,158	101,919	-	-
Other debtors and prepaid expenses	13,927	14,644	-	-
	124,085	116,563	-	-
Non-current				
Loans, controlled entities	-	-	1,812	11,353
9. Inventories				
Current				
Finished goods, at cost	112,160	99,472	-	-
Less: Provision for obsolescence	(4,980)	(4,515)	-	-
	107,180	94,957	-	-
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 2003

page 22

reece annual report 03

	Consolidated		The Company	
	2003 (\$000's)	2002 (\$000's)	2003 (\$000's)	2002 (\$000's)
11. Property, Plant and Equipment				
Freehold land at deemed cost	37,050	30,896	-	-
Freehold buildings at deemed cost	50,551	45,596	-	-
Less: Accumulated depreciation	(16,301)	(14,940)	-	-
	71,300	61,552	-	-
Total land and buildings	87,601	76,492	-	-
Less: Accumulated depreciation	(16,301)	(14,940)	-	-
	71,300	61,552	-	-
Fixtures, fittings and equipment at cost	56,748	48,986	-	-
Less: Accumulated depreciation	(35,689)	(31,751)	-	-
	21,059	17,235	-	-
Motor vehicles at cost	28,994	24,983	-	-
Less: Accumulated depreciation	(15,583)	(13,305)	-	-
	13,411	11,678	-	-
Total property, plant and equipment	105,770	90,465	-	-

Land and buildings with a deemed cost of \$7,046,889 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	30,896
Additions	6,234
Disposals	(80)
Carrying amount at end of year	37,050

Buildings

Carrying amount at beginning of year	30,656
Additions	5,827
Disposals	(411)
Depreciation	(1,822)
Carrying amount at end of year	34,250

Fixtures, fittings & equipment

Carrying amount at beginning of year	17,235
Additions	7,768
Disposals	-
Depreciation	(3,944)
Carrying amount at end of year	21,059

Motor vehicles

Carrying amount at beginning of year	11,678
Additions	5,368
Disposals	(294)
Depreciation	(3,341)
Carrying amount at end of year	13,411

to the financial
statements for the year
ended 30 June 2003

12. Current Value of Land and Buildings

A directors valuation of land and buildings was undertaken on 30 June 2003. 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 valuations. As at 30 June 2003 the directors assessment of the current market value of land and buildings is \$103,859,247.

	Consolidated		The Company	
	2003 (\$000's)	2002 (\$000's)	2003 (\$000's)	2002 (\$000's)
13. Intangibles				
Goodwill on consolidation	1,750	1,750	-	-
Less: Accumulated amortisation	(1,313)	(1,226)	-	-
	437	524	-	-
Goodwill and trademarks, at cost	1,927	1,924	-	-
Less: Accumulated amortisation	1,920	(1,845)	-	-
	7	79	-	-
	444	603	-	-
14. Deferred Tax Asset				
Non-current Deferred tax asset	6,680	6,050	-	-
15. Payables				
Current Trade creditors and accruals	122,633	115,841	-	-
16. Provisions				
Current				
Provision for employee entitlements	6,735	5,896	-	-
Provision for dividend	-	10,956	-	10,956
Provision for warranty	1,062	1,062	-	-
	7,797	17,914	-	10,956
Non-current				
Provision for employee entitlements	7,078	5,841	-	-
Aggregate employee entitlements	13,813	11,737	-	-
Number of employees at balance date	1,816	1,573	-	-

notes

to the financial statements for the year ended 30 June 2003

page 24

reece annual report 03

	Consolidated		The Company	
	2003 (\$000's)	2002 (\$000's)	2003 (\$000's)	2002 (\$000's)
17. Other Current Liabilities				
Amounts owing under contract	4,364	2,091	-	-
18. Contributed Equity				
Issued and paid up capital (99,600,000 ordinary shares)	9,960	9,960	9,960	9,960
19. Reserves				
Asset revaluation reserve	461	461	-	-
General reserve	51	51	-	-
Capital profits reserve	1,996	1,231	37	37
	2,508	1,743	37	37
Reconciliation of movement in capital profits reserve:				
Balance at beginning of year	1,231	1,231	37	37
Capital profit on sale or disposal of land and buildings	765	-	-	-
Balance at end of year	1,996	1,231	37	37
20. Retained Profits				
Retained profits at beginning of year	190,937	165,409	111	111
Net profit attributable to members of parent entity	46,740	42,460	8,885	16,932
Dividends	(7,470)	(16,932)	(7,470)	(16,932)
Transfer to capital profits reserve	(765)	-	-	-
Retained profits at end of year	229,442	190,937	1,526	111

	Consolidated		The Company	
	2003 (\$000's)	2002 (\$000's)	2003 (\$000's)	2002 (\$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 shortmaturity 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 Statement of Financial Position as follows:				
Cash on hand	179	155	-	-
Cash on deposit	44,893	43,523	-	-
	45,072	43,678	-	-
(b) Reconciliation of operating profit after income tax to net cash provided by operating activities				
Operating profit after income tax	46,740	42,460	8,885	16,932
<i>Add/(less) items classified as investing / financing activities:</i>				
Profit on sale or disposal of non-current assets	(812)	(219)	-	-
<i>Add/(less) non cash items:</i>				
Depreciation	9,106	8,362	-	-
Amortisation of goodwill	163	159	-	-
Dividend received - controlled entity	-	-	9,541	(4,582)
Amounts set aside to provisions	2,076	1,508	-	-
(Decrease)/increase in income taxes payable	(2,540)	1,656	-	-
Net cash from operating activities before change in assets and liabilities	54,733	53,926	18,426	12,350
Change in assets and liabilities during the financial year				
(Increase)/decrease in trade debtors	(8,239)	(21,262)	-	-
(Increase)/decrease in sundry debtors	1,509	(5,800)	-	-
(Increase)/decrease in inventory	(12,223)	(12,986)	-	-
Increase/(decrease) in trade creditors and accruals	6,815	22,734	-	-
(Increase)/decrease in deferred tax benefits	(630)	(679)	-	-
(Increase)/decrease in loans, controlled entities	-	-	10,956	(4,582)
Increase/(decrease) in provision for dividend	-	-	(10,956)	4,582
Net cash provided by operating activities	41,965	35,933	18,426	12,350

notes

to the financial statements for the year ended 30 June 2003

page 26

reece annual report 03

	Consolidated		The Company	
	2003 (\$000's)	2002 (\$000's)	2003 (\$000's)	2002 (\$000's)

21. Notes to the Statement of Cashflows (cont'd)

(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 2003

Bank Overdraft	1,000	1,000	1,000	1,000
Bank Guarantees	140	140	140	140
Trade Refinance & documentary letters of credit/surrenders	3,000	500	500	500
Credit cards	1,500	1,300	-	-
Total	5,640	2,940	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.

	(\$)	(\$)	(\$)	(\$)
	2,331,259	2,068,500		

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.

2,331,259 2,068,500

	Consolidated		The Company	
	2003	2002	2003	2002

22. Remuneration and Retirement Benefits

(a) Directors' remuneration (continued)

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

\$30,000 and \$39,999	3	2	3	2
\$350,000 and \$359,999	-	1	-	1
\$390,000 and \$399,999	1	-	1	-
\$1,640,000 and \$1,649,999	-	1	-	1
\$1,820,000 and \$1,829,999	1	-	1	-
Total number of directors	5	4	5	4

	Consolidated		The Company	
	2003	2002	2003	2002
	(\$)	(\$)	(\$)	(\$)

(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.

	2,823,512	2,496,666	2,823,512	2,496,666
--	-----------	-----------	-----------	-----------

	Consolidated		The Company	
	2003	2002	2003	2002

\$350,000 and \$359,999	-	1	-	1
\$390,000 and \$399,999	1	-	1	-
\$500,000 and \$509,999	-	1	-	1
\$600,000 and \$609,999	1	-	1	-
\$1,640,000 and \$1,649,999	-	1	-	1
\$1,820,000 and \$1,829,999	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.

to the financial statements for the year ended 30 June 2003

page 28

reece annual report 03

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, P.J. Wilson and R.G. Pitcher.

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 \$2,654,487 (2002 \$ 2,626,091) of which \$197,900 (2002 \$202,171) 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 \$849,562 (2002 \$816,250).

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 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
J.G. Wilson	67,438,320
L.A. Wilson	66,625,820
B.W.C. Wilson	66,508,320
P.J. Wilson	106,500
R.G. Pitcher	6,000

(c) Ownership Interests in Related Parties

Details of interests in wholly owned entities are set out in Note 29.

	Consolidated		The Company	
	2003 (\$000's)	2002 (\$000's)	2003 (\$000's)	2002 (\$000's)

24. Lease Rental Commitments

Future operating lease rentals not provided for and payable in respect of :

Buildings	18,490	13,509	-	-
Equipment	1,989	225	-	-
	20,479	13,734	-	-
Due not later than one year	7,035	5,456	-	-
Due later than one year but not later than five years	12,280	8,278	-	-
Due later than five years	1,164	-	-	-
	20,479	13,734	-	-
Rental expense	6,496	5,051	-	-

to the financial
statements for the year
ended 30 June 2003

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	
	2003 (\$000's)	2002 (\$000's)	2003 (\$000's)	2002 (\$000's)	2003 (\$000's)	2002 (\$000's)
Current	1,980	1,033	2,684	1,709	197	119
Non-current	-	-	-	-	-	-
	1,980	1,033	2,684	1,709	197	119

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.	
Amounts owing under contract	17	Amounts owing under contract 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 (2002: 200,000,000) ordinary shares.

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

notes

to the financial statements for the year ended 30 June 2003

page 30

reece annual report 03

26. Financial Instruments (Continued)

(b) Interest rate risks

All financial assets and financial liabilities are non-interest bearing except for cash balances which are carried at variable interest rates. The weighted average interest rate for the year ended 30 June 2003 for cash is 4.75% (2002 4.4%).

(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;
- a risk assessment process prior to granting credit is used for all customers; and
- credit insurance is utilised selectively.

(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:

	2003 \$	2002 \$
US dollar	752,034	2,890,255
EURO	881,653	1,654,073

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 net fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

we'll keep
investing in
our people //
so they can
deliver the
best service
possible

notes

to the financial statements for the year ended 30 June 2003

page 32

reece annual report 03

27. Superannuation Commitments

At 30 June 2003, an entity within the economic entity participated in an employer established superannuation plan which is an accumulation plan. In addition, an entity 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. An entity within the economic entity also contributes to the plans at varying levels and satisfies all of its 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	Ownership Percentage
	2003 %	2002 %
Parent entity		
Reece Australia Limited	-	-
Controlled entities of Reece Australia Limited		
Reece Pty Ltd	100%	100%
Plumbing World Pty Ltd	100%	100%
Reece Project Supply Pty Ltd	100%	100%
Reece International Pty Ltd	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.
- (v) During the year the assets and undertakings of Bolong Pty Limited and Duncan & Ling Proprietary Limited were transferred to Reece Pty Ltd and the companies were deregistered.

our focus is
on continuous
improvement/
if there is a
way to do it
faster /
smarter /
better //
we will find it

shareholders information

page 34

reece annual report 03

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 2003

(a) Distribution of shareholders

The distribution of shareholdings were as follows:

Size Of Shareholding	Number of Shareholders
1 - 1,000	161
1,001 - 5,000	194
5,001 - 10,000	65
10,001 - 100,000	127
Over 100,000	39
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 August 2003 were:

Shareholder	Number of Shares
Waln Pty Ltd	42,465,320
W.A.L. Investments Pty Ltd	41,931,320
Leslie Alan Wilson	66,625,820
Wilgay Pty Ltd	42,465,320
J.G.W. Investments Pty Ltd	42,465,320
John Gay Wilson	67,438,320
Lezirol Pty Ltd	42,465,320
Florizel Investments Pty Ltd	41,931,320
Bruce Walter Campbell Wilson	66,508,320
Adawarra Nominees Pty Ltd	55,479,000
Warramunda Investments Pty Ltd	55,479,000
L.T.W. Holdings Pty Ltd	53,169,000
L.T. Wilson Pty Ltd	38,571,000
Wilaust Holdings Pty Ltd	38,571,000
Austral Hardware Pty Ltd	38,571,000
Austral Hardware (Healesville) Pty Ltd	38,571,000
Tyara Pty Ltd	42,465,320
Wal Assets Pty Ltd	42,465,320
Abtourk Vic No. 11 Pty Ltd	42,465,320
Perpetual Trustees Australia Limited	10,546,640

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

we will
continue
to grow our
network /
explore allied
markets / find
opportunities //
to build our
business

shareholders information

(c) Class of shares and voting rights

At 31 August 2003, there were 586 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 2003:

Shareholder	Number	% Held
L.T. Wilson Pty Ltd	31,440,000	31.6%
L.T.W. Holdings Pty Ltd	12,000,000	12.0%
RBC Global Services Australia Nominees Pty Ltd (PI Pooled A/C)	11,092,121	11.2%
Warramunda Investments Pty Ltd	9,729,000	9.8%
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%
RBC Global Services Australia Nominees Pty Ltd (PIIC A/C)	2,235,023	2.3%
Wilaust Holdings Pty Ltd	1,746,000	1.8%
RBC Global Services Australia Nominees Pty Ltd	1,233,005	1.1%
John G. Wilson	934,000	0.9%
J P Morgan Nominees Australia Limited	817,539	0.8%
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%
Permanent Trustee Australia Limited (PAR002 A/c)	352,256	0.4%

The twenty members holding the largest number of shares together held a total of 91.7% of the issued capital.

reece network 03

adelaide / airport west / albany / albiom
armidale / artarmon / auburn / baimso
beenleigh / belmont / bendigo / blackt
brookvale / browns plains / braddon / bru
junction / burwood / busseton / caboolt
campbellfield / cannington / cannonvale
/ caulfield / cessnock / chatswood / chip
coffs harbour / colac / cranbourne / croy
diamond creek / docklands / doveton / d
emerald / enoggera / erina / femtree gu
geebung / geelong / geelong north / ger
grafton / griffith / hamilton / hastings / hea
bay / hilton / hobart / hoppers crossing / h
/ kedron / kirrawee / kirwan / kyneton / k
lonsdale / mackay / mandurah / maroo
beach / midvale / mildura / minchinbury / m
/ moonee ponds / morley / morningside
/ mt gambier / mt isa / myaree / narellan
/ nowra / nth wollongong / o'halloran hill /
/ oxenford / pakenham / palmerston / p
macquarie / punchbowl / queanbeyan
ringwood / rockdale / rockhampton / roc
/ sale / salisbury / salisbury plains / seafo
st kilda / stepney / sth melbourne / strat
tamworth / taree / taren point / templesto
/ tootgarook / toowoomba / torquay / t
unanderra / underwood / victor harbor /
bay / warragul / warmambool / waterlo
wetherill park / whyalla / willaston / winds
wonthaggi / wynnum / //

n / albury / alice springs / amadale /
dale / ballarat / ballarat west / ballina /
town / bowral / box hill / broken hill /
nswick / bunbury / bundaberg / burleigh
ure / cairns / caloundra / camberwell /
/ capalaba / caroline springs / castle hill
ping norton / city / claremont / clayton /
don / dandenong / darwin / daw park /
romana / dubbo / echuca / edmonton /
illy / footscray / fremantle / gateshead /
aldton / gladstone / gosford / goulburn /
alesville / heidelberg / hendon / hervey
orsham / ipswich / joondalup / kalgoorlie
labrador / lewisham / lilydale / lismore /
chydore / melton / mentone / mermaid
mitchell / moe / mona vale / montmorency
/ mornington / morphettville / mt barker
/ nerang / newcastle / newport / noosa
/ oak flats / ocean grove / osborne park
arramatta / penrith / perth / philip / port
n / revesby / richmond / ridgehaven /
kingham / rydalmere / salamander bay
ord / seymour / shepparton / smithfield /
hpine / sunbury / sunshine / swan hill /
we / thomastown / thornleigh / thornton
townsville / traralgon / tweed heads /
wagga wagga / wangaratta / warners
oo / waverley / werribee / west end /
sor / wingfield / wodonga / wollongong /

