



ANNUAL REPORT

Reece Australia Limited

A.C.N. 004 313 133

1998



REECE

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

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Reece Australia Limited will be held at 3pm on Wednesday, 28 October, 1998 at 118 Burwood Highway, Burwood, Victoria

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REECE AUSTRALIA LIMITED A.C.N. 004 313 133 AND ITS CONTROLLED ENTITIES

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Directors' Report

The Directors present their report together with the accounts of Reece Australia Limited (The Company) and the consolidated accounts of the economic entity, being the Company and its controlled entities for the year ended 30 June 1998 and the auditors' report thereon.

DIRECTORS

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

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

PRINCIPAL ACTIVITIES

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

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

CONSOLIDATED RESULT

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

	1998 (\$000's)	1997 (\$000's)
Operating profit before income tax	29,656	18,967
Abnormal items	(1,029)	22
	<u>28,627</u>	<u>18,989</u>
Income tax expense	11,353	7,062
Operating profit after income tax attributable to the members of Reece Australia Limited	<u>17,274</u>	<u>11,927</u>

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

DIVIDENDS

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

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

A final fully franked ordinary dividend of 20 cents per share amounting to \$3,984,000 in respect of the year ended 30 June 1997, paid on 13 November 1997. 3,984

In respect of the current financial year

The final dividend recommended by the Directors of the Company to be paid on 28 October 1998 is an ordinary dividend of 35 cents per share, franked to 100% from profits taxed at 36%. 6,972

REVIEW OF OPERATIONS

The economic entity has continued to successfully market plumbing and hardware supplies throughout its growing network. The economic entity will continue to pursue its policy of increasing its profitability and market share during the next financial year.

STATE OF AFFAIRS

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

EVENTS SUBSEQUENT TO BALANCE DATE

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

LIKELY DEVELOPMENTS

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

Directors' Report

INFORMATION ON DIRECTORS

Name : Mr Leslie T. Wilson
Age : 88
Position : Chairman
Experience : Appointed to the board in 1958. Chairman of Reece Australia Limited since 1969. He has been associated with the manufacture and distribution of plumbing supplies since 1929.

Name : Mr L. Alan Wilson
Age : 57
Position : Managing Director
Experience : Appointed to the board 1969. General Manager 1970-1974. Deputy Chairman since 1973. Managing Director since 1974.

Name : Mr. Bruce W.C. Wilson.
Age : 52
Position : Executive Director / Company Secretary
Experience : B.Comm (Melb). Appointed to the board 1970. Secretary since 1974.

Name : Mr John G. Wilson
Age : 60
Position : Non-Executive Director
Experience : Appointed to the board in 1984.

Name : Mr Peter J. Wilson
Age : 30
Position : Executive Director / Marketing Manager
Experience : B.Comm (Melb). Appointed to the board in 1997.

MEETINGS OF DIRECTORS

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

Director	Number of Directors Meetings Attended	Number of Directors Meetings held
L.T. Wilson	9	9
L.A. Wilson	9	9
B.W.C. Wilson	9	9
J.G. Wilson	9	9
P.J. Wilson	9	9

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

Directors' Report

DIRECTORS' INTEREST AND BENEFITS

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

	\$0.50 Ordinary Shares
L.A. Wilson	8,516,564
J.G.Wilson	8,679,064
B.W.C. Wilson	8,493,064
L.T.Wilson	11,098,200
P.J. Wilson	21,300

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

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

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

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 Company Secretary, all Directors and all executive officers participating in the management of the company and its controlled entities. ASC class order 94/1701 has been applied and individual disclosure of the names of Executive Officers is not required to be made.

Further disclosure required under section 309A(3) of the Corporations Law is prohibited under the terms of the contract.

ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

The company is of a kind referred to in regulation 3.6.05(6) of the Corporations Regulations, relating to the "rounding off" of amounts in the directors' report and financial statements. Amounts have been rounded off in the directors' report and financial statements in accordance with section 311 of the Corporations Law and regulation 3.6.05.

Dated at Melbourne on 24 September 1998.

Signed in accordance with a resolution of Directors.

L.T. WILSON
Director

L.A. WILSON
Director

Corporate Governance Statement

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

Responsibility for Corporate Governance

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

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

The Board of Directors

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

Audit Committee

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

Internal Controls and Risk Management

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

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

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

Year 2000

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

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

The Reece Year 2000 project is comprised of three phases:

Phase	Status
• Investigation	Complete
• Assessment & Planning	In progress. Due for completion end September 1998
• Remediation & Testing	To commence October 1998

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

Independent Auditors' Report

to the members of Reece Australia Limited



Scope

We have audited the financial statements of Reece Australia Limited for the financial year ended 30 June 1998 as set out on pages 8 to 28. The financial statements include the consolidated accounts of the economic entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial statements. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, 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 statements are presented fairly in accordance with accounting standards and statutory requirements and other mandatory professional reporting requirements so as to present a view which is consistent with our understanding of the company's and the economic entity's financial position, the 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 statements of Reece Australia Limited are properly drawn up:

- (a) so as to give a true and fair view of:
 - i) the state of affairs as at 30 June 1998 and the profit and cash flows for the financial year ended on that date of the company and the economic entity; and
 - ii) the other matters required by Division 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- (b) in accordance with the provisions of the Corporations Law; and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

Dated at Melbourne on 24 September 1998.

PITCHER PARTNERS

R G PITCHER
Partner

Statement by Directors

1. In the opinion of the Directors of Reece Australia Limited:
 - (a) the financial statements set out on pages 9 to 28 are drawn up so as to give a true and fair view of the results for the financial year ended 30 June 1998 and the state of affairs as at 30 June 1998, of the Company and the economic entity; and
 - (b) the consolidated financial statements have been made out in accordance with Division 4A and 4B of Part 3.6 of the Corporations Law; and
 - (c) as at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
2. The financial statements have been made out in accordance with applicable Accounting Standards and other mandatory professional reporting requirements

Dated at Melbourne on 24 September 1998.

Signed in accordance with a resolution of Directors.

L. T. WILSON
Director

L. A. WILSON
Director

Profit and Loss Accounts

for the year ended 30 June 1998

	Note	Consolidated		The Company	
		1998 (\$000's)	1997 (\$000's)	1998 (\$000's)	1997 (\$000's)
Operating profit before abnormal items	2	29,656	18,967	6,972	3,984
Abnormal items	3	(1,029)	22	-	-
Operating profit		28,627	18,989	6,972	3,984
Income tax attributable to operating profit	4	11,353	7,062	-	-
Operating profit after income tax		17,274	11,927	6,972	3,984
Retained profits at the beginning of the financial year		108,351	100,430	111	111
Total available for appropriation		125,625	112,357	7,083	4,095
Dividends provided for or paid	5	6,972	3,984	6,972	3,984
Aggregate of amounts transferred to Reserves	20	69	22	-	-
		7,041	4,006	6,972	3,984
Retained profits at the end of the financial year		118,584	108,351	111	111
Earnings per share	6				

The Profit and Loss Accounts are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 28.

Balance Sheets

as at 30 June 1998

	Note	Consolidated		The Company	
		1998 (\$000's)	1997 (\$000's)	1998 (\$000's)	1997 (\$000's)
CURRENT ASSETS					
Cash	7	11,527	6,496	-	-
Receivables	8	71,395	65,716	-	-
Inventories	9	51,280	47,167	-	-
Investments	10	18,034	14,500	-	-
Total Current Assets		152,236	133,879	-	-
NON-CURRENT ASSETS					
Receivables	8	-	-	7,369	4,381
Investments	10	-	-	9,711	9,711
Property, plant and equipment	11	56,613	55,657	-	-
Intangibles	13	1,229	1,765	-	-
Other	14	4,071	3,471	-	-
Total Non-Current Assets		61,913	60,893	17,080	14,092
TOTAL ASSETS		214,149	194,772	17,080	14,092
CURRENT LIABILITIES					
Accounts payable	15	60,234	58,686	-	-
Borrowings	16	65	980	-	-
Provisions	17	19,291	12,220	6,972	3,984
Other	18	999	-	-	-
Total Current Liabilities		80,589	71,886	6,972	3,984
NON-CURRENT LIABILITIES					
Provisions	17	3,680	3,308	-	-
Total Non-Current Liabilities		3,680	3,308	-	-
TOTAL LIABILITIES		84,269	75,194	6,972	3,984
NET ASSETS		129,880	119,578	10,108	10,108
SHAREHOLDERS' EQUITY					
Share capital	19	9,960	9,960	9,960	9,960
Reserves	20	1,336	1,267	37	37
Retained Profits		118,584	108,351	111	111
TOTAL SHAREHOLDERS' EQUITY		129,880	119,578	10,108	10,108

The Balance Sheets are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 28.

Statements of Cash Flows

for the year ended 30 June 1998

	Note	Consolidated		The Company	
		1998 (\$000's)	1997 (\$000's)	1998 (\$000's)	1997 (\$000's)
Cash flows from operating activities					
Cash receipts in the course of operations		410,083	298,775	3,984	2,988
Cash payments in the course of operations		(382,082)	(281,169)	-	-
Income taxes paid		(8,224)	(8,317)	-	-
Net cash provided by operating activities	21(b)	19,777	9,289	3,984	2,988
Cash flows from investing activities					
Interest received		750	1,373	-	-
Loans repaid by other entities		509	-	-	-
Payments for property, plant and equipment		(10,984)	(7,277)	-	-
Purchase of intangibles		(30)	(907)	-	-
Proceeds from sale of property, plant and equipment		3,465	813	-	-
Payments for investments		(34)	-	-	-
Net cash provided by investing activities		(6,324)	(5,998)	-	-
Cash flows from financing activities					
Interest paid		(23)	-	-	-
Dividends paid		(3,984)	(2,988)	(3,984)	(2,988)
Net cash provided by financing activities		(4,007)	(2,988)	(3,984)	(2,988)
Net increase in cash held		9,446	303	-	-
Cash at the beginning of the year		20,016	19,713	-	-
Cash at the end of the year	21 (a)	29,462	20,016	-	-

The Statements of Cash Flows are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 28.

Notes

to and forming part of the financial statements for the year ended 30 June 1998

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Preparation

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

Recoverable Amounts of Non-Current Assets

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

Principles of Consolidation

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

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

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

Income Tax

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

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

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

Capital Gains Tax

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

Property, Plant and Equipment

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

Acquisition

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

Revaluations

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

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

Disposal of Revalued Assets

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

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

Notes

to and forming part of the financial statements for the year ended 30 June 1998

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.

Inventories

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

Net Realisable Value

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

Provisions

Doubtful Debts

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

Employee Entitlements

The liability for employee entitlements to annual leave and long service leave represent the amount which the economic entity has a present obligation to pay resulting from employees' services provided up to balance date.

Annual Leave

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

Long Service Leave

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

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

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

Superannuation Fund

Contributions are made to superannuation funds on behalf of employees. Contributions are based on the relevant industrial awards, the superannuation guarantee charge rate or the level of allowable contributions defined by the Insurance and Superannuation Commission. Such contributions are charged against income.

Goodwill

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

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

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

Notes

to and forming part of the financial statements
for the year ended 30 June 1998

	Consolidated		The Company	
	1998 (\$000's)	1997 (\$000's)	1998 (\$000's)	1997 (\$000's)
2. OPERATING PROFIT				
Operating profit has been arrived at after including:				
Operating revenue				
Sales revenue	417,475	318,998	-	-
Dividends received or due and receivable from related entities	-	-	6,972	3,984
Interest received or due and receivable from other persons	726	1,305	-	-
Gross proceeds on sale of property, plant and equipment	3,465	813	-	-
Bad debts recovered	183	154	-	-
	421,849	321,270	6,972	3,984
Profit on sale of property, plant and equipment	176	239	-	-
Operating expenses				
Interest paid or due and payable to:				
Other entities	23	-	-	-
Bad debts written off:				
Trade Debtors	1,529	1,105	-	-
Amortisation of Goodwill	566	271	-	-
Depreciation	6,710	5,645	-	-
Amounts set aside to:				
Provision for employee entitlements	727	981	-	-
Provision for stock obsolescence	770	160	-	-
Lease rentals paid or due and payable to other entities	3,595	2,479	-	-
Amounts received or due and receivable by the auditors for:				
Auditing the financial statements	227	210	-	-
Other services	116	163	-	-
3. ABNORMAL ITEMS				
Abnormal Income (Expense)				
Profit (loss) on disposal of land and buildings	(1,029)	22	-	-
Income tax benefit applicable	-	-	-	-
	(1029)	22	-	-

Notes

to and forming part of the financial statements
 for the year ended 30 June 1998

	Consolidated		The Company	
	1998 (\$000's)	1997 (\$000's)	1998 (\$000's)	1997 (\$000's)
4. INCOME TAX				
Prima facie income tax expense calculated at 36% (1997 - 36%) on the operating profit	10,306	6,836	2,510	1,434
Increase in income tax expense due to:				
Non - deductible items	677	470	-	-
Non - deductible capital losses	370	-	-	-
Decrease in income tax expense due to:				
Non - taxable capital profits	-	(8)	-	-
Rebateable dividends	-	-	(2,510)	(1,434)
Future income tax benefit of provisions acquired	-	(236)	-	-
Total income tax expense	11,353	7,062	-	-
Total income tax expense is made up of:				
Current income tax expense	11,953	7,598	-	-
Future income tax benefit	(600)	(536)	-	-
	11,353	7,062	-	-
Provision for Current Income Tax				
Movements during the year were as follows:				
Balance at beginning of year	4,425	5,144	-	-
Income tax paid	(8,224)	(8,317)	-	-
Current income tax expense on operating profit	11,953	7,598	-	-
	8,154	4,425	-	-
Future Income Tax Benefit				
Future income tax benefit reflects the future benefit at current income tax rates on the following items:				
Provision for doubtful debts	792	684	-	-
Provision for employee entitlements	2,824	2,563	-	-
Provision for stock obsolescence	1,163	886	-	-
Prepayments	(556)	(533)	-	-
Other timing differences	(152)	(129)	-	-
	4,071	3,471	-	-
Future Income Tax Benefit Not Taken To Account				
The future income tax benefit arising from Capital losses has not been recognised as an asset because recovery is not virtually certain:	1,354	10	-	-

The future income tax benefit which has not been recognised as an asset will only be obtained if:

- (i) the company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised; and
- (ii) the company continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the company in realising the benefit.

Notes

to and forming part of the financial statements for the year ended 30 June 1998

	Consolidated		The Company	
	1998 (\$000's)	1997 (\$000's)	1998 (\$000's)	1997 (\$000's)
5. DIVIDENDS PAID AND PROPOSED				
The following are the dividends paid and / or proposed for the financial year:				
Dividend paid of 20 cents per share paid 13 November 1997, (fully franked to 36%)	3,984	2,988	3,984	2,988
Dividend Proposed (35 cents per share fully franked)	6,972	3,984	6,972	3,984
Dividend Franking Account				
Balance of franking account adjusted for franking credits that will arise after payment of income tax payable and after payment of proposed dividends.				
Class C - franked to 36%	123,297	109,005	12	12

	Consolidated	
	1998 Cents	1997 Cents
6. EARNINGS PER SHARE		
Basic earnings per share	87	60
Diluted earnings per share	87	60
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share.	19,920,000	19,920,000

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

	Consolidated		The Company	
	1998 (\$000's)	1997 (\$000's)	1998 (\$000's)	1997 (\$000's)
7. CASH				
Cash on hand	89	96	-	-
Cash on deposit	11,438	6400	-	-
	11,527	6,496	-	-

Notes

to and forming part of the financial statements
 for the year ended 30 June 1998

	Consolidated		The Company	
	1998 (\$000's)	1997 (\$000's)	1998 (\$000's)	1997 (\$000's)
8. RECEIVABLES				
CURRENT				
Trade debtors	65,225	59,768	-	-
Less: Provision for doubtful debts	(2,200)	(1,900)	-	-
	63,025	57,868	-	-
Other debtors and prepaid expenses	8,370	7,848	-	-
	71,395	65,716	-	-
NON-CURRENT				
Loans, controlled entities	-	-	7,369	4,381
9. INVENTORIES				
CURRENT				
Finished goods, at cost	54,510	49,627	-	-
Provision for obsolescence	(3,230)	(2,460)	-	-
	51,280	47,167	-	-
10. INVESTMENTS				
CURRENT				
Short maturity bills	18,000	14,500	-	-
Shares in quoted corporations, at cost	34	-	-	-
	18,034	14,500	-	-
NON-CURRENT				
Shares in related corporations at director's valuation (1987). The directors revaluation in 1987 of its investment in controlled entities was based upon the increase in the underlying value of land and buildings held in those entities at that date.	-	-	9,711	9,711

Notes

to and forming part of the financial statements for the year ended 30 June 1998

	Consolidated		The Company	
	1998 (\$000's)	1997 (\$000's)	1998 (\$000's)	1997 (\$000's)
11. PROPERTY, PLANT AND EQUIPMENT				
Freehold land and buildings:				
At cost	36,330	35,070	-	-
Less: Accumulated depreciation	(5,628)	(4,827)	-	-
	30,702	30,243		
At directors valuation 1986	1,612	1,612	-	-
Less: Accumulated depreciation	-	-	-	-
	1,612	1,612		
At directors valuation 1987	13,110	13,110	-	-
Less: Accumulated depreciation	(3,645)	(3,313)	-	-
	9,465	9,797	-	-
Total land and buildings	51,052	49,792	-	-
Less: Accumulated depreciation	(9,273)	(8,140)	-	-
	41,779	41,652	-	-
Fixtures, fittings and equipment, at cost	26,978	23,031	-	-
Less: Accumulated depreciation	(18,823)	(15,377)	-	-
	8,155	7,654	-	-
Motor vehicles at cost	15,913	14,576	-	-
Less: Accumulated depreciation	(9,234)	(8,225)	-	-
	6,679	6,351	-	-
	56,613	55,657	-	-

12. CURRENT VALUE OF LAND AND BUILDINGS

A directors valuation of land and buildings was undertaken on 26 June 1998. The valuation was undertaken to comply with Accounting Standard AASB 1034 as part of a policy to reassess the current market value of land and buildings every 3 years. In preparing their valuation the directors took account of periodic independent kerbside valuations obtained throughout the reporting period. As at 30 June 1998 the directors assessment of the current market value of land and buildings is \$63,106,574.

Notes

to and forming part of the financial statements
 for the year ended 30 June 1998

	Consolidated		The Company	
	1998 (\$000's)	1997 (\$000's)	1998 (\$000's)	1997 (\$000's)
13. INTANGIBLES				
Goodwill on consolidation	1,750	1,750	-	-
Less: Accumulated amortisation	(876)	(788)	-	-
	874	962	-	-
Goodwill, at cost	1,144	1,114	-	-
Less: Accumulated amortisation	(789)	(311)	-	-
	355	803	-	-
	1,229	1,765	-	-
14. OTHER ASSETS				
NON CURRENT				
Future income tax benefit	4,071	3,471	-	-
15. ACCOUNTS PAYABLE				
CURRENT				
Trade creditors and accruals	60,234	58,686	-	-
16. BORROWINGS				
CURRENT				
Bank overdraft, secured	65	980	-	-
17. PROVISIONS				
CURRENT				
Provision for income tax	8,154	4,425	-	-
Provision for employee entitlements	4,165	3,811	-	-
Provision for dividend	6,972	3,984	6,972	3,984
	19,291	12,220	6,972	3,984
NON-CURRENT				
Provision for employee entitlements	3,680	3,308	-	-

Notes

to and forming part of the financial statements for the year ended 30 June 1998

	Consolidated		The Company	
	1998 (\$000's)	1997 (\$000's)	1998 (\$000's)	1997 (\$000's)
18. OTHER CURRENT LIABILITIES				
Amount owing under contract of sale	999	-	-	-
19. SHARE CAPITAL				
AUTHORISED				
40,000,000 Ordinary shares of 50 cents each	20,000	20,000	20,000	20,000
ISSUED				
19,920,000 Ordinary shares of 50 cents each, fully paid	9,960	9,960	9,960	9,960
20. RESERVES				
Asset revaluation reserve	461	461	-	-
General reserve	51	51	-	-
Capital Profits reserve	824	755	37	37
	1,336	1,267	37	37
Movements during the year consist of:-				
Capital Profits reserve				
Balance at beginning of year	755	733	37	37
Profit on sale of land and buildings	69	22	-	-
Balance at end of year	824	755	37	37

Notes

to and forming part of the financial statements
 for the year ended 30 June 1998

	Consolidated		The Company	
	1998 (\$000's)	1997 (\$000's)	1998 (\$000's)	1997 (\$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	89	96	-	-
Cash on deposit	11,438	6,400	-	-
Bank overdraft, fully secured	(65)	(980)	-	-
Short maturity bills	18,000	14,500	-	-
	29,462	20,016	-	-
(b) Reconciliation of operating profit after income tax to net cash provided by operating activities				
Operating profit after income tax	17,274	11,927	6,972	3,984
<i>Add/(less) items classified as investing / financing activities:</i>				
Profit on sale of non-current assets	(177)	(261)	-	-
Loss on sale of non-current assets	1,029	-	-	-
Interest paid	23	-	-	-
Interest received	(750)	(1,373)	-	-
<i>Add/(less) non cash items:</i>				
Depreciation	6,710	5,645	-	-
Amortisation of goodwill	566	271	-	-
Dividend received - controlled entity	-	-	(6,972)	(3,984)
Amounts set aside to provisions	1,797	2,208	-	-
(Decrease)/increase in income taxes payable	3,728	(719)	-	-
Net cash from operating activities before change in assets and liabilities	30,200	17,698	-	-
Change in assets and liabilities during the financial year				
(Increase)/decrease in trade debtors	(5,456)	(18,680)	-	-
(Increase)/decrease in sundry debtors and prepayments	(1,032)	(1,893)	-	-
(Increase)/decrease in inventory	(4,883)	(11,237)	-	-
Increase/(decrease) in trade creditors and accruals	1548	24,086	-	-
(Increase)/decrease in deferred taxes payable	(600)	(685)	-	-
(Increase)/decrease in loans, controlled entities	-	-	3,984	2,988
Net cash provided by operating activities	19,777	9,289	3,984	2,988

Notes

to and forming part of the financial statements for the year ended 30 June 1998

	Consolidated		The Company	
	1998 (\$000's)	1997 (\$000's)	1998 (\$000's)	1997 (\$000's)
21. NOTES TO THE STATEMENT OF CASHFLOWS (continued)				
(c) Financing Facilities				
Bank Loans and Overdraft				
Bank facilities are secured by a letter of lien over certain of the company's property assets.				
The economic entity has access to the following lines of credit:				
Total Facilities available:				
Bank Overdraft	1,000	1,000	1,000	1,000
Bank Guarantees	140	140	140	140
Trade Refinance & documentary letters of credit/surrenders	500	500	500	500
Total	1,640	1,640	1,640	1,640
Facilities utilised at Balance Date:				
Bank Overdraft	65	980	-	-
Bank Guarantee	-	-	-	-
Trade Refinance & documentary letters of credit/surrenders	8	131	-	-
Total	73	1,111	-	-
22. REMUNERATION AND RETIREMENT BENEFITS				
(a) Directors' Remuneration				
Income paid or payable, or otherwise made available, to all directors of each entity in the economic entity and any related party. Income includes salary, superannuation and other benefits.	1,592	1,376		
Income paid or payable, or otherwise made available, to all directors of the parent entity from the parent entity and any related party. Income includes salary, superannuation and other benefits.			1,592	1,376

Notes

to and forming part of the financial statements
 for the year ended 30 June 1998

	Consolidated		The Company	
	1998	1997	1998	1997
22. REMUNERATION AND RETIREMENT BENEFITS (continued)				
The number of directors referred to above are shown below in their relevant income bands.				
\$10,000 and \$19,999	1	1	1	1
\$20,000 and \$29,999	1	1	1	1
\$30,000 and \$39,999	-	1	-	1
\$100,000 and \$109,999	-	1	-	1
\$130,000 and \$139,999	1	-	1	-
\$550,000 and \$559,999	-	1	-	1
\$640,000 and \$649,999	1	1	1	1
\$760,000 and \$769,999	1	-	1	-

	Consolidated		The Company	
	1998 (\$000's)	1997 (\$000's)	1998 (\$000's)	1997 (\$000's)
(b) Executive Officers' Remuneration				
Income received or due and receivable by executive officers of the economic entity, from all entities in the economic entity and any related entities, whose income is \$100,000 or more. Income includes salary, superannuation and other benefits.	2,783	2,141	-	-

	Consolidated		The Company	
	1998	1997	1998	1997
\$100,000 and \$109,999	6	6	-	-
\$110,000 and \$119,999	5	5	-	-
\$120,000 and \$129,999	2	-	-	-
\$130,000 and \$139,999	1	1	-	-
\$140,000 and \$149,999	1	-	-	-
\$150,000 and \$159,999	1	2	-	-
\$160,000 and \$169,999	1	2	-	-
\$170,000 and \$179,999	1	-	-	-
\$180,000 and \$189,999	1	1	-	-
\$190,000 and \$199,999	1	-	-	-
\$200,000 and \$209,999	1	-	-	-

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

Notes

to and forming part of the financial statements for the year ended 30 June 1998

23. RELATED PARTY DISCLOSURES

(a) Directors

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

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

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

Directors of the company, Messrs L.T. Wilson, L.A. Wilson, B.W.C. Wilson and J.G. Wilson have a beneficial interest in an entity that sold plumbing and building supplies to the economic entity. All dealings are in the ordinary course of business and on normal terms and conditions no more favourable than those which it is reasonable to expect would have been accepted if dealing at arms length in the same circumstances. Goods purchased from these entities during the year total \$2,434,789 of which \$202,433 was owing at year end.

Directors of the company Messrs L.T. Wilson, B.W.C. Wilson, J.G. Wilson have a beneficial interest in entities that lease premises to the economic entity. All dealings with these entities are in the ordinary course of business and on normal terms and conditions no more favourable than those which would have been expected if dealing at arms length in the same circumstances. Lease rentals paid to these entities during the year were \$156,060.

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

(b) Directors Holding of Shares and Share Options

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

(c) Controlling Entity

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

(d) Ownership interests in related parties

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

	Consolidated		The Company	
	1998 (\$000's)	1997 (\$000's)	1998 (\$000's)	1997 (\$000's)
24. LEASE RENTAL COMMITMENTS				
Future operating lease rentals not provided for and payable in respect of :				
Motor Vehicles	650	1,189	-	-
Buildings	7,007	8,447	-	-
	7,657	9,636	-	-
Due not later than one year	3,313	3,978	-	-
Due later than one year but not later than two years	1,947	3,035	-	-
Due later than two years but not later than five years	2,386	2,503	-	-
Due later than five years	11	120	-	-
	7,657	9,636	-	-

Notes

to and forming part of the financial statements for the year ended 30 June 1998

25. FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies

Recognised Financial Instrument	Note	Accounting Policy	Terms & Conditions
a) Financial assets			
Cash	7	Cash is carried at the lower of cost and net realisable value.	Cash balances in bank accounts receive the bank benchmark interest rates. Cash is at call.
Receivables - trade	8	Trade receivables are carried at nominal amounts less any provision for doubtful debts.	Trade receivables are on 30 day terms.
Receivables - other	8	Other receivables are carried at nominal amounts due.	
Short maturity bills	10	Short maturity bills are carried at the lower of cost and net realisable value.	Short maturity bills have an average maturity of 17 days with effective interest rates of 4.98% to 5.50% (1997: 5.42% to 5.53%).
Shares in quoted corporation	10	Shares are carried at the lower of cost and net realisable value.	Included in quoted shares held at balance date are ordinary shares with a cost of \$33,975 (1997: \$nil). No dividends were received at balance date.
b) Financial liabilities			
Trade creditors and accruals	15	Recognised for amounts to be settled in the future, whether or not billed to the economic entity.	Trade payables are ordinarily settled within 30 day terms.
Dividends payable	17	Dividends payable are recognised when declared by the company.	Dividends payable represent the final dividend of 35 cents (1997: 20 cents) per ordinary share for the financial year ended 30 June 1998. The dividend is fully franked and franking credits available for the subsequent financial year are disclosed in Note 5.
Amounts owing under contract of sale	18	Amounts owing under contract of sale are carried at the principal amount.	
c) Equity			
Ordinary shares	19	Ordinary share capital is recognised at the par value of the amount paid up.	The company is authorised to issue up to 40,000,000 (1997: 40,000,000) ordinary shares of \$0.50 par value each.

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

Notes

to and forming part of the financial statements for the year ended 30 June 1998

25. FINANCIAL INSTRUMENTS (Continued)

(b) Interest rate risks

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

	Weighted Average Interest Rate %		Variable Interest Rate		Fixed Interest Less than 1 year		Non Interest Bearing		Total	Total
	1998 %	1997 %	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
i) Financial assets										
Cash	4.84	5.00	11,462	5,516	-	-	-	-	11,462	5,516
Receivables - trade	n/a	n/a	-	-	-	-	63,025	57,868	63,025	57,868
Receivables - other	n/a	n/a	-	-	-	-	8,370	7,848	8,370	7,848
Short maturity bills	5.39	5.46	-	-	18,000	14,500	-	-	18,000	14,500
Shares in quoted corporation	n/a	n/a	-	-	-	-	34	-	34	-
Total financial assets	-	-	11,462	5,516	18,000	14,500	71,429	65,716	100,891	85,732
ii) Financial liabilities										
Trade creditors & accruals	n/a	n/a	-	-	-	-	61,234	58,686	61,234	58,686
Dividends payable	n/a	n/a	-	-	-	-	6,972	3,984	6,972	3,984
Amounts owing under contract	n/a	n/a	-	-	-	-	999	-	999	-
Total financial liabilities	-	-	-	-	-	-	69,205	62,670	69,205	62,670

(c) Credit risk

i) Exposure to credit risk

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

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

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

ii) Concentrations of credit risk

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

Notes

to and forming part of the financial statements for the year ended 30 June 1998

FINANCIAL INSTRUMENTS (Continued)

(d) Net fair values

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

	Carrying amount		Net fair value	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Financial assets				
<i>Readily traded</i>				
Cash	11,462	5,516	11,462	5,516
Shares in quoted corporation	34	-	29	-
Short maturity bills	18,000	14,500	18,000	14,500
<i>Not readily traded</i>				
Receivables - trade	63,025	57,868	63,025	57,868
Receivables - other	8,370	7,848	8,370	7,848
Total financial assets	100,891	85,732	100,886	85,732
Financial liabilities				
<i>Not readily traded</i>				
Trade creditors and accruals	61,234	58,686	61,234	58,686
Dividends payable	6,972	3,984	6,972	3,984
Amounts owing under contract of sale	999	-	999	-
Total financial liabilities	69,205	62,670	69,205	62,670

Determination of Net Fair Value

Financial assets

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

Financial liabilities

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

Notes

to and forming part of the financial statements
for the year ended 30 June 1998

26. SUPERANNUATION COMMITMENTS

At 30 June 1998, entities within the economic entity participated in four employer established superannuation plans all of which are accumulation plans. In addition, entities within the economic entity participated in several award-related superannuation plans in order to satisfy award entitlements of employees. Employees contribute to the plans at various percentages of their salaries and wages. Entities within the economic entity also contribute to the plans at varying levels and satisfy all of their legal obligations. The assets of the plans are sufficient to satisfy all benefits that would have been vested under the plans in the event of termination of the plans or voluntary or compulsory termination of the employment of each employee.

27. GEOGRAPHICAL AND INDUSTRY SEGMENTS

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

28. PARTICULARS IN RELATION TO CORPORATIONS IN THE GROUP

Name of entity	Ownership Percentage 1998 %	Amount of Investment 1998 (\$000's)	Dividends Received or Receivable		Contribution to Consolidated profit after abnormal items and income tax	
			1998 (\$000's)	1997 (\$000's)	1998 (\$000's)	1997 (\$000's)
Parent Entity						
Reece Australia Limited	-	-	-	-	-	-
Controlled entities of Reece Australia Limited						
Reece Pty Ltd	100%	9,710	6,972	3,984	17,054	11,817
Plumbing World Pty Ltd	100%	-	-	-	172	62
Duncan & Ling Proprietary Ltd	100%	-	-	-	48	48
Controlled entity of Reece Pty Ltd						
Bolong Pty Limited	100%	448	-	-	-	-
			6,972	3,984	17,274	11,927

Notes

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

Shareholders Information

as at 31 August 1998

In accordance with Section 3C of the Australian Stock Exchange Limited Listing rules, the directors provide the following information.

SHAREHOLDING ANALYSIS

At 31 August 1998

(a) Distribution of Shareholders

The distribution of shareholdings were as follows:

Size Of Shareholding	Number of Shareholders
1 - 1,000	111
1,001 - 5,000	97
5,001 - 10,000	31
10,001 - 100,000	46
Over 100,000	21

There were no shareholders holding less than a marketable parcel at this date.

(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 1998 were:

Shareholder	Number of Shares
Waln Pty Ltd	9,295,428
W.A.L. Investments Pty Ltd	10,260,292
Leslie Alan Wilson	8,516,564
Wilgay Pty Ltd	9,457,928
J.G.W. Investments Pty Ltd	10,260,292
John Gay Wilson	8,679,064
Lezirol Pty Ltd	8,623,364
Florizel Investments Pty Ltd	10,260,292
Bruce Walter Campbell Wilson	8,493,064
Adawarra Nominees Pty Ltd	15,070,492
Warramunda Investments Pty Ltd	15,070,492
L.T.W. Holdings Pty Ltd	15,070,492
L.T. Wilson Pty Ltd	15,070,492
Leslie Thomas Wilson	11,098,200
Wilaust Holdings Pty Ltd	15,070,492
Austral Hardware Pty Ltd	15,070,492
Austral Hardware (Healesville) Pty Ltd	15,070,492
Tyara Pty Ltd	10,260,292
Wal Assets Pty Ltd	9,295,428
Abtourk Vic No. 11 Pty Ltd	9,457,928
Perpetual Trustee Company Limited	1,292,300

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

Shareholders Information

as at 31 August 1998

(c) Class of Shares and Voting Rights

At 31 August 1998, there were 306 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 1998:

Shareholder	Number	% Held
L.T. Wilson Pty Ltd	6,288,000	31.6%
L.T.W. Holdings Pty Ltd	2,400,000	12.0%
Warramunda Investments Pty Ltd	1,945,800	9.8%
National Mutual Trustees Ltd	991,250	5.0%
Permanent Trustee Company Limited	724,700	3.6%
Florizel Investments Pty Ltd	672,064	3.4%
W.A.L. Investments Pty Ltd	672,064	3.4%
J.G.W. Investments Pty Ltd	672,064	3.4%
Austral Hardware Pty Ltd	597,000	3.0%
NRMA Investments Pty Ltd	504,400	2.5%
Austral Hardware (Healesville) Pty Ltd	480,000	2.4%
Adawarra Nominees Pty Ltd	462,000	2.3%
Wilaust Holdings Pty Ltd	349,200	1.7%
Perpetual Trustees Nominees Limited	284,000	1.4%
Westpac Custodian Nominees Limited	258,675	1.3%
John G. Wilson	186,000	0.9%
Permanent Trustee Australia Limited	142,534	0.7%
Whitefield Limited,	120,000	0.6%
Abtourk Vic No. 11 Pty Ltd	106,800	0.5%
Tyara Pty Ltd	106,800	0.5%

The twenty members holding the largest number of shares together held a total of 90.2% of the issued capital.





REECE AUSTRALIA LIMITED A.C.N. 004 313 133

Registered Office: 118 Burwood Highway,
Burwood, Victoria, 3125
Australia