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RELIANCE WORLDWIDE CORPORATION LIMITED

ANNUAL REPORT 2016

SharkBite®
Plumbing Solutions

Contents

Statutory Period[1] net sales

$98.3m

Pro Forma net sales[2,3]

$534.4m

+18% growth vs pro forma FY2015

Statutory Period[1] EBITDA[4]

$17.3m

Pro forma EBITDA[2,4]

$99.1m

+25% growth vs pro forma FY2015

Pro forma NPAT[2,4]

$52.1m

+2% above Prospectus forecast

Strong net sales growth from Americas

+22% growth vs pro forma FY2015

Ongoing cost focus driving margin gains

+90bps (EBITDA margin) vs pro forma FY2015

Strong balance sheet at 30 June 2016

Pro forma net debt of $127.9 million (net leverage of 1.3x)

1. Statutory Period is the period from incorporation of the Company on 19 February 2016 to 30 June 2016 with Australian trading operations consolidated from 6 April 2016 and non-Australian trading operations consolidated from 3 May 2016
2. Pro forma 12 month period ending 30 June 2016
3. Net sales after eliminating inter-segment sales
4. Before significant items, being costs expensed associated with the capital raising and listing on the ASX

CHAIRMAN'S REPORT

Dear fellow shareholders,

On behalf of the Board, I am pleased to present to you the first Annual Report of Reliance Worldwide Corporation Limited.

This has been an exciting time for the Company, commencing with the successful listing of our shares on the Australian Securities Exchange on 29 April 2016 by way of an Initial Public Offering (**IPO**). The IPO raised gross proceeds of $918 million and introduced a wide range of new shareholders, with very high demand from major Australian and International institutional investors as well as excellent retail demand. We greatly appreciate the confidence of our shareholders and will continue to strive to build shareholder value.

Reliance is a leader in the design, manufacture and supply of premium branded, high quality water flow and control products and solutions for the plumbing industry. From a small manufacturing operation in Australia, Reliance has grown to become a global business with operations in the USA, Australia, the UK, Canada, New Zealand and Spain. Reliance's key products and solutions are primarily used in "Behind the Wall" plumbing and hot water systems. These products and solutions include pipe fittings and related pipe, control valves and thermostatic products and are used for both residential and commercial applications, with a principal focus on the residential repair and renovation end-market.

We are pleased to report that our results for the 2016 financial year were in line with or ahead of the forecasts contained in the prospectus issued for the IPO. All segments delivered significant growth against prior period results. The Board remains confident that we have the strategies in place to continue the growth of the Reliance business. We are well positioned with a strong balance sheet and have significant liquidity available to fund projected growth. The recently announced arrangement with Lowe's Companies will assist the growth of our SharkBite Push-to-Connect (**PTC**) products in the USA. We will also continue to assist our other customers, including The Home Depot, to grow their PTC sales.
The following report from our Chief Executive Officer, Heath Sharp, provides commentary on performance and business outlook.

On behalf of the Board, I would like to thank Reliance's management team and our global workforce of in excess of 800 employees for their efforts and dedication which continue to deliver strong operating and financial outcomes.

I look forward to meeting with shareholders at the Annual General Meeting.

Jonathan Munz
Chairman

Dear shareholders,

I am pleased to present to you my first report following the Company's listing on the ASX in April 2016. My report focuses on business performance for the year ended 30 June 2016 and should be read in conjunction with the Operating and Financial Review discussion contained in the Directors' Report.

Group review

Results were in line with or ahead of the forecasts contained in the prospectus for the IPO for both the statutory reporting period[1] and the pro forma 12 month period ending 30 June 2016 (**FY2016**). Pleasingly, for FY2016 we reported double digit growth in net sales[2], EBITDA[3] and EBIT[3] compared with pro forma FY2015 (**FY2015**). Net sales for FY2016 were $534.4m[2], an increase of 18% over FY2015. EBITDA[3] was $99.1m for FY2016, an increase of 25% over FY2015 and EBIT[3] was $82.7m, an increase of 26% over FY2015. The growth was underpinned by strong demand from our Retail and Wholesale channels across the year. We saw continued strong growth in our core SharkBite business. An ongoing focus on cost reductions, procurement savings and operational efficiencies helped drive margin expansion.

Operationally, FY2016 was also a very good year. We completed phase 1 of the expansion of our facility in Cullman, Alabama and successfully commissioned new SharkBite machining and assembly cells. Production of SharkBite push-to-connect fittings (**PTC**) commenced at Cullman in May 2016. This expansion provides a significant amount of additional capacity going forward. We also have the footprint fitted out and ready for ongoing expansion. The Spanish facility acquired in 2015 is now fully re-commissioned and producing PEX pipe, both for the local European markets and for export to Australia and other markets. This expansion adds to our global manufacturing and distribution capabilities.

Our operational teams performed extremely well, particularly in the second half of FY2016 with regards to inventory management. Traditionally we build our inventory levels in the first half of the year in anticipation of the northern hemisphere winter, particularly the possibility of a freeze event occurring in the USA. We did not benefit from a freeze event this year. From the high levels of inventory carried in preparation for the 2015/16 northern hemisphere winter, each facility carefully managed inventory levels to or below planned levels by 30 June 2016 resulting in a significant amount of cash resources being available to the business. The operational teams also performed well in terms of material cost reductions and improved operational efficiencies.

Our balance sheet is strong with significant liquidity in place to support continued growth.

Further details on financial results delivered by each segment are contained in the following Directors' Report.

Product focus

The focus of the business remains the SharkBite PTC fittings and associated accessories, also under the SharkBite brand. It is this product, primarily in the North American market, which has been the primary driver of the business over several years and will continue to be so going forward. We are a leader in the PTC fittings category in our largest markets in the Americas and Asia-Pacific segments. The majority of PTC sales continue to be into the repair and renovation end market.

1 Statutory reporting period is the period from incorporation of the Company on 19 February 2016 to 30 June 2016 with Australian trading operations consolidated from 6 April 2016 and non-Australian trading operations consolidated from 3 May 2016.

2 Net sales after eliminating inter-segment sales.

3 EBITDA and EBIT both before significant items, being costs expensed associated with the capital raising and listing on the ASX.

Complementing the PTC products are our traditional control valves, thermostatic mixing valves and PEX pipe and crimp fittings. The control valves remain a very solid base for the business. Thermostatic products are growing very well and are a strategically important product for all our segments. The PEX pipe and fittings are providing their ongoing roles as support to the PTC products. We have seen time and time again the benefit to PTC growth when PEX pipe and fittings are displayed adjacent to PTC in a clear and coherent SharkBite brand presentation.

In terms of new product development, EvoPEX remains our primary project. The EvoPEX PTC fitting is designed for the new housing construction market in the USA. Our launch plans for this product are progressing as planned. We have finished the formal testing and trial phase, and have now moved to a tightly controlled launch. The next stage is to make the product more broadly available which is expected to occur in the second half of FY2017. EvoPEX is expected to become a solid driver of revenue growth starting in FY2018. As the EvoPEX fitting is rolled out, PEX pipe will play an even greater supporting role as a component of the system based on EvoPEX. Further, every crimp fitting we sell today becomes a conversion opportunity to a higher value EvoPEX fitting in the future.

Revised USA distribution arrangements

We are very excited about adding Lowe's to the long list of distributors of SharkBite in the USA which we announced on 22 August 2016. This relationship will add to our volume in due course. The roll out to Lowe's stores is expected to begin in the final quarter of FY2017 and be completed during FY2018. SharkBite will then be available in all major outlets across wholesale, hardware and home improvement retailers. This ubiquitous positioning of the product will help increase the growth of the still relatively immature PTC fitting category in North America. Of course, The Home Depot remains an extremely important customer. We remain fully committed to continuing our efforts to assist THD with growing their sales of SharkBite products as it has over several years. We also continue our efforts with all of our other retail and wholesale distributors across all segments. We take a great deal of satisfaction from helping our customers grow their businesses with the high value, rapidly growing SharkBite range of products.

People

The IPO process provided a catalyst for better formalising our focus on employee safety. We have reviewed our assessment methodologies worldwide and brought them into alignment. This has led to a more comprehensive reporting of our operational safety performance. We have always operated with a very low level of personnel injury and continue to do so. We believe our employees place a high value on our commitment to health and safety in the workplace.

Finally, I wish to offer my sincere gratitude to the entire Reliance team for their efforts during the past 12 months. As well as retaining focus on the business, Reliance personnel undertook a tremendous workload during the IPO. Despite this, they continued to drive the business forward and delivered a great result for FY2016 and have set up a very good base for FY2017 and beyond.

I would also like to thank the Board for their continuing support and guidance.

I look forward to providing shareholders with further updates on our performance.

Heath Sharp
Chief Executive Officer

The Board of Directors is responsible for the overall corporate governance of Reliance Worldwide Corporation Limited ("**the Company**") and its controlled entities (together "**the Group**"). The Board monitors the operational and financial position and performance of the Group and oversees its business strategy, including approving the strategic objectives, plans and budgets of the Group. The Board is committed to protecting and optimising performance and building sustainable value for shareholders. In conducting business with these objectives, the Board seeks to ensure that the Group is properly managed to protect and enhance shareholder interests, and that the Group, its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Group, including adopting relevant internal controls, risk management processes and corporate governance policies and practices that it believes are appropriate for the Group's business and that are designed to promote the responsible management and conduct of the Group.

The Australian Securities Exchange ("**ASX**") Corporate Governance Council has developed and released its Corporate Governance Principles and Recommendations 3rd edition ("**ASX Recommendations**") for entities listed on the ASX in order to promote investor confidence and to assist companies to meet stakeholder expectations. The ASX Recommendations are recommendations and guidelines only. This Corporate Governance Statement outlines the key aspects of the Company's governance framework and governance practices which are consistent with the ASX Recommendations unless stated otherwise.

Details of the key policies and practices and the charters for the Board and each of its Committees are available on the Company's website at www.rwc.com.

Principle 1 – Lay Solid Foundations for Management and Oversight

The Board has adopted a written charter to provide a framework for its effective operation. The Board Charter sets out:

- the Board's composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board Committees.

The Board's role is to:

- represent and serve the interests of shareholders by overseeing and appraising the Group's strategies, policies and performance. This includes overseeing the financial and human resources the Group has in place to meet its objectives and reviewing management performance;
- protect and optimise Group performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and ensure compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and
- ensure shareholders are kept informed of the Group's performance and major developments affecting its state of affairs.

The responsibilities and functions expressly reserved to the Board include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the Chief Executive Officer ("**CEO**");
- approving major changes and developments in the Group's policies and procedures related to remuneration, recruitment, retention, termination and performance assessment for senior management;
- contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management, internal control and ethical and legal compliance. This includes, at least annually, reviewing the Group's risk management framework to satisfy itself that it continues to be sound and effectively identifies areas of potential risk;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- developing and reviewing corporate governance principles and policies; and
- performing such other functions as are prescribed by law or are assigned to the Board.

The management function is delegated by the Board to the CEO (and to other officers to whom the management function is properly delegated by the CEO). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate.

The Company has a formal agreement in place with each Director setting out the terms of their appointment. Directors have rights of access to relevant Company documents, management and Company advisors to assist in the performance of their duties.

The process for selecting directors for appointment to the Board is overseen by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee undertakes appropriate checks on any potential candidates before a person is appointed by the Board or put forward to shareholders as a candidate for election as a director. Details of the range of skills which the Board seeks to have are set out in the matrix contained under Principle 2. The Company will provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. This information will be provided in the notice for the Annual General Meeting. Once appointed, the Nomination and Remuneration Committee oversees processes to support the director's induction and ongoing education.

The Board is committed to reviewing the performance of non-executive directors and the Board as a whole. Annually, the Board, with the assistance of the Nomination and Remuneration Committee, will undertake a performance evaluation of individual directors, Board Committees, the CEO and the Board itself. A formal review process was not considered necessary during this reporting period as the current Board composition only commenced in April 2016 following a search to identify and appoint non-executive directors for the Company's ASX listing. A formal review process is expected to be undertaken during the 2017 financial year. The Board intends seeking feedback from each of the directors, senior executives and also conduct a review of the performance of the Company overall.

Details of employment terms for executive Key Management Personnel are contained in the annual Remuneration Report. The first formal annual review and evaluation of the performance of senior executives following the Company's listing on the ASX will occur during the 2017 financial year.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

The Board collectively and each Director individually has the right to seek independent professional advice at the Company's expense, subject to the approval of the Chairman or the Board as a whole.

Diversity Policy

The Board has formally approved a Diversity Policy in order to, among other matters, address the representation of women in senior management positions and on the Board, and to actively facilitate a more diverse and representative management and leadership structure. The Diversity Policy includes requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. The Company's vision for diversity incorporates a number of different factors, including gender, ethnicity, disability, age and educational experience. At a Board and senior management level, gender has been identified as an area of focus for the Company. Women represented 34% of employees at 30 June 2016.

As the Company only listed in April 2016, the Board is currently in the process of setting the measurable objectives for achieving gender diversity. Once set, these objectives and the Company's progress towards achieving them, will be disclosed in the Company's FY2017 Corporate Governance Statement. A copy of the Diversity Policy is available on the Company's website at www.rwc.com. The policy sets out the manner in which the Company's diversity strategies will aim to achieve the objectives of the policy. The Board will have a focus on achieving a balanced representation of women on the Board and in senior positions over a reasonable transition period.

Principle 2 – Structure the Board to add value

The composition of the Board at the date of this report is:

Jonathan Munz, Non-executive Chairman

Heath Sharp, Managing Director and Chief Executive Officer

Russell Chenu, Independent, Non-executive Director

Stuart Crosby, Independent, Non-executive Director

Ross Dobinson, Independent, Non-executive Director

Details of the experience, qualifications and length of service of each current director are set out in the Directors' Report.

The Board comprises a majority of independent directors. A director is considered to be independent where he or she is independent of management and is free of any business or other relationship which could materially interfere with, or could reasonably be perceived to interfere with the exercise of their unfettered and independent judgement. The Board Charter sets out guidelines to assist in considering the independence of Directors and the Board has adopted a definition of independence that is based on box 2.3 in the ASX Recommendations. The Board will consider the materiality of any given relationship on a case-by-case basis. The Board reviews the independence of each Non-Executive Director in light of information disclosed to it.

The Board considers that each of Russell Chenu, Stuart Crosby, and Ross Dobinson are independent for the purposes of the ASX Recommendations. Jonathan Munz is not considered to be an independent director as entities associated with the Munz family hold 30 per cent of the Company's issued ordinary shares. However, the Board considers that Mr. Munz is the most appropriate person to lead the Board as Chairman because of his extensive and unparalleled knowledge of the Company and its markets, growth prospects and management structure developed from a 30 year involvement with the Group's business. Heath Sharp is not independent as he is an executive.

The Board considers that a mix of skills, personal attributes and experience amongst its members is appropriate for the requirements of the Company and to maximise its effectiveness. The current Board composition provides the necessary experience and skills to meet the Company's current needs. This includes relevant business and industry experience, financial management and corporate governance knowledge. The skills matrix below sets out the mix of skills and diversity that the Board currently has and is looking to achieve in its membership.

Strategic priorities/areas	Skills matrix	
Industry experience	• Industry and market experience • Workplace health and safety	• Understanding of manufacturing technology requirements and product development and innovation
Growth & financial management	• Business strategy, including identification of risks and opportunities • Global experience relevant to the Group's operations and expansion plans	• Financial acumen and reporting • Debt and equity capital markets
Governance	• Board experience, including listed companies • Corporate governance and regulatory compliance	• Social responsibility and sustainability • Remuneration and human resources • Succession planning

Committees of the Board

The Board has established the following Committees to assist in discharging its responsibilities:

- Audit and Risk Committee
- Nomination and Remuneration Committee

Each Committee is governed by a charter setting out its duties and responsibilities. Copies of each charter have been placed on the Company's website. The number of times each Committee met throughout the reporting period and the individual attendances of the members at those meetings is outlined in the Directors' Report.

Each Committee is chaired by an independent director (who is not the Chairman of the Board), comprises three members all of whom are Non-Executive Directors and comprises a majority of independent directors.

Details of the Audit and Risk Committee are set out under Principle 4.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee at the date of this report are:

- Stuart Crosby (chair);
- Ross Dobinson; and
- Jonathan Munz.

Details of the relevant qualifications and experience of the members of the Committee are set out in the Directors' Report.

The responsibilities of the Nomination and Remuneration Committee include:

- reviewing and recommending to the Board remuneration and employment arrangements for the CEO and the Non-Executive Directors;
- reviewing and approving remuneration and employment arrangements for the CEO's direct reports;
- overseeing the operation of the Company's employee equity incentive plans and recommending to the Board whether offers are to be made under any or all of the Company's employee equity incentive plans in respect of a financial year;
- approving the appointment of remuneration consultants for the purposes of the Corporations Act;
- reviewing and recommending to the Board the Remuneration Report prepared in accordance with the Corporations Act for inclusion in the annual Directors' Report;
- reviewing and facilitating shareholder and other stakeholder engagement in relation to the Company's remuneration policies and practices;
- assisting the Board in developing a Board skills matrix;
- reviewing and recommending to the Board the size and composition of the Board including reviewing Board succession plans;
- reviewing and recommending to the Board the criteria for nomination as a Director and the membership of the Board more generally;
- assisting the Board in relation to the performance evaluation of the Board, its Committees and individual Directors;
- ensuring that processes are in place to support Director induction and ongoing education and regularly reviewing the effectiveness of these processes;
- in accordance with the Diversity Policy, reviewing the measurable objectives for achieving gender diversity set by the Board on an annual basis and recommending any changes to the Board; and
- on an annual basis, reviewing the relative proportion of women and men on the Board, in senior executive positions and in the workforce at all levels of the Group.

Principle 3 – Act ethically and responsibly

The Board recognises the need to observe the highest standards of ethics, integrity and behaviour. Accordingly, the Board has adopted a formal Code of Conduct which outlines how the Company expects its senior executives, employees and Directors to behave during the course of their employment in dealing with employees, suppliers and customers of the business. The key aspects of this Code are to:

- comply with all Company and Group policies, procedures, rules and regulations;
- be honest and fair in dealings with customers, clients, co-workers, Group management and the general public;
- protect from unauthorised use any information, records or other materials acquired during the course of employment with the Group; and
- respect the Group's ownership of assets and property.

A copy of the Code of Conduct is available on the Company's website.

The Board has approved governance policies to guide expectations for behaviour, actions and commercial relationships. These include:

- Continuous Disclosure Policy – refer Principle 5
- External Audit Policy – refer Principle 4
- Non-Audit Services Policy – refer Principle 4
- Diversity Policy – refer Principle 1
- Securities Dealing Policy – refer Principle 8

Principle 4 – Safeguard Integrity in Corporate Reporting

The members of the Audit and Risk Committee at the date of this report are:

- Russell Chenu (chair);
- Ross Dobinson; and
- Jonathan Munz.

Details of the relevant qualifications and experience of the members of the Committee are set out in the Directors' Report.

The Audit and Risk Committee's responsibilities include:

- overseeing the Company's relationship with the external auditor and the external audit function generally;
- overseeing the Company's internal audit function generally;
- overseeing the preparation of the financial statements and reports;
- overseeing the Company's financial controls and systems; and
- managing the process of identification and management of risk.

Non-Committee members, including members of management and the external auditor, may attend all or part of a meeting of the Committee at the invitation of the Committee chair.

The external auditor attends the Company's Annual General Meeting and is available to answer questions relevant to the conduct of the audit and the preparation and content of the auditor's report. The Company has an approved External Audit Policy which governs the appointment and assessment of the external auditor, auditor independence and rotation of the audit partner. The Company has also adopted a policy on non-audit services which may be provided by the external auditor. The external auditor is prohibited from providing services which would create a real or perceived threat to audit independence. The Audit and Risk Committee monitors compliance with the policy with delegated authority for approving non-audit services up to specified limits given to the Chief Financial Officer.

The Board receives the written declaration required by Section 295A of the Corporations Act prior to approving the Company's financial statements for a reporting period. The declaration includes statements from the CEO and the CFO (or their equivalents) that, in their opinion, the financial records have been properly maintained, the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively in all material respects.

Principle 5 – Make Timely and Balanced Disclosure

The Company is required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. The Company has an obligation to keep the market fully informed of any information it becomes aware of concerning the Company, which may have a material effect on the price or value of the Company's securities, subject to certain exceptions.

The Company has adopted a Continuous Disclosure Policy which sets out procedures aimed at ensuring the Company fulfils its obligations in relation to the timely disclosure of material price-sensitive information. A copy of the Continuous Disclosure Policy is available on the Company's website.

A Disclosure Committee has been formed to oversee and monitor compliance with the Continuous Disclosure Policy. The Disclosure Committee comprises the Chairman, Chief Executive Officer, Chief Financial Officer and the Company Secretary. Responsibilities of the Disclosure Committee include:

- ensuring the Company complies with its continuous disclosure requirements;
- reviewing information which is brought to its attention to determine if there is a discloseable matter and, if so, whether any Listing Rule non-disclosure exception applies;
- overseeing and coordinating disclosure of information to ASX, analysts, brokers, shareholders, the media and the public;
- establishing and maintaining the Company's disclosure policies and procedures and ensuring that there is an adequate system in place for the disclosure of all material information to the ASX and other authorities in a timely fashion; and
- educating management and staff on the Company's disclosure policies and procedures.

Principle 6 – Respect the Rights of Security Holders

The Company aims to communicate all important information relating to its shareholders in a timely manner. The Company also recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. To achieve this, the Company communicates information through a range of forums and publications, including the Company's corporate website, shareholder meetings, ASX announcements, annual reports and presentations. The Company also has in place an investor relations program to facilitate two-way communication with investors.

The Board encourages the attendance and participation of shareholders at general meetings. Notices of meetings, including proposed resolutions, are issued in advance of meetings in accordance with legal requirements and allow for shareholders to send written questions to the Company's auditor.

The process for communicating with shareholders and other parties is documented in the Continuous Disclosure Policy. Shareholders have an option to receive communications electronically by providing relevant details to the Company's share registry. The website also contains a facility for shareholders to direct questions to the Company.

Principle 7 – Recognise and manage risk

The Audit and Risk Committee has been established to assist the Board and make recommendations on matters relating to its risk management responsibilities. Details of the Committee's composition are set out under Principle 4. The Committee's primary role with respect to risk management and compliance is to review and report to the Board that:

- adequate policies and processes have been designed and implemented to manage identified risks;
- a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- proper remedial action is undertaken to redress areas of weakness.

Management is responsible for the development and implementation of effective risk management and internal compliance and control systems based on the risk management policies adopted by the Board.

The Company's risk management framework is reviewed at least annually by the Committee to satisfy itself that the framework continues to be sound. A formal review process was not considered necessary during this reporting period as the Company only listed on the ASX in April 2016. The first formal review following the Company's listing on the ASX will occur during the 2017 financial year.

The Company is continuing to develop and expand its internal audit function. Internal audit functions may be provided by internal resources, an independent externally appointed provider or a combination of both. The role of the internal audit function is to evaluate and provide recommendations to improve the effectiveness of the Company's risk management, internal control and governance processes. The head of the internal audit function will provide reports to the Committee on progress and achievements against an approved internal audit work program.

Economic, environmental and social sustainability risks

Economic sustainability risks

The Group is exposed to economic sustainability risks associated with its business activities. Details of key economic sustainability risks and how these are managed are discussed in the Operating and Financial Review section of the Directors' Report.

Environmental and social sustainability risks

The Group has exposure to environmental and social sustainability risks. Manufacturing operations primarily involve brass forging and machining, PEX extrusion, plastic moulding and product assembly. The manufacture of the Group's products involve heavy machinery and hazardous processes. There may be an incident or accident at a facility that results in serious injury or damage to property, which in turn may result in a penalty being imposed by a regulatory authority, an interruption of manufacturing operations, a worker's compensation claim, a work health and safety claim or a claim for damages. Such claims or events may not be covered by insurance or may exceed insured limits. They may also adversely impact business reputation. Any such occurrences could therefore adversely impact the Group's operations and profitability. The Group seeks to manage and minimise the impact of these risks through broad health and safety initiatives and initiatives such as minimising waste by recycling unused raw materials. Historically, the environmental impact of these processes has been minimal and the Company believes it meets current environmental standards in all material respects. Manufacturing operations have to date not been significantly affected by environmental laws and regulations.

The Group's operations and properties are subject to environmental protection laws and regulations, including those regulating air emissions, water discharges, waste management and disposal and workplace safety. If the Group were to breach or otherwise fail to comply with any such law or regulation, the cost of curing a breach or resolving associated enforcement actions initiated by government authorities could be substantial and may materially reduce the Group's profit in a given reporting period. The Group adopts appropriate risk management and internal control processes to minimise the risk of breaching these laws and regulations. The Company believes that it operates its business in compliance with all regulatory and government requirements including environmental, health and safety, workplace and related regulations. The Group carries out required procedures with the aim of ensuring compliance with all applicable safety and product performance regulations of its products.

The Group also actively participates in local communities and aims to support social issues and causes identified by its employees. Community involvement occurs through corporate donations, sponsorships, fund raising and employee participation.

Principle 8 – Remunerate fairly and responsibly

The Company has established a Nomination and Remuneration Committee. Details of the composition and responsibilities of the Committee are set out in Principle 2.

Details of the Company's key remuneration policies and practices, non-executive director remuneration and remuneration of executive directors and key management personnel are set out in the annual Remuneration Report. Details of the Company's long term incentive plan, which provides for equity based remuneration, are also set out in the Remuneration Report.

The Company's Securities Dealing Policy provides that equity received by senior executives under the long term incentive plan cannot be hedged prior to vesting. The Securities Dealing Policy is intended to explain the types of conduct in relation to dealings in securities that are prohibited by law and establish procedures for the buying and selling of securities that protect the Company, Directors and employees against the misuse of unpublished information, which could materially affect the price or value of the Company's securities. The policy sets out when and how dealing in the Company's securities may or may not occur. A copy of the policy is available on the Company's website.

The Directors present their report together with the Financial Report comprising Reliance Worldwide Corporation Limited ("**the Company**" or "**Reliance**") and its controlled entities (together "**the Group**") for the financial period ended 30 June 2016 and the Auditor's report thereon. The Company was incorporated on 19 February 2016.

Directors

The Directors of the Company at any time during or since the end of the reporting period were:

Current Directors	Appointed
Jonathan Munz (Chairman)	19 February 2016
Heath Sharp (CEO and Managing Director)	19 February 2016
Russell Chenu	11 April 2016
Stuart Crosby	11 April 2016
Ross Dobinson	11 April 2016

Dale Hudson served as a Director from 19 February 2016 until 11 April 2016.

Details of the experience and qualifications of Directors in office at the date of this report are:

Jonathan Munz

Non-Executive Chairman
Member of Audit and Risk Committee
Member of Nomination and Remuneration Committee

Mr. Munz has had an involvement with Reliance for almost 30 years, dating back to the acquisition of the original Australian business Reliance Manufacturing Company by his family in 1986. Mr. Munz has strongly supported Reliance's management team and its vision to grow the business from a small Australian company to a substantial international business. This includes strategic initiatives, such as Reliance's highly successful entry into the USA market in the early 2000s as well as the ongoing success of its SharkBite brand and products.

Mr. Munz's strong commercial and legal background has also enabled him to play a leading role in the various bolt-on acquisitions that have been completed by Reliance over the years, including its recent entry into the continental European market. He holds law and economics degrees from Monash University and remains a director of his family corporation, GSA Group, which retains a large investment in Reliance.

Other listed company directorships in the past 3 years: None

Heath Sharp

Chief Executive Officer and Managing Director

Mr. Sharp joined Reliance in 1990 as a Design Engineer in the Brisbane based Product Development team. He has worked in each international division of the business throughout his 26 years with Reliance, holding senior management positions in Engineering, Product Management, Sales and Operations. He was appointed General Manager of the Cash Acme facility in Alabama following its acquisition by Reliance in 2002. He returned to lead the Australian division in late 2004, the largest Reliance operation at the time. Mr Sharp moved back to the USA in 2007 to re-join the US business and steer its rapid growth in Reliance's largest market. Mr. Sharp held the roles of President of the USA business and global Chief Operating Officer prior to his current role as Chief Executive Officer. Mr. Sharp holds a Bachelor of Mechanical Engineering degree from the University of Southern Queensland.

Other listed company directorships in the past 3 years: None

Russell Chenu

Independent Non-Executive Director
Chairman of Audit and Risk Committee

Mr. Chenu is an experienced corporate and finance executive who has held senior finance and management positions with a number of ASX listed companies. His most recent role was Chief Financial Officer of ASX listed James Hardie Industries plc from 2004 to 2013. He is currently a Director of James Hardie Industries plc, CIMIC Group Limited and Metro Performance Glass Limited.

Mr. Chenu holds a Bachelor of Commerce from the University of Melbourne and an MBA from Macquarie Graduate School of Management, Australia.

Other listed company directorships in the past 3 years:
CIMIC Group Limited (since 11 June 2014)
James Hardie Industries plc (since 15 August 2014)
Metro Performance Glass Limited (since 5 July 2014)

Stuart Crosby

Independent Non-Executive Director

Chairman of Nomination and Remuneration Committee

Mr. Crosby was the Chief Executive Officer and President of Computershare Limited for nearly eight years until June 2014. Mr. Crosby previously held a number of senior executive positions across the Computershare business. These included Head of Strategic Business Development in Europe and Asia, Head of the Asia Pacific region and Chief Operating Officer. Prior to joining Computershare, Mr. Crosby worked for the Australian National Companies and Securities Commission, the Hong Kong Securities and Futures Commission and at the ASX Limited.

Other listed company directorships in the past 3 years:
Computershare Limited (from 16 November 2006 until 30 June 2014).

Ross Dobinson

Independent Non-Executive Director

Member of Audit and Risk Committee

Member of Nomination and Remuneration Committee

Mr. Dobinson has a background in venture capital and investment banking and is currently the Managing Director of TSL Group Ltd. He is a founder, former CEO and current Non-Executive Chairman of ASX listed Acrux Limited. Mr. Dobinson was previously a director of ASX listed companies Starpharma Holdings Limited, Roc Oil Company Limited, a former Chairman of recently ASX listed TPI Enterprises Limited and a former Director of Racing Victoria Limited.

Mr. Dobinson holds a Bachelor of Business (Accounting) from the Queensland University of Technology.

Other listed company directorships in the past 3 years:
Acrux Limited (since 1998)
TPI Enterprises Limited (until 18 June 2015)

Company Secretaries

David Neufeld

Mr. Neufeld has been the Company Secretary since 1 April 2016. He has worked in chartered accounting and corporate organisations for over 30 years and has over 10 years experience as Company Secretary and Chief Financial Officer of ASX listed companies. Mr. Neufeld has extensive experience in financial and management reporting, corporate compliance, governance and risk management, audit and business acquisitions and divestments. He holds a Bachelor of Commerce (Honours) degree from The University of Melbourne and is a member of Chartered Accountants - Australia & New Zealand and The Australian Institute of Company Directors.

Dale Hudson

Mr. Hudson was appointed as Company Secretary on 19 February 2016. He has over 25 years experience working in chartered accounting and corporate organisations. Mr. Hudson has been Group Financial Controller and Company Secretary of GSA Group since 2002. He holds a Bachelor of Commerce degree from The University of Melbourne and is a member of Chartered Accountants - Australia & New Zealand.

Director Meetings

The number of Board meetings and meetings of Board Committees held and the number of meetings attended by each of the Directors of the Company during the financial period were:

Director	Board Meetings		Audit and Risk Committee Meeting		Nomination and Remuneration Committee Meetings	
	A	B	A	B	A	B
Russell Chenu	4	4	1	1	n/a	n/a
Stuart Crosby	4	4	n/a	n/a	1	1
Ross Dobinson	4	4	1	1	1	1
Dale Hudson	3	3	n/a	n/a	n/a	n/a
Jonathan Munz	7	7	1	-	1	1
Heath Sharp	7	4	n/a	n/a	n/a	n/a

A - Number of meetings held during the time the Director held office during the period.
B - Number of meetings attended.
n/a – not applicable.

Environmental Regulation and Performance

The Group's manufacturing operations have to date not been significantly affected by environmental laws and regulations. Environmental and social sustainability are core to the Group's operations and important to its strategy. The Group seeks to minimise the impact of its operations on the environment through initiatives such as minimising waste by recycling production materials. The Group's manufacturing operations primarily involve brass forging and machining, PEX extrusion, plastic moulding and product assembly. Historically, the environmental impact of these processes has been minimal and Reliance believes it meets current environmental standards in all material respects.

Principal Activities

The principal activities of the Group are the design, manufacture and supply of high quality, reliable and premium branded water flow and control products and solutions for the plumbing industry.

Significant Changes in the State of Affairs

The Company was formed on 19 February 2016. The Company issued a prospectus dated 18 April 2016 ("**Prospectus**") and undertook an initial public offering of shares which raised $918.8 million in gross cash proceeds. The Company's ordinary shares listed on the Australian Securities Exchange ("**ASX**") on 29 April 2016. The Company acquired the Reliance operating businesses from GSA Group for $1.4 billion. The acquisition was settled through a combination of cash and an issue of ordinary shares. Completion occurred in stages and finally completed on 3 May 2016.

The Company has also entered into new banking facilities with an aggregate facility limit of $250 million.

Further details are provided in the Operating and Financial Review.

There were no other significant changes in the affairs of the Group during the financial period.

Operating and Financial Review

Results for the Statutory Period.

The Statutory Period is the period from incorporation of the Company on 19 February 2016 to 30 June 2016 with Australian trading operations consolidated from 6 April 2016 and non-Australian trading operations consolidated from 3 May 2016.

The key financial results of the Group for the Statutory Period were:

- Revenue from sale of goods (net) - $98.3 million (Prospectus forecast - $89.0 million);
- Earnings before interest, tax, depreciation and amortisation ("**EBITDA**") - $5.2 million;
- Earnings before interest, tax ("**EBIT**") - $1.8 million
- EBITDA before significant items - $17.3 million (Prospectus forecast - $15.2 million);
- EBIT before significant items - $13.9 million (Prospectus forecast - $12.0 million); and
- Net result after tax – $1.6 million loss (Prospectus forecast - $5.4 million loss).

Pro Forma results

For the 12 months ended 30 June 2016, the unaudited pro forma results of the Group were:

- Revenue from sale of goods (net) - $534.4 million (Prospectus forecast - $534.9 million);
- EBITDA before significant items - $99.1 million (Prospectus forecast - $97.8 million); and
- EBIT before significant items - $82.7 million (Prospectus forecast - $80.6 million).

The review presented below focuses on the results for the 12 months ended 30 June 2016 (unaudited pro forma results).

Pro forma FY2016 net sales of $534.4 million were in line with the Prospectus forecast. This is an increase of 18% over pro forma FY2015 and 7% when measured on a constant currency basis. The constant currency Compound Annual Growth Rate ("**CAGR**") in net sales for the period from FY2006 to FY2016 inclusive was 13%. Sales growth was driven by a strong performance by the Americas operating segment and supported by a lower AUD/USD exchange rate. Sales in the Americas in FY2016 did not benefit from a "freeze event". Retail sales continued to grow strongly in the Americas and Wholesale sales also grew strongly in the Americas, Asia Pacific and EMEA operating segments. The Group's main customers continued to maintain or increase their purchasing.

EBITDA (before significant items) was $99.1 million, an increase of 25% over pro forma FY2015. This strong result reflected growth in net sales, together with solid manufacturing and logistics performance. Production efficiencies and procurement savings based on increasing volumes were and continue to be achieved which adds to margin expansion.

Segment Review

Americas

	Actual Pro forma FY2016 ($m)	Prospectus Forecast Pro forma FY2016 ($m)	Historical Pro forma FY2015 ($m)
Net sales[1]	365.0	364.0	300.3
EBITDA (before significant items)	58.4	57.1	47.4
EBITDA margin	16.0%	15.7%	15.8%

1. Before elimination of inter-segment sales.

Americas delivered net sales and EBITDA results in line with the Prospectus forecast. Pro forma FY2016 net sales were $365.0 million, an increase of 22% over pro forma FY2015. Pro forma FY2016 EBITDA contribution was $58.4 million, an increase of 23% over pro forma FY2015. The Americas performance has been driven by continued market penetration of SharkBite into the USA and Canada markets together with strong demand in the Retail and Wholesale channels across product lines. We are seeing the benefits of continuing participation in trade shows, promotional campaigns and training programs which create brand and product awareness.

Production of SharkBite PTC fittings commenced at Cullman, Alabama following installation of the first two manufacturing cells. This new production facility delivers increased capacity to the Group and provides additional flexibility to satisfy changes in demand.

Significant progress has been made with the development of the new EvoPEX product designed for the new residential construction market. Testing and trials have been completed and sales will commence during the second half of calendar 2016.

Asia Pacific

	Actual Pro forma FY2016 ($m)	Prospectus Forecast Pro forma FY2016 ($m)	Historical Pro forma FY2015 ($m)
Net sales[1]	201.0	200.4	189.9
EBITDA (before significant items)	39.3	39.0	33.4
EBITDA margin	19.6%	19.5%	17.6%

1. Before elimination of inter-segment sales.

Asia Pacific delivered pro forma FY2016 net sales of $201.0 million, an increase of 6% over pro forma FY2015. Pro forma FY2016 EBITDA contribution was $39.3 million, an 18% increase over pro forma FY2015. The result was principally driven by strong sales in piping systems (Auspex and SharkBite). Sales to the OEM channel were impacted by lower demand. Production efficiencies and targeted cost reductions from key suppliers, based on increased product volumes, were achieved.

Production capacity increased with a new electronic forging press being successfully installed and commissioned at our Moorabbin facility.

EMEA

	Actual Pro forma FY2016 ($m)	Prospectus Forecast Pro forma FY2016 ($m)	Historical Pro forma FY2015 ($m)
Net sales[1]	51.1	53.7	43.5
EBITDA (before significant items)	3.8	4.1	1.0
EBITDA margin	7.4%	7.6%	2.3%

1. Before elimination of inter-segment sales.

The EMEA segment delivered pro forma FY2016 net sales of $51.1 million, an increase of 17% over pro forma FY2015. Pro forma FY2016 EBITDA was $3.8 million. EMEA's performance was solid for the majority of the year with strong growth in sales to the Wholesale market. However, sales to the Wholesale market slowed during May and June leading up to the outcome of the Brexit vote. OEM sales were flat in comparison with FY2015, reflecting relatively subdued market conditions. EMEA remains Reliance's smallest segment and any impact from changed conditions on total Group results is not expected to be material.

Results were slightly behind the Prospectus forecast as a result of the slowdown in Wholesale market sales in the June quarter and a depreciation of the AUD/GBP exchange rate compared with the forecast in the Prospectus.

Production capacity

Reliance has 11 manufacturing facilities across Australia, New Zealand, the USA and Spain. The program to upgrade manufacturing capabilities is continuing, with a focus on increasing scale and flexibility in manufacturing to support growth as well as continuing investment in automation. We successfully completed the installation and commissioning of two new SharkBite PTC fittings production cells at Cullman, Alabama during the year. As a result of these investments, Reliance now has substantial manufacturing capacity in place to support the continued growth in SharkBite.

The manufacturing and distribution facility in Spain has been recommissioned and is now fully operational. Production of PEXa pipe at the facility in Spain has also commenced, adding further capacity. Sales have commenced with initial shipments to Eastern Europe and production is underway to commence shipping of PEXa products to Australia in the new financial year.

Cash Flow

Pro forma FY2016 Cash flow from Operations of $83.5 million was ahead of both Prospectus forecast and pro forma FY2015. Active management of inventory, trade debtors and trade creditors delivered favourable working capital in comparison with the Prospectus forecast. Free cash flow conversion reached 84.2% against the Prospectus forecast of 74.2%

Capital expenditure incurred during FY2016 was $30.1 million, comprising $11.0 million of maintenance capital expenditure and $19.1 million of growth capital expenditure, principally related to our manufacturing capacity expansion program. Capital expenditure was slightly lower than Prospectus forecast owing to minor variations in the Cullman expansion.

Balance Sheet

The balance sheet at 30 June 2016 is in a strong position with significant liquidity to fund further growth. Net debt at 30 June 2016 was $127.9 million.

The Company entered into new banking facilities with an aggregate limit of $250.0 million which came into effect on 29 April 2016. The facilities comprise secured cash advance, overdraft and bank guarantee facilities. These facilities have an initial term to 30 September 2019. The Group's United Kingdom business has a borrowing facility of GBP4 million. Borrowing facilities were drawn to $163.6 million at 30 June 2016. Credit metrics at 30 June 2016 were favourable with Net Debt to FY2016 pro forma EBITDA at 1.3 times and FY2016 pro forma EBIT to Net finance costs at 13.1 times.

Revised USA distribution arrangements

The Company announced on 22 August 2016, that it had entered into a Sole Supplier arrangement with Lowe's Companies Inc. ("**Lowe's**"), whereby the SharkBite range of Push To Connect ("**PTC**") fittings and accessories and related products, including PEX pipe, crimp fittings and clamps, will be the only products sold by Lowe's in those product categories.

Reliance will retain the right to continue to sell those products to other Retail/Big Box distributors, including The Home Depot ("**THD**"), which is a major customer of Reliance. Reliance will also continue to sell those products through its existing wholesale and hardware channels.

There will be a national rollout of Reliance product to the Lowe's 1,700+ stores in the USA, with the rollout commencing in late FY2017 and completing in FY2018.

Reliance's previous two way exclusive agreement with THD in relation to SharkBite PTC fittings and related products has moved to a non-exclusive arrangement covered by THD's standard Supplier Buying Agreement. Reliance regards THD as an important and valued customer and is fully committed to providing it with ongoing support in order to continue to grow THD's sales of SharkBite products. Reliance continues to provide THD with the benefits of the strength of the SharkBite brand, the range and quality of SharkBite product and Reliance's excellent delivery execution and marketing support.

Reliance is confident that these changes will position the SharkBite product range optimally for the long term in the USA market. The PTC product category has excellent growth prospects and this will be aided by SharkBite products being sold and marketed as widely as possible across all sales channels.

Material Business Risks

Set out in the table below is:

- a summary of specific material business risks which could impact upon Reliance's ability to achieve its business objectives and/or its financial results and position; and
- management plans to mitigate against each risk.

The list is provided in no particular order and is not exhaustive.

Risk	Description	Management plans
Reliance is exposed to changes in general economic conditions, legislation and regulation which may impact activity in Reliance's end-markets.	• Reliance's financial performance is largely dependent on activity in the residential and commercial repair and renovation and new construction end-markets. Activities in these end-markets are impacted by changes in general economic conditions and to legislation and regulation (including plumbing codes). Activities in the repair end-market are also impacted by extreme weather events. • A prolonged downturn in general economic conditions either globally or in any geographic region in which Reliance operates may therefore impact demand for plumbing services in the residential and commercial repair and renovation and new construction end-markets, thereby decreasing demand for Reliance's products and services. • Any such downturn may have a material adverse impact on Reliance's operations and financial results.	• Processes in place to be able to respond to changes in conditions and adjust production, delivery and raw materials purchasing requirements as considered practical in the circumstances.
Loss of customer risk	• There can be no guarantee that key customers will continue to purchase the same or similar quantities of Reliance's products as they have historically. • The loss of any of Reliance's key customers or a significant reduction in the volume of products purchased by one or more key customers may adversely impact Reliance's financial performance.	• Continued focus on customer service. • Investment in technology to provide leading products and remain the supplier of choice. • Continue business expansion and sales activity to diversify the customer base.
Foreign currency risk	• Reliance's results are impacted by exchange rate movements. • Furthermore, as Reliance expands globally, it will be exposed to additional currencies and a higher proportion of its net sales, profitability, cash flows and financial position will be affected by exchange rate movements.	• Reliance does not typically hedge its foreign exchange exposures. • Reliance currently benefits from a partial "natural hedge" against key currency movements as Australia's sales to the US are denominated in USD and the majority of raw materials and components purchased by Australia for use in production for the USA are denominated in USD.

Risk	Description	Management plans
Events affecting manufacturing or delivery capability	• The equipment and management systems necessary for the operation of Reliance's manufacturing facilities may break down, perform poorly, fail, or be impacted by a fire or major weather event (such as a snow storm, tornado, cyclone or flood), resulting in manufacturing delays, increased manufacturing costs or an inability to meet customer demand. • Events could also arise which impact upon Reliance's ability to ship and deliver product from its facilities in a timely manner • Any significant or sustained interruption to Reliance's manufacturing or delivery processes, may adversely impact Reliance's net sales and profitability.	• Manufacturing facilities are at various locations thereby reducing the impact on total production output if an adverse event occurs at another of the sites. • Reliance has established long term machine maintenance support programs with key suppliers. • Reliance carries stores of key maintenance spare parts to support timely R&M. • Reliance has invested in high quality machines and extensive operator training to enable machine/operator substitution in the event of machinery breakdown. • Safety hazard training undertaken and appropriate onsite procedures in place. • Business interruption insurance in place.
Materials supply and price risk	• Any adverse change in Reliance's ability to procure raw materials, a material increase in the cost of raw materials or any increase in indirect production input costs of such raw materials, would result in an increase in Reliance's overall costs, and if Reliance is unable to pass on such cost increases to its customers, could thereby reduce the Company's profitability.	• Reliance aims to have appropriate agreements in place with major suppliers. • Active management of procurement processes. • Continuing program to "dual source" key materials and components to enable price verification and reduce risk of supplier concentration. • Reliance periodically bench marks prices for key material/product supply.
Impact of product recalls or product liability claims	• Reliance is exposed to the risk of product recalls and product liability claims where a defect in a product sold or supplied by Reliance could result in, results in or is alleged to have resulted in, personal injury or property damage.	• Continuing investment in production technology and quality control processes to minimise the risk of product defects. • Reliance maintains rigorous quality assurance accreditation in all of its manufacturing/distribution locations. These quality systems are regularly audited by external third parties. • Appropriate insurance policies.
Key personnel risk	• Reliance's success depends on the continued active participation of its key personnel. • If Reliance were to lose any of its key personnel or if it were unable to employ additional or replacement personnel, its operations and financial results could be adversely affected.	• Reliance seeks to employ high quality personnel who are remunerated by market competitive arrangements. • Historically, Reliance has a good record of retaining key staff.

Acquisition of Reliance operating businesses by way of a restructure

The Company acquired the Reliance operating businesses from GSA Group for $1.4 billion. The acquisition consideration was settled through a combination of cash ($1,038.4 million) and the issue of 157.5 million ordinary shares ($378.0 million in value). The Directors have elected to account for the effect of the acquisition as a common control transaction as permitted by AASB3 - Business Combinations ("**Restructure**"). This is consistent with the treatment adopted in the Prospectus. In the Directors' opinion, the continuation of carrying values at the acquisition date is consistent with the accounting which would have occurred if the assets and liabilities had already been in a structure suitable for listing on the ASX and most appropriately reflects the substance of the Restructure. As such, the consolidated financial statements have been presented as a continuation of the accounting values of assets and liabilities existing at the time of completion of the acquisition. The excess of consideration over the net assets acquired of $1.1 billion is recorded as a reserve within the equity section of the Statement of Financial Position.

Dividends

No interim or final dividends for the 2016 financial year have been proposed or declared. This is consistent with the intention stated in the Prospectus.

Events subsequent to reporting date

The Directors are not aware of any matter or circumstance that has occurred since the end of the financial period that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Likely Developments and Prospects

The Reliance operating business has a track record of growth having achieved net sales growth every year since the 2006 financial year. Various strategies are in place which are designed to drive continued growth and development in the business. These strategies include:

- Increase penetration of product into existing markets, particularly the brass PTC fittings market in the USA;
- The release of new product and enhancements to existing product have been key drivers to Reliance's growth and success. Reliance expects to continue development of new product and product enhancements to bring innovative solutions to the market;
- Expansion into new construction markets in the USA;
- Reliance believes that expansion into continental Europe represents an attractive opportunity over the next three to five years. Reliance has a presence in the UK and recently established manufacturing and distribution capabilities in Granada, Spain which is being used as a base to serve continental Europe. Opportunities also exist to expand sales distribution channels into South East Asia, South America and Mexico which the Company is evaluating; and
- Reliance has identified, executed and integrated several bolt-on acquisitions in the past twenty years. The Company intends to continue monitoring the plumbing products industry for potential acquisition opportunities. Any potential acquisition will be carefully evaluated against the Company's business strategy and investment criteria with the objective of only pursuing opportunities which are expected to deliver meaningful benefit to the business and be value accretive for shareholders. Sources of funding for acquisitions will depend on the size and structure of the transaction and may be funded by either cash or equity consideration or a combination of both.

Reliance has a track record of success in the strategies it has previously elected to pursue. Reliance believes there should be strong growth prospects achievable by pursuing some or all of the above strategies. However, Reliance does not warrant that it will execute on any or all of the above listed strategies or that it will be successful in the future with those strategies which it does pursue. There are risks associated with each strategy. Details of some of the material risks which could impact upon the Group's business activities and financial results are contained in the Operating and Financial Review section.

Share Options

Details of options granted under the Company's Equity Incentive Plan are set out in the Remuneration Report. No other share options have been granted by the Company at the date of this report.

Directors' interests

Details of Directors' interests in the Company's issued securities are set out in the Remuneration Report.

Remuneration Report

The Remuneration Report for the period ended 30 June 2016 is set out on pages 21 to 27 and forms part of this Directors' Report.

Indemnification and Insurance of Officers

The Company's Constitution provides that the Company may indemnify any current or former Director, Secretary or executive officer of the Company or of a subsidiary of the Company out of the property of the Company against every liability incurred by a person in that capacity whether civil or criminal or of an administrative or investigatory nature in which the person becomes involved because of that capacity.

In accordance with the provisions of the Corporations Act 2001, the Company has a Directors' and Officers' Liability policy which covers all past, present or future Directors, Secretaries and executive officers of the Company and its controlled entities. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid.

The indemnification and insurances are limited to the extent permitted by law.

Audit and Non-Audit Services

Fees paid or payable by the Group for services provided by the Company's auditor, KPMG, during the period were:

	2016 $000
Audit services	120
Other services	65
	185

In addition to the above, KPMG were engaged by GSA Group to advise on certain aspects of the restructure and IPO. The total amount paid to KPMG for these services during the period was $2.3 million and is included in the capital raising costs incurred.

The Directors' have considered the non-audit services provided during the year by the audit firms and are satisfied that the provision of those non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, and did not compromise the auditor independence requirements of the Corporations Act 2001, for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor.
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES110 - Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 28 and forms part of the Directors' Report for the period ended 30 June 2016.

Rounding off

In accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 values are rounded to the nearest thousand dollars, unless otherwise stated. Where an amount is $500 or less the amount is rounded to zero, unless otherwise stated.

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

J. Mu

Jonathan Munz
Chairman

Heath Sharp
Chief Executive Officer and Managing Director

Dated at Melbourne this 29th day of August 2016

(a) Introduction

The Directors present the Remuneration Report for the Group which covers the period from the Company's listing on the Australian Securities Exchange ("**ASX**") on 29 April 2016 through to 30 June 2016.

This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the Corporations Act.

The Remuneration Report sets out remuneration arrangements for the Key Management Personnel ("**KMP**") of the Group for the reporting period. Under Australian Accounting Standards, the term KMP refers to directors (both non-executive directors and executive directors) and those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

All KMP held their positons for the entire reporting period covered by this report. The KMP for this period were:

Name	Position
Non-Executive Directors	
Jonathan Munz	Non-Executive Director and Chairman
Russell Chenu	Non-Executive Director
Stuart Crosby	Non-Executive Director
Ross Dobinson	Non-Executive Director
Senior Executives	
Heath Sharp	Managing Director and Chief Executive Officer ("**CEO**")
Terry Scott	Group Chief Financial Officer ("**CFO**")

For the remainder of this Remuneration Report, KMP are referred to as either Non–Executive Directors or Senior Executives (being the CEO and CFO).

(b) Remuneration framework and governance

The Board believes that the Company's success depends upon the performance of all employees and that remuneration policies should be structured to deliver positive benefits for employees, the Company and shareholders.

The Nomination and Remuneration Committee is responsible for reviewing and recommending to the Board, the remuneration arrangements for the CEO and Non-Executive Directors and approves the remuneration for the CFO. The Committee also oversees the operation of the Company's Equity Incentive Plan ("Plan") and makes recommendations to the Board about whether or not offers are to be made under the Plan.

In discharging its responsibilities, the Nomination and Remuneration Committee must have regard to the following policy objectives:

- remuneration structures are to be equitable and aligned with the long-term interests of the Company and its shareholders and have regard to relevant Company policies;
- attract and retain skilled executives;
- structure short and long term incentives that are challenging and linked to the creation of sustainable shareholder returns; and
- ensure any termination benefits are justified and appropriate.

The Nomination and Remuneration Committee comprises only Non-Executive Directors and is chaired by an independent Director. The Committee's Charter is available on the Company's website at www.rwc.com and further information regarding the Committee is set out in the Corporate Governance Statement.

Remuneration consultants and other advisers

To assist in performing its duties and in making recommendations to the Board, the Nomination and Remuneration Committee from time to time may seek independent advice from remuneration consultants and other advisors on various remuneration related matters. When doing so, the remuneration consultants and other advisors are required to engage directly with the Chairman of the Nomination and Remuneration Committee as the first point of contact.

Review of remuneration strategy in FY2017

During the 2017 financial year, the Nomination and Remuneration Committee intends to have a focus on:

- reviewing the mix of fixed and incentive components applicable to Senior Executive remuneration arrangements and remuneration arrangements of other executives; and
- determining appropriate equity based compensation arrangements with a view to expanding participation by senior executives in the Plan.

(c) Principles used to determine the nature and amount of remuneration

Non-Executive Director remuneration

In order to maintain director independence, the remuneration of Non-Executive Directors is not linked to Company performance and is comprised solely of Directors' fees (including superannuation). In addition, any changes to the maximum aggregate amount available to remunerate Non-Executive Directors must be approved by shareholders.

The Company's remuneration policy for Non-Executive Directors aims to ensure that the Company can attract and retain suitably qualified and experienced Directors having regard to:

- the level of fees paid to non-executive directors of other major Australian companies;
- the size and complexity of the Company's operations; and
- the responsibilities and work requirements of Board members.

Senior Executive remuneration

The Board, through the Nomination and Remuneration Committee, is responsible for designing and reviewing remuneration policies which align the remuneration of executives with the long term interests of shareholders. Remuneration packages for Senior Executives are set to properly reflect a Senior Executive's duties and responsibilities and to be competitive in attracting, retaining and motivating appropriately qualified and experienced people capable of managing the Company's operations and achieving the Company's business objectives. Remuneration arrangements will be regularly reviewed with regard to various factors, including key performance objectives, an appraisal process and relevant comparable information.

Senior Executive remuneration packages comprise fixed remuneration, represented by a base salary and contributions to superannuation funds, where applicable, and may also include cash bonuses awarded at the discretion of the Company and/or 'at risk' long term incentives ("**LTI**").

During the reporting period, the CEO's remuneration mix comprised 80% fixed remuneration and 20% 'at risk' LTI. The percentage of 'at risk' LTI assumes all applicable performance conditions are achieved in full. The CFO's remuneration comprised fixed remuneration only.

Company performance

The following table shows the financial performance of the Group during the reporting period from 19 February 2016 to 30 June 2016. Comparative numbers for the previous four financial years are not shown as the Company has been listed on the ASX only since 29 April 2016.

Key performance indicators for the reporting period

Sales revenue	$98.3 million
Net profit before tax	$0.8 million
Net loss after tax	($1.6) million
Basic earnings per share	(0.30) cents
Diluted earnings per share	(0.30) cents

The price for the Company's ordinary shares opened at $2.87 upon listing on 29 April 2016. The closing share price at 30 June 2016 was $3.09, an increase of 7.7%. Shares issued under the initial public offering had an issue price of $2.50 so that the closing share price at 30 June 2016 represented a 23.6% premium to that issue price. The Company has not paid or declared any dividends since listing consistent with the intention stated in the Prospectus.

(d) Non-Executive Directors' fees and arrangements

The Board, in accordance with the terms of the Company's Constitution, has determined the remuneration to which each Non- Executive Director is entitled for services as a Director. The total aggregate amount provided to all Non-Executive Directors for their services as Directors in any financial year must not exceed the amount fixed by the Company in a general meeting. This maximum aggregate amount is presently fixed at $1.0 million.

For the initial year following the Company's listing on the ASX, the annual base Non-Executive Directors' fees agreed to be paid by the Company to each Non-Executive Director except the Chairman is $120,000 (including applicable superannuation and committee fees). The fees payable to Non-Executive Directors may be reviewed and amended in subsequent years. Mr. Munz, Non-Executive Chairman, has waived his entitlement to any Non-Executive Director and committee fees for the initial three years following the Company's listing on the ASX.

Any Non–Executive Director who performs extra services, makes any special exertions for the benefit of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Non-Executive Director, may, as determined by the Board, be remunerated for those services out of funds of the Company. No such fees were paid or are payable for the reporting period. Directors may also be reimbursed for travel and other expenses incurred in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or committees of the Board.

There are no retirement benefit schemes for Directors other than applicable statutory superannuation contributions.

IPO specific arrangements for Non-Executive Directors

The Company issued 20,000 shares at an issue price of $2.50 per share ($50,000 value at issue date) to each of Russell Chenu, Stuart Crosby and Ross Dobinson in consideration for services provided to the Company prior to completion of the listing on the ASX. The shares were issued on 29 April 2016. These arrangements were disclosed in the Prospectus.

(e) Senior Executive remuneration structure

Fixed Remuneration

The terms of employment for the Senior Executives contain:

- a fixed annual remuneration component comprising base salary and applicable superannuation/pension fund contributions; and
- other approved benefits (which may include items such as motor vehicles, mobile phone, travel allowances and health cover).

Senior Executives are offered a competitive fixed remuneration which is reviewed in accordance with the terms of the Senior Executive's Service Agreement to ensure remuneration is competitive with the market and meets the responsibilities of the position.

Short term incentive

The Company has not adopted a formal short term incentive ("**STI**") plan. However, cash bonuses may be awarded at the discretion of the Company. In determining if a cash bonus will be awarded, consideration is given to achievement of agreed key performance objectives, the overall performance of the Group and/or relevant divisional performance. Cash bonuses will not generally exceed 25% of the Senior Executive's fixed remuneration.

The Nomination and Remuneration Committee reviews and makes recommendations to the Board as to whether or not a STI entitlement should be made to eligible Senior Executives. The Senior Executives did not receive or become entitled to receive a cash bonus or STI award during the reporting period.

Long term incentive

The Company has established the Reliance Worldwide Corporation Limited Equity Incentive Plan ("**Plan**") to assist in the motivation, retention and reward of eligible executives. The Plan is designed to align the interests of employees with the interests of shareholders by providing an opportunity for selected eligible employees to receive an equity interest in the Company. The Plan provides flexibility for the Company to grant rights, options and/or restricted shares as incentives, subject to the terms of individual offers and the satisfaction of performance conditions determined by the Board from time to time.

The CEO is the only employee to receive a grant under the Plan ("**LTI Grant**") to date. Details of the LTI Grant made to the CEO are set out in section (h) and a summary of the terms of the Plan are set out below.

Type of award	The CEO's LTI Grant was delivered in the form of 4,000,000 options ("**Options**"). Each Option entitles the CEO to acquire an ordinary share in the Company subject to meeting specific vesting conditions and payment of an exercise price. The Options were granted for nil consideration as they form part of the CEO's remuneration.
Performance Period	From the date of the listing (29 April 2016) until 30 June 2022.

Vesting conditions	The Options will vest and become excriseable subject to the satisfaction of a gateway hurdle and two performance conditions. The Board considers these vesting conditions to be an appropriate combination of stretch financial hurdles directly linked to Company performance and reflecting shareholder interests; and as a mechanism which assists in the retention of the CEO. **1. Gateway hurdle** None of the Options will vest unless the CEO remains employed by the Group until 30 June 2022. **2. Performance conditions** In addition to the gateway hurdle, the Options are subject to two performance conditions as follows: • 30% of the Options ("**NPAT Options**") will be subject to a net profit after tax ("**NPAT**") performance condition, which is based on the Company meeting or exceeding its pro forma NPAT forecast for the year ended 30 June 2017 of $62.6 million, as stated in the Prospectus ("**NPAT Hurdle**"); • 70% of the Options ("**TSR Options**") will be subject to a relative total shareholder return ("TSR") performance condition, which compares the TSR performance of the Company since listing with the TSR performance of each of the entities in the S&P ASX200 Index (excluding mining and energy companies) over the period from 29 April 2016 to 30 June 2021 ("**TSR Hurdle**"). The percentage of Options that vest in relation to the TSR Hurdle, if any, will be determined by reference to the following vesting schedule: **Relative TSR Ranking** — **% of Options that vest subject to the TSR Hurdle** Below 50th percentile — Nil 50th percentile — 50% Between 50th and 75th percentile — Pro rata straight line vesting between 50% to 100% 75th percentile or above — 100% The number of Options that vest and become exercisable (if any) will be determined, shortly after the end of the Performance Period. Any Options that remain unvested will lapse immediately. NPAT was chosen as a performance condition as it measures the net profit of the business and is used to determine the earnings per share achieved for the relevant reporting period. Relative TSR measures the performance of an ordinary share (including the value of any cash dividend and any other shareholder benefits paid during the period) against total shareholder return performance of constituents of the S&P ASX200 Index (excluding mining and energy companies), over the same period. Relative TSR has been chosen because, in the opinion of the Board, it provides the most direct link to shareholder return. No reward is achieved unless the Company's TSR is higher than the median of this comparator group. The starting point for measuring the Company's TSR performance is the $2.50 issue price for the shares issued under the Prospectus.
Process for assessing the vesting conditions	Calculation of NPAT and achievement against the NPAT Hurdle will be determined by the Board or Nomination and Remuneration Committee based on the audited FY2017 financial results. Relative TSR performance is independently assessed against a peer group comprising constituents of the S&P ASX 200 Index (excluding mining and energy companies) in accordance with pre-determined TSR methodology. No retesting is permitted.
Exercise of Options	The Options will vest and become exercisable if the relevant vesting conditions have been met. The CEO may then exercise any vested Options by 30 June 2031. After 30 June 2031, any unexercised Options will lapse.
Voting and dividend rights	Options do not carry any voting or dividend rights prior to vesting and exercise.
Cessation of employment	If the CEO ceases to be employed by Reliance, any unvested Options will lapse unless the Board determines otherwise in its absolute discretion. If Options have vested but are unexercised: • Where the CEO is terminated for cause, the vested Options will lapse unless the Board determines otherwise; • Where the CEO ceases employment for any other reason, the vested Options will remain on foot for the original exercise period.
Change of control	Where there is likely to be a change of control, the Board has the discretion to accelerate vesting of some or all of the Options. If a change of control occurs before the Board exercises its discretion, a pro-rata portion of the Options (equal to the portion of the relevant Performance Period that has elapsed up to the change of control) will vest. The Board retains a discretion to determine whether the remaining unvested Options will vest or lapse.

(f) Service Agreements of Senior Executives

Employment and remuneration arrangements of the Senior Executives are formalised in written service agreements between the Senior Executive and a member of the Group. The key terms and conditions of the employment contracts of the Senior Executives are set out below. The remuneration arrangements were set after having regard to arrangements for comparable companies considered by both size, industry and geography.

Heath Sharp, Managing Director and Chief Executive Officer

Term	Heath Sharp is employed by Reliance Worldwide Corporation (a company in the Group which carries on operations in the USA) for an initial period of four years from the date of listing (29 April 2016). Thereafter, one year rolling periods unless either party provides 90 days notice of non-renewal.
Notice	*Termination by the employer* • Heath's employment may be terminated by the employer without cause (excluding due to death or disability) upon giving 90 days written notice. • Heath's employment may be terminated by the employer for cause at any time. *Termination by Heath Sharp* • Heath may terminate his employment with good reason upon giving 90 days written notice and allowing a subsequent cure period. • Where Heath terminates without good reason, he needs to provide 12 months written notice.
Termination payments	• Where Heath's employment is terminated by the employer without cause, he is entitled to 24 months severance pay (inclusive of any notice period), plus accrued entitlements. He is also eligible for a pro rata bonus for the days he was employed during the fiscal year and payment of health insurance premiums. • Where the employer provides notice of non-renewal, Heath is entitled to his accrued entitlements and 12 months severance pay. He is also eligible for a pro rata bonus for the days he was employed during the fiscal year and payment of health insurance premiums during the period of severance pay. • Where Heath provides notice of non-renewal, he is entitled to receive his accrued entitlements (excluding any earned but unpaid performance bonus) and continuation of applicable welfare and health benefits entitlements.
Restraint	Heath's employment agreement contains a restraint of trade, which operates for a maximum period of 24 months following cessation of employment.

Terry Scott, Group Chief Financial Officer

Term	Terry Scott is employed by the Company for two years from the date of listing (29 April 2016).
Notice	*Termination by the Company* • Terry's employment may be terminated without cause by the Company upon giving three months written notice. • Terry's employment may also be terminated by the Company without notice in certain circumstances including serious misconduct. *Termination by Terry Scott* • Terry has agreed not to give notice during the term of his employment agreement.
Termination payments	The Company has discretion to make a payment in lieu of part or all of the notice period.
Restraint	Terry's employment agreement contains a restraint of trade, which operates for a maximum period of 12 months following cessation of employment.

The Corporations Act restricts the termination benefits that can be provided to KMP on cessation of their employment, unless shareholder approval is obtained. The shareholders of the Company and Reliance Worldwide Corporation, as applicable, have approved the termination arrangements of KMP at general meetings held on 11 April 2016.

(g) Options granted to Senior Executives

Details of the Options granted to KMP during the reporting period are set out below. The CEO was the only member of KMP to be granted Options in the reporting period. None of the Options granted to the CEO vested or were forfeited during the reporting period and none of the Options are presently capable of being exercised.

Senior Executive	Number granted	Grant date[1]	Grant price	Fair value per Option at Grant date[2]	Exercise price per Option
Heath Sharp	4,000,000	28 April 2016	$nil	NPAT Options - $0.64 TSR Options – $0.585	$2.50

1 Date of grant determined in compliance with Australian Accounting Standards requirements. Final date of issue was 5 May 2016.
2 Based on an independent valuation which used the Black Scholes model.

(h) Movements in Options held by Senior Executives

The following table sets out the movement during the reporting period of Options held by each Senior Executive.

Name	Balance at beginning of period	Granted upon completion of IPO (number)	Granted ($ value[1])	Vested (number)	Vested ($ value)	Exercised (number)	Exercised ($ value)	Lapsed (number)	Lapsed ($ value)	% Lapse/ Forfeited	Balance at 30 June 2016
Heath Sharp	–	4,000,000	2,406,000	–	–	–	–	–	–	–	4,000,000
Terry Scott	–	–	–	–	–	–	–	–	–	–	–

1 The value of Options granted in the year is the fair value assessed using the Black Scholes model and prepared as at the Grant date.

(i) KMP shareholdings

Movements in the number of shares held by Non-executive Directors and Senior Executives, either directly or indirectly through personally related entities, during the reporting period are set out below.

Name	Held at listing date following completion of IPO	Received as remuneration	Received on exercise of Options	Other net change	Held at 30 June 2016
Jonathan Munz	157,500,000	–	–	–	157,500,000
Russell Chenu	40,000	–	–	–	40,000[1]
Stuart Crosby	100,000	–	–	–	100,000[1]
Ross Dobinson	20,000	–	–	–	20,000[1]
Heath Sharp	800,000	–	–	–	800,000
Terry Scott	640,000	–	–	–	640,000

1. Includes 20,000 shares received under specific arrangements for Non-Executive Directors as stated in the Prospectus.

Acquisition of the Shares held by Heath Sharp and Terry Scott was funded from the proceeds of an incentive payment received by each of them from GSA Group in recognition of past services provided (as disclosed in the Prospectus). These Shares are subject to a 2 year voluntary escrow arrangement.

(j) Other statutory disclosures

Material contracts with Related Parties

The Company and GSA Industries Pty Ltd, a wholly owned subsidiary of GSA Group and an entity associated with Mr Jonathan Munz, have entered into a shared facilities and services agreement dated 3 March 2016 ("Shared Services Agreement") under which the Company will share premises with GSA Group in Melbourne and be permitted to use certain facilities such as office space and car parking and will have signage rights. The initial term of the Shared Services Agreement is two years (which may be renewed by either party by giving six months notice to the other party). The Company must pay an annual fee of approximately $100,000 (plus GST) to GSA Industries Pty Ltd for the use of these facilities and services. The Shared Services Agreement came into effect from the date of the Company's listing on the ASX. The Shared Services Agreement is on terms that are more favorable to the Company than arm's length terms.

The Company incurred $40.2 million of costs directly associated with the Prospectus and listing on the ASX. These costs were paid by GSA Group as agent for the Company. The Company reimbursed GSA Group for these costs from the proceeds of the capital raising.

There were no other material contracts between a KMP or a related party and the Company or any of its subsidiaries entered into during the reporting period.

Loans with KMP

No KMP has entered into a loan made, guaranteed or secured, directly or indirectly, with or by the Company or any of its subsidiaries during the reporting period.

(k) KMP remuneration

Details of the remuneration of each member of KMP for the period covered by the Remuneration Report are set out below. The table includes the statutory disclosures required under the Corporations Act and is in accordance with Accounting Standards.

	Short Term				Post-employment		Other long term statutory benefits	Termination benefits	Share based payments		Total
	Cash salary & fees $	STI cash bonus $	Non-monetary benefits $	Other short term benefits $	Super-annuation or pension plan benefits $	Other Post employment $	Long service leave $	$	Shares $	Options $	$
Non-Executive Directors											
Jonathan Munz[1]	–	–	–	–	–	–	–	–	–	–	–
Russell Chenu	18,265	–	–	–	1,735	–	–	–	–	–	20,000
Stuart Crosby	18,265	–	–	–	1,735	–	–	–	–	–	20,000
Ross Dobinson	20,000	–	–	–	–	–	–	–	–	–	20,000
Senior Executives											
Heath Sharp[2]	235,405	–	39,168	2,328	–	–	–	–	–	65,027	341,928
Terry Scott[3]	145,122	–	–	–	3,218	–	2,501	–	–	–	150,841
Total	**437,057**	**–**	**39,168**	**2,328**	**6,688**	**–**	**2,501**	**–**	**–**	**65,027**	**552,769**

1 Mr. Munz has waived his entitlement to any Non-Executive Director or Committee fees for the initial three years following the Company's listing on the ASX.

2 Annual fixed remuneration of US$1,150,000 plus benefits, including pension plan contributions.

3 Annual fixed remuneration of $800,000, including superannuation and any approved benefits.

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Reliance Worldwide Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial period ended 30 June 2016 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Paul J McDonald

Paul McDonald
Partner

Melbourne
29 August 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period 19 February 2016 to 30 June 2016

	Note	2016 $000
Revenue		
Revenue from sale of goods		98,290
Cost of sales		(59,411)
Gross profit		**38,879**
Other income		520
Product development expenses		(1,990)
Selling, warehouse and marketing expenses		(14,887)
Administration expenses		(8,189)
Other expenses	4	(12,545)
Operating profit		**1,788**
Finance income	5	39
Finance costs	5	(988)
Net finance costs		**(949)**
Profit before tax		839
Income tax expense	7	(2,437)
(Loss) for the period attributable to the Owners of the Company		**(1,598)**
Other Comprehensive (loss)		
Items that may be classified to profit or loss:		
Foreign currency translation differences		(3,269)
Total comprehensive (loss) for the period attributable to the Owners of the Company		**(4,867)**
Earnings per share		**cents**
Basic earnings per share attributable to ordinary equity holders	6	(0.30)
Diluted earnings per share attributable to ordinary equity holders	6	(0.30)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	2016 $000
Assets		
Current assets		
Cash and cash equivalents	17	35,648
Trade and other receivables	8	94,964
Inventories	9	119,109
Prepayments		4,655
Total Current Assets		**254,376**
Non-Current		
Property, plant and equipment	10	107,835
Deferred tax assets	7	15,056
Goodwill	11	44,570
Other intangible assets	12	1,238
Total Non-Current Assets		**168,699**
Total Assets		**423,075**
Liabilities		
Current liabilities		
Trade and other payables	13	64,762
Loans and borrowings	14	446
Current tax liabilities		169
Employee benefits	15	4,355
Total Current Liabilities		**69,732**
Non-Current Liabilities		
Loans and borrowings	14	163,123
Deferred tax liabilities	7	18,402
Employee benefits	15	4,831
Total Non-Current Liabilities		**186,356**
Total Liabilities		**256,088**
Net Assets		**166,987**
Equity		
Share capital	18	1,272,732
Reserves	20	(1,104,147)
Retained earnings / (accumulated losses)		(1,598)
Total Equity		**166,987**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period 19 February 2016 to 30 June 2016

	Note	Share Capital $000	Foreign Currency Translation Reserve $000	Merger Reserve $000	Share Based Payment Reserve $000	Accumulated Losses $000	Total Equity $000
Balance at 19 February 2016		–	–	–	–	–	–
Profit/(loss) for the period		–	–	–	–	(1,598)	(1,598)
Foreign currency translation Reserve	20	–	(3,269)	–	–	–	(3,269)
Total comprehensive income		**–**	**(3,269)**	**–**	**–**	**(1,598)**	**(4,867)**
Transactions with owners of the Company							
Issue of ordinary shares	18	1,296,700	–	–	–	–	1,296,700
Effect of Restructure	3	–	–	(1,100,943)	–	–	(1,100,943)
Share based payments	20	–	–	–	65	–	65
Capital raising costs incurred net of tax benefit		(23,968)	–	–	–	–	(23,968)
Total transactions with owners of the Company		**1,272,732**	**–**	**(1,100,943)**	**65**	**–**	**171,854**
Balance at 30 June 2016		**1,272,732**	**(3,269)**	**(1,100,943)**	**65**	**(1,598)**	**166,987**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period 19 February 2016 to 30 June 2016

	Note	2016 $000
Cash flows from operating activities		
Receipts from customers		107,461
Payments to suppliers and employees		(81,817)
Other income		520
Net cash from operating activities		**26,164**
Cash flows from investing activities		
Purchase of property, plant and equipment		(2,514)
Proceeds from sale of property, plant and equipment and development incentives received		992
Purchase of intangibles		(183)
Net cash outflow upon acquisition of business operations		(1,025,880)
Net cash used in investing activities		**(1,027,585)**
Cash flows from financing activities		
Proceeds from issue of shares		918,750
Drawdown of bank loans		160,000
Repayment of bank loans		(446)
Interest received		39
Interest paid - other persons and corporations		(988)
Capital raising costs paid		(40,282)
Net cash from financing activities		**1,037,073**
Net change in cash and cash equivalents		35,652
Cash and cash equivalents at the start of the year		–
Effect of movements in exchange rates on cash held		(4)
Cash and cash equivalents at the end of the year	17	**35,648**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Significant accounting policies

(a) Reporting Entity

Reliance Worldwide Corporation Limited (the "**Company**" or "**Reliance**") is a limited liability company which was incorporated on 19 February 2016 and is domiciled in Australia.

The Company's registered office is at Level 54, 525 Collins Street, Melbourne, Victoria.

The principal activities of Reliance and its subsidiaries are the design, manufacture and supply of high quality, reliable and premium branded water flow and control products and solutions for the plumbing industry.

(b) Statement of Compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The Company is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 August 2016

(c) Basis of preparation

These consolidated financial statements:

comprise the Company and its subsidiaries, together referred to as the "**Group**", for the reporting period ended 30 June 2016 and commencing on the incorporation date of the Company;

- have been prepared on a going concern basis using historical cost conventions;
- are presented in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 values are rounded to the nearest thousand dollars, unless otherwise stated. Where an amount is $500 or less the amount is rounded to zero, unless otherwise stated.
- adopt all new and amended AASBs and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or before 19 February 2016; and
- do not early adopt any AASBs and Interpretations that have been issued or amended but are not yet effective.

Financial statements of the subsidiaries are prepared using consistent accounting policies. The principal accounting policies adopted in the preparation of the consolidated financial report are set out below. This is the first financial report for the Group. Accordingly, no comparative figures are shown.

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value as there are identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in the profit or loss account immediately. Transaction costs are expensed as incurred except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss account.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in the profit or loss account.

The Company acquired the entities that carry on the operations of Reliance Worldwide Corporation during the reporting period. There was common control of the businesses that were acquired pre and post-acquisition. As a result, the Company has accounted for the transaction as a restructure. Consequently, the acquired assets and liabilities are booked at the carrying values that existed at the time of the transaction. Any consideration in excess of the net assets acquired is booked in a reserve in equity. Further details of the transaction are provided at Note 3.

1 Significant accounting policies (continued)

(c) Basis of preparation (continued)

(ii) Principles of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(d) Foreign Currency

The individual financial statements of each entity comprising the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of these consolidated financial statements, Australian dollars is the presentation currency, which is also the functional currency of the Company.

(i) Foreign currency transactions

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transaction.

(ii) Foreign Operations

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at average exchange rates. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in Net Investment within Foreign Currency Translation Reserve ("FCTR"). The FCTR comprises all foreign currency differences arising from the translation of the financial statements of the foreign operations

(e) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Information about judgements and estimates made in applying accounting policies that may have a significant effect on amounts recognised in the consolidated financial statements is included in the following notes:

- recognition of deferred tax assets and availability of future taxable profits against which carry forward tax losses and timing differences can be used (Note 1(h));
- recoverability of trade and other receivables (Note 1(j));
- estimation of net realisable value and possible obsolescence of inventories (Note 1(k)); and
- goodwill assets (Note 11).

1 Significant accounting policies (continued)

(f) Revenue recognition

(i) Sale of goods and services

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and title has passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) Interest income

Interest income is recognised in the income statement on an accruals basis, using the effective interest method.

(g) Financial Instruments

(i) Recognition, Initial Measurement and De-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. The Group's activities expose it primarily to financial risks of changes in exchange rates and interest rates.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Subsequent to initial recognition, financial assets and liabilities are measured at fair value and changes therein are recognised in the profit or loss. Trade and other receivables are measured as described in Note 1(j).

Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire or when the financial asset and all the substantial risks and benefits are transferred. Financial liabilities are derecognised when they are extinguished, discharged, cancelled or they expire.

(ii) Derivative financial instruments

The Group may hold derivative financial instruments to hedge its foreign currency risk exposures. Derivative financial assets are classified as cash flow hedges. No derivative financial instruments were held at 30 June 2016.

(iii) Non-derivative financial instruments

Non-derivative financial assets are classified into the following categories: (a) cash and cash equivalents and (b) trade and other receivables. Cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Non-derivative financial liabilities are classified into the following categories: (a) trade and other payables and (b) loans and borrowings.

(h) Income tax

Income tax expense comprises current and deferred tax. It is recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to a business combination or items recognised directly in equity.

(i) Current tax

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from profit before tax as reported in the consolidated Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

1 Significant accounting policies (continued)

(h) Income tax (continued)

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates enacted or substantively enacted at the reporting period.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and tax liabilities on a net basis.

(iii) Australian tax consolidated group

The Company and its Australian incorporated wholly owned subsidiaries have formed a tax consolidated group with effect from 3 May 2016 whereby the members of that group are taxed as a single entity. The head entity of the tax consolidated group is Reliance Worldwide Corporation Limited. The head entity and each subsidiary member of the tax consolidated group is party to a Tax Sharing Agreement and a Tax Funding Agreement whereby each member of that group is only liable for its contribution amount calculated in accordance with the Agreement rather than being jointly and severally liable for group tax liabilities.

(i) Finance and borrowing costs

The Group's finance income and finance costs include:

- Interest income
- Interest expense

The Group accrues interest income and interest expense for amounts receivable and payable at reporting date.

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost less any provision for doubtful debts.

Credit terms are generally between 0 and 30 days depending on the nature of the transaction. Collectability of trade receivables is reviewed on an ongoing basis. The carrying amount of trade receivables is reduced through the use of an allowance account and the amount of the loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as an appropriate portion of related fixed and variable production overheads, based on normal operating capacity. Costs are assigned on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and any applicable selling expenses.

1 Significant accounting policies (continued)

(l) Employee benefits

(i) Short and long term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and leave entitlements in the period the related service is rendered. Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(ii) Retirement benefits costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees render the service entitling them to the contributions.

(iii) Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(iv) Share based payments

The fair value of equity settled share based payment awards granted to employees is recognised as an expense with a corresponding increase in equity over the vesting period of the grant.

(m) Property, plant and equipment

(i) Recognition and measurement

Each class of property, plant and equipment is measured at cost less, where applicable, accumulated depreciation and impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is included in the Statement of Profit or Loss and Other Comprehensive Income.

(ii) Subsequent expenditure

Subsequent expenditure is only capitalised when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is recognised so as to write off the cost of property, plant and equipment (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of property, plant and equipment are as follows:

• Buildings	25 - 40 years
• Leasehold improvements	5 - 40 years
• Plant and equipment	3 - 20 years
• Furniture and office equipment	3 - 10 years
• Motor vehicles	5 - 10 years

(n) Impairment of non-financial assets

Property, plant and equipment, goodwill, and other intangible assets are tested for impairment:

- where there are indicators that an asset may be impaired; and
- at least annually for goodwill.

Impairment losses, if any, are recognised in the statement of profit or loss and other comprehensive income.

(o) Intangible assets including goodwill

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, it is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Intellectual property and license fees

Intellectual property consists of technical drawings and certifications and is recorded at cost less accumulated amortisation and any accumulated impairment losses. License fees relate to the accounting and reporting platform being implemented throughout the Group. Intellectual property and license fees are amortised on a straight-line basis over a period of ten years.

1 Significant accounting policies (continued)

(o) Intangible assets including goodwill (continued)

(iii) Research and development

Research costs are charged to the profit or loss account as incurred. Development expenditure is only capitalised if it can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the profit and loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. The amortisation of intangible assets is allocated to other expenses as inventory is sold.

(p) Operating leases

Operating lease payments for leases of assets where substantially all of the risks and benefits of ownership remain with the lessor are recognised in the profit and loss account on a straight-line basis over the term of the lease. Assets that are subject of operating leases are not recognised in the Group's Statement of Financial Position.

(q) Goods and services tax - Australia

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented on a gross basis. The GST components arising from investing and financing activities are presented as operating activities. Any commitments are disclosed net of GST.

(r) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts are repayable on demand and any bank overdraft is included as a component of cash and cash equivalents in the balance sheet.

(s) New accounting standards and interpretations

The following relevant Australian Accounting Standards and Interpretations have been issued or amended but are not yet effective and have not been early adopted by the Group:

AASB 9: Financial Instruments. Application date 1 January 2018. The standard proposes a revised framework for the classification and measurement of financial instruments.

AASB 15: Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards Arising from AASB 15. Application date 1 January 2018. The standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

AASB: 16 Leases. Application date 1 January 2019. The standard removes the classification of leases as either operating leases or finance leases for the lessee, effectively treating all leases as finance leases. This will effectively move all off-balance sheet operating leases onto the balance sheet that is similar to current finance lease accounting.

The possible impact of these standards on the Group's financial statements is being assessed.

2. Segment reporting

Segment information is presented in a manner which is consistent with the internal reporting to the Chief Executive Officer, who is the chief operating decision maker in the allocation of resources and assessing the performance of the operating segments of the Company.

The Group's regionally based segments are based on geographical operation of the business and comprise:

- Asia Pacific, including Australia and New Zealand
- Americas, including the United States of America and Canada
- EMEA, including the United Kingdom and Spain

The major products from which the aforementioned segments derive revenue are:

- Fittings and Pipe - including plumbing fittings, piping and related products for the installation and repair of water reticulation systems for domestic and commercial applications;
- Control Valves - including temperature and pressure relief valves for domestic and commercial storage hot water systems, non-return isolating valves, pressure regulation valves, backflow prevention devices and specialist water safety valves;
- Thermostatic Products - including an extensive range of thermostatic mixing valves, tempering valves and thermostatic cartridges for domestic and commercial applications; and
- Other Products - including underfloor heating components and kit systems, water meters, industrial pneumatic and hydraulic fittings, water mains connection fittings and repair sleeves and fire safety system products.

2. Segment reporting (continued)

Revenue by product group for the period ended 30 June 2016 includes:

	2016 $000
Fittings and Pipe	63,248
Control Valves	18,365
Thermostatic Products	5,302
Other Products	11,375
	98,290

The Group has one significant customer representing greater than 10% of the Group's annualised revenue. This customer is in the Americas segment and contributed $30.2 million of the Group's revenue in the reporting period

2016	Asia Pacific $000	Americas $000	EMEA $000	Corporate/ Other $000	Elimination $000	Consolidated Total $000
Revenue						
From external customers	28,640	61,734	7,916	–	–	98,290
From other segments	19,187	354	2	–	(19,543)	–
Segment revenues	**47,827**	**62,088**	**7,918**	**–**	**(19,543)**	**98,290**
Cost of sales	(33,087)	(40,085)	(5,782)	–	19,543	(59,411)
Gross profit	**14,740**	**22,003**	**2,136**	**–**	**–**	**38,879**
Other income	388	69	63	–	–	520
Product development expenses	(1,100)	(568)	(322)	–	–	(1,990)
Selling and marketing expenses	(4,529)	(8,674)	(1,684)	–	–	(14,887)
Administration expenses	(3,320)	(3,947)	(597)	(325)	–	(8,189)
Other expenses	(135)	(222)	(104)	(12,084)	–	(12,545)
Segment operating profit	**6,044**	**8,661**	**(508)**	**(12,409)**	**–**	**1,788**
Segment assets	183,199	193,302	34,916	11,658	–	423,075
Segment liabilities	40,887	40,511	11,193	163,497	–	256,088
EBITDA after significant items	8,099	9,878	(317)	(12,409)	–	5,251
Depreciation of property plant and equipment	(2,010)	(1,112)	(191)	–	–	(3,313)
Amortisation of intangible assets	(45)	(105)	–	–	–	(150)
Employee benefits expense	(6,802)	(4,476)	(1,578)	–	–	(12,856)
Interest income	–	–	3	36	–	39
Interest expense	–	–	(26)	(962)	–	(988)
Income tax expense	(1,882)	(7,028)	201	6,272	–	(2,437)
Additions to non-current assets	1,073	1,127	312	2	–	2,514
Non-current assets excluding other financial assets and deferred tax assets	89,155	55,006	9,480	2	–	153,643

3 Restructure

Summary

The Company, through a wholly owned subsidiary, acquired from GSA Group the issued shares of Reliance Worldwide Corporation (Aust.) Pty Ltd on 6 April 2016, and Reliance Worldwide Pty Ltd on the 7 April 2016 and the non-Australian companies of the Reliance Worldwide group on 3 May 2016 ("**Restructure**").

The Directors have elected to account for the effect of the Restructure as a common control transaction in accordance with the provisions of AASB3 Business Combinations. In the Directors' opinion, the continuation of existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable for listing on the ASX and most appropriately reflects the substance of the Restructure.

As such, the consolidated financial statements of Reliance Worldwide Corporation Limited have been presented as a continuation of the pre-existing accounting values of assets and liabilities prior to acquisition from the GSA Group.

(a) Consideration transferred

The acquisition date fair value of the consideration transferred was:

	2016 $000
Cash	1,038,477
Equity issued	377,950
Total consideration transferred	**1,416,427**

(b) Identifiable assets acquired and liabilities assumed

	2016 $000
Identifiable assets	
Cash and cash equivalents	12,597
Trade and other receivables	101,992
Inventories	122,670
Prepayments	5,366
Deferred tax assets	8,022
Property plant and equipment	107,735
Goodwill	44,348
Intangible assets	1,193
Total identifiable assets acquired	**413,923**
Identifiable liabilities	
Trade and other payables	64,740
Loans and borrowings	4,597
Current tax liabilities	585
Deferred tax liabilities	10,263
Employee entitlements	8,254
Total liabilities assumed	**188,439**
Net identifiable assets acquired	**315,484**

(c) Merger reserve

The Restructure is accounted for as a common control transaction. Consideration in excess of book value upon acquisition has been booked to a Merger reserve.

	2016 $000
Net identifiable assets acquired	315,484
Consideration transferred	1,416,427
Excess of consideration over net assets acquired taken to Merger reserve	**1,100,943**

4. Other expenses

Other expenses for the period to 30 June include capital raising costs expensed $12,084,459.

5. Finance income and finance costs

	2016 $000
Finance income for the period 19 February 2016 to 30 June 2016 consists of the following:	
Interest income from cash and cash equivalents:	**39**
Finance costs for the period 19 February 2016 to 30 June 2016 consist of the following:	
Interest and borrowing expense on loans and borrowings from:	
Other persons and corporations	**(988)**

6. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share has been based on the following profit / (loss) attributable to ordinary shareholders and weighted average number of shares.

	2016 $000
Profit / (loss) attributable to ordinary shareholders	(1,598)

	Number of shares
Weighted average number of ordinary shares at 30 June 2016 (basic)	525,000,000

	cents
Basic earnings per share	**(0.30)**

(b) Diluted earnings per share

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of shares after adjustment for the effects of all dilutive potential ordinary shares.

	2016 $000
Profit / (loss) attributable to ordinary shareholders	(1,598)
Changes in earnings arising from dilutive potential ordinary shares	–
	(1,598)

	Number of shares
Weighted average number of ordinary shares at 30 June 2016 (diluted)	
– Issued ordinary shares	525,000,000
– Effect of share options on issue	4,000,000
	529,000,000

	Cents
Diluted earnings per share	**(0.30)**

7. Income tax expense

(a) Reconciliation of prima facie tax expense to income tax expense recognised in the consolidated income statement

The major components that reconcile the expected income tax expense based on the Australian statutory rate of tax of the Group at 30% to the reported actual income tax expense in the profit and loss are as follows:

	2016 $000
Profit before income tax	839
Prima facie income tax expense at 30%	(251)
Tax effect of items which increase / (decrease) tax expense:	
Effect of tax rates in foreign jurisdictions	295
Tax effect of amounts which are not deductible / (assessable) in calculating taxable income:	
Non-deductible expenses IPO costs	(1,813)
Other non- deductible expenses	(63)
Assessable step down amounts on tax consolidation	(232)
Non assessable income	103
Adjustments for prior years	29
Other	(505)
Actual income tax expense reported in the consolidated income statement	**(2,437)**

(b) Components of income tax:

	2016 $000
Current tax	(1,331)
Deferred tax	(1,106)
	(2,437)

(c) Deferred tax balances

	Opening Balance $'000	Acquired in Restructure $'000	Recognised in Profit and loss $'000	Total $'000
Deferred tax assets				
Employee benefits	–	2,533	288	2,821
Other provisions	–	4,642	607	5,249
IPO costs deductible in future periods	–	–	6,042	6,042
Other items giving rise to deferred tax assets	–	847	97	944
Total		**8,022**	**7,034**	**15,056**
Deferred tax liabilities				
Property plant and equipment	–	(8,703)	(3,323)	(12,026)
Unrealised foreign exchange movements	–	(74)	(5,944)	(6,018)
Difference between State and Federal written down values (USA)	–	(1,273)	1,232	(41)
Other items giving rise to a deferred tax liability	–	(212)	(105)	(317)
Total	**–**	**(10,262)**	**(8,140)**	**(18,402)**

8. Trade and other receivables

	2016 $000
Trade debtors	87,389
Less: provision for doubtful debts	(45)
	87,344
Other debtors	7.620
	94,964

Information about the Group's exposure to credit and market risks for trade and other receivables is included in Note 24.

9. Inventories

	2016 $000
At cost	
Raw materials and stores	56,349
Consumables	192
Work in progress	12,643
Finished goods	55,895
	125,079
Less: provision for diminution	(5,970)
	119,109

10. Property, plant and equipment

	2016 $000
Carrying amounts of:	
Freehold land	203
Buildings	16,310
Leasehold improvements	2,465
Plant and equipment	78,435
Furniture and office equipment	7,815
Motor vehicles	2,607
	107,835

2016	Freehold Land $000	Buildings $000	Leasehold Improvements $000	Plant & Equipment $000	Furniture & Office Equipment $000	Motor Vehicles $000	Consolidated Total $000
Cost							
Balance as at 19 February 2016	–	–	–	–	–	–	–
Acquired through restructure – Note 3	198	18,317	4,826	149,400	23,307	6,220	202,268
Additions	–	493	2	1,611	307	101	2,514
Disposals	–	–	–	(932)	(1,380)	(432)	(2,744)
Net effect of change in exchange rates	5	446	(44)	887	317	(49)	1,562
Balance as at 30 June 2016	203	19,256	4,784	150,966	22,551	5,840	203,600
Accumulated depreciation							
Balance as at 19 February 2016	–	–	–	–	–	–	–
Acquired through restructure – Note 3	–	(2,788)	(2,264)	(70,678)	(15,457)	(3,346)	(94,533)
Depreciation expense	–	(90)	(81)	(2,501)	(493)	(148)	(3,313)
Disposals	–	–	–	904	1,375	230	2,509
Net effect of change in exchange rates	–	(68)	26	(256)	(161)	31	(428)
Balance as at 30 June 2016	–	(2,946)	(2,319)	(72,531)	(14,736)	(3,233)	(95,765)
Net carrying amount as at 30 June 2016	**203**	**16,310**	**2,465**	**78,435**	**7,815**	**2,607**	**107,835**

11. Goodwill

Goodwill had been previously recognised by Reliance Worldwide Corporation (Aust.) Pty Ltd and Reliance Worldwide Corporation (NZ) Limited on business acquisitions made prior to the Restructure.

For the purposes of impairment testing, goodwill is allocated to cash generating units ("CGU"), or groups of cash generating units expected to benefit from the synergies. Each unit or group of units to which goodwill has been allocated shall:

- Represent the lowest level at which it is internally monitored; and
- Not be larger than a segment.

Goodwill at 30 June 2016 is monitored at the segment level and accordingly testing of goodwill is also undertaken at the segment level. Asia Pacific is the only segment which has a carrying amount of goodwill

Reliance Worldwide Corporation Limited has assessed the goodwill and determined the goodwill is recoverable. The recoverable amount of goodwill has been assessed utilising value in use methodologies.

The value in use assessment at 30 June 2016 was established using a discounted cash flow model which included the following key assumptions:

- a 5 year forecast period with cash flow projections based on approved operating budgets;
- used after tax discount rates ranging from 7.5% to 9.75%, based on cost of capital and business risk assessments;
- assumed average growth rate of 3.0% revenue based on business assessments; and
- terminal period growth rate of 3.0% based on business assessments.

The value in use calculations are sensitive to changes in the above assumptions. The value in use will vary depending on the assumptions and forecast data used in the impairment testing. Management have performed sensitivity analysis to examine the effect of a change in a variable assumptions on the CGU that held goodwill. This analysis showed even if the assumptions were to change by plus or minus 5%, the resulting value in use would still not result in an impairment of goodwill at 30 June 2016.

	2016 $000
Opening balance at 19 February 2016	–
Acquired from restructure (Note 3)	44,348
Foreign currency exchange differences	222
Carrying value	**44,570**

12. Other intangible assets

Reliance has intellectual property protection worldwide with over 700 trademark registrations, industrial designs and patents and actively manages its intellectual property rights.

Intellectual property consists of technical drawings and approval certificates and is recorded at cost less accumulated amortisation and impairment losses. Intellectual property is amortised on a straight line basis over a period of 10 years.

Licence fees relate to the ERP platform being implemented throughout the Reliance Worldwide business operation. They are recorded at cost and amortised on a straight line basis over a period of 10 years.

Intellectual property	2016 $000
Cost	
Opening balance at 19 February 2016	–
Additions from restructure (Note 3)	2,586
Disposals	(2,307)
Foreign currency exchange differences	114
Balance at 30 June 2016	393
Accumulated Amortisation	
Opening balance at 19 February 2016	–
Additions from restructure (Note 3)	(2,124)
Amortisation	(105)
Disposals	2,307
Foreign exchange differences	(102)
Balance at 30 June 2016	(24)
Carrying value at 30 June 2016	**369**

Licence Fees	2016 $000
Cost	
Opening balance at 19 February 2016	–
Additions from restructure (Note 3)	1,367
Additions	183
Foreign currency exchange differences	–
Balance at 30 June 2016	1,550
Accumulated Amortisation	
Opening balance at 19 February 2016	–
Additions from restructure (Note 3)	(636)
Amortisation	(45)
Balance at 30 June 2016	(681)
Carrying value at 30 June 2016	869
Total cost	1,943
Total accumulated amortisation	(705)
Total intangibles	**1,238**

13. Trade and other payables

	2016 $000
Current:	
Trade payables	36,176
Other creditors and accruals	28,586
	64,762

14. Loans and borrowings

	Current 2016 $000	Non-current 2016 $000	Total 2016 $000
Secured:			
Bank loans	446	163,123	163,569
Total secured borrowings	**446**	**163,123**	**163,569**

(a) Bank loans

The Company has Banking facilities of $250 million which is available for drawing by way of cash advances, bank guarantees and overdrafts ("Facilities"). Separate sub limits apply to drawings by way of bank guarantees and overdrafts. The Facilities will mature on 30 September 2019.

The facility agreement contains financial covenants that the Company is in compliance with.

The security provided to support the Facilities is:

- Unlimited cross guarantees from each entity that comprises the Group, other than Reliance Worldwide Corporation (Europe) S.L.U. and Reliance's non-operating entities (Reliance Manufacturing Company (NZ) Limited, Titon Limited (both of which are incorporated under the laws of New Zealand) and Reliance Water Controls Limited (an entity incorporated under the laws of England and Wales) ("Guarantors");
- General security over all assets (or a specified list of assets) from each of the Guarantors, other than Reliance Worldwide Corporation (UK) Limited and certain of the intermediate holding companies;
- Specific share security from Reliance Worldwide Holdings (USA) Corporation over its shares in Reliance Worldwide Corporation (which carries on Reliance's operations in the USA); and
- A real property mortgage from Reliance Worldwide Corporation over a property in Cullman, Alabama, USA.

These Facilities have a variable interest rate which is based on the Bank Bill Swap Rate plus a margin.

The Group also has secured facilities in the United Kingdom ("UK") totalling £4.0 million including;

- Term loan facility of £2.0 million, with a maturity date of 31 August 2018. The term loan facility was drawn on 19 August 2015 and is repayable in three annual instalments (first two instalments of £0.25 million with the final instalment being for the outstanding balance); and
- Revolving credit facility of £2.0 million, with a maturity date of 31 August 2018;

The UK Facilities have a variable interest rate which is based on LIBOR plus a margin.

The UK Facilities contain a number of covenants provided by Reliance Worldwide Corporation (UK) Limited (which carries on Reliance's operations in the UK) that are tested annually which Reliance Worldwide Corporation (UK) Limited has complied with.

Security provided to support the UK Facilities includes an unlimited debenture from Reliance Worldwide Corporation (UK) Limited.

15. Employee benefits

Current:

Current employee entitlements include benefits for wages, salaries, annual leave, that are expected to be settled within twelve months of the reporting date. The amounts represent present obligations resulting from employees services provided to reporting date and are calculated at undiscounted rates based on current remuneration and wage rates including related on-costs such as workers compensation, insurance and payroll tax.

Non-Current:

Non-current employee entitlements include leave benefits that employees have earned in return for their continued service, pursuant to the Legislation and Regulations in the relevant jurisdictions. The entitlement is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates and is discounted back to present value.

	Current 2016 $000	Non-current 2016 $000	Total 2016 $000
Employee entitlements			
Opening balance	–	–	–
Acquired as a result of restructure (Note 3)	3,178	5,076	8,254
Charged to profit or loss	1,038	323	1,361
Paid during the period	(369)	(79)	(448)
Foreign currency exchange differences	16	3	19
Reclassification	492	(492)	-
Closing balance	**4,355**	**4,831**	**9,186**

16. Employee benefits expense

Employee benefits expenses recognised in the profit and loss are:

	2016 $000
Wages and salaries	12,030
Employee leave entitlements	1,612
Workers compensation premiums	164
Superannuation contributions	717
Payroll related taxes	742
Contract labour	1,570
Share based payment expense	65
Other payroll related expenses	343
	17,243
Recovered in costs of goods sold	(4,387)
	12,856

17. Cash and cash equivalents

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

	2016 $000
Cash on hand and at bank comprises:	
AUD	15,956
USD	15,722
GBP	2,288
Euro	203
NZD	339
CAD	1,140
	35,648
Less: bank overdrafts - AUD	–
Cash and cash equivalents in the statement of cash flows	**35,648**

(b) Reconciliation of cash flow from operations with profit from operations after income tax

Profit / (loss) from operations after income tax	(1,598)
Depreciation expense	3,313
Amortisation expense	150
Loss on disposal of non-current assets	26
Share based payments	65
Provision for impairment – trade debtors	(13)
Provision for obsolescence – inventory	532
Capital raising costs accounted for as financing cash flows	12,084
Interest expense accounted for as financing cash flows	988
Interest income accounted for as financing cash flows	(39)
Income taxes expensed but not paid	2,437
Changes in operating assets and liabilities:	
Trade and other receivables	4,231
Inventories	2,559
Prepayments	711
Trade and other payables	(196)
Employee entitlements	914
Net cash from operating activities	**26,164**

18. Share Capital

	Number of shares	Company 2016 $
Ordinary shares		
Issued as consideration for acquisition of Reliance Worldwide Corporation (Aust.) Pty Ltd	131,664,360	313,361,177
Issued as part consideration for acquisition of non-Australian subsidiary companies conducting Reliance Worldwide Corporation's business	25,835,640	64,589,100
Issued for cash in the initial public offer	367,500,000	918,750,000
Capital raising costs incurred net of recognised tax benefit	–	(23,967,509)
Total	**525,000,000**	**1,272,732,768**
Redeemable preference shares		
Issued on incorporation 19 February 2016	2	2

(a) Ordinary shares

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

(b) Redeemable preference shares

Redeemable preference shares were issued to incorporate the Company. The shares are non-voting and do not entitle the holder to dividends. These shares were issued to incorporate the Company.

19. Share based payments

The Company has granted 4,000,000 options under its Equity Incentive Plan. Further details on the terms and conditions of the options granted is provided in the Remuneration Report. Each option provides an entitlement to acquire an ordinary share in Reliance Worldwide Corporation Limited upon payment of the exercise price and meeting certain vesting criteria. These options are equity settled. No other options have been issued during the period.

	2016 $000
Share based payment expense recognised in the profit and loss:	65

20. Reserves

	2016 $000
Foreign currency translation reserve:	
Opening balance at 19 February 2016	–
Movement resulting from translation of financial statements of foreign subsidiaries net of tax impacts	(3,269)
	(3,269)
Merger reserve:	
Opening balance at 19 February 2016	–
Movement as a result of restructure (Note 3)	(1,100,943)
	(1,100,943)
Share based payments reserve:	
Opening balance at 19 February 2016	–
Issue of equity settled options	65
	65
Total reserves	**(1,104,147)**

(a) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(b) Merger reserve

The acquisition of the operating businesses of Reliance Worldwide Corporation during the Restructure is classified as a common control transaction (refer to Note 3). Accordingly, the excess of the consideration over book value at acquisition has been recorded in the Merger reserve.

(c) Share based payments reserve

The share based payments reserve is used to record the value of share based payments provide to employees, including Key Management Personnel, as part of their remuneration.

21. Group entities

Reliance Worldwide Corporation Limited was incorporated on 19 February 2016 and is the parent and ultimate controlling entity of the Group.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 1.

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding
Reliance Worldwide Group Holdings Pty Ltd[1]	Australia	Ordinary	100%
Reliance Worldwide Corporation (Aust.) Pty Ltd	Australia	Ordinary	100%
Reliance Worldwide Pty Ltd	Australia	Ordinary	100%
Reliance Worldwide Holdings (NZ) Limited[1]	New Zealand	Ordinary	100%
Reliance Worldwide Corporation (NZ) Limited	New Zealand	Ordinary	100%
Reliance Manufacturing Company (NZ) Limited	New Zealand	Ordinary	100%
Titon Limited	New Zealand	Ordinary	100%
Reliance Worldwide Corporation (Canada) Inc[2]	Canada	Ordinary	100%
Reliance Worldwide Holdings (USA) Corporation	America	Ordinary	100%
Reliance Worldwide Corporation	America	Ordinary	100%
Reliance Worldwide Corporation (Europe) S.L.U.	Spain	Ordinary	100%
Reliance Worldwide Holdings (UK) Limited[1]	United Kingdom	Ordinary	100%
Reliance Worldwide Corporation (UK) Limited	United Kingdom	Ordinary	100%
Reliance Water Controls Limited	United Kingdom	Ordinary	100%

1. These entities were incorporated during the Restructure on the following dates:

Reliance Worldwide Group Holdings Pty Ltd	19 February 2016
Reliance Worldwide Holdings (NZ) Limited	24 March 2016
Reliance Worldwide Holdings (UK) Limited	8 March 2016
Reliance Worldwide Holdings (USA) Inc.	23 March 2016

2. Reliance Worldwide Holdings (Canada) Inc. was incorporated on 23 March 2016. This entity acquired 100% of the issued capital of Reliance Worldwide Corporation (Canada) Inc. on 3 May 2016 as a result of the Restructure. On 4 May 2016, Reliance Worldwide Holdings (Canada) Inc. and Reliance Worldwide Corporation (Canada) Inc. amalgamated and retained the name Reliance Worldwide Corporation (Canada) Inc.

22. Expenditure commitments

(a) Non-cancellable operating lease commitments contracted for at balance date but not recognised as liabilities in the financial statements:

	2016 $000
Payable not later than one year	8,095
Payable later than one year and not later than five years	26,374
Payable later than five years	18,959
	53,428

(b) Capital expenditure commitments contracted for at balance date but not provided for in respect of plant and equipment:

	2016 $000
Payable not later than one year	8,220

23. Contingent liabilities

The Company has agreed to provide guarantees for certain commitments made or entered into by subsidiary entities in the ordinary course of business. The Company does not consider these guarantees to be material in the context of the Group's business.

The Group has provided bank guarantees for property leases totalling $166,400.

The Directors are not aware of any other material contingent liabilities at balance date or arising since the end of the financial period which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

24. Financial risk management

The Group is exposed to a range of financial risks, including market risk (including foreign currency risk, interest rate risk and commodity price risk), liquidity risk and credit risk arising from its operating activities. The carrying amounts and estimated fair values of the Group's financial instruments recognised in the financial statements are materially the same

The Audit and Risk Committee has the primary responsibility of overseeing and reporting to the Board on the Group's risk management systems and strategies. Various strategies and methods are used to manage different types of market risks that the Group is exposed to, including:

Market risk

Group financial performance is largely dependent on activity in the residential and commercial repair and renovation and new construction end-markets. Activities in these end-markets are impacted by changes in general economic conditions such as movements in inflation and interest rates, the level of business spending and consumer confidence, and changes to fiscal or monetary policies, legislation and regulation (including plumbing codes). Activities in the repair end-market are also impacted by extreme weather events.

The Group operates in different global regions which diversifies these risks.

Foreign exchange risk

Foreign exchange risk relates to the risk that the fair value of future cash flows of a financial instrument or a highly probable transaction will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk through operating activities (sales and purchases made or derived in currencies other than the functional currency); intercompany financing activities and investment in foreign subsidiaries (which transact in the local currency). The Group does not typically hedge its foreign exchange exposures, but may selectively utilise foreign exchange forward contracts to mitigate fluctuations in foreign exchange rates.

The Group's balance sheet exposure including external and internal balances (eliminated on consolidation) for the major currency exposures at 30 June are set out below in Australian dollar equivalents

	2016				
	USD $000	CAD $000	NZ $000	GBP $000	EUR $000
Spot exchange rate at 30 June 2016	0.7449	0.9641	1.0444	0.5604	0.6562
Cash	8,337	1,140	339	2,288	166
Trade and other receivables	44,044	5,085	1,724	9,206	1,440
Trade and other payables	(25,206)	(1,182)	(1,408)	(6,022)	(990)
Interest bearing liabilities	–	–	–	3,569	–
Net external exposure	27,175	5,043	655	9,041	616
Intercompany loans and receivables	1,091	2	1,318	71	–
Intercompany loans and payables	(540,052)	(40,133)	(15,151)	–	(8,900)

The table below shows the effect on profit after income tax expense and total equity from major currency exposures, had the exchange rates been 5% higher or lower than the year end rate.

	Increase / (decrease) in profit after income tax $000	Increase / (decrease) in equity $000
At relevant 30 June 2016 rates	(1,598)	166,987
If foreign exchange rate – 5%	1,253	4,371
If foreign exchange rate + 5%	(1,193)	(6,607)

Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at floating rates and interest is received on cash deposits at floating rates. Interest rate risk is the risk that the Group will be adversely affected by movements in floating interest rates that will increase the cost of floating rate debt.

The Group's exposure to interest rate risk on the cash and cash equivalents listed in the consolidated Statement of Financial Position and the interest bearing loans and borrowings disclosed in Note 17 and Note14.

The Group has determined that if interest rates were to increase or decrease by 5% it would have an immaterial impact on the Group's finance costs on borrowed funds or interest income on cash deposits.

24 Financial risk management (continued)

Commodity price risk

Commodity price risk is the risk the cost of some key raw material inputs required for the Group's products are correlated with underlying commodity price (with the most material exposure being to the market price of copper, which is used in the production of brass), and, as such, fluctuates over time. The Group seeks to manage changing input prices through price negotiations with customers following changes in the underlying commodity.

Liquidity risk

Liquidity risk arises from the ability of the Group to meet its financial liabilities and obligations as and when they fall due. The Group monitors future financial commitments and intends to maintain sufficient cash reserves and headroom in its Banking Facilities to meet these objectives on an on-going basis.

The Group prepares regular cash flow forecasts and monitors its liquidity to ensure it will always have sufficient cash to allow it to meet liabilities as they fall due.

In addition to its operating cash at bank the Group has undrawn debt facilities available. Details of the loan facilities in place and their terms is disclosed at note 14

	$000
Total facility available	257,138
Amount drawn at 30 June	163,569
Available undrawn facility	93,569

The contractual maturity of the Group's financial liabilities based on the financing arrangements in place at period end date are shown in the table below:

Financial liabilities	Carrying amount $000	Less than 1 year $000	1 to 2 years $000	2 to 5 years $000	Over 5 years $000	Total $000
Trade and other payables	64,762	64,762	–	–	–	64,762
Bank loans	163,569	446	446	162,677	–	163,569
Total	228,331	65,208	446	162,677	–	228,331

Credit risk

Credit risk relates to the potential failure of the Group's counterparties (such as customers or financial institutions) to meet their obligations at the appropriate time. The maximum exposure at any time is equal to the carrying value of the financial assets. The business seeks to monitor and manage counterparty risk through internal controls and protocols, including customer credit policies and performing banking and financial activities with financial institutions. As such the Group does not seek collateral in respect of its trade and other receivables.

At 30 June the maximum exposure to credit risk for trade and other receivables by geographic region is as follows:

	2016 Carrying amount $000
Americas	49,918
Asia Pacific	35,188
EMEA	10,646
Total	95,752

At 30 June 2016, the Group's most significant customer accounted for $14.6 million of the trade debtors and receivables amount.

At 30 June 2016, the ageing of trade and other receivables that were not impaired is as follows:

	2016 $000
Neither past due nor impaired	77,919
Past due 1 to 30 days	16,611
Past due 31 to 90 days	434
Total	94,964

25. Key Management Personnel and Related Party Transactions

Under Australian Accounting Standards, the term Key Management Personnel refers to directors (both non-executive directors and executive directors) and those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Key Management Personnel of the Group during the reporting period are set out below.

Jonathan Munz	Non-executive Chairman	Appointed 19 February 2016	
Russell Chenu	Independent Non-Executive Director	Appointed 11 April 2016	
Stuart Crosby	Independent Non-Executive Director	Appointed 11 April 2016	
Ross Dobinson	Independent Non-Executive Director	Appointed 11 April 2016	
Heath Sharp	Managing Director and Chief Executive Officer	Appointed 19 February 2016	
Dale Hudson	Director	Appointed 19 February 2016	Resigned 11 April 2016
Terry Scott	Group Chief Financial Officer	Appointed 29 April 2016	

(a) Key Management Personnel compensation

Details of the total remuneration of Key Management Personnel of the Group during the reporting period are:

	2016 $
Short term employee benefits	478,553
Post-employment benefits	6,688
Other long-term statutory benefits	2,501
Share based payments	65,027
Total	**552,769**

(b) Key Management Personnel transactions in shares and options

The total direct and indirect interests of Key Management Personnel, including their related parties, in the share capital and options of the Company at 30 June 2016 are:

	Shares Number	2016 Options Number
Jonathan Munz	157,500,000	–
Russell Chenu	40,000	–
Stuart Crosby	100,000	–
Ross Dobinson	20,000	–
Heath Sharp	800,000	4,000,000
Terry Scott	640,000	–
Total	**159,100,000**	**4.000.000**

Details of movements in holdings during the period are disclosed in the Remuneration Report.

(c) Transactions with other related parties

The Company and GSA Industries Pty Ltd, a wholly owned subsidiary of GSA Group and an entity associated with Jonathan Munz, have entered into a shared facilities and services agreement dated 3 March 2016 ("**Shared Services Agreement**") under which the Company will share premises with GSA Group in Melbourne and be permitted to use certain facilities such as office space and car parking and will have signage rights. The initial term of the Shared Services Agreement is two years (which may be renewed by either party by giving six months' notice to the other party). The Company must pay an annual fee of approximately $100,000 (plus GST) to GSA Industries Pty Ltd for the use of these facilities and services. The Shared Services Agreement came into effect from the date of the Company's listing on the ASX. The Shared Services Agreement is on terms that are more favourable to the Company than arm's length terms.

	2016 $000
Amounts recognised as an expense during the period	
Rent and shared services expense	16

The Company incurred $40,281,532 of directs costs associated with the Prospectus dated 18 April 2016 and listing on the ASX. These costs were paid by GSA Group as agent for the Company. The Company reimbursed GSA Group for these costs from the proceeds of the capital raising.

26. Audit Services

KPMG are the auditors of the Company. The total remuneration received, or due and receivable by auditors of the Company is as follows

	2016 $000
Audit services	120
Other services	65
Total remuneration to KPMG	**185**

In addition to the above KPMG were engaged by GSA Group to advise on certain aspects of the restructure and IPO. The total amount paid to KPMG for these services during the period was $2.3 million and is included in the capital raising costs incurred.

27. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and Directors' reports.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee ("Deed"). The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event the Company is wound up.

The holding entity for the purpose of the Deed is Reliance Worldwide Corporation Limited

The Deed was entered into on 29 June 2016.

The subsidiaries who are parties to the Deed are:

- Reliance Worldwide Group Holdings Pty Ltd
- Reliance Worldwide Corporation (Aust.) Pty Ltd

A consolidated statement of comprehensive income, comprising the Company and controlled entities which are party to the Deed and after eliminating all transactions between those entities, for the period ended 30 June 2016 and a Statement of Financial Position for the same group for entities at balance date are set out below.

Statement of profit or loss and other comprehensive income for the period ended 30 June 2016

	2016 $000
Revenue	
Revenue from sale of goods	46,934
Cost of sales	(33,843)
Gross profit	13,091
Other income	451
Product development expenses	(1,100)
Selling, warehouse and marketing expense	(4,401)
Administration expense	(3,450)
Other expenses	(12,219)
Operating (loss)	**(7,628)**
Finance income	5,837
Finance costs	(962)
Net finance costs	4,875
(Loss) before tax	**(2,753)**
Income tax expense	(1,381)
(Loss) for the period	**(4,134)**

27. Deed of cross guarantee (continued)

Statement of financial position at 30 June 2016

	2016 $000
Assets	
Current assets	
Cash and cash equivalents	23,378
Trade and other receivables	33,559
Inventories	44,164
Other current assets	1,652
Total Current Assets	**102,753**
Non-Current	
Property, plant and equipment	43,056
Loans receivable	603,900
Deferred tax assets	10,264
Goodwill	39,825
Investment in subsidiaries	508,067
Other intangible assets	868
Total Non-Current Assets	**1,205,980**
Total Assets	**1,308,733**
Liabilities	
Current liabilities	
Trade and other payables	32,068
Current tax liabilities	1,429
Employee benefits	2,773
Total Current Liabilities	**36,270**
Non-Current Liabilities	
Loans and borrowings	160,000
Deferred tax liabilities	3,179
Employee benefits	4,831
Total Non-Current Liabilities	**168,010**
Total Liabilities	**204,280**
Net Assets	**1,104,453**
Equity	
Share capital	1,272,732
Reserves	(164,145)
Accumulated losses	(4,134)
Total Equity	**1,104,453**

28. Parent entity disclosure

As at, and throughout, the financial period from 19 February 2016 to 30 June 2016 the parent entity of the Group was Reliance Worldwide Corporation Limited.

(a) Result of the parent entity

	2016 $000
(Loss) for the period	(11,537)
Other comprehensive income	-
Total comprehensive loss for the period	**(11,537)**

(b) Statement of financial position of the parent entity at 30 June 2016

	2016 $000
Assets	
Total Current Assets	13,230
Total Non-Current Assets	1,422,472
Total Assets	**1,435,702**
Liabilities	
Total Current Liabilities	13,071
Total Non-Current Liabilities	161,371
Total Liabilities	**174,442**
Net Assets	**1,261,260**
Equity	
Share capital	1,272,732
Reserves	65
Accumulated losses	(11,537)
Total Equity	**1,261,260**

(c) Parent entity contingent liabilities

The Company has agreed to provide guarantees for certain commitments made or entered into by subsidiary entities in the ordinary course of business. The Company does not consider these guarantees to be material in the context of the Group's business.

(d) Parent entity capital commitments for acquisition of property plant and equipment

During the period the Company has not entered into any material contracts to purchase plant and equipment.

(e) Parent entity guarantees in respect of the debts to its subsidiaries

The Company has entered into a Deed of Cross Guarantee with the effect that it guarantees liabilities and obligations in respect of some Australian subsidiaries in certain circumstances. Refer Note 27.

29. Subsequent events

The Directors are not aware of any other matters or circumstances that have occurred since the end of the financial period that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

DIRECTORS' DECLARATION

For the period 19 February to 30 June 2016

In the opinion of the Directors of Reliance Worldwide Corporation Limited ("**the Company**"):

(1) the Consolidated financial statements and notes that are set out on pages 29 to 58 and the Remuneration Report on pages 21 to 27, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the period from 19 February 2016 (date of incorporation of the Company) to 30 June 2016;

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(iii) comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

(2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(3) there are reasonable grounds to believe that the Company and the Group entities identified in Note 27 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee dated 29 June 2016 between the Company and those Group entities pursuant to ASIC Class Order 98/1418.

(4) The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the period ended 30 June 2016.

(5) The directors draw attention to Note 1 to the consolidated financial statements which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with resolution of the Directors.

Jonathan Munz
Chairman

Heath Sharp
Chief Executive Officer and Managing Director

Dated at Melbourne on this 29th day of August 2016

This is the original version of the audit report over the financial statements signed by the directors on 29 August 2016. Page references should be read as follows to reflect the correct references now that the financial statements have been presented in the context of the annual report in its entirety: the Remuneration Report is set out on pages 21 to 27 as opposed to pages 12 to 19 outlined below.

Independent auditor's report to the members of Reliance Worldwide Corporation Limited

Report on the financial report

We have audited the accompanying financial report of Reliance Worldwide Corporation Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period ended on that date, notes 1 to 29 comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration of the Group comprising the Company and the entities it controlled at the period's end or from time to time during the financial period.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*

Auditor's opinion

In our opinion:

(a) the financial report of Reliance Worldwide Corporation Limited is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of their performance for the period ended on that date; and

    (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report

We have audited the Remuneration Report included on pages 12 to 19 of the directors' report for the period ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Reliance Worldwide Corporation Limited for the period ended 30 June 2016 complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Paul J McDonald

Paul McDonald
Partner

Melbourne
29 August 2016

Shareholder Information

The information set out below was applicable as at 26 August 2016.

Distribution of Equities – Ordinary Shares

Range	Total holders	Number of shares	% of issued shares
1 – 1,000	684	447,133	0.08
1,001 – 5,000	2,330	7,282,643	1.39
5,001 – 10,000	1,658	12,655,571	2.41
10,001 – 100,000	1,236	28,219,354	5.38
100,001 and over	76	476,395,299	90.74
Total	**5,984**	**525,000,000**	**100.00**

The number of shareholders holding less than a marketable parcel of shares was 19.

Largest Shareholders

The names of the 20 largest registered holders of ordinary shares are listed below.

Name	Number of shares held	% of Issued Shares
Jayburn Pty Ltd	131,664,360	25.08
JP Morgan Nominees Australia Limited	59,373,045	11.31
HSBC Custody Nominees (Australia) Limited	55,852,162	10.64
Citicorp Nominees Pty Limited	38,098,689	7.26
National Nominees Limited	37,899,960	7.22
GSA International Pty Ltd	25,835,640	4.92
BNP Paribas Noms Pty Ltd	18,954,177	3.61
AMP Life Limited	16,988,694	3.24
BNP Paribas Nominees Pty Ltd	16,357,462	3.12
RBC Investor Services Australia Nominees Pty Ltd	13,483,620	2.57
RBC Investor Services Australia Pty Limited	11,752,842	2.24
RBC Investor Services Australia Nominees Pty Limited	8,806,656	1.68
Citicorp Nominees Pty Limited	6,856,392	1.31
Bond Street Custodians Limited	4,168,234	0.79
RBC Investor Services Australia Nominees Pty Ltd	2,774,085	0.53
Australian Foundation Investment Company Limited	2,400,000	0.46
Gurravembi Investments Pty Ltd	2,000,000	0.38
UBS Nominees Pty Ltd	1,586,080	0.30
Nabe Pty Ltd	1,400,000	0.27
HSBC Custody Nominees (Australia) Limited – A/c 3	1,218,013	0.23

Substantial Shareholders

The number of shares held by substantial shareholders as at 19 September 2016 as disclosed in substantial shareholder notices received by the Company was:

Name	Number of shares held	%
Jayburn Pty Ltd, GSA International Pty Ltd and associates	157,500,000	30.00
Perpetual Limited and Subsidaries	58,385,606	10.74
AMP Limited	32,800,324	6.25
Bennelong Funds Management Group Pty Ltd	27,200,162	5.18
Reliance Worldwide Corporation Limited[1]	158,940,000	30.27

1 The Company has a technical "relevant interest" in its own shares under S608(1) of the Corporations Act 2001 resulting from restrictions on disposal of shares under voluntary escrow arrangements as disclosed in the Prospectus dated 18 April 2016. The Company has no rights to acquire these shares or control the voting rights attaching to these shares.

Buy-Back

The Company does not have a current on-market buy-back.

Voting rights

Every shareholder present at a general meeting has one vote on a show of hands and one vote for every fully paid share held if a poll is conducted. Shareholders entitled to cast two or more votes may appoint up to two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific number or proportion of the shareholder's votes. If the appointment does not specify the proportion or number of votes that each proxy may exercise, each proxy may exercise half of the shareholder's votes.

Shareholder enquiries

Shareholders with enquiries about their shareholding should contact the Company's share registry:

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnson Street
Abbotsford Vic 3067
T: 1300 850 505 (within Australia)
T: +61 3 9415 4000 (international)

Please mail all share registry correspondence to:
Computershare Investor Services Pty Ltd
GPO Box 2975 Melbourne VIC 3001

Please include your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) in all correspondence to the share registry.

Change of address

It is important for shareholders to notify the share registry in writing promptly of any change of address. As an added security measure, please quote your Shareholder Reference Number and your old address.

Investor information

The Company maintains a website at www.rwc.com where company information is available and a service for any queries is provided. For further queries, please contact the Company on +61 3 9099 8299.

Stock Exchange listing

Reliance Worldwide Corporation Limited's ordinary shares are quoted on the Australian Securities Exchange under the code "RWC".

Annual General Meeting

Details of the Annual General Meeting of Reliance Worldwide Corporation Limited will be advised in the Notice of Meeting which will be despatched to shareholders.

CORPORATE DIRECTORY

Board of Directors

Mr. Jonathan Munz (Chairman)
Mr. Heath Sharp
Mr. Russell Chenu
Mr. Stuart Crosby
Mr. Ross Dobinson

Company Secretaries

Mr. David Neufeld
Mr. Dale Hudson

Registered Office

Level 54, 525 Collins Street
Melbourne VIC 3000
T: +61 3 9099 8299
F: +61 3 9099 8277

Auditor

KPMG
147 Collins Street
Melbourne Vic 3000

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnson Street
Abbotsford Vic 3067
T: 1300 850 505 (within Australia)
T: +61 3 9415 4000 (international)

Please mail all share registry correspondence to
Computershare Investor Services Pty Ltd
GPO Box 2975 Melbourne VIC 3001

Stock Exchange Listing

Reliance Worldwide Corporation Limited's shares are quoted on the Australian Securities Exchange.

Website address

www.rwc.com

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ABN 46 610 855 877

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