Reliance Worldwide Corporation Limited
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28 August 2017

Results for announcement to the market

Appendix 4E for the financial year ended 30 June 2017

Reliance Worldwide Corporation Limited (ASX: RWC) ("Company") announces the following audited financial results for the Company and its controlled entities (together "RWC") for the financial year ended 30 June 2017. These are the first full year results reported by the Company following listing of its shares on the ASX on 29 April 2016.

RWC is a leader in the design, manufacture and supply of water flow and control products and solutions for use in "behind the wall" plumbing. RWC is the clear number one manufacturer in the world of brass Push-to-Connect ("PTC") plumbing fittings. These are sold under our SharkBite brand and manufactured in RWC's facilities in Australia and the USA. PTC replaces the traditional labour intensive crimp and expansion PEX systems and copper solder fittings. These time saving solutions are increasingly supported by the continuing trend of a reduced supply of plumbers and other skilled labour in our key markets.

Extracted from the 30 June 2017 audited Financial Report	**Year ended 30 June 2017** $A'000	**Statutory Period ended 30 June 2016**[1] $A'000	**Change** %
Revenue from ordinary activities	601,693	98,290	n/m
Net profit (loss) from ordinary activities after tax attributable to members	65,612	(1,598)	n/m
Net profit (loss) after tax attributable to members	65,612	(1,598)	n/m

n/m = not meaningful

Comparison with Pro Forma FY2016[2] results and Prospectus Forecast[3]

	Actual FY2017 ($m)	**Pro Forma FY2016**[2] ($m)	***Change*** *(%)*	**Prospectus Forecast**[3] **FY2017** ($m)	***Change*** *(%)*
Net sales	601.7	534.4	*12.6*	587.8	*2.4*
EBITDA[4]	120.7	99.1	*21.8*	117.7	*2.5*
EBIT[4]	101.3	82.7	*22.5*	97.8	*3.6*
Net profit after tax	65.6	52.1	*25.9*	62.6	*4.8*

Net sales for FY2017 of $601.7 million were 12.6% higher than for Pro Forma FY2016[2] (17.2% higher on a constant currency basis) and 2.4% ahead of Prospectus Forecast[3]. The increase was driven principally through continued expansion of the core SharkBite PTC business in the Americas operating segment. EBITDA was $120.7 million, an increase of 21.8% over Pro Forma FY2016[2] and 2.5% ahead of Prospectus Forecast[3]. This strong result reflects the growth in net sales combined with the benefits of procurement initiatives and improved manufacturing efficiencies achieved during the year. Partially offsetting this was increased SG&A spending in the second half to support the retail channel expansion activities in the Americas and expensing of transaction costs associated with the Holdrite acquisition. Net profit after tax was also ahead of Prospectus Forecast[3] at $65.6 million which represents 105% of forecast for the year.

Please refer to the accompanying 30 June 2017 Financial Report, Results Announcement and presentation slides released today for further information.

Dividends for the financial year ended 30 June 2017
The Company declared an interim dividend of 3.0 cents per share which was paid on 31 March 2017. The interim dividend was franked to 40%.

Since the end of the financial year, the Directors have resolved to declare a fully franked final dividend for the 2017 financial year of 3.0 cents per share payable to eligible shareholders on 10 October 2017. The record date for entitlement to the dividend is 12 September 2017.

The total dividend for FY2017 is 6.0 cents per share franked to 70%. No dividends for the 2016 financial period were proposed or declared.

The Company does not have a dividend reinvestment plan.

Net Tangible Assets per Share
Net tangible assets per share at 30 June 2017 were $0.09 (30 June 2016 - $0.23).

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The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the 30 June 2017 Financial Report, Results Announcement and presentation slides released today. These documents should be read in conjunction with each other document.

For further information, please contact:
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1 Statutory Period means 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 unaudited results for the 12 months ended 30 June 2016 prepared on the same basis as set out in the Prospectus dated 18 April 2016. Comparison is made to the Pro Forma FY2016 results as comparison with the Statutory Period results is not considered meaningful.
3 Forecast results presented in the Prospectus dated 18 April 2016.
4 Before significant items (including non-operating foreign exchange gains and losses) in Pro Forma FY2016.

Reliance Worldwide Corporation Limited
ABN 46 610 855 877

Financial Report

30 June 2017

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Directors' Report for the year ended 30 June 2017

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 year ended 30 June 2017 and the Auditor's report thereon.

The following sections, which are presented separately, form part of and are to be read in conjunction with this Directors' Report:
- Operating and Financial Review; and
- Remuneration Report.

Directors
The Directors of the Company at any time during or since the end of the financial year were:

	Appointed
Jonathan Munz (Chairman)	19 February 2016
Heath Sharp (Chief Executive Officer and Managing Director)	19 February 2016
Russell Chenu	11 April 2016
Stuart Crosby	11 April 2016
Ross Dobinson	11 April 2016

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

Jonathan Munz
Chairman
Member of Audit and Risk Committee
Member of Nomination and Remuneration Committee

Mr. Munz has had an involvement with the Group 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 the 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 the Group'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 the Group over the years. 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 the Group 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 career, 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 in 2002. He returned to lead the Australian division in late 2004, the largest Group 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 June 2014)
James Hardie Industries plc (since August 2014)
Metro Performance Glass Limited (since 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 ASX Limited. Mr. Crosby is Chairman of AMES Australia.

Other listed company directorships in the past 3 years: None

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 and Roc Oil Company Limited, a former Chairman of 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 June 2015)

Company Secretary
David Neufeld
Mr. Neufeld has been the Company Secretary since 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.

Directors' Report for the year ended 30 June 2017

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 year are listed below.

Director	Board Meetings		Audit and Risk Committee Meetings		Nomination and Remuneration Committee Meetings	
	Held[1]	Attended[1]	Held[1]	Attended[1]	Held[1]	Attended[1]
Russell Chenu	7	7	6	6	-	-
Stuart Crosby	7	7	-	-	3	3
Ross Dobinson	7	7	6	6	3	3
Jonathan Munz	7	7	6	6	3	3
Heath Sharp	7	7	-	-	-	-

1 Number of meetings held and attended during the period the Director was a member of the Board or Committee.

Directors who are not members of Board Committees have a standing invitation to attend Committee meetings and do attend from time to time. The above table only reflects attendance at Committee meetings by members of the relevant Committees.

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 Group acquired all of the issued shares of Securus, Inc. (trading as HOLDRITE) for a purchase consideration of US$92.5 million (subject to customary closing adjustments) with completion occurring on 12 June 2017. The acquisition was funded from the Company's borrowing facilities with existing lenders. The available limits under these facilities were increased in June 2017 by $A100 million to $A350 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.

Comparative figures in Financial Statements

Comparative figures shown in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cashflows and associated Notes to the Financial Statements are for the period from the date of incorporation of the Company (19 February 2016) to 30 June 2016.

Material Business Risks

Set out in the following table 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 may also be 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 well as manage operating and overhead costs as considered necessary and appropriate.
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. Competition, including the price of competing products relative to Reliance's products, could impact upon customer orders. • 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.	• Continuing focus on differentiated products and solutions as well as customer service. • Investment in research and development to provide innovative 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 USA are denominated in US dollars and the majority of raw materials and components purchased by Australia for use in production for the USA are denominated in US dollars.

Directors' Report for the year ended 30 June 2017

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. • Investment in high quality machinery 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 benchmarks prices for key material/product supply.
Impact of product recalls, product liability claims or claims against Reliance where a product has not been correctly installed by a third party.	• Reliance is exposed to the risk of product recalls and product liability claims where a defect in a product sold or supplied by Reliance or incorrectly installed by a third party contractor 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. • Investment in training of professional contractors on correct installation and use of products. • 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, there is a good record of retaining key staff.

Cyber security	• Technological advancements and risks of cyber-crime can impact the integrity of Reliance's IT systems and make them vulnerable to attack if appropriate security measures are not in place.	• IT security policies and recovery plans in place. • Ongoing system monitoring and testing, including review of security protocols. • Appropriate insurance policies. • Alerts and reminders sent to employees.

Dividends

The Company declared an interim dividend of 3.0 cents per share which was paid on 31 March 2017. The interim dividend was franked to 40%.

Since the end of the financial year, the Directors have resolved to declare a fully franked final dividend for the 2017 financial year of 3.0 cents per share payable to eligible shareholders on 10 October 2017. The record date for entitlement to the dividend is 12 September 2017.

The total dividend for FY2017 is 6.0 cents per share franked to 70%. No dividends for the 2016 financial period were proposed or declared.

The Company does not have a dividend reinvestment plan.

Events subsequent to reporting date

The Directors are not aware of any matter or circumstance that has occurred since the end of the financial year 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 which has not been covered in this report or the financial statements.

Likely Developments and Prospects

Details of likely developments for the Group and prospects for future financial periods are contained in the Operating and Financial Review.

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.

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.

Directors' Report for the year ended 30 June 2017

Audit and Non-Audit Services

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

	2017 $
KPMG Australia	
Audit services	177,000
Other assurance and non-audit services	
• Due diligence	22,500
• Tax compliance	79,500
• Other assurance services	25,000
• Other services	15,000
Total remuneration paid to KPMG Australia	319,000
Overseas KPMG offices	
• Due diligence	313,159
• Other services	22,722
Total remuneration paid to overseas KPMG offices	335,881
Total remuneration to KPMG	**654,881**

The Directors, in accordance with advice from the Audit and Risk Committee which has considered the non-audit services provided by KPMG during the financial year, 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 Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- 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 19 forms part of this Directors' Report.

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.

Jonathan Munz
Chairman

Heath Sharp
Chief Executive Officer and Managing Director

Melbourne
28 August 2017

Remuneration Report for the year ended 30 June 2017 (audited)

(a) Introduction

The Directors present the Remuneration Report of the Group for the financial year ended 30 June 2017 ("**FY2017**"). The Remuneration Report forms part of the Directors' Report and has been audited in accordance with the requirements of the Corporations Act 2001 (Cth).

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 positions for the entire period covered by this report unless otherwise stated. The KMP for the year ended 30 June 2017 were:

Name	**Executive Position**
Non-Executive Directors	
Jonathan Munz, Chairman	
Russell Chenu	
Stuart Crosby	
Ross Dobinson	
Senior Executives	
Heath Sharp	Managing Director and Chief Executive Officer ("**CEO**")
Gerry Bollman	Global Chief Financial Officer (from 5 December 2016)
Terry Scott	Global Chief Financial Officer (until 5 December 2016)[1]

1 Mr. Scott ceased to be Global Chief Financial Officer on 5 December 2016. Mr. Scott continued with the Group in a full time Senior Executive role through to 30 June 2017. Remuneration details for Mr. Scott have been provided for the entire reporting period as he was still considered to be KMP.

For the remainder of this Remuneration Report, KMP are referred to as either Non–Executive Directors or Senior Executives as set out in the above table.

Prior period comparative information covers the period from the Company's listing on the Australian Securities Exchange ("**ASX**") on 29 April 2016 through to 30 June 2016.

(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, the CEO's direct reports, the Chairman and Non-Executive Directors. 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; and
- structure short term and long term incentives that are challenging and linked to the creation of sustainable shareholder returns.

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 advisors

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. 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. No remuneration recommendations relating to KMP remuneration were received from remuneration consultants or other advisors during the reporting period.

Review of remuneration strategy

During the 2017 financial year, the Nomination and Remuneration Committee focused on:

- reviewing the mix of fixed and incentive components applicable to Senior Executive remuneration arrangements and remuneration arrangements of other executives;
- determining appropriate equity based compensation arrangements with a view to expanding participation by Senior Executives in the Plan; and
- introducing standard terms into employment agreements for executives across the Group.

In the 2018 financial year, the Nomination and Remuneration Committee intends to:

- continue reviewing remuneration arrangements of executives, including the balance of fixed and incentive components, with the aim of providing competitive remuneration packages to attract and retain high calibre executives;
- have a focus on ‘at risk’ incentive arrangements being appropriately aligned with business strategies and outcomes; and
- oversee a project being implemented by management in connection with a review of pay equity.

(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 applicable 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 Non-Executive 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 or pension funds, as applicable, and may also include cash bonuses awarded at the discretion of the Company as a short term incentive (“**STI**”) and/or ‘at risk’ long term incentives (“**LTI**”).

During the reporting period, the remuneration mix for Senior Executives was:

Senior Executive	Fixed remuneration (%)	STI (%)	LTI (%)
Heath Sharp	36.3	55.1	8.6
Gerry Bollman	55.9	11.7	32.5
Terry Scott	82.0	18.0	-

The percentage of ‘at risk’ LTI assumes all applicable performance conditions are achieved in full. Details of Senior Executive remuneration are set out in section (l) below.

Remuneration Report for the year ended 30 June 2017 (audited)

Company performance

The following table shows the financial performance of the Group during the financial year ended 30 June 2017. It is not possible to address the statutory requirement that the Company provides a five-year discussion of the link between performance and reward in this Remuneration Report as the Company has been listed since April 2016.

Key performance indicators	FY2017	FY2016[1]
Sales revenue	$601.7 million	$98.3 million
Net profit before tax	$96.3 million	$0.8 million
Net profit (loss) after tax	$65.6 million	($1.6) million
Share price at beginning of year	$3.09	$2.87[2]
Share price at end of year	$3.34	$3.09
Dividends per share	6.0 cents	-
Basic earnings (loss) per share	12.5 cents	(0.30) cents
Diluted earnings (loss) per share	12.4 cents	(0.30) cents

1 Prior period comparative information covers the period from the Company's IPO on 29 April 2016 through to 30 June 2016.

2 The share price disclosed as being at the beginning of the year in FY2016 was the share price on listing (29 April 2016).

The Company's share price experienced an increase of 8.1% during FY2017 and an increase of 16.4% from listing to 30 June 2017. Shares issued under the initial public offering had an issue price of $2.50 so that the closing share price at 30 June 2017 represented a 33.6% premium to that issue price (30 June 2016 – 23.6%). A maiden interim dividend of 3.0 cents per share franked to 40% was paid to eligible shareholders on 31 March 2017. The Company has declared a fully franked final dividend for the year ended 30 June 2017 of 3.0 cents per share. The total dividend for FY2017 is 6.0 cents per share which represents 48% of NPAT and is consistent with the target payout ratio contained in the Prospectus dated 18 April 2016. Senior Executives were awarded a short term incentive in recognition of this strong performance and delivering returns to shareholders. Further details are set out in section (e) below.

(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.

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 future years. Mr. Munz 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. Non-Executive 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 Non-Executive Directors other than applicable statutory superannuation contributions.

(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 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

Under the Company's STI plan, bonuses may be awarded to Senior Executives at the discretion of the Board. 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. 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.

Details of cash bonuses awarded to Senior Executives for FY2017 are set out in the remuneration table in section (l). The bonuses will be paid during the first quarter of FY2018. No bonuses were paid or payable to Senior Executives by the Group in respect of the FY2016 reporting period.

The STI bonuses awarded to the Senior Executives recognise their performance in leading the Group during its successful first full year since listing on the ASX, including the expansion of the retail distribution network for SharkBite PTC in the USA and the acquisition of Holdrite. The Company experienced strong performance during FY2017 as reflected in the financial results and positive shareholder returns. With regard to the CEO, the Nomination and Remuneration Committee also took into account that his existing LTI has a longer vesting period than is usual. The Board, other than Mr. Sharp who abstained in respect of himself, agreed with the recommendations of the Nomination and Remuneration Committee.

Long term incentive

The Company established the Equity Incentive Plan to assist in the motivation, retention and reward of eligible employees. The Plan is designed to align the interests of employees with the interests of shareholders by providing an opportunity for 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.

Mr. Bollman was the only KMP to receive a grant under the Plan in FY2017. A summary of the terms of the grants made to Mr. Bollman are set out below.

As disclosed in the Company's Prospectus and the 2016 Annual Report, Mr. Sharp was granted 4,000,000 Options as his LTI grant shortly after the Company's shares listed on the ASX. Those Options have a performance period commencing on the date of the Company's listing (29 April 2016) until 30 June 2022. None of those Options will vest unless Mr Sharp remains employed by the Group until 30 June 2022. In addition to the service period hurdle, those Options are subject to two performance conditions as follows:

- 30% of the Options were subject to a net profit after tax ("NPAT") performance condition 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 dated 18 April 2016. This condition has now been satisfied; and
- 70% of the Options are 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. The TSR performance conditions are the same as set out in the table below.

Further information and details on the terms of the Options granted to Mr. Sharp can be found in the Company's FY2016 Remuneration Report. The Board has determined that the CEO will not receive and LTI award for FY2017 as he has significant LTI equity arrangements which remain 'at risk' and subject to satisfaction of vesting conditions until 30 June 2022.

Further details of Options held by Senior Executives are set out in section (i).

LTI Options Grant made to Gerry Bollman, Global Chief Financial Officer ("CFO") in FY2017

Type of award	The CFO's LTI award was delivered in the form of 1,307,190 options. Each option entitles the CFO to acquire an ordinary share in the Company subject to meeting specific vesting conditions and payment of an exercise price of $3.06 per Option ("**Options**"). The Options were granted at no cost to the CFO as they form part of his remuneration.
Performance Period	Five years from the date of commencement of employment (5 December 2016).
Vesting conditions	The Options will vest and become exercisable subject to the satisfaction of a service period hurdle and a performance condition.

<table>
<tr>
<td></td>
<td>
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 CFO.
1. Service period hurdle
None of the Options will vest unless the CFO remains employed by the Group at the expiration of 5 years from the date of commencement of employment (5 December 2016).
2. Performance condition
In addition to the service period hurdle, the Options are 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 TSR Hurdle measurement period aligns with Options granted to other Senior Executives.
The percentage of Options that vest in relation to the TSR Hurdle, if any, will be determined by reference to the following vesting schedule:
<table>
<tr><th>Relative TSR Ranking</th><th>% of Options that vest subject to the TSR Hurdle</th></tr>
<tr><td>Below 50th percentile</td><td>Nil</td></tr>
<tr><td>50th percentile</td><td>50%</td></tr>
<tr><td>Between 50th and 75th percentile</td><td>Pro rata straight line vesting between 50% to 100%</td></tr>
<tr><td>75th percentile or above</td><td>100%</td></tr>
</table>
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.
Relative TSR measures the performance of an ordinary share in the Company (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.
</td>
</tr>
<tr>
<td>Process for assessing the vesting conditions</td>
<td>
Relative TSR performance will be 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.
The service condition will be satisfied if the CFO remains employed by the Group at the expiration of 5 years from the date of commencement of employment (5 December 2016).
</td>
</tr>
<tr>
<td>Exercise of Options</td>
<td>The Options will vest and become exercisable if the relevant vesting conditions have been met. The CFO may then exercise any vested Options until 5 December 2024. After 5 December 2024, any unexercised Options will lapse.</td>
</tr>
<tr>
<td>Voting and dividend rights</td>
<td>Options do not carry any voting or dividend rights prior to vesting and exercise.</td>
</tr>
<tr>
<td>Cessation of employment</td>
<td>
If the CFO ceases employment within the first twelve months of his employment (or is under notice), all Options will lapse unless the Board determines otherwise.
Where the CFO ceases employment after the first 12 months from the date of commencing employment and either:

the employer terminates without cause (with notice given after the initial 12 month employment period); or
the CFO terminates for good reason (with notice given after the initial 12 month employment period),

then a pro rata number of unvested Options will vest and become exercisable based on the relevant part of the service period hurdle achieved and will apply subject to the TSR Hurdle to the date notice is given having been met.
</td>
</tr>
</table>

	Where: • the employer terminates the CFO's employment for cause; or • the CFO terminates without good reason after the first twelve months of his employment but before the end of the service period hurdle, the CFO will forfeit all rights to Options unless the Board determines otherwise. If employment ceases by reason of death or disability then the Board shall at its discretion vest the Options in full or in part.
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 an actual 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) Sign-on grant of restricted shares

Mr. Bollman ("CFO") was appointed the Global Chief Financial Officer on 5 December 2016. On commencement of his employment with the Group, Mr. Bollman was offered 680,272 restricted shares under the Plan. The offer was made in recognition of incentives forgone from his previous employer, to align Mr. Bollman's interests with the interest of shareholders and with other executives from a performance and reward perspective.

There is a vesting condition which requires the CFO to remain employed by the Group until the expiration of 5 years from the date of commencement of employment (5 December 2016). Continued service was chosen as a vesting condition as it reflects the need to retain Mr. Bollman as CFO during the Group's period of growth and expansion and to encourage stability at the Senior Executive level. The CFO cannot deal in the restricted shares until the vesting condition is satisfied. The CFO does not have any voting or dividend rights prior to vesting. The restricted shares will be awarded at no cost to Mr. Bollman.

If the CFO ceases employment within the first twelve months of his employment (or is under notice) the restricted shares will be forfeited unless the Board determines otherwise.

If the CFO ceases employment after the first 12 months of his employment and either:
- the employer terminates without cause (with notice given after the initial 12 month employment period); or
- the CFO terminates for good reason (with notice given after the initial 12 month employment period),

the CFO will be entitled to a pro rata portion of the restricted shares based on the length of his period of service and the restrictions attached to those restricted shares will cease.

The CFO will forfeit all rights to his restricted shares grant unless the Board determines otherwise where:
- the employer terminates the CFO's employment for cause; or
- the CFO terminates without good reason after the first twelve months of his employment but before the end of the service period.

The Board has discretion to vest all or some of the restricted shares if the CFO ceases employment due to death or disability.

During FY2017, no restricted shares vested or were forfeited. If the minimum vesting condition is not met, the minimum possible value of the grant is $nil. The maximum possible value of the grant is $2.0 million based on a price of $2.94 per share, being the closing share price for the Company's shares on the calculation date (1 November 2016).

(g) 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 size, industry and geography.

Heath Sharp, Managing Director and Chief Executive Officer

Term	Mr. 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* • Mr. Sharp's employment may be terminated by the employer without cause (excluding due to death or disability) upon giving 90 days' written notice; and • may be terminated by the employer for cause at any time. *Termination by Heath Sharp* • Mr. Sharp may terminate his employment with good reason upon giving 90 days written notice and allowing a subsequent cure period. • Where he terminates without good reason, 12 months written notice is required to be provided.
Termination payments	• Where Mr Sharp'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, he 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 Mr. Sharp 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	Mr. Sharp employment agreement contains a restraint of trade, which operates for a maximum period of 24 months following cessation of employment.

Gerry Bollman, Global Chief Financial Officer (from 5 December 2016)

Term	Mr. Bollman is employed by Reliance Worldwide Corporation (a company in the Group which carries on operations in the USA). His employment agreement contains no fixed term.
Notice	*Termination by the employer* • Mr. Bollman's employment may be terminated by the employer without cause upon giving three months written notice; and • may be terminated by the employer for cause at any time. *Termination by Gerry Bollman* • Mr. Bollman may terminate his employment with good reason upon giving the employer written notice within 90 days of an event occurring and allowing a subsequent cure period. • Where he terminates his employment agreement without good reason, three months written notice needs to be provided.
Termination payments	• Where Mr. Bollman's employment is terminated by the employer without cause or by him for good reason, he is entitled to: ▪ no severance payments if the employment agreement is terminated in the first year of employment; ▪ 6 months severance pay where notice is given after the first year of employment and before the fifth year of employment; and ▪ 12 months severance pay if notice is given after commencement of the fifth year of employment. He will also receive payment of accrued entitlements and remain eligible for a pro rata bonus for the days he was employed during the applicable fiscal year, and payment of health insurance premiums. • Where his employment is terminated due to death or disability, he is entitled to accrued entitlements (including any earned but unpaid performance bonus), he remains eligible for a pro rata bonus for the days he was employed during the applicable fiscal year and to a continuation of applicable welfare and health benefits entitlements. • Where the employment agreement is terminated by the employer for cause or by Mr. Bollman without good reason, then the employer shall have no further payment obligations other than for accrued entitlements

Remuneration Report for the year ended 30 June 2017 (audited)

	(excluding any earned but unpaid performance bonus) and continuation of applicable welfare and health benefits entitlements.
Restraint	Mr. Bollman's employment agreement contains a restraint of trade, which operates for a maximum period of 12 months following cessation of employment.

Terry Scott, Senior Global Executive

Mr. Scott ceased to be Global Chief Financial Officer on 5 December 2016. Mr. Scott continued with the Group in a full time Senior Executive role through to 30 June 2017.

Term	Two years from 29 April 2016.
Notice	*Termination by the Company* • Mr. Scott employment may be terminated without cause by the Company upon giving three months written notice; and • may also be terminated by the Company without notice in certain circumstances including serious misconduct. *Termination by Terry Scott* Mr. Scott agreed not to give notice during the term of his employment agreement.
Termination payments	The Company had discretion to make a payment in lieu of part or all of the notice period. No such payment has been made.
Restraint	Mr. Scott'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 of Reliance Worldwide Corporation, as applicable, have approved the giving of benefits to all current and future members of KMP in connection with that person ceasing to hold a managerial or executive office (as defined in section 200AA of the Corporations Act) in the Company or a related body corporate.

(h) Options granted to Senior Executives during FY2017

Details of the Options granted during the reporting period are set out below.

Senior Executive	Number granted	Grant date	Vesting date	Grant price	Fair value per Option at Grant date[2]	Aggregate fair value of Options at Grant date[1]	Exercise price per Option	Expiry date
Gerry Bollman	1,307,190	12 Dec 2016	5 Dec 2021	$nil	$0.74	$967,321	$3.06	5 Dec 2024

1 Based on an independent valuation which used the Black Scholes model.

(i) 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 (including their related parties). None of the Options vested or were forfeited during the reporting period and none of the Options are presently capable of being exercised

Name	Balance at 1 July 2016	Granted during the year number	Granted during the year $ value[1]	Vested number	Vested $ value	Exercised number	Exercised $ value	Lapsed number	Lapsed $ value	% Lapsed/ Forfeited	Balance at 30 June 2017
Heath Sharp	4,000,000	-	-	-	-	-	-	-	-	-	4,000,000
Gerry Bollman	-	1,307,190	967,321	-	-	-	-	-	-	-	1,307,190
Terry Scott	-	-	-	-	-	-	-	-	-	-	-

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

Remuneration Report for the year ended 30 June 2017 (audited)

(j) KMP shareholdings

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

Name	Held at 1 July 2016	Received as remuneration	Received on exercise of Options	Other net change[1]	Held at 30 June 2017
Jonathan Munz	157,500,000	-	-	-	157,500,000
Russell Chenu	40,000	-	-	20,000	60,000[2]
Stuart Crosby	100,000	-	-	-	100,000[2]
Ross Dobinson	20,000	-	-	-	20,000[2]
Heath Sharp	800,000	-	-	-	800,000
Gerry Bollman[3]	-	-	-	-	-
Terry Scott	640,000	-	-	-	640,000

1. Includes the purchase (sale) of shares during the reporting period.
2. Includes 20,000 shares received in April 2016 under specific arrangements for Non-Executive Directors in connection with the IPO, as stated in the Prospectus.
3. Mr. Bollman has been offered 680,272 restricted shares as detailed in section (f).

(k) 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 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 pays an annual fee of $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.

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.

Remuneration Report for the year ended 30 June 2017 (audited)

(I) KMP remuneration

Details of the remuneration of each member of KMP are set out below. The table includes the statutory disclosures required under the Corporations Act and is in accordance with Australian Accounting Standards. All figures are in Australian dollars and relate to the period of the year in which the person was a KMP.

		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 $	Superannuation or pension plan benefits $	Other Post employment $	Long service leave $	$	Shares $	Options $	$
Non-Executive Directors												
Jonathan Munz[1]	**FY2017**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY2016[5]	-	-	-	-	-	-	-	-	-	-	-
Russell Chenu	**FY2017**	**109,590**	**-**	**-**	**-**	**10,410**	**-**	**-**	**-**	**-**	**-**	**120,000**
	FY2016[5]	18,265	-	-	-	1,735	-	-	-	-	-	20,000
Stuart Crosby	**FY2017**	**109,590**	**-**	**-**	**-**	**10,410**	**-**	**-**	**-**	**-**	**-**	**120,000**
	FY2016[5]	18,265	-	-	-	1,735	-	-	-	-	-	20,000
Ross Dobinson	**FY2017**	**120,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**120,000**
	FY2016[5]	20,000	-	-	-	-	-	-	-	-	-	20,000
Senior Executives											-	
Heath Sharp[2]	**FY2017**	**1,472,944**	**2,500,000**	**148,877**	**13,433**	**14,329**	**-**	**-**	**-**	**-**	**390,168**	**4,539,751**
	FY2016[5]	235,405	-	39,168	2,328	-	-	-	-	-	65,027	341,928
Gerry Bollman[3]	**FY2017**	**535,818**	**135,465**	**97,560**	**5,677**	**10,757**	**-**	**-**	**-**	**266,667**	**110,774**	**1,162,718**
	FY2016[5]	-	-	-	-	-	-	-	-	-	-	-
Terry Scott[4]	**FY2017**	**800,000**	**195,100**	**-**	**45,957**	**19,620**	**-**	**23,347**	**-**	**-**	**-**	**1,084,024**
	FY2016[5]	145,122	-	-	-	3,218	-	2,501	-	-	-	150,841
Total	**FY2017**	**3,147,942**	**2,830,565**	**246,437**	**65,067**	**65,526**	**-**	**23,347**	**-**	**266,667**	**500,942**	**7,146,493**
	FY2016[5]	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 US$700,000 plus benefits, including pension plan contributions. No comparative figures are shown for Gerry Bollman as he commenced his role on 5 December 2016. Mr. Bollman's annual fixed remuneration will increase to US$800,000 plus benefits by no later than 1 July 2018 under the terms of his service agreement.
4 Annual fixed remuneration of $800,000, including superannuation and any approved benefits.
5 FY2016 comparative information covers the period from the Company's listing on the Australian Securities Exchange on 29 April 2016 through to 30 June 2016.

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 of Reliance Worldwide Corporation Limited for the financial year ended 30 June 2017 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 J McDonald
Partner
Melbourne
28 August 2017

Consolidated Statement of Profit or Loss And Other Comprehensive Income

For the year ended 30 June 2017

	Note	2017 $000	2016[1] $000
Revenue from sale of goods		601,693	98,290
Cost of sales		(349,471)	(59,411)
Gross profit		**252,222**	**38,879**
Other income		353	520
Product development expenses		(11,428)	(1,990)
Selling, warehouse and marketing expenses		(86,597)	(14,887)
Administration expenses		(52,103)	(8,189)
Other expenses	4	(1,149)	(12,545)
Operating profit		**101,298**	**1,788**
Finance income	5	50	39
Finance costs	5	(5,061)	(988)
Net finance costs		**(5,011)**	**(949)**
Profit before tax		**96,287**	**839**
Income tax expense	7	(30,675)	(2,437)
Profit / (Loss) for the period attributable to the Owners of the Company		**65,612**	**(1,598)**
Other Comprehensive profit / (loss)			
Items that may be classified to profit or loss:			
Foreign currency translation differences		(1,509)	(3,269)
Total comprehensive profit /(loss) for the period attributable to the Owners of the Company		**64,103**	**(4,867)**
		cents	**cents**
Earnings per share			
Basic earnings / (loss) per share attributable to ordinary equity holders	6	12.5	(0.30)
Diluted earnings / (loss) per share attributable to ordinary equity holders	6	12.4	(0.30)

1 Comparative figures shown in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and associated Notes to the Financial Statements are for the period from the date of incorporation of the Company (19 February 2016) to 30 June 2016.

Consolidated Statement of Financial Position

At 30 June 2017

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	Note	2017 $000	2016 $000
Assets			
Current assets			
Cash and cash equivalents	17	34,996	35,648
Trade and other receivables	8	109,727	94,964
Inventories	9	162,422	119,109
Other current assets		6,771	4,655
Total Current Assets		**313,916**	**254,376**
Non-Current			
Property, plant and equipment	10	111,509	107,835
Deferred tax assets	7	18,292	15,056
Goodwill and unidentified other intangible assets	11	96,284	44,570
Other intangible assets	12	59,786	1,238
Total Non-Current Assets		**285,871**	**168,699**
Total Assets		**599,787**	**423,075**
Liabilities			
Current liabilities			
Bank overdraft	14	9,403	-
Trade and other payables	13	97,910	64,762
Borrowings	14	423	446
Current tax liabilities		4,333	169
Employee benefits	15	5,833	4,355
Total Current Liabilities		**117,902**	**69,732**
Non-Current Liabilities			
Borrowings	14	260,539	163,123
Deferred tax liabilities	7	12,516	18,402
Employee benefits	15	4,084	4,831
Total Non-Current Liabilities		**277,139**	**186,356**
Total Liabilities		**395,041**	**256,088**
Net Assets		**204,746**	**166,987**
Equity			
Share capital	18	1,261,371	1,272,732
Reserves	20	(1,104,889)	(1,104,147)
Retained earnings / (accumulated losses)		48,264	(1,598)
Total Equity		**204,746**	**166,987**

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Note	Share Capital $000	Foreign Currency Translation Reserve $000	Merger Reserve $000	Share based Payment Reserve $000	(Accumulated Losses)/ Retained Profits $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	20	-	-	(1,100,943)	-	-	(1,100,943)
Share based payments	19	-	-	-	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**
Balance at 30 June 2016		**1,272,732**	**(3,269)**	**(1,100,943)**	**65**	**(1,598)**	**166,987**
Profit/(loss) for the period		-	-	-	-	65,612	65,612
Foreign currency translation Reserve	20	-	(1,509)	-	-	-	(1,509)
Total comprehensive income		**-**	**(1,509)**	**-**	**-**	**65,612**	**64,103**
Transactions with owners of the Company							
Purchase of treasury shares	18	(11,361)	-	-	-	-	(11,361)
Share based payments	19	-	-	-	767	-	767
Dividends paid		-	-	-	-	(15,750)	(15,750)
Total transactions with owners of the Company		**(11,361)**	**-**	**-**	**767**	**(15,750)**	**(26,344)**
Balance at 30 June 2017		**1,261,371**	**(4,778)**	**(1,100,943)**	**832**	**48,264**	**204,746**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	Note	2017 $000	2016 $000
Cash flows from operating activities			
Receipts from customers		596,599	107,461
Payments to suppliers and employees and customer rebates		(497,111)	(81,817)
Income tax payments		(27,563)	-
Other income		-	520
Net cash from operating activities		**71,925**	**26,164**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(21,706)	(2,514)
Proceeds from sale of property, plant and equipment and development incentives received		464	992
Purchase of intangibles	12	(3,761)	(183)
Net cash outflow upon acquisition of business combinations	3	(122,273)	(1,025,880)
Net cash used in investing activities		**(147,276)**	**(1,027,585)**
Cash flows from financing activities			
Proceeds from issue of shares		-	918,750
Purchase of treasury shares		(11,362)	-
Proceeds from borrowings		127,417	160,000
Repayment of borrowings		(30,000)	(446)
Dividends paid		(15,750)	-
Interest received		50	39
Interest paid - other persons and corporations		(5,061)	(988)
Capital raising costs paid		-	(40,282)
Net cash from financing activities		**65,294**	**1,037,073**
Net change in cash and cash equivalents		(10,057)	35,652
Cash at the start of the year		35,648	-
Effect of movements in exchange rates on cash held		2	(4)
Cash and cash equivalents at the end of the year		**25,593**	**35,648**
Represented by:			
Cash at bank		34,996	35,648
Bank overdraft	14	(9,403)	-
Cash and cash equivalents at the end of the year	17	**25,593**	**35,648**

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 28 August 2017.

(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 2017;
- 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 1 July 2016; and
- do not early adopt any AASBs and Interpretations that have been issued or amended but are not yet effective.

Financial statements of subsidiaries are prepared using consistent accounting policies.

This note sets out details of accounting policies which aid the understanding of the financial statements as a whole. Accounting policies which are specific to a particular income, expense or account balance are described in the note to which that policy relates.

Comparative figures shown in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and associated Notes to the Financial Statements are for the period from the date of incorporation of the Company (19 February 2016) to 30 June 2016.

(i) 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.

(ii) Transactions eliminated on consolidation

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

1. Significant accounting policies (continued)

(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. The functional currency of each subsidiary is provided in Note 21.

(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 7);
- Recoverability of trade and other receivables (Note 8):
- Estimation of net realisable value and possible obsolescence of inventories (Note 9);
- Recoverability of goodwill and unidentified other intangible assets (Note 11);
- Recoverability of other intangible assets (Note 12); and
- Fair values of assets and liabilities of acquired businesses (Note 3).

(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.

1. Significant accounting policies (continued)

(f) Revenue recognition (continued)

Revenue from the sale of goods is recognised when 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.

(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 8.

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 2017.

(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) borrowings.

(h) 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.

1. Significant accounting policies (continued)

(i) 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.

(j) 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: Financial periods beginning on or after 1 January 2018. The standard proposes a revised framework for the classification and measurement of financial instruments.

The Company is assessing the impact of this standard. Application of the standard is not expected to have a material impact.

AASB 15: Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards Arising from AASB 15. Application: Financial periods beginning on or after 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.

The Company has reviewed the criteria of recognising revenue provided in the Standard against the Group's current revenue recognition policies. No material differences in revenue recognition are expected.

AASB 16: Leases. Application: Financial periods beginning on or after 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 Company has reviewed its current operating leases which are predominately for leases of property and equipment. Details of present operating lease commitments are disclosed in Note 22. On the application of the Standard the present value of lease commitments at that date will be included in Property, Plant and Equipment as a Right to Leased Asset which will be amortised as depreciation and interest over the term of the lease. The introduction of AASB 16 is not expected to have any material impacts on the Company complying with financial covenants contained in its financing facilities.

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 Group.

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

Segment revenues, expenses, assets and liabilities are reported on a gross basis.

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, pipe support systems and firestop solutions;
- 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.

Revenue by product group for the year ended 30 June 2017 is:

	2017 $000	2016 $000
Fittings and pipe	425,032	63,248
Control valves	95,071	18,365
Thermostatics	27,501	5,302
Other Products	54,089	11,375
	601,693	**98,290**

The Group had one significant customer representing greater than 10% of the Group's revenue in the 2017 financial year. This customer is in the Americas segment and contributed $189.4 million of the Group's revenue in the financial year.

2. Segment reporting (continued)

	Asia Pacific		Americas		EMEA		Corporate /Other		Elimination		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Revenue												
From external customers	122,552	28,640	433,234	61,734	45,907	7,916	-	-	-	-	601,693	98,290
From other segments	95,553	19,187	2,087	354	4,226	2	-	-	(101,866)	(19,543)	-	-
Segment revenues	**218,105**	**47,827**	**435,321**	**62,088**	**50,133**	**7,918**	**-**	**-**	**(101,866)**	**(19,543)**	**601,693**	**98,290**
Cost of sales	(146,878)	(33,087)	(265,598)	(40,085)	(38,861)	(5,782)	-	-	101,866	19,543	(349,471)	(59,411)
Gross profit	**71,227**	**14,740**	**169,723**	**22,003**	**11,272**	**2,136**	**-**		**-**	**-**	**252,222**	**38,879**
Other income	22	388	211	69	107	63	13	-	-	-	353	520
Product development expenses	(4,005)	(1,100)	(5,926)	(568)	(1,497)	(322)	-	-	-	-	(11,428)	(1,990)
Selling and marketing expenses	(17,718)	(4,529)	(63,493)	(8,674)	(6,605)	(1,684)	1,219	-	-	-	(86,597)	(14,887)
Administration expenses	(10,682)	(3,320)	(33,153)	(3,947)	(4,353)	(597)	(3,915)	(325)	-	-	(52,103)	(8,189)
Other expenses	(264)	(135)	(745)	(222)	(31)	(104)	(109)	(12,084)	-	-	(1,149)	(12,545)
Segment operating profit	**38,580**	**6,044**	**66,617**	**8,661**	**(1,107)**	**(508)**	**(2,792)**	**(12,409)**	**-**	**-**	**101,298**	**1,788**
Segment assets	**221,178**	**191,283**	**373,381**	**194,058**	**39,208**	**34,987**	**859,643**	**619,495**	**(893,623)**	**(616,748)**	**599,787**	**423,075**
Segment liabilities	**54,549**	**57,722**	**780,976**	**620,563**	**26,202**	**20,220**	**426,937**	**174,331**	**(893,623)**	**(616,748)**	**395,041**	**256,088**

2. Segment reporting (continued)

	Asia Pacific		**Americas**		**EMEA**		**Corporate / Other**		**Elimination**		**Total**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
EBITDA after significant items	47,451	8,099	74,599	9,878	471	(317)	(1,836)	(12,409)	-	-	**120,685**	**5,251**
Depreciation of property plant and equipment	(8,766)	(2,010)	(7,605)	(1,112)	(1,577)	(191)	(297)	-	-	-	**(18,245)**	**(3,313)**
Amortisation of intangible assets	(107)	(45)	(377)	(105)	-	-	(658)	-	-	-	**(1,142)**	**(150)**
Employee benefits expense	(22,310)	(6,802)	(37,221)	(4,476)	(7,193)	(1,578)	(13,152)	-	-	-	**(79,876)**	**(12,856)**
Interest income	2	-	-	-	5	3	43	36	-	-	**50**	**39**
Interest expense	(2)	-	(1)	-	(62)	(26)	(4,996)	(962)	-	-	**(5,061)**	**(988)**
Income tax expense	(11,282)	(1,882)	(11,876)	(7,028)	329	201	(7,846)	6,272	-	-	**(30,675)**	**(2,437)**
Additions to property plant and equipment	5,220	1,073	12,434	1,127	3,107	312	945	2	-	-	**21,706**	**2,514**
Non-current assets excluding other financial assets and deferred tax assets	86,623	89,155	168,535	55,006	10,800	9,480	1,621	2	-	-	**267,579**	**153,643**

Comparative figures shown in the Segment Note are for the period from the date of incorporation of the Company (19 February 2016) to 30 June 2016.

3 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.

Identifiable assets acquired and liabilities and contingent liabilities assumed are, with limited exceptions, initially measured at their fair values at acquisition date. When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions at acquisition date. Under the acquisition method, the Group has up to 12 months following the acquisition date to finalise the assessment of fair value of identifiable assets and liabilities.

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.

Acquisition of Securus, Inc.

(a) Summary of acquisition

The Group completed the acquisition of all the issued shares in Securus Inc. (trading as HOLDRITE) ("Holdrite") on 12 June 2017 for a base purchase price of US$92.5 million (subject to customary closing adjustments) ($A122.6 million). Holdrite is a market leader in providing innovative engineered product solutions to solve the everyday problems of plumbers and contractors and facilitate professional and time saving installations. Holdrite sells its products to the plumbing and mechanical contractor markets, mainly through wholesale distribution channels, for use in the residential and commercial new construction markets and the re-model market. More than 98% of Holdrite's product sales occur in the United States and Canada. The acquisition of Holdrite is consistent with the Group's strategy of acquiring businesses which deliver products complementary to our existing product range that will benefit from our extensive distribution channels or provide access for our product portfolio to new distribution channels. The acquisition also helps accelerate our penetration of the residential and commercial new construction markets which we believe represents attractive longer term growth opportunities for the Group.

(b) Purchase consideration and summary of cash movement

	2017 $000
Base purchase price	122,602
Provisional closing adjustments	4,093
Total purchase consideration	**126,695**

Reconciliation of cash movement

Cash consideration paid	126,695
Less net cash acquired, net of payables settled immediately after acquisition	(4,422)
	122,273

No direct costs associated with the transaction were capitalised. Direct costs attributable to the acquisition totalling approximately $1.7 million were expensed directly to the profit or loss account. These expenses were mainly for legal, due diligence and advisory costs.

3 Business Combinations (continued)

(c) Fair value of net assets acquired

	Note	Acquiree's carrying amount $000	Fair value Adjustments $000	Fair value[1] $000
Identifiable assets				
Cash and cash equivalents		9,222	-	9,222
Trade and other receivables [2]		9,462	-	9,462
Inventories		6,230	-	6,230
Prepayments		956	-	956
Property plant and equipment	10	4.481	-	4,481
Intangible assets	12	130	53,462	53,592
Total identifiable assets acquired		**30,481**	**53,462**	**83,943**
Identifiable liabilities				
Trade and other payables		9,589	-	9,589
Employee entitlements		346	-	346
Total liabilities assumed		**9,935**	**-**	**9,935**
Net identifiable assets acquired				**74,008**
Purchase consideration				126,695
Fair value of net identifiable assets acquired				74,008
Goodwill on acquisition and unidentified other intangible assets				**52,687**

[1] Fair values are provisionally accounted for at 30 June 2017.
[2] Trade and other receivables are net of provision for doubtful debts.

Goodwill on acquisition is attributable mainly to the skills and technical talent of Holdrite executives and employees, growth opportunities expected from combining the Holdrite products and distribution channels with those of the Group and the expected benefits of integrating the Holdrite business into the Group's operations. The Group is still in the process of assessing if any other intangible assets can be identified.

Holdrite contributed operating revenue of $2.9 million for the period from acquisition to 30 June 2017. The net profit before tax contributed for this period was $0.4 million. If the Group controlled Holdrite for the entire financial year, the consolidated pro forma revenue is calculated to be $656.5 million. The consolidated pro forma profit before tax is calculated to be $108.3 million.

4. Other expenses

	2017 $000	2016 $000
IPO capital raising costs booked to profit or loss	-	12,084
Loss on sale of assets	245	-
Foreign exchange loss	904	461
	1,149	**12,545**

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

	2017 $000	2016 $000
Interest income from cash and cash equivalents	**50**	**39**
Interest and borrowing expenses	**(5,061)**	**(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.

	2017 $000	2016 $000
Profit / (loss) attributable to ordinary shareholders	65,612	(1,598)

Weighted average number of ordinary shares at 30 June 2017 (basic)	**Number of shares**	**Number of shares**
- Issued ordinary shares	525,000,000	525,000,000
- Treasury shares (weighted average)	(254,486)	-
	524,745,514	525,000,000
	cents	**cents**
Basic earnings/(loss) per share	**12.5**	**(0.30)**

6. Earnings per share (continued)

(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.

	2017 $000	2016 $000
Profit / (loss) attributable to ordinary shareholders	65,612	(1,598)
Changes in earnings arising from dilutive potential ordinary shares	-	-
	65,612	(1,598)
Weighted average number of ordinary shares at 30 June (diluted)	**Number of shares**	**Number of shares**
- Issued ordinary shares	525,000,000	525,000,000
- Effect of share options on issue	5,307,190	4,000,000
- Treasury shares (weighted average)	(254,486)	-
	530,052,704	529,000,000
	Cents	**Cents**
Diluted earnings/(loss) per share	**12.4**	**(0.30)**

7. Income tax expense

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 at the end of the reporting period.

(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.

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.

7. Income tax expense (continued)

(ii) Deferred tax (continued)

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. At 30 June 2017, the Australian Tax Consolidated Group has $5.1 million franking credits available for subsequent reporting periods.

(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:

	2017 $000	2016 $000
Profit before income tax	96,287	839
Prima facie income tax expense at 30%	(28,886)	(251)
Tax effect of items which increase / (decrease) tax expense:		
Effect of tax rates in foreign jurisdictions	1,535	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	1,008	(63)
Assessable step down amounts on tax consolidation	-	(232)
Non assessable income	-	103
Adjustments for prior years	(24)	29
Employee share incentive scheme	(669)	-
Other	(61)	(505)
Actual income tax expense reported in the consolidated statement of profit or loss	**(30,675)**	**(2,437)**

(b) Components of income tax:	2017 $000	2016 $000
Current tax	(21,553)	(1,331)
Deferred tax	(9,122)	(1,106)
	(30,675)	**(2,437)**
Average rate of tax	31.9%	n/m [1]

[1] Average rate of tax for the 2016 comparative period is not meaningful.

7. Income tax expense (continued)

(c) Deferred tax balances

2017	Opening Balance $000	Acquired in Restructure $000	Recognised in Profit and loss $000	Closing Balance $000
Deferred tax assets				
Employee benefits	2,821	-	86	2,907
Other provisions and accruals	5,249	-	1,806	7,055
IPO costs deductible in future periods	6,042	-	(2,417)	3,625
Other items giving rise to deferred tax assets	944	-	3,761	4,705
Total	**15,056**	**-**	**3,236**	**18,292**
Deferred tax liabilities				
Property plant and equipment	(12,026)	-	461	(11,565)
Unrealised foreign exchange movements	(6,018)	-	5,654	(364)
Difference between State and Federal written down values (USA)	(41)	-	119	78
Other items giving rise to a deferred tax liability	(317)	-	(348)	(665)
Total	**(18,402)**	**-**	**5,886**	**(12,516)**

2016	Opening Balance $000	Acquired in Restructure $000	Recognised in Profit and loss $000	Closing Balance $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

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.

	2017 $000	2016 $000
Trade debtors	107,659	87,389
Less: provision for doubtful debts	(191)	(45)
	107,468	87,344
Other debtors	2,259	7,620
	109,727	**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

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.

	2017 $000	2016 $000
At cost		
Raw materials and stores	66,688	56,349
Consumables	166	192
Work in progress	15,741	12,643
Finished goods	85,033	55,895
	167,628	125,079
Less: provision for diminution	(5,206)	(5,970)
	162,422	**119,109**

10. 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

Property, plant and equipment are tested for impairment. Any impairment losses are recognised in the statement of profit or loss and other comprehensive income.

	2017	**2016**
	$000	**$000**
Carrying amounts of:		
Freehold land	197	203
Buildings	18,362	16,310
Leasehold improvements	3,052	2,465
Plant and equipment	89,898	88,857
	111,509	**107,835**

10. Property, plant and equipment (continued)

	Freehold Land 2017 $000	Freehold Land 2016 $000	Buildings 2017 $000	Buildings 2016 $000	Leasehold Improvement 2017 $000	Leasehold Improvement 2016 $000	Plant & Equipment[1] 2017 $000	Plant & Equipment[1] 2016 $000	Consolidated Total 2017 $000	Consolidated Total 2016 $000
Cost										
Opening balance	203	-	19,256	-	4,784	-	179,357	-	203,600	-
Transfers	-	-	442	-	(442)	-	(7,195)	-	(7,195)	-
Acquired	-	198	-	18,317	908	4,826	3,573	178,927	4,481	202,268
Additions [1]	-	-	3,420	493	495	2	17,791	2,019	21,706	2,514
Disposals	-	-	-	-	(74)	-	(8,568)	(2,744)	(8,642)	(2,744)
Net effect of change in exchange rates	(6)	5	(889)	446	(102)	(44)	182	1,155	(815)	1,562
Closing balance at 30 June	197	203	22,229	19,256	5,569	4,784	185,140	179,357	213,135	203,600
Accumulated depreciation										
Opening balance	-	-	(2,946)	-	(2,319)	-	(90,500)	-	(95,765)	-
Transfers	-	-	(442)	-	442	-	3,712	-	3,712	-
Acquired	-	-	-	(2,788)	-	(2,264)	-	(89,481)	-	(94,533)
Depreciation expense	-	-	(600)	(90)	(711)	(81)	(16,934)	(3,142)	(18,245)	(3,313)
Disposals	-	-	-	-	43	-	7,703	2,509	7,746	2,509
Net effect of change in exchange rates	-	-	121	(68)	28	26	777	(386)	926	(428)
Closing balance at 30 June	-	-	(3,867)	(2,946)	(2,517)	(2,319)	(95,242)	(90,500)	(101,626)	(95,765)
Net carrying value at 30 June	**197**	**203**	**18,362**	**16,310**	**3,052**	**2,465**	**89,898**	**88,857**	**111,509**	**107,835**

1 The asset category includes capitalised amounts for assets which are under construction or not installed ready for use and are not depreciated. At 30 June 2017, this amount is $11.8 million (2016: $8.7 million).

11. Goodwill and unidentified other intangible assets

Goodwill and unidentified other intangible assets represent 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 acquisition 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.

The carrying value of goodwill and unidentified other intangible assets at balance date is $96.3 million. Of this amount, $44.6 million relates to goodwill attributable to business acquisitions within the Asia Pacific segment prior to the Restructure in April 2016. The remaining $52.7 million is goodwill and unidentified other intangible assets recorded on acquisition of Holdrite in the Americas segment in June 2017. Refer Note 3. The Group is still in the process of assessing if any other intangible assets arising from the Holdrite acquisition can be identified.

Goodwill in respect of the Asia Pacific region has been tested for impairment. The Company has assessed this goodwill and determined it is recoverable. The recoverable amount of this goodwill has been assessed utilising value in use methodologies. The value in use assessment at 30 June 2017 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.
- 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.
- 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 performed sensitivity analysis to examine the effect of a change in assumptions on the goodwill attributed to the Asia Pacific segment. Based on current economic conditions and CGU performances there are no reasonably possible changes to key assumptions used in determination of CGU recoverable amounts that would result in a material impairment to the Group.

Testing for impairment of the goodwill and unidentified other intangible assets attributable to the Holdrite acquisition was not undertaken at balance date as the transaction completed in June 2017.

	2017 **$000**	**2016** **$000**
Opening balance	44,570	-
Acquired – Note 3	52,687	44,348
Foreign currency exchange differences	(973)	222
Carrying value	**96,284**	**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.

(i) Intellectual property and licence 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.

12. Other intangible assets (continued)

(ii) Trade Names and trademarks

Trade names and trademarks are registered names, symbols, words or other devices used in trade to indicate the source of a product and distinguish it from other products. Trade names and trademarks do not have finite useful lives and are not amortised.

(iii) Product Technology

Technology based intangible assets relate to innovations or technological advances, such as patented technology. Technology based intangible assets are amortised on a straight line basis over a period of up to twenty years.

(iv) 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 development expenditure is allocated to other expenses as inventory is sold.

The intangible assets shown below do not include any unidentified other intangible assets.

	Intellectual Property, Product Technology, Trade Names and Trademarks		**Licence Fees**		**Total**	
	2017 $000	**2016 $000**	**2017 $000**	**2016 $000**	**2017 $000**	**2016 $000**
Cost						
Opening balance	393	-	1,550	-	1,943	-
Acquired – Note 3	53,592	2,586	-	1,367	53,592	3,953
Transfers	7,195	-	-	-	7,195	-
Additions	2,125	-	1,636	183	3,761	183
Disposals	-	(2,307)	(1,293)	-	(1,293)	(2,307)
Foreign exchange	(1,083)	114	-	-	(1,083)	114
Closing balance	62,222	393	1,893	1,550	64,115	1,943
Accumulated Amortisation						
Opening balance	(24)	-	(681)	-	(705)	-
Acquired	(72)	(2,124)	-	-	(72)	(2,124)
Transfers	(3,712)	-	-	-	(3,712)	-
Additions	-	-	-	(636)	-	(636)
Amortisation	(378)	(105)	(764)	(45)	(1,142)	(150)
Disposals	-	2,307	1,292	-	1,292	2,307
Foreign exchange	10	(102)	-	-	10	(102)
Closing balance	(4,176)	(24)	(153)	(681)	(4,329)	(705)
Carrying Value	**58,046**	**369**	**1,740**	**869**	**59,786**	**1,238**

13. Trade and other payables

	2017 $000	2016 $000
Current:		
Trade payables	50,584	36,176
Other creditors, accruals and provision for employee bonuses	47,326	28,586
	97,910	**64,762**

14. Borrowings

	Current 2017 $'000	Current 2016 $'000	Non-current 2017 $'000	Non-current 2016 $'000	Total 2017 $'000	Total 2016 $'000
Secured:						
Bank Overdraft	9,403	-	-	-	9,403	-
Borrowings	423	446	260,539	163,123	260,962	163,569
Total secured borrowings	**9,826**	**446**	**260,539**	**163,123**	**270,365**	**163,569**

The Company has banking facilities of $350 million (30 June 2016 - $250 million) which are 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 2020.

The Facilities contain 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 the Group'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

Short and long term employee benefits

A liability is recognised for benefits accruing to employees in respect of 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.

Current:

Current employee entitlements include benefits for wages, salaries and 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		Non-current		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Employee entitlements						
Opening balance	4,355	-	4,831	-	9,186	-
Acquired	346	3,178	-	5,076	346	8,254
Charged to profit or loss	4,030	1,038	21	323	4,051	1,361
Paid during the period	(3,614)	(369)	-	(79)	(3,614)	(448)
Foreign currency exchange differences	(52)	16	-	3	(52)	19
Reclassification	768	492	(768)	(492)	-	-
Closing balance	**5,833**	**4,355**	**4,084**	**4,831**	**9,917**	**9,186**

16. Employee benefits expense

(i) 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.

(ii) 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.

(iii) 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.

16. Employee benefits expense (continued)

Employee benefits expenses recognised in the profit or loss account are:

	2017 $000	2016 $000
Wages and salaries	81,701	12,030
Employee leave entitlements	4,453	1,612
Workers compensation premiums	661	164
Superannuation contributions	4,786	717
Payroll related taxes	4,509	742
Contract labour	6,452	1,570
Share based payment expense	768	65
Other payroll related expenses	164	343
	103,494	**17,243**
Recovered in costs of goods sold	(23,618)	(4,387)
	79.876	**12,856**

17. 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.

(a) Reconciliation of cash

For the purposes of the Consolidated 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 Consolidated Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

Cash on hand and at bank comprises:	2017 $000	2016 $000
AUD	8,441	15,956
USD	19,511	15,722
GBP	2,544	2,288
Euro	1,179	203
NZD	97	339
CAD	3,224	1,140
	34,996	35,648
Less: bank overdrafts - AUD	(9,403)	-
Cash and cash equivalents in the Consolidated Statement of Cash Flows	**25,593**	**35,648**

17. Cash and cash equivalents (continued)

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

	2017 $000	2016 $000
Profit / (loss) from operations after income tax	**65,612**	**(1,598)**
Depreciation expense	18,245	3,313
Amortisation expense	1,142	150
(Profit) / loss on disposal of non-current assets	(49)	26
Share based payments	767	65
Provision for impairment – trade debtors	146	(13)
Provision for obsolescence – inventory	(764)	532
Capital raising costs accounted for as financing cash flows	-	12,084
Interest expense accounted for as financing cash flows	5,061	988
Interest income accounted for as financing cash flows	(50)	(39)
Changes in operating assets and liabilities:		
Trade and other receivables	(5,447)	4,231
Inventories	(36,319)	2,559
Prepayments	(1,158)	711
Trade and other payables	29,311	(196)
Tax balances	(4,957)	(2,437)
Employee entitlements	385	914
Net cash from operating activities	**71,925**	**26,164**

18. Share Capital

Share capital

	Number of shares 2017 Number	2016 Number	2017 $	Company 2016 $
Ordinary shares				
Opening balance	525,000,000	-	1,272,732,768	-
Issued during the year	-	525,000,000		1,296,700,277
Capital raising costs incurred net of recognised tax benefit	-	-	-	(23,967,509)
Treasury shares (Note 19)	-	-	(11,361,779)	-
Total	**525,000,000**	**525,000,000**	**1,261,370,989**	**1,272,732,768**
Redeemable preference shares				
Issued on incorporation	2	2	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.

19. Share based payments

The Company has established an 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 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.

Options

The Company has granted 5,307,190 (30 June 2016 – 4,000,000) options under the Plan. Further details on the terms and conditions of the options granted are 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. The Company has not granted any other options.

Rights to Shares

The Board has approved that nominated, eligible executives and employees be invited to participate in the Plan as a means of attracting, retaining and motivating key employees in the Group. Participants will be granted rights to be awarded fully paid ordinary shares in the Company ("**Rights"**) in accordance with the rules of the Plan and subject to the offer terms ("**Offer**"). An Offer will constitute a long term incentive component of the participant's remuneration from the grant date until the end of the vesting period.

At the date of this report, the Company had granted 2,849,730 Rights of which 235,730 Rights vest on 12 June 2022 and 2,614,000 Rights vest on 1 July 2022. Vesting conditions include a continuous service period. No Rights vested during the reporting period or have subsequently vested. The Company has established a subsidiary, Reliance Employee Share Investments Pty Ltd ("**Trustee**") to act as trustee of the Reliance Employee Share Investments Trust. The Trustee will acquire Reliance shares on-market on behalf of the Trust to meet any obligations to deliver shares to a participant who satisfies the vesting conditions. During the reporting period the Trustee, on behalf of the Trust, acquired 3,321,402 shares at an average price of $3.42 per share. Under the Plan rules, the Company is also able to satisfy any obligation to deliver shares to a participant by way of an issue of shares or a payment of cash in lieu. The cost of the shares acquired is accounted for as Treasury Shares and debited against Share Capital (Note 18).

Restricted Shares

The Company offered 680,272 restricted shares to Gerry Bollman, Global Chief Financial Officer, upon commencement of his employment with the Group. Further details on the terms and conditions of the restricted shares are provided in the Remuneration Report.

	2017	**2016**
	$000	**$000**
Share based payment expense recognised in the profit or loss account:	767	65

20. Reserves

Reserves

	2017 $000	2016 $000
Foreign currency translation reserve:		
Opening balance	(3,269)	-
Movement resulting from translation of financial statements of foreign subsidiaries net of tax impacts	(1,509)	(3,269)
	(4,778)	(3,269)
Merger reserve:		
Opening balance	(1,100,943)	-
Movement as a result of restructure	-	(1,100,943)
	(1,100,943)	(1,100,943)
Share based payments reserve:		
Opening balance	65	-
Share based payments expense	767	65
	832	65
Total reserves	**(1,104,889)**	**(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 Company, through a wholly owned subsidiary, acquired the entities that carry on the operations of Reliance Worldwide Corporation in April and May 2016 (“Restructure”). The Directors elected to account for the effect of the Restructure as a common control transaction in accordance with the provisions of *AASB 3: Business Combinations*. Consequently, the net assets acquired were recorded at the carrying values that existed at the time of the transaction. The excess consideration over book value at acquisition date is 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 provided 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 2017	Equity Holding 2016	Functional Currency
Reliance Worldwide Group Holdings Pty Ltd	Australia	Ordinary	100%	100%	AUD
Reliance Worldwide Corporation (Aust.) Pty Ltd	Australia	Ordinary	100%	100%	AUD
Reliance Worldwide Pty Ltd	Australia	Ordinary	100%	100%	AUD
Reliance Employee Share Investments Pty Ltd[1]	Australia	Ordinary	100%	-	AUD
Reliance Worldwide Holdings (NZ) Limited	New Zealand	Ordinary	100%	100%	NZD
Reliance Worldwide Corporation (NZ) Limited	New Zealand	Ordinary	100%	100%	NZD
Reliance Manufacturing Company (NZ) Limited	New Zealand	Ordinary	100%	100%	NZD
Titon Limited	New Zealand	Ordinary	100%	100%	NZD
Reliance Worldwide Corporation (Canada) Inc	Canada	Ordinary	100%	100%	CAD
Reliance Worldwide Holdings (USA) Corporation	America	Ordinary	100%	100%	USD
Reliance Worldwide Corporation	America	Ordinary	100%	100%	USD
Securus, Inc.[2]	America	Ordinary	100%	-	USD
Reliance Worldwide Corporation (Europe) S.L.U.	Spain	Ordinary	100%	100%	Euro
Reliance Worldwide Holdings (UK) Limited	United Kingdom	Ordinary	100%	100%	GBP
Reliance Worldwide Corporation (UK) Limited	United Kingdom	Ordinary	100%	100%	GBP
Reliance Water Controls Limited	United Kingdom	Ordinary	100%	100%	GBP

1. Incorporated on 29 September 2016
2. Acquired on 12 June 2017

22. Expenditure commitments

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

	2017 $000	2016 $000
Payable not later than one year	7,608	8,095
Payable later than one year and not later than five years	30,048	26,374
Payable later than five years	41,433	18,959
	79,089	**53,428**

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

	2017 $000	2016 $000
Payable not later than one year	9,474	8,220
Payable later than one year and not later than five years	146	-
	9,620	**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 totalling $366,400.

Reliance Worldwide Corporation ("RWC USA"), a member of the Group, has been joined as one of the defendants in a claim for damage and loss alleged to have been incurred in connection with leakages from modifications to an existing copper pipe plumbing system. The modified system was supplied and installed by a third party, which is the principal defendant. At this stage, it is not possible to provide a reasonable or accurate assessment of RWC USA's potential exposure. In any event, RWC USA denies any liability and believes the claim is without merit.

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 of external receivables and payables balances for the major currency exposures at 30 June are set out below in Australian dollar equivalents.

24. Financial risk management (continued)

	USD		CAD		NZ		GBP		EUR	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Spot exchange rate	0.7676	0.7449	0.9965	0.9641	1.0482	1.0444	0.5907	0.5604	0.6726	0.6708
Cash	13,700	7,534	-	-	-	-	-	-	703	142
Trade and other receivables	2,209	1,905	-	-	-	-	-	-	843	528
Trade and other payables	(5,672)	(229)	(3)	-	-	-	(43)	-	(3,873)	(1,647)
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-
Net external exposure	10,237	9,210	(3)	-	-	-	(43)	-	(2,327)	(977)

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	
	2017	2016	2017	2016
At relevant 30 June 2017 rates				
If foreign exchange rate - 5%	414	433	414	433
If foreign exchange rate + 5%	(374)	(392)	(374)	(392)

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. If the current interest rate was 1% higher the interest expense for the year would have increased by $1.5 million.

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 borrowings is disclosed in Note 17 and Note 14.

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

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 the 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.

24. Financial risk management (continued)

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 are disclosed at Note 14

	2017 $000	2016 $000
Total facility available	352,962	257,138
Amount drawn at 30 June	260,962	163,569
Available undrawn facility	**92,000**	**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:

2017

Financial liabilities	Carrying amount $000	Less than 1 year $000	1 to 2 years $000	2 to 5 years $000	Total $000
Trade and other payables	97,910	97,910	-	-	97,910
Bank borrowings	260,962	423	2,539	258,000	260,962
Bank overdraft	9,403	9,403	-	-	9,403
Total	**368,275**	**107,736**	**2,539**	**258,000**	**368,275**

2016

Financial liabilities	Carrying amount $000	Less than 1 year $000	1 to 2 years $000	2 to 5 years $000	Total $000
Trade and other payables	64,762	64,762	-	-	64,762
Bank borrowings	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:

	2017 Carrying amount $000	2016 Carrying amount $000
Americas	66,187	49,130
Asia Pacific	33,837	35,188
EMEA	9,703	10,646
Total	**109,727**	**94,964**

At 30 June 2017, the Group's most significant customer accounted for $19.2 million of the trade debtors and receivables amount.

24. Financial risk management (continued)

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

	2017 $000	2016 $000
Neither past due nor impaired	100,803	77,919
Past due 1 to 30 days	8,448	16,611
Past due 31 to 90 days	410	434
Over 90 days	66	-
Total	**109,727**	**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 until the date of this report are set out below. All Key Management Personnel held their positions for the entire reporting period unless otherwise noted.

Jonathan Munz	Non-executive Chairman
Russell Chenu	Independent Non-Executive Director
Stuart Crosby	Independent Non-Executive Director
Ross Dobinson	Independent Non-Executive Director
Heath Sharp	Managing Director and Chief Executive Officer
Gerry Bollman	Global Chief Financial Officer (from 5 December 2016)
Terry Scott	Global Chief Financial Officer (until 5 December 2016); Global Finance Executive (from 5 December 2016)

(a) Key Management Personnel compensation

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

	2017 $	2016 $
Short term employee benefits	6,290,011	478,553
Post-employment benefits	65,526	6,688
Other long-term statutory benefits	23,347	2,501
Share based payments	767,609	65,027
Total	**7,146,493**	**552,769**

25. Key Management Personnel and Related Party Transactions (continued)

(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 2017 are:

	Shares		Options[1]	
	2017	2016	2017	2016
	Number	Number	Number	Number
Jonathan Munz	157,500,000	157,500,000	-	-
Russell Chenu	60,000	40,000	-	-
Stuart Crosby	100,000	100,000	-	-
Ross Dobinson	20,000	20,000	-	-
Heath Sharp	800,000	800,000	4,000,000	4,000000
Terry Scott	640,000	640,000	-	-
Gerry Bollman[2]	-	-	1,307,190	-
Total	**159,120,000**	**159,100,000**	**5,307,190**	**4,000,000**

1 Details of Options granted to Key Management Personnel are disclosed in the Remuneration Report.

2 Mr. Bollman has been offered 680,272 restricted shares as detailed in the Remuneration Report.

No Key Management Personnel have been offered or hold any rights to be awarded shares.

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 pays an annual fee of $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.

	2017	2016
	$000	$000
Amounts recognised as an expense during the period		
Rent and shared services expense	100	16

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

	2017 $	2016 $
KPMG Australia		
Audit services	177,000	120,000
Other assurance and non-audit services		
• Due diligence	22,500	-
• Tax compliance	79,500	65,000
• Other assurance services	25,000	-
• Other services	15,000	-
Total remuneration paid to KPMG Australia	319,000	185,000
Overseas KPMG offices		
• Due diligence	313,159	-
• Other services	22,722	-
Total remuneration paid to KPMG overseas	335,881	-
Total remuneration to KPMG	**654,881**	**185,000**

27. Deed of cross guarantee

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 following the execution of a Deed of Cross Guarantee ("Deed") on 29 June 2016. The Deed complies with the relevant ASIC instrument/class order.

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 subsidiaries who are parties to the Deed are:

- Reliance Worldwide Group Holdings Pty Ltd; and
- 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 year ended 30 June 2017 and a Statement of Financial Position for the same group for entities at balance date are set out below.

27. Deed of cross guarantee (continued)

Statement of profit or loss and other comprehensive income

	2017 $000	2016 $000
Revenue from sale of goods	212,811	46,934
Cost of sales	(143,875)	(33,843)
Gross profit	**68,936**	**13,091**
Other income	968	451
Product development expenses	(4,005)	(1,100)
Selling, warehouse and marketing expense	(15,367)	(4,401)
Administration expense	(13,478)	(3,450)
Other expenses	(388)	(12,219)
Operating profit / (loss)	**36,666**	**(7,628)**
Finance income	36,227	5,837
Finance costs	(4,996)	(962)
Net finance costs	**31,231**	**4,875**
Profit / (Loss) before tax	**67,897**	**(2,753)**
Income tax expense	(19,414)	(1,381)
Profit / (Loss) for the period	**48,483**	**(4,134)**

27. Deed of cross guarantee (continued)

Statement of financial position at 30 June 2017

	2017 $000	2016 $000
Assets		
Current assets		
Cash and cash equivalents	15,585	23,378
Trade and other receivables	47,172	33,559
Inventories	52,763	44,164
Other current assets	2,145	1,652
Total Current Assets	**117,665**	**102,753**
Non-Current		
Property, plant and equipment	41,563	43,056
Loans receivable	725,665	603,900
Deferred tax assets	7,912	10,264
Goodwill	39,825	39,825
Investment in subsidiaries	515,654	508,067
Other intangible assets	1,429	868
Total Non-Current Assets	**1,332,048**	**1,205,980**
Total Assets	**1,449,713**	**1,308,733**
Liabilities		
Current liabilities		
Bank overdraft	9,400	-
Trade and other payables	40,484	32,068
Current tax liabilities	4,104	1,429
Employee benefits	3,809	2,773
Total Current Liabilities	**57,797**	**36,270**
Non-Current Liabilities		
Borrowings	258,000	160,000
Deferred tax liabilities	3,239	3,179
Employee benefits	4,084	4,831
Total Non-Current Liabilities	**265,323**	**168,010**
Total Liabilities	**323,120**	**204,280**
Net Assets	**1,126,593**	**1,104,453**
Equity		
Share capital	1,261,371	1,272,732
Reserves	(163,377)	(164,145)
Retained profits/ (Accumulated losses)	28,599	(4,134)
Total Equity	**1,126,593**	**1,104,453**

28. Parent entity disclosure

As at, and throughout, the financial year to 30 June 2017 the parent entity of the Group was Reliance Worldwide Corporation Limited.

(a) Result of the parent entity

	2017	2016
	$000	$000
Profit /(Loss) for the period	(4,372)	(11,537)
Other comprehensive income	-	-
Total comprehensive profit/(loss) for the period	**(4,372)**	**(11,537)**

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

	2017	2016
	$000	$000
Assets		
Current Assets	1,979	13,230
Non-Current Assets	1,530,641	1,422,472
Total Assets	**1,532,620**	**1,435,702**
Liabilities		
Current Liabilities	2,628	13,071
Non-Current Liabilities	297,844	161,371
Total Liabilities	**300,472**	**174,442**
Net Assets	**1,232,148**	**1,261,260**
Equity		
Share capital	1,261,371	1,272,732
Reserves	833	65
Accumulated losses	(30,056)	(11,537)
Total Equity	**1,232,148**	**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

The Company did not enter into any material contracts to purchase plant and equipment during the year.

(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 to Note 27.

29. Subsequent events

On 28 August 2017, the Directors resolved to declare a final dividend for the 2017 financial year of 3.0 cents per share. The dividend is fully franked. The aggregate dividend payment amount is $15.75 million. The dividend will be paid to eligible shareholders on 10 October 2017. The Company does not have a dividend reinvestment plan.

The Directors are not aware of any other matters or circumstances that have occurred since the end of the financial year 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 year ended to 30 June 2017

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

1. the consolidated financial statements and notes set out on pages 20 to 58, 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 2017 and of its performance for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards, other mandatory professional reporting requirements and the Corporations Regulations 2001.

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 described in Note 27.

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

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by Section 295A of the Corporations Act 2001.

Signed in accordance with resolution of the Directors.

Jonathan Munz
Chairman

Heath Sharp
Chief Executive Officer and Managing Director

Melbourne
28 August 2017

Independent Auditor's Report

To the shareholders of Reliance Worldwide Corporation Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Reliance Worldwide Corporation Limited (the Company).

In our opinion, the accompanying Financial Report of the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2017;
- Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of Reliance Worldwide Corporation Limited (the Company) and the entities it controlled at the year end and from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- acquisition of the Holdrite business; and
- valuation of inventory.

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Acquisition of the Holdrite business

Refer to Note 3 *Business Combinations* of the Financial Report.

The key audit matter	How the matter was addressed in our audit
Identification and measurement of intangible assets acquired as part of the Holdrite business acquisition is a Key Audit matter due to: • the size of the acquisition (base purchase consideration of US$92.5 million); and • the level of judgement required in evaluating the purchase price allocation (PPA) against accounting standards. The Group engaged an independent expert to advise on the identification and measurement of intangible assets which form the PPA. As part of the measurement process of these intangible assets, significant judgement was required in assessing the valuation methodology applied, forecasted revenues and discount rates. In assessing this key audit matter, we involved senior audit team members, including valuation specialists, who collectively understand the Group's business and the economic environment it operates in.	Our audit procedures included: • reading the sale and purchase agreement to understand the key terms and conditions of the transaction relating to the identification and measurement of assets and liabilities; • working together with our valuation specialists, we challenged the valuation methodology and assumptions used in the provisional PPA to value the identifiable intangible assets. This included: o assessing the methodology applied for consistency with industry practices and criteria in the accounting standards; o comparing the inputs used by the independent expert to underlying documentation sourced from the Group; o assessing the discount rate applied by the Group using our knowledge of the Group, its industry and comparable entities; o evaluating forecast revenues based on accessing historical results of the Holdrite business for comparison, and published industry trends in which the Holdrite business operates in; o assessing the competence, experience and the scope of the independent expert. • assessing the Group's disclosures in the respect of the acquisition in accordance with accounting standards.

Valuation of inventory	
Refer to Note 9 *Inventories* of the Financial Report.	
The key audit matter	**How the matter was addressed in our audit**
The valuation of inventory is a key audit matter as a result of: • additional audit effort applied to address the Group's inventory volumes held across multiple product categories in multiple manufacturing sites. The high volume of manufactured product across multiple regions leads to greater audit effort, as inventory is tested at a regional level. • certain products where there are readily available competitor product in the market, increasing the risk of inventory net realisable values falling below cost due to market demand / pricing pressures. We focus our audit effort on assessing products at risk of these conditions, including those already identified as slow moving or obsolete, and the documentation available for the value ascribed by the Group. • the inherent complexities for applying a standard cost of production / manufacturing to inventories, requires additional audit effort.	Our audit procedures included: • testing of standard costing methodology and computations, by significant product category, in key regions. This includes checking inputs into the standard costing computation, on a sample basis, to external documentation, such as supplier invoices; • challenging the Group's approach for allocation of overheads within the standard costing computation on a sample basis by 1. examining the construct of the standard cost, 2. evaluating the underlying documentation of the Group's methodology and discussing with finance and operational personnel in the Group about the allocation methodology applied and 3. comparing the allocation methodology to our understanding of the business and the criteria in the accounting standards; • understanding the processes the Group undertakes to assess the slow moving and obsolete inventory, including understanding the Group's consideration of changes in market conditions, and its implications to valuation of inventory; • comparison of a sample of previously identified slow moving inventories, across various product and site categories, to sales amounts achieved subsequently, to evaluate the historical accuracy of the Group's expected future sales prices incorporated into inventory valuation; • challenging the Group's identification of inventory at risk of net realisable value less than standard cost. We observed the condition of a sample of inventory at physical inventory counts, challenged the identification of 'at risk' inventory categories using our understanding of the implications of the changing market conditions from our industry experience and comparison against recent sales trends; • testing the Group's value ascribed to inventory, across various product and site categories, where net realisable value is lower than standard cost. This was performed by comparing the cost per unit in the general ledger with the latest selling price per unit obtained from the approved pricing list or recent selling prices from transactions subsequent to year end, on a sample basis; • testing a sample of the Group's value ascribed to

	inventory, across all remaining inventory categories, by comparing the cost per unit in the general ledger to recent selling prices for consistency; and • assessing the Group's inventory valuation methodologies and disclosures in respect to inventory valuation, based on the requirements of relevant accounting standards.

Other Information

Other Information is financial and non-financial information in Reliance Worldwide Corporation Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of the Auditor's Report was the Directors Report, Operating and Financial Review and Chairman's Report. The CEO Report is expected to be made available to us after the date of the of the Auditor's Report

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Reliance Worldwide Limited for the year ended 30 June 2017, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our Audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Paul J McDonald

Paul J McDonald
Partner
Melbourne
28 August 2017