



23 February 2017

Results for announcement to the market

Appendix 4D for the half year ended 31 December 2016

Reliance Worldwide Corporation Limited (ASX: RWC) (“Company”) announces the following financial results for the Company and its controlled entities (together “Reliance”) for the six months ended 31 December 2016.

Reliance is a leader in the design, manufacture and supply of water flow and control products and solutions for use in “behind the wall” plumbing. The Company issued a prospectus for an initial public offering of shares dated 18 April 2016 (“Prospectus”) and its shares were listed on the ASX on 29 April 2016 (“IPO”). The Company acquired the Reliance operating entities after completion of the IPO.

| Extracted from the 31 December 2016 Half Year Financial Report which has been reviewed by the Company’s auditor¹ | Six months ended 31 December 2016 \$A’000 |
|--|--|
| Revenue from ordinary activities | 282,663 |
| Net profit from ordinary activities after tax attributable to members | 35,325 |
| Net profit after tax attributable to members | 35,325 |

In comparison with Pro Forma Historical Results contained in the Prospectus:

- Net sales (\$282.7 million) increased 4.0% over Pro Forma 1HFY2016² (\$271.9 million);
- EBITDA (\$63.7 million) increased 18.0% over Pro Forma 1HFY2016² (\$54.0 million)³; and
- EBIT (\$54.7 million) increased 18.9% over Pro Forma 1HFY2016² (\$46.0 million)³.

Please refer to the accompanying Results Announcement for commentary on the results and to the 31 December 2016 Half Year Financial Report and presentation slides released today for further information.

1 Comparative information for the statutory reporting period ended 31 December 2015 is not applicable as the Company was incorporated on 19 February 2016.

2 “Pro Forma 1HFY2016” refers to Pro Forma Historical Results for 1H FY2016 as contained in the Prospectus dated 18 April 2016.

3 EBITDA and EBIT are both before any significant items.



Earnings per share

Earnings per share for the six months ended 31 December 2016 was 6.7 cents.

Dividends for the six months ended 31 December 2016

An interim dividend of 3.0 cents per share has been declared (31 December 2015 – not applicable). The dividend is franked to 40%. The Record Date is 10 March 2017 with payment to be made on 31 March 2017.

The Company does not have a dividend reinvestment plan.

Eligible shareholders, if they have not already done so, are encouraged to provide their bank account details to the share registrar, Computershare, to enable efficient payment of the dividend. Computershare can be contacted on 1300 850 505 (within Australia) or +613 9415 4000 (international).

Net Tangible Assets per Share

Net tangible assets per share at 31 December 2016 were \$0.29 (30 June 2016 - \$0.23).

The remainder of the information requiring disclosure to comply with ASX Listing Rule 4.2A.3 is contained in the 31 December 2016 Half Year 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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Reliance Worldwide Corporation Limited
ABN 46 610 855 877

Interim Financial Report

31 December 2016

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Reliance Worldwide Corporation Limited

Directors' Report for the half year ended 31 December 2016

The Directors present their report together with the Financial Report comprising Reliance Worldwide Corporation Limited ("the Company") and its controlled entities (together "the Group") for the half year ended 31 December 2016 and the Auditor's report thereon.

Directors

The Directors of the Company at all times during and since the end of the reporting period were:

Jonathan Munz (Chairman)

Heath Sharp (Chief Executive Officer and Managing Director)

Russell Chenu

Stuart Crosby

Ross Dobinson

Review of Operations

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.

A review of the operations of the Group for the half year ended 31 December 2016, the results of those operations and the financial position of the Group at 31 December 2016 is contained in the accompanying Results Announcement dated 23 February 2017.

Events subsequent to reporting date

On 23 February 2017, the Directors resolved to declare a maiden interim dividend of 3.0 cents per share franked to 40%. The aggregate dividend payment amount is \$15.75 million. The dividend will be paid to eligible shareholders on 31 March 2017. The Company does not have a dividend reinvestment plan.

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

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

The lead auditor's independence declaration is set out on page 3 and 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
23 February 2017



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 review for the half-year ended 31 December 2016 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Paul McDonald

Partner

Melbourne

23 February 2017

Reliance Worldwide Corporation Limited

Consolidated Statement of Profit or Loss
and Other Comprehensive Income

For the half year ended 31 December 2016

| | Note | 31 December 2016 \$000 |
|--|------|------------------------------|
| Revenue | | |
| Revenue from sale of goods | | 282,663 |
| Cost of sales | | (161,767) |
| Gross profit | | 120,896 |
| Other income | | 761 |
| Product development expenses | | (5,389) |
| Selling, warehouse and marketing expenses | | (40,093) |
| Administration expenses | | (21,175) |
| Other expenses | | (295) |
| Operating profit | | 54,705 |
| Finance income | | 41 |
| Finance costs | | (2,688) |
| Net finance costs | | (2,647) |
| Profit before tax | | 52,058 |
| Income tax expense | 4 | (16,733) |
| Profit for the period attributable to the Owners of the Company | | 35,325 |
| Other comprehensive income (loss) | | |
| Items that may be classified to profit or loss: | | |
| Foreign currency translation differences | | (2,391) |
| Total comprehensive profit for the period attributable to the Owners of the Company | | 32,934 |
| Earnings per share | | |
| Basic earnings per share attributable to ordinary equity holders | 3 | 6.7 |
| Diluted earnings per share attributable to ordinary equity holders | 3 | 6.7 |

Reliance Worldwide Corporation Limited
Consolidated Statement of Financial Position
As at 31 December 2016

| | Note | 31 December 2016 \$000 | 30 June 2016 \$000 |
|--|------|------------------------------|--------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 37,902 | 35,648 |
| Trade and other receivables | | 98,428 | 94,964 |
| Inventories | 7 | 143,288 | 119,109 |
| Prepayments | | 5,578 | 4,655 |
| Total Current Assets | | 285,196 | 254,376 |
| Non-Current | | | |
| Property, plant and equipment | 5 | 109,881 | 107,835 |
| Deferred tax assets | | 15,332 | 15,056 |
| Goodwill | | 44,589 | 44,570 |
| Other intangible assets | | 3,361 | 1,238 |
| Total Non-Current Assets | | 173,163 | 168,699 |
| Total Assets | | 458,359 | 423,075 |
| Liabilities | | | |
| Current liabilities | | | |
| Bank overdraft | 6 | 1,186 | - |
| Trade and other payables | | 81,956 | 64,762 |
| Borrowings | 6 | 428 | 446 |
| Current tax liabilities | | 7,650 | 169 |
| Employee benefits | | 4,914 | 4,355 |
| Total Current Liabilities | | 96,134 | 69,732 |
| Non-Current Liabilities | | | |
| Borrowings | 6 | 132,568 | 163,123 |
| Deferred tax liabilities | | 25,763 | 18,402 |
| Employee benefits | | 3,696 | 4,831 |
| Total Non-Current Liabilities | | 162,027 | 186,356 |
| Total Liabilities | | 258,161 | 256,088 |
| Net Assets | | 200,198 | 166,987 |
| Equity | | | |
| Share capital | | 1,272,732 | 1,272,732 |
| Reserves | | (1,106,261) | (1,104,147) |
| Retained earnings / (accumulated losses) | | 33,727 | (1,598) |
| Total Equity | | 200,198 | 166,987 |

Reliance Worldwide Corporation Limited
Consolidated Statement of Changes in Equity
For the half year ended 31 December 2016

| | Share Capital \$000 | Foreign Currency Translation Reserve \$000 | Merger Reserve \$000 | Share based Payment Reserve \$000 | Accumulated Profits / (Losses) \$000 | Total Equity \$000 |
|--|---------------------------|--|----------------------------|--|---|--------------------------|
| Balance at 1 July 2016 | 1,272,732 | (3,269) | (1,100,943) | 65 | (1,598) | 166,987 |
| Profit for the period | - | - | - | - | 35,325 | 35,325 |
| Foreign currency translation reserve | - | (2,391) | - | - | - | (2,391) |
| Total comprehensive income | - | (2,391) | - | - | 35,325 | 32,934 |
| Transactions with Owners of the Company | | | | | | |
| Share based payments | - | - | - | 277 | - | 277 |
| Total transactions with Owners of the Company | - | - | - | 277 | - | 277 |
| Balance at 31 December 2016 | 1,272,732 | (5,660) | (1,100,943) | 342 | 33,727 | 200,198 |

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

Reliance Worldwide Corporation Limited
 Consolidated Statement of Cash Flows
 For the half year ended 31 December 2016

| | 31 December 2016 \$000 |
|---|------------------------------|
| Cash flows from operating activities | |
| Receipts from customers | 323,208 |
| Payments to suppliers, employees and for customer rebates | (269,620) |
| Income taxes paid | (8,206) |
| | 45,382 |
| Cash flows from investing activities | |
| Payments for purchase of property, plant and equipment | (9,472) |
| Proceeds from sale of property, plant and equipment | 205 |
| Payments for intellectual property and other intangible assets acquired | (2,162) |
| | (11,429) |
| Cash flows from financing activities | |
| Proceeds from borrowings | 30,000 |
| Repayment of borrowings | (60,424) |
| Interest received | 42 |
| Interest paid to other persons and corporations | (2,688) |
| | (33,070) |
| Net change in cash and cash equivalents | 883 |
| Cash and cash equivalents at 1 July 2016 | 35,648 |
| Effect of movements in exchange rates on cash held | 185 |
| Cash and cash equivalents at 31 December 2016 | 36,716 |
| Represented by: | |
| Cash and cash equivalents | 37,902 |
| Bank overdraft | (1,186) |
| | 36,716 |

Reliance Worldwide Corporation Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2016

1. Significant accounting policies

(a) **Reporting Entity**

Reliance Worldwide Corporation Limited ("the Company") 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 3000.

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**

These consolidated interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the period ending 30 June 2016. Accordingly, this report is to be read in conjunction with the 30 June 2016 consolidated financial report and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth).

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 23 February 2017.

(c) **Basis of preparation**

These consolidated interim financial statements:

- comprise the Company and its subsidiaries, together referred to as the "Group", for the reporting period ended 31 December 2016;
- have been prepared on a going concern basis using historical cost conventions;
- have been prepared 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.

As the Company was incorporated on 19 February 2016, no comparative figures are shown in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows.

(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.

Reliance Worldwide Corporation Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2016

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.

(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;
- recoverability of trade and other receivables;
- estimation of net realisable value and possible obsolescence of inventories; and
- goodwill and other intangible assets.

Reliance Worldwide Corporation Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2016

1 Significant accounting policies (continued)

(f) New accounting standards and interpretations

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

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

The actual impact of adopting AASB 9 on the Group's consolidated financial statements in 2018 is not known and cannot be reliably estimated because it will be dependent on the financial instruments that the Group holds and economic conditions at that time as well as accounting elections and judgements which are made in the future.

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

The Group is conducting an assessment of the potential impact of the adoption of AASB 15 on its consolidated financial statements.

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

The Group has not yet quantified the impact on its reported assets and liabilities of adoption of AASB 16. The quantitative effect will depend on, inter alia, the transition method chosen, the extent to which the Group uses the practical expedients and recognition exemptions and any additional leases that the Group enters into.

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 assets and liabilities are reported on a net basis after elimination of intersegment transactions.

Reliance Worldwide Corporation Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2016

2 Segment reporting (continued)

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

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

Revenue by product group for the period ended 31 December 2016 includes:

| | 31 December 2016 \$000 |
|-----------------------|---------------------------------------|
| Fittings and Pipe | 197,709 |
| Control Valves | 46,316 |
| Thermostatic Products | 13,455 |
| Other Products | 25,183 |
| | <hr/> 282,663 <hr/> |

Reliance Worldwide Corporation Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2016

2. Segment reporting (continued)

| | Asia Pacific | Americas | EMEA | Corporate / Other | Elimination of the effect of intersegment transactions | Consolidated Total |
|---|----------------|----------------|---------------|----------------------|---|-----------------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | | | |
| From external customers | 63,236 | 197,754 | 21,673 | - | - | 282,663 |
| From other segments | 47,642 | 1,077 | 2,044 | - | (50,763) | - |
| Segment revenues | 110,878 | 198,831 | 23,717 | - | (50,763) | 282,663 |
| Cost of sales | (72,687) | (121,980) | (17,863) | - | 50,763 | (161,767) |
| Gross profit | 38,191 | 76,851 | 5,854 | - | - | 120,896 |
| Other income | 453 | 154 | 78 | 76 | - | 761 |
| Product development expenses | (2,001) | (2,682) | (706) | - | - | (5,389) |
| Selling and marketing expenses | (8,644) | (28,883) | (3,244) | - | 678 | (40,093) |
| Administration expenses | (5,185) | (11,663) | (1,876) | (9,080) | 6,629 | (21,175) |
| Other expenses | (26) | (228) | (41) | - | - | (295) |
| Segment operating profit | 22,788 | 33,549 | 65 | (9,004) | 7,307 | 54,705 |
| Segment assets – 31 December 2016 | 160,681 | 240,108 | 37,412 | 20,158 | - | 458,359 |
| Segment liabilities – 31 December 2016 | 43,039 | 69,702 | 10,323 | 135,097 | - | 258,161 |
| Segment assets – 30 June 2016 | 183,199 | 193,302 | 34,916 | 11,658 | - | 423,075 |
| Segment liabilities – 30 June 2016 | 40,887 | 40,511 | 11,193 | 163,497 | - | 256,088 |

Reliance Worldwide Corporation Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2016

2. Segment reporting (continued)

| | Asia Pacific | Americas | EMEA | Corporate / Other | Elimination of the effect of intersegment transactions | Consolidated Total |
|---|--------------|----------|---------|-------------------|---|-----------------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| EBITDA | 27,126 | 37,127 | 787 | (8,682) | 7,307 | 63,665 |
| Depreciation of property, plant and equipment | (4,301) | (3,537) | (722) | (256) | - | (8,816) |
| Amortisation of intangible assets | (37) | (41) | - | (66) | - | (144) |
| Employee benefits expense | (11,129) | (15,753) | (3,664) | (4,950) | - | (35,496) |
| Finance income | - | - | 3 | 38 | - | 41 |
| Finance costs | - | - | (65) | (2,623) | - | (2,688) |
| Income tax expense | (6,940) | (5,693) | 45 | (4,145) | - | (16,733) |
| Additions to property, plant and equipment | 2,561 | 5,234 | 1,382 | 295 | - | 9,472 |
| Non-current assets excluding other financial assets and deferred tax assets | 86,267 | 60,674 | 9,874 | 1,016 | - | 157,831 |

Reliance Worldwide Corporation Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2016

3. Earnings per share

(a) Basic earnings per share

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

| | 31 December 2016 \$000 |
|--|---------------------------------------|
| Profit attributable to ordinary shareholders | 35,325 |
| | Number of shares |
| Weighted average number of ordinary shares at 31 December 2016 (basic) | 525,000,000 |
| | Cents |
| Basic earnings per share | 6.7 |

(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.

| | 31 December 2016 \$000 |
|--|---------------------------------------|
| Profit attributable to ordinary shareholders | 35,325 |
| Changes in earnings arising from dilutive potential ordinary shares | - |
| | 35,325 |
| | Number of shares |
| Weighted average number of ordinary shares at 31 December 2016 (diluted) | 525,000,000 |
| - Issued ordinary shares | 5,307,190 |
| - Effect of share options on issue | 530,307,190 |
| | 530,307,190 |
| | Cents |
| Diluted earnings per share | 6.7 |

Reliance Worldwide Corporation Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2016

4. Income tax expense

Reconciliation of prima facie tax expense to income tax expense recognised in the Consolidated Statement of Profit or Loss

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 consolidated statement of profit or loss are as follows:

| | 31 December 2016 \$000 |
|--|---------------------------------------|
| Profit before income tax | 52,058 |
| Prima facie income tax expense at 30% | (15,617) |
| Tax effect of items which increase / (decrease) tax expense: | |
| Effect of tax rates in foreign jurisdictions | (1,021) |
| Tax effect of amounts which are not deductible / (assessable) in calculating taxable income: | |
| Non-deductible expenses | (212) |
| Other | 117 |
| Actual income tax expense reported in the consolidated income statement | (16,733) |
| Average tax rate | 32.1% |

5. Property, plant and equipment

| | 31 December 2016 \$000 | 30 June 2016 \$000 |
|--------------------------------|---------------------------------------|-----------------------------------|
| <i>Carrying amounts of:</i> | | |
| Freehold land | 210 | 203 |
| Buildings | 19,501 | 16,310 |
| Leasehold improvements | 2,571 | 2,465 |
| Plant and equipment | 77,090 | 78,435 |
| Furniture and office equipment | 7,898 | 7,815 |
| Motor vehicles | 2,611 | 2,607 |
| | 109,881 | 107,835 |

Reliance Worldwide Corporation Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2016

6. Borrowings

| | 31 December 2016 \$000 | 30 June 2016 \$000 |
|--------------------------|------------------------------|--------------------------|
| Current | | |
| <i>Secured</i> | | |
| Bank overdraft | 1,186 | - |
| Bank borrowings | 428 | 446 |
| Non Current | | |
| <i>Secured</i> | | |
| Bank borrowings | 132,568 | 163,123 |
| | <hr/> | <hr/> |
| Total secured borrowings | 134,182 | 163,569 |

The Company has banking facilities of \$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 2019.

The Facilities contain financial covenants which 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 mortgage given by Reliance Worldwide Corporation over a property in Cullman, Alabama, USA.

The 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 totalling £4.0 million ("UK Facilities"), including;

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

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

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

Reliance Worldwide Corporation Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2016

7. Inventories

| | 31 December 2016 \$000 | 30 June 2016 \$000 |
|--------------------------------|------------------------------|--------------------------|
| <i>At cost</i> | | |
| Raw materials and stores | 68,905 | 56,349 |
| Consumables | 187 | 192 |
| Work in progress | 14,609 | 12,643 |
| Finished goods | 65,189 | 55,895 |
| | 148,890 | 125,079 |
| Less: provision for diminution | (5,602) | (5,970) |
| | 143,288 | 119,109 |

8. Contingent liabilities

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

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

The Company has entered in a Deed of Cross Guarantee ("Deed") with its subsidiaries, Reliance Worldwide Group Holdings Pty Ltd and Reliance Worldwide Corporation (Aust.) Pty Ltd. 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.

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.

9. Related Party Transactions

During the period, the Company granted 1,307,190 options over shares ("Options") to Mr. Gerry Bollman, Global Chief Financial Officer. Mr. Bollman is a member of Key Management Personnel from 5 December 2016. The Options will vest and become exercisable subject to the satisfaction of a service period hurdle and a performance condition details of which were announced by the Company on 14 December 2016. The Options have an exercise price of \$3.06 each. The expiry date is 5 December 2024.

Other related party transactions entered into by the Group during the period remain consistent with those disclosed in the 2016 Annual Report.

10. Group entities

Reliance Employee Share Investments Pty Ltd was incorporated as a subsidiary of the Company on 29 September 2016.

Reliance Worldwide Corporation Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2016

11. Subsequent events

On 23 February 2017, the Directors resolved to declare a maiden interim dividend of 3.0 cents per share franked to 40%. The aggregate dividend payment amount is \$15.75 million. The dividend will be paid to eligible shareholders on 31 March 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 period that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

12. Seasonality of operations

The Group's results may be affected by seasonal influences in each segment. In the Americas, sales demand in the quarter ending 31 December is generally strong as Retailer and Wholesaler outlets typically build their inventory in anticipation of higher demand for repair and maintenance products during winter. The quarter ending 31 March may be affected by higher demand for repair and maintenance products as a result of unusually colder weather. Milder weather conditions can lead to lower sales results during this period as Retailers and Wholesalers normalise their stock levels.

In Asia Pacific, more favourable results can be achieved during the period from August to November when this segment usually increases production volumes to meet the demand for the Americas winter. Typically, the quarter ending 31 March may be slower for Asia Pacific owing to the effect of summer holidays and as demand from the Americas normalises.

In EMEA, a slowdown for summer holidays usually affects the September quarter.

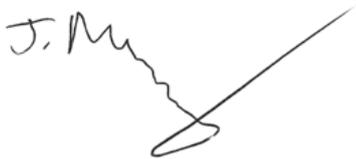
The Group's results for the six months ended 31 December 2016 reflect generally normal seasonal influences.

Reliance Worldwide Corporation Limited
Directors' Declaration
For the half year ended 31 December 2016

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

1. the Consolidated interim financial statements and notes that are set out on pages 4 to 18 are in accordance with the Corporations Act 2001(Cth), including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the period from 1 July 2016 to 31 December 2016;
 - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting 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.

Signed in accordance with a resolution of the Directors.



Jonathan Munz
Chairman



Heath Sharp
Chief Executive Officer and Managing Director

Melbourne
23 February 2017



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

We have reviewed the accompanying interim financial report of Reliance Worldwide Corporation Limited (the "Company"), which comprises the consolidated statement of financial position as at 31 December 2016, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Responsibility of the Directors for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Reliance Worldwide Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Reliance Worldwide Corporation Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Paul McDonald

Partner

Melbourne

23 February 2017