

RWC Group

**Condensed Combined Interim Financial Statements for the Six Months Ended
31 December 2015 and 2014**

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RWC Group
Condensed Combined Interim Financial Statements for the
Six Months Ended 31 December 2015 and 2014

Condensed Combined Statement of Profit or Loss and Other Comprehensive Income
for the Six Months ended 31 December 2015 and 2014

	2015 \$'000	2014 \$'000
Revenue from sale of goods	271,927	206,349
Cost of sales	<u>(164,180)</u>	<u>(125,417)</u>
Gross profit	107,747	80,932
Other income	104	29
Product development expenses	(4,822)	(3,745)
Supply chain and logistics expenses	(7,666)	(5,436)
Selling and marketing expenses	(29,117)	(21,570)
Administration expenses	(18,707)	(19,444)
Other gains and losses	<u>699</u>	<u>3,881</u>
Operating profit	48,238	34,647
Finance income	16	-
Finance costs	<u>(548)</u>	<u>(555)</u>
Net finance costs	(532)	(555)
Profit before income tax	47,706	34,092
Income tax expense	<u>(15,891)</u>	<u>(11,814)</u>
Profit for the period	31,815	22,278
Other comprehensive income:		
Items that may subsequently be reclassified to profit or loss		
• Foreign currency translation differences	<u>6,109</u>	<u>14,251</u>
Total comprehensive income for the period	37,924	36,529
Profit for the year attributable to:		
• Non-controlling interests	2,025	1,553
• Controlling interests	<u>29,790</u>	<u>20,725</u>
	31,815	22,278
Total comprehensive income attributable to:		
• Non-controlling interests	2,883	3,277
• Controlling interests	<u>35,041</u>	<u>33,252</u>
	37,924	36,529

This statement should be read in conjunction with the notes
to the Condensed Combined Interim Financial Statements.

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Condensed Combined Statements of Financial Position

	31 December 2015 \$'000	30 June 2015 \$'000
Assets		
Current assets		
Cash and cash equivalents	22,446	26,966
Trade and other receivables	89,390	127,727
Other financial assets	-	283
Inventories	135,706	120,390
Other current assets	8,499	3,746
Total Current Assets	256,041	279,112
Non-Current		
Property, plant and equipment	110,918	97,407
Deferred tax assets	11,120	10,533
Goodwill	44,466	44,227
Other intangible assets	1,439	1,676
Total Non-Current Assets	167,943	153,843
Total Assets	423,984	432,955
Liabilities		
Current liabilities		
Bank overdraft	1,203	686
Trade and other payables	58,157	66,777
Loans and borrowings	505	21,215
Current tax liabilities	5,924	8,228
Provisions	6,016	6,315
Total Current Liabilities	71,805	103,221
Non-Current Liabilities		
Loans and borrowings	4,041	3,330
Deferred tax liabilities	9,635	8,208
Provisions	4,737	4,555
Total Non-Current Liabilities	18,413	16,093
Total Liabilities	90,218	119,314
Net Assets	333,766	313,641
 Net controlling investment	 258,698	 246,707
Foreign currency translation reserve	28,853	22,744
Non-controlling interest	46,215	44,190
Total Net Investment	333,766	313,641

This statement should be read in conjunction with the notes
to the Condensed Combined Interim Financial Statements.

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Condensed Combined Statements of Changes In Net Investment
for the Six Months ended 31 December 2015 and 2014

2015	Net Controlling Investment \$'000	Foreign Currency Translation Reserve \$'000	Non- Controlling Interest \$'000	Total Net Investment \$'000
Balance at 1 July 2015	246,707	22,744	44,190	313,641
Total comprehensive income				
Profit for the period	29,790	-	2,025	31,815
Other comprehensive income	-	6,109	-	6,109
Transactions with owners of the Group				
Distributions paid	(17,803)	-	-	(17,803)
Other	4	-	-	4
Balance at 31 December 2015	258,698	28,853	46,215	333,766
2014				
Balance at 1 July 2014	204,602	1,118	40,825	246,545
Total comprehensive income				
Profit for the period	20,725	-	1,553	22,278
Other comprehensive income	-	14,251	-	14,251
Transactions with owners of the Group				
Distributions paid	-	-	-	-
Balance at 31 December 2014	225,327	15,369	42,378	283,074

This statement should be read in conjunction with the notes
to the Condensed Combined Interim Financial Statements.

RWC Group
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Condensed Combined Statements of Cash Flows for the
Six Months ended 31 December 2015 and 2014

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from customers		297,535	223,507
Payments to suppliers and employees		(269,668)	(193,007)
Income tax paid		(8,823)	(8,384)
Net cash from operating activities	7	19,044	22,116
Cash flows provided by investing activities			
Dividends paid - other		-	(1,679)
Purchase of property, plant and equipment		(22,406)	(14,630)
Acquisition of intangibles		(33)	-
Proceeds from sale of property, plant and equipment		3,582	229
Purchase of controlled entity		-	(5,993)
Net cash used in investing activities		(18,857)	(22,073)
Cash flows from financing activities			
Drawdown / (repayment) of bank loans		-	205
Loans to related parties		(5,322)	(9,501)
Drawdown / (repayment) loan from related parties		-	-
Interest received - other persons and corporations		16	-
Interest paid - other persons and corporations		(548)	(66)
Net cash used in financing activities		(5,854)	(9,362)
Net change in cash and cash equivalents		(5,667)	(9,319)
Cash and cash equivalents at the start of the year		26,280	23,107
Exchange differences on cash and cash equivalents		630	1,382
Cash and cash equivalents at the end of the year		21,243	15,170

This statement should be read in conjunction with the notes
to the Condensed Combined Interim Financial Statements.

RWC Group
Condensed Combined Interim Financial Statements for the
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Notes to the Condensed Combined Interim Financial Statements

1. Significant accounting policies

1.1 Business structure

The Reliance Worldwide Corporation Combined Group ("the RWC Group") is an integrated business of GSA Group Pty Ltd that is not a separate stand-alone company. These Condensed Combined Interim Financial Statements have been prepared for the purpose of providing historical financial information on the RWC Group for disclosure in a Prospectus pursuant to an Initial Public Offering. The legal entities which comprise the RWC Group are defined in Note 1.3 below. The RWC Group is a for-profit entity and is primarily involved in the design, manufacture and supply of plumbing fittings and pipe, valves and related products.

1.2 Basis of preparation

The RWC Group is not currently held by a separate ultimate parent entity but all entities are under common control. These Condensed Combined Interim Financial Statements are general purpose financial statements, prepared in accordance with AASB 134 Interim Financial Reporting and IAS 34 Interim Financial Reporting.

In preparing these Condensed Combined Interim Financial Statements, the financial information has been extracted from the reporting records of GSA Group Pty Ltd and its Controlled Entities. The Condensed Combined Interim Financial Statements have been prepared on a 'carve-out' basis from the financial records of GSA Group Pty Ltd and its controlled subsidiaries for the purposes of presenting the financial position, results of operations and cash flows of the RWC Group on a stand-alone basis. The Condensed Combined Interim Financial Statements of the RWC Group reflect assets, liabilities, revenues and expenses directly attributable to the RWC Group, as well as allocations deemed reasonable by the Directors.

The allocation methodologies for certain intersegment recharges for employee expenses and certain general and administration expenses have been described within the notes to the Condensed Combined Interim Financial Statements where appropriate. The financial information included herein may not reflect the combined financial position, results of operations, changes in equity and cash flows of the RWC Group in the future or what they may have been had it been a separate, stand-alone company during the periods presented. All intragroup (between the combining entities) balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the Condensed Combined Interim Financial Statements.

These Condensed Combined Interim Financial Statements do not include all the notes of the type normally included in a complete set of annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as an annual financial report. However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group's financial position and performance since the last annual combined financial statements as at and for the year ended 30 June, 2015. Accordingly, this report should be read in conjunction with the Condensed Combined Financial Statements for the years ended 30 June 2015, 2014 and 2013. The Condensed Statement of Financial Position as at 30 June 2015 included herein was derived from the consolidated financial statements as of that date included elsewhere in the Prospectus.

The accounting policies applied in these Condensed Combined Interim Financial Statements are the same as those applied in the Group's combined financial statements as at and for the years ended 30 June 2015, 2014 and 2013.

RWC Group
Condensed Combined Interim Financial Statements for the
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Notes to the Condensed Combined Interim Financial Statements

1. Significant accounting policies (continued)

1.3 Basis of combination

These Condensed Combined Interim Financial Statements aggregate the financial statements of the following legal entities comprising the Group:

- **Reliance Worldwide Corporation (Aust.) Pty Ltd** (formerly GSA Industries (Aust.) Pty Ltd)
 - Ryemetal Pty Ltd
 - Technical Moulders Australia Pty Ltd (acquired December 2014)
- Reliance Worldwide Pty Ltd
- **Reliance Worldwide Corporation (USA)**
- **Reliance Worldwide Corporation (UK) Limited** (formerly Reliance Water Controls Limited)
 - **Reliance Worldwide Corporation (Europe) S.A.S.**
 - Reliance Water Controls Limited (incorporated January 2015)
- **Reliance Worldwide Corporation (NZ) Limited** (formerly Reliance Worldwide Limited)
 - Titon Limited
 - Reliance Manufacturing Company (NZ) Limited
- **Reliance Worldwide Corporation (Canada) Inc.** (formerly Reliance Worldwide Canada Inc.)
- **Reliance Worldwide Corporation (Europe) S.L.** (established July 2015)

Operating entities are denoted in bold type. All other entities are non-operating.

All assets and liabilities, income and expenses and cash flows relating to transactions between the entities have been eliminated in full.

1.4 Functional and presentation 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 Condensed Combined Interim Financial Statements, Australian dollars ("AUD") is the presentation currency.

1.5 Foreign currency translation

Foreign currency transactions and balances

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 retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated 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.

Foreign operations

For the purpose of presenting these Condensed Combined Interim 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 the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

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Notes to the Condensed Combined Interim Financial Statements

1. Significant accounting policies (continued)

1.6 Use of judgements and estimates

In preparing these Condensed Combined Interim Financial Statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about judgements and estimates made in applying accounting policies that may have a significant effect on amounts recognised in the Condensed Combined Interim Financial Statements is included in the following notes:

1.7 New accounting standards and interpretations

The following relevant Australian Accounting Standards and Interpretations have been issued or amended but are not yet effective and are yet to be adopted:

- IFRS 16 Leases
- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12
- Disclosure Initiative – Amendments to IAS 7
- AASB 9 Financial Instruments (December 2014)
- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 – Application of AASB 9 (December 2009) and AASB 9 (December 2010)
- IFRS 15 Revenue from Contracts with Customers
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128
- AASB 1056 Superannuation Entities
- AASB 1057 Application of Australian Accounting Standards
- AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs
- AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvement to Australian Accounting Standards 2012-2014 Cycle
- AASB 2014-9 Amendments to Australian Accounting Standards – Equity method in Separate Financial Statements
- AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants
- AASB 14 Regulatory Deferral Accounts
- AASB 2014-1 Amendments to Australian Accounting Standards – Part D: Consequential Amendments arising from AASB 14
- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation
- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations.

The impact of these standards on the Group's financial position and performance is currently being assessed.

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2. Segment reporting

Segment information is presented in respect of the Group's management reporting structure and is regionally based. Each segment is reported on to the Group's chief operating decision makers. The chief operating decision makers are considered to be the members of the Board of Directors.

The Group's regionally based segments are:

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

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;
- Thermostatics 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.

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Notes to the Condensed Combined Interim Financial Statements

2. Segment reporting (continued)

2015	Asia Pacific \$'000	Americas \$'000	EMEA \$'000	Elimination \$'000	Total \$'000
Revenue					
From external customers	62,360	182,517	27,050	-	271,927
From other segments	43,181	1,586	17	(44,784)	-
Segment revenues	105,541	184,103	27,067	(44,784)	271,927
Cost of sales	(72,362)	(118,698)	(17,904)	44,784	(164,180)
Gross profit	33,179	65,405	9,163	-	107,747
Other income	40	64	-	-	104
Product development expenses	(2,221)	(1,919)	(682)	-	(4,822)
Supply chain and logistics expenses	(2,630)	(3,643)	(1,393)	-	(7,666)
Selling and marketing expenses	(5,463)	(20,842)	(2,812)	-	(29,117)
Administration expenses	(8,571)	(8,462)	(1,674)	-	(18,707)
Intersegment recharges	5,136	(4,528)	(608)	-	-
Other gains and losses	(72)	73	(367)	-	(366)
EBIT before significant items	19,398	26,148	1,627	-	47,173
Significant items ¹	-	1,065	-	-	1,065
Segment operating profit	19,398	27,213	1,627	-	48,238
Segment assets	185,715	201,228	37,041	-	423,984
Segment liabilities	20,085	52,140	17,993	-	90,218
Other segment disclosures:					
EBITDA before significant items	23,510	29,506	2,159	-	55,175
Depreciation of property, plant and equipment	(4,036)	(3,120)	(532)	-	(7,688)
Amortisation of intangible assets	(76)	(238)	-	-	(314)
Employee benefits expense	(14,073)	(13,368)	(3,656)	-	(31,097)
Interest income	-	12	4	-	16
Interest expense	-	(455)	(93)	-	(548)
Income tax benefit / (expense)	(5,746)	(9,856)	(289)	-	(15,891)
Additions to non-current assets	7,532	9,466	5,573	-	22,571
Non-current assets excluding other financial assets and deferred tax assets	36,573	53,672	9,553	-	99,798

¹ – Foreign currency gain on translation of loan payable to related corporation.

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Notes to the Condensed Combined Interim Financial Statements

2. Segment reporting (continued)

2014	Asia Pacific \$'000	Americas \$'000	EMEA \$'000	Elimination \$'000	Total \$'000
Revenue					
From external customers	55,638	130,095	20,616	-	206,349
From other segments	38,865	1,028	25	(39,918)	-
Segment revenues	94,503	131,123	20,641	(39,918)	206,349
Cost of sales	(65,196)	(85,876)	(14,263)	39,918	(125,417)
Gross profit	29,307	45,247	6,378	-	80,932
Other income	29	-	-	-	29
Product development expenses	(2,152)	(1,067)	(526)	-	(3,745)
Supply chain and logistics expenses	(2,466)	(2,389)	(581)	-	(5,436)
Selling and marketing expenses	(5,401)	(14,381)	(1,788)	-	(21,570)
Administration expenses	(11,016)	(6,386)	(2,042)	-	(19,444)
Intersegment recharges	4,354	(3,769)	(585)	-	-
Other gains and losses	455	684	42	-	1,181
EBIT before significant items	13,110	17,939	898	-	31,947
Significant items ¹	-	2,700	-	-	2,700
Segment operating profit	13,110	20,639	898	-	34,647
Segment assets	206,218	163,991	28,064	-	398,273
Segment liabilities	49,664	54,265	11,270	-	115,199
Other segment disclosures:					
EBITDA before significant items	17,115	20,240	1,243	-	38,598
Depreciation of property, plant and equipment	(3,930)	(2,113)	(345)	-	(6,388)
Amortisation of intangible assets	(75)	(188)	-	-	(263)
Employee benefits expense	(13,888)	(9,601)	2,865	-	(26,354)
Interest income	-	-	-	-	-
Interest expense	-	(489)	(66)	-	(555)
Income tax benefit / (expense)	(3,905)	(7,734)	(175)	-	(11,814)
Additions to non-current assets	3,859	10,722	839	-	15,420
Non-current assets excluding other financial assets and deferred tax assets	35,341	37,630	4,388	-	77,359

1 – Foreign currency gain on translation of loan payable to related corporation.

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Notes to the Condensed Combined Interim Financial Statements

3. Seasonality of operations

RWC Group's results may be affected by seasonal influences. In the Americas, the quarter ending 31 December is typically affected by Retailer and Wholesaler outlets building stocks for expected higher winter demand for repair and maintenance products. The quarter ending 31 March is generally affected by higher demand for repairs and maintenance products as a result of the colder weather. Unusually cold "freeze events" can result in higher short term sales demand and therefore higher results; unusually mild winters can result in lower sales demand as Retailers and Wholesale outlets normalise stocks with the corresponding effect on results. In Asia Pacific, more favourable results can be achieved during the period from August to November as the segment usually experiences higher demand on the manufacturing plants as volumes are increased to support stock building for the Americas winter. Typically, for this segment, the calendar quarter ending in March is usually the quarter most affected by a slowdown due to summer holidays. Similarly, in the EMEA, a slow down due to summer holidays usually effects the calendar quarter ending in September.

For the six months ended 31 December 2015, the RWC Group results have been affected by generally normal seasonal influences.

4. Related party disclosures

These Condensed Combined Interim Financial Statements aggregate the assets, liabilities and results of the following entities in accordance with the accounting policy described in Note 1:

<u>Name of Entity</u>	<u>Country of Incorporation</u>	<u>Class of Shares</u>	<u>Equity Holding ⁶</u>
Reliance Worldwide Corporation (Aust.) Pty Ltd ¹	Australia	Ordinary	100%
Ryemetal Pty Ltd ²	Australia	Ordinary	100%
Technical Moulders Australia Pty Ltd ^{2,7}	Australia	Ordinary	100%
Reliance Worldwide Pty Ltd ³	Australia	Ordinary	100%
Reliance Worldwide Corporation (USA) ^{3,9}	USA	Ordinary	86.7%
Reliance Worldwide Corporation (UK) Limited ³	UK	Ordinary	100%
Reliance Water Controls Limited ⁴	UK	Ordinary	100%
Reliance Worldwide Corporation (Europe) S.A.S. ⁴	France	Ordinary	100%
Reliance Worldwide Corporation (NZ) Limited ³	New Zealand	Ordinary	100%
Titon Limited ⁵	New Zealand	Ordinary	100%
Reliance Manufacturing Company (NZ) Limited ⁵	New Zealand	Ordinary	100%
Reliance Worldwide Corporation (Canada) Inc. ³	Canada	Ordinary	100%
Reliance Worldwide Corporation (Europe) S.L. ⁸	Spain	Ordinary	100%

Trading entities are denoted in bold type. All other entities are non-trading.

¹ Parent entity is Jayburn Pty Ltd, an Australian company.

² Parent entity is Reliance Worldwide Corporation (Aust.) Pty Ltd, an Australian company.

³ Parent entity is GSA International Pty Ltd, an Australian company.

⁴ Parent entity is Reliance Worldwide Corporation (UK) Limited, a UK company.

⁵ Parent entity is Reliance Worldwide Corporation (NZ) Limited, a NZ company.

⁶ Unless otherwise stated, equity holding applies to the six month periods ended 31 December 2015 and 31 December 2014.

⁷ Acquired during the six months ended 31 December 2014.

⁸ Established July 2015

⁹ Details of non-controlling interests are included in Note 5.

RWC Group is not currently held by a separate ultimate parent entity but all entities are under common control.

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Notes to the Condensed Combined Interim Financial Statements

4. Related party disclosures (continued)

(a) Loans from related parties

During the period to 31 December 2015, there existed a loan payable on demand by Reliance Worldwide Corporation (USA) to its parent entity, GSA International Pty Ltd. Interest totalling \$455,000 (at 4.54%) was paid in relation to this loan during the period (2014: \$489,000) (at 5.25%). At 31 December 2015, the balance of this loan was \$16,730,000 (2014: \$20,424,000) and was assigned to a related entity within the RWC Group, Reliance Worldwide Corporation (Aust.) Pty Ltd in preparation for the proposed IPO of the Reliance Worldwide businesses.

(b) Loans to related parties

- (i) During the period to 31 December, 2015, there existed a loan receivable by Reliance Worldwide Corporation (Aust.) Pty Ltd from a related corporation, GSA Finance Pty Ltd. No interest was charged in relation to this loan during the period (2014: \$Nil). At 31 December 2015, the balance of this loan was \$Nil (2014: \$34,978,000) as it was extinguished by way of the dividend referred to at 4(c)(i)(a).
- (ii) During the period to 31 December 2015, there existed a loan receivable by Reliance Worldwide Pty Ltd from its parent entity, GSA International Pty Ltd. No interest was charged in relation to this loan during the period (2014: \$Nil). At 31 December 2015, the balance of this loan was \$Nil (2014: \$270,000) as it was extinguished by way of the dividend referred to at 4(c)(i)(b).
- (iii) During the period to 31 December 2015, there existed a loan receivable by Reliance Worldwide Corporation (NZ) Limited from a related corporation, GSA International Pty Ltd. No interest was charged in relation to this loan during the period. At 31 December 2015, the balance of this loan was \$Nil (2014: \$743,000) as it was extinguished by way of the dividend referred to at 4(c)(i)(c).

(c) Other transactions

(i) Distributions paid

- (a) During the period to 31 December 2015, Reliance Worldwide Corporation (Aust.) Pty Ltd declared and paid a dividend of \$16,384,000 (2014 \$Nil) to its parent entity, Jayburn Pty Ltd via a related corporation, GSA Finance Pty Ltd.
- (b) During the period to 31 December 2015, Reliance Worldwide Pty Ltd declared and paid a dividend of \$270,000 (2014 \$Nil) to its parent entity, GSA International Pty Ltd.
- (c) During the period to 31 December 2015, Reliance Worldwide Corporation (NZ) Limited declared and paid a dividend of \$1,149,000 (2014 \$Nil) to its parent entity, GSA International Pty Ltd.

(ii) Interest paid

Details of interest paid by Reliance Worldwide Corporation (USA) to its parent entity, GSA International Pty Ltd during the period to 31 December 2015 are shown above in Note 4(a)(i) above.

(iii) Other transactions

Other transactions with related corporations include the following significant items:

	2015 \$'000	2014 \$'000
Transfer of excess cash	2,000	17,000
Net amounts paid on behalf of RWC Group entities	-	(887)
Net amounts paid on behalf of related entities	605	-
Transfer of prior year tax related payable	(7,790)	-
Transfer of investment in subsidiary	-	(6,946)

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Notes to the Condensed Combined Interim Financial Statements

5. Non-controlling interests

154 shares representing a 13.33% interest in Reliance Worldwide Corporation, the Group's US based entity were acquired by a third party in June 2011. At 31 December 2015, that non-controlling interest was still held by a third party.

6. Contingent liabilities

Security for Australian banking facilities

Entities forming part of the Group are security providers in relation to financial accommodation provided to related Australian corporations by two Australian banks. The Australian banking facilities totalling \$200,000,000 under which financial accommodation has been provided were extended on 30 April 2015 and expire on 4 July 2017.

(a) Security Trust Deed - 24 December 2010

The following entities are parties to a Security Trust Deed ("the Deed") dated 24 December 2010:

- Reliance Worldwide Corporation (Aust.) Pty Ltd
- Reliance Worldwide Pty Ltd
- Ryemetal Pty Ltd (*In liquidation*)
- Reliance Worldwide Corporation (USA)
- Reliance Worldwide Corporation (NZ) Limited
- Reliance Worldwide Corporation (Canada) Inc.

Each entity listed above is an Initial Security Provider as defined in the Deed. All security is provided in favour of Ribay Pty Ltd, an independent Security Trustee.

(b) General Security Deeds / Agreements

In addition to the security referred to in (a) above, each of the non-Australian entities executed its own General Security Deed / Agreement providing additional security for the Australian banking facilities.

(c) Deed of Charge - 24 December 2010

Reliance Worldwide Corporation (Aust.) Pty Ltd and other related Australian corporations executed a Deed of Charge in favour of Ribay Pty Ltd as Security Trustee. Charged property includes all of the present and future undertakings, assets and rights of the Chargors including all real and personal property, choses in action, goodwill, and uncalled capital and called but unpaid capital.

(d) Real Property Mortgage

Reliance Worldwide Corporation (USA) has provided further security by way of a real property mortgage over land located in Cullman, Alabama. The mortgage is in favour of Ribay Pty Ltd as Security Trustee.

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6. Contingent liabilities (continued)

Bank guarantees

The following bank guarantees are on issue as security for leased premises in Australia:

Favouree	Leased Property Address	Amount	Expiry Date
West Coast Displays Pty Ltd	79 Inspiration Drive Wangara WA	\$117,000	31 Jan 2017
Cakemaker (Holdings) Pty Ltd	U1 314 Horsley Road Milperra NSW	\$49,400	1 Jul 2018

A further bank guarantee was issued during the period to 31 December, 2015 as security for a \$200,000 trade credit facility with NZ Customs used by Reliance Worldwide Corporation (NZ) Limited. The bank guarantee has an expiry date of 31 December 2018.

7. Cash and cash equivalents

	2015 \$'000	2014 \$'000
Reconciliation of cash flow from operations with profit from operations after income tax		
Profit from operations after income tax	31,815	22,278
Depreciation expense	7,688	6,388
Amortisation expense	312	263
(Profit)/loss on disposal of non-current assets	109	1
Provision for impairment - trade debtors	(212)	72
Interest expense	548	555
Interest income	(16)	-
Unrealised foreign exchange gain / (loss)	(1,149)	(3,711)
Tax expense	15,891	11,814
<i>Changes in:</i>		
Trade debtors	(4,047)	(1,891)
Other debtors	306	441
Inventories	(11,723)	(6,489)
Prepayments	(1,134)	(1,898)
Trade creditors	(5,881)	2,569
Other creditors	(1,391)	(1,321)
Operating lease provision	(2,968)	1,372
Employee benefits	(281)	57
Tax paid	(8,823)	(8,384)
Net cash provided by operating activities	19,044	22,116

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8. Subsequent events

Subsequent to 31 December 2015, the members' voluntary liquidations of the following non-trading entities forming part of the RWC Group were finalised:

- Ryemetal Pty Ltd
- Technical Moulders Australia Pty Ltd
- Reliance Worldwide Corporation (Europe) S.A.S.

The Condensed Combined Interim Financial Statements were authorised for issue on 11 March 2016 by the directors.



Independent Auditors' Review Report on Condensed Combined Interim Financial Statements to the directors of the Reliance Worldwide Corporation Combined Group

We have reviewed the accompanying condensed combined interim financial statements of the Reliance Worldwide Corporation Combined Group (RWC Group), which comprise the condensed combined statement of financial position as at 31 December 2015, the condensed combined statements of profit or loss and comprehensive income, changes in net investment and cash flows for the interim period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Condensed Combined Interim Financial Statements

Management of the RWC Group are responsible for the preparation of the condensed combined interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and International Financial Reporting Standard IAS 34 *Interim Financial Reporting* and for such internal control as management determine is necessary to enable the preparation of the condensed combined interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express a conclusion on the condensed combined interim financial statements 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 condensed combined interim financial statements are not prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. As auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an 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.

These procedures have been undertaken to express a conclusion solely to the directors whether we have become aware of any matter that makes us believe that the condensed combined interim financial statements do not comply the basis of accounting described in the notes. We disclaim any assumption of responsibility for reliance on this conclusion to any person other than the directors, or for any purpose other than that for which it was prepared.

Independence

In conducting our review, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the condensed combined interim financial statements of Reliance Worldwide Corporation Combined Group do not comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Notes 1.1 to 1.3 of the combined financial statements, which describes their basis of preparation, including the approach to and the purpose of preparing them. The combined financial statements were prepared for the purpose of providing historical information on the combined RWC Group for disclosure in the International Offer Document. As a result, the combined financial statements may not be suitable for another purpose.


KPMG

Melbourne

11 March 2016

RWC Group
Condensed Combined Interim Financial Statements for the
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Directors' Declaration
for the Six Months Ended 31 December 2015 and 2014

- 1 In the opinion of the Directors of the RWC Group ("the Group"):
- (a) the condensed combined financial statements of the Group and the notes set out on pages 5 to 13:
 - (i) comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* as detailed in Note 1.2;
 - (ii) comply with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board, as detailed in Note 1.2; and
 - (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with resolution of the Directors.


Jonathan Munz
Director

Dated at Melbourne on 11 March 2016