



26 February 2018

**Results for announcement to the market**

**Appendix 4D for the half year ended 31 December 2017**

Reliance Worldwide Corporation Limited (ASX: RWC) (“Company”) announces the following financial results for the Company and its controlled entities (together “RWC”) for the six months ended 31 December 2017.

RWC is a global innovator focused on providing water solutions for the built environment. The Company is a leader in the design, manufacture and supply of integrated systems that deliver, control and optimise water use for residential, commercial and industrial applications. RWC’s portfolio of products, which target the new construction, renovation, service and repair markets, work together to create a total end-to-end solution from the water meter to the fixture. RWC is the world’s leading manufacturer 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.

**Extracted from the 31 December 2017 Half Year Financial Report which has been reviewed by the Company’s auditor**

	<b>Six months ended 31 Dec 2017</b>	<b>Six months ended 31 Dec 2016</b>	<b>Change</b>
	\$A’000	\$A’000	%
Revenue from ordinary activities	362,580	282,663	28.3
Net profit from ordinary activities after tax attributable to members	41,502	35,325	17.5
Net profit after tax attributable to members	41,502	35,325	17.5

**Comparison with prior period**

	<b>Six months ended 31 Dec 2017</b>	<b>Six months ended 31 Dec 2016</b>	<b>Change</b>
	(\$m)	(\$m)	(%)
Net sales	362.6	282.7	28.3
EBITDA	79.3	63.7	24.5
EBIT	67.8	54.7	23.9
Net profit after tax	41.5	35.3	17.5

EBITDA for the period was \$79.3 million, an increase of 24.5% over the prior period (26.8% higher on a constant currency basis). This strong result primarily reflects:



- continued expansion of SharkBite PTC business in the Americas operating segment, including a one-time benefit from completing the product rollout to Lowe's stores in the USA. The SharkBite PTC business continued to deliver strong double digit sales growth during the period;
- sales into new construction markets, led in the USA by the addition of Holdrite products and EvoPEX;
- strong sales performance in the Asia Pacific and EMEA<sup>1</sup> segments;
- margin benefits from inclusion of higher margin Holdrite products and increased scale and efficiencies within its manufacturing activities; and
- ongoing procurement initiatives across the business.

These benefits were partially offset by:

- increased copper and other input costs;
- a weakening of the US dollar relative to the Australian dollar; and
- SG&A investment to support the Company's growth activities which is expected to yield benefits both in the second half of the year and in future periods. In particular the Company invested in additional selling and marketing resources and capabilities; in expanding and enhancing distribution channel access, particularly in the Americas; and in other corporate development and growth initiatives, including spend on key R&D activities.

Net profit after tax was \$41.5 million, an increase of 17.5% over the prior period. This result includes a higher interest expense as a result of increased external borrowings which funded the acquisition of Holdrite in June 2017.

Please refer to the accompanying 31 December 2017 Half Year Financial Report, Results Announcement and presentation slides released today for further information.

#### **Earnings per share**

Earnings per share for the six months ended 31 December 2017 were 8.0 cents, an increase of 19.4% over the prior comparative period (6.7 cents).

#### **Dividends for the six months ended 31 December 2017**

Since the end of the financial period, the Directors have resolved to declare a fully franked interim dividend of 3.5 cents per share (31 December 2016 – 3.0 cents per share franked to 40%). The Record Date is 9 March 2018 with payment to be made on 29 March 2018.

A fully franked final dividend for the 2017 financial year of 3.0 cents per share was paid to eligible shareholders on 10 October 2017 (prior comparative period – not applicable).

The Company does not have a dividend reinvestment plan.

#### **Net Tangible Assets per Share**

Net tangible assets per share at 31 December 2017 were \$0.14 (30 June 2017 - \$0.09).

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**Reliance Worldwide Corporation Limited**

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The remainder of the information requiring disclosure to comply with ASX Listing Rule 4.2A.3 is contained in the 31 December 2017 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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1 EMEA refers to Europe, Middle East and Africa

**Reliance Worldwide Corporation Limited**  
**ABN 46 610 855 877**

**Interim Financial Report**

**31 December 2017**

## Table of Contents

Directors' Report .....	2
Auditor's Independence Declaration .....	3
Consolidated Statement of Profit or Loss and Other Comprehensive Income .....	4
Consolidated Statement of Financial Position .....	5
Consolidated Statement of Changes of Equity .....	6
Consolidated Statement of Cash Flows .....	7
Notes to the Consolidated Financial Statements .....	8
Directors' Declaration .....	20
Independent Auditor's Review Report .....	21

# Reliance Worldwide Corporation Limited

## Directors' Report

### Half Year Ended 31 December 2017

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 2017 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

The Company has appointed Sharon McCrohan as a director with effect from 27 February 2018.

#### 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 2017, the results of those operations and the financial position of the Group at 31 December 2017 is contained in the accompanying Results Announcement dated 26 February 2018.

#### Dividends

A fully franked final dividend for the 2017 financial year of 3.0 cents per share was paid to eligible shareholders on 10 October 2017.

Since the end of the financial period, the directors have resolved to declare an interim dividend of 3.5 cents per share franked to 100%. The dividend will be paid to eligible shareholders on 29 March 2018. The record date for dividend entitlement is 9 March 2018.

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 period which 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 and has not been covered in this report or the financial statements.

#### 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  
26 February 2018



# 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 of Reliance Worldwide Corporation Limited for the half-year ended 31 December 2017 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 J McDonald  
Partner

Melbourne

26 February 2018

Reliance Worldwide Corporation Limited

Consolidated Statement of Profit or Loss  
and Other Comprehensive Income

For the half year ended 31 December 2017

	Note	31 December 2017 \$000	31 December 2016 \$000
<b>Revenue</b>			
Revenue from sale of goods		362,580	282,663
Cost of sales		(207,936)	(161,767)
<b>Gross profit</b>		<b>154,644</b>	<b>120,896</b>
Other income		1,645	761
Product development expenses		(8,328)	(5,389)
Selling, warehouse and marketing expenses		(49,569)	(40,771)
Administration expenses		(29,748)	(20,497)
Other expenses		(810)	(295)
<b>Operating profit</b>		<b>67,834</b>	<b>54,705</b>
Finance income		66	41
Finance costs		(4,911)	(2,688)
<b>Net finance costs</b>		<b>(4,845)</b>	<b>(2,647)</b>
<b>Profit before tax</b>		<b>62,989</b>	<b>52,058</b>
Income tax expense	5	(21,487)	(16,733)
<b>Profit for the period attributable to the Owners of the Company</b>		<b>41,502</b>	<b>35,325</b>
<b>Other comprehensive income (loss)</b>			
Items that may be classified to profit or loss:			
Foreign currency translation differences		(2,117)	(2,391)
<b>Total comprehensive profit for the period attributable to the Owners of the Company</b>		<b>39,385</b>	<b>32,934</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share</b>			
Basic earnings per share attributable to ordinary equity holders	3	8.0	6.7
Diluted earnings per share attributable to ordinary equity holders	3	7.9	6.7

Reliance Worldwide Corporation Limited  
Consolidated Statement of Financial Position  
At 31 December 2017

	Note	31 December 2017 \$000	30 June <sup>1</sup> 2017 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		25,029	34,996
Trade and other receivables		112,792	109,727
Inventories	8	170,000	161,243
Other assets		9,982	6,771
<b>Total Current Assets</b>		<b>317,803</b>	<b>312,737</b>
<b>Non-Current</b>			
Property, plant and equipment	6	115,909	111,509
Deferred tax assets		14,020	18,292
Goodwill	9	85,339	86,857
Other intangible assets	9	70,077	70,392
<b>Total Non-Current Assets</b>		<b>285,345</b>	<b>287,050</b>
<b>Total Assets</b>		<b>603,148</b>	<b>599,787</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank overdraft	7	6,766	9,403
Trade and other payables		89,520	97,910
Borrowings	7	2,592	423
Current tax liabilities		221	4,333
Employee benefits		5,221	5,833
<b>Total Current Liabilities</b>		<b>104,320</b>	<b>117,902</b>
<b>Non-Current Liabilities</b>			
Borrowings	7	259,000	260,539
Deferred tax liabilities		5,190	12,516
Employee benefits		4,690	4,084
<b>Total Non-Current Liabilities</b>		<b>268,880</b>	<b>277,139</b>
<b>Total Liabilities</b>		<b>373,200</b>	<b>395,041</b>
<b>Net Assets</b>		<b>229,948</b>	<b>204,746</b>
<b>Equity</b>			
Share capital		1,261,371	1,261,371
Reserves		(1,105,539)	(1,104,889)
Retained earnings		74,116	48,264
<b>Total Equity</b>		<b>229,948</b>	<b>204,746</b>

1. Comparative balances have been restated to reflect the final purchase price accounting for the Holdrite acquisition.

Reliance Worldwide Corporation Limited  
Consolidated Statement of Changes in Equity  
For the half year ended 31 December 2017

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Merger Reserve \$000	Share based Payment Reserve \$000	Retained Earnings \$000	Total Equity \$000
Balance at 30 June 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)
<b>Total comprehensive income</b>	<b>-</b>	<b>(2,391)</b>	<b>-</b>	<b>-</b>	<b>35,325</b>	<b>32,934</b>
<b>Transactions with Owners of the Company</b>						
Share based payments	-	-	-	277	-	277
<b>Total transactions with Owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>277</b>	<b>-</b>	<b>277</b>
<b>Balance at 31 December 2016</b>	<b>1,272,732</b>	<b>(5,660)</b>	<b>(1,100,943)</b>	<b>342</b>	<b>33,727</b>	<b>200,198</b>
Balance at 30 June 2017	1,261,371	(4,778)	(1,100,943)	832	48,264	204,746
Profit for the period	-	-	-	-	41,502	41,502
Foreign currency translation reserve	-	(2,117)	-	-	-	(2,117)
<b>Total comprehensive income</b>	<b>-</b>	<b>(2,117)</b>	<b>-</b>	<b>-</b>	<b>41,502</b>	<b>39,385</b>
<b>Transactions with Owners of the Company</b>						
Share based payments	-	-	-	1,467	-	1,467
Dividends paid	-	-	-	-	(15,650)	(15,650)
<b>Total transactions with Owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,467</b>	<b>(15,650)</b>	<b>(14,183)</b>
<b>Balance at 31 December 2017</b>	<b>1,261,371</b>	<b>(6,895)</b>	<b>(1,100,943)</b>	<b>2,299</b>	<b>74,116</b>	<b>229,948</b>

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 2017

	<b>31 December 2017 \$000</b>	<b>31 December 2016 \$000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	358,399	323,208
Payments to suppliers, employees and for customer rebates	(302,562)	(269,620)
Income taxes paid	(25,434)	(8,206)
<b>Net cash inflow from operating activities</b>	<b>30,403</b>	<b>45,382</b>
<b>Cash flows from investing activities</b>		
Payments for purchase of property, plant and equipment	(15,942)	(9,472)
Proceeds from sale of property, plant and equipment	871	205
Payments for intellectual property and other intangible assets acquired	(1,774)	(2,162)
<b>Net cash outflow from investing activities</b>	<b>(16,845)</b>	<b>(11,429)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	56,000	30,000
Repayment of borrowings	(56,630)	(60,424)
Interest received	66	42
Interest paid to other persons and corporations	(4,597)	(2,688)
Dividends paid	(15,650)	-
<b>Net cash outflow from financing activities</b>	<b>(20,811)</b>	<b>(33,070)</b>
Net change in cash and cash equivalents	(7,253)	883
Cash and cash equivalents at 1 July	25,593	35,648
Effect of movements in exchange rates on cash held	(77)	185
<b>Cash and cash equivalents at 31 December</b>	<b>18,263</b>	<b>36,716</b>
<b>Represented by:</b>		
Cash and cash equivalents	25,029	37,902
Bank overdraft	(6,766)	(1,186)
	<b>18,263</b>	<b>36,716</b>

**Reliance Worldwide Corporation Limited**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2017**

## **1. Significant accounting policies**

**(a) Reporting Entity**

Reliance Worldwide Corporation Limited ("the Company") is a limited liability company domiciled in Australia.

The Company's registered office is at Level 54, 525 Collins Street, Melbourne, Victoria 3000.

The principal activities of the Company and its controlled entities (together "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.

**(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 year ending 30 June 2017. Accordingly, this report is to be read in conjunction with the 30 June 2017 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 26 February 2018.

**(c) Basis of preparation**

These consolidated interim financial statements:

- have been prepared on a going concern basis using historical cost conventions unless otherwise stated;
- 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 2017; and
- do not early adopt any AASBs and Interpretations that have been issued or amended but are not yet effective.

**(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 controlled entities 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 2017

## 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 the 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 include:

- 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;
- recoverability of goodwill and unidentified other intangible assets;
- recoverability of other intangible assets; and
- fair values of assets and liabilities of acquired businesses.

Reliance Worldwide Corporation Limited  
Notes to the Consolidated Financial Statements  
For the half year ended 31 December 2017

## 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 were not effective at balance date 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 which is similar to current finance lease accounting.

The Company has reviewed its current operating leases which are predominately for leases of property and equipment. On 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 banking 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 regional 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. Inter-company interest income and expense have been eliminated.

Reliance Worldwide Corporation Limited  
Notes to the Consolidated Financial Statements  
For the half year ended 31 December 2017

## 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, pipe support systems, firestop solutions and fire safety system products.

Revenue by product group for the period ended 31 December 2017 includes:

	<b>31 December 2017 \$000</b>	<b>31 December 2016 \$000</b>
Fittings and Pipe	241,423	197,709
Control Valves	50,044	46,316
Thermostatic Products	15,785	13,455
Other Products	55,328	25,183
	<b>362,580</b>	<b>282,663</b>

Reliance Worldwide Corporation Limited  
Notes to the Consolidated Financial Statements  
For the half year ended 31 December 2017

**2. Segment reporting (continued)**

	Asia Pacific		Americas		EMEA		Corporate/Other		Elimination of the effect of intersegment transactions		Consolidated Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec				
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>												
From external customers	70,148	63,236	265,798	197,754	26,634	21,673	-	-	-	-	362,580	282,663
From other segments	51,472	47,642	1,030	1,077	2,725	2,044	-	-	(55,227)	(50,763)	-	-
<b>Segment revenues</b>	<b>121,620</b>	<b>110,878</b>	<b>266,828</b>	<b>198,831</b>	<b>29,359</b>	<b>23,717</b>	-	-	<b>(55,227)</b>	<b>(50,763)</b>	<b>362,580</b>	<b>282,663</b>
Cost of sales	(79,859)	(72,687)	(160,361)	(121,980)	(22,943)	(17,863)	-	-	55,227	50,763	(207,936)	(161,767)
<b>Gross profit</b>	<b>41,761</b>	<b>38,191</b>	<b>106,467</b>	<b>76,851</b>	<b>6,416</b>	<b>5,854</b>	-	-	-	-	<b>154,644</b>	<b>120,896</b>
Other income	651	453	960	154	34	78	-	76	-	-	1,645	761
Product development expenses	(2,052)	(2,001)	(5,360)	(2,682)	(916)	(706)	-	-	-	-	(8,328)	(5,389)
Selling and marketing expenses	(8,641)	(8,644)	(36,909)	(28,883)	(3,843)	(3,244)	(176)	-	-	-	(49,569)	(40,771)
Administration expenses	(6,370)	(5,185)	(17,982)	(11,663)	(2,968)	(1,876)	(2,428)	(1,773)	-	-	(29,748)	(20,497)
Other expenses	(10)	(26)	(43)	(228)	(13)	(41)	(744)	-	-	-	(810)	(295)
<b>Segment operating profit</b>	<b>25,339</b>	<b>22,788</b>	<b>47,133</b>	<b>33,549</b>	<b>(1,290)</b>	<b>65</b>	<b>(3,348)</b>	<b>(1,697)</b>	-	-	<b>67,834</b>	<b>54,705</b>
	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June
	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Segment assets</b>	<b>202,753</b>	<b>221,178</b>	<b>379,901</b>	<b>373,381</b>	<b>43,202</b>	<b>39,208</b>	<b>964,748</b>	<b>859,643</b>	<b>(987,456)</b>	<b>(893,623)</b>	<b>603,148</b>	<b>599,787</b>
<b>Segment liabilities</b>	<b>46,108</b>	<b>54,549</b>	<b>774,886</b>	<b>780,976</b>	<b>30,744</b>	<b>26,202</b>	<b>508,918</b>	<b>426,937</b>	<b>(987,456)</b>	<b>(893,623)</b>	<b>373,200</b>	<b>395,041</b>

Reliance Worldwide Corporation Limited  
Notes to the Consolidated Financial Statements  
For the half year ended 31 December 2017

**2. Segment reporting (continued)**

	Asia Pacific		Americas		EMEA		Corporate / Other		Elimination of the effect of intersegment transactions		Consolidated Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	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	29,892	27,126	52,884	37,127	(373)	787	(3,142)	(1,375)	-	-	79,261	63,665
Depreciation of property, plant and equipment	(4,482)	(4,301)	(4,521)	(3,537)	(917)	(722)	(31)	(256)	-	-	(9,951)	(8,816)
Amortisation of intangible assets	(72)	(37)	(1,230)	(41)	-	-	(174)	(66)	-	-	(1,476)	(144)
Employee benefits expense	(11,610)	(11,129)	(26,496)	(15,753)	(4,366)	(3,664)	(7,716)	(4,950)	-	-	(50,188)	(35,496)
Finance income	24	-	-	-	3	3	39	38	-	-	66	41
Finance costs	-	-	-	-	(52)	(65)	(4,859)	(2,623)	-	-	(4,911)	(2,688)
Income tax expense	(7,709)	(6,940)	(8,768)	(5,693)	369	45	(5,379)	(4,145)	-	-	(21,487)	(16,733)
Additions to property, plant and equipment and intangibles	4,997	2,561	10,505	5,234	742	1,382	1,472	295	-	-	17,716	9,472
	<b>31 Dec</b>	<b>30 June</b>	<b>31 Dec</b>	<b>30 June</b>	<b>31 Dec</b>	<b>30 June</b>	<b>31 Dec</b>	<b>30 June</b>	<b>31 Dec</b>	<b>30 June</b>	<b>31 Dec</b>	<b>30 June</b>
	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Non-current assets excluding other financial assets and deferred tax assets	86,740	86,623	170,868	169,714	10,916	10,800	2,801	1,621	-	-	271,325	268,758

Reliance Worldwide Corporation Limited  
Notes to the Consolidated Financial Statements  
For the half year ended 31 December 2017

### 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.

	<b>31 December 2017 \$000</b>	<b>31 December 2016 \$000</b>
Profit attributable to ordinary shareholders	41,502	35,325
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares at 31 December (basic)		
- Issued ordinary shares	525,000,000	525,000,000
- Treasury shares <sup>1</sup> (weighted average)	(3,321,402)	-
	521,678,598	525,000,000
	<b>Cents</b>	<b>Cents</b>
<b>Basic earnings per share</b>	<b>8.0</b>	<b>6.7</b>

**(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.

	<b>31 December 2017 \$000</b>	<b>31 December 2016 \$000</b>
Profit attributable to ordinary shareholders	41,502	35,325
Changes in earnings arising from dilutive potential ordinary shares	-	-
	41,502	35,325
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares at 31 December (diluted)		
- Issued ordinary shares	525,000,000	525,000,000
- Effect of share options on issue	5,307,190	5,307,190
- Treasury shares <sup>1</sup> (weighted average)	(3,321,402)	-
	526,985,788	530,307,190
	<b>Cents</b>	<b>Cents</b>
<b>Diluted earnings per share</b>	<b>7.9</b>	<b>6.7</b>

1. Details of Treasury shares are provided in Note 19 of the 30 June 2017 consolidated financial report.

Reliance Worldwide Corporation Limited  
Notes to the Consolidated Financial Statements  
For the half year ended 31 December 2017

## 4. Comparative balances

In these financial statements, comparative balances have been restated under the requirements of accounting standards. The following section explains the changes which have been reflected in the restated comparative balances.

### Acquisition of Securus, Inc.

The Group acquired all of the ordinary shares of Securus Inc. ("Holdrite") on 12 June 2017. The acquisition accounting for this transaction has now been finalised.

The final acquisition accounting resulted in net reclassifications of:

- \$10.6 million between "Identifiable intangible assets" and "Goodwill on acquisition and unidentified other intangible assets";
- \$1.2 million between "Inventory" and "Goodwill on acquisition and unidentified other intangible assets".

There was no material impact to the Group's profit as a result of these changes.

Comparative financial information has been restated to reflect the finalisation of the acquisition accounting. The following table summarises the changes made to the provisional acquisition accounting.

### Fair value of net assets acquired

	Provisional fair value recognised on acquisition	Final fair value recognised on acquisition
	\$000	\$000
<b>Identifiable assets</b>		
Cash and cash equivalents	9,222	9,222
Trade and other receivables <sup>1</sup>	9,462	9,462
Inventories	6,230	5,052
Prepayments	956	956
Property plant and equipment	4,481	4,481
Intangible assets	53,592	64,198
<b>Total identifiable assets acquired</b>	<b>83,943</b>	<b>93,371</b>
<b>Identifiable liabilities</b>		
Trade and other payables	9,589	9,589
Employee entitlements	346	346
<b>Total liabilities assumed</b>	<b>9,935</b>	<b>9,935</b>
<b>Net identifiable assets acquired</b>	<b>74,008</b>	<b>83,436</b>
Purchase consideration	126,695	126,695
Fair value of net identifiable assets acquired	74,008	83,436
<b>Goodwill on acquisition and unidentified other intangible assets</b>	<b>52,687</b>	<b>43,259</b>

<sup>1</sup> Trade and other receivables are net of provision for doubtful debts.

Reliance Worldwide Corporation Limited  
Notes to the Consolidated Financial Statements  
For the half year ended 31 December 2017

## 5. 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:

	<b>31 December 2017 \$000</b>	<b>31 December 2016 \$000</b>
Profit before income tax	62,989	52,058
Prima facie income tax expense at 30%	(18,897)	(15,617)
Tax effect of items which (increase) / decrease tax expense:		
Effect of tax rates in foreign jurisdictions	(1,464)	(1,021)
Tax effect of amounts which are not deductible / (assessable) in calculating taxable income:		-
Non-deductible expenses	(10)	(212)
Other	(1,116)	117
Actual income tax expense reported in the consolidated income statement	<b>(21,487)</b>	<b>(16,733)</b>
Average tax rate	34.1%	32.1%

#### US tax reform

On 22 December 2017, the USA Government passed the Tax Cuts and Jobs Act ("the Act"). The Act contains significant tax reform measures including reducing the US Federal corporate tax rate from 35% to 21% effective from 1 January 2018.

For the reported period 1 July 2017 to 31 December 2017, the Group has used a blended rate of 28% to calculate income tax expense on USA earnings. Current income tax expense during the period is US\$1.2 million lower as a result of using the blended tax rate of 28% than if the previous rate of 35% had been applied.

In addition, at 31 December 2017 the Group recognised a one off tax benefit of US\$0.8 million resulting from the restatement of its net deferred tax position in respect of operations in the USA.

The ongoing impact of the change to the US Federal corporate tax rate and any other impacts from the Act will be reflected in the calculation of tax expense for the year ended 30 June 2018.

## 6. Property, plant and equipment

	<b>31 December 2017 \$000</b>	<b>30 June 2017 \$000</b>
<i>Carrying amounts of:</i>		
Freehold land	193	197
Buildings	17,750	18,362
Leasehold improvements	1,978	3,052
Plant and equipment	95,988	89,898
	<b>115,909</b>	<b>111,509</b>

Reliance Worldwide Corporation Limited  
Notes to the Consolidated Financial Statements  
For the half year ended 31 December 2017

## 7. Borrowings

	31 December 2017 \$000	30 June 2017 \$000
<b>Current</b>		
<i>Secured</i>		
Bank overdraft	6,766	9,403
Bank borrowings	2,592	423
	9,358	9,826
<b>Non-Current</b>		
<i>Secured</i>		
Bank borrowings	259,000	260,539
	268,358	270,365
	268,358	270,365

The Company has banking facilities of \$350 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 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 the Group'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 2017

## 8. Inventories

	31 December 2017 \$000	30 June 2017 \$000
<i>At cost</i>		
Raw materials and stores	82,961	66,688
Consumables	233	166
Work in progress	17,485	15,741
Finished goods	74,711	83,854
	<u>175,390</u>	<u>166,449</u>
Less: provision for diminution	(5,390)	(5,206)
	<u><b>170,000</b></u>	<u><b>161,243</b></u>

## 9. Goodwill and intangible assets

	31 December 2017 \$000	30 June 2017 \$000
<i>Carrying value</i>		
Goodwill and unidentified other intangible assets	85,339	86,857
Other intangible assets		
- Intellectual property, product technology, trade names and trademarks	68,497	68,652
- Licence fees	1,580	1,740
	<u><b>155,416</b></u>	<u><b>157,249</b></u>

## 10. 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 \$366,400.

The Company has entered into 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.

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.

**Reliance Worldwide Corporation Limited**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2017**

## **11. Related Party Transactions**

Related party transactions entered into by the Group during the period remain consistent with those disclosed in the 2017 Annual Report.

## **12. Group entities**

Streamlabs Inc. was incorporated as a subsidiary of the Group on 19 December 2017.

Securus Inc. was merged into the USA subsidiary, Reliance Worldwide Corporation, on 31 December 2017.

## **13. Subsequent events**

On 26 February 2018, the Directors resolved to declare an interim dividend of 3.5 cents per share franked to 100%. The dividend will be paid to eligible shareholders on 29 March 2018. The record date for dividend entitlement is 9 March 2018. 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.

## **14. Seasonality of operations**

The Group's results may be affected by seasonal influences in each segment. In the Americas, sales demand in the period between October and December is generally stronger as Retailer and Wholesaler outlets typically build their inventory in anticipation of higher demand for repair and maintenance products during winter. The period between January and March may be affected by higher demand for repair and maintenance products as a result of unusually cold weather. Milder weather conditions can also result in lower sales 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. Sales between January and 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 2017 reflect generally normal seasonal influences.

**Reliance Worldwide Corporation Limited**  
**Directors' Declaration**  
**For the half year ended 31 December 2017**

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 19 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 2017 and of its performance for the period from 1 July 2016 to 31 December 2017;
  - (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  
26 February 2018



# Independent Auditor's Review Report

To the shareholders of Reliance Worldwide Corporation Limited

## Report on the Interim Financial Report

### Conclusion

We have reviewed the accompanying **Interim Financial Report** of Reliance Worldwide Corporation Limited.

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:

- giving a true and fair view of the **Group's** financial position as at 31 December 2017 and of its performance for the six months ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 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 six months ended on that date;
- Notes comprising a summary of significant accounting policies and other explanatory information;
- The Directors' Declaration.

The **Group** comprises Reliance Worldwide Corporation Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

### Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

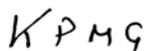
- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility for the review of the Interim Financial Report

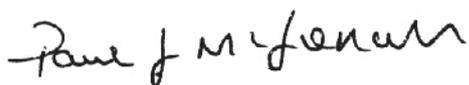
Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, 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 2017 and its performance for the Interim 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 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.

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



KPMG



Paul J McDonald  
Partner

Melbourne  
26 February 2018