ACN 610 855 877

RELIANCE WORLDWIDE CORPORATION LIMITED

ANNUAL REPORT 2018

Contents

Delivered double digit revenue and earnings growth for FY2018

Net sales

$769.4m

+28% growth[1]

Adjusted EBITDA[2]

$150.9m

+25% growth[1]

Adjusted NPAT[2]

$78.6m

+20% growth[1]

Total dividends for FY2018

$42.1m

NPAT ratio of 63%

Free cash flow conversion

82.7%

of Adjusted EBITDA[3]

Continued strong sales growth from Americas

+29% growth[1]

Strong balance sheet at 30 June 2018

Leverage ratio at 1.57x[4]

1. Growth rates expressed as change over comparative twelve month period ended 30 June 2017.
2. Before contribution from John Guest and transaction costs expensed; after one-time charge for reclassification of tariff categories for products imported to the USA; NPAT also before effect of financing costs.
3. Operating cash flow before tax paid to Adjusted EBITDA of $150.9 million.
4. Net Debt/pro forma EBITDA assuming John Guest included based on historical data for a full 12 month period ended 30 June 2018 and excluding $20.5 million of John Guest acquisition transaction costs.

Dear fellow shareholders,

On behalf of the Board, I am pleased to present to you the 2018 Annual Report of Reliance Worldwide Corporation Limited.

RWC is a global market leader and manufacturer of water delivery, control and optimisation systems for the modern built environment. RWC continues to pioneer and innovate plumbing products for residential, commercial and industrial plumbing applications. Our unique end-to-end meter to fixture and floor to ceiling plumbing solutions target the repair, renovation, service, re-model and new construction markets. The acquisition of the John Guest group for $1.2 billion, completed in June of 2018, has created a single global leader in the manufacture and distribution of both brass and plastic Push-to-Connect ("PTC") technology and related products.

The acquisition of John Guest strongly aligns with RWC's growth strategy by combining RWC's strong positions in North America and Asia Pacific with John Guest's strength in the UK and continental Europe. The Board is pleased with progress to date in integrating the two businesses and the growth opportunities which have been identified by management as they further build their understanding of the John Guest business through working closely with its people.

The financial results for FY2018 continued RWC's track record of delivering strong sales and earnings growth with net sales up 28% and earnings before interest, tax, depreciation and amortisation up 25%[1] on the prior year. Net profit after tax increased by 20% on the prior year.[1] Sales growth was led by double digit growth in the core SharkBite PTC fittings and accessories, first full year contribution from Holdrite and the inclusion of one month of John Guest sales.

The following report from our Chief Executive Officer, Heath Sharp, and the accompanying review of operations provide commentary on performance and business outlook.

The balance sheet remains strong and continues to support business growth. In June 2018, we successfully completed a $1.1 billion equity raising by way of a 1 for 1.98 pro rata Entitlement Offer. We also entered into a new $750 million syndicated debt facility which expanded available facilities by $400 million and extended maturity periods by 3 to 5 years. Proceeds from the equity raising and drawings on the debt facility were used to fund the John Guest acquisition. On a net debt basis, $364.7 million was available to be drawn under the syndicated debt facility at 30 June 2018. Dividends declared for FY2018 total $42.1 million and represent 63% of net profit after tax, ahead of the targeted payout range.

RWC now has a global workforce of over 2,300 people following the John Guest acquisition. On behalf of the Board, I would like to recognise and thank our management team and employees for their efforts and dedication which continue to deliver strong outcomes.

I also take this opportunity to thank shareholders for your ongoing support and look forward to meeting with you at the Annual General Meeting to be held on 30 October 2018.

J. Munz

Jonathan Munz
Chairman

1. Before John Guest contribution of $5.0 million and one-off John Guest acquisition transaction costs of $20.5 million expensed. Net profit after tax also before the effect of financing costs.

Dear Shareholders,

I am pleased to present my report on RWC's financial and operational performance for the year ended 30 June 2018 which continued our track record of revenue and earnings growth[1].

Strong financial and operating results are the direct result of our continual effort to deliver innovative quality products to our customers and end users. RWC's success is underpinned by its people. We have a team who work together across all geographic segments and operating divisions. We continue to invest in and develop a diverse pool of talented people at all levels of the organisation. I sincerely thank our entire global RWC team for their efforts and commitment to delivering long-term value for shareholders, customers and end users.

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

Business strategy focus

Throughout the year we maintained our focus on being a global market leader and manufacturer of water delivery, control and optimisation systems for the modern built environment by pioneering and innovating plumbing products for residential, commercial and industrial applications. RWC's unique end-to-end meter to fixture and floor to ceiling plumbing solutions target the repair, renovation, service, remodel and new construction markets. We manufacture and distribute high quality products that disrupt and transform traditional plumbing methods by aiming to make the contractor's job quicker and easier.

Following the acquisition of John Guest, RWC now operates 15 manufacturing facilities, 24 distribution centres and 5 research & development locations across our Americas, Asia Pacific and EMEA operating segments. Our global team now has over 2,300 people working in the combined business.

Together, this expanded footprint and manufacturing capability will drive our future growth across multiple product categories, channels and countries.

SharkBite brass PTC products are now available in over 23,000 outlets in North America. Over 1.5 million PTC connections are made using SharkBite fittings every week. With the acquisition of John Guest, we are now a global leader in both brass PTC and plastic PTC technology. We are the largest manufacturer of water pressure and temperature control valves in the world making over 150,000 water heater and temperature relief valves a week across all our manufacturing plants . The Streamlabs smart home water monitoring and leakage detection / shutoff devices blend core PTC technology with modern non-plumbing solutions. RWC is driving business growth across our product categories and market segments.

FY2018 financial review[1]

Net sales[2] grew by 28% compared with FY2017. On a constant currency basis, net sales[2] increased by 30% with local currency growth in all operating segments. A number of factors contributed to this growth including continued expansion of the SharkBite PTC business in the Americas, the addition of new multi-functional PTC products, the first full year inclusion of Holdrite, strong external sales growth in the APAC and EMEA segments and the inclusion of one month of John Guest sales. We also benefited from the rollout to Lowe's stores and an extremely cold winter in North America. The Compound Annual Growth Rate (CAGR) in net sales[2] over the last 10 financial years continues to be around 12%. Importantly, supporting these benefits, we continue to see low double digit underlying sales growth.

1. This report should be read in conjunction with the Operating and Financial Review which follows.
2. Net sales after eliminating intercompany sales.

EBITDA of $150.9 million[3] and NPAT of $78.6 million[3] showed double digit growth compared with FY2017. These results reflect the strong growth in net sales, margin benefits from the inclusion of higher margin Holdrite products, scale and efficiency improvements in manufacturing activities and procurement and operational efficiency improvements across business segments. Partially offsetting these benefits were the effect of increased materials input costs, including copper, and increased selling, general and administrative expenses to support growth activities expected to yield benefits in future years. We also recognised a one-time charge of $6.0 million resulting from a reclassification of product categories for products imported to the USA in FY2018 and prior years.

Acquisition of John Guest

In June of 2018, we completed the acquisition of the John Guest group. This is a transformational acquisition which is consistent with our strategy to strengthen RWC's global presence by acquiring businesses which add clever, high-quality engineered products to the existing range and expand our distribution capabilities. The acquisition of John Guest has expanded our international footprint, particularly in the UK and continental Europe. RWC is now a global leader in the manufacture and distribution of brass and plastic PTC technology and related products.

The John Guest acquisition provides diversification of our geographic, product and channel exposure as well as enhancing and accelerating organic growth opportunities. Following completion, our teams have been collaborating to integrate the businesses and align processes. Importantly, we are seeing alignment of culture and strategy and remain pleased with the way in which the people from both organisations are working together. The financial and operating results we have seen to date are encouraging and support our investment thesis.

Holdrite fully integrated

We completed the integration of Holdrite into RWC during FY2018. The combined business synergies and complementary product ranges continue to meet expectations. Holdrite's innovative culture and product range, including engineered pipe support, fire stop and water accessories systems, are well accepted in the residential and commercial new construction segments in the Americas.

Product innovation

A key to unlocking future growth is to remain focused on delivering innovative products that address and solve real-world needs. We remain committed to investing in R&D capabilities globally, including new technologies, processes, training and engineering talent critical to developing new products and solutions that create demand in end user markets.

Introduction of new non-traditional plumbing technologies in existing categories and the conversion of make-shift methods to engineered solutions to create entirely new categories are at the core of our product development and innovation process. We successfully introduced over 100 new multi-category products this past year by leveraging PTC technology to expand market penetration of SharkBite PTC fittings, Cash Acme valves, Holdrite engineered pipe support systems and water heater solutions as well as complementary accessories across residential and commercial market segments. These solutions improve efficiency for users while creating value for distributors.

Thank you for your continued support. I look forward to reporting further updates on our progress in products and performance at the upcoming Annual General Meeting.

Heath Sharp
Chief Executive Officer

3. Before contribution from John Guest and acquisition transaction costs of $20.5 million expensed. NPAT also before the effect of associated financing costs.

This Operating and Financial Review forms part of, and should be read in conjunction with, the statutory Directors' Report for the year ended 30 June 2018.

Results for the financial year

	Actual FY2018	Actual FY2017	*Variance*
Net sales ($m)	**769.4**	**601.7**	***28%***
Reported EBITDA[1] ($m)	**135.4**	**120.7**	***12%***
Adjusted for:			
John Guest transaction costs expensed	*20.5*	–	*n/m*
John Guest post acquisition EBITDA contribution ($7.8m) net of fair value inventory unwind ($2.8m)	*(5.0)*	–	*n/m*
EBITDA before contribution from John Guest and transaction costs expensed ($m)	**150.9**	**120.7**	***25%***
Reported EBIT[1] ($m)	111.1	101.3	*10%*
Reported net profit after tax ($m)	**66.0**	**65.6**	***1%***
Net profit after tax before contribution from John Guest, transaction costs expensed and associated financing costs ($m)	**78.6**	**65.6**	***20%***
Reported earnings per share (cents)	12.3	12.5	
Adjusted earnings per share (cents)	14.6	12.5	

Review of Financial Results

Net sales for FY2018 of $769.4 million were 28% higher than the prior year (30% higher on a constant currency basis). The increase was driven principally through:

- continued expansion of SharkBite PTC business in the Americas operating segment as well as the introduction of additional PTC products, including at The Home Depot, and sales through all the Lowe's stores in the USA;
- one-time benefits from completing the product rollout to Lowe's stores in the USA in the first half and an uplift in sales during January and February reflecting the impact of the North American winter. Even excluding these one-time benefits, the SharkBite PTC business continued to deliver strong double digit sales growth in the Americas during FY2018;
- growth of 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 segments; and
- inclusion of post-acquisition net sales from John Guest. Net sales excluding any contribution from John Guest were $744.9 million, up 24% on the prior year.

Partly offsetting these results were lower net sales of PEX pipe and crimp fittings to The Home Depot following its decision to destock these products from all but a small number of its stores which took effect from mid-2017.

EBITDA (before John Guest contribution and transaction costs expensed) was $150.9 million, an increase of 25% on the prior year.

The EBITDA result of $150.9 million primarily reflects:

- growth in net sales as described above;
- margin benefits from inclusion of higher margin Holdrite products;
- increased scale and efficiencies within manufacturing activities; and
- ongoing procurement and operational efficiency initiatives across the business.

These benefits were partially offset by:

- increased copper and other input costs during FY2018;
- SG&A investment to support RWC's growth activities which is expected to yield benefits in future periods. In particular, RWC 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; and
- a one-time charge of $6.0 million resulting from a reclassification of categories for products imported to the USA in FY2018 and prior years.

Reported net profit after tax ("NPAT") was $66.0 million, an increase of 1% on the prior year. This result reflects:

- the impacts on EBITDA as described above (including contribution from John Guest and one-off transaction costs expensed of $20.5 million);
- a higher net interest expense as a result of increased external borrowings which funded the acquisition of Holdrite in June 2017 and the acquisition of John Guest in June 2018;

- the effect of expensing a portion of the borrowing costs associated with the new syndicated debt facility entered into in June 2018; and
- a reduction in income tax expense of US$3.4 million resulting from changes to the federal corporate tax rate contained in the Tax Cuts and Jobs Act passed by the USA Government in December 2017. Of this amount, US$2.6 million relates to a lower current income tax expense resulting from using a blended federal corporate tax rate of 28% on US earnings for the period and US$0.8 million relates to the restatement of deferred tax balances.

NPAT was $78.6 million excluding any contribution from John Guest and associated transaction and financing costs, an increase of 19.8% on the prior year.

Segment Review

Americas

	Actual FY2018 ($m)	Actual FY2017 ($m)	*Variance*
Net sales[2]	559.7	435.3	29%
Segment EBITDA	95.4	74.6	28%
Margin	*17.0%*	*17.1%*	
Segment EBIT	83.7	66.6	26%

The Americas segment continued to deliver robust growth in net sales and EBITDA. Net sales for FY2018 were $559.7 million, an increase of 29% on the prior year (32% increase on a constant currency basis). EBITDA contribution was $95.4 million, net of a $6.0 million one-time charge for the reclassification of categories for products imported to the USA, an increase of 28% over the comparative period. Excluding this one-time charge, EBITDA was $101.4 million, an increase of 36%.

The Americas performance was driven by:

- continued market penetration of SharkBite PTC fittings and accessories in the repair and renovation market. This reflects our continuing investment in building brand awareness and educating end users about the speed and efficiency of SharkBite PTC products;
- execution of a strategy to expand our product availability. RWC products are now available in over 23,000 outlets across the Americas, creating a powerful distribution network to help build both the PTC category and the SharkBite brand. Continued growth will be achieved through innovative product development and efforts focused on increasing product demand from plumbers, contractors and end users;
- expansion into the residential and commercial new construction markets through the Holdrite and EvoPEX product ranges. The results reflect that the first full year contribution from Holdrite was in line with expectations;
- a one-time uplift in sales from the final phase of the rollout to Lowe's stores; and, in January and February, as a result of the unseasonably cold winter temperatures; and
- scale and efficiency benefits from investment in manufacturing capacity in the USA, partially offset by increased copper costs and higher SG&A to support growth and expansion of the business.

The final stage of the rollout of product to Lowe's 1,700+ home improvement centers was completed in the first quarter of FY2018. From the middle of 2017, RWC ceased supplying PEX pipe and crimp fittings to all but a small number of The Home Depot outlets as part of their previously announced decision to destock these products. These activities were completed in line with the expectations announced by the Company in February 2017. Throughout FY2018 we have been pleased with the overall sales growth to end users achieved through the outlets of both Lowe's and The Home Depot. SharkBite PTC fittings and accessories, including an expansive range of new products, continue to be supplied to all but a small number of The Home Depot outlets.

Asia Pacific

	Actual FY2018 ($m)	Actual FY2017 ($m)	*Variance*
Net sales[2]	232.0	218.1	6%
Segment EBITDA	52.4	47.5	10%
Margin	*22.6%*	*21.8%*	
Segment EBIT	43.1	38.6	12%

Asia Pacific delivered net sales of $232.0 million, an increase of 6% on the prior year. Growth occurred across all major product categories. In particular, the business experienced double digit growth in external sales, primarily driven by growth in our PEX piping systems and PTC fittings. Inter-segment sales to the Americas only grew 1% as a result of increased manufacturing capacity in the USA.

Segment EBITDA for the year was $52.4 million, an increase of 10% on the prior year. Growth in EBITDA was driven primarily by growth in sales. Margins were slightly up on the prior year supported by strong manufacturing volumes. This was partially offset by higher raw material costs, including copper, and an increase in SG&A driven by modest inflationary rises and ongoing investment to support growth.

EMEA

	Actual FY2018 ($m)	Actual FY2017 ($m)	*Variance*
Net sales[2]	81.1	50.1	*n/m*
Segment EBITDA	8.3	0.5	*n/m*
Margin	*10.2%*	1.0%	
Segment EBIT	5.4	(1.1)	*n/m*

Net sales in EMEA were $81.1 million, an increase of 62% on the prior year. Net sales before John Guest were $61.2 million[3], an increase of 22% on the prior year. Organic growth was driven by a double digit increase in the UK across market sectors and product groups, particularly underfloor heating, thermal interface units and control valves in wholesale and OEM. Sales by the Spanish business nearly doubled with all of that growth coming from expansion of external sales in Europe.

EBITDA was $8.3 million. Before the John Guest contribution, EBITDA was $2.5 million, a significant increase over $0.5 million on the prior year and a turnaround from the loss in the first half of FY2018. The improved result in the second half reflects continuing growth in sales volume, the absence of one-off business development costs incurred in the first half and lower SG&A costs relative to the first half.

Dividend

A final dividend for FY2018 of 3.0 cents per share has been declared. The number of issued shares increased by 265,094,765 to 790,094,765 following the pro rata Entitlement Offer completed in June 2018. The new issued shares are eligible to receive the dividend. Total dividends declared for the year ended 30 June 2018 are $42.1 million which represents 63% of NPAT, slightly above the targeted dividend payout range of 40% to 60% of annual NPAT.

	Year ended 30 June 2018	Year ended 30 June 2017	*Year ended 30 June 2018 Franked amount*	*Year ended 30 June 2017 Franked amount*
Interim	3.5cps[4]	3.0cps[4]	100%	40%
Final dividend	3.0cps[4]	3.0cps[4]	100%	100%
Total dividends paid or payable	$42.1m	$31.5m	100%	70%

The record date for dividend entitlement is 11 September 2018. The payment date is 11 October 2018.

The target payout ratio for FY2019 dividends remains 40% to 60% of annual NPAT. Future dividends may not be fully franked given the change in the geographic mix of earnings following acquisitions.

Capital expenditure

Capital expenditure during FY2018 totalled $38.4 million which compares with guidance of $35 million. This includes $1.3 million of capital spending at John Guest in June. Expenditure was split between maintenance expenditure ($11.8 million) and growth capital expenditure ($26.6 million).

Growth expenditure was mainly incurred to complete previously announced expansion plans to meet forecast growth in demand for SharkBite PTC, EvoPEX fittings and PEX pipe.

Cash Flow

Cash flow from Operations for FY2018 was $80.1 million ($71.9 million in the prior year). The increase in cash flow from operations is consistent with the growth in EBITDA. Net working capital increased principally to support growth in the business.

Balance Sheet

The balance sheet at 30 June 2018 continued to be in a strong position.

Net debt at 30 June 2018 was $388.0 million (30 June 2017 - $235.4 million). The dollar increase over 30 June 2017 mainly reflects additional borrowings to fund the John Guest acquisition partially offset by net cash generated from operations during the year. On a net debt basis, liquidity of $364.7 million was available at balance date under the syndicated debt facility.

Net debt, including the effect of the funding drawn for the John Guest acquisition, to EBITDA (before John Guest transaction costs) was 2.49 times at 30 June 2018, but would be 1.57 times after taking into account pro-forma EBITDA for John Guest based on historical data for a 12 month period ended 30 June 2018.

Health and Safety

RWC places a strong emphasis on the health and safety of our workforce and is committed to providing a safe and healthy workplace for all employees and contractors. We aim for zero harm across the group. A robust health and safety management system is maintained which assists in the identification of potential issues and hazards and the development of strategies and initiatives to mitigate the risk of harm.

Safety performance is regularly reviewed by management and the Board. While we have always monitored safety performance at all facilities, we implemented uniform reporting across all operations from July 2016. For the year ended June 2018, we had a Reportable Incident rate of 2.4 per 100 employees, an improvement from 2.7 in the prior year. Moving forward we will bring John Guest onto the same enhanced reporting platform to monitor safety performance across the group.

Strategy and Business Development Activities

Overview

RWC continues to capitalise on its leadership position in Push-to-Connect ("PTC") fittings and associated accessories. The Company's core SharkBite brass PTC fittings business continues to grow at double digits driven by steady demand among professional plumbers, contractors and end users, particularly in the Americas. Demand for SharkBite PTC solutions was further advanced by the launch of the EvoPEX end-to-end rough plumbing system into the new residential construction market in the USA. With the acquisition of John Guest, RWC extends its leadership position in the PTC category to include plastic PTC fittings, accessories and related systems with a market leading position in the UK and a strong platform for growth in continental Europe. The John Guest and Speedfit brands are two of the most widely recognised PTC brands in Europe.

RWC regularly explores other commercially viable growth opportunities that fit the Company's core vision of manufacturing and distributing products and solutions that deliver, control and optimise water from boundary to wall and from floor to ceiling. The acquisition of Holdrite with its culture of innovation and wide range of true-and-tested original products, including engineered pipe support, fire stop and water accessories systems is an example. It has facilitated RWC's successful expansion in new construction and commercial markets such as large multi-family developments as well as office, retail, education, hospitality and health care facilities in the USA.

RWC also continues to develop and invest in unique products and technologies that will enable growth opportunities beyond traditional plumbing products and systems. These types of solutions combine traditional plumbing and modern technologies to create smart plumbing systems, falling within the smart home automation, remote water monitoring and leak detection areas. These smart plumbing systems continue RWC's mission to positively disrupt the industry to provide the plumbing trade and end users with efficiency, reliability and convenience.

Beyond product and system solutions, RWC continues to explore and evaluate opportunities to expand sales and distribution into new geographic markets. The focus remains on key markets in Europe, developed and developing markets in Asia and select markets in Central or South America.

Growth opportunities in new products and/or geographies could be pursued organically, through acquisition or via joint venture partnership. Any acquisitions or partnerships will need to deliver products complementary to our existing product range or provide access to new distribution channels and will be carefully evaluated against RWC's business strategy and investment criteria.

New product development and innovation

RWC remains committed to investing in its R&D and innovation capabilities globally, including engineering talent and new technologies critical to developing new products and solutions that create demand in the end user markets.

Introduction of new non-traditional plumbing technologies in existing categories and the conversion of make-shift methods to engineered solutions to create entirely new categories are at the core of RWC's product development and innovation process. The Company successfully introduced over 100 new multi-category products this past year by leveraging its PTC technology to expand market penetration of its SharkBite PTC fittings, Cash Acme valves, Holdrite engineered pipe support systems and water heater solutions and complementary accessories across residential and commercial market segments. These solutions are easy to install, dependable, and effective, making the trade more efficient and profitable, while creating value for distributors.

An example of the strategy described above is Holdrite's HydroFlame Pro. This is a range of fire stopping devices intended to prevent the spreading of flames, smoke and water between floors of multi-story buildings. These devices are required where there is a penetration to allow for pipes to be installed. The use of fire-stopping is mandated by modern building codes. The Holdrite products provide an innovative solution which reduces the time taken for installation and provides a more comprehensive and true-and-tested solution than traditional methods. The HydroFlame Pro devices have unique features that make them stand-out from competing products and certainly from traditional make-shift methods. These products support the installation of pipe and fittings and clearly sit within RWC's delivery category. This range is a clear example of our approach to make the contractor's life easier while creating value for our distribution partners. The range also represents a genuine global product offering. RWC is very positive about the long-term potential for this range, even more so now in the UK and Europe with the added strength of the John Guest salesforce and market relationships.

The R&D team has been developing new generation smart water flow monitoring and leakage detection/water-shutoff devices that blend the core PTC technology with modern non-plumbing solutions. At the beginning of the year, RWC successfully introduced and launched its first generation of smart water flow monitoring sensors. Capitalising on initial commercial success, RWC has continued to innovate in the advanced water monitoring and controlled shut-off area in order to design new products that push the boundaries of what such smart plumbing devices can do, giving contractors and consumers even more choice.

These innovations are projected to generate a number of original water flow and conservation monitoring products which are planned for launch in FY2019. Longer term, this area of development raises the possibility of a range of advancements, in conjunction with our existing product range, to move towards smart plumbing systems.

The acquisition of John Guest continues to enhance RWC's innovation and product development capabilities. We have been particularly impressed by the capabilities of the John Guest team generally and their technical capability, specifically in the area of plastic injection moulding. RWC and John Guest are already seeing synergies arise between their combined businesses by connecting their respective development teams, with a projected boost to the combined product offerings in the coming years.

FY2019 Outlook

RWC currently expects FY2019 EBITDA to be in the range of $280 million to $290 million, including $10 million of actual synergies expected to be realised in FY2019 and excluding $10 million of one-off integration costs expected to be incurred to achieve the synergies.

Realised synergies to be achieved following the John Guest acquisition are expected to be $20 million per annum on a run rate basis (excluding one-off integration costs) by the end of FY2019, ahead of the original FY2019 run rate guidance. As integration activities have progressed, additional synergy opportunities have been identified. Management currently expects annual synergy realisation to exceed $30 million on a run rate basis by the end of FY2020, an increase of 50% on the synergies guidance provided when the acquisition was announced.

The result will be driven by continued strong top line growth expected in all regions, including ongoing expansion in the core business and strong growth in new products; continued focus on margin and overhead cost control; a full year contribution from the John Guest group; and realisation of synergies from the John Guest acquisition. The forecast assumes, among other things, that current general economic conditions are maintained, specifically in the geographies where RWC operates; the US experiences a modest winter freeze event; and no significant changes to foreign currency exchange rates assumed in our budget, particularly USD/AUD, GBP/AUD and USD/Yuan[5,6]. The forecast also assumes a copper price of US$6,500 per tonne and that other input costs remain similar to current levels.

The new import duties in the USA are not expected to have a significant impact on annual results. While we have determined that the announced tariffs would impact products RWC currently imports to the USA if left in place, management is considering options to minimise the impact. For example, through alternate supply arrangements with manufacturers in countries not impacted by the tariffs. Where this is not possible, management currently expects to be able to recover the additional tariffs through price increases. Management will continue to monitor implementation of new import duties and take appropriate actions to mitigate any impact.

Capital expenditure in FY2019 is expected to be in the range of $65 million to $75 million, including capital spending for John Guest of about $25 million. Key projects for the year include various projects to expand RWC's product range and manufacturing capacity and efficiency for PEX pipe, Hydroflame Pro and EvoPEX fittings; planned expansion of facilities, machinery and tooling at John Guest; and continuation of the staged rollout of IT system upgrades.

1. EBITDA means Earnings before interest, tax, depreciation and amortisation; EBIT means Earnings before interest and tax.
2. Prior to elimination of inter-segment sales.
3. John Guest net sales in the EMEA segment were $19.9 million with further sales recorded in the Americas and Asia Pacific segments.
4. FY2018 final dividend based on 790,094,765 issued shares; FY2018 interim dividend and FY2017 dividends based on 525,000,000 issued shares.
5. RWC traditionally does not hedge foreign currency exposures. Unfavourable rate movements may erode the translated value of results in the Americas and EMEA segments.
6. Foreign exchange rate assumptions: AUD/USD: 0.7525; AUD/GBP: 0.56; AUD/Yuan: 6.34
7. n/m = not meaningful

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

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

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

This statement has been approved by the Board of Reliance Worldwide Corporation Limited and is current at 27 September 2018.

Board and management

The Board has adopted a written charter to provide a framework for its effective operation. The Board Charter sets out details of the Board's composition, its role and responsibilities, the expected relationship and interaction between the Board and management, details of the responsibilities and functions expressly reserved to the Board and those authorities which are are delegated by the Board to management and Board Committees. A copy of the charter can be viewed on the Company's website.

The Board's role is to:

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

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

Appointment of Directors

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

The process for selecting directors for appointment to the Board is overseen by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee undertakes appropriate checks on any potential candidates before a person is appointed by the Board or put forward to shareholders as a candidate for election as a director. The Company provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. This information is provided in the notice for the Annual General Meeting. Once appointed, the Nomination and Remuneration Committee oversees processes to support a director's induction and ongoing professional development and training opportunities. Ongoing professional development and training activities for directors may include visits to operational facilities, new product demonstrations presented by the development team and management presentations.

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

Structure of the Board and Director independence

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

Jonathan Munz, Chairman
Heath Sharp, Managing Director and Chief Executive Officer
Russell Chenu, Independent, Non-executive Director
Stuart Crosby, Independent, Non-executive Director
Ross Dobinson, Independent, Non-executive Director
Sharon McCrohan, Independent, Non-executive Director (appointed 27 February 2018)

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

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

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

Board skills and experience

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

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

The Board is committed to reviewing the performance of non-executive directors and the Board as a whole. Annually, the Board, with the assistance of the Nomination and Remuneration Committee, undertakes a performance evaluation of individual directors, Board Committees, the CEO and the Board itself. A formal review was undertaken during July 2018 which took the form of a questionnaire seeking written feedback from each of the directors about the effectiveness and performance of the Board and its Committees. Analysis of the data indicates that the Board and Committees are considered to be operating effectively.

Committees of the Board

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

- Audit and Risk Committee
- Nomination and Remuneration Committee

Each Committee is governed by a Board approved charter setting out its duties and responsibilities. Copies of each charter can be viewed on the Company's website.

Each Committee is chaired by an independent director, comprises four members all of whom are Non-Executive Directors and comprises a majority of independent directors. Details of the relevant qualifications and experience of the members of each Committee, the number of times each Committee met throughout the reporting period and the attendance of each Committee member at those meetings are set out in the Directors' Report.

The members of each Committee at the date of this report are:

Audit and Risk Committee

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

Nomination and Remuneration Committee

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

The Audit and Risk Committee's responsibilities include:

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

The responsibilities of the Nomination and Remuneration Committee include:

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

Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for coordination of all Board and Committee business, including agendas, meeting papers, minutes, communication with regulatory bodies and the ASX, and all statutory and other filings. The Company Secretary also supports the Board and its Committees on governance matters in conjunction with senior executives. All Directors have direct access to the Company Secretary.

Diversity

The Company recognises that people are its most important asset and is committed to the maintenance and promotion of workplace diversity. Diversity drives the Company's ability to attract, retain, motivate and develop the best talent, create an engaged workforce, deliver the highest quality services to its customers and continue to grow the business. The Board has formally approved a Diversity Policy in order to address the representation of women in senior management positions and on the Board and to actively facilitate a more diverse and representative management and leadership structure. The policy sets out the manner in which the Company's diversity strategies will aim to achieve the objectives of the policy. A copy of the policy is available on the Company's website at www.rwc.com.

The Diversity Policy includes requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. The Company's vision for diversity incorporates a number of different factors, including gender, ethnicity, disability, age and educational experience.

The Board, through the Nomination and Remuneration Committee, continues to have a focus on achieving a balanced representation of women in senior roles and on the Board . This includes a process of active assessment and recruitment of female representation on the Board which was achieved in 2018 with the appointment of Sharon McCrohan as an independent, non-executive director.

The Company has submitted its Workplace Gender Equality Public Report in respect of its Australian operations in compliance with the Workplace Gender Equality Act 2012 (Cth). A copy can be viewed at www.wgea.gov.au. The group's total number of employees at 30 June 2018 was 2,330 of which 788 (34%) were women. Women are represented in professional and support roles across all departments.

Measurable Diversity Objectives

The following table sets out approved diversity objectives for 2018, key plans for achieving those objectives and progress to date towards implementing the plans. These plans and objectives will continue to be pursued during the 2019 financial year.

Objectives	Plans	Progress to date
Promote a culture of diversity, inclusion and opportunity	• Continuing focus on increasing female representation at Board and senior management level. • Introduce an annual engagement survey to give all employees the opportunity to provide feedback on issues and potential barriers to diversity. • Consider documenting a formal workplace level diversity policy. • Consider establishing a diversity council to focus on developing a strong pipeline of diverse talent • Introduce appropriate education and development programs to raise knowledge and understanding of the benefits of diversity practices.	• Sharon McCrohan appointed to the Board on 27 February 2018. • Continuing active assessment and recruitment of female representation in senior management roles. • Pay equity review is continuing. • Diversity council established. The diversity council will meet periodically to discuss diversity matters with oversight by the Global CEO. • Engagement survey initially being undertaken in the Americas segment.
Recruitment and selection processes to seek out candidates from diverse backgrounds	• Promote RWC as a diverse employer with an inclusive culture. • Develop inclusive recruiting practices.	• Review of recruiting practices remains ongoing and will be a focus of the diversity council. • No major changes in recruitment practices identified as being required.
Provide flexible work practices	• Review the paid parental leave policies for each country. • Track the percentage of females taking parental leave that return to work. • Continue developing policies supporting and implementing defined flexible working arrangements.	• Policies continuing to be reviewed for consistency factoring in differences in legislative requirements across countries. • Since May 2016, 93% of employees completing parental leave returned to work at RWC.

Act ethically and responsibly

The Board recognises the need to observe the highest standards of ethics, integrity and behaviour. Accordingly, the Board has adopted a formal Code of Conduct which outlines how the Company expects its senior executives, employees and Directors to behave during the course of their employment in dealing with employees, suppliers and customers. Business must be conducted honestly and ethically, applying best skills and judgment, and for the benefit of customers, employees, shareholders and the Company alike. The key aspects of this Code are to:

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

A copy of the Code of Conduct is available on the Company's website. The key aspects of this code are reflected in policy handbooks provided to employees.

In addition to the Code of Conduct, the Board has approved governance policies to guide expectations for behaviour, actions and commercial relationships. These include a Continuous Disclosure Policy, External Audit Policy, Non-Audit Services Policy, Diversity Policy and a Securities Dealing Policy.

External Auditor

The Company's external auditor, KPMG, was appointed in 2016. KPMG is invited to all meetings of the Audit and Risk Committee and receives the papers for each meeting. KPMG attends the Company's Annual General Meeting and is available to answer questions from shareholders relevant to the conduct of the audit and the preparation and content of the auditor's report.

The Company has an approved External Audit Policy which governs the appointment and assessment of the external auditor, auditor independence and rotation of the audit partner. The Company has also adopted a policy on non-audit services which may be provided by the external auditor. KPMG is prohibited from providing services which would create a real or perceived threat to audit independence. The Audit and Risk Committee monitors compliance with the policy with delegated authority for approving certain non-audit services up to specified limits granted to the Global Chief Financial Officer.

KPMG provides an independence declaration which is included in the Directors' Report issued with each annual and half year financial report. The declaration states KPMG's view that it has not contravened auditor independence requirements set out in the *Corporations Act 2001* or any applicable professional code of conduct in relation to the audit.

Continuous Disclosure obligations

The Company has adopted a Continuous Disclosure Policy which sets out procedures aimed at ensuring the Company fulfils its obligations in relation to the timely disclosure of material price-sensitive information. The Company has an obligation to keep the market fully informed of any information it becomes aware of concerning the Company which may have a material effect on the price or value of the Company's securities, subject to certain exceptions. A copy of the Continuous Disclosure Policy is available on the Company's website.

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

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

Communicating with Shareholders

The Company aims to communicate all important information relating to its shareholders in a timely manner. The Company also recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. To achieve this, the Company communicates information through a range of forums and publications, including the Company's corporate website, shareholder meetings, ASX announcements, annual reports and presentations. The Company also has in place an investor relations program to facilitate two-way communication with investors. The process for communicating with shareholders and other parties is documented in the Continuous Disclosure Policy. Shareholders have an option to receive communications electronically by providing relevant details to the Company's share registry. The website also contains a facility for shareholders to direct questions to the Company.

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

Recognising and managing risk

The Audit and Risk Committee assists the Board with and makes recommendations on matters relating to risk management responsibilities. The Committee's primary role with respect to risk management and compliance is to review and report to the Board that:

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

The Company's risk management framework is reviewed at least annually by the Committee to satisfy itself that the framework continues to be sound. Management is responsible for the development and implementation of effective risk management and internal compliance and control systems based on the risk management policies adopted by the Board. This includes having robust processes in place to identify and then manage key business risks. A formal review of the risk framework commenced during 2017 and is continuing with progress reports being presented to the Audit and Risk Committee for consideration.

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

Internal Audit

An internal audit function has been established to evaluate and provide recommendations to improve the effectiveness of the Company's risk management, internal control and governance processes. Internal audit functions are provided by internal resources with assistance from an independent externally appointed provider where considered appropriate. The head of the internal audit function has direct access to the Chairman of the Audit and Risk Committee and provides reports to the Committee on progress and achievements against an approved internal audit work program.

Economic, environmental and social sustainability risks

Economic sustainability risks

The Group is exposed to economic sustainability risks associated with its business activities. Details of key economic sustainability risks and how these are managed are discussed in the Material Business Risks section of the Directors' Report for the year ended 30 June 2018.

Environmental and social sustainability risks

The Group has exposure to environmental and social sustainability risks. Manufacturing operations primarily involve brass forging and machining, PEX extrusion, plastic moulding and product assembly. The manufacture of the Group's products involve heavy machinery and hazardous processes. There may be an incident or accident at a facility that results in serious injury or damage to property, which in turn may result in a penalty being imposed by a regulatory authority, an interruption of manufacturing operations, a worker's compensation claim, a work health and safety claim or a claim for damages. Such claims or events may not be covered by insurance or may exceed insured limits. They may also adversely impact business reputation. Any such occurrences could therefore adversely impact the Group's operations and profitability. The Group seeks to manage and minimise the impact of these risks through health and safety initiatives along with operational and product initiatives.

Historically, the environmental impact of these processes has been minimal and the Company believes it meets current environmental standards in all material respects. Manufacturing operations have to date not been significantly affected by environmental laws and regulations.

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

Operational initiatives undertaken by the Group in recent years include:

- working with equipment manufacturers to introduce more efficient production processes into next generation machinery;
- installation of LED lighting at manufacturing facilities and solar panels in some locations;
- focusing on recycling of unused raw materials to reduce wastage. For example, brass swarf is collected and returned to our suppliers to recycle back into new bars;
- recycling programs introduced to reduce landfill. These programs include use of shrink-wrapping and cardboard recycling;
- implementing water recycling in assembly applications to reduce energy costs; and
- identifying better ways to ship products to reduce the number of deliveries leading to less transportation requirements and lower greenhouse emissions;

From a product perspective, the Group continues to develop and refine products that will mitigate potential water damage and wasted water, reduce energy costs and enable more effective and efficient installation and product operation. The Group invests extensively in research and development at facilities in Australia, the UK and the USA to achieve these aims. The new Streamlabs products are being developed specifically to mitigate water damage and wastage. Holdrite's range includes products which reduce water consumption and attenuate noise from pipe systems.

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

Remuneration

Details of the Company's key remuneration policies and practices, director and executive remuneration and employment terms of executive Key Management Personnel are discussed in the annual Remuneration Report. Details of the Company's long term incentive plan, which provides for equity based remuneration, are also set out in the Remuneration Report. The performance of Key Management Personnel and other senior executives has been subject to review and evaluation during the 2018 fiscal year. Discussions have been held with the executives.

Dealing in Securities

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

DIRECTORS' REPORT

For the year ended 30 June 2018

The Directors present their report together with the Financial Report comprising Reliance Worldwide Corporation Limited ("the Company") and its controlled entities (together "RWC" or "the Group") for the financial year ended 30 June 2018 and the Auditor's report thereon.

The following sections, which are presented separately, form part of and are to be read in conjunction with this Directors' Report:

- Operating and Financial Review; and
- Remuneration Report

Directors

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

	Appointed
Jonathan Munz (Chairman)	19 February 2016
Heath Sharp (Chief Executive Officer and Managing Director)	19 February 2016
Russell Chenu	11 April 2016
Stuart Crosby	11 April 2016
Ross Dobinson	11 April 2016
Sharon McCrohan	27 February 2018

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

Jonathan Munz

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

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

Mr. Munz's strong commercial and legal background has also enabled him to play a leading role in the various acquisitions that have been completed by RWC over the years. He holds law and economics degrees from Monash University and remains a director of his family corporation, GSA Group, which retains a large investment in the Company.

Other listed company directorships in the past 3 years: None

Heath Sharp

Chief Executive Officer and Managing Director

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

Other listed company directorships in the past 3 years: None

Russell Chenu

Independent Non-Executive Director
Chairman of Audit and Risk Committee

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

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

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

Stuart Crosby

Independent Non-Executive Director
Chairman of Nomination and Remuneration Committee

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

Other listed company directorships in the past 3 years: None

Ross Dobinson

Independent Non-Executive Director
Member of Audit and Risk Committee
Member of Nomination and Remuneration Committee

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

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

Other listed company directorships in the past 3 years:
Acrux Limited (since 1998)

Sharon McCrohan

Independent Non-Executive Director
Member of Audit and Risk Committee
Member of Nomination and Remuneration Committee

Ms. McCrohan is an experienced media and strategic communications consultant with a career spanning almost 30 years. Ms. McCrohan has been an advisor to Federal and State government leaders and cabinets, private sector boards, sporting bodies, statutory authorities, charities and government agencies. Ms. McCrohan has extensive experience in media and communications, policy development, government and stakeholder relations and executive team leadership.

Ms. McCrohan is a non-executive director of Racing Victoria Limited and the Ovarian Cancer Research Foundation Board.

Other listed company directorships in the past 3 years: None

Company Secretary

David Neufeld

Mr. Neufeld has been Company Secretary since 1 April 2016. He has worked in chartered accounting and corporate organisations for over 35 years and has over 10 years experience as Company Secretary and Chief Financial Officer of ASX listed companies. Mr. Neufeld has extensive experience in financial and management reporting, corporate compliance, governance and risk management, audit and business acquisitions and divestments. Mr. Neufeld holds a Bachelor of Commerce (Honours) degree from The University of Melbourne and is a member of Chartered Accountants - Australia & New Zealand and The Australian Institute of Company Directors.

Director Meetings

The number of Board meetings and meetings of Board Committees held and the number of meetings attended by each of the Directors of the Company during the financial year are listed below.

Director	Board Meetings		Audit and Risk Committee Meetings		Nomination and Remuneration Committee Meetings	
	Held[1]	Attended[1]	Held[1]	Attended[1]	Held[1]	Attended[1]
Russell Chenu	8	8	7	7	-	-
Stuart Crosby	8	8	-	-	5	5
Ross Dobinson	8	8	7	7	5	5
Sharon McCrohan[2]	3	3	-	-	-	-
Jonathan Munz	8	8	7	7	5	5
Heath Sharp	8	8	-	-	-	-

1. Number of meetings held and attended during the period the Director was a member of the Board or Committee.
2. Appointed as an additional member of the Audit and Risk Committee and the Nomination and Remuneration Committee from 1 July 2018.

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

Environmental Regulation and Performance

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

Principal Activities

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

Significant Changes in the State of Affairs

RWC acquired all of the issued shares of John Guest Holdings Limited for a purchase consideration of GBP706.9 million including customary completion adjustments ($1,236.8 million) with completion occurring on 13 June 2018. Further details are provided in the Operating and Financial Review. The acquisition was funded by:

- a pro rata accelerated non-renounceable entitlement offer which raised $1,100.1 million of new equity. The Company issued 265,094,765 ordinary shares following completion of the entitlement offer; and
- partly drawing down on a new $750 million syndicated debt facility which increased available facility limits by $400 million.

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

Material Business Risks

Set out in the table below are:

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

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

Risk	Description	Management plans
RWC is exposed to changes in general economic conditions, legislation and regulation which may impact activity in RWC's end-markets.	• RWC's financial performance is largely dependent on activity in the residential and commercial repair and renovation and new construction end-markets in the North American, Asia Pacific and European regions. Activities in these end-markets are impacted by changes in general economic conditions and to legislation and regulation (including plumbing codes). Activities in the repair end-market may also be impacted by extreme weather events. • A prolonged downturn in general economic conditions either globally or in any geographic region in which RWC operates may, therefore, impact demand for plumbing services in RWC's end-markets, thereby decreasing demand for RWC's products and services. • Any such downturn may have a material adverse impact on RWC's operations and financial results.	• Processes in place to be able to respond to changes in conditions and adjust production, delivery and raw materials purchasing requirements as well as manage operating and overhead costs as considered necessary and appropriate.

Risk	Description	Management plans
Loss of customer risk	• There can be no guarantee that key customers will continue to purchase the same or similar quantities of RWC's products as they have historically. Competition, including the price of competing products relative to RWC's products, could impact upon demand for RWC's products. • The loss of any of RWC's key customers or a significant reduction in the volume of products purchased by one or more key customers may adversely impact RWC's financial performance.	• Continuing focus on differentiated products and solutions as well as customer service. • Investment in research and development to provide innovative products and remain the supplier of choice. • Continue business expansion and sales activity to diversify the customer base.
Foreign currency risk	• RWC's results are impacted by exchange rate movements, particularly exposure to USD, GBP, Euro and Yuan. • Furthermore, as RWC expands globally, it becomes exposed to additional currencies and a higher proportion of its net sales, profitability, cash flows and financial position will be affected by exchange rate movements.	• RWC does not typically hedge its foreign exchange exposures. RWC currently benefits from a partial "natural hedge" against key currency movements as Australia's sales to the USA are denominated in US dollars and the majority of raw materials and components purchased by Australia for use in production for the USA are denominated in US dollars. • Consideration is being given to alternative strategies to manage foreign exchange risk as the business expands and exposure to other currencies increases.
Events affecting manufacturing or delivery capability	• The equipment and management systems necessary for the operation of RWC's manufacturing facilities may break down, perform poorly, fail or be impacted by a fire or major weather event (such as a snow storm, tornado, cyclone or flood), resulting in manufacturing delays, increased manufacturing costs or an inability to meet customer demand. • Events could also arise which impact upon RWC's ability to ship and deliver product from its facilities in a timely manner. • Any significant or sustained interruption to RWC's manufacturing or delivery processes, may adversely impact RWC's net sales and profitability.	• Manufacturing facilities are at various locations thereby reducing the impact on total production output if an adverse event occurs at another of the sites. • RWC has established long term machine maintenance support programs with key suppliers. • RWC carries stores of key maintenance spare parts to support timely repairs and maintenance. • Investment in high quality machinery and extensive operator training to enable machine/operator substitution in the event of machinery breakdown. • Safety hazard training undertaken and appropriate onsite procedures in place. • Business interruption insurance in place.
Materials supply and price risk	• Any adverse change in RWC's ability to procure raw materials, a material increase in the cost of raw materials or any increase in indirect production input costs of such raw materials, would result in an increase in RWC's overall costs. RWC's profitability could be adversely impacted if it is unable to pass on such cost increases to its customers.	• RWC aims to have appropriate agreements in place with major suppliers. • Active management of procurement processes. • Continuing program to "dual source" key materials and components to enable price verification and reduce risk of supplier concentration. • RWC periodically benchmarks prices for key material/product supply.
Impact of product recalls, product liability claims or claims against RWC where a product has not been correctly installed by a third party.	• RWC is exposed to the risk of product recalls and product liability claims where a defect in a product sold or supplied by RWC or incorrectly installed by a third party contractor could result in, results in or is alleged to have resulted in, personal injury or property damage. • RWC may suffer loss as a result of claims for which it is not insured or if cover is denied or exceeds available limits.	• Continuing investment in production technology and quality control processes to minimise the risk of product defects. • RWC maintains rigorous quality assurance accreditation in all of its manufacturing/distribution locations. These quality systems are regularly audited by external third parties. • Investment in training of professional contractors on correct installation and use of products. • Appropriate insurance policies.

Risk	Description	Management plans
Key personnel risk	• RWC's success depends on the continued active participation of its key personnel. • If RWC were to lose any of its key personnel or if it were unable to employ additional or replacement personnel, its operations and financial results could be adversely affected.	• RWC seeks to employ high quality personnel who are remunerated by market competitive arrangements. • Historically, there is a good record of retaining key staff.
Cyber security	• Technological advancements and risks of cyber-crime can impact the integrity of RWC's IT systems and make them vulnerable to attack if appropriate security measures are not in place.	• IT security policies and recovery plans in place. • Ongoing system monitoring and testing, including review of security protocols. • Appropriate insurance policies. • Alerts and reminders sent to employees.

Dividends

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 (based on 525,000,000 shares).

A fully franked interim dividend for the 2018 financial year of 3.5 cents per share was paid to eligible shareholders on 29 March 2018 (based on 525,000,000 shares).

Since the end of the financial year, the Directors have resolved to declare a final dividend for the 2018 financial year of 3.0 cents per share (based on 790,094,765 issued shares). The dividend will be franked to 100%. The record date for entitlement to the dividend is 11 September 2018. The dividend is payable to eligible shareholders on 11 October 2018.

The aggregate dividends paid or payable for the year ended 30 June 2018 total $42.1 million (2017 - $31.5 million).

The Company does not have a dividend reinvestment plan.

Events subsequent to reporting date

Subsequent to 30 June 2018, the Board approved granting up to a further 2,601,000 Rights to nominated eligible executives and employees, including the Global Chief Executive Officer ("CEO"), under the Equity Incentive Plan. The CEO's grant is subject to shareholder approval which will be sought at the next Annual General Meeting.

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

Likely Developments and Prospects

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

Share Options

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

Directors' interests

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

Indemnification and Insurance of Officers

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

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

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

Audit and Non-Audit Services

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

	2018 $
KPMG Australia	
Audit services	485,000
Other assurance and non-audit services	
• Tax compliance	184,007
• Other services	103,519
Total remuneration paid to KPMG Australia	772,526
Overseas KPMG offices	
Audit services	20,291
Other assurance and non-audit services	
• Tax compliance	64,999
Total remuneration paid to overseas KPMG offices	85,290
Total remuneration to KPMG	**857,816**

The Directors, in accordance with advice from the Audit and Risk Committee which has considered the non-audit services provided by KPMG during the financial year, are satisfied that the provision of those non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and did not compromise the auditor independence requirements of the Corporations Act 2001, for the following reasons:

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

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

The lead auditor's independence declaration set out on page 36 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
27 August 2018

REMUNERATION REPORT

For the year ended 30 June 2018 (audited)

(a) Introduction

The Directors present the Remuneration Report of the Reliance Worldwide Corporation Limited group ("RWC" or "the Group") for the financial year ended 30 June 2018 ("FY2018" or "the reporting period"). The Remuneration Report forms part of the Directors' Report and has been audited in accordance with the requirements of the Corporations Act 2001 (Cth).

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

All KMP held their positions for the entire period covered by this report unless otherwise stated. The KMP for the year ended 30 June 2018 were:

Name	Executive Position
Non-Executive Directors	
Jonathan Munz, Chairman	
Russell Chenu	
Stuart Crosby	
Ross Dobinson	
Sharon McCrohan[1]	
Senior Executives	
Heath Sharp	Managing Director and Chief Executive Officer ("CEO")
Gerry Bollman	Global Chief Financial Officer ("CFO")

1. From 27 February 2018.

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

This year, key focus of the Nomination and Remuneration Committee has been addressing the concerns of shareholders and other stakeholders following the first strike received on the Company's Remuneration Report at the 2017 Annual General Meeting. The Company has actively sought to consider the concerns raised by shareholders. The Company, led by the Chairman of the Nomination and Remuneration Committee, engaged in discussions with shareholders with respect to the Group's remuneration structures for Senior Executives. Key concerns raised by shareholders included:

- the amount of the short term incentive award made to the CEO for FY2017 and the inconsistency of the award with previous disclosure made by RWC; and
- a lack of explanation in the Company's Remuneration Report regarding the performance conditions applicable to the short term incentive awards made to Senior Executives.

Following this engagement, the Company, through the Nomination and Remuneration Committee, undertook a comprehensive review of the overall remuneration arrangements for Senior Executives. The review has resulted in the following key actions being taken to address the concerns raised by shareholders:

- engagement of an independent remuneration consultant to conduct benchmarking analysis of the Company's proposed FY2018 remuneration arrangements for Senior Executives. As the Group's global operational headquarters are located in, and Senior Executives are based in, the USA, benchmarking was conducted using a peer group of similar sized USA companies in comparable sectors. The following are the Nomination and Remuneration Committee's key observations following the benchmarking exercise:
  - for the CEO, total on-target remuneration under the proposed FY2018 structure was below median for the identified peer group, but with higher base salary and lower LTI levels than was typical across the peer group.
  - for the CFO, total on-target remuneration under the proposed FY2018 structure was above the median for the identified peer group, again with higher base salary and lower LTI levels than typical. In making these observations about the CFO's remuneration, the Nomination and Remuneration Committee noted that the CFO had recently been recruited and that the total remuneration arrangements agreed in that process had been based on advice from recruitment professionals at that time in order to attract and retain skilled candidates;
- formalising and documenting both financial and non-financial performance conditions for Senior Executives' short term incentive awards. These performance conditions are outlined below at section (f); and
- the Nomination and Remuneration Committee undertook a review and considered the performance conditions attaching to long term incentive awards and determined that the structure of awards under the Company's equity incentive plan remains appropriate. Consideration of the performance conditions attaching to future LTI awards will be determined when any further grants are made.

Following this comprehensive review of the overall remuneration arrangements for Senior Executives and amendments made to these arrangements, the Nomination and Remuneration Committee and the Board believe that the remuneration framework adequately balances the need to attract and retain the best people to run our business while ensuring that remuneration is linked clearly to shareholder returns and remains comparable with an appropriate peer group.

(b) Remuneration framework and governance

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

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

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

- remuneration structures are to be equitable and aligned with the long term interests of the Company and its shareholders;
- attract and retain skilled executives, especially in the main markets where RWC operates (eg North America); and
- structure short term and long term incentives that are challenging and linked to the creation of sustainable shareholder returns.

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

Remuneration consultants and other advisors

The Nomination and Remuneration Committee may seek independent advice from remuneration consultants and other advisors on various remuneration related matters to assist it in performing its duties and in making recommendations to the Board. Remuneration consultants and other advisors are required to engage directly with the Chairman of the Nomination and Remuneration Committee as the first point of contact. During FY2018, consultants were engaged to provide benchmarking analysis and commentary on the structure and quantum of remuneration arrangements for Senior Executives. No remuneration recommendations were received from remuneration consultants or other advisors during the reporting period.

Review of remuneration strategy

During the 2018 financial year, the Nomination and Remuneration Committee focused on:

- reviewing the mix of fixed and variable components applicable to remuneration arrangements for Senior Executives;
- reviewing and setting parameters for short term and long term incentive arrangements for Senior Executives; and
- determining appropriate equity based compensation arrangements with a view to expanding participation by Senior Executives and other employees in the Plan.

In the 2019 financial year, the Nomination and Remuneration Committee intends to continue:

- reviewing remuneration arrangements of executives, including Senior Executives, with a focus on the balance of fixed and variable components, with the aim of providing competitive remuneration packages to attract and retain high calibre executives; and
- maintaining a focus on 'at risk' variable remuneration arrangements being appropriately aligned with business strategies and outcomes.

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

Non-Executive Director remuneration

In order to maintain director independence, the remuneration of Non-Executive Directors is not linked to Company performance and is currently comprised solely of cash fees (including applicable superannuation). This allows the Board to focus on governance and both short and long-term strategy.

The Nomination and Remuneration Committee is considering a proposal to implement a Non-Executive Director equity plan under which Non-Executive Directors can increase their RWC shareholdings. This plan would encourage greater levels of share ownership and enhance the alignment of interests between Non-Executive Directors and shareholders. To ensure that the independence of Directors is maintained, any shares granted would not be subject to performance conditions. Shareholder approval will be sought before any proposal is implemented.

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

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

Senior Executive remuneration

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

Senior Executive remuneration packages comprise:

- fixed remuneration, represented by a base salary and contributions to superannuation or pension funds, as applicable;
- eligibility for short term incentive ("STI") awards subject to approved criteria being met with the Board retaining a negative discretion in approving the award; and
- 'at risk' long term incentives ("LTI").

Refer section (f) for further details.

(d) Company performance

The following table shows the financial performance of the Group during the financial periods ended 30 June 2016 to 30 June 2018. It is not possible to address the statutory requirement that the Company provides a five-year discussion of the link between performance and reward in this Remuneration Report as the Company has been listed since April 2016.

Key performance indicators	FY2018	FY2017	FY2016[1]
Sales revenue ($m)	769.4	601.7	98.3
Reported EBITDA ($m)	135.4	120.7	17.3
EBITDA before John Guest contribution and transaction costs expensed ($m)	150.9	120.7	17.3
Net profit before tax ($m)	99.3	96.3	0.8
Net profit (loss) after tax ($m)	66.0	65.6	(1.6)
Net profit (loss) after tax before John Guest contribution, transaction costs expensed and associated financing costs ($m)	78.6	65.6	(1.6)
Share price at beginning of year ($)	3.34[2]	3.09[2]	2.87[2,3]
Share price at end of year ($)	5.36[4]	3.34[2]	3.09[2]
Financial year interim and final dividends declared ($)	42.1	31.5	–
Total dividends declared/NPAT ratio (%)	63.8	48.0	–
Basic earnings (loss) per share (cents)[5]	12.3	12.5	(0.30)
Diluted earnings (loss) per share (cents)[5]	12.1	12.4	(0.30)

1. FY2016 information covers the period from the Company's IPO on 29 April 2016 through to 30 June 2016.
2. 525,000,000 issued ordinary shares.
3. The share price disclosed as being at the beginning of the year in FY2016 was the share price on listing (29 April 2016).
4. 790,094,765 issued shares following the 1 for 1.98 pro rata Entitlement Offer completed in June 2018.
5. Based on weighted average number of shares for the reporting period.

RWC experienced strong operating performance during FY2018 which is reflected in the financial results and positive shareholder returns. Additionally, RWC:

- successfully completed the acquisition of John Guest Holdings Limited in June 2018 for $1,236.8 million;
- completed a 1 for 1.98 pro rata Entitlement Offer raising $1,100.1 million;
- entered into a new $750 million financing facility;
- completed the integration of the Holdrite business acquired in June 2017; and
- continued to expand its business activities into new markets.

Total dividends declared for FY2018 represent 64% of NPAT which is slightly above the intended payout ratio of 40% to 60% of NPAT.

Senior Executives received a short term incentive award in recognition of this strong performance and delivering returns to shareholders. Further details are set out in section (f) below.

(e) Non-Executive Directors' fees and arrangements

The Board, in accordance with the terms of the Company's Constitution, has determined the remuneration to which each Non-Executive Director is entitled for services as a Director. The total aggregate amount provided to all Non-Executive Directors for their services as Directors in any financial year must not exceed the amount fixed by the Company at a general meeting of shareholders. This maximum aggregate amount is presently fixed at $1.0 million which was set in 2016 prior to the IPO. The Nomination and Remuneration Committee is conducting a review of the appropriateness of this limit having regard to the substantial increase in the size and scale of RWC's business since the IPO. Any proposed changes will be subject to shareholder approval.

The annual base Non-Executive Directors' fees agreed to be paid by the Company to each Non-Executive Director, other than the Chairman, in FY2018 was $120,000 (including applicable superannuation and committee fees).

Fees payable to Non-Executive Directors were reviewed by the Nomination and Remuneration Committee in June 2018. The review took into account that the size and scale of RWC's business has increased substantially since the IPO in 2016. This has resulted in an increased time commitment from non-executive directors, particularly Committee chairs.

The Committee has approved the following fees to apply from 1 July 2018:

Base Fee – $130,000

Chair of Audit and Risk Committee – additional $50,000

Chair of Nomination and Remuneration Committee – additional $25,000

The following provides a comparison of the fees for FY2018 with FY2019 (excluding Chairman's fees which are discussed below).

	FY2018 ($)	FY2019 ($)
Base Non-Executive Director Fee	120,000	130,000
Chair of Audit and Risk Committee	120,000	180,000
Chair of Nomination and Remuneration Committee	120,000	155,000

All fees include applicable superannuation. No additional fees are payable to committee members other than to the Chair of those committees as set out above.

Mr. Munz, Chairman, waived his entitlement to any Non-Executive Director and committee fees for the initial three years following the Company's listing on the ASX. The Nomination and Remuneration Committee is reviewing the appropriate fee that should be paid to the Chairman of the Company. Payment of these fees is intended to commence from 1 July 2019.

Any Non–Executive Director who performs extra services, makes any special exertions for the benefit of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Non-Executive Director, may, as determined by the Board, be remunerated for those services out of funds of the Company. No such fees were paid or are payable for FY2018. Non-Executive Directors may also be reimbursed for travel and other expenses incurred in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or committees of the Board.

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

(f) Senior Executive remuneration structure

Fixed Remuneration

The terms of employment for the Senior Executives contain:

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

Senior Executives are offered competitive fixed remuneration which seeks to ensure that RWC can both attract and retain a leadership team capable of managing the complex issues facing the Group, whilst still ensuring parity with market levels. As the Group's global headquarters are in the USA and Senior Executives are based there, the Board considers the USA to be the most comparable market for benchmarking remuneration arrangements for Senior Executives. Consideration is also given to the multi-national nature of RWC's operations, the industry in which RWC operates and the size of the business.

Short term incentive

The STI is designed to be delivered based on the achievement of agreed key performance conditions by Senior Executives. The key performance conditions are outlined below and relate to the overall performance of the Group and relevant individual performance. Following the end of the financial year, the Nomination and Remuneration Committee reviews and makes recommendations to the Board as to whether or not STI awards should be made to eligible Senior Executives. The following criteria were applied by the Nomination and Remuneration Committee for FY2018.

Objective	STI awards are determined by the Board following satisfaction of specific performance conditions.
Nature	Payable in cash for FY2018. From FY2019 50% payable in cash after release of the audited annual results and 50% deferred into shares in the Company. The shares will be acquired on-market after release of the audited annual results and will be subject to a holding lock for 12 months, with dividends accruing to the employee.
On Target Entitlement	CEO: 50% of base fixed remuneration (35.0% measured against RWC financial performance and 15.0% measured against personal Key Performance Indicators ("KPIs"), both as described below) CFO: 25% of base fixed remuneration (17.5% measured against RWC financial performance and 7.5% measured against personal KPIs, both as described below)
Maximum Entitlement	CEO: 100% of base fixed remuneration (70.0% measured against RWC financial performance and 30.0% measured against personal KPIs, both as described below) CFO: 50% of base fixed remuneration (35.0% measured against RWC financial performance and 15.0% measured against personal KPIs, both as described below)
Performance criteria	**Budgeted EBITDA** The relevant portion of the STI award subject to financial performance will be measured by reference to constant dollar performance against budgeted EBITDA (adjusted to exclude non-budgeted material changes (eg, acquisitions) ("Budget"). The following vesting scale applies:

% of Budget achieved	% of STI to be granted
0-95% of Budget	Nil
Between 95% and 100% of Budget	Straight line pro-rating from Nil to On Target Entitlement
100% of Budget	100% of On Target entitlement
Between 100% and 120% of Budget	Straight line pro-rating from On Target Entitlement to Maximum Entitlement
120% of Budget	100% of Maximum Entitlement

The Board considers the disclosure of the Budget set for the STI grant to be commercially sensitive information and that disclosure of this Budget would not be in the Company's and shareholders' best interests. EBITDA was chosen as the financial performance condition as it is monitored by the Board to measure the operating performance of the business as well as being clearly defined and measurable.

Personal KPIs

The relevant portion of the STI award subject to personal KPIs will be measured by scorecard performance against role specific objectives to be settled with each Senior Executive annually. Non-financial objectives are set to measure Senior Executive performance against RWC's business strategies and core values. Examples of role specific objectives which may apply are team development, business development, product development, risk management, cost control, culture, safety and diversity.

Non-financial KPIs are chosen to encourage the achievement of personal business goals consistent with the Group's overall objectives including succession planning and management bench strength, ensuring a safe working environment with a diverse workforce, strategic growth and the expansion of RWC's business activities and product development.

A combination of financial and non-financial performance criteria are chosen because the Board believes that there should be a balance between short term financial measures and more strategic non-financial measures which, in the medium to longer term, will ultimately drive future growth and returns for shareholders.

Assessment of performance	Following the end of the financial year end, performance against the budgeted EBITDA measure is assessed by the Nomination and Remuneration Committee based on the Company's audited financial results. Performance against personal KPIs is assessed annually as part of the broader performance review process for the CEO and CFO. These KPIs are assessed quantitatively against pre-determined benchmarks, where appropriate. These methods of assessing performance are chosen as they are, as far as practicable, objective, measurable and capable of being independently audited.
Clawback	Defined criteria are in place to prevent inappropriate benefits being paid. In such circumstances, the Board may determine that allocated shares may be forfeited and/or require the Senior Executive to pay as a debt any part of the net proceeds of a sale of awarded shares, cash payment or dividends provided in respect of an STI award.

Details of the amount of STI awarded to Senior Executives for FY2018 are set out in the remuneration table in section (l). The STI awards to Senior Executives for FY2018 recognise their performance in leading RWC. Details of key financial and operating achievements during FY2018 are set out in section (d). The CEO's FY2018 STI award represents 55.5% of the maximum entitlement. The CFO's FY2018 STI award represents 48.9% of the maximum entitlement.

Long term incentive

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

No Senior Executives received LTI grants in FY2018. A summary of the terms of the grants made to Senior Executives in prior years are set out below for Options and in section (g) for Restricted Shares and Share Rights.

LTI Options Grants made to the following Senior Executives:
Heath Sharp, Global Chief Executive Officer ("CEO") in FY2016
Gerry Bollman, Global Chief Financial Officer ("CFO") in FY2017

Type of award	CEO: 4,000,000 options ("CEO Options"). CFO: 1,307,190 options ("CFO Options") Each of the CEO Options and CFO Options entitles the holder to acquire an ordinary share in the Company subject to meeting specific vesting conditions and payment of the exercise price. The CEO Options and CFO Options were granted for nil consideration as they form part of the Senior Executive's remuneration.
Performance Period	CEO Options: From the date of the listing (29 April 2016) until 30 June 2022. CFO Options: Five years from the date of commencement of employment (5 December 2016).
Vesting conditions	CEO Options: The CEO Options will vest and become exercisable subject to the satisfaction of a gateway hurdle and two performance conditions. CFO Options: The CFO Options will vest and become exercisable subject to the satisfaction of a service period hurdle and a performance condition. The Board considers these vesting conditions to be an appropriate combination of stretch financial hurdles directly linked to the Group's performance and reflecting shareholder interests; and as a mechanism which assists in the retention of the Senior Executives. **1. Gateway hurdle (CEO) and service hurdle (CFO)** None of the CEO Options will vest unless the CEO remains employed by the Group until 30 June 2022. None of the CFO Options will vest unless the CFO remains employed by the Group at the expiration of 5 years from the date of commencement of employment (5 December 2016). **2. Performance conditions** CEO Options: In addition to the gateway hurdle, the CEO Options are subject to two performance conditions as follows: • 30% of the CEO Options ("NPAT Options") were subject to a net profit after tax ("NPAT") performance condition, which was based on the Company meeting or exceeding its pro forma NPAT forecast for the year ended 30 June 2017 of $62.6 million, as stated in the Prospectus dated 18 April 2016 ("NPAT Hurdle"). This condition has been satisfied; and • 70% of the CEO Options ("CEO TSR Options") will be subject to a relative total shareholder return ("TSR") performance condition, which compares the TSR performance of the Company since listing with the TSR performance of each of the entities in a comparator group over the period from 29 April 2016 to 30 June 2021 ("TSR Hurdle"). CFO Options: In addition to the service period hurdle, the CFO Options are subject to a relative TSR performance condition, which compares the TSR performance of the Company since listing with the TSR Hurdle.

Vesting conditions (continued)

The percentage of CEO TSR Options and CFO Options that vest in relation to the TSR Hurdle, if any, will be determined by reference to the following vesting schedule:

Relative TSR Ranking	% of options that vest subject to the TSR Hurdle
Below 50th percentile	Nil
50th percentile	50%
Between 50th and 75th percentile	Pro rata straight line vesting between 50% to 100%
75th percentile or above	100%

The number of CEO TSR Options and CFO Options that vest and become exercisable, if any, will be determined shortly after the end of the Performance Period. Any options that remain unvested will lapse immediately.

NPAT was chosen as a performance condition for the NPAT Options as it measures the net profit of the business and is used to determine the earnings per share achieved for the relevant reporting period.

TSR measures the growth in the Company's share price together with the value of dividends over the period from the date of listing to 30 June 2021 (assuming that all those dividends are reinvested into new shares) against the Company's chosen comparator group, being companies comprising the ASX200 index, excluding mining and energy companies. The comparator group may be adjusted by the Board or Nomination and Remuneration Committee in their reasonable discretion to take into account corporate actions, including but not limited to takeovers, mergers, de-mergers or de-listings.

Relative TSR has been chosen because, in the opinion of the Board, it provides the most direct link to shareholder return. No reward is achieved unless the Company's TSR is higher than the median of this comparator group. The starting point for measuring the Company's TSR performance is the $2.50 issue price for the shares issued under the Prospectus for the IPO in 2016.

Process for assessing the vesting conditions

Calculation of NPAT and achievement against the NPAT Hurdle was determined based on the audited FY2017 financial results.

Relative TSR performance will be independently assessed against a peer group comprising constituents of the S&P ASX 200 Index (excluding mining and energy companies) in accordance with pre-determined TSR methodology. No retesting is permitted.

The gateway hurdle and the service condition, as applicable, will be satisfied if the Senior Executive remains employed by the Group at the relevant date.

Exercise of Options

Options will vest and become exercisable if the relevant vesting conditions have been met.

CEO Options: The CEO may exercise any vested CEO Options by 30 June 2031. After 30 June 2031, any unexercised CEO Options will lapse.

CFO Options: The CFO may exercise any vested CFO Options until 5 December 2024. After 5 December 2024, any unexercised CFO Options will lapse.

Voting and dividend rights

Options do not carry any voting or dividend rights prior to vesting and exercise.

Cessation of employment	CEO: If the CEO ceases to be employed by the Group, any unvested CEO Options will lapse unless the Board determines otherwise in its absolute discretion. If CEO Options have vested but are unexercised: • Where the CEO is terminated for cause, the vested CEO Options will lapse unless the Board determines otherwise; and • Where the CEO ceases employment for any other reason, the vested CEO Options will remain on foot for the original exercise period. CFO: If the CFO ceased employment within the first twelve months of his employment (or was under notice), all CFO Options would have lapsed unless the Board determined otherwise. Where the CFO ceases employment after the first 12 months from the date of commencing employment and either: • the employer terminates without cause (with notice given after the initial 12 month employment period); or • the CFO terminates for good reason (with notice given after the initial 12 month employment period), then a pro rata number of unvested CFO Options will vest and become exercisable based on the relevant part of the service period hurdle achieved and will apply subject to the TSR Hurdle to the date notice is given having been met. Where: • the employer terminates the CFO's employment for cause; or • the CFO terminates without good reason after the first twelve months of his employment but before the end of the service period hurdle, the CFO will forfeit all rights to CFO Options unless the Board determines otherwise. If employment ceases by reason of death or disability then the Board shall at its discretion vest the CFO Options in full or in part.
Change of control	Where there is likely to be a change of control, the Board has the discretion to accelerate vesting of some or all of the CEO Options and CFO Options. If a change of control occurs before the Board exercises its discretion, a pro-rata portion of the options (equal to the portion of the relevant Performance Period that has elapsed up to the change of control) will vest. The Board retains a discretion to determine whether the remaining unvested options will vest or lapse.
Clawback	Defined criteria are in place to prevent inappropriate benefits being paid. In such circumstances, the Board may determine that unvested, and/or vested but unexercised, options will lapse; shares allocated upon exercise of options will be forfeited; and/or require the Senior Executive to pay as a debt any part of the net proceeds of a sale of awarded shares, cash payment or dividends provided in respect of an award made under the Plan.

Exercise Price for Options Granted

The Company completed a 1 for 1.98 pro rata Entitlement Offer in June 2018. Option holders did not have a right to participate in the pro rata Entitlement Offer because they do not hold shares in the Company until vesting and exercise of the Options. In accordance with the rules of the Plan, the Company may make an adjustment to the exercise price of these Options in accordance with Listing Rule 6.22.2 in order to ensure that executives remain "whole".

ASX Listing Rule 6.22.2 sets out the manner in which the adjustment to the exercise price is to be determined. The exercise price of Options granted by RWC has been adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2 and the terms of issue of the Options. The changes to exercise prices are set out below. The calculations have been independently verified.

Option holder	Original Exercise Price per Option	Adjusted Exercise Price per Option[1]
Heath Sharp	$2.50	$2.32
Gerry Bollman	$3.06	$2.88

1. Exercise price adjusted in accordance with ASX Listing Rule 6.22 following completion of the pro rata Entitlement Offer in June 2018.

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

During FY2018, the remuneration mix for Senior Executives was:

Senior Executive	Fixed remuneration (%)	STI (%)	LTI (%)
Heath Sharp	58.3	28.3	13.4
Gerry Bollman	56.6	12.7	30.7

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

Senior Executive remuneration structure for FY2019

Following completion of the acquisition of John Guest Holdings Limited in June 2018, the Nomination and Remuneration Committee refreshed the remuneration benchmarking exercise undertaken earlier in the financial year and referred to in section (a) above. On the basis of this exercise, the Nomination and Remuneration Committee has reviewed the overall remuneration structure for the CEO and recommended to the Board that for FY2019:

- fixed remuneration (which had remained the same since listing) be increased from US$1,150,000 to US$1,300,000 plus benefits;
- the STI On Target Entitlement increase from 50% to 60% and the Maximum entitlement be set at 120%; and
- a further LTI grant be made, subject to shareholder approval.

After these adjustments, the CEO's total remuneration arrangements will remain well below the mean and median of the benchmark peer group and there will have been a significant increase in the proportion that is performance related. The Board has approved this recommendation.

The Nomination and Remuneration Committee has also reviewed the overall remuneration structure for the CFO and recommended to the Board that for FY2019:

- fixed remuneration be increased from US$721,000 to US$800,000 plus benefits, as provided in the CFO's employment contract;
- the STI On Target Entitlement remain at 25% and the Maximum entitlement remain at 50%; and
- a further LTI grant be made.

After these adjustments, the CFO's total remuneration arrangements will be below median of the benchmark peer group in the refreshed benchmarking exercise and there will be a significant increase in the proportion that is performance related. The Board has approved this recommendation.

(g) Restricted Shares and Share Rights

Restricted Shares

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

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

The Restricted Shares would have been forfeited if the CFO had ceased employment within the first twelve months of his employment (or was under notice). That condition ceased to apply on 5 December 2017. Following the expiration of this condition, if the CFO ceases employment and either:

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

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

The CFO will forfeit all rights to his restricted shares grant, unless the Board determines otherwise, where:

- the employer terminates the CFO's employment for cause; or
- the CFO terminates without good reason after the first twelve months of his employment but before the end of the service period.

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

During FY2018, no restricted shares vested or were forfeited. If the minimum vesting condition is not met, the minimum possible value of the grant is $nil. The maximum possible value of the grant at the calculation date (1 November 2016) was $2.0 million based on a price of $2.94 per share, being the closing share price for the Company's shares on that date. The price for the Company's shares at the vesting date will determine the value of the grant at that time.

Rights to Shares

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

At 30 June 2018, the Company had granted 3,295,730 Rights (30 June 2017 - 2,849,730) with the following vesting dates:

Vesting Date	Number of Rights
12 June 2022	235,730
1 July 2022	2,719,000
7 August 2022	95,000
5 February 2023	84,000
3 April 2023	162,000
	3,295,730

Vesting conditions include a continuous service period. No Rights vested during the reporting period or have subsequently vested.

No KMP had been granted Rights at 30 June 2018.

Unless the Board determines otherwise, if a participant ceases employment after the first twelve months of Rights being granted and any of the following has occurred, then a pro rata portion of unvested Rights will remain on foot and vest in the ordinary course, as though the participant had not ceased employment:

- the participant's employment is terminated by RWC without cause; or
- the participant terminates employment for good reason.

The Company has established a subsidiary, Reliance Employee Share Investments Pty Ltd ("Trustee") to act as trustee of the Reliance Employee Share Investments Trust. The Trustee will acquire Reliance shares on-market on behalf of the Trust to meet any obligations to deliver shares to a participant who satisfies the vesting conditions. The Trustee is also entitled to participate on behalf of the Trust in certain equity raisings undertaken by the Company. During the reporting period the Trustee, on behalf of the Trust, acquired 2,068,432 shares at an average price of $4.15 per share. The shares were acquired under the terms of the pro rata Entitlement Offer undertaken by the Company during May and June 2018. The total number of shares held in the Trust at 30 June 2018 was 5,389,834.

Under the Plan rules, the Company is also able to satisfy any obligation to deliver shares to a participant by way of an issue of shares or a payment of cash in lieu.

(h) Service Agreements of Senior Executives

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

Heath Sharp, Managing Director and Global Chief Executive Officer

Term	Mr. Sharp is employed by Reliance Worldwide Corporation (a company in the Group which carries on operations in the USA) for an initial period of four years from the date of listing (29 April 2016). Thereafter, one year rolling periods unless either party provides 90 days notice of non-renewal.
Notice	*Termination by the employer* • Mr. Sharp's employment may be terminated by the employer without cause (excluding due to death or disability) upon giving 90 days' written notice; and • may be terminated by the employer for cause at any time. *Termination by Heath Sharp* • Mr. Sharp may terminate his employment with good reason upon giving 90 days written notice and allowing a subsequent cure period. • Where he terminates without good reason, 12 months written notice is required to be provided.
Termination payments[1]	• Where Mr Sharp's employment is terminated by the employer without cause, he is entitled to 24 months severance pay (inclusive of any notice period) which was set taking into account his nearly 30 years continuous service with RWC, plus accrued entitlements. He is also eligible for a pro rata bonus for the days he was employed during the fiscal year and payment of health insurance premiums. • Where the employer provides notice of non-renewal, he is entitled to his accrued entitlements and 12 months severance pay. He is also eligible for a pro rata bonus for the days he was employed during the fiscal year and payment of health insurance premiums during the period of severance pay. • Where Mr. Sharp provides notice of non-renewal, he is entitled to receive his accrued entitlements (excluding any earned but unpaid performance bonus) and continuation of applicable welfare and health benefits entitlements.
Restraint	Mr. Sharp's employment agreement contains a restraint of trade, which operates for a maximum period of 24 months following cessation of employment.

Gerry Bollman, Global Chief Financial Officer

Term	Mr. Bollman is employed by Reliance Worldwide Corporation (a company in the Group which carries on operations in the USA). His employment agreement contains no fixed term.
Notice	*Termination by the employer* • Mr. Bollman's employment may be terminated by the employer without cause upon giving three months written notice; and • may be terminated by the employer for cause at any time. *Termination by Gerry Bollman* • Mr. Bollman may terminate his employment with good reason upon giving the employer written notice within 90 days of an event occurring and allowing a subsequent cure period. • Where he terminates his employment agreement without good reason, three months written notice needs to be provided.

Termination payments[1]	• Where Mr. Bollman's employment is terminated by the employer without cause or by him for good reason, he is entitled to:
	  • 6 months severance pay where notice is given after the first year of employment and before commencement of the fifth year of employment; and
	  • 12 months severance pay if notice is given after commencement of the fifth year of employment.
	He will also receive payment of accrued entitlements and remain eligible for a pro rata bonus for the days he was employed during the applicable fiscal year and payment of health insurance premiums.
	• Where his employment is terminated due to death or disability, he is entitled to accrued entitlements (including any earned but unpaid performance bonus), he remains eligible for a pro rata bonus for the days he was employed during the applicable fiscal year and to a continuation of applicable welfare and health benefits entitlements.
	• Where the employment agreement is terminated by the employer for cause or by Mr. Bollman without good reason, then the employer shall have no further payment obligations other than for accrued entitlements (excluding any earned but unpaid performance bonus) and continuation of applicable welfare and health benefits entitlements.

Restraint	Mr. Bollman's employment agreement contains a restraint of trade, which operates for a maximum period of 12 months following cessation of employment.

1. The Corporations Act restricts the termination benefits that can be provided to KMP on cessation of their employment, unless shareholder approval is obtained. The shareholders of the Company and of Reliance Worldwide Corporation, as applicable, have approved the giving of benefits to all current and future members of KMP in connection with that person ceasing to hold a managerial or executive office (as defined in section 200AA of the Corporations Act) in the Company or a related body corporate.

(i) Movements in Options held by Senior Executives

The following table sets out the movement during the reporting period of Options held by each Senior Executive (including their related parties). No options were granted to Senior Executives during FY2018. No Options vested or were forfeited during the reporting period and none of the Options are presently capable of being exercised.

Name	Balance at 1 July 2017	Granted during the year number	Granted during the year $ value	Vested number	Vested $ value	Exercised number	Exercised $ value	Lapsed number	Lapsed $ value	% Lapsed/ Forfeited	Balance at 30 June 2018
Heath Sharp	4,000,000	–	–	–	–	–	–	–	–	–	4,000,000
Gerry Bollman	1,307,190	–	–	–	–	–	–	–	–	–	1,307,190

(j) KMP shareholdings

Movements in the number of shares held by Non-Executive Directors and Senior Executives directly, indirectly (through personally related entities) or nominally during FY2018 are set out below.

Name	Held at 1 July 2017	Participation in pro rata Entitlement Offer	Other net change[1]	Held at 30 June 2018
Jonathan Munz	157,500,000	26,515,152	(105,000,000)	79,015,152
Russell Chenu	60,000	55,217	40,000	155,217[2]
Stuart Crosby	100,000	50,506	–	150,506[2]
Ross Dobinson	20,000	12,457	–	32,457[2]
Sharon McCrohan	–	–	–	–
Heath Sharp	800,000	404,041	–	1,204,041
Gerry Bollman[3]	–	–	–	–

1. Includes the purchase (sale) of shares during the reporting period and transfers in (out) upon becoming or ceasing to be a member of KMP.
2. Includes 20,000 shares received in April 2016 under specific arrangements for Non-Executive Directors in connection with the IPO, as stated in the Prospectus.
3. Mr. Bollman has been offered 680,272 restricted shares as detailed in section (g).

Mr. Terry Scott ceased to be a member of KMP on 1 July 2017. His holdings are no longer required to be shown in this table.

(k) Other statutory disclosures

Material contracts with Related Parties

The Company and GSA Industries Pty Ltd, a wholly owned subsidiary of GSA Group and an entity associated with Jonathan Munz, have entered into a shared facilities and services agreement which came into effect on 29 April 2016 ("Shared Services Agreement") under which the Company will share premises with GSA Group in Melbourne and be permitted to use certain facilities, such as office space and car parking, and have signage rights. The Company pays an annual fee of $100,000 (plus GST) to GSA Industries Pty Ltd for the use of these facilities and services. The Shared Services Agreement is on terms that are more favorable to the Company than arm's length terms.

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

Loans with KMP

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

(l) KMP remuneration

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

		Short Term				Post-employment		Other long term statutory benefits	Share based payments		Total
		Cash salary & fees $	STI cash bonus $	Non-monetary benefits $	Other short term benefits $	Super-annuation or pension plan benefits $	Other Post employ-ment $	Long service leave $	Shares $	Options $	$
Non-Executive Directors											
Jonathan Munz[1]	**FY2018**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	FY2017	–	–	–	–	–	–	–	–	–	–
Russell Chenu	**FY2018**	**109,590**	**–**	**–**	**–**	**10,410**	**–**	**–**	**–**	**–**	**120,000**
	FY2017	109,590	–	–	–	10,410	–	–	–	–	120,000
Stuart Crosby	**FY2018**	**109,590**	**–**	**–**	**–**	**10,410**	**–**	**–**	**–**	**–**	**120,000**
	FY2017	109,590	–	–	–	10,410	–	–	–	–	120,000
Ross Dobinson	**FY2018**	**120,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**120,000**
	FY2017	120,000	–	–	–	–	–	–	–	–	120,000
Sharon McCrohan[2]	**FY2018**	**37,373**	**–**	**–**	**–**	**3,550**	**–**	**–**	**–**	**–**	**40,923**
	FY2017	–	–	–	–	–	–	–	–	–	–
Senior Executives											
Heath Sharp[3]	**FY2018**	**1,483,488**	**822,819**	**167,017**	**12,214**	**31,605**	**–**	**–**	**–**	**390,168**	**2,907,311**
	FY2017	1,472,944	2,500,000	148,877	13,433	14,329	–	–	–	390,168	4,539,751
Gerry Bollman[4]	**FY2018**	**930,083**	**226,932**	**46,972**	**6,659**	**30,960**	**–**	**–**	**356,916**	**193,464**	**1,791,986**
	FY2017	535,818	135,465	97,560	5,677	10,757	–	–	266,667	110,774	1,162,718
Terry Scott[5]	**FY2018**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	FY2017	800,000	195,100	–	45,957	19,620	–	23,347	–	–	1,084,024
Total	**FY2018**	**2,790,124**	**1,049,751**	**213,989**	**18,873**	**86,935**	**–**	**–**	**356,916**	**583,632**	**5,100,220**
	FY2017	3,147,942	2,830,565	246,437	65,067	65,526	–	23,347	266,667	500,942	7,146,493

1. Mr. Munz waived his entitlement to any Non-Executive Director or committee fees for the initial three years following the Company's listing on the ASX on 29 April 2016.
2. Appointed 27 February 2018.
3. Annual fixed remuneration of US$1,150,000 plus benefits, including pension plan contributions. The Board has approved that Mr. Sharp's annual fixed remuneration be increased to US$1,300,000 plus benefits from 1 July 2019.
4. Annual fixed remuneration of US$721,000 plus benefits, including pension plan contributions. Mr. Bollman's annual fixed remuneration increased to US$800,000 plus benefits from 1 July 2018 under the terms of his service agreement.
5. Mr. Scott ceased to be a member of KMP on 1 July 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 audit of Reliance Worldwide Corporation Limited for the financial year ended 30 June 2018 there have been:

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

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

KPMG

KPMG

Paul J McDonald

Paul J McDonald
Partner
Melbourne

27 August 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Note	2018 $000	2017 $000
Revenue from sale of goods		769,380	601,693
Cost of sales		(452,413)	(349,471)
Gross profit		**316,967**	**252,222**
Other income	4	10,882	353
Product development expenses		(17,721)	(11,428)
Selling, warehouse and marketing expenses		(111,239)	(86,597)
Administration expenses		(84,122)	(52,103)
Other expenses		(3,667)	(1,149)
Operating profit		**111,100**	**101,298**
Finance income	5	117	50
Finance costs	5	(11,911)	(5,061)
Net finance costs		**(11,794)**	**(5,011)**
Profit before tax		**99,306**	**96,287**
Income tax expense	7	(33,315)	(30,675)
Profit for the period attributable to the Owners of the Company		**65,991**	**65,612**
Other Comprehensive profit			
Items that may be classified to profit or loss:			
Foreign currency translation differences		19,877	(1,509)
Cash flow hedges – effective portion of changes in fair value		(10,767)	–
Total comprehensive profit for the period attributable to the Owners of the Company		**75,101**	**64,103**
Earnings per share		**cents**	**cents**
Basic earnings per share attributable to ordinary equity holders	6	12.3	12.5
Diluted earnings per share attributable to ordinary equity holders	6	12.1	12.4

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Note	2018 $000	2017[1] $000
Assets			
Current assets			
Cash and cash equivalents	17	274,331	34,996
Trade and other receivables	8	204,916	109,727
Inventories	9	202,640	161,243
Other current assets		20,707	6,771
Total Current Assets		**702,594**	**312,737**
Non-Current			
Property, plant and equipment	10	245,326	111,509
Deferred tax assets	7	18,010	18,292
Goodwill	11	911,383	86,857
Other intangible assets	12	308,631	70,392
Total Non-Current Assets		**1,483,350**	**287,050**
Total Assets		**2,185,944**	**599,787**
Liabilities			
Current liabilities			
Bank overdraft	14	–	9,403
Trade and other payables	13	167,678	97,910
Borrowings	14	2,675	423
Current tax liabilities		3,656	4,333
Employee benefits	15	6,657	5,833
Total Current Liabilities		**180,666**	**117,902**
Non-Current Liabilities			
Borrowings	14	659,670	260,539
Deferred tax liabilities	7	16,610	12,516
Employee benefits	15	4,979	4,084
Total Non-Current Liabilities		**681,259**	**277,139**
Total Liabilities		**861,925**	**395,041**
Net Assets		**1,324,019**	**204,746**
Equity			
Share capital	18	2,336,618	1,261,371
Reserves	20	(1,092,945)	(1,104,889)
Retained earnings / (accumulated losses)		80,346	48,264
Total Equity		**1,324,019**	**204,746**

1. Comparative balances have been restated to reflect the final purchase price accounting for the Holdrite acquisition. Refer to Note 21.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Note	Share Capital $000	Foreign Currency Translation Reserve $000	Merger Reserve $000	Share based Payment Reserve $000	Hedging Reserve $000	(Accumulated Losses)/ Retained Profits $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		–	–	–	–	–	65,612	65,612
Foreign currency translation Reserve	20	–	(1,509)	–	–	–	–	(1,509)
Total comprehensive income		**–**	**(1,509)**	**–**	**–**	**–**	**65,612**	**64,103**
Transactions with owners of the Company								
Purchase of treasury shares	18	(11,361)	–	–	–	–	–	(11,361)
Share based payments	19	–	–	–	767	–	–	767
Dividends paid		–	–	–	–	–	(15,750)	(15,750)
Total transactions with owners of the Company		**(11,361)**	**–**	**–**	**767**	**–**	**(15,750)**	**(26,344)**
Balance at 30 June 2017		**1,261,371**	**(4,778)**	**(1,100,943)**	**832**	**–**	**48,264**	**204,746**
Balance at 30 June 2017		**1,261,371**	**(4,778)**	**(1,100,943)**	**832**	**–**	**48,264**	**204,746**
Profit for the period		–	–	–	–	–	65,991	65,991
Foreign currency translation Reserve	20	–	19,877	–	–	–	–	19,877
Hedged transaction	20	–	–	–	–	(10,767)	–	(10,767)
Total comprehensive income		**–**	**19,877**	**–**	**–**	**(10,767)**	**65,991**	**75,101**
Transactions with owners of the Company								
Purchase of treasury shares	18	(8,584)	–	–	–	–	–	(8,584)
Share based payments	19	–	–	–	2,834	–	–	2,834
Issue of ordinary shares	18	1,100,143	–	–	–	–	–	1,100,143
Capital raising costs	18	(16,312)	–	–	–	–	–	(16,312)
Dividends paid		–	–	–	–	–	(33,909)	(33,909)
Total transactions with owners of the Company		**1,075,247**	**–**	**–**	**2,834**	**–**	**(33,909)**	**1,044,172**
Balance at 30 June 2018		**2,336,618**	**15,099**	**(1,100,943)**	**3,666**	**(10,767)**	**80,346**	**1,324,019**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	Note	2018 $000	2017 $000
Cash flows from operating activities			
Receipts from customers		746,318	596,599
Payments to suppliers and employees and for customer rebates		(621,479)	(497,111)
Income tax payments		(44,753)	(27,563)
Net cash from operating activities		**80,086**	**71,925**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(37,401)	(21,706)
Proceeds from sale of property, plant and equipment		1,202	464
Purchase of intangibles	12	(998)	(3,761)
Transaction costs paid on acquisition of John Guest		(17,501)	–
Net cash outflow upon acquisition of business combinations	3	(1,157,343)	(122,273)
Net cash used in investing activities		**(1,212,041)**	**(147,276)**
Cash flows from financing activities			
Proceeds from issue of shares		1,100,143	–
Purchase of treasury shares		(8,584)	(11,362)
Proceeds from borrowings		705,670	127,417
Repayment of borrowings		(353,173)	(30,000)
Dividends paid		(33,909)	(15,750)
Interest received		117	50
Interest paid - other persons and corporations		(11,911)	(5,061)
Debt raising costs paid		(3,675)	–
Capital raising costs paid		(16,313)	–
Net cash from financing activities		**1,378,365**	**65,294**
Net change in cash and cash equivalents		246,410	(10,057)
Cash at the start of the year		25,593	35,648
Effect of movements in exchange rates on cash held		2,328	2
Cash and cash equivalents at the end of the year		**274,331**	**25,593**
Represented by:			
Cash at bank		274,331	34,996
Bank overdraft	14	–	(9,403)
Cash and cash equivalents at the end of the year	17	**274,331**	**25,593**

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

1. Significant accounting policies

(a) Reporting Entity

Reliance Worldwide Corporation Limited (the "Company" or "Reliance") is a limited liability company which was incorporated on 19 February 2016 and is domiciled in Australia. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Company's registered office is at Level 54, 525 Collins Street, Melbourne, Victoria.

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

(b) Statement of Compliance

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

The Group is a for-profit entity. The financial statements were authorised for issue by the Board of Directors on 27 August 2018.

(c) Basis of preparation

These consolidated financial statements:

- comprise the Company and its subsidiaries, together referred to as the "Group", for the reporting period ended 30 June 2018;
- have been prepared on a going concern basis using historical cost conventions;
- are presented in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 values are rounded to the nearest thousand dollars, unless otherwise stated;
- 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.

Financial statements of subsidiaries are prepared using consistent accounting policies.

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

(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.

(d) Foreign Currency

The individual financial statements of each entity comprising the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of these consolidated financial statements, Australian dollars is the presentation currency, which is also the functional currency of the Company. The functional currency of each subsidiary is provided in Note 22.

(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.

1. Significant accounting policies (continued)

(e) Use of estimates and judgements

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

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

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

- Recognition of deferred tax assets and availability of future taxable profits against which carry forward tax losses and timing differences can be used (Note 7);
- Recoverability of trade and other receivables (Note 8);
- Estimation of net realisable value and possible obsolescence of inventories (Note 9);
- Recoverability of goodwill and unidentified other intangible assets (Note 11);
- Recoverability of other intangible assets (Note 12); and
- Fair values of assets and liabilities of acquired businesses (Note 3).

(f) Revenue recognition

(i) Sale of goods and services

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

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

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

(g) Financial Instruments

(i) Non-derivative financial instruments: Recognition, Initial Measurement and De-recognition

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

The Group initially recognises loans and receivables and debt securities issues on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument. The Group's activities expose it primarily to financial risks of changes in exchange rates and interest rates.

The Group's non-derivative financial assets and financial liabilities are initially measured at fair value including any directly attributable transaction costs. Subsequent to intial recognition, they are measured at amortised cost using the effective interest rate method.

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

(ii) Derivative financial instruments

The Group may hold derivative instruments to hedge its foreign currency risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, any changes therein are generally recognised in profit or loss.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss or the hedged item affects profit or loss.

1. Significant accounting policies (continued)

(h) Operating leases

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

(i) Goods and services tax - Australia

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

(j) New accounting standards and interpretations

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

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

The Company is assessing the impact of this standard. Application of the standard is not expected to have a material impact. The Company has reviewed its trade receivables and there are no expected losses which have not already been provided for.

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. There are no material differences in revenue recognition due to the Company currently recognising revenue only when the five revenue recognition criteria as set out in the Standard are met.

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

The Company has reviewed its current operating leases which are predominately leases of property and equipment. Details of present operating lease commitments are disclosed in Note 23. Many of the property leases have options to extend beyond the current commitments. On the application of the Standard the present value of lease commitments at that date will be included in Property, Plant and Equipment as a Right to Leased Asset which will be amortised as depreciation and interest over the term of the lease. Capitalising the present value of the lease commitments will significantly increase the value of total assets by the present value of the Right to leased assets with a corresponding total lease liability.

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, Korea and China
- Americas, including the United States of America and Canada
- EMEA, including the United Kingdom, Spain, Italy, Germany, France, Czech Republic and Poland

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

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

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

Revenue by product group for the year ended 30 June 2018 is:

	2018 $000	2017 $000
Fittings and pipe	518,866	425,032
Control valves	106,825	95,071
Thermostatics	29,987	27,501
Other Products	113,702	54,089
	769,380	**601,693**

The Group had two significant customers each representing greater than 10% of the Group's revenue in the 2018 financial year. Both customers are in the Americas segment and contributed a combined $278.6 million of the Group's revenue in the financial year.

Revenue by geography	2018 $000	2017 $000
Australia	126,802	115,209
United States of America	526,923	395,637
Canada	30,674	26,741
United Kingdom	71,147	46,575
Other	13,834	17,531
	769,380	**601,693**

Non-current assets excluding financial assets and deferred tax balances by geography	2018 $000	2017 $000
Australia	127,308	82,818
United States of America	352,674	168,239
Canada	261	295
United Kingdom	961,167	2,948
Other	23,930	13,279
	1,465,340	**267,579**

2. Segment reporting (continued)

	Asia Pacific		Americas		EMEA		Corporate/Other		Elimination		Total	
	2018 $000	2017 $000	2018 $000	2017 $000	2018 $000	2017 $000	2018 $000	2017 $000	2018 $000	2017 $000	2018 $000	2017 $000
Revenue												
From external customers	134,955	122,552	557,597	433,234	76,828	45,907	–	–	–	–	769,380	601,693
From other segments	97,010	95,553	2,110	2,087	4,303	4,226	–	–	(103,423)	(101,866)	–	–
Segment revenues	**231,965**	**218,105**	**559,707**	**435,321**	**81,131**	**50,133**	**–**	**–**	**(103,423)**	**(101,866)**	**769,380**	**601,693**
Cost of sales	(154,482)	(146,878)	(346,557)	(265,598)	(54,797)	(38,861)	–	–	103,423	101,866	(452,413)	(349,471)
Gross profit	**77,483**	**71,227**	**213,150**	**169,723**	**26,334**	**11,272**	**–**		**–**	**–**	**316,967**	**252,222**
Other income	2,166	22	6,897	211	129	107	1,690	13	–	–	10,882	353
Product development expenses	(4,306)	(4,005)	(11,634)	(5,926)	(1,781)	(1,497)	–	–	–	–	(17,721)	(11,428)
Selling and marketing expenses	(18,465)	(17,718)	(83,080)	(63,493)	(9,694)	(6,605)	–	1,219	–	–	(111,239)	(86,597)
Administration expenses	(13,371)	(10,682)	(38,502)	(33,153)	(9,439)	(4,353)	(22,810)	(3,915)	–	–	(84,122)	(52,103)
Other expenses	(388)	(264)	(3,152)	(745)	(127)	(31)	–	(109)	–	–	(3,667)	(1,149)
Segment operating profit/(loss)	**43,119**	**38,580**	**83,679**	**66,617**	**5,422**	**(1,107)**	**(21,120)**	**(2,792)**	**–**	**–**	**111,100**	**101,298**
Segment assets	**252,065**	**221,178**	**644,425**	**373,381**	**1,124,374**	**39,208**	**1,505,703**	**859,643**	**(1,340,623)**	**(893,623)**	**2,185,944**	**599,787**
Segment liabilities	**50,501**	**54,549**	**821,666**	**780,976**	**88,714**	**26,202**	**1,241,667**	**426,937**	**(1,340,623)**	**(893,623)**	**861,925**	**395,041**
EBITDA	52,375	47,451	95,449	74,599	8,251	471	(20,711)	(1,836)	–	–	**135,364**	**120,685**
Depreciation of property plant and equipment	(9,094)	(8,766)	(8,693)	(7,605)	(2,831)	(1,577)	(59)	(297)	–	–	**(20,677)**	**(18,245)**
Amortisation of intangible assets	(162)	(107)	(3,077)	(377)	–	–	(348)	(658)	–	–	**(3,587)**	**(1,142)**
Interest income	25	2	–	–	7	5	85	43	–	–	**117**	**50**
Interest expense	–	(2)	(1,262)	(1)	(270)	(62)	(10,379)	(4,996)	–	–	**(11,911)**	**(5,061)**
Income tax expense	(13,140)	(11,282)	(6,754)	(11,876)	(1,294)	329	(12,127)	(7,846)	–	–	**(33,315)**	**(30,675)**
Additions to property plant and equipment	9,740	5,220	22,942	12,434	2,327	3,107	2,392	945	–	–	**37,401**	**21,706**
Non-current assets excluding other financial assets and deferred tax assets	132,130	86,623	360,342	168,535	969,006	10,800	3,862	1,621	–	–	**1,465,340**	**267,579**

Note:

Goodwill and intangibles assets recognised on the acquisition of John Guest Holdings Limited have been allocated to the relevant cash generating units.

3. Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value of the identifiable net assets acquired.

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

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in the profit or loss account immediately. Transaction costs are expensed as incurred except if related to the issue of debt or equity securities.

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

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

Acquisition of John Guest Holdings Limited

(a) Summary of acquisition

The Group completed the acquisition of all the issued shares in John Guest Holdings Limited ("John Guest") on 13 June 2018 for GBP706.9 million (including customary closing adjustments) ($1,237 million). The acquisition date for accounting purposes is taken to be 23 May 2018. John Guest is headquartered in the UK and is a global leader in plastic PTC fittings with products and operations that are highly complementary with Reliance's. The acquisition delivers a strategic fit and alignment with Reliance's strategy to add complementary products and expand its market presence, particularly in Europe. Both Reliance and John Guest are recognised as innovators and market leaders and share many things in common, including strong research and development capability, high quality automated manufacturing facilities and customer relationships. John Guest's products are used in plumbing and heating, water quality and fluid dispense and other PTC applications. John Guest is a clear market leader in the UK and has a strong European distribution platform together with operations in the USA and Asia Pacific.

(b) Purchase consideration and summary of cash movement

	2018 $000
Base purchase price	1,202,850
Closing adjustments	33,956
Total purchase consideration	**1,236,806**
Reconciliation of cash movement	
Cash consideration paid	1,236,806
Hedge loss from forward purchase contracts	10,767
Less cash acquired	(90,230)
	1,157,343

No acquisition related costs associated with the transaction were capitalised. Costs attributable to the acquisition of approximately $20.5 million were expensed and are reported in "administration expenses" in the profit or loss account. These expenses were mainly for legal, due diligence and advisory costs.

3. Business Combinations (continued)

(c) Fair value of net assets acquired

	Note	Acquiree's carrying amount $000	Fair value Adjustments $000	Fair value[1] $000
Identifiable assets				
Cash and cash equivalents		90,230	–	90,230
Trade and other receivables[2]		60,107	–	60,107
Inventories		26,006	5,214	31,220
Property plant and equipment	10	111,716	5,622	117,338
Intangible assets	12			
– Brand names		–	214,687	214,687
– Customer relationships		–	17,217	17,217
Total identifiable assets acquired		**288,059**	**242,740**	**530,799**
Identifiable liabilities				
Trade and other payables		63,553	1,318	64,871
Borrowings[3]		32,127	–	32,127
Employee entitlements		1,749	–	1,749
Tax liabilities		1,570	–	1,570
Total liabilities assumed		**98,999**	**1,318**	**100,317**
Net identifiable assets acquired		**189,060**		**430,482**
Purchase consideration				1,236,806
Hedge loss from forward purchase contracts recognised in the Goodwill calculation				10,767
Goodwill on acquisition and unidentified other intangible assets				**817,091**

1. Fair values are provisionally accounted for at 30 June 2018.
2. Trade and other receivables are net of provision for doubtful debts.
3. Borrowings were settled on the day of completion using cash acquired.

Goodwill on acquisition is attributable mainly to:

- expected growth opportunities from combining the Group's strong positions in North America and Asia Pacific with John Guest's strength in the UK and continental Europe which will broaden product and distribution channels;
- expected benefits from integrating the John Guest business into the existing operations; and
- the skills and technical talent of John Guest executives and employees.

The Group is still in the process of assessing if any other intangible assets can be identified.

John Guest contributed operating revenue of $24.8 million for the period from acquisition to 30 June 2018. The net profit before tax contributed for this period was $3.8 million after the impact of fair value adjustments. If the Group controlled John Guest for the entire financial year, the consolidated pro forma revenue is estimated to be $1,041.0 million. The consolidated pro forma profit before tax is estimated to be $176.7 million.

(d) Measurement of fair values

Property plant and equipment is provisionally valued considering market prices for similar items when they are available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets are provisionally valued using the relief from royalty and multi-period excess earnings methods. The relief from royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships by excluding any cashflows related to contributory assets.

Inventories are provisionally valued using a market comparison technique. The fair value is determined based on the estimated selling price in the ordinary course of business of a market participant less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

4. Other income

Other income includes insurance recoveries of $5,270,000 associated with storm damage at manufacturing facilities in Cullman, Alabama (30 June 2017 – nil). Costs and impairment charges associated with the insurance claim have been expensed.

5. Finance income and finance costs

The Group's finance income and finance costs include:

- Interest income
- Interest expense

The Group records interest income and accrues interest expense for amounts receivable and payable at reporting date. Interest income is recognised in the income statement on an accruals basis, using the effective interest method.

	2018 $000	2017 $000
Interest income from cash and cash equivalents	**117**	**50**
Interest and borrowing expenses	**(11,911)**	**(5,061)**

6. Earnings per share

(a) Basic earnings per share

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

	2018 $000	2017 $000
Profit attributable to ordinary shareholders	65,991	65,512

	Number of shares 2018	Number of shares 2017
Weighted average number of ordinary shares at 30 June (basic)		
– Issued ordinary shares (weighted average)	541,437,841	525,000,000
– Treasury shares (weighted average)	(3,366,737)	(254,486)
	538,071,104	524,745,514

	cents	cents
Basic earnings per share	**12.3**	**12.5**

6. Earnings per share (continued)

(b) Diluted earnings per share

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

	2018 $000	2017 $000
Profit attributable to ordinary shareholders	65,991	65,612
Changes in earnings arising from dilutive potential ordinary shares	–	–
	65,991	65,612

	Number of shares 2018	Number of shares 2017
Weighted average number of ordinary shares at 30 June (diluted)		
– Issued ordinary shares (weighted average)	541,437,841	525,000,000
– Effect of share options on issue	5,307,190	5,307,190
– Treasury shares (weighted average)	(3,366,737)	(254,486)
	543,378,294	530,052,704

	Cents	Cents
Diluted earnings per share	**12.1**	**12.4**

In June 2018 the Company completed a 1 for 1.98 pro rata Entitlement Offer providing eligible shareholders an entitlement to subscribe for new shares at an issue price of $4.15 per share. The Company issued 265,094,765 new ordinary shares. Refer Note 18.

7. Income tax expense

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

(i) Current tax

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

(ii) Deferred tax

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

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates enacted or substantively enacted at the reporting period. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

(ii) Australian tax consolidated group

The Company and its Australian incorporated wholly owned subsidiaries have formed a tax consolidated group with effect from 3 May 2016 whereby the members of that group are taxed as a single entity. The head entity of the tax consolidated group is Reliance Worldwide Corporation Limited. The head entity and each subsidiary member of the tax consolidated group is party to a Tax Sharing Agreement and a Tax Funding Agreement whereby each member of that group is only liable for its contribution amount calculated in accordance with the Agreement rather than being jointly and severally liable for group tax liabilities. At 30 June 2018, the Australian Tax Consolidated Group has $15.5 million (2017: $5.1 million) franking credits available for subsequent reporting periods.

7. Income tax expense (continued)

(iii) Estimates and judgements

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made. In particular, the impact on global taxes from the acquisition of the John Guest group has yet to be determined comprehensively.

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

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

	2018 $000	2017 $000
Profit before income tax	99,306	96,287
Prima facie income tax expense at 30%	(29,792)	(28,886)
Tax effect of items which increase / (decrease) tax expense:		
Effect of tax rates in foreign jurisdictions	(1,555)	(1,535)
Tax effect of amounts which are not deductible / (assessable) in calculating taxable income:		
Other non-deductible expenses	(1,473)	(1,008)
Re-measurement of deferred tax balances from US tax reforms	1,553	–
Adjustments for prior years	(1,208)	(24)
Employee share incentive scheme	(850)	(669)
Other	10	1,447
Actual income tax expense reported in the consolidated statement of profit or loss	**(33,315)**	**(30,675)**

(b) Components of income tax:

	2018 $000	2017 $000
Current tax	(28,939)	(21,553)
Deferred tax	(4,376)	(9,122)
	(33,315)	**(30,675)**

(c) Deferred tax balances

2018	Opening Balance $000	Recognised in Profit and loss $000	Closing Balance $000
Deferred tax assets			
Employee benefits	2,907	(19)	2,888
Other provisions and accruals	7,055	(1,494)	5,561
IPO costs deductible in future periods	3,625	(1,209)	2,416
Other items giving rise to deferred tax assets	4,705	2,440	7,145
Total	**18,292**	**(282)**	**18,010**
Deferred tax liabilities			
Property, plant and equipment	(11,565)	1,473	(10,092)
Unrealised foreign exchange movements	(364)	(5,549)	(5,913)
Other items giving rise to a deferred tax liability	(587)	(18)	(605)
Total	**(12,516)**	**(4,094)**	**(16,610)**

7. Income tax expense (continued)

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

8. Trade and other receivables

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

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

	2018 $000	2017 $000
Trade debtors	195,652	107,659
Less: provision for doubtful debts	(92)	(191)
	195,560	107,468
Other debtors	9,356	2,259
	204,916	**109,727**

Information about the Group's exposure to credit and market risks for trade and other receivables is included in Note 25.

9. Inventories

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

	2018 $000	2017[1] $000
At cost		
Raw materials and stores	84,267	66,688
Consumables	186	166
Work in progress	29,165	15,741
Finished goods	96,508	83,854
	210,126	166,449
Less: provision for diminution	(7,486)	(5,206)
	202,640	**161,243**

1. Comparative balances have been restated to reflect the final purchase price accounting for the Holdrite acquisition. Refer to Note 21.

10. Property, plant and equipment

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

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

- Buildings 25 - 40 years
- Leasehold improvements 5 - 40 years
- Plant and equipment 3 - 20 years

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

	2018 $000	2017 $000
Carrying amounts of:		
Freehold land	204	197
Buildings	91,761	18,362
Leasehold improvements	4,274	3,052
Plant and equipment	149,087	89,898
	245,326	**111,509**

10. Property, plant and equipment (continued)

	Freehold Land		Buildings		Leasehold Improvements		Plant and Equipment[1]		Total	
	2018 $000	2017 $000	2018 $000	2017 $000	2018 $000	2017 $000	2018 $000	2017 $000	2018 $000	2017 $000
Cost										
Opening balance	197	203	22,229	19,256	5,569	4,784	185,140	179,357	213,135	203,600
Transfers	–	–	–	442	–	(442)	–	(7,195)	–	(7,195)
Acquired as part of business combinations – Note 3	–	–	73,555	–	1,419	908	42,364	3,573	117,338	4,481
Additions[1]	–	–	86	3,420	334	495	36,981	17,791	37,401	21,706
Disposals	–	–	–	–	(35)	(74)	(4,473)	(8,568)	(4,509)	(8,642)
Net effect of change in exchange rates	7	(6)	3,853	(889)	413	(102)	1,170	182	5,443	(815)
Closing balance at 30 June	204	197	99,723	22,229	7,700	5,569	261,182	185,140	368,809	213,135
Accumulated depreciation and impairment										
Opening balance	–	–	(3,867)	(2,946)	(2,517)	(2,319)	(95,242)	(90,500)	(101,626)	(95,765)
Transfers	–	–	–	(442)	–	442	–	3,712	–	3,712
Depreciation expense	–	–	(812)	(600)	(875)	(711)	(18,990)	(16,934)	(20,677)	(18,245)
Impairment	–	–	(4,308)	–	–	–	–	–	(4,308)	–
Disposals	–	–	1,163	–	32	43	3,314	7,703	4,509	7,746
Net effect of change in exchange rates	–	–	(138)	121	(66)	28	(1,177)	777	(1,381)	926
Closing balance at 30 June	–	–	(7,962)	(3,867)	(3,426)	(2,517)	(112,095)	(95,242)	(123,483)	(101,626)
Net carrying value at 30 June	**204**	**197**	**91,761**	**18,362**	**4,274**	**3,052**	**149,087**	**89,898**	**245,326**	**111,509**

1. The asset category includes capitalised amounts for assets which are under construction or not installed ready for use and are not depreciated. At 30 June 2018, this amount is $24.6 million (2017: $11.8 million).

11. Goodwill

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

The carrying value of goodwill at balance sheet date is $911.4 million. Of this amount, $817.1 million is a provisional amount relating to goodwill recorded on acquisition of John Guest Holdings Limited in June 2018 (refer Note 3), $44.4m relates to goodwill attributable to businesses within the Asia Pacific segment prior to the Restructure in April 2016 and $52.7 million is goodwill assets recorded on acquisition of Holdrite in the Americas segment in June 2017.

Goodwill in respect of the Asia Pacific and Americas regions has been tested for impairment. The Company has assessed this goodwill and determined it is recoverable. The recoverable amount of this goodwill has been assessed utilising value in use methodologies. The value in use assessment at 30 June 2018 was established using a discounted cash flow model which included the following key assumptions:

- A 4 year forecast period with cash flow projections based on approved operating budgets.
- After tax discount rates ranging from 8.75% to 9.75%, based on cost of capital and business risk assessments.
- Average revenue growth rate of 4.0% in Americas and 5.0% in Asia Pacific based on business assessments.
- Terminal period growth rate of 3.0% based on business assessments.

The value in use calculations are sensitive to changes in the above assumptions. The value in use will vary depending on the assumptions and forecast data used in the impairment testing. Management performed sensitivity analysis to examine the effect of a change in assumptions on the goodwill attributed to the Asia Pacific segment. Based on current economic conditions and Cash Generating Unit ("CGU") performances there are no reasonably possible changes to key assumptions used in determination of CGU recoverable amounts that would result in a material impairment to the Group.

11. Goodwill (continued)

Goodwill attributable to the John Guest acquisition was booked in June 2018. There were no indicators of impairment between the date the goodwill was booked and balance date. The goodwill attributable to the John Guest acquisition has been allocated across the Group's operating segments as follows:

- EMEA $612.8m
- Americas $163.4m
- Asia Pacific $40.8m

	2018 $000	2017[1] $000
Opening balance	86,857	44,570
Acquired – Note 3	817,091	43,259
Foreign currency exchange differences	7,435	(972)
Carrying value	**911,383**	**86,857**

1. Comparative balances have been restated to reflect the final purchase price accounting for the Holdrite acquisition. Refer to Note 21.

12. Other intangible assets

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

(i) Intellectual property and licence fees

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

(ii) Brand Names, Trade Names and trademarks

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

(iii) Product technology

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

(iv) Customer relationships and distribution agreements

Customer relationship based intangibles assets relate to established customer relationships and distribution agreements for the supply of product. The intangible asset is amortised on a straight line basis over a period up to twenty years.

(v) Research and development

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

12. Other intangible assets (continued)

	Intellectual Property, Trade Names, Brand Names and Trademarks		Product Technology		Customer Relationships		Licence Fees, Software and Other		Total	
	2018 $000	2017[1] $000	2018 $000	2017[1] $000	2018 $000	2017[1] $000	2018 $000	2017[1] $000	2018 $000	2017[1] $000
Cost										
Opening balance	27,009	393	28,007	–	10,617	–	9,256	1,550	74,889	1,943
Acquired – Note 3	214,687	25,574	–	28,007	17,217	10,617	–	–	231,904	64,198
Transfers	–	–	–	–	–	–	–	7,363	–	7,363
Additions	–	2,125	–	–	–	–	998	1,636	998	3,761
Disposals	–	–	–	–	–	–	–	(1,293)	–	(1,293)
Foreign exchange	6,515	(1,083)	1,279		684	–	784	–	9,262	(1,083)
Closing balance	248,211	27,009	29,286	28,007	28,518	10,617	11,038	9,256	317,053	74,889
Accumulated Amortisation										
Opening balance	(464)	(24)	–	–	–	–	(4,033)	(681)	(4,497)	(705)
Transfers	–	–	–	–	–	–	–	(3,880)	–	(3,880)
Amortisation	(422)	(378)	(1,608)	–	(491)	–	(1,061)	(764)	(3,582)	(1,142)
Disposals	–	–	–	–	–	–	–	1,292	–	1,292
Foreign exchange	158	(62)	(76)	–	(145)	–	(280)	–	(342)	(62)
Closing balance	(728)	(464)	(1,684)	–	(636)		(5,374)	(4,033)	(8,422)	(4,497)
Carrying Value	**247,483**	**26,545**	**27,602**	**28,007**	**27,882**	**10,617**	**5,664**	**5,223**	**308,631**	**70,392**

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

13. Trade and other payables

	2018 $000	2017 $000
Current:		
Trade payables	61,089	50,584
Other creditors, accruals and provision for employee bonuses	106,589	47,326
	167,678	**97,910**

14. Borrowings

	Current		Non-current		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Secured:						
Bank Overdraft	–	9,403	–	–	–	9,403
Borrowings	2,675	423	659,670	260,539	662,345	260,962
Total secured borrowings	**2,675**	**9,826**	**659,670**	**260,539**	**662,345**	**270,365**

14. Borrowings (continued)

The Company and certain of its subsidiaries are parties to a $750 million syndicated facility agreement (30 June 2017 - $350 million bi-lateral facilities) which is available for drawing by way of cash advances ("Facility").

The Facility will mature as follows:.

- Tranche A: $250m maturing 30 September 2021
- Tranche B: $250m maturing 30 September 2022
- Tranche C: $250m maturing 30 September 2023

The Facilities contain financial covenants that the Company is in compliance with.

The security provided to support the Facility is:

- Unlimited cross guarantees from each entity that comprises the Group, other than Reliance Worldwide Corporation (Europe) S.L.U, subsidiaries of John Guest Holdings Limited which are not incorporated in the United Kingdom (refer Note 22) and other 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), and Reliance Employee Share Investments Pty Ltd ("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);
- Specific share security from Reliance Worldwide Holdings (International) LLC over its shares in John Guest Holdings Limited and its rights under the acquisition agreement entered into in connection with the acquisition of John Guest Holdings Limited; and
- A real property mortgage from Reliance Worldwide Corporation over a property in Cullman, Alabama, USA.

The Facility has a variable interest rate which is based on a variable base rate plus a margin.

The Group also has secured term loan and revolving credit facilities in the United Kingdom ("UK Facilities") totalling £4.0 million which will mature on 31 August 2018 and not be extended.

These 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, a subsidiary (which carries on the Group's operations in the UK) which are tested annually and have been complied with.

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

15. Employee benefits

Short and long term employee benefits

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

Current:

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

15. Employee benefits (continued)

Non-Current:

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

		Current		Non-current		Total
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Employee entitlements						
Opening balance	5,833	4,355	4,084	4,831	9,917	9,186
Acquired	1,749	346	–	–	1,749	346
Charged to profit or loss	4,402	4,030	1,107	21	5,509	4,051
Paid during the period	(4,908)	(3,614)	(771)	–	(5,679)	(3,614)
Foreign currency exchange differences	140	(52)	–	–	140	(52)
Reclassification	(559)	768	559	(768)	–	–
Closing balance	**6,657**	**5,833**	**4,979**	**4,084**	**11,636**	**9,917**

16. Employee benefits expense

(i) Retirement benefits costs

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

(ii) Termination benefits

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

(iii) Share based payments

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

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

	2018 $000	2017 $000
Wages and salaries	103,468	81,701
Employee leave entitlements	5,645	4,453
Workers compensation premiums	951	661
Superannuation contributions	5,511	4,786
Payroll related taxes	5,211	4,509
Contract labour	8,889	6,452
Share based payment expense	2,834	768
Other payroll related expenses	546	164
	133,055	**103,494**
Recovered in costs of goods sold	(23,618)	(23,618)
	109,437	**79,876**

17. Cash and cash equivalents

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

(a) Reconciliation of cash

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

		2018 $000	2017 $000
Cash on hand and at bank comprises:			
AUD	Australian dollar	157,510	8,441
USD	United States dollar	57,558	19,511
GBP	Pound Stirling	43,640	2,544
Euro	European Euro	11,358	1,179
NZD	New Zealand dollar	643	97
CAD	Canadian dollar	1,861	3,224
KRW	South Korean Won	1,085	–
PLN	Polish Zloty	231	–
CZK	Czech Koruna	445	–
		274,331	34,996
Less: bank overdrafts - AUD		–	(9,403)
Cash and cash equivalents in the Consolidated Statement of Cash Flows		**274,331**	**25,593**

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

	2018 $000	2017 $000
Profit / (loss) from operations after income tax	**65,991**	**65,612**
Depreciation expense	20,677	18,245
Amortisation expense	3,582	1,142
(Profit) / loss on disposal of non-current assets	(194)	(49)
Share based payments	2,834	767
Provision for impairment – trade debtors	(103)	146
Provision for obsolescence – inventory	2,119	(764)
Transaction costs accounted for as investing cash flows	17,501	–
Interest expense accounted for as financing cash flows	11,911	5,061
Interest income accounted for as financing cash flows	(117)	(50)
Changes in operating assets and liabilities:		
Trade and other receivables	(25,383)	(5,447)
Inventories	(6,546)	(36,319)
Prepayments	(6,922)	(1,158)
Trade and other payables	57	29,311
Tax balances	(5,577)	(4,957)
Employee entitlements	256	385
Net cash from operating activities	**80,086**	**71,925**

18. Share Capital

Share capital	2018 Number	Number of shares 2017 Number	2018 $	Company 2017 $
Ordinary shares				
Opening balance	525,000,000	525,000,000	1,261,370,989	1,272,732,768
Issued during the year	265,094,765	–	1,100,143,275	–
Capital raising costs incurred net of recognised tax benefit	–	–	(16,312,337)	–
Treasury shares (Note 19)	–	–	(8,583,993)	(11,361,779)
Total	**790,094,765**	**525,000,000**	**2,336,617,934**	**1,261,370,989**
Redeemable preference shares				
Issued on incorporation	–	2	–	2

(a) Ordinary shares

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

In June 2018, the Company completed a 1 for 1.98 pro rata Entitlement Offer providing eligible shareholders an entitlement to subscribe for further shares at an issue price of $4.15 per share, resulting in the issue of an additional 265,094,765 ordinary shares. Proceeds from the Entitlement Offer were used to partly fund the acquisition of John Guest Holdings Limited.

(b) Redeemable preference shares

Redeemable preference shares were issued to incorporate the Company. The shares were redeemed during the financial year.

19. Share based payments

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

Options

The Company has granted 5,307,190 (30 June 2017 – 5,307,190) options under the Plan. Further details on the terms and conditions of the options granted are provided in the Remuneration Report. Each option provides an entitlement to acquire an ordinary share in Reliance Worldwide Corporation Limited upon payment of the exercise price and meeting certain vesting criteria. These options are equity settled. The Company has not granted any other options.

Rights to Shares

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

At 30 June the Company had granted 3,295,730 Rights (30 June 2017 – 2,849,730) with the following vesting dates:

Vesting date	Number of Rights
12 June 2022	235,730
1 July 2022	2,719,000
7 August 2022	95,000
5 February 2023	84,000
3 April 2023	162,000
	3,295,730

Vesting conditions include a continuous service period. No Rights vested during the reporting period or have subsequently vested.

19. Share based payments (continued)

Unless the Board determines otherwise, if a participant ceases employment after the first twelve months of Rights being granted and any of the following has occurred then a pro rata portion of unvested Rights will remain on foot and vest in the ordinary course as though the participant had not ceased employment:

- The participant's employment is terminated by RWC without cause; or
- The participant terminates employment for good reason.

The Company has established a subsidiary, Reliance Employee Share Investments Pty Ltd ("Trustee") to act as trustee of the Reliance Employee Share Investments Trust. The Trustee will acquire Reliance shares on-market on behalf of the Trust to meet any obligations to deliver shares to a participant who satisfies the vesting conditions. During the reporting period the Trustee on behalf of the Trust, acquired 2,068,432 shares at an average price $4.15 per share. The shares were acquired under the terms of the pro rata Entitlement Offer undertaken by the Company during May and June 2018. The total number of shares held in the Trust at 30 June 2018 was 5,389,834. The cost of the shares acquired is accounted for as Treasury Shares and debited against Share Capital (Note 18).

Under the Plan rules the Company is also able to satisfy any obligation to deliver shares to a participant by way of an issue of shares or a payment of cash in lieu.

Restricted Shares

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

	2018 $000	2017 $000
Share based payment expense recognised in the profit or loss account:	2,834	767

20. Reserves

Reserves	2018 $000	2017 $000
Foreign currency translation reserve:		
Opening balance	(4,778)	(3,269)
Movement resulting from translation of financial statements of foreign subsidiaries net of tax impacts	19,877	(1,509)
	15,099	(4,778)
Merger reserve:		
Opening balance	(1,100,943)	(1,100,943)
Movement as a result of restructure	–	–
	(1,100,943)	(1,100,943)
Share based payments reserve:		
Opening balance	832	65
Share based payments expense	2,834	767
	3,666	832
Hedging reserve		
Opening balance	–	–
Hedging loss during the year	(10,767)	–
	(10,767)	–
Total reserves	**(1,092,945)**	**(1,104,889)**

20. Reserves (continued)

(a) Foreign currency translation reserve

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

(b) Merger reserve

The Company, through a wholly owned subsidiary, acquired the entities that carry on the operations of Reliance Worldwide Corporation in April and May 2016 ("Restructure"). The Directors elected to account for the effect of the Restructure as a common control transaction in accordance with the provisions of *AASB 3: Business Combinations*. Consequently, the net assets acquired were recorded at the carrying values that existed at the time of the transaction. The excess consideration over book value at acquisition date is recorded in the Merger reserve.

(c) Share based payments reserve

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

(d) Hedging reserve

The hedging reserve records the effective portion of the cumulative change in the fair value of the hedging instruments used in cash flow hedges.

21. 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 during the year ended 30 June 2018.

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 intangible assets and goodwill;
- $1.2 million between inventory and goodwill on acquisition.

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 $000	Final fair value recognised on acquisition $000
Identifiable assets		
Cash and cash equivalents	9,222	9,222
Trade and other receivables[1]	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
Total identifiable assets acquired	**83,943**	**93,371**
Identifiable liabilities		
Trade and other payables	9,589	9,589
Employee entitlements	346	346
Total liabilities assumed	**9,935**	**9,935**
Net identifiable assets acquired	**74,008**	**83,436**
Purchase consideration	126,695	126,695
Fair value of net identifiable assets acquired	74,008	83,436
Goodwill on acquisition	**52,687**	**43,259**

1. Trade and other receivables are net of provision for doubtful debts.

22. Group entities

Reliance Worldwide Corporation Limited was incorporated on 19 February 2016 and is the parent, and ultimate controlling entity of the Group. The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 1.

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2018	Equity Holding 2017	Functional Currency
Reliance Worldwide Group Holdings Pty Ltd	Australia	Ordinary	100%	100%	AUD
Reliance Worldwide Corporation (Aust.) Pty Ltd	Australia	Ordinary	100%	100%	AUD
Reliance Worldwide Pty Ltd	Australia	Ordinary	100%	100%	AUD
Reliance Employee Share Investments Pty Ltd	Australia	Ordinary	100%	100%	AUD
Reliance Worldwide Holdings (NZ) Limited	New Zealand	Ordinary	100%	100%	NZD
Reliance Worldwide Corporation (NZ) Limited	New Zealand	Ordinary	100%	100%	NZD
Reliance Manufacturing Company (NZ) Limited	New Zealand	Ordinary	100%	100%	NZD
Titon Limited	New Zealand	Ordinary	100%	100%	NZD
Reliance Worldwide Corporation (Canada) Inc	Canada	Ordinary	100%	100%	CAD
Reliance Worldwide Holdings (USA) Corporation	America	Ordinary	100%	100%	USD
Reliance Worldwide Corporation	America	Ordinary	100%	100%	USD
Securus Inc[1]	America	Ordinary	–	100%	USD
Streamlabs Inc[2]	America	Ordinary	100%	–	USD
Reliance Worldwide Corporation (Europe) S.L.U.	Spain	Ordinary	100%	100%	Euro
Reliance Worldwide Holdings (UK) Limited	United Kingdom	Ordinary	100%	100%	GBP
Reliance Worldwide Corporation (UK) Limited	United Kingdom	Ordinary	100%	100%	GBP
Reliance Water Controls Limited	United Kingdom	Ordinary	100%	100%	GBP
Reliance Worldwide Corporation (R.W.C. Israel) Ltd[3]	Israel	Ordinary	100%	–	ILS
Reliance Worldwide Finance Limited[4]	United Kingdom	Ordinary	100%	–	USD
Reliance Worldwide Holdings (International) LLC[4]	America	Ordinary	100%	–	USD
John Guest Holdings Ltd[5]	United Kingdom	Ordinary	100%	–	GBP
John Guest International Ltd[5]	United Kingdom	Ordinary	100%	–	GBP
John Guest Speedfit Ltd[5]	United Kingdom	Ordinary	100%	–	GBP
John Guest Engineering Ltd[5]	United Kingdom	Ordinary	100%	–	GBP
John Guest Ltd[5]	United Kingdom	Ordinary	100%	–	GBP
John Guest Connectors Ltd[5]	United Kingdom	Ordinary	100%	–	GBP
John Guest Automotive Ltd[5]	United Kingdom	Ordinary	100%	–	GBP
John Guest North America Holdings Inc[5]	America	Ordinary	100%	–	USD
John Guest USA Inc[5]	America	Ordinary	100%	–	USD
John Guest Automotive Inc[5]	America	Ordinary	100%	–	USD
John Guest Automotive GmbH[5]	Germany	Ordinary	100%	–	Euro
John Guest GmbH[5]	Germany	Ordinary	100%	–	Euro
John Guest SA[5]	France	Ordinary	100%	–	Euro
John Guest SRL[5]	Italy	Ordinary	100%	–	Euro
John Guest Pacific Ltd[5]	New Zealand	Ordinary	100%	–	NZD
John Guest Korea Ltd[5]	Korea	Ordinary	100%	–	KRW
John Guest (Shanghai) Trading Co. Ltd[5]	China	Ordinary	100%	–	CNY
John Guest S.L.[5]	Spain	Ordinary	100%	–	Euro
John Guest Czech S.R.O[5]	Czech Republic	Ordinary	100%	–	CZK
John Guest Sp zoo[5]	Poland	Ordinary	100%	–	PLN
John Guest Automotive SRL[5]	Italy	Ordinary	100%	–	Euro

1. Merged into the USA subsidiary Reliance Worldwide Corporation on 31 December 2017.
2. Incorporated on 19 December 2017.
3. Incorporated on 22 April 2018.
4. Incorporated on 17 May 2018.
5. Acquired 12 June 2018.

23. Expenditure commitments

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

	2018 $000	2017 $000
Payable not later than one year	13,829	7,608
Payable later than one year and not later than five years	44,519	30,048
Payable later than five years	41,504	41,433
	99,852	**79,089**

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

	2018 $000	2017 $000
Payable not later than one year	11,016	9,474
Payable later than one year and not later than five years	123	146
	11,139	**9,620**

24. Contingent liabilities

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

The Group has provided bank guarantees totalling $317,000 (2017: $366,400)

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

25. Financial risk management

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

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

Market risk

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

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

Foreign exchange risk

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

25. Financial risk management (continued)

The Group's balance sheet exposure of external receivables and payables balances for the major currency exposures at 30 June are set out below in Australian dollar equivalents.

	USD		GBP		EUR	
	2018 $000	2017 $000	2018 $000	2017 $000	2018 $000	2017 $000
Spot exchange rate	0.7405	0.7676	0.5607	0.5907	0.6334	0.6726
Cash	40,062	13,700	3,088	–	56	703
Trade and other receivables	3,344	2,209	–	–	633	843
Trade and other payables	(3,435)	(5,672)	(7)	(43)	(4,590)	(3,873)
Interest bearing liabilities	–	–	–	–	–	–
Net external exposure	39,971	10,237	3,081	(43)	3,901	(2,327)

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

	Increase / (decrease) in profit after income tax $000		Increase / (decrease) in equity $000	
	2018	2017	2018	2017
At relevant 30 June 2018 rates				
If foreign exchange rate - 5%	2,068	414	2,068	414
If foreign exchange rate + 5%	(1,871)	(374)	(1,871)	(374)

Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at floating rates and interest is received on cash deposits at floating rates. Interest rate risk is the risk that the Group will be adversely affected by movements in floating interest rates that will increase the cost of floating rate debt. If the current interest rate was 1% higher the interest expense for the year would have increased by $2.6 million.

The Group's exposure to interest rate risk on the cash and cash equivalents listed in the Consolidated Statement of Financial Position and the interest bearing borrowings is disclosed in Note 17 and Note 14.

The Group has determined that if interest rates were to increase or decrease by 50 basis points it would have an immaterial impact on the Group's finance costs on borrowed funds or interest income on cash deposits.

Commodity price risk

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

Liquidity risk

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

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

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

	2018 $000	2017 $000
Total facilities available	752,675	352,962
Amount drawn at 30 June	662,345	260,962
Available undrawn facility	**90,330**	**92,000**

In addition, the Group had cash and cash equivalents of $274.3m at 30 June 2018.

25. Financial risk management (continued)

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

2018 Financial liabilities	Carrying amount $000	Less than 1 year $000	1 to 2 years $000	2 to 5 years $000	Total $000
Trade and other payables	167,678	167,678	–	–	167,678
Bank borrowings	662,345	2,675	–	659,670	662,345
Total	**830,023**	**170,353**	**–**	**659,670**	**830,023**

2017 Financial liabilities	Carrying amount $000	Less than 1 year $000	1 to 2 years $000	2 to 5 years $000	Total $000
Trade and other payables	97,910	97,910	–	–	97,910
Bank borrowings	260,962	423	2,539	258,000	260,962
Bank overdraft	9,403	9,403	–	–	9,403
Total	**368,275**	**107,736**	**2,539**	**258,000**	**368,275**

Credit risk

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

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

	2018 Carrying amount $000	2017 Carrying amount $000
Americas	107,244	66,187
Asia Pacific	34,927	33,837
EMEA	62,745	9,703
Total	**204,916**	**109,727**

At 30 June 2018, the Group's most significant customer accounted for $28.7 million of the trade debtors and receivables amount.

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

	2018 $000	2017 $000
Neither past due nor impaired	185,682	100,803
Past due 1 to 30 days	17,727	8,448
Past due 31 to 90 days	1,051	410
Over 90 days	456	66
Total	**204,916**	**109,727**

26. Key Management Personnel and Related Party Transactions

Under Australian Accounting Standards, the term Key Management Personnel refers to directors (both non-executive directors and executive directors) and those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Key Management Personnel of the Group during the reporting period until the date of this report are set out below. All Key Management Personnel held their positions for the entire reporting period unless otherwise noted.

Jonathan Munz	Non-executive Chairman
Russell Chenu	Independent Non-Executive Director
Stuart Crosby	Independent Non-Executive Director
Ross Dobinson	Independent Non-Executive Director
Sharon McCrohan	Independent Non-Executive Director (from 27 February 2018)
Heath Sharp	Managing Director and Global Chief Executive Officer
Gerry Bollman	Global Chief Financial Officer

(a) Key Management Personnel compensation

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

	2018 $	2017 $
Short term employee benefits	4,072,737	6,290,011
Post-employment benefits	86,935	65,526
Other long-term statutory benefits	–	23,347
Share based payments	940,548	767,609
Total	**5,100,220**	**7,146,493**

(b) Key Management Personnel transactions in shares and options

The total direct and indirect interests of Key Management Personnel, including their related parties, in the share capital and options of the Company at 30 June 2018 are:

	Shares		Options[1]	
	2018 Number	2017 Number	2018 Number	2017 Number
Jonathan Munz	79,015,152	157,500,000	–	–
Russell Chenu	155,217	60,000	–	–
Stuart Crosby	150,506	100,000	–	–
Ross Dobinson	32,457	20,000	–	–
Sharon McCrohan	–	–	–	–
Heath Sharp	1,204,041	800,000	4,000,000	4,000,000
Gerry Bollman[2]	–	–	1,307,190	1,307,190
Terry Scott[3]	–	640,000	–	–
Total	**80,557,373**	**159,120,000**	**5,307,190**	**5,307,190**

1. Details of Options granted to Key Management Personnel are disclosed in the Remuneration Report.
2. Mr. Bollman has been offered 680,272 restricted shares as detailed in the Remuneration Report.
3. Mr. Scott ceased to be a member of Key Management Personnel on 1 July 2017.

At 30 June 2018, no Key Management Personnel had been offered or held any rights to be awarded shares other than as disclosed above.

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

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

(c) Transactions with other related parties

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

	2018 $000	2017 $000
Amounts recognised as an expense during the period		
Rent and shared services expense	100	100

27. Audit Services

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

	2018 $	2017 $
KPMG Australia		
Audit services	485,000	177,000
Other assurance and non-audit services		
• Due diligence	–	22,500
• Tax services	184,007	79,500
• Other assurance services	–	25,000
• Other services	103,519	15,000
Total remuneration paid to KPMG Australia	772,526	319,000
Overseas KPMG offices		
• Due diligence	–	313,159
• Audit services	20,291	–
• Tax services	64,999	–
• Other services	–	22,722
Total remuneration paid to KPMG overseas	85,290	335,881
Total remuneration to KPMG	**857,816**	**654,881**

28. Deed of cross guarantee

The wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and Directors' reports following the execution of a Deed of Cross Guarantee ("Deed") on 29 June 2016. The Deed complies with the relevant ASIC instrument/class order.

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

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

The subsidiaries who are parties to the Deed are:

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

A consolidated statement of comprehensive income, comprising the Company and controlled entities which are party to the Deed and after eliminating all transactions between those entities, for the year ended 30 June 2018 and a Statement of Financial Position for the same group for entities at balance date are set out below.

Statement of profit or loss and other comprehensive income

	2018 $000	2017 $000
Revenue from sale of goods	225,915	212,811
Cost of sales	(157,477)	(143,875)
Gross profit	**68,438**	**68,936**
Other income	3,947	968
Product development expenses	(4,306)	(4,005)
Selling, warehouse and marketing expense	(17,206)	(15,367)
Administration expense	(14,448)	(13,478)
Other expenses	(119)	(388)
Operating profit	**36,306**	**36,666**
Finance income	42,410	36,227
Finance costs	(10,378)	(4,996)
Net finance costs	**32,032**	**31,231**
Dividend income	4,635	–
Profit before tax	**72,973**	**67,897**
Income tax expense	(23,446)	(19,414)
Profit for the period attributable to the Owners of the Company	**49,527**	**48,483**
Other Comprehensive profit		
Cash flow hedges – effective portion of changes in fair value	(10,767)	–
Total comprehensive profit for the period attributable to the Owners of the Company	**38,760**	**48,483**

28. Deed of cross guarantee (continued)

Statement of financial position at 30 June 2018

	2018 $000	2017 $000
Assets		
Current assets		
Cash and cash equivalents	195,239	15,585
Trade and other receivables	48,944	47,172
Inventories	59,057	52,763
Other current assets	9,079	2,145
Total Current Assets	**312,319**	**117,665**
Non-Current		
Property, plant and equipment	44,206	41,563
Loans receivable	730,141	725,665
Deferred tax assets	7,278	7,912
Goodwill	39,825	39,825
Investment in subsidiaries	1,416,083	515,654
Other intangible assets	1,534	1,429
Total Non-Current Assets	**2,239,067**	**1,332,048**
Total Assets	**2,551,386**	**1,449,713**
Liabilities		
Current liabilities		
Bank overdraft	–	9,400
Trade and other payables	39,965	40,484
Current tax liabilities	294	4,104
Employee benefits	2,849	3,809
Total Current Liabilities	**46,108**	**57,797**
Non-Current Liabilities		
Borrowings	291,000	258,000
Deferred tax liabilities	2,776	3,239
Employee benefits	4,979	4,084
Total Non-Current Liabilities	**298,755**	**265,323**
Total Liabilities	**341,863**	**323,120**
Net Assets	**2,209,523**	**1,126,593**
Equity		
Share capital	2,336,618	1,261,371
Reserves	(171,310)	(163,377)
Retained profits/ (Accumulated losses)	44,215	28,599
Total Equity	**2,209,523**	**1,126,593**

29. Parent entity disclosure

As at, and throughout, the financial year to 30 June 2018 the parent entity of the Group was Reliance Worldwide Corporation Limited.

(a) Result of the parent entity

	2018 $000	2017 $000
Profit /(Loss) for the period	77,853	(4,372)
Other comprehensive income	–	–
Total comprehensive profit/(loss) for the period	**77,853**	**(4,372)**

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

	2018 $000	2017 $000
Assets		
Current Assets	164,077	1,979
Non-Current Assets	2,319,634	1,530,641
Total Assets	**2,483,711**	**1,532,620**
Liabilities		
Current Liabilities	61,979	2,628
Non-Current Liabilities	67,560	297,844
Total Liabilities	**129,539**	**300,472**
Net Assets	**2,354,172**	**1,232,148**
Equity		
Share capital	2,336,618	1,261,371
Reserves	3,667	833
Retained profits /(Accumulated losses)	13,887	(30,056)
Total Equity	**2,354,172**	**1,232,148**

(c) Parent entity contingent liabilities

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

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

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

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

The Company has entered into a Deed of Cross Guarantee with the effect that it guarantees liabilities and obligations in respect of some Australian subsidiaries in certain circumstances. Refer to Note 28.

30. Subsequent events

On 27 August 2018, the Directors resolved to declare a final dividend for the 2018 financial year of 3.0 cents per share. The dividend is fully franked. The aggregate dividend payment amount is $23.7 million. The dividend will be paid to eligible shareholders on 11 October 2018. The Company does not have a dividend reinvestment plan.

Subsequent to 30 June 2018, the Board approved granting up to a further 2,601,000 Rights to nominated eligible executives and employees including the Global Chief Executive Officer ("CEO") under the Equity Incentive Plan. The CEO's grant is subject to shareholder approval which will be sought at the next Annual General Meeting.

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

DIRECTORS' DECLARATION

For the year ended to 30 June 2018

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

(1) the consolidated financial statements and notes set out on pages 37 to 70, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

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

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

(3) there are reasonable grounds to believe that the Company and the Group entities identified in Note 28 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee described in Note 28.

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

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

Signed in accordance with resolution of the Directors.

Jonathan Munz
Chairman

Heath Sharp
Chief Executive Officer and Managing Director

Melbourne

27 August 2018

Independent Auditor's Report

To the shareholders of Reliance Worldwide Corporation Limited

Report on the audit of the Financial Report

Opinion

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

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

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Statement of financial position as at 30 June 2018;
- Consolidated Statement of profit or loss and other comprehensive income, Consolidated Statement of changes in equity and Consolidated Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

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

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

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

Key Audit Matters

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

- acquisition of John Guest Holdings Limited; and
- Valuation of inventory.

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

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

Acquisition of John Guest Holdings Limited ($1,237 million)

Refer to Note 3 Business Combinations to the Financial Report

The key audit matter	How the matter was addressed in our audit
Measurement of intangible assets acquired as part of the John Guest business acquisition is a Key Audit matter due to: • the size of the acquisition (base purchase consideration of $1,237 million); and • the level of judgement required in evaluating the provisional purchase price allocation (PPA) against accounting standards. The Group engaged an external expert to advise on the identification and measurement of intangible assets in connection with the PPA. Significant judgement was required by us in assessing the valuation methodologies applied to these intangible assets, and inputs into the valuations, including forecasted revenues and discount rates. In assessing this key audit matter, we involved senior audit team members, including valuation specialists, who collectively understand the Group's business and the economic environment it operates in.	Our audit procedures included: • reading the sale and purchase agreement to understand the key terms and conditions of the transaction relating to the identification and measurement of intangible assets. • working together with our valuation specialists, we challenged the valuation methodologies and assumptions used in the provisional PPA at it relates to intangible assets. This included: ➢ assessing the methodology applied for consistency with industry practices and criteria in the accounting standards; ➢ comparing certain inputs used by the external expert to external industry examples; ➢ assessing the discount rate applied by the Group using our knowledge of the Group, its industry and publicly available data of comparable entities; ➢ evaluating forecast revenues using historical results of the John Guest business prior to acquisition, published industry trends for the markets in which the John Guest business operates in, and the Group's strategy for the business; and ➢ assessing the competence, objectivity and the scope of the external expert. • assessing the Group's disclosures in respect of the acquisition against the accounting standards.

<table>
<tr><th colspan="2">Valuation of inventory ($203 million)</th></tr>
<tr><td colspan="2">Refer to Note 9 Inventories to the Financial Report.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The valuation of inventory is a key audit matter as a result of:

• the extent of audit effort applied to address the Group’s inventory volumes held across multiple product categories in multiple manufacturing sites. The high volume of manufactured products across multiple regions leads to greater audit effort, as inventory is tested at a regional level.

• certain products where there are readily available competitor products in the market, increasing the risk of inventory net realisable values falling below cost due to market demand / pricing pressures. We focus our audit effort on assessing products at risk of these conditions, including those already identified as slow moving or obsolete.

• the inherent complexities in applying a standard cost of manufacturing to inventories requires additional audit effort in assessing certain products “at risk”.</td><td>Our audit procedures included:

• testing of standard costing methodology and computations, by significant product category, in key regions. This includes checking inputs into the standard costing computation, on a sample basis, to external documentation such as supplier invoices.

• challenging the Group's approach for allocation of overheads within the standard costing computation on a sample basis by:

➢ examining the construct of the standard cost;

➢ evaluating the underlying documentation of the Group’s methodology and inquiring with finance and operational personnel in the Group about the allocation methodology applied; and

➢ comparing the allocation methodology to our understanding of the business and the criteria in the accounting standards.

• understanding the processes the Group undertakes to assess the slow moving and obsolete inventory, including the Group’s consideration of changes in market conditions, and its implications to the valuation of inventory.

• assessing the accuracy of the Group’s expected selling prices to inform our evaluation of the current expected selling prices incorporated into the inventory valuation. We did this by comparing a sample of previously identified slow moving inventories to subsequent sales amounts achieved. This was performed across various products and site categories.

• observing the condition of a sample of inventory at physical inventory counts. We traced the identification from the count to the accounting records as they enter into the inventory valuation.

• challenging the identification of categories of inventory at risk of net realisable value being less than cost using:

➢ our observations of poorer condition inventory from the inventory counts;

➢ the implications to saleability of inventory given</td></tr>
</table>

	our understanding of the changing market conditions from our industry experience; and ➢ comparison against recent sales trends. • testing the Group's value ascribed to inventory, across various product and site categories, where net realisable value is lower than cost. This was performed on a sample basis by comparing the cost per unit in the general ledger with the latest selling price per unit obtained from the: ➢ approved pricing list; or ➢ recent selling prices from transactions subsequent to year end. • assessing the appropriateness of the Group's policies for the valuation of inventory against the requirements of the accounting standards.

Other Information

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

The Other Information we obtained prior to the date of this Auditor's Report was the Directors Report, Remuneration Report, Operating and Financial Review and Financial Highlights. The Chairman's Report and Chief Executive Officer's Report are expected to be made available to us after the date of the Auditor's Report.

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of

the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Reliance Worldwide Corporation Limited for the year ended 30 June 2018 complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report, included in the Directors' Report exclusively within the section labelled "Remuneration Report", for the year ended 30 June 2018.

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

KPMG

KPMG

Paul J McDonald

Paul McDonald

Partner

Melbourne

27 August 2018

The information set out below was applicable at 30 August 2018.

Distribution of Equities – Ordinary Shares

Range	Total holders	Number of shares	% of issued shares
1 – 1,000	1,679	852,262	0.11
1,001 – 5,000	3,565	10,051,357	1.27
5,001 – 10,000	1,976	14,457,372	1.83
10,001 – 100,000	1,924	43,386,763	5.49
100,001 and over	106	721,347,011	91.30
Total	**9,250**	**790,094,765**	**100.00**

The number of shareholders holding less than a marketable parcel of shares was 95.

Largest Shareholders

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

Name	Number of shares held	% of Issued Shares
HSBC Custody Nominees (Australia) Limited	235,541,551	29.81
J P Morgan Nominees Australia Limited	107,708,193	13.63
GSA Custodians Pty Ltd	79,015,152	10.00
Citicorp Nominees Pty Limited	68,188,523	8.63
National Nominees Limited	64,263,541	8.13
BNP Paribas Nominees Pty Ltd	61,879,090	7.83
BNP Paribas Noms Pty Ltd	25,250,542	3.20
Australian Foundation Investment Company Limited	9,810,870	1.24
Citicorp Nominees Pty Limited	6,944,361	0.88
HSBC Custody Nominees (Australia) Limited	5,918,643	0.75
Reliance Employee Share Investments Pty Limited	5,389,834	0.68
HSBC Custody Nominees (Australia) Limited	5,113,712	0.65
AMP Life Limited	4,225,532	0.53
UBS Nominees Pty Ltd	2,973,760	0.38
Sandhurst Trustees Ltd	2,250,660	0.28
Nabe Pty Ltd	2,107,071	0.27
BNP Paribas Nominees Pty Ltd	1,981,678	0.25
HSBC Custody Nominees (Australia) Limited	1,494,387	0.19
Netwealth Investments Limited	1,433,854	0.18
CS Third Nominees Pty Limited	1,329,074	0.17

Substantial Shareholders

The number of shares held by substantial shareholders at 14 September 2018 was:

Name	Number of shares held	%
Bennelong Australian Equity Partners Ltd	96,327,571	12.19
GSA Custodians Pty Ltd <atf GSA Global Unit Trust>	79,015,152	10.00
BNP Paribas Nominees Pty Limited (as custodian for UniSuper Limited)	55,130,743	6.98
Challenger Limited	47,658,571	6.03

Buy-Back

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

Voting rights

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

Shareholder enquiries

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

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

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

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

Change of address

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

Investor information

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

Stock Exchange listing

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

Annual General Meeting

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

CORPORATE DIRECTORY

Board of Directors

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

Company Secretary

Mr. David Neufeld

Registered Office

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

Auditor

KPMG
Tower Two
Collins Square
727 Collins Street
Melbourne Vic 3008

Share Registry

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

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

Stock Exchange Listing

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

Website address

www.rwc.com

RELIANCE WORLDWIDE CORPORATION LIMITED
ACN 610 855 877

www.rwc.com