RUBICON™

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24 September 2021

The Manager
Company Announcements Office
Australian Stock Exchange

Dear Manager

2021 Annual Report

In accordance with the ASX Listing Rules, attached for release to the market is Rubicon Water Limited's 2021 Annual Report.

This announcement is authorised by the Board.

Yours faithfully

Robert Walker
Company Secretary
Rubicon Water Limited

For more information please contact:

Bruce Rodgerson
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2021 Annual Report

RUBICON™

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Annual Report includes the Directors' Report, the Financial Statements and Independent Audit Report for the financial year ended 30 June 2021 lodged with the Australian Securities and Investments Commission and the ASX.

The financial and other information included in this Annual Report is that of Rubicon Systems (Holdings) Pty Limited and its controlled entities as at 30 June 2021. Rubicon Systems (Holdings) Pty Limited was the ultimate parent entity of the Rubicon Group (the Reorganisation) as at 30 June 2021. Subsequent to 30 June 2021 Rubicon Water Limited became the ultimate parent entity of the Group and subsequently listed on the ASX. Because the Reorganisation and Initial Public Offering occurred subsequent to 30 June 2021, the Annual Report does not reflect the capital structure and number of outstanding shares of Rubicon Water Limited upon commencement of trading on the ASX.

CEO and Chairman's Report

Financial Review

The geographic transformation of Rubicon's offerings continues with 70% of our revenue now generated from our international market base. In comparison, during the 2018 financial year, over 70% of Rubicon's revenue was generated in Australia and New Zealand (ANZ). Total revenue increased by 25.8% from the previous year to $81.5m and represents one of Rubicon's strongest periods in recent years. Underlying EBITDA increased to $14.1m, up 91% from the previous period (FY20: $7.4m), with certain projects that were delayed due to COVID-19 having re-commenced. Profit after tax for the year was $8.2m, an increase of $7.2m or 696% from the $1.0m that was reported in FY20.

We are very proud that on 31 August 2021, Rubicon Water Limited (RWL) was admitted to the Official List of the Australian Securities Exchange (ASX). This is a significant milestone in the history of Rubicon and provides us with flexibility and funding to continue our growth as we progress on our global expansion plans.

Market Review

Rubicon's customer base now spans across six continents, with regional operations and support in Australia, New Zealand, the USA, Spain, Italy, Chile, China and India and distribution agents in Mexico, Argentina, Kazakhstan, Romania and Uzbekistan. Our strategy in shifting focus towards localising our capabilities, is continuing to prove successful on multiple fronts. We have expanded into new markets including Argentina, Costa Rica, Kazakhstan and Uzbekistan. From a segment perspective the pandemic has presented delays on project awards in our Rest of World (ROW) segment, which has been offset by increases in revenue flowing out of the ANZ and Asia segments.

Like many businesses navigating the restrictions that the pandemic presented throughout ANZ proved to be challenging, however, we were successful in delivering significant project implementations in Northern Australia. Our team performed exceptionally in delivering this project, having been faced with multiple short channel shutdown periods with 26 FlumeGates being installed and commissioned within a one 5-day window.

Although the timing of tenders and contract awards continues to be a challenge, we are starting to see the bounce back in activity in the Rest of World segment with a number of previously delayed tenders starting to progress. With water scarcity becoming a more significant and increasingly recognised issue, we are seeing more countries allocate resources and develop strategies as a response. These initiatives are continuing to present opportunities for Rubicon.

The South American market had another positive year with first time projects in Argentina and Costa Rica. These outcomes reflect the success of our increased investment in building a strong sales and technical team based in Santiago, Chile. During the year we expanded our presence by opening an additional office in Talca, Chile.

During the year we undertook the installation of our first TCC (Total Channel Control) project in Italy. We see further opportunities as the European Union has announced funding via the NextGenEU COVID-19 recovery grants, which focuses on efficient and sustainable management of water resources. These funds are expected to flow into other key countries including Spain, Portugal and France and are expected to present further opportunities for Rubicon.

Our market entry into Central Asia, included the implementation of our first projects in Kazakhstan and Uzbekistan, which provides a positive outlook of further opportunities from our growing contact base in the region.

In Asia, Rubicon has continued the successful delivery of the flagship NLBC Phase II Modernisation Project in the Indian state of Karnataka. Project implementation benefits are already being realised by both district operators and farmers. As a humbling example, farmers located on the last 7km of the D7 distributary canal received water for the first time since the canal was constructed more than 30 years ago. The project is on track to be completed in early 2022, modernising over 3,000km of channels with more than 4,250 gates and meters installed.

The successful outcomes being realised from the NLBC Modernisation project are increasing our confidence on the uptake of our solutions by governments and irrigation districts throughout other states in India.

On-farm

We have continued our investment in the development of our next generation precision surface irrigation technology. With a staged release of products during calendar years 2021/22 throughout the ANZ and ROW segments. The FarmConnect solution leverages Rubicon's capabilities in remote monitoring and control over IoT (Internet of Things) wireless networks. The solution supports efficient surface irrigation (typically via bays or furrows) using automated control gates/valves and field sensors.

Operational Review

Covid-19

Rubicon has continued to comply with all Government regulations and advice in relation to the Covid-19 pandemic and has robust Business Continuity plans in place. Senior Management has communicated within the business continually to ensure all staff are appropriately informed about the changing environment in which we continue to operate in. Rubicon has implemented a range of measures to minimise the risk of Covid-19 within our business and ensure the wellbeing of its staff, including:

- Implementing plans for office staff to work remotely and increasing social distancing measures in all offices
- Upholding the increase in cleaning of onsite amenities and facilities, including availability of hand sanitiser, and supplying face masks on all sites
- Implementing all government guidelines relating to travel and self-isolation
- Regular communication with employees reinforcing the correct hygiene, self-isolation, social distancing practices and promoting the need to get tested if any symptoms present or close contact with a positive case has been made.
- Focus on employees' mental wellbeing – increased communication about Rubicon's Employee Assistance Program. This service provides confidential and independent counselling, legal and financial consultation, work-life assistance, and crisis intervention that is funded by Rubicon and it is available to all our employees and their family members.
- As the Government expands the rollout of the COVID-19 vaccination program Rubicon is supporting our employees wanting to get the vaccinations during their workday, by offering up to 2 hours of paid time to get each of the COVID-19 vaccinations.

Engineering

Rubicon has continued its R&D and product development program throughout the year with several new products being released, and other products under development for future release. Continued Technical breakthroughs in the fields of flow measurement and control have enabled Rubicon to develop a suite of 218 patents covering our technology across 21 countries.

Following extensive development and field trials, the Rubicon Weather Station has been commercially released offering an all-in-one device that measures rainfall, temperature, humidity, wind speed/direction and atmospheric pressure.

In parallel to the Weather Station, an all-new IoT (Internet of Things) device known as the FerIT was developed and released. This product provides monitoring, control and communication capabilities for compatible devices both on-farm and off-farm. Ongoing software development is underway for the FerIT, to increase the number of devices which it can be interfaced to.

We have developed and released a new wetting-advance sensor to expand our on-farm offerings. This product leverages our FerIT and ultrasonic technology to detect water infiltration during an irrigation and advise the optimal cut-off point.

A new lithium (LiFePO4) technology battery was designed and released. This product will replace the older style Lead Acid (SLA) battery solution currently on offer. The lithium solution offers increased performance in its application coupled with lighter weight for ease of handling and transportation.

The PikoMeter product has been expanded to offer a 300mm sized meter model. This model represents our smallest in the range for outlet pipe applications and is designed to meet the broader needs of our expanding international market.

Manufacturing

As our business continues to shift to international markets, we are actively working to improve our international sourcing and assembly capabilities, while retaining key electronic componentry manufacturing in Australia.

The Ningxia facility in China has expanded production capabilities during the year with the assembly of its first SlipMeter products. While initially utilising components supplied from our Australian facility, the localisation of many components in China will take place on this product over the coming months, to support anticipated demand throughout the market in Asia.

During the year our new Joint Venture assembly facility in India commenced operation. Initially this facility is dedicated to the assembly of PikoMeters to support the NLBC project. The first gate was produced in August 2020 and is now expected to complete the production for the NLBC project in September 2021. This Joint Venture is fully operational and has the capability to assemble other Rubicon products for both the domestic market in India as well as other markets around the world.

CEO and Chairman’s Report **(cont.)**

Software

Rubicon is progressively porting its software suite to a cloud platform and as part of this transition will release a new Water Ordering App and Portal. This will streamline the interface with farmers who are supplied by irrigation authorities using Rubicon’s technology.

During the year the team has provisioned new customer systems in Chile, India, Italy and the USA, while moving our SaaS products into the cloud for enhanced resilience. We achieved a significant milestone with the hiring of our first software engineers in India. The localisation of key resources emphasises our commitment to our customers to strengthen our in market technical support for our solutions.

We would like to extend our gratitude to all the team at Rubicon, their continued dedication and support through the trials of the pandemic has ensured that we have continued to deliver on our customer expectations. I would also like to thank the Board for its support and insight over the past year.

Gordon Dickinson
Chairman

Bruce Rodgerson
CEO

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Directors' Report

The financial and other information included in this Annual Report is that of Rubicon Systems (Holdings) Pty Limited and its controlled entities as at 30 June 2021. Rubicon Systems (Holdings) Pty Limited was the ultimate parent entity of the Rubicon Group as at 30 June 2021. Subsequent to 30 June 2021 Rubicon Water Limited became the ultimate parent entity of the Group and subsequently listed on the Australian Securities Exchange (the ASX). Because the Reorganisation and Initial Public Offering (IPO) occurred subsequent to 30 June 2021, the Annual Report does not reflect the capital structure and number of outstanding shares of Rubicon Water Limited upon commencement of trading on the ASX.

The directors present their report on behalf of Rubicon Water Limited, together with the consolidated financial statements of Rubicon Systems (Holdings) Pty Ltd and its controlled entities (the Group), for the financial year ended 30 June 2021 and the auditor's report thereon.

In order to comply with the provisions of the Corporations Act 2001, the directors report as follows.

Directors

The names and particulars of the directors of Rubicon Systems (Holdings) Pty Ltd at any time during or since the end of the financial year are:

Name	Particulars
Gordon Dickinson	*Chairman, Non-executive Director (appointed on 12 December 2003)* Gordon has over two decades of experience in the financial services industry. His experience includes 10 years at UBS, where he held the position of CEO and Chairman of UBS in Australia and New Zealand. Gordon was awarded the Centenary Medal by the Federal Government in 2001 for services to the financial services industry. He currently runs a family farming business and is the Deputy Chair of the Australian Wool Testing Authority. Gordon has been a shareholder and director of Rubicon since 2003. Gordon holds an Advanced Diploma in Farm Management.
Bruce Rodgerson	*Executive Director and Chief Executive Officer (appointed on 10 December 2003)* Bruce is a founding director and current CEO of Rubicon. Previously, as Operations Manager Bruce was responsible for the establishment of Rubicon's manufacturing and project delivery business units. He also had a significant role as part of Rubicon's marketing and business development team and managed Rubicon's R&D programs. In 2010, Bruce took over from founding Chief Executive David Aughton to lead Rubicon through its next stage of growth. Prior to the establishment of Rubicon in 1995, Bruce spent six years with the Victorian Rural Water Corporation. Bruce has a degree in Civil Engineering from RMIT.

David Aughton

Executive Director (appointed on 29 September 2003)

David has more than 30 years' experience in water irrigation and has been instrumental in bringing reform to the industry, particularly in the area of operations. He was Rubicon's Managing Director from when it was founded in 1995 until 2010.

Prior to this David held senior executive roles with the Rural Water Corporation in Victoria.

David is currently an executive director with Rubicon with responsibilities for business development, strategy and R&D.

David has a degree in Agricultural Engineering (Hons) from the University of Melbourne.

Gino Ciavarella

Executive Director (appointed on 10 December 2003 and resigned on 30 August 2021)

Gino is a founder of Rubicon's business and was previously the General Manager of the Software Products division. In this capacity, he held primary responsibility for the design, implementation and integration of key technologies used to deliver Rubicon's software systems. Gino currently holds the position of Software Solution Architect and continues to participate in the formulation and delivery of software solutions for Rubicon's customers. Gino has a degree in Computer Science from the University of Melbourne.

Anthony Oakes

Non-executive Director (appointed on 10 December 2003 and resigned on 30 August 2021)

Tony is a founder of Rubicon's business and during his time as an executive director his responsibilities included sales and marketing, Total Channel Control® implementation and international development. Tony has 40 years' experience in water system operation and management, computer system modelling and software design and application. Tony has a degree in Agricultural Engineering from the University of Melbourne and a Graduate Diploma of Applied Science (Computer Simulation) from Swinburne University.

John O'Connell AO

Independent Director (appointed on 28 January 2010 and resigned on 21 April 2021)

John was a partner at KPMG for 30 years, specialising in audit and capital markets. He acted as auditor, investigating accountant and accounting adviser to companies operating in manufacturing, transport and logistics, electricity and gas. Jack was a Chair of Rubicon's Audit & Risk Committee.

Philip Harkness

Independent Director (appointed on 12 December 2003 and resigned on 30 August 2021)

Phil is CEO of Mutual Trust and a former partner of global professional services firm Ernst Young where he led the Management Consulting practice for Oceania and was leader of the Strategy practice for Asia Pacific. Phil has over 30 years' experience advising large corporations in both strategic and operational performance improvement across a range of industries in Australia and overseas. Phil has been a shareholder and director of Rubicon since 2003.

Lynda O'Grady

Independent Director (appointed on 11 August 2021)

Lynda has 30 years' experience in IT, telecommunications and media.

Her executive career included roles at Telstra at the Executive/Managing Director level including as Chief of Product; Commercial Director of Australian Consolidated Press, the publishing subsidiary of PBL and General Manager of Alcatel Australia. Lynda served as the inaugural Chairman of the Aged Care Financing Authority and on the board of National Electronic Health Authority.

Currently, Lynda is a non-executive director of Domino's Pizza Enterprises, Wagners Holding Ltd and is a director of Avant Mutual Group and its subsidiaries.

Directorships of listed entities, current and recent (last three years):

Non-executive director of Domino's Pizza Enterprises Ltd (since April 2015); Wagners Holding Company Ltd (since November 2017).

Iven Mareels

Independent Director (appointed on 11 August 2021)

Iven is a Director of the Centre of Applied Research, IBM (A/NZ) and honorary Professor at the University of Melbourne. Prior to this he was the Dean of the Faculty of Engineering and IT at the University of Melbourne 2007-2018.

He is a Fellow of Engineers Australia (EngExec, NER, CPEng), the Institute of Electrical and Electronic Engineers (IEEE, USA), the Federation of Automatic Control (IFAC, Austria) and a Fellow of the Australian Academy of Technology and Engineering - which he also serves as Director/Vice-President Audit & Risk, and a Foreign Fellow of the Royal Flemish Academy of Belgium for Science and the Arts (KVAB, Belgium).

Iven has published widely, he has co-authored over 500 refereed publications, and is a co-inventor on some of the key patents that underpin Rubicon's unique water management technology.

Iven obtained the IR (equivalent to BEME) in Electro-Mechanical Engineering from the University of Gent, Gent Belgium in 1982 and the PhD in Systems Engineering from the Australian National University in 1987.

Meetings of Directors

The number of directors' meetings (including meeting of committees of directors) and number of meetings attended by each of the directors of Rubicon Systems (Holdings) Pty Ltd during the financial year are:

Board Member	Directors' Meetings	Audit Committee Meetings
Gordon Dickinson	6/6	0/2
Bruce Rodgerson	6/6	2/2
David Aughton	6/6	1/2
Gino Ciavarella	6/6	1/2
Anthony Oakes	6/6	1/2
John O'Connell AO	5/5	1/1
Philip Harkness	6/6	0/2
Tony Morganti	2/2	1/1

Company Secretary

The company secretaries for Rubicon Systems (Holdings) Pty Ltd at any time during or since the end of the financial year are:

Les Ganci

Rob Walker appointed on 11 August 2021

Principal Activities

The principal activity of the Group during the year was a provider of specialist operational technology to the water and broader utility market.

Rubicon is a water technology solutions business that designs, manufactures, installs and maintains irrigation automation software and hardware. Rubicon aims to address the issue of global water scarcity by maximising water availability and agricultural productivity through improved irrigation water use efficiency.

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Operating and Financial Review

Operating Results

Rubicon Systems (Holdings) Pty Ltd reported a consolidated net profit after tax, including non-controlling interests, of $8,225,000 for the year ended 30 June 2021. The consolidated result for the year is summarised as follows:

	2021 $'000	2020 $'000
REVENUE	81,529	64,808
UNDERLYING EBITDA	14,126	7,406
UNREALISED FOREIGN EXCHANGE GAINS/(LOSSES)	71	(593)
EBITDA (BEFORE NON-OPERATING ITEMS)[2]	14,197	6,813
EBIT (BEFORE NON-OPERATING ITEMS)[1]	11,735	3,812
NON-OPERATING ITEMS[3]	(681)	(337)
PROFIT AFTER TAX	8,225	1,033
NET OPERATING CASH OUTFLOW	(10,454)	(1,524)
NET ASSETS	49,149	41,395
NET CASH / (DEBT)	(20,736)	(5,745)

[1] EBIT is earnings before non-operating items, finance costs and income tax expense.
[2] EBITDA is EBIT before non-operating items, depreciation and amortisation.
[3] Non-operating items are made up of transaction costs unrelated to the underlying business of the Group.

Note – EBIT, EBITDA and non-operating items are non-IFRS financial measures, which have not been subject to review or audit by the Group's external auditors. These measures are presented to assist understanding of the underlying performance of the Group.

Review of Principal Businesses

Disclosure of information regarding principal business performance and likely developments has been made in the CEO and Chairman's section of this report.

Significant Changes in the State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

Dividends

There were no dividends paid during 2021 financial year.

On 11 August 2021 the board of Rubicon Systems (Holdings) Pty Ltd approved a fully franked pre-IPO dividend of $10,000,000. The dividend was paid on 27 August 2021.

Environmental Regulation (s.299(1)(f))

Group operations are subject to significant environmental regulation under Commonwealth, State and international law, including noise, air emissions and the use, handling, haulage and disposal of dangerous goods and wastes. The Group follows practices that minimise adverse environmental impacts and comply with environmental requirements.

The Board is not aware of any significant breaches during the periods covered by this report nor does it consider the Group is subject to any material environmental liabilities.

National Greenhouse and Energy Reporting Guidelines

The Group's environmental obligations are regulated under both Federal and State law. The Group is not subject to the conditions imposed by the registration and reporting requirements of the *National Greenhouse and Energy Reporting Act 2007*.

Share Options

During the financial year, no options were granted or exercised.

Indemnification and Insurance of Officers

Rubicon Systems (Holdings) Pty Ltd has indemnified and paid premiums to insure each of Rubicon Systems (Holdings) Pty Ltd's directors and executives against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity, other than conduct involving a wilful breach of duty in relation to Rubicon Systems (Holdings) Pty Ltd.

The directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

Auditor

Deloitte Touche Tohmatsu (Deloitte) continues in office in accordance with section 327 of the Corporations Act 2001.

Non-Audit Services

During the year Deloitte, the Group's auditor, has performed certain assurance services in addition to the audit and review of the financial statements.

The directors are satisfied that the provision of these other assurance services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The directors are of the opinion that the services disclosed in note 29 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectively of the auditor.
- None of the services undermine the general principals relating to the auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Details of the amounts paid or payable to the auditor of the Group, Deloitte, and its network firms for all services provided during the year are set out below:

	2021 $
AUDIT AND REVIEW OF FINANCIAL STATEMENTS	309,536
ASSURANCE SERVICES IN RELATION TO INITIAL PUBLIC OFFERING	252,450
TOTAL PAID TO DELOITTE	**561,986**

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 21 and forms part of the Directors' Report for the financial year ended 30 June 2021.

Rounding Off

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Events Subsequent to Reporting Date

On 2 August 2021, the Group executed an amendment to the facility agreement with the Hongkong and Shanghai Banking Corporation Limited ("HSBC"). The new facilities are detailed in the table below.

Facility	Facility limit $m	Termination date	Purpose
Facility A	15.0	2 years from execution	General corporate purposes
Facility B*	15.0	2 years from execution	General corporate purposes and working capital
Facility C	8.0	2 years from execution	General corporate purposes
Facility D*	10.0	3 months from drawdown	Pre-IPO dividend payment
Facility E	1.5	On demand	Facilitating payroll payments processing by third party providers
Facility F	0.4	On demand	Issuance of corporate credit cards
Total new banking facilities	**49.9**		

* Facility B limit will increase to $20.0m upon the repayment of Facility D.

On 11 August 2021 the board of Rubicon Systems (Holdings) Pty Ltd approved a fully franked pre-IPO dividend of $10,000,000. The dividend was paid on 27 August 2021.

On 30 August 2021, Philip Harkness, Gino Ciavarella and Anthony Oakes resigned from the Board of Rubicon Systems (Holdings) Pty Ltd.

Rubicon Water Limited

On 11 August 2021 the Board of Rubicon Water Limited made a grant of shares to certain key employees, excluding the CEO and his direct reports, under the CEO Share Grant. The CEO Share Grant participants will receive an initial grant of $660,000 worth of shares in Rubicon Water Limited. The shares are subject to a requirement to remain employed until a specified vesting date and are subject to further disposal restrictions after vesting. The length of tenure and any disposal restrictions are at the Board of Rubicon Water Limited's discretion and are between 12 and 36 months.

On 11 August 2021 the Board of Rubicon Water Limited made a grant of Performance Rights to members of its executive team. The Performance Rights participants will receive an initial grant of 622,603 Performance Rights. If the appropriate performance milestone is met each Performance Right will be converted to one share in Rubicon Water Limited.

On 11 August 2021 the Board of Rubicon Water Limited made a grant of shares to employees of the Company under the Gift Offer. The Gift Offer participants will receive an initial grant of $192,000 worth of shares in Rubicon Water Limited. The shares will be fully vested at their grant date, but will be subject to a disposal restriction that applies until the earlier of three years from the grant date, or on the cessation of employment.

On 11 August 2021, Iven Mareels and Lynda O'Grady were appointed as Independent Directors and Rob Walker was appointed as a Company Secretary for Rubicon Water Limited.

On 12 August 2021, a prospectus was lodged with the Australian Securities and Exchange Commission with the outcome being to list Rubicon Water Limited on the Australian Securities Exchange. As part of this process on 27 August 2021 all shares in Rubicon Systems (Holdings) Pty Ltd were transferred to Rubicon Water Limited. Existing shareholders received 1.31 shares in Rubicon Water Limited. On 30 August 2021 Rubicon Water Limited issued 40,000,000 shares to new shareholders on settlement of the IPO. The consideration was $1 per share. On 2 September 2021 Rubicon Water Limited commenced trading on the ASX.

While the COVID-19 situation remains concerning, between 30 June 2021 and the date of this report, there have been no material COVID-19 impacts on the operations of the Group. However, due to the fluid nature of this pandemic the Group continues to monitor the dynamic situation and adapt accordingly.

Other than the above, there has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event which would have a material effect on the financial statements of the Group at 30 June 2021.

Remuneration report – audited

The directors of Rubicon Water Limited on behalf of the Group present the Remuneration Report for the Company and its subsidiaries (the Group) for the financial year ended 30 June 2021. Rubicon Systems (Holdings) Pty Ltd was the ultimate parent entity of the Rubicon Group as at 30 June 2021.

Rubicon Water Limited became the ultimate parent entity of the Group (the Reorganisation) and subsequently listed on the Australian Securities Exchange (the ASX) on 2 September 2021. Because the Reorganisation and Initial Public Offering (IPO) occurred subsequent to 30 June 2021, this Report does not reflect the remuneration details of directors of Rubicon Water Limited.

The Report provides information on the remuneration arrangements for the Key Management Personnel (KMP) which comprise non-executive directors as well as executives, including the Chief Executive Officer and the Chief Financial Officer.

The information provided in the Report has been audited as required by section 308(3C) of the Corporations Act 2001.

Remuneration Policy and Governance

The Board is responsible for the Group's remuneration policies and practices. The Nomination and Remuneration Committee's role is to assist the Board in fulfilling its responsibilities for corporate governance and oversight of the Group's remuneration and nomination policies and practices which enable it to attract and retain senior management of the Group (comprising the Chief Executive Officer and such other individuals as the Committee determines from time to time (Senior Management)) and appropriately align their interests with those of key stakeholders. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Board has adopted several corporate governance policies to support a strong governance framework, each of which has been prepared having regard to the ASX Corporate Governance Principles and Recommendations. They include a Diversity Policy, Shareholder Communication Policy, Securities Trading Policy, Whistle-blower Protection Policy and Anti-bribery and Corruption Policy. These policies have been implemented to promote responsible management and conduct.

The Board has determined that the remuneration framework for senior management should comprise the following components:

- fixed remuneration – consisting of base salary and superannuation contributions;
- short-term incentives paid in cash and/or equity instruments; and
- long-term incentives granted in equity (under the Equity Incentive Plan).

The performance objectives of each executive are agreed at the beginning of each fiscal year and recorded in their annual short-term incentive plan (STI). Entitlements to STI payments are based on their achievement relative to those performance objectives. The STI plans are designed to motivate and align executives with the Group's strategic and financial objectives. All incentive payments are at the discretion of the Board.

Non-executive Directors

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees are reviewed annually by the Nomination and Remuneration Committee and reflect the market salary for a position of an individual of comparable responsibility and experience. Non-executive directors' fees do not include any performance-based remuneration.

The maximum aggregated amount of fees that may be paid to the non-executive directors for their services is subject to approval by shareholders at the Annual General Meeting. This cap has been set at $850,000 per annum (inclusive of any superannuation payments). Remuneration for Non-Executive directors during the financial year consists of fixed remuneration, and superannuation contributions.

Executive Key Management Personnel

The Group's remuneration framework is designed to reward Executive KMP for their contribution to the collective performance of the Company and to support the alignment between the remuneration of Executive KMP and shareholder returns.

The executive KMP of the Company are Bruce Rodgerson (CEO) and Jason York (CFO). An employment contract of a KMP does not stipulate a term of employment but does stipulate a notice period for resignation and periods of remuneration and conditions under termination. The Company may summarily terminate KMP's employment contract in certain circumstances, without notice or payment in lieu of notice, for conduct which in the reasonable opinion of the Company, warrants summary dismissal including where the KMP engages in serious misconduct, including an act of theft or dishonesty, negligence, breach of confidentiality, or conduct that causes risk to the Company's reputation, viability or profitability.

Key terms of the employment agreements for the executive KMP are as follows:

Executive KMP	Bruce Rodgerson	Jason York	David Aughton	Gino Ciavarella
Role	CEO	CFO	Executive Director	Executive Director[1]
Terms of Agreement	Permanent employment contract	Permanent employment contract	Permanent employment contract	Permanent employment contract
Notice Period	6 months	3 months	3 months	3 months
Termination benefit	6 months in lieu of notice	3 months in lieu of notice	3 months in lieu of notice	3 months in lieu of notice
Annual base salary (exclusive of superannuation benefits)	$269,951	$270,000	$239,951	$239,951
Other benefits	$25,000 car allowance[2]	Interest free loan	$25,000 car allowance[2]	$25,000 car allowance[2]
Short term incentive (STI)[3]	40% bonus of gross remuneration, subject to satisfactory completion of agreed KPIs.	20% bonus of gross remuneration, subject to satisfactory completion of agreed KPIs.	Nil	Nil
Long term incentive (LTI)[3]	Equity incentive plan	Equity incentive plan	Equity incentive plan	Nil

[1] Gino Ciavarella resigned from the Board on 30 August 2021.
[2] Monetary benefit.
[3] Applicable from 2022 financial year.

Performance conditions linked to remuneration

Remuneration of the Non-executive directors is not linked to the performance of the Company as they are remunerated with set fees and do not receive any performance-based pay. The remuneration level for Executive KMP is based on a number of factors, including skills and qualification, achievement of performance metrics, and demonstrated management capability.

Consequences of performance on shareholder wealth

The Executive KMP have not been awarded short-term performance benefits in the current and comparative reporting period related to the achievement of the annual short-term incentive plan. The following table shows the earnings and dividends of the Group for the last five full financial periods:

	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Revenue	81,529	64,808	75,534	71,301	60,223
EBITDA[1]	14,197	6,813	12,415	11,451	N/A[2]
Profit after tax	8,225	1,033	8,161	8,377	5,237
Dividends paid (cents per share)	-	-	-	-	3.1
Basic earnings (per share)	8.3	1.0	8.2	8.3	5.2

[1] EBITDA is EBIT before non-operating items, depreciation and amortisation.
[2] Information about EBITDA was not disclosed in 2017 Annual Financial Report.

Options and Rights over equity instruments granted

There were no options or rights granted to the KMP during the reporting period.

On 11 August 2021 the Board of Rubicon Water Limited made a grant of performance rights to members of its Executive team. The Performance Rights Grant has been established to incentivise or remunerate the executive Directors and Company's senior management team and are not ordinary course of business remuneration securities. Performance Rights are not listed and may not be traded on any exchange. The Board may determine to make further grants in the future at its discretion. A summary of the Performance Rights granted to KMP in Rubicon Water Limited are:

		Number of performance rights	
Participant	**Role**	**at 30 June 2021**	**From 31 August 2021***
Gordon Dickinson	Non-executive Chairman	-	-
Bruce Rodgerson	CEO and Executive Director	-	134,976
David Aughton	Executive Director	-	119,976
Lynda O'Grady	Independent Director	-	-
Iven Mareels	Independent Director	-	-
Tony Morganti	Independent Director	-	-
Gino Ciavarella	Executive Director	-	-
Jason York	CFO	-	67,500

*The Completion date of the Offer as detailed in the Company prospectus lodged with the ASX on 31 August 2021.

The key features of the Performance Rights Grant in Rubicon Water Limited are outlined below:

Term	Description
Eligibility	Offers may be made at the Board's discretion to the members of the Executive Team (and any other individuals that the Board determines).
Award	The initial award was a single tranche of Performance Rights granted to the relevant Participants, with a vesting period to the release of the Company's FY24 financial results. In aggregate, the Performance Rights Grant Participants received an initial grant of 622,603 Performance Rights at Completion. With respect to any future grant of Performance Rights under the LTIP, the number of Performance Rights to be granted to a Participant will be calculated by reference to the dollar value of the relevant grant divided by the 10-day VWAP of the Shares at the time of the award.
Issue and exercise price	Performance Rights issued under the Performance Rights Grant are issued for nil consideration and have no exercise price.
Vesting and disposal restriction	The Performance Rights vest when applicable performance conditions have been fulfilled, as specified in an invitation. The initial Performance Rights granted will vest in three tranches. **Tranche 1** – representing 40% of the Performance Rights granted Where the Company achieves <10.0% EPS CAGR over the relevant testing period, none of the Performance Rights will vest. Where the Company achieves between 10.0% and 15.0% EPS CAGR over the relevant testing period, the Rights will vest pro rata on a straight-line basis (i.e. 50% of Performance Rights will vest for achieving a 10.0% EPS CAGR and 100% of Performance Rights will vest for achieving a 15.0% or more EPS CAGR). Where the Company achieves >15.0% EPS CAGR over the relevant testing period, all of the Performance Rights will vest. **Tranche 2** – representing 25% of the Performance Rights granted Where the Company achieves a TSR in the bottom third or fourth quartile when compared to the S&P/ASX Small Ordinaries Index (XSO) for the relevant testing period, none of the Performance Rights will vest. Where the Company achieves a TSR in the second quartile when compared to the constituents of the S&P/ASX Small Ordinaries Index (XSO) for the relevant testing period, the Performance Rights will vest pro rata on a straight-line basis (i.e. 50% of Rights will vest if TSR is at the bottom of the second quartile and 100% of Performance Rights will vest if TSR is at the top of the second quartile). Where the Company achieves a TSR in the top quartile when compared to the constituents of the S&P/ASX Small Ordinaries Index (XSO) for the relevant testing period, all of the Performance Rights will vest. **Tranche 3** – 35% of the Performance Rights granted For the initial grants, a Participant's remaining Performance Rights will vest if they remain employed by the Rubicon group at the end of the vesting period. For any subsequent grants, it is intended that Performance Rights will vest in two tranches only (75% EPS CAGR and 25% TSR) although this will be determined and communicated at the relevant time – ie no portion of Performance Rights will be subject to a retention hurdle.

Term	Description
	Calculations relating to the EPS CAGR will be rounded to one decimal place. The Performance Rights issued under the Performance Rights Grant are subject to a 3-year vesting period, with the first vesting of conditions to take place following release of the Company's FY2024 financial results. Subsequent grants of Performance Rights will be subject to the vesting period determined by the Board, and set out in an invitation letter.
Gate	For Tranche 2, the Company's TSR must be positive in order for Performance Rights in that tranche to vest.
Cessation of employment	Subject to the Board's discretion under the LTIP Rules, if a Participant ceases employment with the Group before the Performance Rights have vested, the Participant will forfeit any unvested Performance Rights and unexercised Shares granted under the Performance Rights Grant.
Dividend and voting rights	Performance Rights do not carry voting or dividend rights. Shares issued following the exercise of vested Performance Rights carry voting and dividend rights.
Plan limit	No Shares under the LTIP or the ESP (defined below) may be issued to a Participant if to do so would contravene the Corporations Act, the ASX Listing Rules or any relief or waiver granted by ASIC or the ASX that binds the Company in making any offer under the LTIP or the ESP. The number of Shares which may be granted under the LTIP or the ESP (in aggregate) prior to approval of the LTIP Rules or the ESP Rules by Shareholders following Listing will not exceed 5% of the total issued capital of the Company as at Listing.

Directors' and Key Executive Officers' Remuneration Details for Year Ended 30 June 2021

Details of the nature and amount of each major element of remuneration for each director of the Company, and other key management personnel of the Group, are:

		Short-term employee benefits			Post-employment benefits	Long-term employee benefits	
		Salary & Fees $	Non-monetary $	Subtotal $	Superannuation $	Long Service leave $	Total $
NON-EXECUTIVE DIRECTORS							
Gordon Dickinson	**2021**	**50,000**	**-**	**50,000**	**4,750**	**-**	**54,750**
Chairman	2020	41,667	-	41,667	3,958	-	45,625
Anthony Oakes[1]	**2021**	**89,023**	**-**	**89,023**	**4,750**	**-**	**93,773**
	2020	119,994	-	119,994	5,804	224	126,022
John O'Connell AO[2]	**2021**	**68,750**	**-**	**68,750**	**6,531**	**-**	**75,281**
	2020	68,750	-	68,750	6,531	-	75,281
Phillip Harkness[3]	**2021**	**50,000**	**-**	**50,000**	**4,750**	**-**	**54,750**
	2020	41,667	-	41,667	3,958	-	45,625
Tony Morganti[4]	**2021**	**21,650**	-	21,650	**1,677**	-	**23,327**
	2020	-	-	-	-	-	-
Total Non-Executive	**2021**	**279,423**	**-**	**279,423**	**22,458**	**-**	**301,881**
Directors' Remuneration	2020	272,077	-	272,077	20,252	224	292,553

		Short-term employee benefits			Post-employment benefits	Long-term employee benefits	
		Salary & Fees	Non-monetary	Subtotal	Superannuation	Long Service leave	Total
		$	$	$	$	$	$
EXECUTIVE DIRECTORS							
Bruce Rodgerson[5]	**2021**	**309,279**		**309,279**	**21,694**	**5,170**	**336,143**
Chief Executive Officer	2020	275,857		275,857	21,003	5,610	302,470
David Aughton[5]	**2021**	**282,993**	**15,284**	**298,277**	**21,694**	**4,592**	**324,563**
	2020	262,838	6,324	269,162	21,003	4,608	294,773
Gino Ciavarella[6]	**2021**	**275,033**		**275,033**	**21,694**	**4,592**	**301,319**
	2020	253,858		253,858	21,003	4,608	279,469
Total Executive Directors' Remuneration	**2021**	**867,305**	**15,284**	**882,589**	**65,083**	**14,354**	**962,026**
	2020	792,553	6,324	798,878	63,008	14,826	876,712
EXECUTIVES							
Jason York[7]	**2021**	**266,603**	**4,800**	**271,403**	**21,694**	**4,354**	**297,451**
Chief Financial Officer	2020	260,447	5,370	265,817	20,684	2,642	289,143
Total Executive Officers' Remuneration	**2021**	**266,603**	**4,800**	**271,403**	**21,694**	**4,354**	**297,451**
	2020	260,447	5,370	265,817	20,684	2,642	289,143
Total Directors' and Executive Officers' Remuneration	**2021**	**1,413,331**	**20,084**	**1,433,415**	**109,235**	**18,708**	**1,561,358**
	2020	1,325,078	11,694	1,336,772	103,944	17,692	1,458,408

1. Anthony Oakes resigned on 30 August 2021. He was an executive director of the Company until 19 July 2019. From this date he was a non-executive director. In addition to his non-executive director fees, he earned consulting fees in both 2020 and 2021 financial years.

2. John O'Connell AO resigned on 21 April 2021.

3. Philip Harkness resigned on 30 August 2021.

4. Tony Morganti was appointed on 23 April 2021.
5. Bruce Rodgerson and David Aughton do not receive any fees in their capacity as Directors.
6. Gino Ciavarella resigned from the Board on 30 August 2021.
7. Benefit of interest free loan.

The information disclosed in the table above does not reflect the remuneration details of directors of Rubicon Water Limited following the Reorganisation of the Company. On 11 August 2021, Iven Mareels and Lynda O'Grady were appointed as Independent Directors for Rubicon Water Limited.

Equity instruments

Number of ordinary shares held in Rubicon Systems (Holdings) Pty Ltd, directly, indirectly or beneficially by each Director and executive key management personnel, including their related parties, at the reporting date:

	Number of ordinary shares at reporting date
Gordon Dickinson	16,937,129
Phillip Harkness	8,074,513
Bruce Rodgerson	13,104,426
David Aughton	15,866,600
Gino Ciavarella	14,241,600
Anthony Oakes	15,841,600
John O'Connell AO	25,000
Tony Morganti	-
Jason York	136,363

There was no movement in ordinary shares held by the directors and executive key management personnel during the financial year.

Subsequent to the reporting date, as part of the listing process on the ASX, all shares in Rubicon Systems (Holdings) Pty Ltd were transferred to Rubicon Water Limited on 27 August 2021. Existing shareholders of Rubicon Systems (Holdings) Pty Ltd received 1.31 shares in Rubicon Water Limited for each share that they held in Rubicon Systems (Holdings) Pty Ltd.

Other transactions with key management personnel

(a) Loans to key management personnel

In 2018 financial year, the Company entered into a full-recourse loan agreement with a key management person for the purpose of purchasing shares in the Company. The loan was interest free and gave rise to a non-monetary benefit. The outstanding amount at the reporting date was $100,000 (2020: $100,000). The loan amount is included in total loans to management personnel disclosed in Note 16. The loan was repaid in full on 26 August 2021.

(b) Other transactions with key management personnel

All transactions between the Group and any director or executive key management personnel and their related parties are conducted on the basis of normal commercial trading terms and conditions as agreed upon between the parties as per normal arms-length business transactions.

Details of related party transactions between Directors and the Group are shown below:

Description	2021 $	2020 $
Anthony Oakes - consulting services	39,023	90,533
Tony Morganti – consulting services	4,000	Nil

This report of the directors is made in accordance with a resolution of the Board of Directors made pursuant to s.295(2) of the Corporations Act 2001.

On behalf of the Directors:

Gordon Dickinson

Chairman

Dated on 23 September 2021

Directors' Declaration

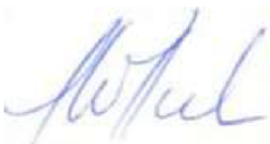
1. The directors declare that in their opinion:
   a. the consolidated financial statements and notes that are set out on pages 36 to 81 and are in accordance with the Corporations Act 2001, including
      i. Giving a true and fair view of the Group's financial position as at 30 June 2021 and its performance for the financial year ended on that date; and
      i. Complying with the Australian Accounting Standards and the Corporations Regulations 2001; and
   b. There are reasonable grounds to believe that Rubicon Systems (Holdings) Pty Ltd will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2021.
3. The directors draw attention to Note 1 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

   At the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

   In the directors' opinion, there are reasonable grounds to believe that the Company and the companies to which ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 applies, as detailed in note 20 to the financial statements will, as a group, be able to meet any liabilities to which they are, or may become, subject because of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors:



Gordon Dickinson

Chairman

Dated on 23 September 2021

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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23 September 2021

The Board of Directors
Rubicon System (Holdings) Pty Ltd
1 Cato Street
HAWTHORN EAST VIC 3123

Dear Directors

Rubicon Systems (Holdings) Pty Ltd

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Rubicon Systems (Holdings) Pty Ltd.

As lead audit partner for the audit of the financial statements of Rubicon System (Holdings) Pty Ltd for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Lefevre

Isabelle Lefevre
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Members of Rubicon Systems (Holdings) Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Rubicon Systems (Holdings) Pty Ltd (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for 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.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Revenue recognition
 	
As at 30 June 2021 Revenue for the Group totals $81.529 million as disclosed in Note 3. The Group performs various long-term contract engineering and service works (Projects). The Group contracts in a variety of ways. Each Project has differing deliverables and risk profiles based on their individual contractual terms.
 	
Significant judgement is required to assess the timing of revenue recognition determined by the Group. A substantial proportion of project revenue is earned over time, typically using costs incurred as a proportion of total forecast costs as a measure of progress.
 	
Estimating total forecast costs to complete during project life is complex and requires judgement. Typical cost estimates include labour, materials and production overheads. Changes to these cost estimates could give rise to variances in the amount of revenue recognised.
	Our procedures included, but were not limited to:
	
	- Evaluating and testing management's review of project margins and cost forecasting.
	
	- Selecting a sample of Projects based on a number of quantitative and qualitative factors related to the size and risk of the Projects.
	
	    ○ Reading relevant contract terms and conditions to evaluate the inclusion of individual characteristics in the Group's estimates.
	
	    ○ Testing the integrity of the schedules supporting the Group's estimates.
	
	    ○ Agreeing the contract price to the underlying contractual arrangements.
	
	    ○ Testing forecast costs for labour, materials and product overheads by comparing to actual incurred spend.
	
	- Testing a sample of incurred costs to supplier invoices or other underlying documentation.
	
	- We also assessed the appropriateness of the disclosures in Note 1 and 3 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Deloitte.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Deloitte.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 23 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Rubicon Systems (Holdings) Pty Ltd, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Isabelle Lefevre
Partner
Chartered Accountants
Melbourne, 23 September 2021

RUBICON™

Consolidated Financial Statements

Consolidated Statement of Profit or Loss

and Other Comprehensive Income - for the year ended 30 June 2021

	NOTE	2021 $'000	2020 $'000
REVENUE	3	**81,529**	64,808
COST OF SALES		**(46,925)**	(35,308)
GROSS PROFIT		**34,604**	29,500
OTHER INCOME	3	**1,642**	1,661
OTHER GAINS AND LOSSES	3	**114**	(628)
DEPRECIATION AND AMORTISATION EXPENSE		**(2,461)**	(3,002)
EMPLOYEE BENEFITS EXPENSE	5	**(17,766)**	(16,237)
PROFESSIONAL FEES		**(3,098)**	(2,897)
TRAVEL COSTS		**(398)**	(940)
OCCUPANCY EXPENSES	15	**(253)**	(115)
ADMINISTRATIVE EXPENSES		**(4,284)**	(3,632)
FINANCE COSTS		**(1,029)**	(1,116)
SHARE OF PROFIT/ (LOSS) FROM A JOINT VENTURE	12	**2,969**	(181)
PROFIT BEFORE INCOME TAX		**10,040**	2,413
INCOME TAX EXPENSE	6	**(1,815)**	(1,380)
TOTAL PROFIT FOR THE YEAR		**8,225**	1,033
PROFIT ATTRIBUTABLE TO:			
OWNERS OF RUBICON SYSTEMS (HOLDINGS) PTY LTD		**8,322**	1,008
NON-CONTROLLING INTEREST		**(97)**	25
		8,225	1,033
OTHER COMPREHENSIVE INCOME			
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:			
EXCHANGE DIFFERENCES ON TRANSLATION OF OVERSEAS SUBSIDIARIES		**(471)**	201
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(471)**	201
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**7,754**	1,234
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
OWNERS OF THE COMPANY		**7,846**	1,205
NON-CONTROLLING INTEREST		**(92)**	29
		7,754	1,234

EARNINGS PER SHARE		CENTS	CENTS
BASIC (CENTS PER SHARE)	7	**8.3**	1.0
DILUTED (CENTS PER SHARE)	7	**8.3**	1.0

The notes on pages 36 to 81 are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

As at June 30, 2021

	NOTE	2021 $'000	2020 $'000
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	8	**9,026**	24,427
TRADE AND OTHER RECEIVABLES	9	**64,484**	41,709
INVENTORIES	10	**17,123**	11,341
CURRENT TAX ASSETS	6	**-**	32
OTHER CURRENT ASSETS	11	**1,707**	714
TOTAL CURRENT ASSETS		**92,340**	78,223
NON-CURRENT ASSETS			
INVESTMENTS – ACCOUNTED FOR USING THE EQUITY METHOD	12	**3,070**	109
INTANGIBLES	13	**391**	-
PROPERTY, PLANT AND EQUIPMENT	14	**6,676**	6,975
RIGHT OF USE ASSETS	15	**2,587**	2,841
DEFERRED TAX ASSETS	6	**4,332**	5,140
OTHER FINANCIAL ASSETS	16	**350**	350
TOTAL NON-CURRENT ASSETS		**17,406**	15,415
TOTAL ASSETS		**109,746**	93,638
CURRENT LIABILITIES			
TRADE AND OTHER PAYABLES	17	**17,403**	8,939
FINANCIAL LIABILITIES	18	**7,195**	4,677
LEASE LIABILITIES	18	**1,040**	1,038
CURRENT TAX LIABILITIES	6	**3,027**	-
PROVISIONS	19	**4,356**	3,611
TOTAL CURRENT LIABILITIES		**33,021**	18,265
NON-CURRENT LIABILITIES			
FINANCIAL LIABILITIES	18	**22,566**	25,495
LEASE LIABILITIES	18	**1,891**	2,213
PROVISIONS	19	**326**	316
DEFERRED TAX LIABILITIES	6	**2,793**	5,954
TOTAL NON-CURRENT LIABILITIES		**27,576**	33,978
TOTAL LIABILITIES		**60,597**	52,243
NET ASSETS		**49,149**	41,395
EQUITY			
ISSUED CAPITAL	22	**1,508**	1,508
RESERVES	22	**(906)**	(430)
RETAINED EARNINGS		**47,931**	39,609
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF RUBICON SYSTEMS (HOLDINGS) PTY LTD		**48,533**	40,687
NON-CONTROLLING INTEREST	28	**616**	708
TOTAL EQUITY		**49,149**	41,395

The notes on pages 36 to 81 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

	SHARE CAPITAL $'000	RETAINED EARNINGS $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	EQUITY SETTLED BENEFITS RESERVE $'000	SUB-TOTAL $'000	NON-CONTROLLING INTEREST $'000	TOTAL EQUITY $'000
BALANCE AT 1 JULY 2019	1,508	37,211	(627)	1,668	39,760	679	40,439
ADJUSTMENT FROM ADOPTION OF AASB 16	-	(278)	-	-	(278)	-	(278)
ADJUSTED BALANCE AT 1 JULY 2019	1,508	36,933	(627)	1,668	39,482	679	40,161
COMPREHENSIVE INCOME							
PROFIT	-	1,008	-	-	1,008	25	1,033
OTHER COMPREHENSIVE INCOME, NET OF TAX	-	-	197	-	197	4	201
TOTAL COMPREHENSIVE INCOME	-	1,008	197	-	1,205	29	1,234
TRANSACTIONS WITH OWNERS OF RUBICON SYSTEMS (HOLDINGS) PTY LTD							
CONTRIBUTIONS AND DISTRIBUTIONS:							
DIVIDENDS PAID	-	-	-	-	-	-	-
EXPIRY OF SHARE BASED PAYMENT OPTIONS	-	1,668	-	(1,668)	-	-	-
TOTAL CONTRIBUTIONS AND DISTRIBUTIONS	-	-	-	-	-	98	98
BALANCE AT 30 JUNE 2020	1,508	39,609	(430)	-	40,687	708	41,395
BALANCE AT 1 JULY 2020	**1,508**	**39,609**	**(430)**	**-**	**40,687**	**708**	**41,395**
COMPREHENSIVE INCOME							
PROFIT	**-**	**8,322**	**-**	**-**	**8,322**	**(97)**	**8,225**
OTHER COMPREHENSIVE INCOME, NET OF TAX	**-**	**-**	**(476)**	**-**	**(476)**	**5**	**(471)**
TOTAL COMPREHENSIVE INCOME	**-**	**8,322**	**(476)**	**-**	**7,846**	**(92)**	**7,754**
TRANSACTIONS WITH OWNERS OF RUBICON SYSTEMS (HOLDINGS) PTY LTD							
CONTRIBUTIONS AND DISTRIBUTIONS:							
DIVIDENDS PAID	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL CONTRIBUTIONS AND DISTRIBUTIONS	**-**	**-**	**-**	**-**	**-**	**-**	**-**
BALANCE AT 30 JUNE 2021	**1,508**	**47,931**	**(906)**	**-**	**48,533**	**616**	**49,149**

The notes on pages 36 to 81 are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2021

	NOTE	2021 $'000	2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS FROM CUSTOMERS		**68,990**	64,620
PAYMENTS TO SUPPLIERS AND EMPLOYEES		**(79,744)**	(64,556)
GRANTS RECEIVED – JOBKEEPER		**2,145**	942
INTEREST RECEIVED		**14**	53
FINANCE COSTS		**(1,155)**	(1,367)
INCOME TAX PAID		**(704)**	(1,216)
NET CASH USED IN OPERATING ACTIVITIES	25 (b)	**(10,454)**	(1,524)
CASH FLOWS FROM INVESTING ACTIVITIES			
PROCEEDS FROM SALE OF NON-CURRENT ASSETS		**77**	77
PURCHASE OF NON-CURRENT ASSETS		**(1,165)**	(941)
INVESTMENT IN ASSOCIATES		**-**	(290)
DEVELOPMENT EXPENDITURE		**(438)**	-
LOAN TO JOINT VENTURE		**(1,343)**	-
NET CASH USED IN INVESTING ACTIVITIES		**(2,869)**	(1,154)
CASH FLOWS FROM FINANCING ACTIVITIES			
PROCEEDS FROM BORROWINGS		**77**	30,071
REPAYMENT OF BORROWINGS		**(3,204)**	(8,207)
REPAYMENT OF LEASE LIABILITIES		**(1,077)**	(865)
NET CASH USED IN FINANCING ACTIVITIES	25 (c)	**(4,204)**	20,999
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(17,527)**	18,321
CASH (NET OF BANK OVERDRAFTS) AT BEGINNING OF FINANCIAL YEAR		**22,812**	4,290
EFFECTS OF EXCHANGE RATE CHANGES		**(465)**	201
CASH (NET OF BANK OVERDRAFTS) AT END OF FINANCIAL YEAR	25 (a)	**4,820**	22,812

The notes on pages 36 to 81 are an integral part of the consolidated financial statements.

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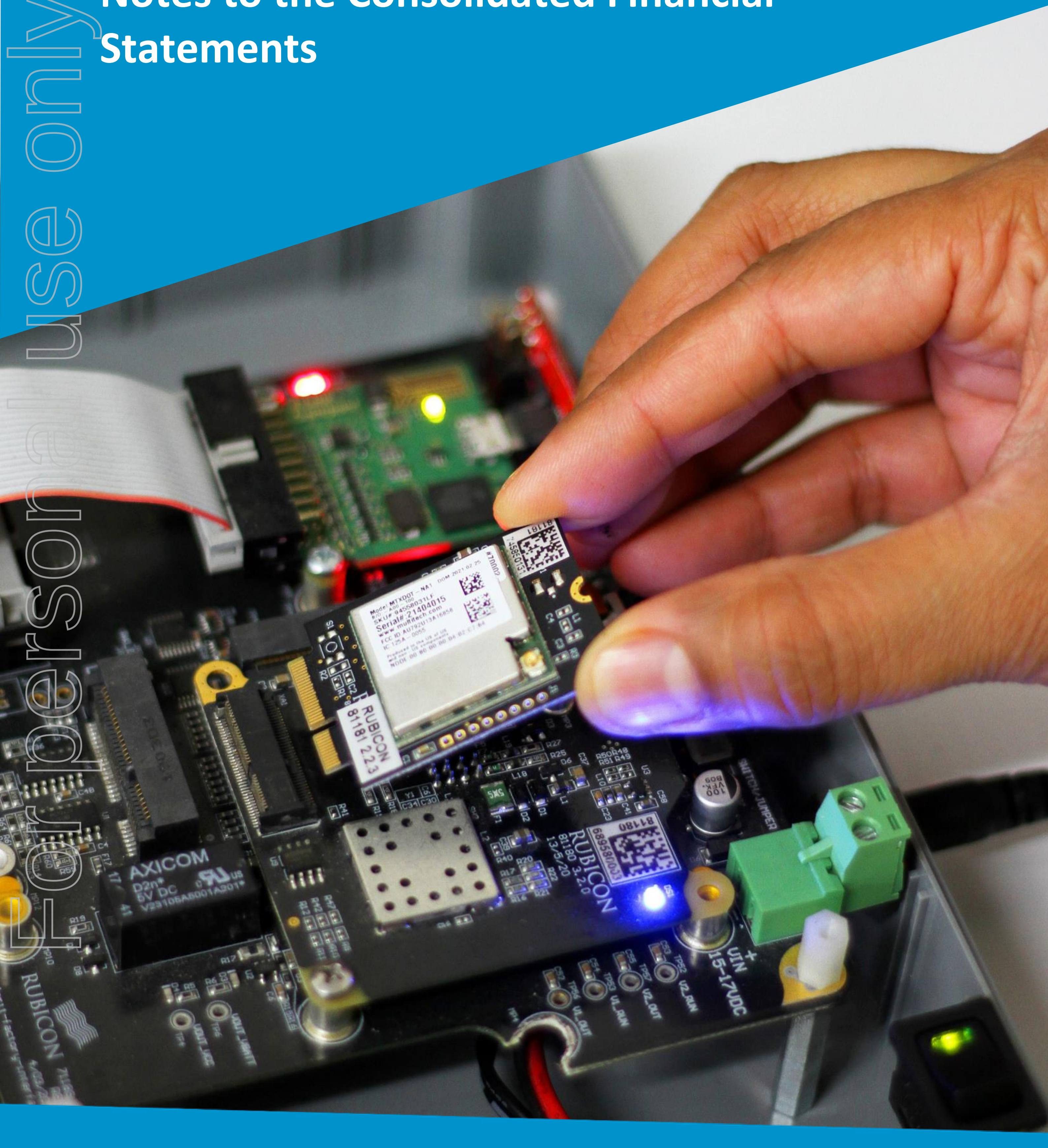
Notes to the Consolidated Financial Statements



Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

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Note 1. Significant Accounting Policies

Except for the changes explained here within, the Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Reporting Entity

Rubicon Systems (Holdings) Pty Ltd is domiciled in Australia. Rubicon Systems (Holdings) Pty Ltd's registered office is at 1 Cato Street, Hawthorn East, Victoria, 3123. These consolidated financial statements comprise Rubicon Systems (Holdings) Pty Ltd and its subsidiaries (collectively 'the Group' and individually 'Group companies'). The Group is a for-profit entity and is involved in the delivery of a diverse range of engineering services and products.

Basis of Accounting

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) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 23 September 2021.

Functional and Presentation Currency

These consolidated financial statements are presented in AUD, which is Rubicon Systems (Holdings) Pty Ltd's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Use of Judgements and Estimates - Assumptions and Estimation Uncertainties

Preparation of the Financial Report requires management to make judgements, estimates and assumptions about future events. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that may have a risk of resulting in a material adjustment in the year ended 30 June 2021 is included in the following notes:

- Note 3 – Revenue and Other Income. Revenue recognised for contracts over time require management to estimate the total cost to complete and the stage of completion to measure progress towards satisfaction of the performance obligations.
- Note 6 – Tax. Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislations, and the directors' understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by taxable authorities in relevant jurisdictions.

- Note 9 – Trade and Other Receivables. The expected credit loss allowances for trade receivables are calculated based on key assumptions that determine the weighted average loss rates and overall loss allowance.
- Note 10 – Inventories. Inventory and WIP values are determined using the net realisable value, where the cost is in excess of this value.
- Note 15 – Leases. The lease term was determined based on whether the Group is reasonably certain to exercise extension options.
- Note 19 – Provision for employees' long service leave entitlements is estimated based on average historical duration of employment and calculated by discounting the present value of future cash outflows. Provision is made for the estimated liability on products under warranty at balance date. This provision is estimated having regard to service warranty experience. Other warranty costs are accrued for as and when the liability arises.

COVID-19 Considerations

Estimation uncertainty in the preparation of financial statements has increased in light of the ongoing Covid-19 pandemic. The primary drivers of that uncertainty are:

- the extent and duration of various restrictive actions taken by governments and their flow-on effects on the Group's trading partners;
- the effectiveness of government measures that have and will be put in place to support businesses and consumers through the changeable conditions, social disruption and expected economic downturn.

The impact of the Covid-19 pandemic is primarily relevant to estimates of future performance which is in turn relevant to the areas of recoverability of receivables, net realisable value of inventory, impairment of non-financial assets (right of use assets, property, plant and equipment) and recoverability of tax losses. In making estimates of future performance, the Group applied significant assumptions and judgements in relation to the potential impact of Covid-19. Actual results may differ from these estimates under different assumptions and conditions.

The Group provides bespoke irrigation systems and services globally, with the majority of revenue now coming from the overseas markets. The markets in which the Group operates have seen varying degrees of government response to the Covid-19 pandemic. Whilst there is a significant uncertainty about the duration of the pandemic and the impacts on business and society, governments of countries in which Rubicon operates have long made a commitment to tackle water scarcity and are dedicated to make continuing investment in this area. Government fiscal and economic stimulus measures are expected to provide temporary albeit essential assistance to businesses to overcome many disruptions caused by the pandemic. The products and services the Group provides and the industry in which it operates continue to be considered essential services, alleviating risks of governments' restrictive measures impacting the Group.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for non-derivative financial instruments at fair value through profit or loss.

Going Concern

The consolidated financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity, and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Significant Accounting Policies

(a) Basis of Consolidation

Non-controlling interests

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the right 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.

Interests in equity-accounted investees

The Group's interest in equity-accounted investees comprise an interest in a joint venture. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transactions costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Impairment

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For assets, other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(c) Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- investments (except on impairment in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the functional currency at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Finance Income and Finance Costs

The Group's finance income and finance costs include:

- Interest income;
- Interest expense;
- The net gain or loss on financial assets at fair value through profit or loss;
- The foreign currency gain or loss on financial assets and financial liabilities; and
- Impairment losses recognised on financial assets (other than trade receivables).

Interest income or expense is recognised using the effective interest method.

(e) Government Grants

Grants that compensate the Group for costs incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

(f) Goods and Services Tax (GST)

Revenues, expenses and non-financial assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g) Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 1(b).

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Occupancy expenses” in profit or loss.

(h) Comparative Figures

As required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(i) Rounding of Amounts

The Group has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191 and accordingly, amounts in the financial statements and Directors’ Report have been rounded off to the nearest thousand dollars (unless otherwise indicated).

(j) New and amended Accounting Standards that are effective for the current year

The Group has adopted the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the “AASB”) that are relevant to its operations and effective for the current reporting period.

New and revised Standards and Interpretations effective for the current reporting period that are relevant to the Group include:

- Covid-19-Related Rent Concessions (Amendment to AASB 16);
- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to AASB 3 Definition of a business; and
- Amendments to AASB 101 and AASB 108 Definition of material.

The new standards adopted did not have a material impact to the Group.

(k) New and revised Accounting Standards in issue but not yet effective

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 17 Insurance Contracts;
- Amendments to AASB 10 and AASB 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to AASB 3 Reference to the Conceptual Framework;
- Amendments to AASB 116 Property, Plant and Equipment – Proceeds before intended use; and
- Amendments to AASB 137 Onerous Contracts – Cost of Fulfilling a Contract.

Note 2. Controlled Entities

	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	PERCENTAGE OWNED 2021	PERCENTAGE OWNED 2020
RUBICON SYSTEMS AUSTRALIA PTY LTD (I), (II)	Manufacture and sale of specialist operational technology to the water and broader utility markets within Australia	Australia	100%	100%
RUBICON SERVICES PTY LTD (I), (II)	Dormant	Australia	100%	100%
RUBICON RESEARCH PTY LTD (I), (II)	Intellectual property holder	Australia	100%	100%
RUBICON GLOBAL PTY LTD (I), (II)	Retail of Rubicon technology to international markets	Australia	100%	100%
RUBICON SYSTEMS AMERICA INCORPORATED	Retail of Rubicon technology in North America	United States of America	100%	100%
RUBICON WATER SYSTEMS (TIANJIN) CO. LTD.	Retail of Rubicon technology in the broader Chinese market	Republic of China	100%	100%
RUBICON WATER SYSTEMS (BEIJING) CO. LTD.	Dormant	Republic of China	100%	100%
RUBICON SYSTEMS NEW ZEALAND LIMITED	Retail of Rubicon technology in New Zealand	New Zealand	100%	100%
RETICULA PTY LTD (I), (II)	Holding company	Australia	100%	100%
RETIC WATER PTY LTD (I), (II)	Dormant	Australia	100%	100%
BENDIGO PIPE PTY LTD (I), (II)	Dormant	Australia	100%	100%
RUBICON WATER S.L.U	Retail of Rubicon technology in Europe	Spain	100%	100%
RUBICON WATER CHILE SPA	Retail of Rubicon technology in South America	Chile	100%	100%
GANSU TSINGHUA RUBICON WATER TECHNOLOGY CO. LTD.	Retail of Rubicon technology in Gansu, China	Republic of China	50%	50%
NINGXIA RUBICON WATER EQUIPMENT CO. LTD.	Assembly and retail of Rubicon technology in Ningxia, China	Republic of China	50%	50%
RUBICON WATER INDIA PTY LTD (I), (II)	Holding company	Australia	100%	100%
RUBICON EQUIPMENT INDIA PRIVATE LIMITED	Retail of Rubicon technology in India	India	100%	100%
RUBICON WATER COSTA RICA, S.A	Retail of Rubicon technology in Costa Rica	Costa Rica	100%	-

The parent, ultimate holding company and head entity of the Australian tax consolidated group is Rubicon Systems (Holdings) Pty Ltd.

(I) Part of the Australian tax consolidated group.

(II) These wholly-owned subsidiaries have entered into a deed of cross guarantee with Rubicon Systems (Holdings) Pty Ltd pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 and are relieved from the requirement to prepare and lodge audited financial reports. Additional information about the deed of cross guarantee including a consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the deed, can be found in Note 23.

Note 3. Revenue and Other Income

	2021 $'000	2020 $'000
SALES REVENUE		
SALES OF GOODS AND ENGINEERING SERVICES CONTRACTS	**81,529**	64,808
OTHER INCOME		
INTEREST RECEIVED	**14**	53
GOVERNMENT GRANTS – JOBKEEPER AUSTRALIA	**1,478**	1,552
GOVERNMENT GRANTS – OTHER	**66**	43
OTHER	**84**	13
TOTAL OTHER INCOME	**1,642**	1,661
OTHER GAINS AND LOSSES		
UNREALISED FOREIGN EXCHANGE GAINS / (LOSSES)	**71**	(593)
GAIN / (LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	**43**	(35)
TOTAL OTHER GAINS AND LOSSES	**114**	(628)

Revenue Recognition from Contracts with Customers

AASB 15: *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

A five-step model had been applied to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:

- Over time, in a manner that depicts the entity's performance; or
- At a point in time, when control of the goods or services is transferred to the customer.

Set out below is the disaggregation of the Group's revenue from contracts with customers as well as the remaining performance obligations relating to those contracts:

2021

	Revenue Recognition	Sales Revenue $'000	Remaining performance obligations $'000	Remaining Contract duration
HARDWARE	Over time	70,370	12,239	Up to 2 years
SOFTWARE	Point in time	187	373	Up to 2 years
SOFTWARE MAINTENANCE AND SUPPORT	Over time	5,369	2,547	Up to 5 years
OTHER COMPONENTS AND SUPPORT	Point in time	5,603	-	
TOTAL SALES REVENUE		**81,529**	**15,159**	

2020

	Revenue Recognition	Sales Revenue $'000	Remaining performance obligations $'000	Remaining Contract duration
HARDWARE	Over time	54,192	65,077	Up to 2 years
SOFTWARE	Point in time	154	365	Up to 2 years
SOFTWARE MAINTENANCE AND SUPPORT	Over time	4,654	3,667	Up to 5 years
OTHER COMPONENTS AND SUPPORT	Point in time	5,808	-	-
TOTAL SALES REVENUE		**64,808**	**69,109**	

The length of contract duration varies depending on the scale and complexity of each project.

Revenue streams

The Group engages in the sale of gravity-fed irrigation solutions. This includes the design, manufacture, installation and maintenance of irrigation automation software and hardware. Rubicon aims to address the issue of global water scarcity by maximising water availability and agricultural productivity through improved irrigation water use efficiency.

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies.

(a) Construction contracts

The Group is involved in the design and manufacture of bespoke gravity-fed irrigation solutions, often referred to as hardware. Revenue and associated costs are recognised over time (i.e. before the goods are delivered to the customers' premises). Progress is determined based on the input method.

Variable consideration

Contracts may include performance bonuses or penalties assessed against the timeliness and/or quality of work completed or other performance related KPIs. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved. The Group periodically reviews contracts when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance.

Sale of goods

Whilst hardware products are often made to order, the Group also provides other solutions, including software, which it either sells independently or in combination with the hardware components. Revenue is recognised when a customer obtains control of the goods.

(b) Rendering of services

The Group performs maintenance and software support services to the irrigation industry. Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on surveys of work performed.

Note 4. Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Operating Decision Maker in assessing performance and determining the allocation of resources. The Chief Operation Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The Chief Operating Decision Maker determined that its operating segments comprise the geographic regions of:

- ANZ – which includes Australia and New Zealand;
- Asia – which includes China and India;
- ROW (Rest of World) – which includes USA, Latin America, Europe and any other geographies not included in ANZ or Asia.

These geographic segments are based on the Group's management reports and the way management views the business.

The principal activities of each segment are to provide specialist operational technology to the water and broader utility markets.

Basis of Reporting

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1. Segment Underlying EBITDA represents the earnings before depreciation, amortisation, interest, taxes, unrealised foreign exchange gains/losses and certain other significant items earned by each segment. Underlying EBITDA presented below is consistent with the measure reported to the Chief Executive Officer for the purpose of resource allocation and assessment of segment performance.
Information related to Segment assets and liabilities is not provided to the Chief Executive Officer and accordingly has not been disclosed.

Information about major customers

Included in revenue arising from the Asia segment are revenues of approximately 31% of total sales (2020: 0%) which arose from sales to the Group's largest customer which is also a joint venture and related party (see Note 27). In 2021, another customer in the Asia segment contributed revenue of 10% of total sales (2020: 30%). Included in revenue arising from ANZ segment are revenues from the Group's second largest customer comprising approximately 11% of total sales (2020: 15%). No other single customer contributed 10% or more to the total sales in either 2021 and 2020.

Revenues from major products and services

The Group's revenue from its major products and services are disclosed in Note 3.

Geographic segment revenue and results

2021

	ANZ $'000	ASIA $'000	ROW $'000	TOTAL $'000
REVENUE	**26,500**	**41,120**	**13,909**	**81,529**
UNDERLYING EBITDA	4,932	11,150	(1,939)	14,126
UNREALISED FOREIGN EXCHANGE GAINS / (LOSSES)				71
EBITDA				**14,197**
RECONCILIATION OF SEGMENT EBITDA TO GROUP NET PROFIT/(LOSS) BEFORE TAX:				
DEPRECIATION AND AMORTISATION				(2,461)
NET FINANCE COSTS				(1,014)
SIGNIFICANT ITEMS*				(682)
NET PROFIT / (LOSS) BEFORE TAX				**10,040**

2020

	ANZ $'000	ASIA $'000	ROW $'000	TOTAL $'000
REVENUE	**20,739**	**26,978**	**17,091**	**64,808**
UNDERLYING EBITDA	3,479	3,351	576	7,406
UNREALISED FOREIGN EXCHANGE GAINS / (LOSSES)				(593)
EBITDA				**6,813**
RECONCILIATION OF SEGMENT EBITDA TO GROUP NET PROFIT/(LOSS) BEFORE TAX:				
DEPRECIATION AND AMORTISATION				(3,002)
NET FINANCE COSTS				(1,063)
SIGNIFICANT ITEMS*				(335)
NET PROFIT / (LOSS) BEFORE TAX				**2,413**

*Significant items are made up of transaction costs unrelated to the underlying business of the Group.

Note 5. Employee Benefits Expenses

	2021 $'000	2020 $'000
EMPLOYEE BENEFITS EXPENSE		
WAGES AND SALARIES	**14,578**	12,685
ANNUAL & LONG SERVICE LEAVE EXPENSE	**1,039**	950
TERMINATION COSTS	**6**	138
DEFINED CONTRIBUTION PLAN	**999**	937
OTHER EMPLOYEE BENEFITS	**1,144**	1,527
TOTAL EMPLOYEE BENEFITS EXPENSE	**17,766**	16,237

Note 6. Tax

Tax Consolidation

Rubicon Systems (Holdings) Pty Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities/assets and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 31 October 2007. The tax consolidated group has entered into a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity. Income tax expense/benefit comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or OCI.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

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. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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 date. The measurement of deferred tax reflects the tax consequences that would follow from 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 only if certain criteria are met.

	2021 **$'000**	2020 $'000
CURRENT		
INCOME TAX PAYABLE/(REFUNDABLE)	**3,027**	**(32)**

	2021 **$'000**	2020 $'000
(A) THE COMPONENTS OF TAX EXPENSE COMPRISE:		
CURRENT INCOME TAX EXPENSE / (BENEFIT)		
- CURRENT INCOME TAX EXPENSE / (BENEFIT)	**4,381**	934
- ADJUSTMENT FOR PRIOR YEARS	**(23)**	(83)
DEFERRED INCOME TAX EXPENSE / (BENEFIT)		
- ORIGINATION AND REVERSAL OF TEMPORARY DIFFERENCES	**(2,529)**	399
- ADJUSTMENT FOR PRIOR YEARS	**(14)**	130
INCOME TAX EXPENSE REPORTED IN THE STATEMENT OF PROFIT OR LOSS AND OCI	**1,815**	1,380
(B) A RECONCILIATION BETWEEN TAX EXPENSE AND THE PRODUCT OF ACCOUNTING PROFIT BEFORE INCOME TAX MULTIPLIED BY THE GROUP'S APPLICABLE INCOME TAX RATE IS AS FOLLOWS:		
ACCOUNTING PROFIT BEFORE TAX	**10,040**	2,413
AT THE COMPANY'S STATUTORY DOMESTIC INCOME TAX RATE OF 30% (2020: 30%)	**3,012**	724
ADD / (LESS) TAX EFFECT OF:		
- RESEARCH AND DEVELOPMENT INCENTIVE	**(128)**	(145)
- FOREIGN TAX RATE ADJUSTMENT	**(365)**	37
- NON-ALLOWABLE ITEMS	**(2)**	34
- ADJUSTMENT FOR PRIOR YEARS	**(37)**	47
- CURRENT YEAR TAX LOSSES NOT RECOGNISED	**477**	641
- UTILISATION OF TAX LOSSES NOT PREVIOUSLY RECOGNISED	**(837)**	-
- SHARE OF JOINT VENTURE PROFIT AFTER TAX	**(630)**	-
- OTHER	**325**	42
INCOME TAX EXPENSE	**1,815**	1,380

2021	Net Opening Balance $'000	Adjustment for prior years $'000	(Credited) / Charged to Income $'000	CLOSING BALANCE **Net $'000**	**Deferred Tax Assets $'000**	**Deferred Tax Liabilities $'000**
NON-CURRENT						
DEFERRED TAX ASSETS (LIABILITIES):						
ACCOUNTS RECEIVABLE	3	-	(2)	1	1	-
INTANGIBLE ASSETS	102	-	(104)	(2)	(2)	-
INVENTORIES	228	504*	88	820	820	-
DEFERRED INCOME	(5,856)	-	3,162	(2,694)	-	(2,694)
PROPERTY, PLANT AND EQUIPMENT	(98)	-	(1)	(99)	-	(99)
PROVISIONS	1,225	-	241	1,466	1,466	-
ACCRUALS	361	-	146	507	507	-
BORROWINGS	20	-	(10)	10	10	-
TRADE PAYABLES	139	-	137	276	276	-
OTHER	165	-	382	547	547	-
LEASES	74	-	21	95	95	-
TAX LOSSES CARRIED FORWARD	2,823	(490)**	(1,721)	612	612	-
DEFERRED TAX ASSETS (LIABILITIES)	**(814)**	**14**	**2,339**	**1,539**	**4,332**	**(2,793)**

2020	Net Opening Balance $'000	(Credited) / Charged to Income $'000	Recognised in Equity $'000	Other $'000	CLOSING BALANCE **Net $'000**	**Deferred Tax Assets $'000**	**Deferred Tax Liabilities $'000**
NON-CURRENT							
DEFERRED TAX ASSETS (LIABILITIES):							
ACCOUNTS RECEIVABLE	-	3	-	-	3	3	-
INTANGIBLE ASSETS	139	(37)	-	-	102	102	-
INVENTORIES	185	43	-	-	228	227	-
DEFERRED INCOME	(4,452)	(1,404)	-	-	(5,856)	-	(5,856)
PROPERTY, PLANT AND EQUIPMENT	(99)	1	-	-	(98)	-	(98)
PROVISIONS	1,198	27	-	-	1,225	1,224	-
ACCRUALS	996	(635)	-	-	361	361	-
BORROWINGS	30	(10)	-	-	20	20	-
TRADE PAYABLES	112	27	-	-	139	139	-
OTHER	(22)	187	-	-	165	166	-
LEASES	-	19	55	-	74	75	-
TAX LOSSES CARRIED FORWARD	1,603	1,250	-	(30)	2,823	2,823	-
DEFERRED TAX ASSETS (LIABILITIES)	**(310)**	**(529)**	**55**	**(30)**	**(814)**	**5,140**	**(5,954)**

*Relates to deferred tax in respect of unrealised profits on internal sales of inventories not previously recognised.
**Relates to deferred tax assets previously recognised in respect of tax credits not recoverable.

Note 7. Earnings Per Share

EARNINGS PER SHARE	CENTS	CENTS
BASIC (CENTS PER SHARE)	**8.3**	1.0
DILUTED (CENTS PER SHARE)	**8.3**	1.0

Basic earnings per share is calculated by dividing the following profit attributable to ordinary shareholders of Rubicon Systems (Holdings) Pty Ltd, by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share is calculated by dividing the following profit attributable to ordinary shareholders of Rubicon Systems (Holdings) Pty Ltd by the weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares.

	2021 **$'000**	2020 $'000
PROFIT USED IN THE CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	**8,322**	1,008

	NUMBER	NUMBER
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED IN CALCULATING BASIC EARNINGS PER SHARE	**100,000,100**	100,000,100
WEIGHTED AVERAGE NUMBER OF DILUTED OPTIONS	**-**	-
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED IN CALCULATING DILUTIVE EARNINGS PER SHARE	**100,000,100**	100,000,100

Note 8. Cash

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, where the Group does not have the legal right and the intention to settle on a net basis, are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

	2021 $'000	2020 $'000
CASH AT BANK	7,431	4,647
DEPOSITS AT CALL	1,595	19,780
TOTAL CASH AND CASH EQUIVALENTS	**9,026**	24,427

Note 9. Trade and Other Receivables

	2021 $'000	2020 $'000
TRADE RECEIVABLES		
CURRENT		
TRADE RECEIVABLES	46,933	14,748
PROVISION FOR IMPAIRMENT OF RECEIVABLES	(573)	(779)
TOTAL TRADE RECEIVABLES	**46,360**	13,969
OTHER RECEIVABLES		
CURRENT		
OTHER DEBTORS	22	318
LOAN TO JOINT VENTURE	1,343	-
ACCRUED INCOME*	16,759	27,422
TOTAL OTHER RECEIVABLES	**18,124**	14,287
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	**64,484**	41,709

*Accrued Income relates to construction contract revenue recognised but not yet billed.

Expected Credit Loss Provision for Impairment of Receivables

The Group applies the AASB 9 simplified approach when calculating its expected credit loss provisions. This allows the recognition of lifetime expected credit losses at all times. The provision is reassessed when there is a significant change in credit risk. These amounts have been included in the provision for impairment of accounts receivable.

Credit risk exposures are segmented by geographic region. Expected credit loss rate is calculated for each segment based on delinquency status and actual historical credit loss experience, where applicable. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The following tables provide information about the days past due for trade receivables from customers:

	2021 $'000	2020 $'000
CURRENT*	**41,747**	10,119
0 – 30 DAYS PAST DUE	**73**	2,467
31 – 60 DAYS PAST DUE	**428**	606
61+ DAYS PAST DUE	**4,685**	1,556
PROVISION FOR IMPAIRMENT OF RECEIVABLES	**(573)**	(779)
TRADE RECEIVABLES	**46,360**	13,969

*Current receivables include all amounts not yet contractually due.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2021 $'000	2020 $'000
BALANCE AT 1 JULY	**779**	811
AMOUNTS WRITTEN OFF	**-**	-
NET REMEASUREMENT OF LOSS ALLOWANCE	**(206)**	(32)
BALANCE AT 30 JUNE	**573**	779

Note 10. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of finished goods includes direct materials, direct labour and an appropriate portion of variable and fixed overheads included in bringing them to their existing location and condition. Costs are assigned on the basis of weighted average costs.

	2021 $'000	2020 $'000
CURRENT		
AT LOWER OF COST OR NET REALISABLE VALUE:*		
- RAW MATERIALS	**13,326**	7,558
- FINISHED GOODS	**3,480**	3,472
AT COST:		
- WORK IN PROGRESS	**317**	311
TOTAL INVENTORIES	**17,123**	11,341

*The Group has completed a comprehensive review of the carrying amount of inventory. As a result of the review, inventory was impaired by $169,000 (2020: $137,000).

Note 11. Other Current Assets

	2021 $'000	2020 $'000
CURRENT		
PREPAYMENTS	**556**	391
OTHER	**1,151**	323
TOTAL OTHER CURRENT ASSETS	**1,707**	714

Note 12. Investments - accounted for using the equity method

The Group has a 50% interest in Medha Rubicon Water Technologies Pvt Ltd (MRWTPL). MRWTPL is a joint venture formed with Medha Servo Drives Private Limited, a company domiciled in India. The company assembles and supplies Rubicon products to the Indian market. The Group's interest in MRWTPL is accounted for using the equity method in the consolidated financial statements. The accounting policies of the joint venture, which have been applied in determining the financial information shown below, are the same as those applied by the Group.

Summarised statement of financial position of MRWTPL:

	2021 $'000	2020 $'000
CURRENT ASSETS	**40,276**	690
NON-CURRENT ASSETS	**1,906**	1,917
CURRENT LIABILITIES	**(34,850)**	(1,032)
NON-CURRENT LIABILITIES	**(1,192)**	(1,357)
EQUITY	**6,140**	218
GROUP'S SHARE IN EQUITY - 50%	**3,070**	109
GROUP'S CARRYING AMOUNT OF THE INVESTMENT	**3,070**	109

Summarised statement of profit or loss and other comprehensive income of MRWTPL:

	2021 $000	2020 $000
REVENUE	**36,053**	-
EXPENSES	**(28,886)**	(361)
PROFIT / (LOSS) BEFORE TAX	**7,167**	(361)
TAX EXPENSE	**(1,116)**	-
PROFIT / (LOSS) FOR THE YEAR	**6,051**	**(361)**
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	**(113)**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**5,938**	**(361)**
GROUP'S SHARE OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,969**	(181)

Note 13. Intangibles

All intangible assets recognised by the Group relate solely to product development. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which is disclosed below. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure 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 profit or loss as incurred.

All intangible assets recognised by the Group as at 30 June 2021 have finite useful lives.

Development Costs

COST	2021 $'000	2020 $'000
OPENING BALANCE	-	-
ADDITIONS FROM INTERNAL DEVELOPMENT	438	-
BALANCE AT 30 JUNE	**438**	**-**

AMORTISATION		
OPENING BALANCE	-	-
AMORTISATION CHARGE	(47)	-
BALANCE AT 30 JUNE	**(47)**	**-**

CARRYING AMOUNT		
OPENING BALANCE	-	-
BALANCE AT 30 JUNE	**391**	**-**

The amortisation period for development costs incurred on the Group's product development is five years.

Note 14. Property, Plant, and Equipment

Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent Expenditure

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

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line or diminishing returns method over their estimated useful lives, and is generally recognised in profit or loss. Leasehold improvement assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.
The useful lives used for each class of depreciable assets are:

Class of Property, Plant and Equipment	Useful Life (years)
Buildings	25
Leasehold improvements	3-10
Plant & Equipment	4-20
Furniture and Fittings	5-13
Motor Vehicles	3-5
Computer equipment	4

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

	2021 $'000	2020 $'000
LAND AND BUILDINGS		
- AT COST	**3,900**	3,900
- ACCUMULATED DEPRECIATION	**(1,162)**	(1,067)
TOTAL LAND AND BUILDINGS	**2,738**	2,833
PLANT AND EQUIPMENT		
PLANT AND EQUIPMENT:		
- AT COST	**14,167**	13,762
- ACCUMULATED DEPRECIATION	**(12,644)**	(11,879)
TOTAL PLANT AND EQUIPMENT	**1,523**	1,883
MOTOR VEHICLES:		
- AT COST	**4,229**	3,897
- ACCUMULATED DEPRECIATION	**(3,098)**	(2,975)
TOTAL MOTOR VEHICLES	**1,131**	922
LEASEHOLD IMPROVEMENTS:		
- AT COST	**1,979**	1,931
- ACCUMULATED DEPRECIATION	**(695)**	(594)
TOTAL LEASEHOLD IMPROVEMENTS	**1,284**	1,337
TOTAL PROPERTY, PLANT AND EQUIPMENT	**6,676**	6,975

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	LAND AND BUILDINGS $'000	PLANT AND EQUIPMENT $'000	MOTOR VEHICLES $'000	LEASEHOLD IMPROVEMENTS $'000	TOTAL $'000
BALANCE AT 1 JULY 2019	2,929	2,739	1,371	1,127	8,166
ADDITIONS	-	507	126	304	937
DISPOSALS	-	(59)	(52)	-	(111)
TRANSFER BETWEEN ASSET CLASSES	-	(34)	-	34	-
NET FOREIGN EXCAHNGE MOVEMENT	-	(11)	(28)	-	(39)
DEPRECIATION EXPENSE	(96)	(1,259)	(495)	(128)	(1,978)
BALANCE AT 30 JUNE 2020	2,833	1,883	922	1,337	6,975
ADDITIONS	**-**	**474**	**625**	**45**	**1,144**
DISPOSALS	**-**	**(7)**	**(26)**	**-**	**(33)**
TRANSFER BETWEEN ASSET CLASSES	**-**	**(7)**	**7**	**-**	**-**
NET FOREIGN EXCHANGE MOVEMENT	**-**	**-**	**(25)**	**4**	**(21)**
DEPRECIATION EXPENSE	**(95)**	**(820)**	**(372)**	**(102)**	**(1,389)**
BALANCE AT 30 JUNE 2021	**2,738**	**1,523**	**1,131**	**1,284**	**6,676**

Note 15. Leases

The majority of leases relate to the rental of premises in Australia, China, New Zealand, Spain, Chile and the USA.

The carrying value of right-of-use assets is presented below:

COST	2021 $'000	2020 $'000
OPENING BALANCE	3,865	-
INITIAL ADOPTION OF AASB 16	-	3,352
ADDITIONS	871	497
FOREIGN EXCHANGE TRANSLATION	(36)	21
DERECOGNITION OF RIGHT-OF-USE ASSETS	(64)	(5)
CLOSING BALANCE	**4,636**	**3,865**

ACCUMULATED DEPRECIATION		
OPENING BALANCE	(1,024)	-
DEPRECIATION FOR THE PERIOD	(1,025)	(1,024)
CLOSING BALANCE	**(2,049)**	**(1,024)**

NET BOOK VALUE		
OPENING BALANCE	2,841	-
CLOSING BALANCE	**2,587**	**2,841**

Amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income:

	2021 $'000	2020 $'000
DEPRECIATION EXPENSE ON RIGHT-OF-USE ASSETS	1,025	1,024
INTEREST EXPENSE ON LEASE LIABILITIES	95	122
OCCUPANCY EXPENSES		
EXPENSES RELATING TO SHORT TERM OR LOW VALUE LEASES	230	85
OCCUPANCY EXPENSES	23	30
TOTAL OCCUPANCY EXPENSES	**253**	**115**

Note 16. Other Financial Assets

	2021 $'000	2020 $'000
NON-CURRENT		
LOANS TO MANAGEMENT PERSONNEL	**350**	350
	350	350

Loans were extended to a number of management personnel during the 2018 financial year. The loans are interest free and were for an initial three-year period. During 2021 the loan terms were amended and the interest free period was extended for a further two years. Any remaining loans after the end of the fifth anniversary year will attract a nominal interest rate. Loans are not for a fixed term and are full recourse.

Note 17. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability if expected to be settled within 12 months.

	2021 $'000	2020 $'000
CURRENT		
UNSECURED LIABILITIES:		
TRADE PAYABLES	**8,882**	3,846
SUNDRY PAYABLES AND ACCRUED EXPENSES	**5,703**	3,664
DEFERRED INCOME	**2,818**	1,429
TOTAL TRADE AND OTHER PAYABLES	**17,403**	8,939

Note 18. Financial Liabilities

Non-Derivative Financial Liabilities – Measurement

Non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Non-Derivative Financial Liabilities – Recognition and Derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial liabilities are initially recognised on the trade date, when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Financial liabilities are offset, and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

	2021 **$'000**	2020 $'000
CURRENT		
SECURED LIABILITIES:		
BANK OVERDRAFTS	**4,206**	1,615
BANK LOANS	**2,875**	2,875
CHATTEL MORTGAGE	**114**	187
	7,195	4,677
LEASE LIABILITIES	**1,040**	1,038
TOTAL CURRENT LIABILITIES	**8,235**	5,715
NON-CURRENT		
SECURED LIABILITIES:		
BANK LOANS	**22,498**	25,373
CHATTEL MORTGAGE	**68**	122
	22,566	25,495
LEASE LIABILITIES	**1,891**	2,213
TOTAL NON-CURRENT LIABILITIES	**24,457**	27,708

(a) Collateral Provided

Bank facility

A three-year $38,000,000 senior secured facility with HSBC was entered into in June 2019. The bank facility is secured against the Australian assets of the Group. The senior secured facility comprised a combination of loan facilities (total of $30,000,000) as well as a revolving multi-option facility ($8,000,000) to be used for bank guarantees, letters of credits, performance bonds, credit cards and overdrafts.

In accordance with the terms of the facility agreement the Group made two $1,500,000 loan repayments in FY21. Accordingly, at the reporting date the facility limit was reduced to $33,500,000 (2020: $36,500,000).

At reporting date, the Group had drawn $29,706,000 of the facility and held cash balances of $9,026,000 (2020: $24,427,000).

On 2 August 2021, The Group executed an amendment to the facility agreement with HSBC. The new facilities are detailed in Note 31.

The difference between drawn amounts stated above and the carrying amount of bank loans and overdrafts at 30 June 2021 and 30 June 2020 relates to the impact of facility establishment fees which are initially deducted from the carrying amount and unwound over the life of the facilities using the effective interest method.

Chattel Mortgage

Chattel Mortgages are secured over the underlying asset.

Defaults and breaches

There were no defaults or breaches during the year ended 30 June 2021 on any of the HSBC facilities.

Lease liabilities

Lease liabilities are secured by underlying leased assets.

(b) Debt Facilities and Credit Standby Arrangements

A summary of the Group's loan facilities is provided in the table below:

	2021 **$'000**	2020 $'000
CREDIT FACILITIES	**33,830**	37,547
FACILITY UTILISED:		
BANK LOANS AND OVERDRAFTS	**(29,706)**	(30,115)
CHATTEL MORTGAGE (ANZ ONLY)	**(64)**	(200)
OTHER (BANK GUARANTEES AND BUSINESS CREDIT CARDS)	**(326)**	(343)
UNUSED CREDIT FACILITIES	**3,734**	6,889

Note 19. Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Employee Benefits

A provision has been recognised for employee entitlements including long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

Other Provisions

Other provisions relate to various categories including provisions for warranty costs and other costs required to be incurred under contractual obligations.

	2021 **$'000**	2020 $'000
CURRENT		
EMPLOYEE BENEFITS	**4,127**	3,382
OTHER	**229**	229
	4,356	3,611
NON-CURRENT		
EMPLOYEE BENEFITS	**326**	316
	326	316

Note 20. Capital Commitments

Collaborative Research Commitments

	2021 **$'000**	2020 $'000
PAYABLE:		
- NOT LONGER THAN ONE YEAR	**-**	500
- LONGER THAN ONE YEAR BUT NO LONGER THAN TWO YEARS	**-**	-
	-	500

The collaborative research commitments are for synergic research into the application and operations of modernised irrigation infrastructure in the Gansu province and more broadly China.

Note 21. Contingent Liabilities

Bank guarantees of $326,431 have been provided by banks for various contracts undertaken (2020: $343,123). There are no other contingent liabilities.

Note 22. Issued Capital and Reserves

Share Capital

	2021 $'000	2020 $'000
100,000,100 (2020: 100,000,100) FULLY PAID ORDINARY SHARES	**1,508**	1,508

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with AASB 112: *Income Taxes*.

	2021 NO.	2020 NO.
AT BEGINNING OF REPORTING PERIOD	**100,000,100**	100,000,100
SHARES ISSUED DURING THE YEAR	**-**	-
AT REPORTING DATE	**100,000,100**	100,000,100

Ordinary shares are eligible to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares on issue.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Nature and Purpose of Reserves

Foreign currency translation reserve

	2021 $'000	2020 $'000
BALANCE AT BEGINNING OF REPORTING PERIOD	**(430)**	(627)
CHARGE TO OTHER COMPREHENSIVE INCOME	**(476)**	197
BALANCE AT END OF FINANCIAL YEAR	**(906)**	(430)

The foreign currency translation reserve records exchange differences arising on translation of overseas subsidiaries.

Equity settled benefits reserve

	2021 $'000	2020 $'000
BALANCE AT BEGINNING OF REPORTING PERIOD	**-**	1,668
TRANSFER TO RETAINED EARNINGS	-	(1,668)
BALANCE AT END OF FINANCIAL YEAR	**-**	-

Dividends

No dividends were paid during the year nor provided for at the reporting date (2020: Nil).

	2021 $'000	2020 $'000
(A) DIVIDENDS		
INTERIM DIVIDEND: NIL (2020: NIL)	-	-
FINAL DIVIDEND: NIL (2020: NIL)	-	-
BALANCE AT END OF FINANCIAL YEAR	**-**	-
(B) FRANKING CREDIT BALANCE		
AMOUNT OF FRANKING CREDITS AVAILABLE TO SHAREHOLDERS OF RUBICON SYSTEMS (HOLDINGS) PTY LTD FOR SUBSEQUENT FINANCIAL YEARS ARE: FRANKING ACCOUNT BALANCE AS AT THE END OF THE FINANCIAL YEAR AT 30% TAX RATE (2020: 30%)	**11,545**	11,888

Note 23. Deed of Cross Guarantee

Pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* 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.

It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that each company which is party to the deed 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 that the Company is wound up.

The subsidiaries subject to the Deed are:

- RUBICON SYSTEMS (HOLDINGS) PTY LTD
- RUBICON SYSTEMS AUSTRALIA PTY LTD
- RUBICON SERVICES PTY LTD
- RUBICON RESEARCH PTY LTD
- RUBICON GLOBAL PTY LTD
- RETIC WATER PTY LTD
- BENDIGO PIPE PTY LTD
- RETICULA PTY LTD

A consolidated statement of profit and loss and comprehensive income and consolidated statement of financial position, comprising the Company and those controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2021 are set out as follows:

Statement of profit or loss and other comprehensive income and retained earnings

	2021 $'000	2020 $'000
REVENUE	**69,657**	57,603
COST OF SALES	**(43,005)**	(35,051)
GROSS PROFIT	**26,652**	22,552
OTHER GAINS AND LOSSES	**1,526**	1,622
DEPRECIATION	**(1,342)**	(1,916)
EMPLOYEE BENEFITS EXPENSE	**(13,254)**	(11,466)
PROFESSIONAL FEES	**(2,284)**	(2,207)
TRAVEL COSTS	**(74)**	(461)
OCCUPANCY EXPENSES	**(18)**	(25)
ADMINISTRATIVE EXPENSES	**(3,752)**	(2,826)
FINANCE COSTS	**(955)**	(1,040)
PROFIT / (LOSS) BEFORE INCOME TAX	**6,499**	4,233
INCOME TAX EXPENSE	**(1,946)**	(1,132)
TOTAL PROFIT / (LOSS) FOR THE YEAR	**4,553**	3,101
OTHER COMPREHENSIVE INCOME		
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:		
EXCHANGE DIFFERENCES ON TRANSLATION OF OVERSEAS SUBSIDIARIES		
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR, NET OF TAX	**-**	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	**4,553**	3,101
RETAINED EARNINGS AT BEGINNING OF YEAR	**47,967**	43,326
AASB 16 ADJUSTMENT	**-**	(128)
DIVIDENDS RECOGNISED DURING THE YEAR	**-**	-
RECLASSIFICATION FROM RESERVES	**-**	1,668
RETAINED EARNINGS AT END OF YEAR	**52,520**	47,967
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:		
OWNERS OF THE COMPANY	**4,553**	3,101
NON-CONTROLLING INTEREST	**-**	-
	4,553	3,101

Statement of financial position

	2021 $'000	2020 $'000
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	**6,942**	20,169
TRADE AND OTHER RECEIVABLES	**78,974**	55,836
INVENTORIES	**8,795**	5,954
CURRENT TAX ASSET	**-**	341
OTHER CURRENT ASSETS	**1,180**	153
TOTAL CURRENT ASSETS	**95,891**	82,453
NON-CURRENT ASSETS		
INVESTMENTS	**6,358**	5,825
PROPERTY, PLANT AND EQUIPMENT	**5,699**	5,885
RIGHT OF USE ASSET	**1,039**	1,394
DEFERRED TAX ASSETS	**2,885**	3,847
OTHER FINANCIAL ASSETS	**350**	350
TOTAL NON-CURRENT ASSETS	**16,331**	17,301
TOTAL ASSETS	**112,222**	99,754
CURRENT LIABILITIES		
TRADE AND OTHER PAYABLES	**16,609**	9,143
FINANCIAL LIABILITIES	**7,145**	4,625
LEASE LIABILITY	**387**	380
CURRENT TAX LIABILITIES	**3,740**	-
PROVISIONS	**3,917**	3,257
TOTAL CURRENT LIABILITIES	**31,798**	17,405
NON-CURRENT LIABILITIES		
PROVISIONS	**326**	316
LEASE LIABILITIES	**878**	1,265
FINANCIAL LIABILITIES	**22,498**	25,437
DEFERRED TAX LIABILITIES	**2,694**	5,856
TOTAL NON-CURRENT LIABILITIES	**26,396**	32,874
TOTAL LIABILITIES	**58,194**	50,279
NET ASSETS	**54,028**	49,475
EQUITY		
ISSUED CAPITAL	**1,508**	1,508
RESERVES	**-**	-
RETAINED EARNINGS	**52,520**	47,967
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**54,028**	49,475
NON-CONTROLLING INTEREST	**-**	-
TOTAL EQUITY	**54,028**	49,475

Note 24. Parent Entity Disclosure

(a) Financial Position of Parent Entity at year end

	2021 $'000	2020 $'000
ASSETS		
CURRENT ASSETS	**6,184**	4,206
NON-CURRENT ASSETS	**3,256**	5,096
TOTAL ASSETS	**9,440**	9,302
LIABILITIES		
CURRENT LIABILITIES	**3,741**	128
NON-CURRENT LIABILITIES	**2,695**	6,170
TOTAL LIABILITIES	**6,436**	6,298
NET ASSETS	**3,004**	3,004
EQUITY		
ISSUED CAPITAL	**1,508**	1,508
EQUITY SETTLED BENEFITS RESERVE	**-**	-
RETAINED EARNINGS	**1,496**	1,496
TOTAL EQUITY	**3,004**	3,004

(b) Results of Parent Entity

	2021 $'000	2020 $'000
PROFIT FOR THE YEAR	**-**	-
OTHER COMPREHENSIVE INCOME	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	-

(c) Changes in Equity

	2021 $'000	2020 $'000
OPENING BALANCE	**1,496**	(172)
PROFIT / (LOSS) FOR THE YEAR	**-**	-
TRANSFER OF RESERVES TO RETAINED EARNINGS	**-**	1,668
OTHER COMPREHENSIVE INCOME	**-**	-
CLOSING BALANCE	**1,496**	1,496

Parent Entity Guarantees in respect of the debts of its subsidiaries

The parent entity acts as guarantor for debt facilities. Details of these facilities can be found in Note 18(b) – Financial Liabilities.

All Australian wholly-owned subsidiaries have entered into a deed of cross guarantee with Rubicon Systems (Holdings) Pty Ltd pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

(d) Parent entity Contingent Liabilities

At 30 June 2021, the parent entity has no significant contingent liabilities (2020: Nil).

(e) Parent Entity Capital Commitments for acquisition of property, plant and equipment

At 30 June 2021, the parent entity had not entered into any contractual commitments for the acquisition of property, plant and equipment and other intangible assets (2020: Nil).

Note 25. Cash Flow Information

(a) Reconciliation of Cash at End of Financial Year

	NOTE	2021 $'000	2020 $'000
CASH AND CASH EQUIVALENTS	8	**9,026**	24,427
BANK OVERDRAFTS	18	**(4,206)**	(1,615)
CASH (NET OF BANK OVERDRAFTS) AT END OF FINANCIAL YEAR		**4,820**	22,812

(b) Reconciliation of Cash Flow from Operating Activities with Profit after Income Tax

	2021 $'000	2020 $'000
PROFIT AFTER INCOME TAX	**8,225**	1,033
ADJUSTMENTS FOR NON-CASH ITEMS:		
- DEPRECIATION	**2,414**	3,002
- AMORTISATION	**47**	-
- UNREALISED FOREIGN EXCHANGE GAINS / (LOSSES)	**71**	(593)
- IMPAIRMENT OF INVENTORY	**168**	137
- IMPAIRMENT OF ACCOUNTS RECEIVABLE	**(206)**	(32)
- NET FINANCE COSTS	**1,014**	1,063
- SHARE OF PROFIT/(LOSS) OF EQUITY ACCOUNTED INVESTEE'S, NET OF TAX	**(2,969)**	181
- INCOME TAX EXPENSE	**1,815**	1,380
- (GAIN) / LOSS ON SALE OF PROPERTY, PLANT AND EQUIPMENT	**(43)**	35
CHANGES IN:		
- (INCREASE) / DECREASE IN TRADE AND OTHER RECEIVABLES	**(21,225)**	(4,484)
- (INCREASE) / DECREASE IN PREPAYMENTS	**(1,104)**	(312)
- (INCREASE) / DECREASE IN INVENTORIES	**(6,014)**	1,011
- INCREASE / (DECREASE) IN TRADE PAYABLES AND ACCRUALS	**8,442**	(1,306)
- INCREASE / (DECREASE) IN PROVISIONS	**756**	(109)
CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	**(8,609)**	1,006
- NET INTEREST PAID	**(1,141)**	(1,314)
- INCOME TAXES PAID	**(704)**	(1,216)
CASH FLOW PROVIDED BY / (USED IN) OPERATIONS	**(10,454)**	(1,524)

(c) Reconciliation of liabilities arising from financing activities

The change in the Group's liabilities (excluding overdrafts) arising from financing activities can be classified as follows:

2021

	LOANS AND BORROWINGS $'000	LEASE LIABILITIES $'000	TOTAL $'000
BALANCE AT 1 JULY 2020	28,557	3,251	**31,808**
CHANGES FROM FINANCING CASH FLOWS:			
CASH OUTFLOW	(3,204)	(1,077)	**(4,281)**
CASH INFLOW	77	-	**77**
			(4,204)
NON-CASH CHANGES:			
ACQUISITIONS	-	870	**870**
VARIATIONS	-	(39)	**(39)**
FOREIGN EXCHANGE MOVEMENT	-	(74)	**(74)**
NET ESTABLISHMENT FEE AMORTISATION FOR PERIOD	126	-	**126**
BALANCE AT 30 JUNE 2021	**25,556**	**2,931**	**28,487**

2020

	LOANS AND BORROWINGS $'000	LEASE LIABILITIES $'000	TOTAL $'000
BALANCE AT 1 JULY 2019	6,947	-	6,947
ADOPTION OF AASB 16	-	3,685	3,685
REVISED 1 JULY 2019	6,947	3,685	10,632
CHANGES FROM FINANCING CASH FLOWS:			
CASH OUTFLOW	(8,207)	(865)	(9,072)
CASH INFLOW	30,071	-	30,071
			20,999
NON-CASH CHANGES:			
ACQUISITIONS	-	397	397
FOREIGN EXCHANGE MOVEMENT	-	34	34
REMAINING AMORTISATION BALANCE	(254)	-	(254)
BALANCE AT 30 JUNE 2020	28,557	3,251	31,808

Note 26. Financial Risk Management

The Group's financial instruments consist mainly of accounts receivable and payable, loans from external parties and leases.

	NOTE	2021 $'000	2020 $'000
FINANCIAL ASSETS			
CASH AND CASH EQUIVALENTS	8	**9,026**	24,427
TRADE AND OTHER RECEIVABLES	9	**64,484**	41,709
		73,510	66,136
FINANCIAL LIABILITIES			
TRADE AND OTHER PAYABALES	17	**17,403**	8,939
BORROWINGS	18	**29,761**	30,172
LEASE LIABILITY	18	**2,931**	3,251
		50,095	42,362

Treasury Risk Management

Management, consisting of senior executives of the Group, discusses and monitors financial risk exposure and evaluates treasury management strategies in the context of current economic conditions and forecasts. Management's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Management operates under the supervision of members of the Board of Directors. Risk management transactions are approved by senior management personnel.

Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, currency risk, liquidity risk and credit risk. The Company's Audit Committee has overall responsibility for the establishment and oversight of the Group's risk management framework, and is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Interest Rate Risk

Exposure to interest rate risk arises on financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. Currently the Group's operations are financed using a mixture of fixed and floating rate debt. The Group is not currently entered into any interest rate swaps to fix its floating rate debt. The variable interest rate borrowings expose the Group to interest rate risk which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

	NOTE	2021 $'000	2020 $'000
FLOATING RATE INSTRUMENTS			
BANK OVERDRAFTS	18	**4,206**	1,615
BANK LOANS	18	**25,373**	28,248
		29,579	29,863

(b) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages this risk through the following mechanisms:

- Preparing forecast cash flow analysis in relation to its operational, investing and financing activities;
- Monitoring undrawn credit facilities;
- Obtaining funding from a variety of sources;
- Managing credit risk related to financial assets; and
- Monitoring the maturity profile of financial liabilities.

The following table reflects an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflect management's expectations as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The following table includes both principal and estimated interest cash flows.

Financial Liability Maturity Analysis

	Within 1 Year		1 to 3 years		3 plus years		Total Contractual Cash Flows	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000	**2021 $'000**	2020 $'000	**2021 $'000**	2020 $'000
FINANCIAL LIABILITIES DUE FOR PAYMENT								
BANK OVERDRAFTS	**4,393**	1,802	**-**	-	**-**	-	**4,393**	1,802
BANK LOANS	**3,389**	3,410	**22,498**	25,888	**-**	-	**25,887**	29,298
TRADE AND OTHER PAYABLES	**17,403**	8,939	**-**	-	**-**	-	**17,403**	8,939
CHATTEL MORTGAGE	**119**	200	**42**	126	**34**	-	**195**	326
LEASE LIABILITIES	**1,113**	1,133	**1,681**	1,615	**274**	698	**3,068**	3,446
	26,417	15,484	**24,221**	27,629	**308**	698	**50,946**	43,811

Other than changes in chattel mortgages, all other changes in the Group's liabilities arising from financing activities are disclosed in the Consolidated Statement of Cash Flows.

(c) Currency Risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the AUD functional currency of the Group. The majority of financial liabilities and assets of the Group are denominated in the functional currency of the operational location. These are Australian Dollar, American Dollar, Chinese Renminbi, Chilean Peso, New Zealand Dollar, Euro and Indian Rupee.

(d) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

Credit risk is managed through the maintenance of procedures (such procedures include monitoring of exposures, payment cycles and monitoring of the financial stability of significant customers and counter parties) ensuring to the extent possible, that customers and counter-parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms differ between each key business but are generally 30 to 60 days from end of month.

Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counter-party, then risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default. The Group has established procedures to ensure Personal Property Securities Act 2009 (Cth) registration is performed for all relevant assets.

Of the trade receivables balance at the end of the year, 48% of the total trade receivables balance (2020: NIL) is due from the Group's largest customer, which is also a related party and joint venture, outlined in Note 27. 23% of the trade receivable balance is from the Group's next largest customer (2020: 39%). Apart from these customers, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparty other than those mentioned above did not exceed 10 per cent of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Consolidated Statement of Financial Position.

On a geographical basis the Group has significant credit risk exposures both in Australia and overseas. Details with respect of the credit risk of Trade and Other Receivables can be found in Note 9. Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 9 – Trade and Other Receivables. Balances held with banks are with AA rated financial institutions, details of these holdings can be found in Note 8 – Cash and Cash Equivalents.

Net Fair Values

Fair Value Estimation

The fair values of financial assets and financial liabilities are the same as the carrying values as presented in the Statement of Financial Position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. The carrying value of the Group's financial instruments do not materially differ from their fair value.

Sensitivity analysis

(a) Interest Rate Risk and Currency Risk

The following tables illustrate sensitivities to the Group's exposures to changes in interest rates and foreign currency exchange rates. The tables indicate the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

(b) Interest Rate Sensitivity Analysis

The effect on earnings and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	100 Basis Points Increase		100 Basis Points Decrease	
	2021 **$'000**	2020 $'000	**2021** **$'000**	2020 $'000
IMPACT ON:				
CHANGE IN EARNINGS	**(304)**	(228)	**304**	228
CHANGE IN EQUITY	**(304)**	(228)	**304**	228

(c) Currency Risk Sensitivity Analysis

As at 30 June 2021 a movement in the AUD would impact the earnings and equity as detailed in the table below:

	5% INCREASE		5% DECREASE	
	2021 **$'000**	2020 $'000	**2021** **$'000**	2020 $'000
IMPACT ON:				
CHANGE IN EARNINGS	**(211)**	129	**211**	(129)
CHANGE IN EQUITY	**(292)**	205	**292**	(205)

The Group does not currently hedge against foreign exchange movements in net assets of its overseas subsidiaries.

Capital Management

Management monitors the capital of the Group in an effort to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations. The Group's debt and capital includes ordinary shares and financial liabilities. The gearing ratios as at 30 June 2021 and 2020 are as follows:

	2021 **$'000**	2020 $'000
TOTAL BORROWINGS	**29,761**	30,172
CASH AND CASH EQUIVALENTS	**(9,026)**	(24,427)
NET DEBT / (CASH)	**20,735**	5,745
TOTAL EQUITY	**49,149**	41,395
GEARING RATIO	**42%**	14%

Note 27. Related Party Transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Medha Rubicon Water Technologies Pvt Ltd ("MRWTPL") is a joint venture and a related party of the Group. The Group's investment in MRWTPL is not consolidated and is accounted for using the equity method as outlined in notes 1 and 12. Sales of goods to MRWTPL were made at the Group's usual list prices. There were no purchases from MRWTPL during the year.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by MRWTPL.

Transactions between the Group and MRWTPL are disclosed below.

Trading transactions

During the year, Group entities entered into the following transactions with the joint venture who is not a member of the Group:

	Sale of goods	
	2021	2020
	$'000	$'000
JOINT VENTURE	**24,957**	-

The following amounts were outstanding at the reporting date:

	Amounts owed by related parties for the sale of goods	
	2021	2020
	$'000	$'000
JOINT VENTURE	**21,940**	-

Loan to Joint Venture

The below amount was advanced to MRWTPL and is repayable on demand. The loan is classified as a current asset in the Group's financial statements.

	2021	2020
	$'000	$'000
LOAN TO JOINT VENTURE	**1,343**	-

Transactions with Key Management Personnel

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of the past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

Key Management Personnel Compensation

Details of the nature and amount of compensation of directors and executives of Rubicon Systems (Holdings) Pty Ltd, and other key management personnel of the Group, are:

	2021 **$**	2020 $
SHORT-TERM EMPLOYEE BENEFITS	**1,433,415**	1,336,772
POST-EMPLOYMENT BENEFITS	**109,235**	103,944
OTHER LONG-TERM BENEFITS	**18,708**	17,692
TOTAL DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION	**1,561,358**	1,458,408

Compensation of the Group's key management personnel includes salaries, incentives and post-employment benefits.

Key Management Personnel Transactions

The Group did not transact with any member of the key management personnel during the 2021 financial year. In previous reporting periods loans have been extended to some of the key management personnel, details of which can be found in Note 16.

Note 28. Non-Controlling Interest

	2021 $'000	2020 $'000
BALANCE AT THE BEGINNING OF THE REPORTING PERIOD	**708**	679
SHARE OF PROFIT FOR THE YEAR	**(97)**	25
SHARE OF OTHER COMPREHENSIVE INCOME FOR THE YEAR	**5**	4
BALANCE AT THE END OF THE REPORTING PERIOD	**616**	708

Note 29. Auditor's Remuneration

	2021 $	2020 $
DELOITTE AND RELATED NETWORK FIRMS		
AUDIT OR REVIEW OF FINANCIAL REPORTS		
- GROUP – AUDIT	**152,050**	108,776
- GROUP – HALF YEAR REVIEW	**87,136**	85,500
- OFFSHORE SUBSIDIARIES AND JOINT OPERATIONS	**70,350**	28,522
	309,536	222,798
OTHER ASSURANCE SERVICES		
AUDITORS OF RUBICON SYSTEMS (HOLDINGS) PTY LTD:		
DELOITTE - IN RELATION TO INITIAL PUBLIC OFFERING	**252,450**	
TOTAL OTHER ASSURANCE SERVICES	**252,450**	
OTHER SERVICES		
AUDITORS OF RUBICON SYSTEMS (HOLDINGS) PTY LTD:		
IN RELATION TO ADVISORY SERVICES	**-**	-
TOTAL OTHER SERVICES	**-**	-
	561,986	222,798

Auditing fees for the parent entity are borne by another entity in the Consolidated Entity. The auditor of Rubicon Systems (Holdings) Pty Ltd is Deloitte Touche Tohmatsu.

Note 30. Defined Contribution Plans

For defined contribution schemes the pension charge is calculated on the basis of contributions payable. The Group contributed $999,000 during the financial year (2020: $937,000) to defined contribution plans. These contributions are expensed as incurred.

Note 31. Events Subsequent to Reporting Date

On 2 August 2021, the Group executed an amendment to the facility agreement with the Hongkong and Shanghai Banking Corporation Limited ("HSBC"). The new facilities are detailed in the table below.

Facility	Facility limit $m	Termination date	Purpose
Facility A	15.0	2 years from execution	General corporate purposes
Facility B*	15.0	2 years from execution	General corporate purposes and working capital
Facility C	8.0	2 years from execution	General corporate purposes
Facility D*	10.0	3 months from drawdown	Pre-IPO dividend payment
Facility E	1.5	On demand	Facilitating payroll payments processing by third party providers
Facility F	0.4	On demand	Issuance of corporate credit cards
Total new banking facilities	**49.9**		

*Facility B limit will increase to $20.0m upon the repayment of Facility D.

On 11 August 2021 the board of Rubicon Systems (Holdings) Pty Ltd approved a fully franked pre-IPO dividend of $10,000,000. The dividend was paid on 27 August 2021.

On 30 August 2021, Philip Harkness, Gino Ciavarella and Anthony Oakes resigned from the Board of Rubicon Systems (Holdings) Pty Ltd.

Rubicon Water Limited

On 11 August 2021 the Board of Rubicon Water Limited made a grant of shares to certain key employees, excluding the CEO and his direct reports, under the CEO Share Grant. The CEO Share Grant participants will receive an initial grant of $660,000 worth of shares in Rubicon Water Limited. The shares are subject to a requirement to remain employed until a specified vesting date and are subject to further disposal restrictions after vesting. The length of tenure and any disposal restrictions are at the Board of Rubicon Water Limited's discretion and are between 12 and 36 months.

On 11 August 2021 the Board of Rubicon Water Limited made a grant of Performance Rights to members of its executive team. The Performance Rights participants will receive an initial grant of 622,603 Performance Rights. If the appropriate performance milestone is met each Performance Right will be converted to one share in Rubicon Water Limited.

On 11 August 2021 the Board of Rubicon Water Limited made a grant of shares to employees of the Company under the Gift Offer. The Gift Offer participants will receive an initial grant of $192,000 worth of shares in Rubicon Water Limited. The shares will be fully vested at their grant date, but will be subject to a disposal restriction that applies until the earlier of three years from the grant date, or on the cessation of employment.

On 11 August 2021, Iven Mareels and Lynda O'Grady were appointed as Independent Directors and Rob Walker was appointed as a Company Secretary for Rubicon Water Limited.

On 12 August 2021, a prospectus was lodged with the Australian Securities and Exchange Commission with the outcome being to list Rubicon Water Limited on the Australian Securities Exchange. As part of this process on 27 August 2021 all shares in Rubicon Systems (Holdings) Pty Ltd were transferred to Rubicon Water Limited. Existing shareholders received 1.31 shares in Rubicon Water Limited. On 30 August 2021

Rubicon Water Limited issued 40,000,000 shares to new shareholders on settlement of the IPO. The consideration was $1 per share. On 2 September 2021 Rubicon Water Limited commenced trading on the ASX.

While the COVID-19 situation remains concerning, between 30 June 2021 and the date of this report, there have been no material COVID-19 impacts on the operations of the Group. However, due to the fluid nature of this pandemic the Group continues to monitor the dynamic situation and adapt accordingly.

Other than the above, there has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event which would have a material effect on the financial statements of the Group at 30 June 2021.

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