APPENDIX 4E

Under ASX Listing Rule 4.3A

Rubicon Water Limited

ACN 651 852 470

Current reporting period ('FY22')	1 July 2021 to 30 June 2022
Previous corresponding period ('FY21')	1 July 2020 to 30 June 2021

Basis of preparation:

The financial and other information included in this Appendix 4E is that of Rubicon Water Limited (the Company) and its controlled entities (the Group) as at 30 June 2022.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	FY22 $'000			FY21 $'000
Revenue from ordinary activities	$65,291	down 19.9%	from	$81,529
Earnings before interest, tax, depreciation and amortisation (Underlying EBITDA[1])	$1,322	down 90.6%	from	$14,125
Earnings before interest, tax, depreciation and amortisation (Statutory EBITDA)	$2,283	down 83.1%	from	$13,515
Profit / (Loss) from ordinary activities after tax attributable to members	($731)	down 108.9%	from	$8,224
Profit / (Loss) after tax attributable to members	($438)	down 105.3%	from	$8,322

[1] Underlying EBITDA is before transaction costs and unrealised foreign exchange gains/losses.

DIVIDENDS

Dividend Information	CENTS PER SECURITY	FRANKED AMOUNT PER SECURITY
Pre IPO dividend – Ordinary paid 27 August 2021	10.0	100%
Final 2022 dividend – no dividend declared		

The Company does not currently offer a dividend reinvestment plan.

NET TANGIBLE ASSETS PER SHARE

	30 JUNE 2022	30 JUNE 2021
Net tangible assets per ordinary security ($)[1,2]	0.45	0.37

[1] Net tangible assets are calculated by deducting intangible assets from the net assets of the Group. Net assets include right-of-use assets and corresponding lease liabilities recognised under AASB 16.

[2] The number of ordinary securities used in determining Net Tangible Assets Per Ordinary Security as at 30 June 2021 has been adjusted to reflect a (in substance) 1:1.31123 share split that occurred on 27 August 2021.

APPENDIX 4E (CONTINUED)

DETAILS OF EQUITY ACCOUNTED INVESTMENTS

		OWNERSHIP INTEREST	
NAME	TYPE	30 JUNE 2022	30 JUNE 2021
Medha Rubicon Water Technologies Pvt Ltd	Joint Venture	50%	50%

DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

On 27 August 2021 Rubicon Water Limited became the ultimate parent entity of the Group by way of Deed of Implementation between Rubicon Water Limited and Rubicon Systems (Holdings) Pty Ltd (the Reorganisation). Under the Deed of Implementation, the existing shareholders of Rubicon Systems (Holdings) Pty Ltd received 1.31123 ordinary shares in Rubicon Water Limited for every 1 share owned prior to the Reorganisation. The underlying substance of the consolidated group was unchanged by the Reorganisation.

COMMENTARY ON RESULTS FOR THE PERIOD

For further explanation of the statutory figures included in this report refer to the accompanying financial report for the year ended 30 June 2022, which includes the Directors' Report. The Full Year Results Presentation released in conjunction with this Results Announcement provides further analysis of these results.

OTHER INFORMATION

This report is based on the consolidated financial statements which have been audited by Deloitte Touche Tohmatsu.

RUBICON™

Rubicon Water Limited

ACN 651 852 470

2022 Annual Report

MAKING WATER AVAILABLE TO THE WORLD

We exist to make more water available for the future prosperity of irrigated agriculture around the world.

RUBICON™

Contents

Annual Report includes the Directors' Report, the Financial Statements and Independent Audit Report for the financial year ended 30 June 2022 lodged with the Australian Securities and Investments Commission and ASX Limited. The Annual Report is available on the Rubicon Water website www.rubiconwater.com. A copy of our full Corporate Governance Statement outlining compliance with ASX Corporate Governance Principles and Recommendations is available on our website at: **https://rubiconwater.com/au/investor-centre/corporate-governance/**

RUBICON™

Chairman and CEO's Report

Dear fellow shareholders,

As we have completed Rubicon Water's first financial year as a listed company, we are extremely proud of the efforts the company has made in adapting to change and the dedication of our team to deliver the best results for our customers.

Rubicon's solutions deliver valuable returns on investment for our customers in terms of water efficiency, productivity and availability, and with the escalating frequency of news headlines covering the topics of climate change, severe weather events and global water crisis, Rubicon's large-scale water-saving solutions have never been more relevant than they are today.

Market overview

Over the past year, we have successfully delivered on new contracts in our emerging markets including Uzbekistan, Kazakhstan and Italy. On the back of these projects, we have introduced dedicated personnel to enhance our presence in these locations and to ensure we can successfully market the benefits flowing from these initial contracts to neighbouring regions.

Despite the escalating issues in terms of water scarcity around the world, especially in the US and Europe, we're continuing to see impressive results from the solutions we have delivered in these locations. One such customer located in the US, has reported that they have managed to essentially eliminate unintentional water losses throughout their systems following the introduction of Rubicon's Network Control solution. The growing portfolio of customer success stories like this is raising the profile of what our technology can achieve amid the uncertainty of water availability in many parts of the world.

In Europe, our first Network Control project in Italy is delivering outcomes for a customer who has reported the ability to maintain regular seasonal water allocations in a time when the region is facing unprecedented water shortages. One look at headlines circulating on the topic of the Po River will set the scene on the water crisis in Northern Italy and with irrigation the biggest water user in the Po Valley, there is real potential for our technology to be part of the required solution.

Our cornerstone project in India is coming to the stage of practical completion, marking an incredible milestone for Rubicon – being the largest single international project that Rubicon has delivered in the Company's 27-year history. Automation of the system in Northern Karnataka has already demonstrated early benefits by improving tail-end serviceability. For example, farmers located at the end of the network reported receiving water for the first time in decades. Farmers are also reporting significant improvements in crop yield in comparison to previous years. We look forward to sharing deeper insights into project outcomes as they flow through following completion.

There's no doubt that FY22 took a few unpredicted turns, affecting our revenue projections and predicted project signings. Nevertheless, the year presented many milestones for Rubicon that I'm confident will start contributing to results in the coming financial year.

As previously announced to the ASX, the Company's Asia segment faced one of its most difficult periods in terms of revenue, with significant delays placed on contracts that were initially forecast to be secured during FY22. We remain confident these contracts will be secured in the near term and Rubicon will sign anticipated pipeline projects throughout Asia during FY23.

Chairman and CEO's Report

Continued

Operational review

It has been a relief to see many of our regular operations return to some degree of normality following two COVID interrupted years, with the reintroduction of business travel and more frequent face-to-face customer interactions. While these elements of business have seen progressive improvements due to the lifting of restrictions in relation to the pandemic, some aspects of our operations continue to be impacted.

Supplier lead times (particularly for electronic components) remain difficult to manage, with many out to more than a year. We continue to manage the situation by committing to future supply contracts in excess of what we would have contemplated pre-pandemic. We expect to see lead times to start returning to normal levels over the next year.

Our Global Supply Chain project progressed to plan in FY22. We commissioned our new product assembly facility in Modesto, California and have secured a lease on our proposed assembly facility in Talca, Chile. Our outsourcing of component supply to India and China is well underway and our expectation is that we will start to see the benefits from the direct supply to our regional assembly facilities via shorter lead times and the resultant lower costs towards the end of FY23.

Product development

Akin to previous periods, Rubicon continued to invest in its R&D and product development program throughout the year with significant product enhancements rolled out across Rubicon's fleet of technology to provide value for customers and greater scalability for Rubicon. These developments include improvements on modularity to introduce readily upgradable components, enhance shipping capabilities and more efficient in-field servicing capabilities.

In terms of market offerings, we have had significant traction and uptake of our new and progressive software offerings and we predict continued growth via our new cloud-based offerings. This is an important step to remove the IT infrastructure hurdle to our solution and to present a modern, secure standalone offering for existing, potential and green field customers.

Our people are our future

At Rubicon we believe our biggest asset is the people we employ. Our people drive our technology, and our technology drives the water efficiency improvements for our customers. One of our key strategies for FY23 is to continue our investment in human resources and pushing the boundaries of innovation to ensure that our technology remains at the forefront of delivering successful outcomes for our customers.

Our commitment to providing a safe workplace for each of our employees, while also ensuring sustainable environmental practices, is at the forefront of every action we take. This is why we are proud to highlight that in FY22 we dedicated a significant volume of time and resources into implementing world-class systems to ensure that safety and environmental sustainability are engrained within each process. To solidify our commitment to sustainable practices, we achieved certification to ISO 14001:2015 Environmental Management Systems in June 2022. This new certification will add to our existing list of International Standards for Quality Management Systems (ISO 9001:2015), and Occupational Health and Safety Management Systems (ISO 45001:2018).

Chairman and CEO's Report

Continued

In conclusion

We are proud of the progress we have made as a company, from the successful IPO in September 2021 through to today where Rubicon has better positioned its solutions to provide a meaningful contribution to addressing the worlds water scarcity issues.

We take this moment to thank all our employees around the world for their continued dedication in achieving outcomes for our customers and aligning with our strategic focus.

To our shareholders – we thank you for your continued support, confidence, and trust.

Gordon Dickinson
Chairman

Bruce Rodgerson
Chief Executive Officer

We're invested in our **people**, the **future**...

RUBICON™

...to propel our technology **forward**

Karnataka, India

Tailend farmers are receiving irrigation water for the first time in decades.

In the Indian state of Karnataka, more than 1,250km of channels are being automated to accurately supply water to more than 400,000 ha of irrigated land. As a humbling early insight, farmers located at the end of the network have received irrigation water for the first time in decades, along with reporting significant improvements in crop yield. Upon completion, water efficiencies within the network in northern Karnataka are expected to improve by 20 per cent.

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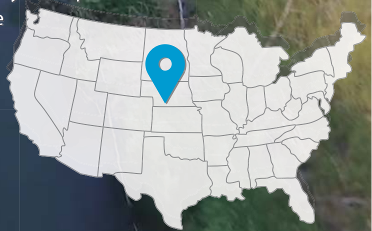
Nebraska, USA

Operational water spills have reduced by more than 85% since implementation of TCC, enhancing river basin sustainability and serviceability to farmers.

Channel wasteway data from the United States Bureau of Reclamation (USBR) government website highlighted that water losses for the 2016–2019 seasons averaged 18.6 Megalitres Per Day (ML/d). In 2020, following the implementation of the automated Network Control infrastructure, average losses reduced to just 0.8 ML/d. Two years on, losses following Network Control for combined 2020-2022 seasons are averaging 2.5 ML/d, equating to an 85% reduction in system spills. The district can now deliver these savings to farmers or retain in the reservoir for future use.



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Angeli Cerese, Italy

Regular seasonal water allocations delivered, with a 15% reduction in water withdrawals at the 50% project completion mark.

Northern Italy is amid its most severe drought in 70 years. The timely modernisation of Angeli Cerese has enabled the district to be one of the few to guarantee water availability to farmers located on the system, ultimately avoiding crop losses that neighbouring regions are facing.

RUBICON™

Nuble, Chile

"The level of technology we have reached is formidable and, thanks to our alliance with Rubicon Water, we are at the forefront of the water situation."

Fernando Rueda Muñoz
Presidente de la Junta de
Vigilancia del Río Ñuble

RUBICON™

Directors' Report

Directors' Report

The directors present their report, together with the consolidated financial statements of the Group, comprising of Rubicon Water Limited ('the Company') and its controlled entities, for the financial year ended 30 June 2022 and the auditor's report thereon.

On 27 August 2021 Rubicon Water Limited became the ultimate parent entity of the Group by way of a Deed of Implementation between the Rubicon Water Limited and Rubicon Systems (Holdings) Pty Ltd. The underlying substance of the consolidated group was unchanged by the arrangement and accordingly the attached consolidated financial statements are presented as a continuation of the existing Rubicon Group.

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 the Group at any time during or since the end of the financial year are:

Director / Particulars	Rubicon Systems (Holdings) Pty Ltd	Rubicon Water Limited
Gordon Dickinson Chairman, Non-executive Director	Appointed on 12 December 2003	Appointed on 9 July 2021
Bruce Rodgerson Executive Director and Chief Executive Officer	Appointed on 10 December 2003	Appointed on 9 July 2021
David Aughton Executive Director	Appointed on 29 September 2003	Appointed on 9 July 2021
Tony Morganti Independent Director	Appointed on 23 April 2021	Appointed on 9 July 2021
Lynda O'Grady Independent Director		Appointed on 11 August 2021
Iven Mareels Independent Director		Appointed on 11 August 2021
Philip Harkness Independent Director	Resigned on 30 August 2021	
Anthony Oakes Non-executive Director	Resigned on 30 August 2021	
Gino Ciavarella Executive Director	Resigned on 30 August 2021	

Name	Background
Gordon Dickinson	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	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	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.
Lynda O'Grady	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. Lynda has a Bachelor of Commerce (Hons) from the University of Queensland and is a Fellow of the Institute of the Company Directors. Directorships of listed entities, current and recent (last three years): Non-executive director of Domino's Pizza Enterprises Ltd (since April 2015) and Wagners Holding Company Ltd (since November 2017).
Iven Mareels	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).

Directors' Report

Continued

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.

Tony Morganti

Tony has over 30 years' experience as a professional advisor in tax and M&A transactions and was previously a corporate tax partner at KPMG for 20 years, specialising in the agribusiness, telecommunications, media and mining industries.

Tony is currently the Chief financial Officer of GS1 Australia Pty Ltd. Tony is a Fellow of the Chartered Accountants Australia & New Zealand, a Chartered tax advisor and admitted as a lawyer of the Supreme Court of Victoria.

Tony has a Bachelor of Business (Accounting) degree, Victoria University and a Master of Laws (Juris Doctor), Monash University.

Directors who resigned during 2022 financial year:

Philip Harkness

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.

Anthony Oakes

Anthony 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. Anthony has 40 years' experience in water system operation and management, computer system modelling and software design and application. Anthony has a degree in Agricultural Engineering from the University of Melbourne and a Graduate Diploma of Applied Science (Computer Simulation) from Swinburne University.

Gino Ciavarella

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.

Directors' Report
Continued

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 the Group during the financial year are:

	BOARD		AUDIT AND RISK COMMITTEE		REMUNERATION COMMITTEE	
DIRECTOR – CURRENT [1,2]	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Gordon Dickinson	9	9	6	6	2	2
Bruce Rodgerson	9	9				
David Aughton	9	9				
Lynda O'Grady	8	8	4	4	2	2
Iven Mareels	8	8				
Tony Morganti	9	9	6	6	2	2
DIRECTOR - FORMER						
Gino Ciavarella	1	1				
Anthony Oakes	1	1				
Philip Harkness	1	1				

1 'Held' indicates the number of meetings held during the period that the Director was a member of the Board or Committee.
2 'Attended' indicates the number of meetings attended during the period that the Director was a member of the Board or Committee.

Company Secretary

The company secretaries for the Group at any time during or since the end of the financial year are:

Les Ganci resigned on 10 August 2021
Rob Walker appointed on 11 August 2021

Principal Activity

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.

Operating and Financial Review

Operating Results

Financial information in the operating and financial review is based on the audited consolidated financial statements for the year ended 30 June 2022.

Rubicon Water Limited completed an Initial Public Offering (IPO) and listed on the Australian Securities Exchange (ASX) on 31 August 2021. Rubicon Water Limited issued an additional 40,000,000 ordinary shares to shareholders upon settlement of the IPO transaction for cash consideration of $1 per share. The amounts of share capital recognised in respect of this issuance of shares have been recognised net of capital raising costs of $3,111,017 (post-tax).

Rubicon Water Limited reported a loss after tax, including non-controlling interests, of $730,836 for the year ended 30 June 2022 (profit after tax of $8,224,257 for the year ended 30 June 2021).

Revenue was $65,290,986 down 19.9% (30 June 2021: $81,529,364). At a segment level, compared to the year ended 30 June 2021, revenue increased in the Rest of World segment by $10,460,502 but was offset by lower revenue in both ANZ and Asia segments. ANZ recorded a decrease in revenue of by 4.1% to $25,409,346 while revenue in the Asia segment decreased by 62.3% to $15,510,243, largely driven by delays in project extensions. The project extension and new projects in Asia are progressing but at a slower than anticipated pace which has had an adverse impact on our full year result. Our customers across all segments typically rely on government funding to support their projects and as a result the timing of commitments and contract awards can be difficult to predict.

The Group reported Underlying EBITDA of $1,322,142 (30 June 2021: $14,125,591) and net cash outflow from operations of $16,805,863 (30 June 2021: $10,454,212).

Key performance measures are provided in the following table:

	2022 **$'000**	2021 $'000
REVENUE	**65,291**	81,529
UNDERLYING EBITDA	**1,322**	14,126
UNREALISED FOREIGN EXCHANGE GAINS/(LOSSES)	**1,267**	71
EBITDA (BEFORE TRANSACTION COSTS) [1]	**2,589**	14,197
EBIT (BEFORE TRANSACTION COSTS) [2]	**26**	11,735
TRANSACTION COSTS ASSOCIATED WITH THE INITIAL PUBLIC OFFERING OF RUBICON WATER LIMITED	**(306)**	(682)
PROFIT/(LOSS) AFTER TAX	**(731)**	8,225
NET OPERATING CASH OUTFLOW	**(16,806)**	(10,454)
NET ASSETS	**76,147**	49,149
NET CASH / (DEBT)	**(16,043)**	(20,736)

[1] EBITDA is EBIT before transactions costs, depreciation and amortisation.
[2] EBIT is earnings before transactions costs, finance costs and income tax expense.

Note – EBIT, Underlying EBITDA and EBITDA are non-IFRS financial measures, which have not been subject to review by the Group's external auditors. These measures are presented to assist understanding of the underlying performance of the Group and are consistent with the measures reported to management for the purpose of resource allocation and managing performance of the Group.

Directors' Report

Continued

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

On 11 August 2021 the board of Rubicon Systems (Holdings) Pty Ltd approved a fully franked pre-IPO dividend of $10,000,000 (10 cents per ordinary share). 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 and Performance Rights

During the financial year no options were granted or exercised.

During the year 622,603 (2021: nil) performance rights were granted to members of the Company's Executive Group pursuant to the Company's long-term incentive plan. Nil (2021: nil) performance rights vested as at 30 June 2022. Refer to the Remuneration report section of the Directors' Report for further details.

Indemnification and Insurance of Officers

Rubicon Water Limited has indemnified and paid premiums to insure each of Rubicon Water Limited'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 Water Limited.

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.

Directors' Report

Continued

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 30 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit and Risk Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity 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:

	2022 **$**
AUDIT AND REVIEW OF FINANCIAL STATEMENTS	332,894
ASSURANCE SERVICE RELATING TO THE IPO	63,210
TOTAL PAID OR PAYABLE TO DELOITTE	**396,104**

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 28 and forms part of the Directors' Report for the financial year ended 30 June 2022.

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.

Corporate Governance disclosure

In relation to the Corporate Governance Statement and reportable matters, the directors confirm the following:

- Corporate Governance Recommendation 1.5 - The objectives for achieving diversity are currently being further developed but as at the date of this report the Company is actively employing suitably qualified female wherever possible.

  The respective proportion of females and males in the Company as at 30 June 2022 is as follows:

	Female	Male
Board	17%	83%
Senior executives	14%	86%
Rubicon employees	19%	81%

- Corporate Governance Recommendation 1.6 - The Company did not carry out a review of its performance during the current year. Given the recent listing on ASX such a review would not have been useful. The Board will consider conducting a review during the 2023 financial year.
- Corporate Governance Recommendation 1.7 - The Company did not carry out a review of its performance during the current year. Given the recent listing on ASX such a review would not have been useful. The Board will consider conducting a review during the current Period.
- Corporate Governance Recommendation 7.4 – The Company does not have any economic, environmental and social sustainability risks over and above those currently faced by every commercial organisation in manufacturing, which has not already been disclosed to security holders through the listing process. However, in the 2023 financial year the Company will be conducting a more comprehensive review of these exposures particularly in the current environment. The Company has achieved accreditation to ISO 14001: 2015 environmental management system in relation to design, production, installation and servicing of operational technology including irrigation gates for water channel management systems. The business is also, like many organisations, currently facing global supply chain issues and is proactively managing those issues by investment in increasing inventory and forward purchase commitments.

The directors would otherwise refer Security holders to the Company's Corporate Governance Statement which is published on the Company's website at https://rubiconwater.com/au/investor-centre/corporate-governance/.

Events Subsequent to Reporting Date

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 2022.

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 2022.

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 Remuneration and Nomination 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 Remuneration and Nomination 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.

Directors' Report
Continued

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), David Aughton (Executive Director) 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	David Aughton	Jason York
Role	CEO	Executive Director	CFO
Terms of Agreement	Permanent employment contract	Permanent employment contract	Permanent employment contract
Notice Period	6 months	4 weeks	3 months
Termination benefit	6 months in lieu of notice	4 weeks in lieu of notice	3 months in lieu of notice
Annual base salary (exclusive of superannuation benefits)	$269,951	$239,951	$270,000
Other benefits	$25,000 car allowance[1]	$25,000 car allowance[1]	Nil
Short term incentive (STI)	40% bonus of gross remuneration, subject to satisfactory completion of agreed KPIs.	Nil	20% bonus of gross remuneration, subject to satisfactory completion of agreed KPIs.
Long term incentive (LTI)	Equity incentive plan	Equity incentive plan	Equity incentive plan

[1] Monetary benefit.

Performance conditions linked to remuneration

Remuneration of the Non-executive directors are 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:

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Revenue	65,291	81,529	64,808	75,534	71,301
EBITDA[1]	2,588	14,197	6,813	12,415[2]	11,451[2]
(Loss) / Profit after tax	(731)	8,225	1,033	8,161[2]	8,377[2]
Dividends paid (cents per share)	10	-	-	-	-
Basic earnings (cents per share)[3]	(0.3)	6.3	0.8	6.1[2]	6.5[2]
Share price at year-end[4]	$1.05	N/A	N/A	N/A	N/A

[1] EBITDA is EBIT before transaction costs, depreciation and amortisation.
[2] EBITDA, Profit after tax and Basic earnings per share for 2018 and 2019 financial years are presented before the adoption of *AASB 16 Leases*. The Group adopted *AASB 16 Leases* on 1 July 2019 using the modified retrospective transition method which did not require restatement of comparatives.
[3] Earnings per share for financial years 2018-2021 were adjusted to reflect the 1:1.31123 (in-substance) share split which occurred in connection with the pre-IPO structuring steps.
[4] Rubicon Water Limited listed on the Australian Securities Exchange on 31 August 2021 issuing additional 40,000,000 ordinary shares for cash consideration of $1.00 per share.

Options and Rights over equity instruments granted

The Company adopted a new long-term incentive plan (LTI) in connection with its admission to the ASX. On 11 August the Company made a grant of Performance Rights to members of its Executive team. The Performance Rights Grant has been established to incentivise 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. Details of executive Key Management Personnel performance rights issued during the financial year are set out below:

Key Management Person	Opening Balance	Granted	Exercised	Expired / Forfeited	Closing Balance
Bruce Rodgerson	-	134,976	-	-	134,976
David Aughton	-	119,976	-	-	119,976
Jason York	-	67,500	-	-	67,500
Total	**-**	**322,452**	**-**	**-**	**322,452**

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.

Term	Description
	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 total shareholder return (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. 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

Directors' Report

Continued

Term	Description
	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 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.

The grant date fair value of the tranche 1 and tranche 3 Performance Rights, which have no market-based performance hurdles, has been determined to be $1.00 per instrument based on Rubicon's initial IPO price. It has been assumed that no dividends will be paid over the vesting period.

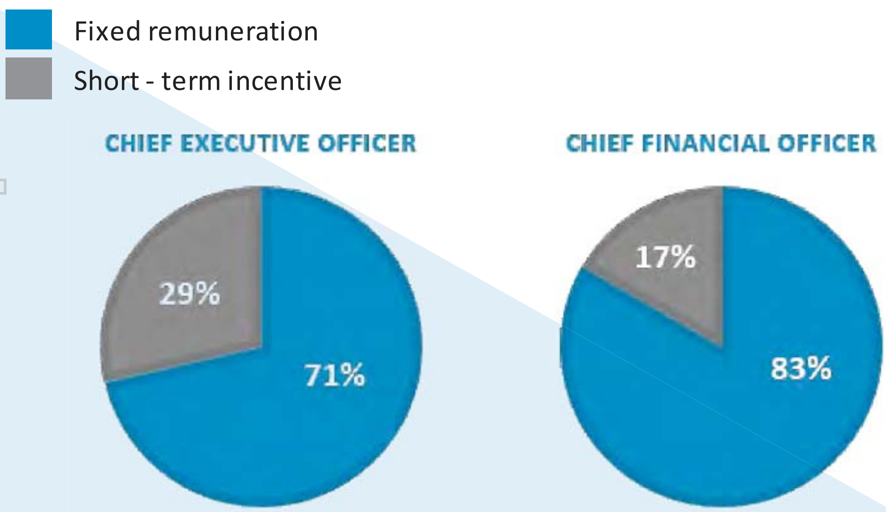
The grant date fair value of the tranche 2 Performance Rights, which are subject to a TSR (market-based) performance hurdle, has been determined to be $0.62. Refer to note 23 for further details.

At reporting date, none of the Performance Rights vested as the applicable performance conditions have not been met.

Remuneration mix

The remuneration mix for the executive key management personnel for the 2022 financial year is comprised of fixed and short-term incentive elements. Long-term incentives in the form of performance rights won't be included in the executives' remuneration mix until 2024 financial year.

The current year remuneration mix at maximum for executives is summarised below.



The variable/at-risk component of total remuneration is 29% for the Chief Executive Officer and 17% for the Chief Financial Officer.

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Directors' Report

Continued

Directors' and Key Executive Officers' Remuneration Details for Year Ended 30 June 2022

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 $	Short-term Incentive $	Non-monetary $	Subtotal $	Super-annuation $	Long Service leave $	Share-based payments $	Total $
NON-EXECUTIVE DIRECTORS									
Gordon Dickinson	**2022**	**102,600**	**-**	**-**	**102,600**	**10,260**	**-**	**-**	**112,860**
Chairman	2021	50,000	-	-	50,000	4,750	-	-	54,750
Anthony Oakes[1]	**2022**	**8,333**	**-**	**-**	**8,333**	**833**	**-**	**-**	**9,166**
	2021	89,023	-	-	89,023	4,750	-	-	93,773
John O'Connell AO[2]	**2022**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2021	68,750	-	-	68,750	6,531	-	-	75,281
Phillip Harkness[3]	**2022**	**8,333**	**-**	**-**	**8,333**	**833**	**-**	**-**	**9,166**
	2021	50,000	-	-	50,000	4,750	-	-	54,750
Tony Morganti[4]	**2022**	**99,001**	**-**	-	99,001	**9,900**	-	-	**108,901**
	2021	21,650	-	-	21,650	1,677	-	-	23,327
Lynda O'Grady[5]	**2022**	**94,015**	**-**	**-**	**94,015**	**3,902**	**-**	**-**	**97,917**
	2021	-	-	-	-	-	-	-	-
Iven Mareels[5]	**2022**	**72,831**	**-**	-	72,831	**7,283**	-	-	**80,114**
	2021	-	-	-	-	-	-	-	-
Total Non-Executive	**2022**	**385,113**	**-**	**-**	**385,113**	**33,011**	**-**	**-**	**418,124**
Directors' Remuneration	2021	279,423	-	-	279,423	22,458	-	-	301,881

Directors' Report
Continued

		Short-term employee benefits				Post-employment benefits	Long-term employee benefits		
		Salary & Fees $	Short-term Incentive $	Non-monetary $	Subtotal $	Super-annuation $	Long Service leave $	Share-based payments $	Total $
EXECUTIVE DIRECTORS									
Bruce Rodgerson[6]	**2022**	**280,127**	**-**	**-**	**280,127**	**23,568**	**5,193**	**29,117**	**338,005**
Chief Executive Officer	2021	309,279	-	-	309,279	21,694	5,170	-	336,143
David Aughton[6]	**2022**	**277,777**	**-**	**-**	**277,777**	**23,568**	**4,619**	**25,881**	**331,845**
	2021	282,993	-	15,284	298,277	21,694	4,592		324,563
Gino Ciavarella[3]	**2022**	**47,787**	**-**	**-**	**47,787**	**3,999**	**789**		**52,575**
	2021	275,033	-	-	275,033	21,694	4,592		301,319
Total Executive Directors' Remuneration	**2022**	**605,691**	**-**	**-**	**605,691**	**51,135**	**10,601**	**54,998**	**722,425**
	2021	867,305	-	15,284	882,589	65,082	14,354	-	962,025
EXECUTIVES									
Jason York[7]	**2022**	**266,519**	**25,000**	**750**	**292,269**	**23,892**	**5,298**	**14,561**	**336,020**
Chief Financial Officer	2021	266,603	-	4,800	271,403	21,695	4,354	-	297,452
Total Executive Officers' Remuneration	**2022**	**266,519**	**25,000**	**750**	**292,269**	**23,892**	**5,298**	**14,561**	**336,020**
	2021	266,603	-	4,800	271,403	21,695	4,354	-	297,452
Total Directors' and Executive Officers' Remuneration	**2022**	**1,257,323**	**25,000**	**750**	**1,283,073**	**108,038**	**15,899**	**69,559**	**1,476,569**
	2021	1,413,331	-	20,084	1,433,415	109,235	18,708	-	1,561,358

[1] Anthony Oakes resigned on 30 August 2021. His remuneration for FY22 is disclosed from 1 July 2021 to this date.
[2] John O'Connell AO resigned on 21 April 2021.
[3] Philip Harkness and Gino Ciavarella resigned on 30 August 2021.
[4] Tony Morganti was appointed on 23 April 2021.
[5] Lynda O'Grady and Iven Mareels were appointed on 11 August 2021.
[6] Bruce Rodgerson and David Aughton do not receive any fees in their capacity as Directors.
[7] The STI payment was a discretionary bonus paid in September 2021 in recognition of the contribution to the successful IPO of Rubicon Water Ltd. Non-monetary benefits were in the form of an interest free loan. The loan was repaid in full on 26 August 2021.

Directors' Report

Continued

Equity instruments

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

		IPO Related Transactions								
Key Management Person	Opening Balance	IPO Share Conversion[1]	Share Rights Transfer[2]	Share Disposal[3]	Employee Share Gift	IPO Share Purchase	Balance at IPO Date	Share Purchases	Share Disposals	Closing Balance
Gordon Dickinson	16,922,787	5,266,874	-	-	-	-	22,189,661	-	-	22,189,661
Anthony Oakes	15,841,600	4,930,376	(978,999)	(655,615)	-	-	19,137,362	-	-	19,137,362
Phillip Harkness	8,074,513	2,513,028	-	-	-	-	10,587,541	-	-	10,587,541
Tony Morganti	-	-	-	-	-	50,000	50,000	-	-	50,000
Lynda O'Grady	-	-	-	-	-	20,000	20,000	10,000	-	30,000
Iven Mareels	-	-	-	-	-	100,000	100,000	-	-	100,000
Bruce Rodgerson	13,104,426	4,078,487	(796,726)	-	1,000	-	16,387,187	-	-	16,387,187
David Aughton	15,866,600	4,938,157	(978,999)	-	1,000	-	19,826,758	-	-	19,826,758
Gino Ciavarella	14,241,600	4,432,409	(874,102)	(655,615)	-	-	17,144,292	-	-	17,144,292
Jason York	136,363	42,440	-	-	1,000	-	179,803	-	-	179,803
Total	**84,187,889**	**26,201,771**	**(3,628,826)**	**(1,311,230)**	**3,000**	**170,000**	**105,622,604**	**10,000**	**-**	**105,632,604**

[1] During the year Rubicon undertook a corporate restructure in accordance with an Implementation Deed under which shareholders of Rubicon Systems (Holdings) Pty Ltd transferred their shares in Rubicon Systems (Holdings) Pty Ltd, being a total of 100,000,100 shares, in exchange for 131,123,104 shares in Rubicon Water Ltd.

[2] Certain shareholders including Bruce Rodgerson, David Aughton, Gino Ciavarella and Anthony Oakes and their associated entities entered into contractual rights under various restructure agreements with Rubicon Systems (Holdings) Pty Ltd. These rights were transferred at the time of the IPO.

[3] Represents the number of pre-existing shares sold at the time of the IPO.

Directors' Report

Continued

Other transactions with key management personnel

(a) Loans to key management personnel

In the 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 amount was repaid in full on 26 August 2021 (2021: $100,000).

(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	2022 $	2021 $
Anthony Oakes – consulting services	Nil	39,023
Tony Morganti – consulting services	Nil	4,000

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 24 August 2022

Directors' Report

Continued

Directors' Declaration

1. The directors declare that in their opinion:
   a. the consolidated financial statements and notes that are set out on pages 38 to 83 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 2022 and its performance for the financial year ended on that date; and
      ii. Complying with the Australian Accounting Standards and the Corporations Regulations 2001; and
   b. There are reasonable grounds to believe that Rubicon Water Limited 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 2022.
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 24 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 24 August 2022

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
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24 August 2022

The Board of Directors
Rubicon Water Limited
1 Cato Street
HAWTHORN EAST VIC 31

Dear Directors

Rubicon Water Limited

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 Water Limited.

As lead audit partner for the audit of the financial statements of Rubicon Water Limited for the financial year ended 30 June 2022, 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

Rachel Smith
Partner
Chartered Accountants

Deloitte.

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Independent Auditor's Report to the Members of Rubicon Water Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Rubicon Water Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022 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 2022 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 2022 Revenue for the Group totals $65.291 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. o Reading relevant contract terms and conditions to evaluate the inclusion of individual characteristics in the Group's estimates. o Testing the integrity of the schedules supporting the Group's estimates. o Agreeing the contract price to the underlying contractual arrangements. o 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 adequacy 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 2022 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.

Deloitte.

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.

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 18 to 26 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Rubicon Water Limited, for the year ended 30 June 2022, 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

Rachel Smith

Rachel Smith
Partner
Chartered Accountants
Melbourne, 24 August 2022

Consolidated Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2022

	NOTE	2022 $'000	2021 $'000
REVENUE	3	**65,291**	81,529
COST OF SALES		**(38,234)**	(46,925)
GROSS PROFIT		**27,057**	34,604
OTHER INCOME	3	**55**	1,628
OTHER GAINS AND (LOSSES)	3	**1,359**	114
DEPRECIATION AND AMORTISATION EXPENSE		**(2,562)**	(2,461)
EMPLOYEE BENEFITS EXPENSE	5	**(18,401)**	(17,766)
PROFESSIONAL FEES		**(2,809)**	(3,098)
TRAVEL COSTS		**(770)**	(398)
OCCUPANCY EXPENSES	15	**(390)**	(253)
ADMINISTRATIVE EXPENSES		**(4,082)**	(4,284)
NET FINANCE COSTS		**(905)**	(1,015)
SHARE OF PROFIT OF JOINT VENTURE	12	**264**	2,969
(LOSS)/PROFIT BEFORE INCOME TAX		**(1,184)**	10,040
INCOME TAX BENEFIT/(EXPENSE)	6	**453**	(1,815)
TOTAL (LOSS)/PROFIT FOR THE YEAR		**(731)**	8,225
(LOSS)/PROFIT ATTRIBUTABLE TO:			
OWNERS OF RUBICON WATER LIMITED		**(438)**	8,322
NON-CONTROLLING INTEREST		**(293)**	(97)
		(731)	8,225
OTHER COMPREHENSIVE RESULT			
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:			
EXCHANGE DIFFERENCES ON TRANSLATION OF OVERSEAS SUBSIDIARIES		**262**	(471)
OTHER COMPREHENSIVE RESULT FOR THE YEAR, NET OF TAX		**262**	(471)
TOTAL COMPREHENSIVE RESULT FOR THE YEAR		**(469)**	7,754
TOTAL COMPREHENSIVE RESULT ATTRIBUTABLE TO:			
OWNERS OF THE COMPANY		**(144)**	7,846
NON-CONTROLLING INTEREST		**(325)**	(92)
		(469)	7,754

(LOSS)/EARNINGS PER SHARE		**CENTS**	CENTS
BASIC (CENTS PER SHARE)	7	**(0.3)**	6.3
DILUTED (CENTS PER SHARE)	7	**(0.3)**	6.3

The notes on pages 38 to 83 are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

as at June 30, 2022

	NOTE	2022 $'000	2021 $'000
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	8	**11,227**	9,026
TRADE AND OTHER RECEIVABLES	9	**69,850**	64,484
INVENTORIES	10	**25,000**	17,123
CURRENT TAX ASSETS	6	**402**	-
OTHER CURRENT ASSETS	11	**1,805**	1,707
TOTAL CURRENT ASSETS		**108,284**	92,340
NON-CURRENT ASSETS			
INVESTMENTS – ACCOUNTED FOR USING THE EQUITY METHOD	12	**3,423**	3,070
INTANGIBLES	13	**2,129**	391
PROPERTY, PLANT AND EQUIPMENT	14	**7,068**	6,676
RIGHT OF USE ASSETS	15	**1,957**	2,587
DEFERRED TAX ASSETS	6	**2,799**	1,539
OTHER FINANCIAL ASSETS	16	**150**	350
TOTAL NON-CURRENT ASSETS		**17,526**	14,613
TOTAL ASSETS		**125,810**	106,953
CURRENT LIABILITIES			
TRADE AND OTHER PAYABLES	17	**11,805**	14,585
DEFERRED INCOME	3	**3,177**	2,818
FINANCIAL LIABILITIES	18	**3,173**	7,195
LEASE LIABILITIES	18	**1,137**	1,040
CURRENT TAX LIABILITIES	6	**-**	3,027
PROVISIONS	19	**4,798**	4,356
TOTAL CURRENT LIABILITIES		**24,090**	33,021
NON-CURRENT LIABILITIES			
FINANCIAL LIABILITIES	18	**24,097**	22,566
LEASE LIABILITIES	18	**1,095**	1,891
PROVISIONS	19	**381**	326
TOTAL NON-CURRENT LIABILITIES		**25,573**	24,783
TOTAL LIABILITIES		**49,663**	57,804
NET ASSETS		**76,147**	49,149
EQUITY			
ISSUED CAPITAL	21	**168,194**	1,508
RESERVES	23	**(129,831)**	(906)
RETAINED EARNINGS		**37,493**	47,931
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF RUBICON WATER LIMITED		**75,856**	48,533
NON-CONTROLLING INTEREST	29	**291**	616
TOTAL EQUITY		**76,147**	49,149

The notes on pages 38 to 83 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2022

	SHARE CAPITAL $'000	RETAINED EARNINGS $'000	FCTR[1] $'000	SHARE-BASED PAYMENT RESERVE $'000	RE-ORG RESERVE[3] $'000	SUB-TOTAL $'000	NCI[2] $'000	TOTAL EQUITY $'000
BALANCE AT 1 JULY 2020	1,508	39,609	(430)	-	-	40,687	708	41,395
COMPREHENSIVE RESULT								
PROFIT/(LOSS)	-	8,322	-	-	-	8,322	(97)	8,225
OTHER COMPREHENSIVE RESULT	-	-	(476)	-	-	(476)	5	(471)
TOTAL COMPREHENSIVE RESULT	-	8,322	(476)	-	-	7,846	(92)	7,754
TRANSACTIONS WITH OWNERS OF THE COMPANY								
CONTRIBUTIONS AND DISTRIBUTIONS:								
DIVIDENDS PAID	-	-	-	-	-	-	-	-
TOTAL CONTRIBUTIONS AND DISTRIBUTIONS	-	-	-	-	-	-	-	-
BALANCE AT 30 JUNE 2021	1,508	47,931	(906)	-	-	48,533	616	49,149
BALANCE AT 1 JULY 2021	**1,508**	**47,931**	**(906)**	**-**	**-**	**48,533**	**616**	**49,149**
COMPREHENSIVE RESULT								
PROFIT/(LOSS)	**-**	**(438)**	**-**	**-**	**-**	**(438)**	**(293)**	**(731)**
OTHER COMPREHENSIVE LOSS	**-**	**-**	**294**	**-**	**-**	**294**	**(32)**	**262**
TOTAL COMPREHENSIVE LOSS	**-**	**(438)**	**294**	**-**	**-**	**(144)**	**(325)**	**(469)**
TRANSACTIONS WITH OWNERS OF THE COMPANY								
CONTRIBUTIONS AND DISTRIBUTIONS:								
CAPITAL REORGANISATION	**129,615**	**-**	**-**	**-**	**(129,615)**	**-**	**-**	**-**
SHARE-BASED PAYMENTS	**-**	**-**	**-**	**396**	**-**	**396**	**-**	**396**
DIVIDENDS PAID	**-**	**(10,000)**	**-**	**-**	**-**	**(10,000)**	**-**	**(10,000)**
ISSUE OF SHARES	**40,182**	**-**	**-**	**-**	**-**	**40,182**	**-**	**40,182**
SHARE ISSUE COST, NET OF TAX	**(3,111)**	**-**	**-**	**-**	**-**	**(3,111)**	**-**	**(3,111)**
TOTAL CONTRIBUTIONS AND DISTRIBUTIONS	**166,686**	**(10,000)**	**-**	**396**	**(129,615)**	**27,467**	**-**	**27,467**
BALANCE AT 30 JUNE 2022	**168,194**	**37,493**	**(612)**	**396**	**(129,615)**	**75,856**	**291**	**76,147**

The notes on pages 38 to 83 are an integral part of the consolidated financial statements.

[1] Foreign currency translation reserve
[2] Non-controlling interest
[3] Reorganisation reserve

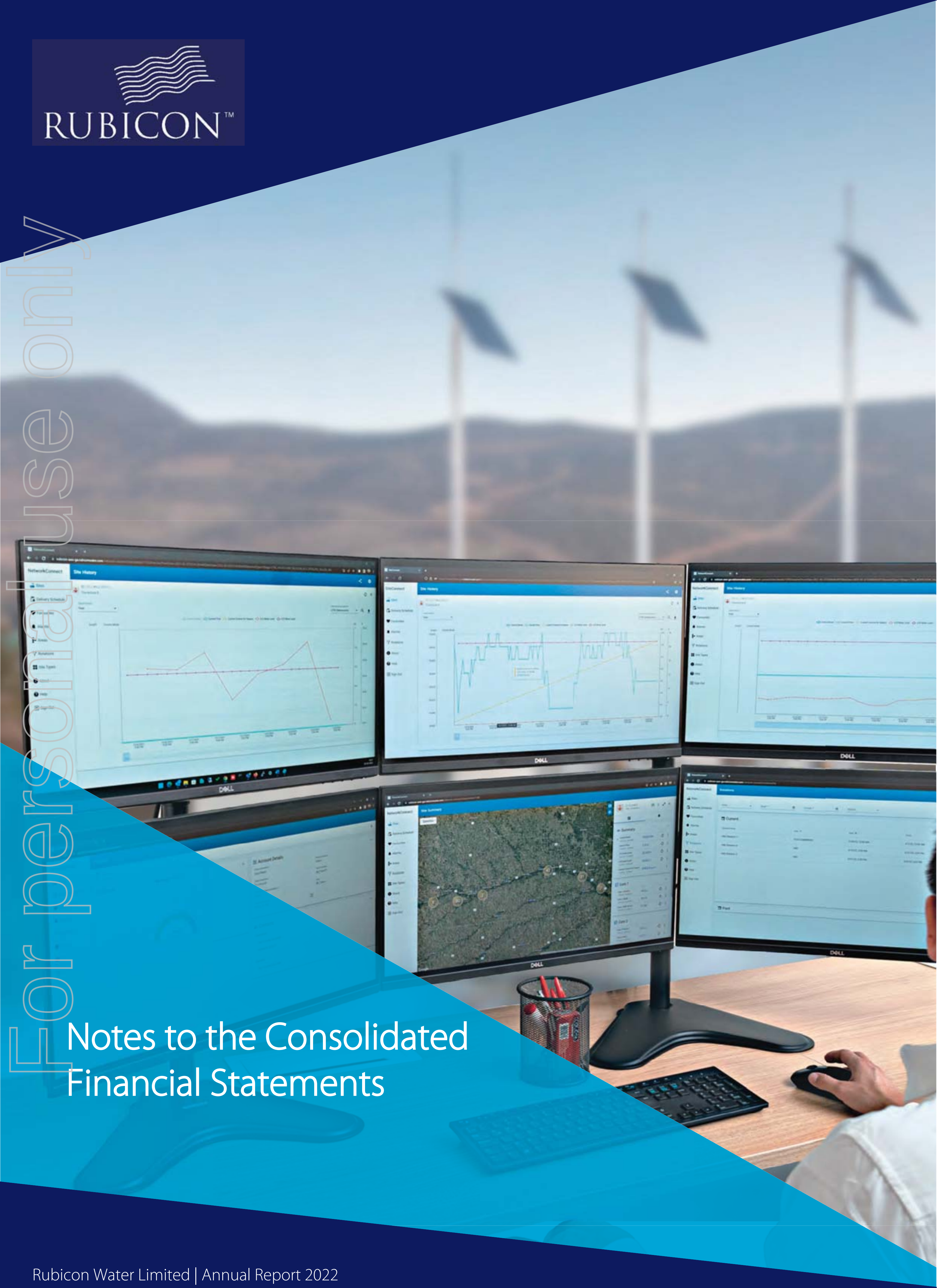
Consolidated Statement of Cash Flows

for the year ended 30 June 2022

	NOTE	2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS FROM CUSTOMERS		**66,625**	68,990
PAYMENTS TO SUPPLIERS AND EMPLOYEES		**(78,838)**	(79,744)
GRANTS RECEIVED – JOBKEEPER		**-**	2,145
NET FINANCE COSTS		**(1,217)**	(1,141)
INCOME TAX PAID		**(3,376)**	(704)
NET CASH USED IN OPERATING ACTIVITIES	26 (b)	**(16,806)**	(10,454)
CASH FLOWS FROM INVESTING ACTIVITIES			
PROCEEDS FROM SALE OF NON-CURRENT ASSETS		**90**	77
PURCHASE OF NON-CURRENT ASSETS		**(1,847)**	(1,165)
DEVELOPMENT EXPENDITURE		**(1,826)**	(438)
LOAN TO JOINT VENTURE		**-**	(1,343)
REPAYMENT OF MANAGEMENT LOAN		**200**	-
NET CASH USED IN INVESTING ACTIVITIES		**(3,383)**	(2,869)
CASH FLOWS FROM FINANCING ACTIVITIES			
PROCEEDS FROM ISSUE OF SHARES		**40,000**	-
SHARE ISSUE TRANSACTION COSTS		**(4,140)**	-
DIVIDENDS PAID		**(10,000)**	-
PROCEEDS FROM BORROWINGS		**4,572**	77
REPAYMENT OF BORROWINGS		**(3,111)**	(3,204)
REPAYMENT OF LEASE LIABILITIES		**(1,138)**	(1,077)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**26,183**	(4,204)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**5,994**	(17,527)
CASH (NET OF BANK OVERDRAFTS) AT BEGINNING OF FINANCIAL YEAR		**4,820**	22,812
EFFECTS OF EXCHANGE RATE CHANGES		**205**	(465)
CASH (NET OF BANK OVERDRAFTS) AT END OF FINANCIAL YEAR	26 (a)	**11,019**	4,820

The notes on pages 38 to 83 are an integral part of the consolidated financial statements.

RUBICON™



Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

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

On 27 August 2021 Rubicon Water Limited became the ultimate parent entity of the Group by way of Deed of Implementation between Rubicon Water Limited and Rubicon Systems (Holdings) Pty Ltd. The substance of the reorganisation has been evaluated and deemed not to be a Business Combination required to be accounted for under AASB 3 *Business Combinations*. Accordingly, these consolidated financial statements reflect that the arrangement is in substance a continuation of the existing Rubicon Group and therefore the comparative information and pre-reorganisation information reflects that of the Rubicon Systems (Holdings) Pty Ltd group of entities.

Rubicon Water Limited is domiciled in Australia. Rubicon Water Limited's registered office is at 1 Cato Street, Hawthorn East, Victoria, 3123. These consolidated financial statements comprise Rubicon Water Limited 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 24 August 2022.

Functional and Presentation Currency

These consolidated financial statements are presented in AUD, which is Rubicon Water Limited'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 2022 is included in the following notes:

- Note 3 – Revenue and Other Income. Revenue recognised for contracts over time requires management to estimate the total cost to complete and the current stage of completion to measure progress towards satisfaction of the performance obligations.
- Note 6 – Tax. Deferred tax assets related to tax losses are recognised where management believe it is probable that the related taxing entity will generate sufficient future taxable profits to utilise the tax losses. Determining the extent and timing of future taxable profits is subject to a level of estimation uncertainty.

- 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. Long-dated amounts receivable, while consistent with the operating cycle, are evaluated by the board and management for their collectability and anticipated timing of the cashflow.
- Note 19 – Provisions:
  - Employee benefits; employees' long service leave entitlements are estimated based on the average historical duration of employment and calculated by discounting the present value of future cash outflows.
  - Other provisions; they are 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.

Basis of Measurement

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

Going Concern

The Group generated a net loss of $731,836 (2021: net profit of $8,224,257) and net operating cash outflows of $16,806,321 (2021: $10,453,953 outflow) for the year ended 30 June 2022. As at 30 June 2022 the Group's reported net assets were $76,147,298 (2021: Net assets $49,149,474) and net current assets were $84,194,146 (2021: Net current assets of $59,318,865). In addition, the Group had funding available through undrawn debt facilities of $14,691,898 at year-end (2021: Undrawn facility $3,734,100).

The Group's cash flows during the year were impacted by delays in payment of progress claims and project extensions by certain foreign government entities. These matters are expected to be resolved in the first half of financial year ending 30 June 2023, however the timing of these matters is subject to a level of uncertainty.

The Group has determined that it will be able to satisfy its debts as and when they fall due and accordingly the financial report has been prepared on a going concern basis, on the basis of its cash flow forecasts. Those forecasts include the resolution of the matters above and the continued ability to access funding facilities.

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).

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 the profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- investments;
- 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 printers). 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 of, the period of the lease term and the 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) Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 23.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

(i) Comparative Figures

As required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. In particular, the comparative statement of financial position contains an offset of deferred tax liabilities of $2,794,567 against deferred tax assets as they relate to the same taxation jurisdiction and taxing entity.

(j) 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).

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

The AASB has issued a number of standards and amendments to standards that are mandatory for the first time in the reporting period commenced 1 July 2021. The Group has assessed and determined that there are no new or amended standards applicable for the first time for the June 2022 financial year end report that materially affect the Group's accounting policies or any of the amounts recognised in the financial statements.

(l) New and revised Accounting Standards issued 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 101 Classification of Liabilities as Current or Non-current;
- Amendments to AASB 3 Reference to the Conceptual Framework;
- Amendments to AASB 116 Property, Plant and Equipment – Proceeds before intended use;
- Amendments to AASB 137 Onerous Contracts – Cost of Fulfilling a Contract; and
- Amendments to AASB 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

Note 2 - Controlled Entities

The ultimate parent of the Rubicon Group is Rubicon Water Limited, a company incorporated in Australia. Controlled entities are consolidated from the date of acquisition, being the date Rubicon Water Limited obtains control, and continue to be consolidated until the date control ceases. Control exists where the Group has the power to govern the financial and operating policies of the entity in order to obtain benefits from its activities.

Set out below are the controlled entities of the Group.

	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	PERCENTAGE OWNED 2022	PERCENTAGE OWNED 2021
RUBICON SYSTEMS (HOLDINGS) PTY LTD (I), (II)	Holding company	Australia	100%	N/A*
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%

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	PERCENTAGE OWNED 2022	PERCENTAGE OWNED 2021
RUBICON WATER COSTA RICA, S.A	Retail of Rubicon technology in Costa Rica	Costa Rica	100%	-

* In financial year 2022 Rubicon Water Limited became the ultimate parent entity of the Rubicon Group. As part of the restructure Rubicon Systems (Holdings) Pty Ltd became a wholly-owned subsidiary of Rubicon Water Limited.

(I) Part of the Australian tax consolidated group.

(II) These wholly-owned subsidiaries have entered into a deed of cross guarantee with Rubicon Water Limited 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 profit or loss and other 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

	2022 $'000	2021 $'000
SALES REVENUE		
SALES OF GOODS AND ENGINEERING SERVICES CONTRACTS	**65,291**	81,529
OTHER INCOME		
GOVERNMENT GRANTS – JOBKEEPER AUSTRALIA	**-**	1,478
OTHER	**55**	150
TOTAL OTHER INCOME	**55**	1,628
OTHER GAINS AND LOSSES		
UNREALISED FOREIGN EXCHANGE GAINS / (LOSSES)	**1,267**	71
GAIN / (LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	**92**	43
TOTAL OTHER GAINS AND LOSSES	**1,359**	114

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:

2022

	Revenue Recognition	Sales Revenue $'000	Remaining performance obligations $'000	Remaining Contract duration
HARDWARE	Over time	52,698	11,912	Up to 2 years
SOFTWARE	Point in time	733	1,181	Up to 2 years
SOFTWARE MAINTENANCE AND SUPPORT	Over time	6,029	12,873	Up to 5 years
OTHER COMPONENTS AND SUPPORT	Point in time	5,831	2,506	Up to 1 year
TOTAL SALES REVENUE		**65,291**	**28,472**	

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**	

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

The following table shows the balance of deferred income which relates to cash received in advance of performance obligations being performed.

	2022 $'000	2021 $'000
DEFERRED INCOME	**3,177**	2,818

$851,846 of the deferred income balance at 2021 was recognised as revenue during the current financial year.

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 Group would include in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. 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 the current status 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 incurred 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 ANZ segment are revenues of approximately 15% of total revenue (2021: 6%) which arose from sales to the Group's largest customer during the current year. Included in revenue arising from the ANZ segment are revenues from the Group's second largest customer during the current year comprising approximately 11% of total sales (2021: 10%). No other single customer contributed 10% or more to the total sales in the current year.

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

2022

	ANZ $'000	ASIA $'000	ROW $'000	TOTAL $'000
REVENUE	**25,410**	**15,510**	**24,371**	**65,291**
UNDERLYING EBITDA	1,703	752	(1,133)	1,322
UNREALISED FOREIGN EXCHANGE GAINS				1,267
EBITDA				**2,589**
RECONCILIATION OF SEGMENT EBITDA TO GROUP NET PROFIT/(LOSS) BEFORE TAX:				
DEPRECIATION AND AMORTISATION				(2,562)
NET FINANCE COSTS				(905)
TRANSACTIONAL COSTS ASSOCIATED WITH THE INITIAL PUBLIC OFFERING OF RUBICON WATER LIMITED				(306)
NET PROFIT / (LOSS) BEFORE TAX				**(1,184)**

2021

	ANZ $'000	ASIA $'000	ROW $'000	TOTAL $'000
REVENUE	**26,500**	**41,120**	**13,909**	**81,529**
UNDERLYING EBITDA	4,915	11,150	(1,939)	14,126
UNREALISED FOREIGN EXCHANGE GAINS				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)
TRANSACTIONAL COSTS ASSOCIATED WITH THE INITIAL PUBLIC OFFERING OF RUBICON WATER LIMITED				(682)
NET PROFIT / (LOSS) BEFORE TAX				**10,040**

Note 5 - Employee Benefits Expenses

	2022 $'000	2021 $'000
EMPLOYEE BENEFITS EXPENSE		
WAGES AND SALARIES	**14,101**	14,578
ANNUAL AND LONG SERVICE LEAVE EXPENSE	**1,359**	1,039
TERMINATION COSTS	**31**	6
DEFINED CONTRIBUTION PLAN	**1,189**	999
OTHER EMPLOYEE BENEFITS	**1,325**	1,144
SHARE BASED PAYMENTS	**396**	-
TOTAL EMPLOYEE BENEFITS EXPENSE	**18,401**	17,766

Note 6 - Tax

Tax Consolidation

Rubicon Water Limited 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. Following the reorganisation of the Group during 2022 financial year, the Australian Tax Office was notified of the change of the head company to Rubicon Water Limited on 27 August 2021. 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.

	2022 **$'000**	2021 $'000
CURRENT		
INCOME TAX PAYABLE / (REFUNDABLE)	**(402)**	3,027

	2022 **$'000**	2021 $'000
(A) THE COMPONENTS OF TAX EXPENSE COMPRISE:		
CURRENT INCOME TAX EXPENSE / (BENEFIT)		
- CURRENT INCOME TAX EXPENSE / (BENEFIT)	**128**	3,865
- ADJUSTMENT FOR PRIOR YEARS	**43**	(23)
DEFERRED INCOME TAX EXPENSE / (BENEFIT)		
- ORIGINATION AND REVERSAL OF TEMPORARY DIFFERENCES	**(624)**	(2,013)
- ADJUSTMENT FOR PRIOR YEARS	**-**	(14)
INCOME TAX (BENEFIT) / EXPENSE REPORTED IN THE STATEMENT OF PROFIT OR LOSS AND OCI	**(453)**	1,815
(B) A RECONCILIATION BETWEEN TAX EXPENSE AND THE PRODUCT OF ACCOUNTING PROFIT/(LOSS) BEFORE INCOME TAX MULTIPLIED BY THE GROUP'S APPLICABLE INCOME TAX RATE IS AS FOLLOWS:		
ACCOUNTING PROFIT/(LOSS) BEFORE TAX	**(1,184)**	10,040
AT THE COMPANY'S STATUTORY DOMESTIC INCOME TAX RATE OF 30% (2021: 30%)	**(355)**	3,012
ADD / (LESS) TAX EFFECT OF:		
- RESEARCH AND DEVELOPMENT INCENTIVE	**(170)**	(128)
- FOREIGN TAX RATE ADJUSTMENT	**37**	(365)
- NON-ALLOWABLE ITEMS	**120**	(2)
- ADJUSTMENT FOR PRIOR YEARS	**43**	(37)
- CURRENT YEAR TAX LOSSES NOT RECOGNISED	**494**	477
- UTILISATION OF TAX LOSSES NOT PREVIOUSLY RECOGNISED	**(198)**	(837)
- SHARE OF JOINT VENTURE PROFIT AFTER TAX	**(86)**	(630)
- RECOGNITION OF PREVIOUSLY UNRECOGNISED DEDUCTABLE TEMPORARY DIFFERENCES	**(236)**	-
- OTHER	**(102)**	325
INCOME TAX (BENEFIT) / EXPENSE	**(453)**	1,815

2022	Deferred Tax Asset Opening balance $'000	Adjustment for prior years $'000	Recognised in Profit or Loss $'000	Recognised in equity $'000	Deferred Tax Asset Closing balance $'000
NON-CURRENT					
DEFERRED TAX ASSETS (LIABILITIES):					
ACCOUNTS RECEIVABLE	1	-	(1)	-	-
INTANGIBLE ASSETS	(2)	-	(165)	-	(167)
INVENTORIES	820	-	584	-	1,404
DEFERRED INCOME	(2,694)	-	(1,952)	-	(4,646)
PROPERTY, PLANT AND EQUIPMENT	(99)	-	(159)	-	(258)
PROVISIONS	1,466	-	114	-	1,580
ACCRUALS	507	-	(129)	-	378
BORROWINGS	10	-	(10)	-	-
TRADE PAYABLES	276	-	(274)	-	2
IPO COSTS	370	-	(24)	636	982
OTHER	177	-	(271)	-	(94)
LEASES	95	-	(16)	-	79
TAX LOSSES CARRIED FORWARD	612	-	2,927	-	3,539
DEFERRED TAX ASSETS / (LIABILITIES)	**1,539**	**-**	**624**	**636**	**2,799**

2021	Deferred Tax Asset Opening balance $'000	Adjustment for prior years $'000	Recognised in Profit or Loss $'000	Recognised in other assets $'000	Deferred Tax Asset Closing balance $'000
NON-CURRENT					
DEFERRED TAX ASSETS (LIABILITIES):					
ACCOUNTS RECEIVABLE	3	-	(2)	-	1
INTANGIBLE ASSETS	102	-	(104)	-	(2)
INVENTORIES	228	504[1]	88	-	820
DEFERRED INCOME	(5,856)	-	3,162	-	(2,694)
PROPERTY, PLANT AND EQUIPMENT	(98)	-	(1)	-	(99)
PROVISIONS	1,225	-	241	-	1,466
ACCRUALS	361	-	146	-	507
BORROWINGS	20	-	(10)	-	10
TRADE PAYABLES	139	-	137	-	276
IPO COSTS	-	-	46	324[3]	370
OTHER	165	-	10	-	177
LEASES	74	-	21	-	95
TAX LOSSES CARRIED FORWARD	2,823	(490)[2]	(1,721)	-	612
DEFERRED TAX ASSETS / (LIABILITIES)	**(814)**	**14**	**2,013**	**324**	**1,539**

[1] Relates to deferred tax in respect of unrealised profits on internal sales of inventories not previously recognised.

[2] Relates to deferred tax assets previously recognised in respect of tax credits not recoverable.

[3] Relates to deferred tax in respect of IPO capital raising costs incurred and recognised in 'other assets' pending issue of the related shares which occurred during the current financial year.

Note 7 - Earnings Per Share

EARNINGS PER SHARE	CENTS	CENTS
BASIC (CENTS PER SHARE)	**(0.3)**	6.3
DILUTED (CENTS PER SHARE)	**(0.3)**	6.3

Basic earnings per share is calculated by dividing the following profit attributable to ordinary shareholders of Rubicon Water Limited, 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 Water Limited by the weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares.

	2022 $'000	2021 $'000
PROFIT USED IN THE CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE	**(438)**	8,322

	NUMBER	NUMBER
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED IN CALCULATING BASIC EARNINGS PER SHARE	**164,479,768**	131,123,104
WEIGHTED AVERAGE NUMBER OF DILUTED OPTIONS	**-**	-
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED IN CALCULATING DILUTIVE EARNINGS PER SHARE	**164,479,768**	131,123,104

Details of movements in ordinary shares during the reporting period are set out in Note 21.

Rubicon Water Limited completed an Initial Public Offering (IPO) and listed on the Australian Securities Exchange (ASX) on 31 August 2021. In connection with the pre-IPO structuring steps, the existing shareholders of Rubicon Systems (Holdings) Pty Ltd received 1.31123 ordinary shares in Rubicon Water Limited for every 1 share owned prior to the IPO (the Reorganisation). The issuance did not result in a corresponding change in resources. The weighted average number of ordinary shares outstanding during the year ended 30 June 2022 and comparative period ended 30 June 2021 has been adjusted to reflect the 1:1.31123 (in-substance) share split.

During the financial year ended 30 June 2022 the Group has issued Performance Rights which may give rise to the issue of shares for nil consideration in the future, subject to satisfying certain performance conditions (see Note 23). These contingently issuable shares have not been considered in calculation of diluted EPS because the relevant performance conditions have not been met at balance date.

Shares issued in connection with the CEO Share Grant described in Note 23 have only been included when calculating the weighted average number of ordinary shares outstanding to the extent vested.

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.

	2022 **$'000**	2021 $'000
CASH AT BANK	**10,749**	7,431
DEPOSITS AT CALL	**478**	1,595
TOTAL CASH AND CASH EQUIVALENTS	**11,227**	9,026

Note 9 - Trade and Other Receivables

	2022 **$'000**	2021 $'000
TRADE RECEIVABLES		
CURRENT		
TRADE RECEIVABLES	**40,690**	46,933
PROVISION FOR IMPAIRMENT OF RECEIVABLES	**(589)**	(573)
TOTAL TRADE RECEIVABLES	**40,101**	46,360
OTHER RECEIVABLES		
CURRENT		
OTHER DEBTORS	**754**	22
LOAN TO JOINT VENTURE	**1,590**	1,343
ACCRUED INCOME*	**27,405**	16,759
TOTAL OTHER RECEIVABLES	**29,749**	18,124
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	**69,850**	64,484

*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:

	2022 $'000	2021 $'000
CURRENT	**31,347**	41,747
0 – 30 DAYS PAST DUE	**562**	73
31 – 60 DAYS PAST DUE	**3,169**	428
61+ DAYS PAST DUE	**5,612**	4,685
PROVISION FOR IMPAIRMENT OF RECEIVABLES	**(589)**	(573)
TRADE RECEIVABLES	**40,101**	46,360

Current receivables include all amounts not yet contractually due. For certain customers, payments to Rubicon are not contractually due until the respective customer has received project progress payments from the relevant government entity. In particular, receivables include amounts of $24,080,673 (2021: $14,070,527) which, although not contractually due for payment under the applicable credit terms, are aged greater than 120 days from the date the Group satisfied the associated contract billing milestones and raised its progress payment claims with the respective customer.

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

	2022 $'000	2021 $'000
BALANCE AT 1 JULY	**573**	779
AMOUNTS WRITTEN OFF	**-**	-
NET REMEASUREMENT OF LOSS ALLOWANCE	**16**	(206)
BALANCE AT 30 JUNE	**589**	573

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.

	2022 $'000	2021 $'000
CURRENT		
AT LOWER OF COST OR NET REALISABLE VALUE:*		
- RAW MATERIALS	**16,950**	13,326
- FINISHED GOODS	**7,676**	3,480
AT COST:		
- WORK IN PROGRESS	**374**	317
TOTAL INVENTORIES	**25,000**	17,123

*The Group has completed a comprehensive review of the carrying amount of inventory. As a result of the review, inventory was impaired by $148,000 (2021: $169,000).

Note 11 - Other Current Assets

	2022 $'000	2021 $'000
CURRENT		
PREPAYMENTS	**1,538**	556
OTHER	**267**	1,151
TOTAL OTHER CURRENT ASSETS	**1,805**	1,707

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 for the Indian market and for export. 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:

	2022 $'000	2021 $'000
CURRENT ASSETS	**24,002**	40,276
NON-CURRENT ASSETS	**1,729**	1,906
CURRENT LIABILITIES	**(17,746)**	(34,850)
NON-CURRENT LIABILITIES	**(1,139)**	(1,192)
EQUITY	**6,846**	6,140
GROUP'S SHARE IN EQUITY - 50%	**3,423**	3,070
GROUP'S CARRYING AMOUNT OF THE INVESTMENT	**3,423**	3,070

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

	2022 $000	2021 $000
REVENUE	**10,351**	36,053
EXPENSES	**(9,603)**	(28,886)
PROFIT / (LOSS) BEFORE TAX	**748**	7,167
TAX EXPENSE	**(206)**	(1,116)
PROFIT / (LOSS) FOR THE YEAR	**542**	6,051
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	**(14)**	(113)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**528**	5,938
GROUP'S SHARE OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**264**	2,969

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Note 13 - Intangibles

All intangible assets recognised by the Group relate to product development, comprising software and hardware concepts. 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 2022 have finite useful lives.

Development Costs

	2022			2021		
	HARDWARE **$'000**	**SOFTWARE** **$'000**	**TOTAL** **$'000**	HARDWARE $'000	SOFTWARE $'000	TOTAL $'000
COST						
OPENING BALANCE	438	-	**438**	-	-	-
ADDITIONS FROM INTERNAL DEVELOPMENT	573	1,253	**1,826**	438	-	438
BALANCE AT 30 JUNE 2022	**1,011**	**1,253**	**2,264**	438	-	438
AMORTISATION						
OPENING BALANCE	(47)	-	**(47)**	-	-	-
AMORTISATION CHARGE	(88)	-	**(88)**	(47)	-	(47)
BALANCE AT 30 JUNE 2022	**(135)**	**-**	**(135)**	(47)	-	(47)
CARRYING AMOUNT						
OPENING BALANCE	391	-	**391**	-	-	-
BALANCE AT 30 JUNE 2022	**876**	**1,253**	**2,129**	391	-	391

The amortisation period for product development costs 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.

	2022 $'000	2021 $'000
LAND AND BUILDINGS		
- AT COST	**3,956**	3,900
- ACCUMULATED DEPRECIATION	**(1,259)**	(1,162)
TOTAL LAND AND BUILDINGS	**2,697**	2,738
PLANT AND EQUIPMENT		
PLANT AND EQUIPMENT:		
- AT COST	**15,806**	14,167
- ACCUMULATED DEPRECIATION	**(13,552)**	(12,644)
TOTAL PLANT AND EQUIPMENT	**2,254**	1,523
MOTOR VEHICLES:		
- AT COST	**4,335**	4,229
- ACCUMULATED DEPRECIATION	**(3,265)**	(3,098)
TOTAL MOTOR VEHICLES	**1,070**	1,131
LEASEHOLD IMPROVEMENTS:		
- AT COST	**1,794**	1,979
- ACCUMULATED DEPRECIATION	**(747)**	(695)
TOTAL LEASEHOLD IMPROVEMENTS	**1,047**	1,284
TOTAL PROPERTY, PLANT AND EQUIPMENT	**7,068**	6,676

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 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
ADDITIONS	**56**	**1,364**	**368**	**57**	**1,845**
DISPOSALS	**-**	**-**	**(24)**	**-**	**(24)**
TRANSFER BETWEEN ASSET CLASSES	**-**	**171**	**17**	**(188)**	**-**
NET FOREIGN EXCHANGE MOVEMENT	**-**	**21**	**(16)**	**(5)**	**-**
DEPRECIATION EXPENSE	**(97)**	**(825)**	**(406)**	**(101)**	**(1,429)**
BALANCE AT 30 JUNE 2022	**2,697**	**2,254**	**1,070**	**1,047**	**7,068**

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:

	2022 $'000	2021 $'000
COST		
OPENING BALANCE	**4,636**	3,865
ADDITIONS	**414**	871
FOREIGN EXCHANGE TRANSLATION	**19**	(36)
DERECOGNITION OF RIGHT-OF-USE ASSETS	**-**	(64)
CLOSING BALANCE	**5,069**	4,636
ACCUMULATED DEPRECIATION		
OPENING BALANCE	**(2,049)**	(1,024)
DEPRECIATION FOR THE PERIOD	**(1,063)**	(1,025)
CLOSING BALANCE	**(3,112)**	(2,049)
NET BOOK VALUE		
OPENING BALANCE	**2,587**	2,841
CLOSING BALANCE	**1,957**	2,587

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

	2022 $'000	2021 $'000
DEPRECIATION EXPENSE ON RIGHT-OF-USE ASSETS	**1,063**	1,025
INTEREST EXPENSE ON LEASE LIABILITIES	**80**	95
OCCUPANCY EXPENSES		
EXPENSES RELATING TO SHORT TERM OR LOW VALUE LEASES EXEMPT UNDER AASB16	**382**	230
OTHER OCCUPANCY EXPENSES	**8**	23
TOTAL OCCUPANCY EXPENSES	**390**	253

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

Note 16 - Other Financial Assets

	2022 $'000	2021 $'000
NON-CURRENT		
LOANS TO MANAGEMENT PERSONNEL	**150**	350
	150	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.

	2022 $'000	2021 $'000
CURRENT		
UNSECURED LIABILITIES:		
TRADE PAYABLES	**7,939**	8,882
SUNDRY PAYABLES AND ACCRUED EXPENSES	**3,866**	5,703
TOTAL TRADE AND OTHER PAYABLES	**11,805**	14,585

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.

	2022 $'000	2021 $'000
CURRENT		
SECURED LIABILITIES:		
BANK OVERDRAFTS	**208**	4,206
BANK LOANS	**2,924**	2,875
CHATTEL MORTGAGE	**41**	114
	3,173	7,195
LEASE LIABILITIES	**1,137**	1,040
TOTAL CURRENT LIABILITIES	**4,310**	8,235
NON-CURRENT		
SECURED LIABILITIES:		
BANK LOANS	**23,994**	22,498
CHATTEL MORTGAGE	**103**	68
	24,097	22,566
LEASE LIABILITIES	**1,095**	1,891
TOTAL NON-CURRENT LIABILITIES	**25,192**	24,457

(a) Collateral Provided

Bank facility

On 2 August 2021, the Group executed an amendment to the facility agreement with the Hongkong and Shanghai Banking Corporation Limited ("HSBC"). The current facilities as at 30 June 2022 are detailed in the table below.

Facility	Facility limit $m	Termination date	Purpose
Facility A	12.0	2 years from execution	General corporate purposes
Facility B	20.0	2 years from execution	General corporate purposes and working capital
Facility C	8.0	2 years from execution	General corporate purposes
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	**41.9**		

In accordance with the terms of the facility agreement the Group made two $1,500,000 loan repayments in FY22. Accordingly, at the reporting date the facility limit was reduced to $41,900,000. At reporting date, the Group had drawn $27,208,102 (2021: $29,705,821) of the facility and held cash balances of $11,227,373 (2021: $9,026,074).

The difference between drawn amounts stated above and the carrying amount of bank loans and overdrafts at 30 June 2022 and 30 June 2021 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 default or breaches during the year ending 30 June 2022 on any borrowing 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:

	2022 $'000	2021 $'000
CREDIT FACILITIES	**42,100**	33,830
FACILITY UTILISED:		
BANK LOANS AND OVERDRAFTS	**(27,208)**	(29,706)
CHATTEL MORTGAGE (ANZ ONLY)	**-**	(64)
OTHER (BANK GUARANTEES AND BUSINESS CREDIT CARDS)	**(200)**	(326)
UNUSED CREDIT FACILITIES	**14,692**	3,734

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.

	2022 $'000	2021 $'000
CURRENT		
EMPLOYEE BENEFITS	**4,578**	4,127
OTHER	**220**	229
	4,798	4,356
NON-CURRENT		
EMPLOYEE BENEFITS	**381**	326
	381	326

Note 20 - Contingent Liabilities

There were no bank guarantees provided by banks for various contracts undertaken in FY22 (2021: $326,431). There are no other contingent liabilities.

Note 21 - Issued Capital

Share Capital

	2022 $'000	2021 $'000
171,305,104 (2021: 100,000,100) FULLY PAID ORDINARY SHARES	**168,194**	1,508

Ordinary shares

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

	2022 NO.	2021 NO.	2022 $	2021 $
AT BEGINNING OF REPORTING PERIOD	**100,000,100**	100,000,100	**1,508,000**	1,508,000
PRE-IPO REORGANISATION[1]	31,123,004	-	129,615,204	-
ORDINARY SHARES ISSUED IN RELATION TO THE IPO[2]	40,000,000	-	36,888,983	-
EMPLOYEE GIFT OFFER[3]	182,000	-	182,000	-
AT REPORTING DATE	**171,305,104**	100,000,100	**168,194,187**	1,508,000

[1] Rubicon Water Limited completed an Initial Public Offering (IPO) and listed on the Australian Securities Exchange (ASX) on 31 August 2021. In connection with the pre-IPO structuring steps, the existing shareholders of Rubicon Systems (Holdings) Pty Ltd received 1.31123 ordinary shares in Rubicon Water Limited for every 1 share owned prior to the IPO. The amounts of share capital recognised in respect of this issuance of shares have been recognised at the fair value of the shares at the date of issuance of $1.00.

[2] Rubicon Water Limited issued an additional 40,000,000 ordinary shares upon settlement of the IPO transaction for cash consideration of $1.00 per share. The amounts of share capital recognised in respect of this issuance of shares have been recognised net of capital raising costs of $3,111,017 (post-tax).

[3] Rubicon Water Limited made a grant of shares to employees of the Company under the Employee Gift Offer. The offer participants received a total of 182,000 shares in Rubicon Water Limited at no cost. The arrangement is considered to be a Share-Based Payment under AASB 2. The shares were fully vested at their grant date but are subject to a disposal restriction that applies until the earlier of three years from the grant date, or on the cessation of employment.

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.

Note 22 - Dividends

Dividends

During the financial year, the Group made the following dividend payment:

	2022		2021	
	Cents per share	**Total $'000**	Cents per share	Total $'000
FULLY PAID ORDINARY SHARES				
PRE-IPO DIVIDEND	**10.0**	**10,000**	-	-

The dividend was approved by the Board of Rubicon Systems (Holdings) Pty Ltd on 11 August 2021. The dividend was paid on 27 August 2021.

Franking Credits

Amount of franking credits available to shareholders of Rubicon Water Limited for subsequent financial years are:

	2022 $'000	2021 $'000
FRANKING ACCOUNT BALANCE AS AT THE END OF THE FINANCIAL YEAR AT 30% TAX RATE (2021: 30%)	**10,462**	11,545

Note 23 - Reserves

	2022 $'000	2021 $'000
SHARE-BASED PAYMENT RESERVE	**396**	-
FOREIGN CURRENCY TRANSLATION RESERVE	**(612)**	(906)
RE-ORGANISATION RESERVE	**(129,615)**	-
TOTAL RESERVES	**(129,831)**	(906)

Share-Based Payments Reserve

	2022 $'000	2021 $'000
SHARE-BASED PAYMENTS RESERVE	**396**	-

This reserve is used to recognise share-based payments made in accordance with AASB 2 'Share-Based Payments' to employees under the CEO Share Grant and the Performance Rights granted to the executive team.

CEO Share Grant

On 11 August the Group 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 received a total of 580,000 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. This portion of the reserve is calculated proportionally over the vesting period. Upon vesting of each tranche, the balance of the reserve is transferred to share capital.

The total expense for share-based payment relating to the CEO Share Grant recognised through Profit and Loss for the year ended 30 June 2022 was $262,000 (2021: nil). The expense was calculated taking into account the probability of vesting conditions being met. No vesting conditions were met during the year ended 30 June 2022.

Fair value of CEO Share Grant

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The shares from the CEO Share Grant vest in three tranches, at 31 August 2022, 31 August 2023 and 31 August 2024. Only non-market vesting conditions apply to the shares (service condition). The fair value of the shares at grant date was determined to be $1.00.

Performance Rights

On 11 August 2021, the Group made a grant of Performance Rights which entitles member of its executive team to receive a total of 622,603 ordinary shares in the Company, subject to a number of vesting conditions. The Performance Rights are subject to a 3-year vesting period ending on the date of release of the Company's FY2024 financial results.

If a relevant class of Performance Rights is not converted into shares by the relevant expiry date, then all Performance Securities of that class lapse. Subsequent grants of Performance Rights will be subject to the vesting period determined by the Board.

If the appropriate performance milestone is met each Performance Right will be converted to one share in Rubicon Water Limited.

The initial Performance Rights granted on Completion 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 made at Completion, 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.

The total expense for share-based payment relating to the Performance Rights recognised through Profit and Loss for the year ended 30 June 2022 was $134,000 (2021: nil). The share-based payment expense relating to Performance Rights is recognised to the extent that it is deemed probable that the vesting conditions will be met.

Grant Date Fair value of Performance Rights

The Group received an independent valuation to determine the grant date fair value of the Performance Rights.

The grant date fair value of the tranche 1 and tranche 3 Performance Rights, which have no market-based performance hurdles, has been determined to be $1.00 per instrument based on Rubicon's initial IPO price. It has been assumed that no dividends will be paid over the vesting period.

The grant date fair value of the tranche 2 Performance Rights, which are subject to a TSR (market-based) performance hurdle, has been determined to be $0.62 per instrument based on a Monte Carlo Simulation Option Pricing Model (SCSOPM) with the below assumptions selected:

Key input into the model	
Grant date share price	$1.00
Grant date	11 August 2021
Expected volatility	40%
Dividend yield	Nil
Exercise price	Nil
Expiry date	31 August 2024
Risk-free interest rate	0.61%

Foreign Currency Translation Reserve

	2022 $'000	2021 $'000
BALANCE AT BEGINNING OF REPORTING PERIOD	**(906)**	(430)
CHARGE TO OTHER COMPREHENSIVE INCOME	**294**	(476)
BALANCE AT END OF FINANCIAL YEAR	**(612)**	(906)

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

Re-Organisation Reserve

On 27 August 2021 Rubicon Water Limited became the ultimate parent entity of the Group by way of a Deed of Implementation between the Rubicon Water Limited and Rubicon Systems (Holdings) Pty Ltd. The substance of the reorganisation has been evaluated and deemed not to be a Business Combination required to be accounted for under AASB 3 Business Combinations. Accordingly, these consolidated financial statements reflect that the arrangement is in substance a continuation of the existing Rubicon Group. Any difference in share capital of the Company at the date of the reorganisation, calculated on the basis outlined in Note 21, compared to the existing share capital of Rubicon Systems (Holdings) Pty Ltd at the date of completion of the reorganisation has been recognised as an adjustment within the Re-organisation Reserve.

Note 24 - 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 WATER LIMITED
- 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
- RUBICON WATER INDIA 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 2022 are set out as follows:

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

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

	2022 $'000	2021 $'000
REVENUE	**55,331**	69,657
COST OF SALES	**(33,921)**	(43,005)
GROSS PROFIT	**21,410**	26,652
OTHER GAINS AND LOSSES	**107**	1,526
DEPRECIATION	**(1,410)**	(1,342)
EMPLOYEE BENEFITS EXPENSE	**(13,294)**	(13,254)
PROFESSIONAL FEES	**(1,998)**	(2,284)
TRAVEL COSTS	**(174)**	(74)
OCCUPANCY EXPENSES	**(34)**	(18)
ADMINISTRATIVE EXPENSES	**(2,515)**	(3,752)
FINANCE COSTS	**(1,057)**	(955)
PROFIT / (LOSS) BEFORE INCOME TAX	**1,035**	6,499
INCOME TAX EXPENSE	**37**	(1,946)
TOTAL PROFIT / (LOSS) FOR THE YEAR	**1,072**	4,553
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	**1,072**	4,553
RETAINED EARNINGS AT BEGINNING OF YEAR	**52,520**	47,967
DIVIDENDS RECOGNISED DURING THE YEAR	**(10,000)**	-
RETAINED EARNINGS AT END OF YEAR	**43,592**	52,520
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:		
OWNERS OF THE COMPANY	**1,072**	4,553
NON-CONTROLLING INTEREST	**-**	-
	1,072	4,553

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

Statement of financial position

	2022 $'000	2021 $'000
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	**6,687**	6,942
TRADE AND OTHER RECEIVABLES	**89,136**	78,974
INVENTORIES	**13,934**	8,795
OTHER CURRENT ASSETS	**931**	1,180
TOTAL CURRENT ASSETS	**110,688**	95,891
NON-CURRENT ASSETS		
INVESTMENTS	**9,128**	6,358
INTANGIBLES	**2,129**	-
PROPERTY, PLANT AND EQUIPMENT	**5,421**	5,699
RIGHT OF USE ASSET	**748**	1,039
DEFERRED TAX ASSETS	**485**	2,885
OTHER FINANCIAL ASSETS	**150**	350
TOTAL NON-CURRENT ASSETS	**18,061**	16,331
TOTAL ASSETS	**128,749**	112,222
CURRENT LIABILITIES		
TRADE AND OTHER PAYABLES	**13,570**	16,609
FINANCIAL LIABILITIES	**3,131**	7,145
LEASE LIABILITY	**427**	387
CURRENT TAX LIABILITIES	**-**	3,740
PROVISIONS	**4,175**	3,917
TOTAL CURRENT LIABILITIES	**21,303**	31,798
NON-CURRENT LIABILITIES		
PROVISIONS	**384**	326
LEASE LIABILITIES	**501**	878
FINANCIAL LIABILITIES	**23,994**	22,498
DEFERRED TAX LIABILITIES	**-**	2,694
TOTAL NON-CURRENT LIABILITIES	**24,879**	26,396
TOTAL LIABILITIES	**46,182**	58,194
NET ASSETS	**82,567**	54,028
EQUITY		
ISSUED CAPITAL	**168,194**	1,508
SHARE-BASED PAYMENT RESERVE	**396**	-
RE-ORGANISATION RESERVE	**(129,615)**	-
RETAINED EARNINGS	**43,592**	52,520
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**82,567**	54,028
NON-CONTROLLING INTEREST	**-**	-
TOTAL EQUITY	**82,567**	54,028

Note 25 - Parent Entity Disclosure

(a) Financial Position of Parent Entity at year end

	2022 $'000
ASSETS	
CURRENT ASSETS	-
NON-CURRENT ASSETS	**40,471**
TOTAL ASSETS	**40,471**
LIABILITIES	
CURRENT LIABILITIES	-
NON-CURRENT LIABILITIES	-
TOTAL LIABILITIES	-
NET ASSETS	**40,471**
EQUITY	
ISSUED CAPITAL	**168,194**
SHARE-BASED PAYMENT RESERVE	**396**
RE-ORGANISATION RESERVE	**(128,119)**
RETAINED EARNINGS	-
TOTAL EQUITY	**40,471**

(b) Results of Parent Entity

	2022 $'000
PROFIT FOR THE YEAR	-
OTHER COMPREHENSIVE INCOME	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-

On 9 July 2021 Rubicon Water Limited was incorporated. On 27 August 2021 Rubicon Water Limited became the ultimate parent entity of the Group by way of a Deed of Implementation between the Rubicon Water Limited and Rubicon Systems (Holdings) Pty Ltd.

(c) 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 Water Limited pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

(d) Parent entity Contingent Liabilities

At 30 June 2022, the parent entity has no significant contingent liabilities (2021: Nil).

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

At 30 June 2022, the parent entity had not entered into any contractual commitments for the acquisition of property, plant and equipment and other intangible assets (2021: Nil).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

Note 26 - Cash Flow Information

(a) Reconciliation of Cash at End of Financial Year

	NOTE	2022 $'000	2021 $'000
CASH AND CASH EQUIVALENTS	8	**11,227**	9,026
BANK OVERDRAFTS	18	**(208)**	(4,206)
CASH (NET OF BANK OVERDRAFTS) AT END OF FINANCIAL YEAR		**11,019**	4,820

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

	2022 $'000	2021 $'000
PROFIT / (LOSS) AFTER INCOME TAX	**(731)**	8,225
ADJUSTMENTS FOR NON-CASH ITEMS:		
- DEPRECIATION	**2,474**	2,414
- AMORTISATION	**88**	47
- SHARE-BASED PAYMENTS	**396**	-
- UNREALISED FOREIGN EXCHANGE GAIN	**1,267**	71
- IMPAIRMENT OF INVENTORY	**148**	168
- IMPAIRMENT OF ACCOUNTS RECEIVABLE	**16**	(206)
- NET FINANCE COSTS	**905**	1,014
- SHARE OF PROFIT/(LOSS) OF EQUITY ACCOUNTED INVESTEE'S, NET OF TAX	**(264)**	(2,969)
- INCOME TAX EXPENSE	**(454)**	1,815
- (GAIN) / LOSS ON SALE OF PROPERTY, PLANT AND EQUIPMENT	**(92)**	(43)
- OTHER	**11**	-
CHANGES IN:		
- (INCREASE) / DECREASE IN TRADE AND OTHER RECEIVABLES	**(5,153)**	(21,225)
- (INCREASE) / DECREASE IN PREPAYMENTS	**527**	(1,104)
- (INCREASE) / DECREASE IN INVENTORIES	**(8,024)**	(6,014)
- INCREASE / (DECREASE) IN TRADE PAYABLES AND ACCRUALS	**(4,182)**	8,442
- INCREASE / (DECREASE) IN PROVISIONS	**496**	756
- INCREASE / (DECREASE) IN DEFERRED INCOME	**359**	-
CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	**(12,213)**	(8,609)
- NET INTEREST PAID	**(1,217)**	(1,141)
- INCOME TAXES PAID	**(3,376)**	(704)
CASH FLOW PROVIDED BY / (USED IN) OPERATIONS	**(16,806)**	(10,454)

(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:

2022

	LOANS AND BORROWINGS $'000	LEASE LIABILITIES $'000	TOTAL $'000
BALANCE AT 1 JULY 2021	25,556	2,931	**28,487**
CHANGES FROM FINANCING CASH FLOWS:			
CASH OUTFLOW	(3,111)	(1,138)	**(4,249)**
CASH INFLOW	4,572	-	**4,572**
	1,461	(1,138)	**323**
NON-CASH CHANGES:			
ACQUISITIONS	-	420	**420**
VARIATIONS	-	-	**-**
FOREIGN EXCHANGE MOVEMENT	-	19	**19**
NET ESTABLISHMENT FEE AMORTISATION FOR PERIOD	44	-	**44**
BALANCE AT 30 JUNE 2022	**27,061**	**2,232**	**29,293**

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)**
REMAINING AMORTISATION BALANCE	126	-	**126**
BALANCE AT 30 JUNE 2021	**25,556**	**2,931**	**28,487**

Note 27 - Financial Risk Management

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

	NOTE	2022 $'000	2021 $'000
FINANCIAL ASSETS			
CASH AND CASH EQUIVALENTS	8	**11,227**	9,026
TRADE AND OTHER RECEIVABLES	9	**69,850**	64,484
		81,077	73,510
FINANCIAL LIABILITIES			
TRADE AND OTHER PAYABALES	17	**11,805**	14,585
BORROWINGS	18	**27,269**	29,761
LEASE LIABILITY	18	**2,232**	2,931
		41,306	47,277

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 and Risk 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 and Risk 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	**2022** $'000	2021 $'000
FLOATING RATE INSTRUMENTS			
BANK OVERDRAFTS	18	**208**	4,206
BANK LOANS	18	**26,918**	25,373
		27,126	29,579

(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	
	2022 $'000	2021 $'000	**2022** $'000	2021 $'000	**2022** $'000	2021 $'000	**2022** $'000	2021 $'000
FINANCIAL LIABILITIES DUE FOR PAYMENT								
BANK OVERDRAFTS	**228**	4,393	**-**	-	**-**	-	**228**	4,393
BANK LOANS	**4,146**	3,389	**24,181**	22,498	**-**	-	**28,327**	25,887
TRADE AND OTHER PAYABLES	**11,805**	14,585	**-**	-	**-**	-	**11,805**	14,585
CHATTEL MORTGAGE	**50**	119	**69**	42	**47**	34	**166**	195
LEASE LIABILITIES	**1,196**	1,113	**1,011**	1,681	**110**	274	**2,316**	3,068
	17,425	23,599	**25,261**	24,221	**157**	308	**42,842**	48,128

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, Indian Rupee and Costa Rican Colon.

(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 and are generally based meeting project milestones for payments to be due.

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, 39% of the trade receivables balance (2021: 47%) is due from a single customer, which is also a related party and joint venture, outlined in Note 28. The second and third largest individual trade receivable balances amounted to 22% (2021: 23%) and 19% (2021: 10%) respectively. 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.

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	
	2022 **$'000**	2021 $'000	**2022** **$'000**	2021 $'000
IMPACT ON:				
CHANGE IN EARNINGS	**(293)**	(304)	**293**	304
CHANGE IN EQUITY	**(293)**	(304)	**293**	304

(c) Currency Risk Sensitivity Analysis

As at 30 June 2022 a movement in the AUD would impact the earnings and equity as detailed in the table below:

	5% INCREASE		5% DECREASE	
	2022 **$'000**	2021 $'000	**2022** **$'000**	2021 $'000
IMPACT ON:				
CHANGE IN EARNINGS	**148**	(211)	**(148)**	211
CHANGE IN EQUITY	**(296)**	(292)	**296**	292

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 2022 and 2021 are as follows:

	2022 **$'000**	2021 $'000
TOTAL BORROWINGS	**27,270**	29,761
CASH AND CASH EQUIVALENTS	**(11,227)**	(9,026)
NET DEBT / (CASH)	**16,043**	20,735
TOTAL EQUITY	**76,147**	49,149
GEARING RATIO	**21%**	42%

Note 28 - 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.

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		Purchase of goods	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
JOINT VENTURE	**3,565**	24,957	**1,025**	-

The following amounts were outstanding at the reporting date:

	Amounts owed by related parties for the sale of goods		Amounts owed to related parties for the sale of goods	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
JOINT VENTURE	**15,444**	21,940	**1,223**	-

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 on the basis that it is expected to be recovered within 12 months of balance date. The loan includes interest receivable.

	2022	2021
	$'000	$'000
LOAN TO JOINT VENTURE	**1,590**	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 Water Limited, and other key management personnel of the Group, are:

	2022	2021
	$	$
SHORT-TERM EMPLOYEE BENEFITS	**1,283,073**	1,433,415
POST-EMPLOYMENT BENEFITS	**108,038**	109,235
OTHER LONG-TERM BENEFITS	**15,899**	18,708
SHARE-BASED PAYMENTS	**69,559**	-
TOTAL DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION	**1,476,569**	1,561,358

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 2022 financial year. In previous reporting periods loans were extended to some of the key management personnel. The relevant loans were repaid during the 2022 financial year (2021 loan balance: $100,000).

Note 29 - Non-Controlling Interest

	2022 $'000	2021 $'000
BALANCE AT THE BEGINNING OF THE REPORTING PERIOD	**616**	708
SHARE OF LOSS FOR THE YEAR	**(293)**	(97)
SHARE OF OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	**(32)**	5
BALANCE AT THE END OF THE REPORTING PERIOD	**291**	616

Note 30 - Auditor's Remuneration

	2022 $	2021 $
DELOITTE AND RELATED NETWORK FIRMS		
AUDIT OR REVIEW OF FINANCIAL REPORTS		
- GROUP – AUDIT	**191,000**	152,050
- GROUP – HALF YEAR REVIEW	**81,894**	87,136
- OFFSHORE SUBSIDIARIES	**60,000**	70,350
	332,894	309,536
OTHER ASSURANCE SERVICES		
AUDITORS OF RUBICON WATER LIMITED:		
DELOITTE - IN RELATION TO INITIAL PUBLIC OFFERING	**63,210**	252,450
TOTAL OTHER ASSURANCE SERVICES	**63,210**	252,450
OTHER SERVICES		
AUDITORS OF RUBICON WATER LIMITED:		
IN RELATION TO ADVISORY SERVICES	**-**	-
TOTAL OTHER SERVICES	**-**	-
	396,104	561,986

Auditing fees for the parent entity are borne by another entity in the Consolidated Entity. The auditor of Rubicon Water Limited is Deloitte Touche Tohmatsu.

Note 31 - Defined Contribution Plans

For defined contribution schemes the pension charge is calculated on the basis of contributions payable. The Group contributed $1,189,000 during the financial year (2021: $999,000) to defined contribution plans. These contributions are expensed as incurred.

Note 32 - Events Subsequent to Reporting Date

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 2022.

Shareholder Information

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only. The following information is current as at 12 August 2022.

1. Shareholding

a) Distribution of shareholders

Range	No. of Shareholders	No. Ordinary Shares	% Of issued Capital
1 – 1,000	374	267,748	0.16
1,001 – 5,000	292	945,522	0.55
5,001 – 10,000	136	1,173,877	0.68
10,001 – 100,000	243	8,041,842	4.68
100,001 and over	53	161,456,115	93.93
Total	**1,098**	**171,885,104**	**100.00**

b) The number of shareholdings held in less than marketable parcels is 86 holders holding 20,578 shares.

c) Shareholders holding in excess of 5% of issued capital were listed in the holding company's register as follows:

Shareholder	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
NORTHERN CONNECTION HOLDINGS PTY LTD <OAKES-MANNERS FAMILY A/C>	19,137,363.00	11.17
D & A AUGHTON PTY LTD <D & A AUGHTON FAMILY A/C>	18,792,978.00	10.97
BROMYARD INVESTMENTS PTY LTD <WALLIS SUPER FUND A/C>	18,162,498.00	10.60
G D CIAVARELLA PTY LTD <CIAVARELLA FAMILY A/C>	17,144,292.00	10.01
PERRYSANDS PTY LTD <RODGERSON FAMILY A/C>	15,879,770.00	9.27
NATIONAL NOMINEES LIMITED	11,523,143.00	6.73
MR GORDON WILLIAM DICKINSON & MRS ALEXANDRA CHRISTINA DICKINSON	11,515,465.00	6.72
MR PHILIP LESLIE LATHAM HARKNESS	10,385,988.00	6.06
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,884,269.00	5.19

d) Voting rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares
Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

There are no other classes of equity securities.

e) 20 Largest Shareholders – Ordinary Shares

Shareholder	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
NORTHERN CONNECTION HOLDINGS PTY LTD <OAKES-MANNERS FAMILY A/C>	19,137,363	11.17%
D & A AUGHTON PTY LTD <D & A AUGHTON FAMILY A/C>	18,792,978	10.97%
BROMYARD INVESTMENTS PTY LTD <WALLIS SUPER FUND A/C>	18,162,498	10.60%
G D CIAVARELLA PTY LTD <CIAVARELLA FAMILY A/C>	17,144,292	10.01%
PERRYSANDS PTY LTD <RODGERSON FAMILY A/C>	15,879,770	9.27%
NATIONAL NOMINEES LIMITED	11,523,143	6.73%
MR GORDON WILLIAM DICKINSON & MRS ALEXANDRA CHRISTINA DICKINSON	11,515,465	6.72%
MR PHILIP LESLIE LATHAM HARKNESS	10,385,988	6.06%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,884,269	5.19%
MR GORDON WILLIAM DICKINSON & MRS ALEXANDRA CHRISTINA DICKINSON <ALEXANDRA C DICKINSON SF AC>	7,789,491	4.55%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	4,568,304	2.67%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,284,011	1.92%
NAREEN STATION PTY LTD	2,884,705	1.68%
MUTUAL TRUST PTY LTD	1,284,070	0.75%
COSMOS SUPER COMPANY PTY LTD <COSMOS SUPER FUND A/C>	1,032,781	0.60%
SOLICIT PTY LTD <PEARSON FAMILY A/C>	822,780	0.48%
MR MATTHEW DAVID COLLINS	751,708	0.44%
SOCOM AUSTRALIA PTY LTD <EADEN FAMILY A/C>	715,796	0.42%
PERRYSANDS PTY LTD <RODGERSON SUPER FUND A/C>	506,417	0.30%
RUBI HOLDINGS PTY LTD <JOHN RUBINO S/F A/C>	500,000	0.29%
Total Top 20 holders of ordinary fully paid shares	**155,565,829**	**90.51**
Total remaining holders balance	**16,319,275**	**9.49**

2. Number and class of restricted securities and securities subject to voluntary escrow

Description	Number on issue
CEO SHARE GRANT ESCROWED 12 MONTHS FROM DATE OF LISTING	193,324
CEO SHARE GRANT ESCROWED 24 MONTHS FROM DATE OF LISTING	193,338
CEO SHARE GRANT ESCROWED 36 MONTHS FROM DATE OF LISTING	193,338
EMPLOYEE GIFT SHARES ESCROWED 36 MONTHS FROM DATE OF LISTING	182,000
ORDINARY SHARES ESCROWED 12 MONTHS FROM DATE OF LISTING	58,401,607
Total	**59,163,607**

3. Performance rights (unquoted)

The Company has 622,603 unquoted performance rights on issue. As at 12 August 2022, there were 8 holders of performance rights. There are no voting rights attached to the performance rights.

4. Consistency with business objectives – ASX Listing Rule 4.10.19

The Company confirms that it has used the cash and assets in a form readily convertible to cash at the time of admission in a way consistent with its business objectives.

Corporate Directory

Directors

Gordon Dickinson
Non-executive Chairman

Bruce Rodgerson
Executive Director and Chief Executive Officer

David Aughton
Executive Director

Tony Morganti
Non-executive Director

Lynda O'Grady
Non-executive Director

Iven Mareels
Non-executive Director

Company Secretary

Rob Walker

Corporate Office

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Melbourne VIC, 3123
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Ph: 03 9832 3000

Registered Office

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Hawthorn East
Melbourne VIC, 3123
Australia
Ph: 03 9832 3000

Share Registry

Computershare Investors Services Pty Limited
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Abbotsford VIC 3067
www.computershare.com

Stock Exchange Listing

Rubicon Water Limited is listed on the Australian Securities Exchange (ASX Code: RWL)

Auditors

Deloitte Touche Tohmatsu
477 Collins Street
Melbourne VIC, 3000
Australia

Solicitors

Rob Walker Legal Pty Ltd
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Hawthorn East
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