APPENDIX 4E

Under ASX Listing Rule 4.3A

Rubicon Water Limited

ACN 651 852 470

Current reporting period ('FY23')	1 July 2022 to 30 June 2023
Previous corresponding period ('FY22')	1 July 2021 to 30 June 2022

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 2023.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	FY23 $'000			FY22 $'000
Revenue from ordinary activities	$55,223	down 15.4%	from	$65,291
Earnings before interest, tax, depreciation and amortisation (Underlying EBITDA[1])	($8,766)	down 763.1%	from	$1,322
Earnings before interest, tax, depreciation and amortisation (Statutory EBITDA)	($8,702)	down 481.2%	from	$2,283
Profit / (Loss) after tax from ordinary activities attributable to members	(10,929)	down 2395.2%	from	($438)
Profit / (Loss) after tax attributable to members	(10,929)	down 2395.2%	from	($438)

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

DIVIDENDS

Dividend Information	CENTS PER SECURITY	FRANKED AMOUNT PER SECURITY
Current period		
None	-	-
Total dividend	-	-
Previous corresponding period		
Pre IPO dividend – Ordinary (paid 27 August 2021)	10.0	100%

The Company does not currently offer a dividend reinvestment plan.

NET TANGIBLE ASSETS PER SHARE

	30 JUNE 2023	30 JUNE 2022
Net tangible assets per ordinary security ($)[1]	0.36	0.45

[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.

APPENDIX 4E (CONTINUED)

DETAILS OF EQUITY ACCOUNTED INVESTMENTS

NAME	TYPE	OWNERSHIP INTEREST 30 JUNE 2023	OWNERSHIP INTEREST 30 JUNE 2022
Medha Rubicon Water Technologies Pvt Ltd	Joint Venture	50%	50%

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 2023, 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™

2023 Annual Report

RUBICON WATER LIMITED

RUBICONWATER

We are dedicated to addressing water scarcity by providing innovative solutions to governments, water management utilities, and growers. Our mission is to increase water availability and agricultural productivity through improved water-use efficiency. With advanced technology and a focus on precision water management, we empower our clients to optimise their water resources with unparalleled efficiency and control.

250+ Customers worldwide

35K+ Products installed

17 Countries, 6 continents

300+ Teammates globally

~2Mha Irrigated land serviced

RUBICON™

Mha = Million hectares

Contents

Annual Report includes the Directors' Report, the Financial Statements and Independent Auditor's Report for the financial year ended 30 June 2023 lodged with the Australian Securities and Investments Commission and ASX Limited. The Annual Report is available on the Rubicon Water website at: 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/.**

Chairman and CEO's Report

Dear Shareholder,

As we present to you Rubicon Water's 2023 Annual Report, we reflect on a challenging year where delays in project signings have heavily impacted our financial results, but we have chosen to continue our investments in products, software, business systems and in market sales activities, as these are clearly the building blocks for our future success.

Climate and water resource challenges across the globe have been escalating dramatically this last year, as indicated by the significant level of media coverage. As was the case for Australian businesses during the millennium drought of the early 2000s, these crises are presenting increased opportunities for our technology and solutions, as governments across the globe look to proven solutions, allocate budgets and pursue projects that can save water and increase agricultural productivity.

We are determined to return to profitability in FY24 and to clearly demonstrate our capability to deliver on our expansive pipeline of opportunities in the years to come.

Market overview

The continued investment in FY23 on 'in market' sales activities is positioning Rubicon Water to have a broader, more balanced portfolio mix to our business segments, which makes our business more resilient and provides a platform for sustained growth in the future. As announced to the ASX in July, we successfully secured significant orders in China and India, accompanied by a series of smaller orders across the US, Chile, Italy and Spain. While many projects have experienced delays, impacting this year's results, we remain confident that we will secure and deliver on our opportunity pipeline, and these recent project signings have provided a healthy start to FY24.

Over the past year, our dedication to delivering impactful solutions to address global water scarcity issues has seen us continue to invest in our sales infrastructure and resources in target markets that are experiencing increasing water stress. In areas such as Central Asia and North Africa, we have introduced new dedicated resources to amplify our presence and promote opportunities for our products and solutions. We have also continued to invest in our existing international markets. Our US business has been steadily growing since 2006 and returned a strong result in FY23, aided by the increasing focus on water security, particularly in the Colorado Basin and California's Central Valley areas. We are seeing substantial increases in both the US Federal and State Government funding allocations for water efficiency projects, and Rubicon is well positioned to benefit from this as a key solution provider that can help address the severe water constraints facing the western states of the US.

Our Indian market has been the most impacted by project acquisition delays but the success of our signature KBJNL project, which has received national and international acclaim, provides confidence in the role our solutions will play throughout FY24 and beyond.

On the back of the Company's new platform release, our on-farm solutions have experienced important traction across both the US and Australia. Over the span of just 18 months since its introduction into the US, we have contracted several projects that provide numerous reference sites which demonstrate the benefits of our solutions and set us up for strong growth over FY24. We also expect a significant increase in government funding which supports farmers to invest in water saving technology like ours.

Over the past 18 months, the evolution of our software suite has made substantial progress, aligned to the ongoing development of an agile web-based platform built on scalable architecture. Our continued investment in software development is delivering results, highlighted by a record number of new customers onboarded during FY23. This growth is attributed to our more readily deployable SaaS software infrastructure, which has lowered barriers for adoption among both large and smaller scale irrigation districts.

Chairman and CEO's Report

Continued

As we continue to enhance our software capabilities, we will remain focussed on converting existing customers, delivering new value-added features, while simultaneously introducing new users to Rubicon's suite of irrigation management software. On this note, it's exciting and promising to see our software delivering increased value as a standalone offering – presenting yet another entry point for customers to be introduced to Rubicon's ecosystem of irrigation management solutions.

Operational overview

The return, post COVID, of increased team travel and the re-establishment of regular face-to-face interactions with our global offices, partners and customers has been an important step towards the acceleration of our project acquisition pipeline.

Likewise, delegations and international tours, integral to our sales process, have fully resumed, exemplified by;

1. our first US delegation to visit Australia's irrigated landscape since 2018;
2. a Chile delegation to our customers and facilities in the US;
3. a North African delegation visit to our Italian customers; and
4. planned visits by Egyptian and Central Asian water resource agencies to our KBJNL project in India.

Such interactions between our successful projects and potential customers are a crucial avenue for cross-market learning and shared insights. We value them highly in moving projects forward.

Pleasingly, we witnessed the successful operation of our regional assembly facility in Modesto, California in the past year, after the site was upgraded to an assembly facility in FY22. During FY23 we saw numerous products flow through the facility to meet the growing local demand. Localisation counteracts global transportation logistical constraints, enabling the Company to significantly reduce lead times and support our global expansion efforts. It reaffirms our commitment to offering timely solutions that meet the evolving needs of our customers worldwide.

We have also continued to enhance the modularity of our products to enable our solutions to be more transportable for global deployment. By introducing assembly facilities in key markets and implementing a modular product design, we are significantly reducing physical space requirements during shipping. This allows our products to be delivered quicker and in the larger volumes required to be able to deliver on our future pipeline of global opportunities.

This year's operational landscape tested our supply chain, with disruptions continuing to impact lead times for certain components. We've taken proactive steps to mitigate these challenges and we are poised to capitalise on the lessons learned to drive greater efficiency in our business over the coming year.

Milestone deployment in significant markets

In early FY23, we deployed the largest gates in the Company's history in the US in our Modesto assembly facility, a milestone for the region and testament to the introduction of our local assembly capability and improved product modularity. Similarly, shifting into the Southern Hemisphere, we installed the largest gates to date in Chile—an indication of the increasing demand and investment for our solutions.

Globally recognised, locally celebrated

The inauguration of our largest international project by Indian Prime Minister Narendra Modi in front of a crowd of approximately 200,000 stands as a testament to our capability to deliver positive change, transform water management practices and create invaluable benefits to support the future prosperity of the region.

Furthermore, accolades such as receiving the 2022 Australian Sustainability Exporter of the Year Award and the 2022 ICID Water Save Award, reflect our dedication to sustainable practices and delivering remarkable outcomes for our clients.

Key engagements

Our engagement with government throughout emerging regions, including India, Egypt, Morocco, and Kazakhstan, underline the strategic partnerships we are cultivating on the international stage. The signing of a Memorandum of Understanding in October 2022 with the Government of Uzbekistan symbolises both their desire and our commitment to advancing water management solutions within their country. More recently, a meeting with Egypt's Minister of Water Resources and Irrigation highlights the global esteem our water saving solutions are held and underlines the role our technology can play in ensuring the optimal use of water resources in Egypt.

A moment to thank our people

Amidst the dynamic landscape of challenges and opportunities, we pause to extend our appreciation to the remarkable team we are building. We commend the dedication and contributions of our over 300 Rubicon employees across the globe. Our strong leaders and devoted employees provide the foundations of our

Chairman and CEO's Report

Continued

strategy and plans for global growth. As we look ahead, we remain committed to supporting employees, nurturing a culture of collaboration, innovation, productivity, safety and optimising operations to drive global success.

Our senior management and executive teams have been spending invaluable time in our regional markets, a fundamental activity that was logistically challenging during the COVID years. These interactions served as a window into the dedication and focused determination that define our teams in delivering outcomes within our key growth and emerging markets.

A promising future ahead

As Rubicon Water embarks on another year, we will continue to build momentum towards delivering on the Company's potential. We remain inspired by our commitment to innovation and sustainability, and our vision to combat water challenges amidst a changing climate and drastically increasing water stress.

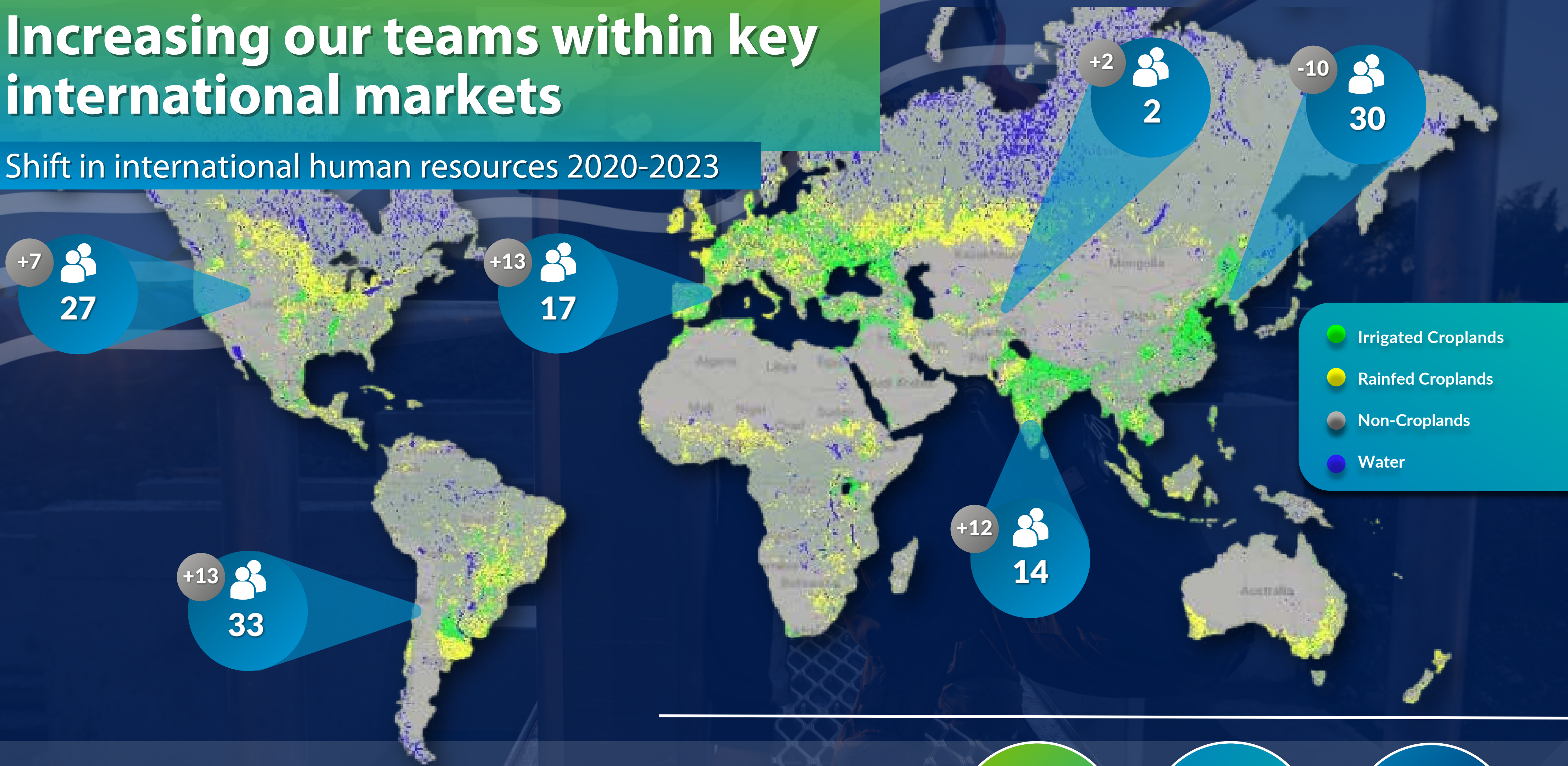
Finally, as Rubicon Water's Chairman and CEO, we express our profound gratitude to our shareholders and partners for your continued faith in our mission and vision.

Gordon Dickinson
Chairman

Bruce Rodgerson
Chief Executive Officer

Increasing our teams within key international markets

Shift in international human resources 2020-2023



OUR GLOBAL ADDRESSABLE MARKET

Global irrigated area	Irrigated area in existing markets	Addressable area to modernise
308Mha	211Mha	>140Mha
Currently equipped for irrigation purposes	Irrigated area in countries currently serviced by Rubicon	Published surface irrigation area less area modernised to date*

Source – United States Geological Survey ; ICID Database - World irrigated Area
*Management estimate

Delivering the project is just the beginning.

We're not just about new projects – we're harnessing our existing footprint to enhance our offerings through services that amplify benefits for our clients and elevate our partnerships to new heights.

RUBICON™

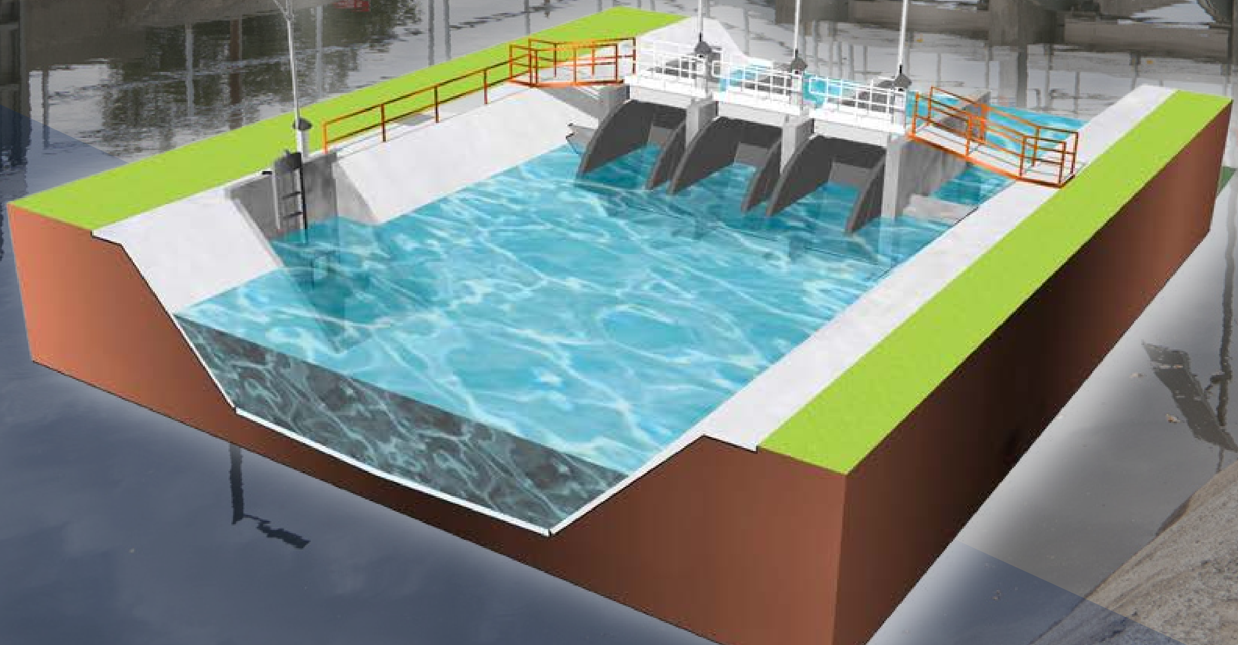
Making our products more modular for the global market.

In FY23 we assembled the largest FlumeGates for our USA market, along with installing our largest gates for Chile - an indication of the increasing demand and investment in our solutions to be more globally deployable.

RUBICON™

Detail is in the design, dedication is in our delivery.

Rubicon's focus lies in careful project design and reliable project delivery across our global segments, exemplifying our dedication to precision across design, manufacturing, and implementation.



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 2023 and the auditor's report thereon.

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

Directors

The names and particulars of the directors of the Group at any time during or since the end of the financial year are:

Director / Particulars	
Gordon Dickinson Chairman, Non-executive Director	Full period
Bruce Rodgerson Executive Director and Chief Executive Officer	Full period
David Aughton Executive Director	Full period
Tony Morganti Independent Director	Full period
Lynda O'Grady Independent Director	Full period
Iven Mareels Independent Director	Full period

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 the Executive Dean, Institute for Innovation, Science and Sustainability at Federation University Australia, and an honorary Professor at the University of Melbourne. Prior to this he was director of IBM Research, Australia and Dean of Engineering at the University of Melbourne. He is a Fellow of Engineers Australia (EngExec, NER, CPEng), the Institute of Electrical and Electronic Engineers (IEEE, USA), the Federation of Automatic Control (IFAC, Austria) and a Fellow of the Australian Academy of Technology and Engineering - which he also serves as Director/Vice-President Audit & Risk, and a Foreign Fellow of the Royal Flemish Academy of Belgium for Science and the Arts (KVAB, Belgium). Iven has published widely, he has co-authored over 500 refereed publications, and is a co-inventor on some of the key patents that underpin Rubicon's unique water management technology. Iven obtained the IR (equivalent to BEME) in Electro-Mechanical Engineering from the University of Gent, Gent Belgium in 1982 and the PhD in Systems Engineering from the Australian National University in 1987.
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.

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		NOMINATION, CULTURE AND REMUNERATION COMMITTEE	
DIRECTOR – CURRENT [1,2]	Held	Attended	Held	Attended	Held	Attended
Gordon Dickinson	10	10	4	4	3	3
Bruce Rodgerson	10	10				
David Aughton	10	10				
Lynda O'Grady	10	10	4	4	3	3
Iven Mareels	10	7				
Tony Morganti	10	10	4	4	3	3

[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 secretary for the Group at any time during or since the end of the financial year is:

Rob Walker

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 efficiencyOperating 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 2023.

Rubicon Water Limited reported a net loss after tax, including non-controlling interests, of $11,157,795 for the year ended 30 June 2023 ($730,836 loss for the year ended 30 June 2022).

Revenue was $55,222,884, down 15.4% (30 June 2022: $65,290,986). At a segment level, compared to the year ended 30 June 2022, revenue decreased in all operating segments. In the Rest of World segment revenue decreased by 11.4% to $21,583,578 compared to financial year 2022, driven by a reduction in project work in Latin America but somewhat offset by a strong post-Covid rebound in the US market. ANZ recorded a decrease in revenue of 23.2% to $19,506,708, driven by a reduction in orders from larger customers which can vary from year to year. Revenue in the Asia segment decreased by 8.9% to $14,131,961, where delays in project extensions in India and COVID government restrictions in China, which only abated in January 2023, have delayed works. The project extensions and new projects in Asia are progressing but at a slower than anticipated pace which has had an adverse impact on our year-end 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 loss of $8,766,019 (30 June 2022: $1,322,142 profit) and net cash outflow from operations of $1,362,880 (30 June 2022: $16,805,863). Pleasingly, the Group generated positive net operating cashflow inflows during the second half of the financial year of $5,579,571.

Key performance measures are provided in the following table:

	2023 $'000	2022 $'000
REVENUE	**55,223**	65,291
UNDERLYING EBITDA	**(8,766)**	1,322
UNREALISED FOREIGN EXCHANGE GAINS/(LOSSES)	**64**	1,267
EBITDA (BEFORE TRANSACTION COSTS) [1]	**(8,702)**	2,589
EBIT (BEFORE TRANSACTION COSTS) [2]	**(11,266)**	26
TRANSACTION COSTS ASSOCIATED WITH THE INITIAL PUBLIC OFFERING OF RUBICON WATER LIMITED	**-**	(306)
LOSS AFTER TAX	**(11,158)**	(731)
NET OPERATING CASH OUTFLOW	**(1,363)**	(16,806)
NET ASSETS	**65,803**	76,147
NET (DEBT) / CASH	**(20,880)**	(16,043)

[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.

Key Business Risks

The Group recognises the material business risks that are relevant to its activities and takes appropriate actions to manage those risks. The Board is responsible for overseeing and approving the Company's risk management framework (for both financial and non-financial risks) including its strategy, plans policies, procedures and systems and adopting and approving a risk appetite statement within which the Board expects management to operate. The Group regularly reviews its risks and their mitigation strategies, so that it can support the delivery of its purpose and strategy and respond to challenges faced by the Group's businesses and the water and broader utility industry. The Company's management is responsible for establishing the Company's risk management framework, including identifying major risk areas and developing the Company's policies and procedures, which are designed effectively to identify, treat, monitor, report and manage key business risks.

The below table outlines material business risks and their mitigation strategies:

Risk	Summary	Select mitigation strategies
Liability and reputational risk	The provision of products, solutions and services by the Group carries with it the risk of liability for injury, damage or losses arising from defects or failures in its hardware or software (including design and manufacturing processes). This includes not only potential repair and/or replacement costs of the Rubicon hardware and software, but also flood damage to channel networks, flood damage to third party properties or consequential loss caused to parties relying on water supply, such as farmers suffering crop damage as a result of water supply disruptions.	• Stakeholder engagement strategy; • Design, development and release approach for new products; • Incoming inspection process for new materials; • Review and testing of new designs; • Live telemetry links to installed sites with appropriate alarms as a part of commissioning; and • Appropriate insurance coverage
Counterparty risk	Rubicon has several commercial agreements and arrangements with third-parties, including customers and suppliers, and will enter into a number of further agreements and arrangements with others in order to meet its growth strategy. This risk is particularly present in overseas markets	• Ensure designs and contracted technical specifications are robust, with reasonable performance testing regimes and tolerances. Ensure adequate PI insurance cover is in place.

Risk	Summary	Select mitigation strategies
	where Rubicon aims to establish its presence and takes necessary steps to establish relationships with local partners.	• Maintain contract review process and authority limits. Ensure adequate liability cover is in place • Ensure sign off process for contract approvals including legal and commercial
Supply and logistics	The Group is heavily reliant on freight logistics including air, sea and land for the inbound delivery of materials and outbound distribution of goods to customers. There is a risk of disruption to logistics due to the occurrence of extreme weather events and longer-term changes in weather patterns.	• Business continuity plans to manage the supply chain and delivery of goods to stores during extreme weather and business disruptive events. This includes working closely with freight forwarders, booking containers in advance to secure shipping space and investigation of alternate freight sources. • Providing demand forecast information to key suppliers for their preparation of raw materials and production planning.
Working Capital	The Group's customers comprise governments and water authorities. Contracts with these customers are often structured to be paid in instalments. There is a risk that these payments may be delayed or not paid at all as a result of bureaucratic processes within government agencies delaying the release of funds, funds being paid to third-party joint venture partners and delayed release to Rubicon or disagreements with customers over the completion of contract milestones that release payment.	• HSBC facility renegotiated in August 2023 – refer note 18. • Payments terms – Where possible the Group will commercially negotiate payment terms that include deposits on order, followed by a portion on delivery with the final amount due on commissioning. • Diligent cash flow management - management oversight to ensure tight cash flow management
Timing of uptake of products and services	As a result of the significant outlay required for large-scale irrigation modernisation projects, the customer decision making process is typically protracted. Since Rubicon's products, solutions and services are new and untested in some regions, it is common for customers to run several pilots before committing to larger-scale projects. As a result, the timing of commitments to take up the Group's products, solutions and service is uncertain.	• Establish a broad pipeline for potential projects; • Geographical diversity across multiple markets; • Scalability – ensure Rubicon has the capacity to accommodate the timing of new projects when won.
Fluctuations in commodity prices and foreign exchange movement	Commodities, including aluminium, represent a component of Rubicon's materials cost. If they were to increase significantly, a reduction to the Group's margins may eventuate, negatively impacting financial performance. Rubicon's expenditure and revenue will predominantly be made and received in the various jurisdictions and currencies in which Rubicon operates. As a result, Rubicon may be adversely affected by fluctuations in those foreign currencies and the relative Australian dollar exchange rates.	• Strategies including locking in contract supply prices for a period of time, monitoring pricing trends and stockpiling inventory. • Consider FX exposures when pricing new projects in foreign currency. For larger projects prepare sensitivity analysis on submissions to identify the break-even FX rate for the project. On contracted works - ensure there is an understanding of the Group Hedging Policy.

Risk	Summary	Select mitigation strategies
Intellectual property	Rubicon relies heavily on its intellectual property and software technology. Rubicon has patent coverage on many aspects of its hardware, algorithms and software design and owns certain copyrights and trademarks in its business however, those protections can expire and not be replaced on the same terms.	• Ensure employee and other contracts contain appropriate wording with regard to IP protection. • Ensure systems and controls are in place to minimise the risk of IP theft. • Minimise IP taken into risk jurisdictions e.g. PRC • Rubicon employs (contract) a patent attorney who advises and reports to CEO • Formal policies and procedures; ensuring adequate systems and processes are in place to maintain patents • Enforcement of Patents

Review of Principal Businesses

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

Significant Changes in the State of Affairs

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

Dividends

There were no dividends paid during the 2023 financial year (2022 financial year: $10,000,000 fully franked pre-IPO dividend was paid).

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 657,271 (2022: 622,603) performance rights were granted to members of the Company's Executive Group pursuant to the Company's long-term incentive plan. No performance rights were exercised as at 30 June 2023 (2022: nil). 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.

Non-Audit Services

During the year Deloitte, the Group's auditor, has not performed any assurance services in addition to the audit and review of the financial statements.

The Group's auditor performed other assurance services during the year ended 30 June 2022. The directors are satisfied that the provision of these other assurance services, during the prior financial year, by the auditor were 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:

	2023 **$**	2022 $
AUDIT AND REVIEW OF FINANCIAL STATEMENTS	**337,414**	332,894
ASSURANCE SERVICE RELATING TO THE IPO	-	63,210
TOTAL PAID OR PAYABLE TO DELOITTE	**337,414**	396,104

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 26 and forms part of the Directors' Report for the financial year ended 30 June 2023.

Rounding Off

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

Events Subsequent to Reporting Date

On 16 August 2023, the Group successfully renewed its funding arrangements with HSBC. The new funding provides a total capacity of $32,400,000 across 4 separate facilities. The largest component, a revolving loan on demand facility of $26,400,000, a second component for $3,000,000 is a multi-option on demand facility and third component a $400,000 for corporate credit card facility, these facilities are perpetual and evergreen in nature. The fourth component is a $2,600,000 amortising term loan facility, with a 3-year maturity from the execution date.

Other than the above, there has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event which would have a material effect on the financial statements of the Group subsequent to the financial year ended 30 June 2023.

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 2023.

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.

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 Andrew Bendall (CFO). Mr Bendall commenced employment with the Company on 29 May 2023 and commenced as an executive KMP on 1 July 2023.

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 upon 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	Andrew Bendall	Jason York
Role	CEO	Executive Director	CFO[2]	CFO[4]
Terms of Agreement	Permanent employment contract	Permanent employment contract	Permanent employment contract	Permanent employment contract
Notice Period	6 months	4 weeks	3 months	3 months
Termination benefit	6 months in lieu of notice	4 weeks in lieu of notice	3 months in lieu of notice	3 months in lieu of notice
Annual base salary (exclusive of superannuation benefits)	$269,951	$239,951	$310,000	$270,000
Other benefits	$25,000 car allowance[1]	$25,000 car allowance[1]	Nil	Nil
Short term incentive (STI)	40% bonus of gross remuneration, subject to satisfactory completion of agreed KPIs.	Nil	30% bonus of gross remuneration, subject to satisfactory completion of agreed KPIs.	40% bonus of gross remuneration, subject to satisfactory completion of agreed KPIs.
Long term incentive (LTI)	Equity incentive plan	Equity incentive plan	Equity incentive plan[3]	Equity incentive plan

[1] Monetary benefit.
[2] Andrew Bendall commenced employment on 29 May 2023. His FY23 remuneration reflects that he became a KMP on 1 July 2023.
[3] Applicable from 2024 financial year.
[4] Jason York ceased as a KMP on 30 June 2023. He will remain employed until 31 August 2023.

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:

	2023 $'000	2022 $'000	2021 $'000	2020 $'000	2019 $'000
Revenue	55,223	65,291	81,529	64,808	75,534
EBITDA[1]	(8,702)	2,589	14,197	6,813	12,415[2]
(Loss) / Profit after tax	(11,158)	(731)	8,225	1,033	8,161[2]
Dividends paid (cents per share)	-	10	-	-	-
Basic loss (cents per share)[3]	(6.4)	(0.3)	6.3	0.8	6.1[2]
Share price at year-end[4]	$0.65	$1.05	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 2019 financial year 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 2019-2021 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 in August 2021. The Performance Rights 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 initial award was a single tranche of Performance Rights granted to the relevant Participants under the Performance Rights Grant in August 2021 (2021 Performance Rights) of 622,603, with a vesting period to the release of the Company's FY24 financial results. A subsequent award of 657,271 Performance Rights was granted to the relevant Participants in December 2022 (2022 Performance Rights). In aggregate, the relevant Participants hold 1,279,874 performance rights.

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	124,977	-	-	259,953
David Aughton	119,976	111,089	-	-	231,065
Jason York[1]	67,500	100,000	-	-	167,500
Total	**322,452**	**336,066**	**-**	**-**	**658,518**

[1]Jason York ceased as KMP on 30 June 2023 and remains employed with the company until 31 August 2023. In accordance with the terms of his departure he will retain eligibility for all 2021 Performance Rights and tranches 1 and 2 of the 2022 Performance Rights.

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

<table>
<tr><th>Term</th><th>Description</th></tr>
<tr><td>Eligibility</td><td>Offers may be made at the Board’s discretion to the members of the Executive Team (and any other individuals that the Board determines).</td></tr>
<tr><td>Issue and exercise price</td><td>Performance Rights are issued for nil consideration and have no exercise price.</td></tr>
<tr><td>Vesting and disposal restriction</td><td>
The Performance Rights vest when applicable performance conditions have been fulfilled, as specified in an invitation.
The Performance Rights granted 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.
<table>
<tr><th>Performance – EPS CAGR</th><th>% of the 40% Performance Rights Vest</th></tr>
<tr><td><10.0%</td><td>0%</td></tr>
<tr><td>10.0% TO 15%</td><td>0% to 100% (straight line, for example 12.5% = 50%</td></tr>
<tr><td>> 15%</td><td>100%</td></tr>
</table>
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 Performance Rights will vest.
<table>
<tr><th>Performance – TSR comparable</th><th>% of the 25% Performance Rights Vest</th></tr>
<tr><td>TSR 3rd and 4th Quartile</td><td>0%</td></tr>
<tr><td>TSR within the 2nd Quartile</td><td>0% to 100% (straight line, for example middle of 2nd Quartile = 50%</td></tr>
<tr><td>TSR in 1st Quartile</td><td>100%</td></tr>
</table>
Tranche 3 – 35% of the Performance Rights granted
Participants’ remaining Performance Rights will vest if they remain employed by the Rubicon group at the end of the vesting period.
Calculations relating to the EPS CAGR will be rounded to one decimal place.
The initial 2021 Performance Rights 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.
</td></tr>
</table>

Term	Description
	Subsequent grants of Performance Rights are subject to the vesting period determined by the Board, and set out in an invitation letter. Performance Rights issued in 2022 are subject to a 3-year vesting period to the release of the Company's FY2025 financial results.
Gate	For Tranche 2, the Company's TSR must be positive in order for Performance Rights in that tranche to vest.
Cessation of employment	Subject to the Board's discretion under the LTIP Rules, if a Participant ceases employment with the Group before the Performance Rights have vested, the Participant will forfeit any unvested Performance Rights and unexercised Shares.
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 of 2021 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. The grant date fair value of the tranche 1 and tranche 3 of 2022 Performance Rights was $0.87 based on Rubicon's share price at the Grant date. It has been assumed that no dividends will be paid over the vesting period.

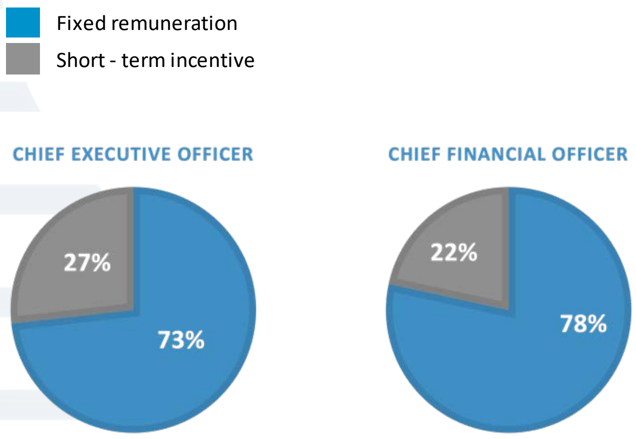
The grant date fair value of the tranche 2 of 2021 Performance Rights, which are subject to a TSR (market-based) performance hurdle, has been determined to be $0.62. The grant date fair value of the tranche 2 of 2022 Performance Rights was $0.48. Refer to note 23 for further details.

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 2023 financial year is comprised of fixed and short-term incentive elements and Long-term incentives in the form of performance rights, which have not yet vested.

2024 remuneration mix at maximum for executives is summarised below.



The variable/at-risk component of total remuneration is 30% for the Chief Executive Officer and 22% for the Chief Financial Officer.

Directors' and Key Executive Officers' Remuneration Details for Year Ended 30 June 2023

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	**2023**	**109,091**	**-**	**-**	**109,091**	**11,455**	**-**	**-**	**120,546**
Chairman	2022	102,600	-	-	102,600	10,260	-	-	112,860
Anthony Oakes[1]	**2023**	**-**	**-**	-	-	**-**	-	-	**-**
	2022	8,333	-	-	8,333	833	-	-	9,166
Phillip Harkness[2]	**2023**	**-**	**-**	-	-	**-**	-	-	**-**
	2022	8,333	-	-	8,333	833	-	-	9,166
Tony Morganti	**2023**	**100,000**	**-**	-	100,000	**10,500**	-	-	**110,500**
	2022	99,001	-	-	99,001	9,900	-	-	108,901
Lynda O'Grady	**2023**	**100,000**	**-**	**-**	**100,000**	**10,500**	**-**	**-**	**110,500**
	2022	94,015	-	-	94,015	3,902	-	-	97,917
Iven Mareels	**2023**	**81,818**	**-**	-	81,818	**8,591**	-	-	**90,409**
	2022	72,831	-	-	72,831	7,283	-	-	80,114
Total Non-Executive	**2023**	**390,909**	**-**	**-**	**390,909**	**41,046**	**-**	**-**	**431,955**
Directors' Remuneration	2022	385,113	-	-	385,113	33,011	-	-	418,123

		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	**2023**	**318,624**	**-**	**-**	**318,624**	**25,292**	**6,354**	**52,178**	**402,448**
Chief Executive Officer	2022	280,127	-	-	280,127	23,568	5,193	29,117	338,005
Gino Ciavarella[3]	**2023**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2022	47,787	-	-	47,787	3,999	789	-	52,575
David Aughton	**2023**	**282,633**	**-**	**-**	**282,633**	**25,195**	**5,648**	**46,380**	**359,856**
	2022	277,777	-		277,777	23,568	4,619	25,881	331,845
Total Executive Directors'	**2023**	**601,257**	**-**	**-**	**601,257**	**50,487**	**12,002**	**98,558**	**762,304**
Remuneration	2022	605,691	-	-	605,691	51,135	10,601	54,998	722,425
EXECUTIVES									
Jason York[4]	**2023**	**285,762**	**-**	**-**	**285,762**	**25,292**	**5,885**	**31,266**	**348,205**
Chief Financial Officer	2022	266,519	25,000	750	292,269	23,893	5,298	14,561	336,021
Andrew Bendall[5]	**2023**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Chief Financial Officer	2022	-	-	-	-	-	-	-	-
Total Executive Officers'	**2023**	**285,762**	**-**	**-**	**285,762**	**25,292**	**5,885**	**31,266**	**348,205**
Remuneration	2022	266,519	25,000	750	292,269	23,893	5,298	14,561	336,021
Total Directors' and Executive Officers'	**2023**	**1,277,928**	**-**	**-**	**1,277,928**	**116,825**	**17,887**	**129,824**	**1,542,464**
Remuneration	2022	1,257,323	25,000	750	1,283,073	108,039	15,899	69,559	1,476,569

[1] Anthony Oakes resigned as a director on 30 August 2021. His remuneration for FY22 is disclosed from 1 July 2021 to this date.
[2] Phillip Harkness resigned as a director on 30 August 2021. His remuneration for FY22 is disclosed from 1 July 2021 to this date.
[3] Gino Ciavarella resigned as a director on 30 August 2021. His remuneration for FY22 is diclosed from 1 July 2021 to this date.
[4] Jason York ceased as a KMP on 30 June 2023 and remains employed until 31 August 2023.
[5] Andrew Bendall commenced employment on 29 May 2023. His FY23 remuneration reflects that he became a KMP on 1 July 2023. Total base salary from commencement was $310,000.

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:

Ordinary Shares

Key Management Person	Opening Balance	Share Purchases	Share Disposals	Closing Balance
Gordon Dickinson	22,189,661	1,815,232	-	24,004,893
Tony Morganti	50,000	-	-	50,000
Lynda O'Grady	30,000	20,000	-	50,000
Iven Mareels	100,000	-	-	100,000
Bruce Rodgerson	16,387,187	80,000	-	16,467,187
David Aughton	19,826,759	30,000	-	19,856,759
Jason York[1]	179,803	-	-	179,803
Total	**58,763,410**	**1,945,232**	-	**60,708,642**

[1] Jason York ceased as a KMP on 30 June 2023 but remains employed until 31 August 2023.

Other transactions with key management personnel

(a) Loans to key management personnel

There were no loans to key management personnel in financial year 2023.

(b) Loans from key management personnel

On 21 February 2023 the Group secured unconditional working capital facilities of $6,000,000, which comprised a $5,500,000 facility from Gordon Dickinson, and a $500,000 facility from Perrysands Pty Ltd, an entity related to the CEO Bruce Rodgerson. These facilities, which are unsecured and bear interest at a rate of BBSY plus a margin of 2.6% per annum and expire after a term of twelve months from 21 February 2023. These facilities have not been utilised at the reporting date.

(c) 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. There were no other transactions with key management personnel during financial year 2023 and 2022.

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 2023

Directors’ Declaration

1. The directors declare that in their opinion:

   a. the consolidated financial statements and notes that are set out on pages 37 to 78 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 2023 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 2023.

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 2023

Auditor's Independence Declaration

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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24 August 2023

The Board of Directors
Rubicon Water Limited
1 Cato Street
HAWTHORN EAST VIC 3123

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 2023, 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

Rachel Smith
Partner
Chartered Accountants

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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 2023, 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 2023 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.

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.

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

Recognition of construction revenue and recovery of related contract assets Refer to Note 3 'Revenue' and Note 9 'Trade and other receivables'.
 	
As at 30 June 2023 revenue for the Group totals $55.2 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.
 	
Contract assets are balances due from customers under long term contracts as work is performed and represent the Group's right to consideration for the services transferred to date.
 	
Contract assets are classified as Trade receivables when these amounts have been invoiced to a customer. Completed but unbilled revenue is recognized as accrued revenue.
 	
We focused on recognition of construction revenue and recovery of related contract assets as a key audit matter due to the number and type of estimation events over the course of a contract life, the unique nature of individual contract terms leading to complex and judgmental revenue recognition from contracts, and the judgement involved in evaluating the probability of recovery of contract assets.
	Our procedures included, but were not limited to:
	
	- Evaluating management's processes and controls in respect of the recognition of construction revenue.
	- Holding calls with geographic Project leaders to enhance our understanding of the Group's contracting processes, the consistency of their application, and to discuss directly with Project management the risks and opportunities in relation to individual contracts.
	- Selecting a sample of Projects based on a number of quantitative and qualitative factors which may indicate that a greater level of judgement is required in recognising revenue including: history of issues identified; significant contract modifications; delays; material new contracts; and loss-making contracts. We also selected a sample of contracts from the remaining population of contracts. For the contracts selected the procedures performed included, where relevant:
	  - Evaluating and testing management's review of project margins and cost forecasting.
	  - Reading relevant contract terms and conditions to evaluate the inclusion of individual characteristics in the Group's estimates.
	  - Testing the integrity of the schedules supporting the Group's estimates.
	  - Agreeing the contract price to the underlying contractual arrangements.
	  - Testing forecast costs for labour, materials and product overheads by comparing to actual incurred spend.
	  - Testing a sample of incurred costs to supplier invoices or other underlying documentation.
	- Evaluating the probability of recovery of contract assets by reference to the status of contract, historical recoveries and other supporting documentation.
	- We also assessed the adequacy of the disclosures in the financial statements.

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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 2023 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.

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 skepticism 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.

Deloitte.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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 16 to 24 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Rubicon Water Limited, for the year ended 30 June 2023 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 2023

RUBICON™

Consolidated Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2023

	NOTE	2023 $'000	2022 $'000
REVENUE	3	**55,223**	65,291
COST OF SALES		**(36,606)**	(38,234)
GROSS PROFIT		**18,617**	27,057
OTHER INCOME	3	**21**	55
OTHER GAINS AND (LOSSES)	3	**89**	1,359
DEPRECIATION AND AMORTISATION EXPENSE		**(2,564)**	(2,562)
EMPLOYEE BENEFITS EXPENSE	5	**(18,053)**	(18,401)
PROFESSIONAL FEES		**(3,115)**	(2,809)
TRAVEL COSTS		**(1,253)**	(770)
OCCUPANCY EXPENSES	15	**(352)**	(390)
ADMINISTRATIVE EXPENSES		**(3,939)**	(4,082)
NET FINANCE COSTS		**(1,958)**	(905)
SHARE OF PROFIT OF JOINT VENTURE	12	**(717)**	264
(LOSS)/PROFIT BEFORE INCOME TAX		**(13,224)**	(1,184)
INCOME TAX BENEFIT/(EXPENSE)	6	**2,066**	453
TOTAL (LOSS)/PROFIT FOR THE YEAR		**(11,158)**	(731)
(LOSS)/PROFIT ATTRIBUTABLE TO:			
OWNERS OF RUBICON WATER LIMITED		**(10,929)**	(438)
NON-CONTROLLING INTEREST		**(229)**	(293)
		(11,158)	(731)
OTHER COMPREHENSIVE RESULT			
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:			
EXCHANGE DIFFERENCES ON TRANSLATION OF OVERSEAS SUBSIDIARIES		**399**	262
OTHER COMPREHENSIVE RESULT FOR THE YEAR, NET OF TAX		**399**	262
TOTAL COMPREHENSIVE RESULT FOR THE YEAR		**(10,759)**	(469)
TOTAL COMPREHENSIVE RESULT ATTRIBUTABLE TO:			
OWNERS OF THE COMPANY		**(10,521)**	(144)
NON-CONTROLLING INTEREST		**(238)**	(325)
		(10,759)	(469)

(LOSS)/EARNINGS PER SHARE		**CENTS**	CENTS
BASIC (CENTS PER SHARE)	7	**(6.4)**	(0.3)
DILUTED (CENTS PER SHARE)	7	**(6.4)**	(0.3)

The notes on pages 37 to 78 are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

as at June 30 2023

	NOTE	2023 $'000	2022 $'000
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	8	**8,495**	11,227
TRADE AND OTHER RECEIVABLES	9	**31,953**	42,445
CONTRACT ASSETS	9	**26,936**	27,405
INVENTORIES	10	**23,748**	25,000
CURRENT TAX ASSETS	6	**96**	402
OTHER CURRENT ASSETS	11	**1,830**	1,805
TOTAL CURRENT ASSETS		**93,058**	108,284
NON-CURRENT ASSETS			
INVESTMENTS – ACCOUNTED FOR USING THE EQUITY METHOD	12	**1,968**	3,423
INTANGIBLES	13	**3,622**	2,129
PROPERTY, PLANT AND EQUIPMENT	14	**6,663**	7,068
RIGHT OF USE ASSETS	15	**1,141**	1,957
DEFERRED TAX ASSETS	6	**5,077**	2,799
OTHER FINANCIAL ASSETS	16	**50**	150
TOTAL NON-CURRENT ASSETS		**18,521**	17,526
TOTAL ASSETS		**111,579**	125,810
CURRENT LIABILITIES			
TRADE AND OTHER PAYABLES	17	**7,461**	11,805
DEFERRED INCOME	3	**2,769**	3,177
FINANCIAL LIABILITIES	18	**29,114**	3,173
LEASE LIABILITIES	18	**860**	1,137
PROVISIONS	19	**4,555**	4,798
TOTAL CURRENT LIABILITIES		**44,759**	24,090
NON-CURRENT LIABILITIES			
FINANCIAL LIABILITIES	18	**261**	24,097
LEASE LIABILITIES	18	**456**	1,095
PROVISIONS	19	**300**	381
TOTAL NON-CURRENT LIABILITIES		**1,017**	25,573
TOTAL LIABILITIES		**45,776**	49,663
NET ASSETS		**65,803**	76,147
EQUITY			
ISSUED CAPITAL	21	**168,194**	168,194
RESERVES	23	**(129,008)**	(129,831)
RETAINED EARNINGS		**26,564**	37,493
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF RUBICON WATER LIMITED		**65,750**	75,856
NON-CONTROLLING INTEREST	29	**53**	291
TOTAL EQUITY		**65,803**	76,147

The notes on pages 37 to 78 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

	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 2021	1,508	47,931	(906)	-	-	48,533	616	49,149
COMPREHENSIVE RESULT								
PROFIT/(LOSS)	-	(438)	-	-	-	(438)	(293)	(731)
OTHER COMPREHENSIVE RESULT	-	-	294	-	-	294	(32)	262
TOTAL COMPREHENSIVE RESULT	-	(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
BALANCE AT 1 JULY 2022	**168,194**	**37,493**	**(612)**	**396**	**(129,615)**	**75,856**	**291**	**76,147**
COMPREHENSIVE RESULT								
PROFIT/(LOSS)	**-**	**(10,929)**	**-**	**-**	**-**	**(10,929)**	**(229)**	**(11,158)**
OTHER COMPREHENSIVE LOSS	**-**	**-**	**408**	**-**	**-**	**408**	**(9)**	**399**
TOTAL COMPREHENSIVE LOSS	**-**	**(10,929)**	**408**	**-**	**-**	**(10,521)**	**(238)**	**(10,759)**
TRANSACTIONS WITH OWNERS OF THE COMPANY								
CONTRIBUTIONS AND DISTRIBUTIONS:								
SHARE-BASED PAYMENTS	**-**	**-**	**-**	**415**	**-**	**415**	**-**	**415**
TOTAL CONTRIBUTIONS AND DISTRIBUTIONS	**-**	**-**	**-**	**415**	**-**	**415**	**-**	**415**
BALANCE AT 30 JUNE 2023	**168,194**	**26,564**	**(204)**	**811**	**(129,615)**	**65,750**	**53**	**65,803**

The notes on pages 37 to 78 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 2023

	NOTE	2023 $'000	2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS FROM CUSTOMERS		**70,447**	66,625
PAYMENTS TO SUPPLIERS AND EMPLOYEES		**(70,211)**	(78,838)
NET FINANCE COSTS		**(1,837)**	(1,217)
INCOME TAX PAID		**238**	(3,376)
NET CASH USED IN OPERATING ACTIVITIES	26 (b)	**(1,363)**	(16,806)
CASH FLOWS FROM INVESTING ACTIVITIES			
PROCEEDS FROM SALE OF NON-CURRENT ASSETS		**43**	90
PURCHASE OF NON-CURRENT ASSETS		**(965)**	(1,847)
DEVELOPMENT EXPENDITURE		**(1,592)**	(1,826)
CASH ADVANCE TO JOINT VENTURE		**(184)**	-
REPAYMENT OF MANAGEMENT LOAN		**100**	200
NET CASH USED IN INVESTING ACTIVITIES		**(2,598)**	(3,383)
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		**5,290**	4,572
REPAYMENT OF BORROWINGS		**(3,053)**	(3,111)
REPAYMENT OF LEASE LIABILITIES		**(1,150)**	(1,138)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**1,087**	26,183
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(2,874)**	5,994
CASH (NET OF BANK OVERDRAFTS) AT BEGINNING OF FINANCIAL YEAR		**11,019**	4,820
EFFECTS OF EXCHANGE RATE CHANGES		**350**	205
CASH (NET OF BANK OVERDRAFTS) AT END OF FINANCIAL YEAR	26 (a)	**8,495**	11,019

The notes on pages 37 to 78 are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

Notes to the Consolidated Financial Statements

for the year ended 30 June 2023

Note 1 - Significant Accounting Policies

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

Reporting Entity

Rubicon 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 2023.

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 2023 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

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

The Group incurred a net loss of $11,157,795 (2022: net loss of $731,836) and net operating cash outflows of $1,362,880 (2022: $16,806,321 outflow) for the year ended 30 June 2023. As at 30 June 2023 the Group's reported net assets were $65,803,284 (2022: $76,147,298) and net current assets were $48,298,686 (2022: $84,194,146). At the reporting date, the Group had cash and cash equivalents of $8,494,913 (2022: $11,227,373). In addition, to the cash and cash equivalents the Group had funding available through undrawn debt facilities of $10,000,000 at year-end (2022: $14,691,898).

The Group's cash flows in the first half of the financial year were impacted by delays in delivery and installation of hardware, payment of progress claims and award of contracts. These matters started to resolve during the second half of the financial year and pleasingly the Group generated positive net operating cashflow inflows of $5,855,670 during this period.

On 16 August 2023, the Group successfully renewed its funding arrangements with HSBC. The new funding provides a total capacity of $32,400,000 across 4 separate facilities. The largest component, a revolving loan on demand facility of $26,400,000, a second component for $3,000,000 is a multi-option on demand facility and third component a $400,000 corporate credit card facility, these facilities are perpetual and evergreen in nature. The fourth component is a $2,600,000 amortising term loan facility, with a 3-year maturity from the execution date.

In addition to the above, the Group retains access to $6,000,000 of unconditional working capital facilities, which comprise of a $5,500,000 facility from Gordon Dickinson, and a $500,0000 facility from Perrysands Pty Ltd, an entity related to the CEO Bruce Rodgerson. These facilities were entered into on 21st of February 2023 and are for a term of twelve months from that date.

The Group's cash flow forecast and its continued access to funding facilities support that it will be able to satisfy its debts as and when they fall due and accordingly the financial statements have been prepared on the going concern basis.

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 Other Comprehensive Income (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.

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.

(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 Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations for an accounting period that begins on or after 1 July 2022. The following new or amended standards have not had a significant impact on the Group's consolidated financial statements.

- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*

- AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

(l) New and revised Accounting Standards issued but not yet effective

The AASB has issued a number of new or amended accounting standards and interpretations that are not mandatory for the first time in the reporting period commenced 1 July 2022. The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates;*
- *AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related Assets and Liabilities arising from a Single Transaction; and*
- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification as Current or Non-current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*
- AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants.

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. A Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity.

Set out below are the controlled entities of the Group.

	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	PERCENTAGE OWNED 2023	PERCENTAGE OWNED 2022
RUBICON SYSTEMS (HOLDINGS) PTY LTD (I), (II)	Holding company	Australia	100%	100%
RUBICON SYSTEMS AUSTRALIA PTY LTD (I), (II)	Manufacture and sale of specialist operational technology to the water and broader utility markets within Australia	Australia	100%	100%
RUBICON SERVICES PTY LTD (I), (II)	Dormant	Australia	100%	100%
RUBICON RESEARCH PTY LTD (I), (II)	Intellectual property holder	Australia	100%	100%
RUBICON GLOBAL PTY LTD (I), (II)	Retail of Rubicon technology to international markets	Australia	100%	100%
RUBICON SYSTEMS AMERICA INCORPORATED	Retail of Rubicon technology in North America	United States of America	100%	100%
RUBICON WATER SYSTEMS (TIANJIN) CO. LTD.	Retail of Rubicon technology in the broader Chinese market	Republic of China	100%	100%
RUBICON WATER SYSTEMS (BEIJING) CO. LTD.	Dormant	Republic of China	100%	100%
RUBICON SYSTEMS NEW ZEALAND LIMITED	Retail of Rubicon technology in New Zealand	New Zealand	100%	100%
RETICULA PTY LTD (I), (II)	Holding company	Australia	100%	100%
RETIC WATER PTY LTD (I), (II)	Dormant	Australia	100%	100%
BENDIGO PIPE PTY LTD (I), (II)	Dormant	Australia	100%	100%
RUBICON WATER S.L.U	Retail of Rubicon technology in Europe	Spain	100%	100%
RUBICON WATER CHILE SPA	Retail of Rubicon technology in South America	Chile	100%	100%
GANSU TSINGHUA RUBICON WATER TECHNOLOGY CO. LTD.	Retail of Rubicon technology in Gansu, China	Republic of China	50%	50%
NINGXIA RUBICON WATER EQUIPMENT CO. LTD.	Assembly and retail of Rubicon technology in Ningxia, China	Republic of China	50%	50%
RUBICON WATER INDIA PTY LTD (I), (II)	Holding company	Australia	100%	100%
RUBICON EQUIPMENT INDIA PRIVATE LIMITED	Retail of Rubicon technology in India	India	100%	100%
RUBICON WATER COSTA RICA, S.A	Retail of Rubicon technology in Costa Rica	Costa Rica	100%	100%

(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 24.

Note 3 - Revenue and Other Income

	2023 $'000	2022 $'000
SALES REVENUE		
SALES OF GOODS AND ENGINEERING SERVICES CONTRACTS	**55,223**	65,291
OTHER INCOME		
OTHER	**21**	55
TOTAL OTHER INCOME	**21**	55
OTHER GAINS AND LOSSES		
UNREALISED FOREIGN EXCHANGE GAINS / (LOSSES)	**64**	1,267
GAIN / (LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	**25**	92
TOTAL OTHER GAINS AND LOSSES	**89**	1,359

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:

2023

	Revenue recognition	Sales revenue $'000	Remaining performance obligations $'000	Remaining contract duration
HARDWARE	Over time	37,849	10,050	Up to 2 years
SOFTWARE	Point in time	1,296	392	N/A
SOFTWARE MAINTENANCE AND SUPPORT	Over time	10,241	13,256	Up to 5 years
OTHER COMPONENTS AND SUPPORT	Point in time	5,837	2,502	N/A
TOTAL SALES REVENUE		**55,223**	**26,200**	

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	N/A
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	N/A
TOTAL SALES REVENUE		**65,291**	**28,472**	

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.

	2023 **$'000**	2022 $'000
DEFERRED INCOME	**2,769**	3,177

$1,758,092 (30 June 2022: $851,846) of the deferred income balance at 2022 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

Sale of hardware

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.

Sale of software

The Group provides other solutions, including software, which it either sells independently or in combination with the hardware components. The promise to grant the software is distinct from the hardware sales, hence these are separate performance obligations. Software revenue is recognised at a point in time where the software solution is transferred to a customer. The point of transfer is when the customer has the right to use the Groups software solutions.

Sale of goods

The Group engages in the sale of spare parts and components to customers in the irrigation industry and the wider water utility market. Revenue is recognised at a point in time when a customer obtains control of the goods.

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.

(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 Asia segment are revenues of approximately 15% of total revenue (2022: 8%) which arose from sales to the Group's largest customer during the current year. Included in revenue arsing from the ANZ segment are revenues from the Group's second largest customer during the current year comprising approximately 10% of total sales (2022: 11%) 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

2023

	ANZ $'000	ASIA $'000	ROW $'000	TOTAL $'000
REVENUE				
HARDWARE	7,296	12,864	17,689	37,849
SOFTWARE	-	329	553	882
SOFTWARE MAINTENANCE AND SUPPORT	5,730	-	521	6,251
OTHER COMPONENTS AND SUPPORT	6,481	939	2,821	10,241
TOTAL REVENUE	**19,507**	**14,132**	**21,584**	**55,223**
UNDERLYING EBITDA	(8,863)	2,266	(2,169)	(8,766)
UNREALISED FOREIGN EXCHANGE GAINS				64
EBITDA				**(8,702)**
RECONCILIATION OF SEGMENT EBITDA TO GROUP NET PROFIT/(LOSS) BEFORE TAX:				
DEPRECIATION AND AMORTISATION				(2,564)
NET FINANCE COSTS				(1,958)
NET PROFIT / (LOSS) BEFORE TAX				**(13,224)**

2022

	ANZ $'000	ASIA $'000	ROW $'000	TOTAL $'000
REVENUE				
HARDWARE	14,407	14,754	23,537	52,698
SOFTWARE	-	341	392	733
SOFTWARE MAINTENANCE AND SUPPORT	5,637	194	-	5,831
OTHER COMPONENTS AND SUPPORT	5,366	221	442	6,029
TOTAL 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)**

Note 5 - Employee Benefits Expenses

	2023 $'000	2022 $'000
EMPLOYEE BENEFITS EXPENSE		
WAGES AND SALARIES	**13,698**	14,101
ANNUAL AND LONG SERVICE LEAVE EXPENSE	**1,067**	1,359
TERMINATION COSTS	**150**	31
DEFINED CONTRIBUTION PLAN	**1,242**	1,189
OTHER EMPLOYEE BENEFITS	**1,481**	1,325
SHARE BASED PAYMENTS	**415**	396
TOTAL EMPLOYEE BENEFITS EXPENSE	**18,053**	18,401

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.

	2023 $'000	2022 $'000
CURRENT		
INCOME TAX PAYABLE / (REFUNDABLE)	**(96)**	(402)

	2023 $'000	2022 $'000
(A) THE COMPONENTS OF TAX EXPENSE COMPRISE:		
CURRENT INCOME TAX EXPENSE / (BENEFIT)		
- CURRENT INCOME TAX EXPENSE / (BENEFIT)	**616**	128
- ADJUSTMENT FOR PRIOR YEARS	**(404)**	43
DEFERRED INCOME TAX EXPENSE / (BENEFIT)		
- ORIGINATION AND REVERSAL OF TEMPORARY DIFFERENCES	**(2,278)**	(624)
- ADJUSTMENT FOR PRIOR YEARS	**-**	-
INCOME TAX (BENEFIT) / EXPENSE REPORTED IN THE STATEMENT OF PROFIT OR LOSS AND OCI	**(2,066)**	(453)
(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	**(13,224)**	(1,184)
AT THE COMPANY'S STATUTORY DOMESTIC INCOME TAX RATE OF 30% (2022: 30%)	**(3,967)**	(355)
ADD / (LESS) TAX EFFECT OF:		
- RESEARCH AND DEVELOPMENT INCENTIVE	**(128)**	(170)
- FOREIGN TAX RATE ADJUSTMENT	**266**	37
- NON-ALLOWABLE ITEMS	**160**	120
- ADJUSTMENT FOR PRIOR YEARS	**(404)**	43
- CURRENT YEAR TAX LOSSES NOT RECOGNISED	**855**	494
- WRITE-OFF OF TEMPORARY DIFFERENCES RELATING TO TAX LOSSES	**723**	-
- UTILISATION OF TAX LOSSES NOT PREVIOUSLY RECOGNISED	**-**	(198)
- SHARE OF JOINT VENTURE PROFIT AFTER TAX	**186**	(86)
- RECOGNITION OF PREVIOUSLY UNRECOGNISED DEDUCTABLE TEMPORARY DIFFERENCES	**-**	(236)
- OTHER	**243**	(102)
INCOME TAX (BENEFIT) / EXPENSE	**(2,066)**	(453)

2023	Deferred Tax Asset Opening balance $'000	Recognised in Profit or Loss $'000	Recognised in other assets $'000	Deferred Tax Asset Closing balance $'000
NON-CURRENT				
DEFERRED TAX ASSETS (LIABILITIES):				
INTANGIBLE ASSETS	(167)	(432)	-	(599)
INVENTORIES	1,404	428	-	1,832
DEFERRED INCOME	(4,646)	102	-	(4,544)
PROPERTY, PLANT AND EQUIPMENT	(258)	24	-	(234)
PROVISIONS	1,580	(95)	-	1,485
ACCRUALS	378	144	-	522
TRADE PAYABLES	2	-	-	2
IPO COSTS	982	(269)	-	713
OTHER	(94)	55	-	(39)
LEASES	79	(30)	-	49
TAX LOSSES CARRIED FORWARD	3,539	2,351	-	5,890
DEFERRED TAX ASSETS / (LIABILITIES)	**2,799**	**2,278**	**-**	**5,077**

2022	Deferred Tax Asset Opening balance $'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	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**

Rubicon has performed an assessment with regard to the recoverability of the deferred tax assets based on the company's future profit outlook. As a result of the assessment, deferred tax assets relating to tax losses of $709,914 (2022: Nil) have been derecognised in the current year. A deferred tax asset in relation to unused tax losses is $5,890,413 (2022: $3,539,135). Projections of taxable profits from various sources and tax planning were used to support the recognition of these losses, and they have been recognised on the basis that it is considered probable that the Group will generate future taxable profits against which these losses can be utilised. The future projected taxable profit is underpinned by the Group's forecasts of customer and revenue growth and the anticipated timing of the increase in demand for the Group's services. The deferred tax asset relating to the unused tax losses will be reassessed in future periods based on the level of taxable income generated by the Group.

Note 7 - Loss Per Share

LOSS PER SHARE	CENTS	CENTS
BASIC (CENTS PER SHARE)	**(6.4)**	(0.3)
DILUTED (CENTS PER SHARE)	**(6.4)**	(0.3)

Basic loss 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 loss 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.

	2023 $'000	2022 $'000
PROFIT USED IN THE CALCULATION OF BASIC AND DILUTED LOSS PER SHARE	**(10,929)**	(438)

	NUMBER	NUMBER
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED IN CALCULATING BASIC LOSS PER SHARE	**171,448,988**	164,479,768
WEIGHTED AVERAGE NUMBER OF DILUTED OPTIONS		-
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED IN CALCULATING DILUTIVE LOSS PER SHARE	**171,448,988**	164,479,768

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

During the financial year ended 30 June 2023 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). Vesting conditions for these contingently issuable shares have not been met at balance date. These contingently issuable shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share.

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.

	2023 $'000	2022 $'000
CASH AT BANK	**8,015**	10,749
DEPOSITS AT CALL	**480**	478
TOTAL CASH AND CASH EQUIVALENTS	**8,495**	11,227

Note 9 - Trade and Other Receivables

	2023 $'000	2022 $'000
TRADE RECEIVABLES		
CURRENT		
TRADE RECEIVABLES	**31,706**	40,690
PROVISION FOR IMPAIRMENT OF RECEIVABLES	**(332)**	(589)
TOTAL TRADE RECEIVABLES	**31,374**	40,101
OTHER RECEIVABLES		
CURRENT		
OTHER DEBTORS	**119**	754
LOAN TO JOINT VENTURE	**460**	1,590
TOTAL OTHER RECEIVABLES	**579**	2,344
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	**31,953**	42,445
CONTRACT ASSETS*	**26,936**	27,405

*Contract assets relate 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:

	2023 $'000	2022 $'000
CURRENT	**23,719**	31,347
0 – 30 DAYS PAST DUE	**760**	562
31 – 60 DAYS PAST DUE	**622**	3,169
61 + DAYS PAST DUE	**6,605**	5,612
PROVISION FOR IMPAIRMENT OF RECEIVABLES	**(332)**	(589)
TRADE RECEIVABLES	**31,374**	40,101

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 $13,574,646 (2022: $24,080,673) 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:

	2023 $'000	2022 $'000
BALANCE AT 1 JULY	**589**	573
AMOUNTS WRITTEN OFF	**-**	-
NET REMEASUREMENT OF LOSS ALLOWANCE	**(257)**	16
BALANCE AT 30 JUNE	**332**	589

The Liquidity Risk section of note 27 Financial Instruments includes additional information regarding the aging of trade receivables.

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.

	2023 $'000	2022 $'000
CURRENT		
AT LOWER OF COST OR NET REALISABLE VALUE:*		
- RAW MATERIALS	**17,198**	16,950
- FINISHED GOODS	**6,444**	7,676
AT COST:		
- WORK IN PROGRESS	**106**	374
TOTAL INVENTORIES	**23,748**	25,000

*The Group has completed a comprehensive review of the carrying amount of inventory. As a result of the review, inventory was impaired by $392,901 (2022: $148,000).

Note 11 - Other Current Assets

	2023 $'000	2022 $'000
CURRENT		
PREPAYMENTS	**1,356**	1,538
OTHER	**474**	267
TOTAL OTHER CURRENT ASSETS	**1,830**	1,805

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:

	2023 $'000	2022 $'000
CURRENT ASSETS	**11,947**	24,002
NON-CURRENT ASSETS	**1,791**	1,729
CURRENT LIABILITIES	**(8,757)**	(17,746)
NON-CURRENT LIABILITIES	**(1,044)**	(1,139)
EQUITY	**3,937**	6,846
GROUP'S SHARE IN EQUITY - 50%	**1,968**	3,423
GROUP'S CARRYING AMOUNT OF THE INVESTMENT	**1,968**	3,423

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

	2023 $000	2022 $000
REVENUE	**505**	10,351
EXPENSES	**(2,228)**	(9,603)
PROFIT / (LOSS) BEFORE TAX	**(1,723)**	748
TAX EXPENSE	**274**	(206)
PROFIT / (LOSS) FOR THE YEAR	**(1,449)**	542
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	**15**	(14)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(1,434)**	528
GROUP'S SHARE OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR*	**(717)**	264

*After elimination of up-stream and down-stream transactions

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 2023 have finite useful lives.

Development Costs

	2023			2022		
	HARDWARE $'000	**SOFTWARE $'000**	**TOTAL $'000**	HARDWARE $'000	SOFTWARE $'000	TOTAL $'000
COST						
OPENING BALANCE	1,011	1,253	**2,264**	438	-	438
ADDITIONS FROM INTERNAL DEVELOPMENT	371	1,221	**1,592**	573	1,253	1,826
BALANCE AT 30 JUNE 2023	**1,382**	**2,474**	**3,856**	1,011	1,253	2,264
AMORTISATION						
OPENING BALANCE	**(135)**	**-**	**(135)**	(47)	-	(47)
AMORTISATION CHARGE	**(99)**	**-**	**(99)**	(88)	-	(88)
BALANCE AT 30 JUNE 2023	**(234)**	**-**	**(234)**	(135)	-	(135)
CARRYING AMOUNT						
OPENING BALANCE	**876**	**-**	**876**	391	-	391
BALANCE AT 30 JUNE 2023	**1,148**	**2,474**	**3,622**	876	1,253	2,129

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
Plant & Equipment	4-20
Motor Vehicles	3-5
Leasehold improvements	3-10

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

	2023 $'000	2022 $'000
LAND AND BUILDINGS		
- AT COST	**3,956**	3,956
- ACCUMULATED DEPRECIATION	**(1,356)**	(1,259)
TOTAL LAND AND BUILDINGS	**2,600**	2,697
PLANT AND EQUIPMENT		
PLANT AND EQUIPMENT:		
- AT COST	**16,360**	15,806
- ACCUMULATED DEPRECIATION	**(14,441)**	(13,552)
TOTAL PLANT AND EQUIPMENT	**1,919**	2,254
MOTOR VEHICLES:		
- AT COST	**4,563**	4,335
- ACCUMULATED DEPRECIATION	**(3,381)**	(3,265)
TOTAL MOTOR VEHICLES	**1,182**	1,070
LEASEHOLD IMPROVEMENTS:		
- AT COST	**1,815**	1,794
- ACCUMULATED DEPRECIATION	**(853)**	(747)
TOTAL LEASEHOLD IMPROVEMENTS	**962**	1,047
TOTAL PROPERTY, PLANT AND EQUIPMENT	**6,663**	7,068

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 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
ADDITIONS	**-**	**519**	**446**	**-**	**965**
DISPOSALS	**-**	**(4)**	**(25)**	**-**	**(29)**
NET FOREIGN EXCHANGE MOVEMENT	**-**	**6**	**70**	**5**	**81**
DEPRECIATION EXPENSE	**(97)**	**(856)**	**(379)**	**(90)**	**(1,422)**
BALANCE AT 30 JUNE 2023	**2,600**	**1,919**	**1,182**	**962**	**6,663**

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:

	2023 **$'000**	2022 $'000
COST		
OPENING BALANCE	**5,069**	4,636
ADDITIONS	**433**	414
FOREIGN EXCHANGE TRANSLATION	**(9)**	19
DERECOGNITION OF RIGHT-OF-USE ASSETS	**(198)**	-
CLOSING BALANCE	**5,295**	5,069
ACCUMULATED DEPRECIATION		
OPENING BALANCE	**(3,112)**	(2,049)
DEPRECIATION FOR THE PERIOD	**(1,042)**	(1,063)
CLOSING BALANCE	**(4,154)**	(3,112)
NET BOOK VALUE		
OPENING BALANCE	**1,957**	2,587
CLOSING BALANCE	**1,141**	1,957

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

	2023 **$'000**	2022 $'000
DEPRECIATION EXPENSE ON RIGHT-OF-USE ASSETS	**1,042**	1,063
INTEREST EXPENSE ON LEASE LIABILITIES	**83**	80
OCCUPANCY EXPENSES		
EXPENSES RELATING TO SHORT TERM OR LOW VALUE LEASES EXEMPT UNDER AASB16	**321**	382
OTHER OCCUPANCY EXPENSES	**31**	8
TOTAL OCCUPANCY EXPENSES	**352**	390

Note 16 - Other Financial Assets

	2023 $'000	2022 $'000
NON-CURRENT		
LOANS TO MANAGEMENT PERSONNEL	**50**	150
	50	150

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.

	2023 $'000	2022 $'000
CURRENT		
UNSECURED LIABILITIES:		
TRADE PAYABLES	**3,291**	7,939
SUNDRY PAYABLES AND ACCRUED EXPENSES	**4,170**	3,866
TOTAL TRADE AND OTHER PAYABLES	**7,461**	11,805

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.

	2023 **$'000**	2022 $'000
CURRENT		
SECURED LIABILITIES:		
BANK OVERDRAFTS	**-**	208
BANK LOANS	**28,994**	2,924
CHATTEL MORTGAGE	**120**	41
	29,114	3,173
LEASE LIABILITIES	**860**	1,137
TOTAL CURRENT LIABILITIES	**29,974**	4,310
NON-CURRENT		
SECURED LIABILITIES:		
BANK LOANS	**-**	23,994
CHATTEL MORTGAGE	**261**	103
	261	24,097
LEASE LIABILITIES	**456**	1,095
TOTAL NON-CURRENT LIABILITIES	**717**	25,192

(a) Collateral Provided

Bank facility

Existing financing facilities with the Hongkong and Shanghai Banking Corporation Limited ("HSBC") were extended on 3 August 2023 to 30 August 2023. In accordance with the terms of the facility agreement the Group made two $1,500,000 loan repayments in FY23. At the reporting date the facility limit was $33,000,000 and the facility was drawn to $29,000,000 (2022: $27,208,102). The Group held cash balances of $8,494,913 (2022: $11,227,373). The drawn balance was classified as a current liability at the reporting date.

The difference between drawn amounts stated above and the carrying amount of bank loans and overdrafts at 30 June 2023 and 30 June 2022 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.

On 16 the Group has executed a new facility agreement with HSBC. The new facility replaces the existing facility that was due to expire on 31 August 2023. The new facility will be subject to two financial covenants:

- Minimum Shareholder Funds
- Borrower Base Assets / Drawn Facilities (ratio)*

Details of the facility components are shown below:

Facility	Facility limit $m	Termination date	Purpose
Multiple Advance Facility*	26.4	Perpetual	General corporate and working capital purposes
Multi Option Facility*	3.0	Perpetual	Overdraft and bank guarantees
Corporate Credit Card Facility*	0.4	Perpetual	Corporate credit cards
Term Facility	2.6	3 years from execution	General corporate purposes
Total new banking facilities	**32.4**		

*Borrower Base Assets include cash, inventory (net of provision) and invoiced receivables (less than 60 days overdue).

Facilities that are perpetual and evergreen in nature have no expiry date subject to Rubicon satisfying the financial covenants in place.

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 2023 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:

	2023 $'000	2022 $'000
CREDIT FACILITIES	**39,624**	42,100
FACILITY UTILISED:		
BANK LOANS AND OVERDRAFTS	**(29,000)**	(27,208)
OTHER (BANK GUARANTEES AND BUSINESS CREDIT CARDS)	**(600)**	(200)
UNUSED CREDIT FACILITIES	**10,024**	14,692

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.

	2023 $'000	2022 $'000
CURRENT		
EMPLOYEE BENEFITS	**4,347**	4,578
OTHER	**208**	220
	4,555	4,798
NON-CURRENT		
EMPLOYEE BENEFITS	**300**	381
	300	381

Note 20 - Contingent Liabilities

Bank guarantees of $23,519 have been provided by banks for various contracts undertaken (2022: nil). There are no other contingent liabilities.

Note 21 - Issued Capital

Share Capital

	2023 **$'000**	2022 $'000
171,478,430 (2022: 171,305,104) FULLY PAID ORDINARY SHARES	**168,194**	168,194

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*.

	2023 **NO.**	2022 NO.	**2023** **$**	2022 $
AT BEGINNING OF REPORTING PERIOD	**171,305,104**	**100,000,100**	**168,194,187**	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
CEO SHARE GRANT[4]	173,326	-	-	-
AT REPORTING DATE	**171,478,430**	**171,305,104**	**168,194,187**	168,194,187

[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 f $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.

[4] The first tranche of the CEO Share Grant shares vested on 31 August 2022. Remaining tranches vest on 31 August 2023 and 31 August 2024.

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 did not make a dividend payment.

	2023		2022	
	Cents per share	**Total $'000**	Cents per share	Total $'000
FULLY PAID ORDINARY SHARES				
PRE-IPO DIVIDEND	-	-	10.0	10,000

Franking Credits

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

	2023 $'000	2022 $'000
FRANKING ACCOUNT BALANCE AS AT THE END OF THE FINANCIAL YEAR AT 30% TAX RATE (2022: 30%)	**10,462**	10,462

Note 23 - Reserves

	2023 $'000	2022 $'000
SHARE-BASED PAYMENT RESERVE	**811**	396
FOREIGN CURRENCY TRANSLATION RESERVE	**(204)**	(612)
RE-ORGANISATION RESERVE	**(129,615)**	(129,615)
TOTAL RESERVES	**(129,008)**	(129,831)

Share-Based Payments Reserve

	2023 $'000	2022 $'000
SHARE-BASED PAYMENTS RESERVE	**811**	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 2021 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 2023 was $162,854 (2022: 262,000). The expense was calculated considering the probability of vesting conditions being met.

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.

173,326 shares vested during the financial year and are included in total shares outstanding at the reporting date.

Performance Rights

The Group has granted Performance Rights to its executive team, which entitles members to receive ordinary shares in the Company, subject to several vesting conditions. The Performance Rights are subject to a 3-year vesting period.

The initial award was a single tranche of Performance Rights granted to the relevant Participants under the Performance Rights Grant in August 2021 (2021 Performance Rights) of 622,603, with a vesting period to the release of the Company's FY24 financial results. A subsequent award of 657,271 Performance Rights was granted to the relevant Participants in December 2022 (2022 Performance Rights). In aggregate, the relevant Participants hold 1,279,874 performance rights.

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

Participants' remaining Performance Rights will vest if they remain employed by the Rubicon group at the end of the vesting period.

The total expense for share-based payment relating to the Performance Rights recognised through Profit and Loss for the year ended 30 June 2023 was $251,826 (2022: 134,000). 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 of 2021 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 1 and tranche 3 of 2022 Performance Rights was $0.87 based on Rubicon's share price at the Grant date.

The grant date fair value of the tranche 2 of 2021 Performance Rights, which are subject to a TSR (market-based) performance hurdle, has been determined to be $0.62. The grant date fair value of the tranche 2 of 2022 Performance Rights was $0.48. Fair value of both the 2021 and 2022 Performance Rights has been determined using Monte Carlo Simulation Option Pricing Model (SCSOPM) with the below assumptions selected:

Key inputs into the model	2022 Performance Rights	2021 Performance Rights
Grant date share price – Tranche 1 & 3	$0.87	$1.00
Grant date share price – Tranche 2	$0.48	$1.00
Grant date	1 December 2022	11 August 2021
Expected volatility	45%	40%
Dividend yield	Nil	Nil
Exercise price	Nil	Nil
Expiry date	31 August 2025	31 August 2024
Risk-free interest rate	3.09%	0.61%

Foreign Currency Translation Reserve

	2023 **$'000**	2022 $'000
BALANCE AT BEGINNING OF REPORTING PERIOD	**(612)**	(906)
CHARGE TO OTHER COMPREHENSIVE INCOME	**408**	294
BALANCE AT END OF FINANCIAL YEAR	**(204)**	(612)

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 2023 are set out as follows:

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

	2023 $'000	2022 $'000
REVENUE	**45,511**	55,331
COST OF SALES	**(32,121)**	(33,921)
GROSS PROFIT	**13,390**	21,410
OTHER GAINS AND LOSSES	**17**	107
DEPRECIATION	**(1,291)**	(1,410)
EMPLOYEE BENEFITS EXPENSE	**(12,266)**	(13,294)
PROFESSIONAL FEES	**(1,973)**	(1,998)
TRAVEL COSTS	**(385)**	(174)
OCCUPANCY EXPENSES	**(68)**	(34)
ADMINISTRATIVE EXPENSES	**(2,162)**	(2,515)
FINANCE COSTS	**(1,985)**	(1,057)
PROFIT / (LOSS) BEFORE INCOME TAX	**(6,723)**	1,035
INCOME TAX EXPENSE	**2,405**	37
TOTAL PROFIT / (LOSS) FOR THE YEAR	**(4,318)**	1,072
OTHER COMPREHENSIVE INCOME		
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:		
EXCHANGE DIFFERENCES ON TRANSLATION OF OVERSEAS SUBSIDIARIES		
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR, NET OF TAX	**-**	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	**(4,318)**	1,072
RETAINED EARNINGS AT BEGINNING OF YEAR	**43,592**	52,520
DIVIDENDS RECOGNISED DURING THE YEAR	**-**	(10,000)
RETAINED EARNINGS AT END OF YEAR	**39,274**	43,592
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:		
OWNERS OF THE COMPANY	**(4,318)**	1,072
NON-CONTROLLING INTEREST	**-**	-
	(4,318)	1,072

Statement of financial position

	2023 $'000	2022 $'000
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	**3,309**	6,687
TRADE AND OTHER RECEIVABLES	**88,465**	89,136
INVENTORIES	**7,882**	13,934
OTHER CURRENT ASSETS	**938**	931
TOTAL CURRENT ASSETS	**100,594**	110,688
NON-CURRENT ASSETS		
INVESTMENTS	**10,255**	9,128
INTANGIBLES	**3,622**	2,129
PROPERTY, PLANT AND EQUIPMENT	**4,910**	5,421
RIGHT OF USE ASSET	**399**	748
DEFERRED TAX ASSETS	**2,890**	485
OTHER FINANCIAL ASSETS	**50**	150
TOTAL NON-CURRENT ASSETS	**22,126**	18,061
TOTAL ASSETS	**122,720**	128,749
CURRENT LIABILITIES		
TRADE AND OTHER PAYABLES	**10,434**	13,570
FINANCIAL LIABILITIES	**29,000**	3,131
LEASE LIABILITY	**419**	427
PROVISIONS	**3,812**	4,175
TOTAL CURRENT LIABILITIES	**43,665**	21,303
NON-CURRENT LIABILITIES		
PROVISIONS	**300**	384
LEASE LIABILITIES	**91**	501
FINANCIAL LIABILITIES	**-**	23,994
TOTAL NON-CURRENT LIABILITIES	**391**	24,879
TOTAL LIABILITIES	**44,056**	46,182
NET ASSETS	**78,664**	82,567
EQUITY		
ISSUED CAPITAL	**168,194**	168,194
SHARE-BASED PAYMENT RESERVE	**811**	396
RE-ORGANISATION RESERVE	**(129,615)**	(129,615)
RETAINED EARNINGS	**39,274**	43,592
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**78,664**	82,567
NON-CONTROLLING INTEREST	**-**	-
TOTAL EQUITY	**78,664**	82,567

Note 25 - Parent Entity Disclosure

(a) Financial Position of Parent Entity at year end

	2023 **$'000**	2022 $'000
ASSETS		
CURRENT ASSETS	**-**	-
NON-CURRENT ASSETS	**42,876**	40,471
TOTAL ASSETS	**42,876**	40,471
LIABILITIES		
CURRENT LIABILITIES	**-**	-
NON-CURRENT LIABILITIES	**-**	-
TOTAL LIABILITIES	**-**	-
NET ASSETS	**42,876**	40,471
EQUITY		
ISSUED CAPITAL	**168,194**	168,194
SHARE-BASED PAYMENT RESERVE	**811**	396
RE-ORGANISATION RESERVE	**(128,119)**	(128,119)
RETAINED EARNINGS	**1,990**	-
TOTAL EQUITY	**42,876**	40,471

(b) Results of Parent Entity

	2023 **$'000**	2022 $'000
PROFIT FOR THE YEAR	**2,405**	-
OTHER COMPREHENSIVE INCOME	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,405**	-

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 2023, the parent entity has no significant contingent liabilities (2022: Nil).

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

At 30 June 2023, the parent entity had not entered into any contractual commitments for the acquisition of property, plant and equipment and other intangible assets (2022: Nil).

Note 26 - Cash Flow Information

(a) Reconciliation of Cash at End of Financial Year

	NOTE	2023 $'000	2022 $'000
CASH AND CASH EQUIVALENTS	8	**8,495**	11,227
BANK OVERDRAFTS	18	**-**	(208)
CASH (NET OF BANK OVERDRAFTS) AT END OF FINANCIAL YEAR		**8,495**	11,019

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

	2023 $'000	2022 $'000
PROFIT / (LOSS) AFTER INCOME TAX	**(11,158)**	(731)
ADJUSTMENTS FOR NON-CASH ITEMS:		
- DEPRECIATION	**2,465**	2,474
- AMORTISATION	**99**	88
- SHARE-BASED PAYMENTS	**415**	396
- UNREALISED FOREIGN EXCHANGE GAIN	**64**	1,267
- IMPAIRMENT OF INVENTORY	**(51)**	148
- IMPAIRMENT OF ACCOUNTS RECEIVABLE	**(256)**	16
- NET FINANCE COSTS	**1,958**	905
- SHARE OF PROFIT/(LOSS) OF EQUITY ACCOUNTED INVESTEE'S, NET OF TAX	**717**	(264)
- INCOME TAX EXPENSE	**(2,067)**	(454)
- (GAIN) / LOSS ON SALE OF PROPERTY, PLANT AND EQUIPMENT	**(25)**	(92)
- OTHER	**-**	11
CHANGES IN:		
- (INCREASE) / DECREASE IN TRADE AND OTHER RECEIVABLES	**11,594**	(5,153)
- (INCREASE) / DECREASE IN PREPAYMENTS	**(219)**	527
- (INCREASE) / DECREASE IN INVENTORIES	**1,303**	(8,024)
- INCREASE / (DECREASE) IN TRADE PAYABLES AND ACCRUALS	**(3,872)**	(4,182)
- INCREASE / (DECREASE) IN PROVISIONS	**(324)**	496
- INCREASE / (DECREASE) IN DEFERRED INCOME	**(407)**	359
CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	**236**	(12,213)
- NET INTEREST PAID	**(1,837)**	(1,217)
- INCOME TAXES PAID	**238**	(3,376)
CASH FLOW PROVIDED BY / (USED IN) OPERATIONS	**(1,363)**	(16,806)

(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:

2023

	LOANS AND BORROWINGS $'000	LEASE LIABILITIES $'000	TOTAL $'000
BALANCE AT 1 JULY 2022	**27,061**	**2,232**	**29,293**
CHANGES FROM FINANCING CASH FLOWS:			
CASH OUTFLOW	(3,053)	(1,150)	(4,203)
CASH INFLOW	5,290	-	5,290
	2,237	(1,150)	**1,087**
NON-CASH CHANGES:			
ACQUISITIONS	-	433	**433**
VARIATIONS	-	(198)	**(198)**
FOREIGN EXCHANGE MOVEMENT	-	(1)	**(1)**
NET ESTABLISHMENT FEE AMORTISATION FOR PERIOD	77	-	**77**
BALANCE AT 30 JUNE 2023	**29,375**	**1,316**	**30,691**

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**
REMAINING AMORTISATION BALANCE	44	-	**44**
BALANCE AT 30 JUNE 2022	**27,061**	**2,232**	**29,293**

Note 27 - Financial Risk Management

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

	NOTE	2023 $'000	2022 $'000
FINANCIAL ASSETS			
CASH AND CASH EQUIVALENTS	8	**8,495**	11,227
TRADE AND OTHER RECEIVABLES	9	**58,889**	69,850
		67,384	81,077
FINANCIAL LIABILITIES			
TRADE AND OTHER PAYABALES	17	**7,461**	11,805
BORROWINGS	18	**29,375**	27,269
LEASE LIABILITY	18	**1,316**	2,232
		38,152	41,306

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 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	2023 $'000	2022 $'000
FLOATING RATE INSTRUMENTS			
BANK OVERDRAFTS	18	**-**	208
BANK LOANS	18	**28,994**	26,918
		28,994	27,126

(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 Group's customers comprise governments and water authorities. Contracts with these customers are often structured to be paid in instalments. There is a risk that these payments may be delayed as a result of bureaucratic processes within government agencies delaying the release of funds, funds being paid to third-party joint venture partners and their release delayed to Rubicon or disagreements with customers over the completion of contract milestones that release payment. Within the accounts receivable balance as at 30 June 2023 $18,078,634 is aged greater than one year (30 June 2022: $29,453,804). This aged balance includes amounts that are not yet contractually due of $13,316,952 (2022: $24,080,676) – refer to Note 9 for details. Management have successfully received aged amounts in the current year owing from joint venture parties in China of $3,636,071. Management have also successfully received aged amounts in the current year owing from its India customer of $10,361,145. This has been due to management's continued focus to close delivery of projects and receive funds due. Further collection of these aged amounts is anticipated by 30 June 2024 as these projects reach completion and receipts are received from governments and water authorities and in turn from the joint venture partners.

The following table reflects an undiscounted contractual maturity analysis for financial liabilities. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates. 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	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000	**2023 $'000**	2022 $'000	**2023 $'000**	2022 $'000
FINANCIAL LIABILITIES DUE FOR PAYMENT								
BANK OVERDRAFTS	-	228	-	-	-	-	-	228
BANK LOANS	**29,301**	4,146	-	24,181	-	-	**29,301**	28,327
TRADE AND OTHER PAYABLES	**7,461**	11,805	-	-	-	-	**7,461**	11,805
CHATTEL MORTGAGE	**144**	50	**266**	69	**18**	47	**428**	166
LEASE LIABILITIES	**860**	1,196	**395**	1,011	**61**	110	**1,316**	2,317
	37,766	17,425	**661**	25,261	**79**	157	**38,506**	42,843

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, 23% of the trade receivables balance (2022: 39%) 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 25% (2022: 22%) and 14% (2022: 19%) respectively. Due to continued contractual payments being received throughout the financial year from the Group's three largest customers the Group's overall credit risk exposure to a single customer has reduced. 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 that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
IMPACT ON:				
CHANGE IN EARNINGS	**(298)**	(293)	**298**	293
CHANGE IN EQUITY	**(298)**	(293)	**298**	293

(c) Currency Risk Sensitivity Analysis

As at 30 June 2023 a movement in the AUD would impact the earnings and equity as detailed in the table below by currency:

Change in Earnings FY2023

	CLP $'000	CNY $'000	EUR $'000	NZD $'000	USD $'000	INR $'000	CRC $'000	TOTAL
IMPACT ON:								
IMPROVEMENT IN AUD TO FC BY 5%	12	79	85	(3)	(180)	81	1	**75**
DECLINE IN AUD TO FC BY 5%	(12)	(79)	(85)	3	180	(81)	(1)	**(75)**

Change in Equity FY2023

	CLP $'000	CNY $'000	EUR $'000	NZD $'000	USD $'000	INR $'000	CRC $'000	TOTAL
IMPACT ON:								
IMPROVEMENT IN AUD TO FC BY 5%	(56)	165	88	(49)	(284)	(177)	-	**(312)**
DECLINE IN AUD TO FC BY 5%	56	(165)	(88)	49	284	177	-	**312**

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 2023 and 2022 are as follows:

	2023 $'000	2022 $'000
TOTAL BORROWINGS	**29,375**	27,270
CASH AND CASH EQUIVALENTS	**(8,495)**	(11,227)
NET DEBT / (CASH)	**20,880**	16,043
TOTAL EQUITY	**65,803**	76,147
GEARING RATIO	**32%**	21%

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	
	2023 $'000	2022 $'000	**2023 $'000**	2022 $'000
JOINT VENTURE	**1,035**	3,565	**565**	1,025

The following amounts relating to trading transactions were outstanding at the reporting date:

	2023 $'000	2022 $'000
Amounts owed by related parties for the sale of goods	**7,147**	15,444
Amounts owed to related parties for the purchase of goods	**-**	(1,223)
TOTAL	**7,147**	**14,221**

Loan to Joint Venture

The below amount is a loan to MRWTPL, 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 reduction in loan balance was partially offset against other trading transactions during the financial year.

	2023 $'000	2022 $'000
LOAN TO JOINT VENTURE	**460**	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:

	2023 $	2022 $
SHORT-TERM EMPLOYEE BENEFITS	**1,277,928**	1,283,073
POST-EMPLOYMENT BENEFITS	**116,825**	108,038
OTHER LONG-TERM BENEFITS	**17,887**	15,899
SHARE-BASED PAYMENTS	**129,824**	69,559
TOTAL DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION	**1,542,464**	1,476,569

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

Key Management Personnel Transactions

On 21 February 2023 the Group secured unconditional working capital facilities of $6,000,000, which comprised a $5,500,000 facility from Gordon Dickinson, and a $500,000 facility from Perrysands Pty Ltd, an entity related to the CEO Bruce Rodgerson. These facilities, which are unsecured and bear interest at a rate of BBSY plus a margin of 2.6% per annum and expire after a term of twelve months from 21 February 2023.

Apart from the above, the Group did not transact with any member of the key management personnel during the 2023 financial year.

Note 29 - Non-Controlling Interest

	2023 $'000	2022 $'000
BALANCE AT THE BEGINNING OF THE REPORTING PERIOD	**291**	616
SHARE OF LOSS FOR THE YEAR	**(229)**	(293)
SHARE OF OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	**(9)**	(32)
BALANCE AT THE END OF THE REPORTING PERIOD	**53**	291

Note 30 - Auditor's Remuneration

	2023 $	2022 $
DELOITTE AND RELATED NETWORK FIRMS		
AUDIT OR REVIEW OF FINANCIAL REPORTS		
- GROUP – AUDIT	**218,000**	191,000
- GROUP – HALF YEAR REVIEW	**86,914**	81,894
- OFFSHORE SUBSIDIARIES	**32,500**	60,000
	337,414	332,894
OTHER ASSURANCE SERVICES		
AUDITORS OF RUBICON WATER LIMITED:		
DELOITTE - IN RELATION TO INITIAL PUBLIC OFFERING	**-**	63,210
TOTAL OTHER ASSURANCE SERVICES	**-**	63,210
OTHER SERVICES		
AUDITORS OF RUBICON WATER LIMITED:		
IN RELATION TO ADVISORY SERVICES	**-**	-
TOTAL OTHER SERVICES	**-**	-
	337,414	396,104

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 $1,242,000 during the financial year (2022: $1,189,000) to defined contribution plans. These contributions are expensed as incurred.

Note 32 - Events Subsequent to Reporting Date

On 16 August 2023, the Group successfully renewed its funding arrangements with HSBC. The new funding provides a total capacity of $32,400,000 across 4 separate facilities. The largest component, a revolving loan on demand facility of $26,400,000, a second component for $3,000,000 is a multi-option on demand facility and third component a $400,000 for corporate credit card facility, these facilities are perpetual and evergreen in nature. The fourth component is a $2,600,000 amortising term loan facility, with a 3-year maturity from the execution date.

Other than the above, there has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event which would have a material effect on the financial statements of the Group subsequent to the financial year ended 30 June 2023.

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 02 August 2023.

1. Shareholding

a) Distribution of shareholders

Range	No. of Shareholders	No. Ordinary Shares	% Of issued Capital
1 – 1,000	362	260,929	0.15
1,001 – 5,000	274	886,975	0.52
5,001 – 10,000	130	1,108,130	0.64
10,001 – 100,000	242	8,389,224	4.88
100,001 and over	52	161,239,846	93.81
Total	**1,060**	**171,885,104**	**100.00**

b) The number of shareholdings held in less than marketable parcels is 164 holders holding 63,742 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	11.13
D & A AUGHTON PTY LTD <D & A AUGHTON FAMILY A/C>	18,792,978	10.93
BROMYARD INVESTMENTS PTY LTD <WALLIS SUPER FUND A/C>	18,162,498	10.57
MUTUAL TRUST PTY LTD	17,751,548	10.33
G D CIAVARELLA PTY LTD <CIAVARELLA FAMILY A/C>	17,144,292	9.97
PERRYSANDS PTY LTD <RODGERSON FAMILY A/C>	15,879,770	9.24
MR GORDON WILLIAM DICKINSON & MRS ALEXANDRA CHRISTINA DICKINSON	11,515,465	6.70
NATIONAL NOMINEES LIMITED	11,010,000	6.41
NORTHERN CONNECTION HOLDINGS PTY LTD <OAKES-MANNERS FAMILY A/C>	19,137,363	11.13

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.

Shareholder Information

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	11.13
D & A AUGHTON PTY LTD <D & A AUGHTON FAMILY A/C>	18,792,978	10.93
BROMYARD INVESTMENTS PTY LTD <WALLIS SUPER FUND A/C>	18,162,498	10.57
MUTUAL TRUST PTY LTD	17,751,548	10.33
G D CIAVARELLA PTY LTD <CIAVARELLA FAMILY A/C>	17,144,292	9.97
PERRYSANDS PTY LTD <RODGERSON FAMILY A/C>	15,879,770	9.24
MR GORDON WILLIAM DICKINSON & MRS ALEXANDRA CHRISTINA DICKINSON	11,515,465	6.70
NATIONAL NOMINEES LIMITED	11,010,000	6.41
MR GORDON WILLIAM DICKINSON & MRS ALEXANDRA CHRISTINA DICKINSON <ALEXANDRA C DICKINSON SF AC>	7,789,491	4.53
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,903,617	4.02
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,940,132	2.29
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,666,306	1.55
COSMOS SUPER COMPANY PTY LTD <COSMOS SUPER FUND A/C>	1,032,781	0.60
SOLICIT PTY LTD <PEARSON FAMILY A/C>	767,280	0.45
MR MATTHEW DAVID COLLINS	551,708	0.32
SARGOOD SUPER PTY LTD <SARGOOD SUPER FUND A/C>	550,000	0.32
PERRYSANDS PTY LTD <RODGERSON SUPER FUND A/C>	506,417	0.29
NAZE NOMINEES PTY LTD <G KLEMPFNER SUPER A/C>	500,000	0.29
RUBI HOLDINGS PTY LTD <JOHN RUBINO S/F A/C>	500,000	0.29
SOCOM AUSTRALIA PTY LTD <EADEN FAMILY A/C>	461,796	0.27
Total Top 20 holders of ordinary fully paid shares	**155,563,442**	**90.50**
Total remaining holders balance	**16,321,662**	**9.50**

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

Description	Number on issue
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
Total	**568,676**

3. Performance rights (unquoted)

The Company has 1,279,874 unquoted performance rights on issue. As at 12 August 2023, 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

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

Registered Office

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

Share Registry

Computershare Investors Services Pty Limited
452 Johnston Street
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
1 Cato Street
Hawthorn East
Melbourne VIC, 3123
Australia

Website Address

www.rubiconwater.com

RUBICON™

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