

Rubicon Systems (Holdings) Pty Ltd
ACN 106 485 474
and Controlled Entities

Annual Financial Report
30 June 2019

This Annual Report includes the Directors' Report, the Financial Statements and Independent Audit Report for the financial year ended 30 June 2019 lodged with the Australian Securities and Investments Commission.

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CEO and Chairman's report

FINANCIAL REVIEW

The year has seen the transformation of Rubicon from an Australian centric business to a diversified global business. We are seeing the rewards of our strategy of ongoing investment in overseas markets with another year of solid growth. Total revenues increased by 6% to \$75.5m. 64% of revenue is now derived from international markets. Gross profit increased 6% while our underlying EBITDA increased by 8.4% for the year. This result reflects significant growth in India, China, USA and Latin America, while Australian revenues declined as expected as a number of larger capital works programs near completion.

To support our continued growth in international markets we were delighted to execute a new \$38,000,000 loan facility with HSBC on the 3rd of July 2019. These facilities replace those provided by ANZ as at 30 June 2019.

MARKET REVIEW

Servicing the Australian market will continue to be important for Rubicon, however its 2.2 million hectares of irrigated land represents less than 1% of the global market. Despite it being the most mature of our markets, the outlook remains positive, with modernisation works planned in New South Wales, along with the delivery of contracted modernization works in Queensland. Our pipeline of new on-farm solutions will drive future revenues for our on-farm business.

In the Indian state of Karnataka, we won the tender to modernise the Narayanpur Left Bank Canal (NLBC) irrigation district. Work on this project has already commenced and will automate around 3,000 km of canals using our technology and provide 450,000 hectares of farmland with a reliable and efficient irrigation water supply. This project is a milestone entry into the Indian market for Rubicon.

This project is one of several major projects that we have been working on securing in India. We continue to make progress on other projects and we are confident that the successes that the NLBC project achieves will drive the uptake of our solutions by governments and irrigation districts throughout the country.

The South American market had an outstanding year, revenues have more than trebled during the year and reflects our considerable investment in building a strong sales and technical team based in Santiago, Chile.

China revenues have nearly doubled during the year, reflecting the commencement of the Litong Irrigation project with our JV partner in Ningxia and the Yingtao Water Supply Project with our JV partner in the Gansu Province.

While we generated revenues in Spain, Portugal, France and Italy during the year the European markets continue to be challenging due to subdued economies and limited availability of government funding. Central Asia presents significant opportunities for our solutions which encouragingly are supported with development funding for large scale modernization programs. The area is heavily dependent on agriculture while facing water scarcity challenges. We have commenced initial market investigations in Kazakhstan, which have proved to be encouraging to date.

OPERATIONAL REVIEW

Engineering

After an extensive R&D program we launched the PikoMeter, our farm supply point designed specifically to meet the needs of the Chinese and Indian markets. The PikoMeter has significant design enhancements and cast aluminium components have been incorporated into the design. This allows for a diversified

supply base and enable's flexibility for the location of assembly of the PikoMeter. While current assembly is at our Ningxia JV facility in China, the assembly line has been designed so it can be localised in any market. This ability to localise will improve lead times and enhance our ability to win new projects in these markets.

During the year we also released the second generation of the SlipMeter. This incorporates a greater degree of modularity in its design, which like the PikoMeter improves the production process and the end product allows for easier maintenance for our customers.

Manufacturing

Both the SlipMeter and PikoMeter use ultrasonic transducers that are now manufactured in a new purpose-built contaminant-free cleanroom at our Shepparton facility. Previously these transducers were externally sourced from the United States, which has resulted in a significant improvement in our lead times.

As our business shifts to international markets, we continue to improve our offshore sourcing and assembly capabilities. To service the Indian market, we are working on a joint venture project to establish a manufacturing facility in Hyderabad. This will enable us to establish an efficient and reliable supply chain in India with shorter lead times for our customers.

Software

During the year we have increased our investment in the development of our proprietary water management software. We have established a new software leadership team and have commenced development of an expanded cloud-based software offering, with the ultimate goal being to have our entire software suite cloud-based. This is being undertaken so that we can offer our broadening customer base a greater range of software solutions, including SaaS offerings, which will benefit from a centralised deployment approach.

Also, under development is a new version of our water ordering portal, which is currently used by 15,000 irrigators. In addition to online water ordering, the new solution, deployed as a mobile app and web portal, will provide farmers with the capability of satellite-based irrigation scheduling, farm automation and efficiency reporting - opening up the possibility of new revenue streams for Rubicon.

On a final note, this year saw the retirement of Stan Wallis, AC from the board after 16 years of outstanding service, with seven as chairman. His knowledge and wisdom have been invaluable in guiding Rubicon from a small but ambitious company serving the domestic market into today's Rubicon – with a diversified product range with operations across five continents. We thank Stan for his significant contribution to Rubicon and wish him well in his retirement.



Gordon Dickinson

Chairman



Bruce Rodgerson

CEO

Directors' Report

The directors present their report, together with the consolidated financial statements of Rubicon Systems (Holdings) Pty Ltd and its controlled entities, for the financial year ended 30 June 2019 and the auditor's report thereon.

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

Principal Activities

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

Directors

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

David Aughton

Stan Wallis AC - Resigned on 18 March 2019

Gordon Dickinson

Philip Harkness

Gino Ciavarella

Bruce Rodgeron

Anthony Oakes

John O'Connell AO

Meetings of Directors

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

Board Member	Directors' Meetings	Audit Committee Meetings
David Aughton	6/6	2/2
Stan Wallis AC	6/6	1/2
Gordon Dickinson	6/6	2/2
Phillip Harkness	5/6	1/2
Gino Ciavarella	5/6	2/2
Bruce Rodgeron	6/6	2/2
Anthony Oakes	4/6	1/2
John O'Connell AO	6/6	2/2

Company Secretary

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

Leslie Anthony Ganci

Operating and Financial Review

Operating Results

Rubicon Systems (Holdings) Pty Ltd reported a net profit after tax, including non-controlling interests, of \$8,161,000 for the year ended 30 June 2019. The consolidated result for the year is summarised as follows:

	2019 \$'000	2018 \$'000
REVENUE	75,534	71,301
EBITDA (BEFORE NON-OPERATING ITEMS) ²	12,415	11,451
EBIT (BEFORE NON-OPERATING ITEMS) ¹	10,565	9,495
NON-OPERATING ITEMS ³	(312)	723
PROFIT AFTER TAX	8,161	8,377
NET OPERATING CASH FLOW	(7,722)	5,100
NET ASSETS	40,439	32,512
NET CASH / (DEBT)	(2,657)	6,206

¹ EBIT is earnings before non-operating items, finance costs and income tax expense.

² EBITDA is EBIT before non-operating items, depreciation and amortisation.

³ Non-operating items include movements in unrealised foreign exchange differences and other non-operating expenses.

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

Review of Principal Businesses

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

Significant Changes in the State of Affairs

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

Dividends

There were no dividends paid during 2019 financial year.

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

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

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

National Greenhouse and Energy Reporting Guidelines

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

Share Options

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

Indemnification and Insurance of Officers

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

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

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 10 and forms part of the Directors' Report for the financial year ended 30 June 2019.

Rounding Off

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 1 April 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 24 May 2019, the Group agreed terms with the Hongkong and Shanghai Banking Corporation Limited ("HSBC") for three-year \$38,000,000 senior secured facilities, which comprise a combination of loan facilities (total of \$30,000,000) as well as a revolving multi-option-facility (\$8,000,000) to be used for bank guarantees, letters of credits, performance bonds, credit cards and overdrafts. The Group finalised the existing loan facilities with ANZ and partially drew down on the new HSBC loan facilities on 3 July 2019. HSBC facilities replaced those provided by ANZ as at 30 June 2019.

Other than the matters reported on above, the directors have not become aware of any other significant matter or circumstance that has arisen since the end of the financial year, that has affected or may affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent years, which has not been covered in this report.

This report of the directors is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors:

A handwritten signature in blue ink, appearing to be 'B. D.', written over a horizontal line.

Director _____

Dated this 25th day of October 2019

Directors' Declaration

1. In the opinion of the directors of Rubicon Systems (Holdings) Pty Ltd:
 - a) the consolidated financial statements and notes that are set out on pages 14 to 50 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 2019 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 Systems (Holdings) Pty Ltd will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2019.
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 18 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:



Director _____

Dated this 25th day of October 2019

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

25 October 2019

Dear Board Members

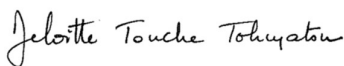
Auditor's Independence Declaration to Rubicon Systems (Holdings) Pty Ltd

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

As lead audit partner for the audit of the financial report of Rubicon Systems (Holdings) Pty Ltd for the year ended 30 June 2019, 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 faithfully



DELOITTE TOUCHE TOHMATSU



Isabelle Lefevre
Partner
Chartered Accountants

Independent Auditor's Report to the members of Rubicon Systems (Holdings) Pty Ltd

Opinion

We have audited the financial report, being a general purpose financial report, of Rubicon Systems (Holdings) Pty Ltd (the "Company") and its subsidiaries (the "Group") which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 declaration by the Directors as set out on pages 14 to 50.

In our opinion, the accompanying financial report of the Group is 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 2019 and of its financial performance for the year then ended; and
- (ii) 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have 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.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's general purpose financial report for the year ended 30 June 2019, 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Isabelle Lefevre

Partner

Chartered Accountants

Melbourne, 25 October 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2019

	NOTE	2019 \$'000	2018 \$'000
REVENUE	3	75,534	71,301
COST OF SALES		(41,276)	(39,051)
GROSS PROFIT		34,258	32,250
OTHER INCOME	3	182	93
OTHER GAINS AND LOSSES	3	(207)	1,046
DEPRECIATION		(1,850)	(1,956)
EMPLOYEE BENEFITS EXPENSE	4	(14,212)	(12,564)
PROFESSIONAL FEES		(2,863)	(3,110)
TRAVEL COSTS		(1,329)	(1,091)
OPERATING LEASES		(1,044)	(846)
ADMINISTRATIVE EXPENSES		(3,485)	(3,511)
REVERSAL OF IMPAIRMENT OF PROPERTY	10	863	-
FINANCE COSTS		(308)	(176)
PROFIT BEFORE INCOME TAX		10,005	10,135
INCOME TAX EXPENSE	5	(1,844)	(1,758)
TOTAL PROFIT FOR THE YEAR		8,161	8,377
<i>PROFIT ATTRIBUTABLE TO:</i>			
OWNERS OF RUBICON SYSTEMS (HOLDINGS) PTY LTD		7,984	8,553
NON-CONTROLLING INTEREST		177	(176)
		8,161	8,377
OTHER COMPREHENSIVE INCOME			
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:</i>			
EXCHANGE DIFFERENCES ON TRANSLATION OF OVERSEAS SUBSIDIARIES		65	(100)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		65	(100)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		8,226	8,277
<i>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</i>			
OWNERS OF THE COMPANY		8,020	8,482
NON-CONTROLLING INTEREST		206	(205)
		8,226	8,277

The notes on pages 18 to 50 are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

as at 30 June 2019

	NOTE	2019 \$'000	RESTATED 2018 \$'000
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	6	5,290	10,479
TRADE AND OTHER RECEIVABLES	7	37,212	19,818
INVENTORIES	8	12,548	12,056
OTHER CURRENT ASSETS	9	721	941
TOTAL CURRENT ASSETS		55,771	43,294
NON-CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	10	8,166	7,880
DEFERRED TAX ASSETS	5	4,241	2,538
OTHER FINANCIAL ASSETS	11	350	350
TOTAL NON-CURRENT ASSETS		12,757	10,768
TOTAL ASSETS		68,528	54,062
CURRENT LIABILITIES			
TRADE AND OTHER PAYABLES	12	10,943	10,197
FINANCIAL LIABILITIES	13	7,690	4,054
CURRENT TAX LIABILITIES	5	613	1,688
PROVISIONS	14	3,747	3,762
TOTAL CURRENT LIABILITIES		22,993	19,701
NON-CURRENT LIABILITIES			
PROVISIONS	14	288	332
FINANCIAL LIABILITIES	13	257	219
DEFERRED TAX LIABILITIES	5	4,551	1,298
TOTAL NON-CURRENT LIABILITIES		5,096	1,849
TOTAL LIABILITIES		28,089	21,550
NET ASSETS		40,439	32,512
EQUITY			
ISSUED CAPITAL	17	1,508	1,508
RESERVES	17	1,041	1,005
RETAINED EARNINGS		37,211	29,624
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF RUBICON SYSTEMS (HOLDINGS) PTY LTD		39,760	32,137
NON-CONTROLLING INTEREST		679	375
TOTAL EQUITY		40,439	32,512

2018 comparatives have been restated for the current year classification of deferred tax assets and deferred tax liabilities. Refer Note 1 – Significant Accounting Policies ((g) Comparative figures).

The notes on pages 18 to 50 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2019

	SHARE CAPITAL \$'000	RETAINED EARNINGS \$'000	FOREIGN CURRENCY TRANSLATION RESERVE \$'000	EQUITY SETTLED BENEFITS RESERVE \$'000	SUB- TOTAL \$'000	NON- CONTROLLING INTEREST \$'000	TOTAL EQUITY \$'000
BALANCE AT 1 JULY 2017	1,508	24,118	(592)	1,668	26,702	-	26,702
PROFIT	-	8,553	-	-	8,553	(176)	8,377
OTHER COMPREHENSIVE INCOME, NET OF TAX	-	-	(71)	-	(71)	(29)	(100)
TOTAL COMPREHENSIVE INCOME	-	8,553	(71)	-	8,482	(205)	8,277
TRANSACTIONS WITH OWNERS OF RUBICON SYSTEMS (HOLDINGS) PTY LTD CONTRIBUTIONS AND DISTRIBUTIONS:							
DIVIDENDS PAID	-	(3,047)	-	-	(3,047)	-	(3,047)
CONTRIBUTIONS OF EQUITY INTO SUBSIDIARIES	-	-	-	-	-	580	580
TOTAL CONTRIBUTIONS AND DISTRIBUTIONS	-	(3,047)	-	-	(3,047)	580	(2,467)
BALANCE AT 30 JUNE 2018	1,508	29,624	(663)	1,668	32,137	375	32,512
BALANCE AT 1 JULY 2018	1,508	29,624	(663)	1,668	32,137	375	32,512
ADJUSTMENTS FROM ADOPTION OF AASB 9	-	(397)	-	-	(397)	-	(397)
ADJUSTED BALANCE AT 1 JULY 2018	1,508	29,227	(663)	1,668	31,740	375	32,115
COMPREHENSIVE INCOME							
PROFIT	-	7,984	-	-	7,984	177	8,161
OTHER COMPREHENSIVE INCOME, NET OF TAX	-	-	36	-	36	29	65
TOTAL COMPREHENSIVE INCOME	-	7,984	36	-	8,020	206	8,226
TRANSACTIONS WITH OWNERS OF RUBICON SYSTEMS (HOLDINGS) PTY LTD CONTRIBUTIONS AND DISTRIBUTIONS:							
DIVIDENDS PAID	-	-	-	-	-	-	-
CONTRIBUTIONS OF EQUITY INTO SUBSIDIARIES	-	-	-	-	-	98	98
TOTAL CONTRIBUTIONS AND DISTRIBUTIONS	-	-	-	-	-	98	98
BALANCE AT 30 JUNE 2019	1,508	37,211	(627)	1,668	39,760	679	40,439

The notes on pages 18 to 50 are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2019

	NOTE	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS FROM CUSTOMERS		66,175	73,477
PAYMENTS TO SUPPLIERS AND EMPLOYEES		(72,298)	(66,764)
INTEREST RECEIVED		60	93
FINANCE COSTS		(308)	(163)
INCOME TAX PAID		(1,351)	(1,543)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	20 (b)	(7,722)	5,100
CASH FLOWS FROM INVESTING ACTIVITIES			
PROCEEDS FROM SALE OF NON-CURRENT ASSETS		124	589
PURCHASE OF NON-CURRENT ASSETS		(1,425)	(1,578)
ADVANCES TO RELATED PARTIES		-	(350)
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		(1,301)	(1339)
CASH FLOWS FROM FINANCING ACTIVITIES			
DIVIDENDS PAID	17 (c)	-	(3,047)
PROCEEDS FROM BORROWINGS		4,265	1,000
REPAYMENT OF BORROWINGS		(594)	(1,655)
CONTRIBUTION OF NON-CONTROLLING INTEREST INTO SUBSIDIARIES		98	580
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		3,769	(3,122)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(5,254)	639
CASH (NET OF BANK OVERDRAFTS) AT BEGINNING OF FINANCIAL YEAR		9,479	8,940
EFFECTS OF EXCHANGE RATE CHANGES		65	(100)
CASH (NET OF BANK OVERDRAFTS) AT END OF FINANCIAL YEAR	20 (a)	4,290	9,479

The notes on pages 18 to 50 are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2019

Note 1 - Significant Accounting Policies

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

Reporting Entity

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

Basis of Accounting

Statement of Compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 25 October 2019.

Functional and Presentation Currency

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

Use of Judgements and Estimates - Assumptions and Estimation Uncertainties

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

Information about assumptions and estimation uncertainties that may have a risk of resulting in a material adjustment in the year ended 30 June 2019 is included in the following notes:

- Note 3 – Revenue and Other Income. Revenue recognised for contracts over time require management to estimate the total cost to complete and the stage of completion to measure progress towards satisfaction of the performance obligations.
- Note 5 – Tax. Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislations, and the directors' understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by taxable authorities in relevant jurisdictions.
- Note 7 – Trade and Other Receivables. The expected credit loss allowances for trade receivables are calculated based on key assumptions that determine the weighted average loss rates and overall loss

allowance.

- Note 8 – Inventories. Inventory and WIP values are determined using the net realisable value, where the cost is in excess of this value.
- Note 14 – Provisions. Provision is made for the estimated liability on products under warranty at balance date. This provision is estimated having regard to service warranty experience. Other warranty costs are accrued for as and when the liability arises.

Basis of Measurement

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

Going Concern

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

Significant Accounting Policies

(a) Basis of Consolidation

Non-controlling interests

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

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

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

Transactions eliminated on consolidation

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

(b) Impairment

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use

that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

(c) Foreign Currency

Foreign currency transactions

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

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

Foreign operations

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

When a foreign operation is disposed off 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) Comparative Figures

As required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. In the current year, an error was identified related to the prior year. Deferred tax assets and deferred tax liabilities were incorrectly disclosed as a net deferred tax asset of \$1,240,000, despite arising from taxes levied by different taxation authorities. This has been corrected which has resulted in an increase in the 30 June 2018 deferred tax assets from \$1,240,000 to \$2,538,000 and an increase in deferred tax liabilities from nil to \$1,298,000. The error has no impact on the Statement of Profit or Loss and Other Comprehensive Income.

(h) 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).

(i) New Accounting Standards and Interpretations

New accounting standards adopted

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

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

- Annual Improvements to IFRS's 2014-2016 Cycle (Amendments to AASB 1 and AASB 28)
- AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration
- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers

The following standards have a material impact on the Group's financial statements in the period of initial adoption.

I. AASB 9: Financial Instruments

AASB 9: *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard has replaced AASB 139: *Financial Instruments: Recognition and Measurement*.

Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transactions costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised directly immediately in the profit or loss.

The Group has assessed the impact of the adoption of AASB 9 on the Group's consolidated financial statements. The new standard has required the Group to revise its accounting processes and internal controls related to reporting financial instruments.

As the Group currently does not apply hedge accounting for its foreign currency transactions, this component of AASB 9 does not impact the consolidated financial statements unless the Group decides to implement hedge accounting in future reporting periods.

Classification and Measurement changes upon application

AASB 9 contains three principal classification categories for financial assets:

- Measured at Amortised Cost;
- Measured at Fair Value through Other Comprehensive income (FVOCI); and
- Measured at Fair Value through Profit or Loss (FVTPL).

Upon application, previous categories of held to maturity, loans and receivables, and available-for-sale are removed. The requirements for financial liabilities are largely retained.

A financial asset is classified as being subsequently measured at amortised cost if:

- the asset is held within a business model whose objective is to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets are subsequently measured at fair value through other comprehensive income (FVTOCI) if they meet the following conditions:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

All other financial assets are measured subsequently at fair value through profit and loss (FVTPL).

Under AASB 9, loans and receivables are measured at amortised cost and are subject to the business model and SPPI criterion assessments. Available-for-sale assets are measured at FVTPL. There are no impacts to the current carrying values of non-derivative financial assets as a result of these measurement changes.

Upon application of the new standard, trade and other receivables that were classified as loans and receivables under AASB 139 are now classified at amortised cost. There was no change to the carrying value of trade and other receivables as a result of this change. All other financial assets and liabilities measurement categories under AASB 139 remain unchanged upon transition to the new measurement

categories of AASB 9. This also resulted in no impact to these categories' carrying amounts upon transition.

Impairment (ECL):

AASB 9 replaces the 'incurred cost' model with an 'expected credit loss' (ECL) model. The new model uses a dual measurement approach based on certain criteria, under which the loss allowance is measured as either:

- 12-month expected credit losses (result from possible default events within the 12 months after the reporting date); or
- Lifetime expected credit losses (result from all possible default events over the expected life of a financial instrument).

The Group previously only recognised a credit loss when there was objective evidence that impairment had occurred. The Group has adopted the simplified approach when calculating its expected credit loss provisions for trade receivables. 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.

Based on the Group's assessment of historical provision rates and forward-looking analysis, the impact on adoption was an increase in the impairment provision by \$397,000 recognised through opening retained earnings.

	\$'000
Loss allowance for trade and other receivables balance as at 30 June 2018	379
Additional loss allowance for trade and other receivables	397
Loss allowance for trade receivables as at 1 July 2018 under AASB 9	776

Transition Impact on Retained Earnings

The general principle in AASB 9 is for retrospective application of the standard upon initial application. Retrospective application means that the new requirements are applied to transactions, other events and conditions as if those requirements had always been applied.

AASB 9 contains certain exemptions from full retrospective application for the classification and measurement requirements, including impairment. These include an exemption from the requirement to restate comparative information. If an entity does not restate comparative information in prior periods, it recognises any difference between the previous carrying amount and the carrying amount at the date of initial application against retained earnings. Entities are allowed to restate comparatives only if this is possible without the use of hindsight.

The Group has taken the above exemption to not restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in carrying amounts of financial assets and liabilities resulting from the adoption of AASB 9 are recognised in retained earnings and reserves as at 1 July 2018. Accordingly, the comparative information presented does not generally reflect the requirements of AASB 9 but rather those of IAS 39. The impact of these changes on the Group's equity is as follows:

	\$'000
Retained Earnings balance as previously reported at 30 June 2018	29,624
Transition adjustments for AASB 9	(397)
Retained Earnings balance as at 1 July 2018 under AASB 9	29,227

II. AASB 15: Revenue 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. The new standard replaced existing revenue recognition guidance, including AASB 118: *Revenue*, AASB 111: *Construction Contracts* and Interpretation 13 Customer Loyalty Programs.

Entities will apply a five-step model 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.

Revenue streams

The Group engages in the sale of gravity-fed irrigation solutions. This includes design, manufacture, distribution and installation of irrigation control systems including combination of bespoke hardware and software.

i. Construction contracts

The Group is involved in the design and manufacture of bespoke gravity-fed irrigation solutions, often referred to as hardware. Under AASB 111 contract revenue included the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it was probable that they would result in revenue and can be reliably measured. Revenue was then recognised in profit or loss with reference to the stage of completion on the contract, which was assessed based on the surveys of work performed.

Under AASB 15, 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. The Group did not identify any material impact to the recognition of revenue on the construction contracts upon initial adoption of AASB 15.

ii. Sale of goods

Whilst hardware products are often made to order, the Group also provides other solutions, including software, which it either sells independently or in combination with the hardware components. Under AASB 118 the Group recognised revenue from sales of goods when the significant risk and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods could be reliably estimated, there was not continuing management involvement with the goods, and the amount of revenue could be reliably measured. Revenue was measured net of returns, trade discounts and volume rebates.

Under AASB 15, revenue is recognised when a customer obtains control of the goods. The Group did not identify any material impact to the recognition of revenue on the sale of goods domestically or internationally upon initial adoption of AASB 15.

iii. Rendering of services

The Group performs maintenance and software support services to the irrigation industry. Under AASB 118 the Group recognised revenue from the rendering of these services with reference to the stage of completion of the transaction at the reporting date. The stage of completion was assessed based on the surveys of work performed.

Under AASB 15, revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on surveys of work performed. The

Group did not identify any material impact to the recognition of revenue on the rendering of services upon initial adoption of AASB 15.

The Group elected to use the modified retrospective transition method on initial application of AASB 15. However, the Group did not identify any material impacts to the recognition of all types of revenue on initial adoption of AASB 15 and therefore no adjustments to the opening balance of retained earnings on 1 July 2018 were required.

Standards issued but not yet effective

II. AASB 16: Leases

AASB 16: *Leases* replaces the current AASB 117: *Leases* standard with a mandatory effective date for the Group on 1 July 2019.

Impact on lessee accounting

Under AASB 16, the requirement is that operating leases be recognised on-balance sheet through the recognition of a Right-of-Use (ROU) Asset and Lease Liability. Lease expenditure is also no longer recognised as operating expenditure, but instead as depreciation and interest. This change directly impacts EBITDA (earnings before finance costs, income tax expense, and depreciation and amortisation).

AASB 16 eliminates the current operating/finance lease dual accounting model for leases. Instead there is a single, on-balance sheet accounting model, similar to current finance lease accounting. The assessment of whether a contract contains a lease determines whether the arrangement is recognised on-or off-balance sheet.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. There are three key elements of the new lease definition, and all three must be met in order for the contract to contain a lease and the entity therefore be able to apply lease accounting under AASB 16:

- Contract contains an identified asset;
- The lessee obtains substantially all the economic benefits from the use of the asset; and
- The lessee directs the use of the asset.

The Group is applying AASB 16 from 1 July 2019, using the “modified retrospective” transition method whereby the right-of-use asset has been calculated as its carrying amount as if AASB 16 had been applied since the lease commencement date, but discounted using the Group’s incremental borrowing rate at the date of initial application.

Under this method, there is no requirement to restate comparatives.

The Group will apply the recognition exemption for short-term and low-value leases – leases which have a lease term of less than 12 months or less than \$10,000 in annual value will not be accounted for under AASB 16. The Group will also take up the option to ‘grandfather’ the assessment of which contracts are leases – AASB 16 lease accounting is only applied to those contracts previously identified to contain a lease under AASB 17. The new lease definition requirement is only applied to those contracts entered into after the date of the initial application.

The Group can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group expects to apply a number of the practical expedients and exemptions including:

- The application of a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- The use of hindsight in determining the lease term.

Another practical expedient available to the Group is to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components

as a single lease component. The Group will not elect to combine lease and non-lease components for its property leases. As such, the calculated lease liability will exclude an estimate of the stand-alone price of the non-lease component.

The Group has performed an impact assessment of AASB 16 had the standard been adopted as at 1 July 2019. In summary, the estimated impact of the adoption of AASB 16 on the Balance Sheet as at 1 July 2019, is an increase in assets (right-of-use asset) of between \$3.5 and \$4 million, and an increase in liabilities (lease liability) of between \$3.5 and \$4 million. The net difference between these balances will be recognised as an adjustment to retained earnings. Assuming no changes to the lease portfolio from 1 July 2019, the estimated impact on profit from continuing operations for the year ending 30 June 2020 is expected to be immaterial.

A key assumption in determining this estimate is the lease term and option assessment decision. The Group considers an option to extend a lease to be reasonably certain when the extension date is within twelve months and no decision has been made to terminate, or when there is a clear economic incentive for extension, such as:

- Favourable contractual terms and conditions in the option period compared to market rates;
- Leasehold improvements have recently been undertaken and are likely to have significant residual value at the end of the current lease period;
- Significant termination costs exist; or
- The underlying asset is important to the Group's operations.

Other key assumptions include discount rates, asset retirement obligations and non-lease components.

Other Accounting Standards issued but not effective until June 2020

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

- Interpretation 23 Uncertainty over Income Tax Treatments
- Annual Improvements to AASB's 2015-2017 Cycle – various standards
- Amendments to References to Conceptual Framework in AASB Standards
- Long-term Interest in Associates and Joint Ventures (Amendments to AASB 128)

Note 2 – Controlled Entities

	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	PERCENTAGE OWNED 2019	PERCENTAGE OWNED 2018
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)	Discontinued	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	Marketing 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	Holding company	India	100%	100%

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

(I) Part of the Australian tax consolidated group.

(II) These wholly-owned subsidiaries have entered into a deed of cross guarantee with Rubicon Systems (Holdings) Pty Ltd pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 and are relieved from the requirement to prepare and lodge audited financial reports. Additional information about the deed of cross guarantee including a consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the deed, can be found in Note 18.

Note 3 – Revenue

	2019 \$'000	2018 \$'000
SALES REVENUE		
SALES OF GOODS AND ENGINEERING SERVICES CONTRACTS	75,534	71,301
OTHER INCOME		
INTEREST RECEIVED	60	93
GRANTS RECEIVED	122	-
TOTAL OTHER INCOME	182	93
OTHER GAINS AND LOSSES		
UNREALISED FOREIGN EXCHANGE GAINS / (LOSSES)	(200)	982
GAIN / (LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	(7)	64
TOTAL OTHER GAINS AND LOSSES	(207)	1,046

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:

	Revenue Recognition	Sales Revenue 2019 \$'000	Remaining performance obligations \$'000	Remaining Contract duration
HARDWARE	Over time	58,539	85,919	Up to 2 years
SOFTWARE	Point in time	4,380	365	Up to 2 years
SOFTWARE MAINTENANCE AND SUPPORT	Over time	6,147	4,684	Up to 3 years
OTHER COMPONENTS AND SUPPORT	Point in time	6,468	-	-
TOTAL SALES REVENUE		75,534	90,968	

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

The Group did not identify any material impact to the recognition of revenue as a result of adopting AASB 15 Revenue from Contracts with Customers. Details of assessment can be found in Note 1 – Significant Accounting Policies ((i) New Accounting Standards and Interpretations).

Note 4 – Expenses

	2019 \$'000	2018 \$'000
EMPLOYEE BENEFITS EXPENSE		
WAGES AND SALARIES	10,663	9,398
ANNUAL & LONG SERVICE LEAVE EXPENSE	824	752
TERMINATION COSTS	240	53
DEFINED CONTRIBUTION PLAN	701	736
OTHER EMPLOYEE BENEFITS	1,784	1,625
TOTAL EMPLOYEE BENEFITS EXPENSE	14,212	12,564

Note 5 – Tax

Tax Consolidation

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

Current Tax

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

Deferred Tax

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

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

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

	2019 \$'000	2018 \$'000
CURRENT		
INCOME TAX PAYABLE	613	1,688
	2019 \$'000	2018 \$'000
(A) THE COMPONENTS OF TAX EXPENSE COMPRISE:		
CURRENT INCOME TAX EXPENSE / (BENEFIT)		
- CURRENT INCOME TAX EXPENSE / (BENEFIT)	461	2,144
- ADJUSTMENT FOR PRIOR YEARS	(167)	71
DEFERRED INCOME TAX EXPENSE / (BENEFIT)		
- ORIGINATION AND REVERSAL OF TEMPORARY DIFFERENCES	1,490	(452)
- ADJUSTMENT FOR PRIOR YEARS	60	(5)
INCOME TAX EXPENSE REPORTED IN THE STATEMENT OF PROFIT OR LOSS AND OCI	1,844	1,758
(B) A RECONCILIATION BETWEEN TAX EXPENSE AND THE PRODUCT OF ACCOUNTING PROFIT BEFORE INCOME TAX MULTIPLIED BY THE GROUP'S APPLICABLE INCOME TAX RATE IS AS FOLLOWS:		
ACCOUNTING PROFIT BEFORE TAX	10,005	10,135
AT THE COMPANY'S STATUTORY DOMESTIC INCOME TAX RATE OF 30% (2018: 30%)	3,002	3,041
ADD / (LESS) TAX EFFECT OF:		
- RESEARCH AND DEVELOPMENT INCENTIVE	(260)	(260)
- FOREIGN TAX RATE ADJUSTMENT	(172)	(6)
- NON-ASSESSABLE RESULTING FROM REVERSAL OF IMPAIRMENT OF PROPERTY	(259)	-
- OTHER NON-ALLOWABLE ITEMS	71	20
- ADJUSTMENT FOR PRIOR YEARS	(107)	66
- UTILISATION OF TAX LOSSES PREVIOUSLY NOT RECOGNISED	(229)	-
- BENEFIT OF TAX LOSSES PREVIOUSLY NOT RECOGNISED	-	(880)
- OTHER	(202)	(223)
INCOME TAX EXPENSE	1,844	1,758

2019	Net Opening Balance \$'000	(Credited) / Charged to Income \$'000	CLOSING BALANCE		
			Net \$'000	Deferred Tax Assets \$'000	Deferred Tax Liabilities \$'000
NON-CURRENT					
<i>DEFERRED TAX ASSETS (LIABILITIES):</i>					
INTANGIBLE ASSETS	129	10	139	139	-
INVENTORIES	208	(23)	185	185	-
DEFERRED INCOME	(1,298)	(3,154)	(4,452)	-	(4,452)
PROPERTY, PLANT AND EQUIPMENT	-	(99)	(99)	-	(99)
PROVISIONS	1,211	(13)	1,198	1,198	-
ACCRUALS	98	898	996	996	-
BORROWINGS	-	30	30	30	-
TRADE PAYABLES	-	112	112	112	-
OTHER	12	(34)	(22)	(22)	-
TAX LOSSES CARRIED FORWARD	880	723	1,603	1,603	-
DEFERRED TAX ASSETS (LIABILITIES)	1,240	(1,550)	(310)	4,241	(4,551)

2018	Net Opening Balance \$'000	(Credited) / Charged to Income \$'000	CLOSING BALANCE		
			Net	Deferred Tax Assets	Deferred Tax Liabilities
			\$'000	\$'000	\$'000
NON-CURRENT					
DEFERRED TAX ASSETS (LIABILITIES):					
INTANGIBLE ASSETS	106	23	129	129	-
INVENTORIES	279	(71)	208	208	-
DEFERRED INCOME	(733)	(565)	(1,298)	-	(1,298)
PROVISIONS	1,101	110	1,211	1,211	-
ACCRUALS	11	87	98	98	-
BORROWINGS	-	-	-	-	-
TRADE PAYABLES	-	-	-	-	-
OTHER	19	(7)	12	12	-
TAX LOSSES CARRIED FORWARD	-	880	880	880	-
DEFERRED TAX ASSETS (LIABILITIES)	783	457	1,240	2,538	(1,298)

Note 6 – 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.

	2019 \$'000	2018 \$'000
CASH AT BANK	4,608	9,280
DEPOSITS AT CALL	682	1,199
TOTAL CASH AND CASH EQUIVALENTS	5,290	10,479

Note 7 – Trade and Other Receivables

	2019 \$'000	2018 \$'000
CURRENT		
TRADE RECEIVABLES	15,363	12,381
PROVISION FOR IMPAIRMENT OF RECEIVABLES	(811)	(379)
OTHER DEBTORS	304	94
TOTAL TRADE RECEIVABLES	14,856	12,096
ACCRUED INCOME	22,356	7,722
TOTAL OTHER RECEIVABLES	22,356	7,722
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	37,212	19,818

Expected Credit Loss Provision for Impairment of Receivables

The Group has adopted the 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 credit loss experience over the past four years, where applicable.

2019	Weighted average loss rate	Gross carrying Amount \$'000	Loss Allowance \$'000	Credit impaired
CURRENT (NOT PAST DUE)	0%	12,586	-	No
1 -30 DAYS PAST DUE	0%	28	-	No
31 – 60 DAYS PAST DUE	0%	938	-	No
MORE THAN 60	44.8%	1,811	(811)	Yes
		15,363	(811)	

The movement in the allowance for impairment in respect of trade receivables during the year was as follows. Comparative amounts for 2018 financial year represent the allowance account for impairment losses under AASB 139.

	2019 \$'000	2018 \$'000
BALANCE AT 1 JULY UNDER AASB 139	379	273
ADJUSTMENT ON INITIAL APPLICATION OF AASB 9	397	-
BALANCE AT 1 JULY UNDER AASB 9	776	-
INCREASE IN PROVISION FOR DOUBTFUL DEBTS	35	106
BALANCE AT 30 JUNE	811	379

Note 8 – 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.

	2019 \$'000	2018 \$'000
CURRENT		
AT COST:		
- RAW MATERIALS	10,591	9,183
- WORK IN PROGRESS	391	605
- FINISHED GOODS	2,243	2,978
- PROVISION FOR STOCK OBSOLESCENCE	(677)	(710)
TOTAL INVENTORIES	12,548	12,056

2018 comparatives have been restated for the current year classification between categories of Inventories.

Note 9 – Other Current Assets

	2019 \$'000	2018 \$'000
CURRENT		
PREPAYMENTS	721	941
	721	941

Note 10 – Property, Plant and Equipment

Recognition and Measurement

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

Subsequent Expenditure

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

Depreciation

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

The useful lives used for each class of depreciable assets are:

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

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

	2019 \$'000	2018 \$'000
LAND AND BUILDINGS		
- AT COST	3,900	3,900
- LESS ACCUMULATED IMPAIRMENT*	-	(812)
- ACCUMULATED DEPRECIATION	(971)	(875)
TOTAL LAND AND BUILDINGS	2,929	2,213
PLANT AND EQUIPMENT		
<i>PLANT AND EQUIPMENT:</i>		
- AT COST	13,373	12,522
- ACCUMULATED DEPRECIATION	(10,634)	(9,492)
TOTAL PLANT AND EQUIPMENT	2,739	3,030
<i>MOTOR VEHICLES:</i>		
- AT COST	3,936	3,802
- ACCUMULATED DEPRECIATION	(2,565)	(2,287)
TOTAL MOTOR VEHICLES	1,371	1,515
<i>LEASEHOLD IMPROVEMENTS:</i>		
- AT COST	1,593	1,589
- ACCUMULATED DEPRECIATION	(466)	(416)
- LESS ACCUMULATED IMPAIRMENT*	-	(51)
TOTAL LEASEHOLD IMPROVEMENTS	1,127	1,122
TOTAL PLANT AND EQUIPMENT	5,237	5,667
TOTAL PROPERTY, PLANT AND EQUIPMENT	8,166	7,880

*An independent external valuation in relation to a property in Australia has been obtained as at 30 June 2019. The valuation resulted in a reversal of impairment of \$863,000 (2018: Nil).

2018 comparatives have been restated for the current year classification of asset classes.

Movement 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 2017	2,309	3,551	1,259	1,178	8,297
ADDITIONS	-	1,379	739	-	2,118
DISPOSALS	-	(444)	(135)	-	(579)
DEPRECIATION EXPENSE	(96)	(1,456)	(348)	(56)	(1,956)
BALANCE AT 30 JUNE 2018	2,213	3,030	1,515	1,122	7,880
ADDITIONS	-	921	535	5	1,461
DISPOSALS	-	(59)	(129)	-	(188)
REVERSAL OF IMPAIRMENT	812	-	-	51	863
DEPRECIATION EXPENSE	(96)	(1,153)	(550)	(51)	(1,850)
BALANCE AT 30 JUNE 2019	2,929	2,739	1,371	1,127	8,166

Note 11 – Other Financial Assets

	2019 \$'000	2018 \$'000
NON-CURRENT		
LOANS TO RELATED PARTIES	350	350
	350	350

Loans have been extended to a number of key management personnel during the previous 2018 financial year. The loans are interest free for an initial three-year period. Any remaining loans after the end of the third anniversary year will attract a nominal interest rate. Loans are not for a fixed term and are only required to be repaid following certain trigger events.

Note 12 – 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.

	2019 \$'000	2018 \$'000
CURRENT		
<i>UNSECURED LIABILITIES:</i>		
TRADE PAYABLES	6,046	6,963
SUNDRY PAYABLES AND ACCRUED EXPENSES	2,527	2,257
DEFERRED INCOME	2,370	977
TOTAL TRADE AND OTHER PAYABLES	10,943	10,197

Note 13 – 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.

	2019 \$'000	2018 \$'000
CURRENT		
<i>SECURED LIABILITIES:</i>		
BANK OVERDRAFTS	1,000	1,000
BANK LOANS	6,500	2,740
HIRE PURCHASE LIABILITY	190	314
	7,690	4,054
NON-CURRENT		
<i>SECURED LIABILITIES:</i>		
HIRE PURCHASE LIABILITY	257	219
	257	219

Hire purchase liabilities are secured over the underlying hire purchase asset.

(a) Collateral Provided

Bank facility

The bank facility with ANZ is secured against the Australian assets of the Group. The facility totals \$15,720,000 (2018: \$15,720,000).

On 24 May 2019, the Group agreed terms with HSBC for a three-year \$38,000,000 senior secured facilities, which comprise a combination of loan facilities (total of \$30,000,000) as well as a revolving multi-option-facility (\$8,000,000) to be used for bank guarantees, letters of credits, performance bonds, credit cards and overdrafts. The Group finalised the existing loan facilities with ANZ and partially drew down on the new HSBC loan facilities on 3 July 2019. HSBC facilities replaced those provided by ANZ as at 30 June 2019.

Defaults and breaches

There were no defaults or breaches during the year ended 30 June 2019 on any of the ANZ 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:

	2019 \$'000	2018 \$'000
CREDIT FACILITIES	15,720	15,720
<i>FACILITY UTILISED:</i>		
BANK LOANS AND OVERDRAFTS	(7,500)	(3,740)
HIRE PURCHASE LIABILITIES (ANZ ONLY)	(372)	(533)
BANK GUARANTEES	(2,105)	(1,453)
UNUSED CREDIT FACILITIES	5,743	9,994

Note 14 – 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.

	2019 \$'000	2018 \$'000
CURRENT		
EMPLOYEE BENEFITS	3,537	3,342
OTHER	210	420
	3,747	3,762
NON-CURRENT		
EMPLOYEE BENEFITS	288	332
	288	332

Note 15 – Capital & Leasing Commitments**Determining Whether an Arrangement Contains a Lease**

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Leased Assets

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's Statement of Financial Position.

Lease Payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The Group also leases a number of sites under operating leases which include land and buildings for the purpose of operating its business. The leases typically run for a period of between 3 and 5 years, sometimes with an option to renew the leases after that date. None of the leases include contingent rentals.

LEASES AS A LESSEE

(a) Hire purchase commitments

	2019 \$'000	2018 \$'000
<i>PAYABLE:</i>		
- NOT LONGER THAN 12 MONTHS	208	327
- LONGER THAN ONE YEAR BUT NOT LONGER THAN TWO YEARS	182	129
- LONGER THAN TWO YEARS	84	106
MINIMUM HIRE PURCHASE PAYMENTS	474	562
LESS FUTURE FINANCE CHARGES	(29)	(29)
TOTAL HIRE PURCHASE LIABILITY	445	533
<i>REPRESENTED BY:</i>		
CURRENT LIABILITY	190	314
NON-CURRENT LIABILITY	257	219
	447	533

The hire purchase commitments are for the purchase of motor vehicles.

(b) Operating Lease Commitments

	2019 \$'000	2018 \$'000
NON-CANCELLABLE OPERATING LEASES CONTRACTED FOR BUT NOT CAPITALISED IN THE FINANCIAL STATEMENTS		
<i>PAYABLE - MINIMUM LEASE PAYMENTS:</i>		
- NOT LATER THAN 12 MONTHS	1,068	810
- BETWEEN 12 MONTHS AND 5 YEARS	1,805	1,550
- GREATER THAN 5 YEARS	37	46
	2,910	2,406

The operating lease commitments are for the rental of premises in Australia, China, New Zealand, Spain, Chile and the USA. In August 2019, the Group varied one of the property leases in Australia by extending the end date of the lease to the end of August 2024. This equates to an additional lease commitment of \$1.2m.

During the year-ended 30 June 2019, \$1,044,000 was recognised as an expense in the Statement of Profit or Loss and OCI in respect of operating leases (2018: \$846,000).

(c) Collaborative Research Commitments

	2019 \$'000	2018 \$'000
<i>PAYABLE:</i>		
- NOT LONGER THAN ONE YEAR	235	235
- LONGER THAN ONE YEAR BUT NO LONGER THAN TWO YEARS	500	-
- LONGER THAN TWO YEARS	-	500
	735	735

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

Note 16 – Contingent Liabilities

Bank guarantees of \$2,105,155 have been provided by ANZ Bank for various contracts undertaken during the year (2018: \$1,453,000). There are no other contingent liabilities.

Note 17 – Issued Capital and Reserves

(a) Share Capital

	2019 \$'000	2018 \$'000
100,000,100 (2018: 100,000,100) FULLY PAID ORDINARY SHARES	1,508	1,508

Ordinary shares

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

	2019 NO.	2018 NO.
AT BEGINNING OF REPORTING PERIOD	100,000,100	100,000,100
SHARES ISSUED DURING THE YEAR	-	-
AT REPORTING DATE	100,000,100	100,000,100

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

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

(b) Nature and Purpose of Reserves

Foreign currency translation reserve

	2019 \$'000	2018 \$'000
BALANCE AT BEGINNING OF REPORTING PERIOD	(663)	(563)
CHARGE TO OTHER COMPREHENSIVE INCOME	36	(100)
BALANCE AT END OF FINANCIAL YEAR	(627)	(663)

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

Equity settled benefits reserve

	2019 \$'000	2018 \$'000
BALANCE AT BEGINNING OF REPORTING PERIOD	1,668	1,668
SHARE BASED PAYMENT EXPENSE	-	-
BALANCE AT END OF FINANCIAL YEAR	1,668	1,668

The equity-settled employee benefits reserve arises on the grant of share options to executive and senior employees under the executive share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

(c) Dividends

No dividends were paid during the year nor provided for at the reporting date (2018: \$3,047,000).

	2019 \$'000	2018 \$'000
(A) DIVIDENDS		
INTERIM DIVIDEND: NIL (2018: 1.047 CENTS)	-	1,047
FINAL DIVIDEND: NIL (2018: 2.000 CENTS)	-	2,000
BALANCE AT END OF FINANCIAL YEAR	-	3,047
(B) FRANKING CREDIT BALANCE		
AMOUNT OF FRANKING CREDITS AVAILABLE TO SHAREHOLDERS OF RUBICON SYSTEMS (HOLDINGS) PTY LTD FOR SUBSEQUENT FINANCIAL YEARS ARE: FRANKING ACCOUNT BALANCE AS AT THE END OF THE FINANCIAL YEAR AT 30% TAX RATE (2018: 30%)	10,752	9,483

Note 18 – Deed of cross guarantee

Pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that each company which is party to the deed guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

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

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and 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 2019 is set out as follows:

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

	2019 \$'000	2018 \$'000
REVENUE	48,436	61,151
COST OF SALES	(34,086)	(37,244)
GROSS PROFIT	14,350	23,907
OTHER GAINS AND LOSSES	1,258	3,548
DEPRECIATION	(1,495)	(1,719)
EMPLOYEE BENEFITS EXPENSE	(10,651)	(9,998)
PROFESSIONAL FEES	(2,588)	(2,304)
TRAVEL COSTS	(763)	(643)
OPERATING LEASES	(441)	(780)
ADMINISTRATIVE EXPENSES	(3,199)	(2,103)
REVERESAL OF IMPAIRMENT OF PROPERTY	863	-
FINANCE COSTS	(306)	(176)
PROFIT / (LOSS) BEFORE INCOME TAX	(2,972)	9,732
INCOME TAX EXPENSE	(1,293)	(1,924)
TOTAL PROFIT / (LOSS) FOR THE YEAR	(4,265)	7,808
OTHER COMPREHENSIVE INCOME		
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:</i>		
EXCHANGE DIFFERENCES ON TRANSLATION OF OVERSEAS SUBSIDIARIES	-	-
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR, NET OF TAX	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	(4,265)	7,808
RETAINED EARNINGS AT BEGINNING OF YEAR	32,443	27,682
DIVIDENDS RECOGNISED DURING THE YEAR	-	(3,047)
RETAINED EARNINGS AT END OF YEAR	28,178	32,443
<i>TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:</i>		
OWNERS OF THE COMPANY	(4,265)	7,808
NON-CONTROLLING INTEREST	-	-
	(4,265)	7,808

Statement of financial position

	2019 \$'000	2018 \$'000
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	3,127	8,255
TRADE AND OTHER RECEIVABLES	26,419	24,694
INVENTORIES	10,987	9,336
OTHER CURRENT ASSETS	223	525
TOTAL CURRENT ASSETS	40,756	42,810
NON-CURRENT ASSETS		
INVESTMENTS	4,869	4,844
PROPERTY, PLANT AND EQUIPMENT	6,871	6,773
DEFERRED TAX ASSETS	1,707	952
OTHER FINANCIAL ASSETS	350	350
TOTAL NON-CURRENT ASSETS	13,797	12,919
TOTAL ASSETS	54,553	55,729
CURRENT LIABILITIES		
TRADE AND OTHER PAYABLES	8,909	10,049
FINANCIAL LIABILITIES	7,663	4,054
CURRENT TAX LIABILITIES	459	1,883
PROVISIONS	3,488	3,571
TOTAL CURRENT LIABILITIES	20,519	19,557
NON-CURRENT LIABILITIES		
PROVISIONS	209	220
FINANCIAL LIABILITIES	266	332
DEFERRED TAX LIABILITIES	2,204	-
TOTAL NON-CURRENT LIABILITIES	2,679	552
TOTAL LIABILITIES	23,198	20,109
NET ASSETS	31,355	35,620
EQUITY		
ISSUED CAPITAL	1,508	1,508
RESERVES	1,669	1,669
RETAINED EARNINGS	28,178	32,443
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	31,355	35,620
NON-CONTROLLING INTEREST	-	-
TOTAL EQUITY	31,355	35,620

Note 19 – Parent Entity Disclosure

(a) Financial Position of Parent Entity at year end

	2019 \$'000	2018 \$'000
ASSETS		
CURRENT ASSETS	3,169	4,438
NON-CURRENT ASSETS	370	370
TOTAL ASSETS	3,539	4,808
LIABILITIES		
CURRENT LIABILITIES	535	1,804
NON-CURRENT LIABILITIES	-	-
TOTAL LIABILITIES	535	1,804
NET ASSETS	3,004	3,004
EQUITY		
ISSUED CAPITAL	1,508	1,508
EQUITY SETTLED BENEFITS RESERVE	1,669	1,669
RETAINED EARNINGS	(173)	(173)
TOTAL EQUITY	3,004	3,004

(b) Results of Parent Entity

PROFIT FOR THE YEAR	-	3,044
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	3,044

(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 13(b) – Financial Liabilities.

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

(d) Parent Entity Contingent Liabilities

At 30 June 2019, the parent entity has no significant contingent liabilities (2018: Nil).

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

At 30 June 2019, the parent entity had not entered into any contractual commitments for the acquisition of property, plant and equipment and other intangible assets (2018: Nil).

Note 20 – Cash Flow Information

(a) Reconciliation of Cash at End of Financial Year

	NOTE	2019 \$'000	2018 \$'000
CASH AND CASH EQUIVALENTS	6	5,290	10,479
BANK OVERDRAFTS	13	(1,000)	(1,000)
CASH (NET OF BANK OVERDRAFTS) AT END OF FINANCIAL YEAR		4,290	9,479

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

	2019 \$'000	2018 \$'000
PROFIT AFTER INCOME TAX	8,161	8,377
<i>ADJUSTMENTS FOR NON-CASH ITEMS:</i>		
- DEPRECIATION	1,850	1,956
- INTANGIBLES AMORTISATION	-	13
- IMPAIRMENT OF INVENTORY	(33)	(218)
- IMPAIRMENT OF ACCOUNTS RECEIVABLE	36	(87)
- REVERSAL OF IMPAIRMENT OF PROPERTY	(863)	-
- NET FINANCE COSTS	248	(70)
- INCOME TAX EXPENSE	1,844	1,758
- (GAIN) / LOSS ON SALE OF PROPERTY, PLANT AND EQUIPMENT	7	(64)
<i>CHANGES IN:</i>		
- (INCREASE) / DECREASE IN TRADE AND OTHER RECEIVABLES	(15,794)	(5,468)
- (INCREASE) / DECREASE IN PREPAYMENTS	213	(426)
- (INCREASE) / DECREASE IN INVENTORIES	(459)	(1,941)
- INCREASE / (DECREASE) IN TRADE PAYABLES AND ACCRUALS	(1,277)	2,378
- INCREASE / (DECREASE) IN PROVISIONS	(56)	365
CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	(6,123)	6,573
- NET INTEREST PAID	(248)	70
- INCOME TAXES PAID	(1,351)	(1,543)
CASH FLOW PROVIDED BY / (USED IN) OPERATIONS	(7,722)	5,100

2018 comparatives have been restated to reflect the change of the format aimed at providing more meaningful information under this Note. There are no changes to the prior year cash flows.

Note 21 – Financial Risk Management

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

	NOTE	2019 \$'000	2018 \$'000
FINANCIAL ASSETS			
CASH AND CASH EQUIVALENTS	6	5,290	10,479
TRADE AND OTHER RECEIVABLES	7	37,212	19,818
		42,502	30,297
FINANCIAL LIABILITIES			
TRADE AND OTHER PAYABLES	12	10,943	10,197
BORROWINGS	13	7,947	4,273
		18,890	14,470

I. 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.

II. Financial Risk Exposures and Management

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

a. Interest Rate Risk

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

	NOTE	2019 \$'000	2018 \$'000
FLOATING RATE INSTRUMENTS			
BANK OVERDRAFTS	13	1,000	1,000
BANK LOANS	13	6,500	2,740
		7,500	3,740

b. Liquidity Risk

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

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

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

Financial Liability Maturity Analysis

	Within 1 Year		1 to 3 years		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
FINANCIAL LIABILITIES DUE FOR PAYMENT						
BANK OVERDRAFTS	1,000	1,000			1,000	1,000
BANK LOANS	6,500	2,740			6,500	2,740
HIRE PURCHASE	190	314	257	219	447	533
	7,690	4,054	257	219	7,947	4,273

The Group has finalised the funding facilities with ANZ (bank overdrafts and bank loans referred to in the above table) before end of 2019 financial year and entered into a new facility agreement with HSBC. The settlement occurred on 3 July 2019 where remaining ANZ funding facilities were fully repaid. Facilities with HSBC are for a three-year period.

Other than changes in hire purchase liabilities, 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 and Euro.

d. Credit Risk

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

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

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

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 7. 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 7 – Trade and Other Receivables. Balances held with banks are with AA rated financial institutions, details of these holdings can be found in Note 6 – Cash and Cash Equivalents.

III. Net Fair Values

Fair Value Estimation

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

IV. 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	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
IMPACT ON:				
CHANGE IN EARNINGS	(54)	(29)	54	29
CHANGE IN EQUITY	(54)	(29)	54	29

c. Currency Risk Sensitivity Analysis

As at 30 June 2019 a movement in the AUD would impact the earnings and equity as detailed in the table below:

	5% INCREASE		5% DECREASE	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
IMPACT ON:				
CHANGE IN EARNINGS	(251)	15	251	(15)
CHANGE IN EQUITY	(204)	68	204	(68)

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

V. 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 2019 and 2018 are as follows:

	2019 \$'000	2018 \$'000
TOTAL BORROWINGS	7,947	4,273
CASH AND CASH EQUIVALENTS	(5,290)	(10,479)
NET DEBT (CASH)	2,657	(6,206)
TOTAL EQUITY	40,439	32,512
GEARING RATIO	7%	(19%)

Note 22 – Related Party Transactions

Transactions with Key Management Personnel

Short-term employee benefits

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

Defined contribution plans

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

Other long-term employee benefits

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

Termination benefits

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

Key Management Personnel Compensation

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

	2019 \$	2018 \$
SHORT-TERM EMPLOYEE BENEFITS	2,209,007	1,923,417
POST-EMPLOYMENT BENEFITS	143,206	145,772
OTHER LONG-TERM BENEFITS	27,294	15,394
TOTAL DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION	2,379,507	2,084,583

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

Key Management Personnel Transactions

The Group did not transact with any member of the key management personnel during the 2019 financial year. In previous reporting periods loans have been extended to some of the key management personnel, details of which can be found in Note 11 (page 35).

Note 23 – Non-Controlling Interest

	2019 \$'000	2018 \$'000
BALANCE AT THE BEGINNING OF THE REPORTING PERIOD	375	-
CONTRIBUTION OF EQUITY INTO SUBSIDIARIES	98	580
SHARE OF PROFIT / (LOSS) FOR THE YEAR	177	(176)
SHARE OF OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	29	(29)
BALANCE AT THE END OF THE REPORTING PERIOD	679	375

Note 24 – Auditor's Remuneration

	2019 \$	2018 \$
AUDIT AND REVIEW SERVICES		
AUDITORS OF RUBICON SYSTEMS (HOLDINGS) PTY LTD		
AUDIT AND REVIEW OF FINANCIAL STATEMENTS	135,370	88,770
REMUNERATION OF NETWORK FIRM OF THE PARENT ENTITY AUDITOR		
AUDITING OFFSHORE SUBSIDIARIES	35,200	33,334
TOTAL AUDIT AND REVIEW SERVICES	170,570	122,104
OTHER SERVICES		
AUDITORS OF RUBICON SYSTEMS (HOLDINGS) PTY LTD		
IN RELATION TO ADVISORY SERVICES	9,043	8,000
TOTAL OTHER SERVICES	9,043	8,000

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

Note 25 – Defined contribution plans

For defined contribution schemes the pension charge is calculated on the basis of contributions payable. The Group contributed \$701,000 during the financial year (2018: \$736,000) to defined contribution plans. These contributions are expensed as incurred.

Note 26 – Events Subsequent to Reporting Date

On 24 May 2019, the Group agreed terms with HSBC for three-year \$38,000,000 senior secured facilities, which comprise a combination of loan facilities (total of \$30,000,000) as well as a revolving multi-option-facility (\$8,000,000) to be used for bank guarantees, letters of credits, performance bonds, credit cards and overdrafts. The Group finalised the existing loan facilities with ANZ and partially drew down on the new HSBC loan facilities on 3 July 2019. HSBC facilities replaced those provided by ANZ as at 30 June 2019.

Other than the above, there has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event which would have a material effect on the financial statements of the Group at 30 June 2019.

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