Rubicon Water Limited

ACN 651 852 470

Appendix 4E Preliminary Final Report

For the year ended 30 June 2021

APPENDIX 4E

Under ASX Listing Rule 4.3A

PRELIMINARY FINAL REPORT

Current reporting period ('FY21')	1 July 2020 to 30 June 2021
Previous corresponding period ('FY20')	1 July 2019 to 30 June 2020

Basis of preparation:

The financial and other information included in this Appendix 4E Preliminary Final Report is that of Rubicon Systems (Holdings) Pty Limited (the Company) and its controlled entities (the Group) as at 30 June 2021. Rubicon Systems (Holdings) Pty Limited was the ultimate parent entity of the Rubicon Group as at 30 June 2021.

Subsequent to 30 June 2021 Rubicon Water Limited became the ultimate parent entity of the Group (the Reorganisation) and subsequently listed on the Australian Securities Exchange (the ASX). Because the Reorganisation and Initial Public Offering occurred subsequent to 30 June 2021, this Appendix 4E Preliminary Final Report does not reflect the capital structure and number of outstanding shares of Rubicon Water Limited upon commencement of trading on the ASX.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	FY21 $'000			FY20 $'000
Revenue from ordinary activities	$81,529	up 25.8%	from	$64,808
Earnings before interest, tax, depreciation and amortisation (Underlying EBITDA[1])	$14,125	up 90.7%	from	$7,406
Earnings before interest, tax, depreciation and amortisation (Statutory EBITDA)	$13,530	up 107.2%	from	$6,531
Profit from ordinary activities after tax attributable to members	$8,224	up 695.7%	from	$1,034
Profit after tax attributable to members	$8,322	up 725.6%	from	$1,008

[1]Underlying EBITDA is before non-operating items and unrealised foreign exchange gains/losses.

DIVIDENDS

NAME	AMOUNT PER SECURITY	FRANKED AMOUNT PER SECURITY
Current period		
Pre IPO dividend – Ordinary (paid 27 August 2021)	10 cents	10 cents
Total dividend	10 cents	10 cents
Previous corresponding period		
No dividends were paid during the previous corresponding		
Record date for determining entitlement to the Pre IPO dividend:		11 August 2021
Payment date of Pre IPO dividend:		27 August 2021

NET TANGIBLE ASSETS PER SHARE

	30 JUNE 2021	30 JUNE 2020
Net tangible assets per ordinary security ($)[1]	0.49	0.41

[1] Net tangible assets are calculated by deducting intangible assets from the net assets of the Group. Following the adoption of AASB 16 Leases on 1 July 2019, net assets include the right-of-use assets and corresponding lease liabilities recognised under the standard.

APPENDIX 4E (CONTINUED)

DETAILS OF EQUITY ACCOUNTED INVESTMENTS

		OWNERSHIP INTEREST	
NAME	TYPE	30 JUNE 2021	30 JUNE 2020
Medha Rubicon Water Technologies Pvt Ltd	Joint Venture	50%	50%

OVERVIEW OF OPERATING RESULTS

Revenue in FY21 was up $16.7 million, or 25.8% to $81.5m. The geographic transformation of the Group continues with 67% of the Group's revenue now generated outside of the ANZ segment.

Statutory EBITDA was $13.5m, an increase of $7m or a 107% increase on FY20. This was primarily driven by:

- $16.7m or 25.8% increase in revenue to $81.5m
- $5.1m or 17.3% increase in gross profit to $34.6m
- $3.1m increase in the profit contribution from the joint venture in India

Profit after tax was $8.2m, an increase of $7.2m or 696% from $1.0m in FY20.

COMPARISON OF OPERATING RESULTS TO THE FY21 FORECAST AS PRESENTED IN THE PROSPECTUS

The Group's results in the statement of profit or loss for the year ended 30 June 2021 are comparable to the unaudited statutory forecasts for the year ending 30 June 2021 as presented in the Company's Prospectus dated 12 August 2021, with the exception of the income tax expense which is $0.9m lower than that the statutory income tax expense that was presented in the Prospectus.

This has led to the Group's profit after tax for the year ended 30 June 2021 to be $0.9m higher than the statutory forecast profit after tax of the Group for the year ending 30 June 2021 that was presented in the Prospectus. A comparison of these financial results to those within the unaudited statutory forecasts for FY21 as presented in the prospectus is shown as follows:

	FY 21 $'M	
	ACTUAL	PROSPECTUS
Gross Profit	$34.6	$34.4
Statutory EBITDA	$13.5	$13.5
Profit before tax	$10.0	10.0
Income tax expense	$1.8	$2.7
Profit after tax	$8.2	$7.3

The results from this preliminary final report are based on the financial statements of Rubicon Systems (Holdings) Pty Ltd which are in the process of being audited.

The Appendix 4E should be read in conjunction with the accompanying financial statements of Rubicon Systems (Holdings) Pty Ltd.

Rubicon Systems (Holdings) Pty Ltd
and its controlled entities
(ACN 106 485 474)

Financial Statements for the year ended
30 June 2021

Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

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

EARNINGS PER SHARE		**CENTS**	CENTS
BASIC (CENTS PER SHARE)	7	**8.0**	1.0
DILUTED (CENTS PER SHARE)	7	**8.0**	1.0

The notes on pages 7 to 45 are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

as at 30 June 2021

	NOTE	2021 $'000	2020 $'000
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	8	**9,026**	24,427
TRADE AND OTHER RECEIVABLES	9	**64,484**	41,709
INVENTORIES	10	**17,123**	11,341
CURRENT TAX ASSETS	6	**-**	32
OTHER CURRENT ASSETS	11	**1,707**	714
TOTAL CURRENT ASSETS		**92,340**	78,223
NON-CURRENT ASSETS			
INVESTMENTS – ACCOUNTED FOR USING THE EQUITY METHOD	12	**3,070**	109
INTANGIBLES	13	**391**	-
PROPERTY, PLANT AND EQUIPMENT	14	**6,676**	6,975
RIGHT OF USE ASSETS	15	**2,587**	2,841
DEFERRED TAX ASSETS	6	**4,037**	5,140
OTHER FINANCIAL ASSETS	16	**350**	350
TOTAL NON-CURRENT ASSETS		**17,111**	15,415
TOTAL ASSETS		**109,451**	93,638
CURRENT LIABILITIES			
TRADE AND OTHER PAYABLES	17	**17,403**	8,939
FINANCIAL LIABILITIES	18	**7,195**	4,677
LEASE LIABILITIES	18	**1,040**	1,038
CURRENT TAX LIABILITIES	6	**2,732**	-
PROVISIONS	19	**4,356**	3,611
TOTAL CURRENT LIABILITIES		**32,726**	18,265
NON-CURRENT LIABILITIES			
FINANCIAL LIABILITIES	18	**22,566**	25,495
LEASE LIABILITIES	18	**1,891**	2,213
PROVISIONS	19	**326**	316
DEFERRED TAX LIABILITIES	6	**2,793**	5,954
TOTAL NON-CURRENT LIABILITIES		**27,576**	33,978
TOTAL LIABILITIES		**60,302**	52,243
NET ASSETS		**49,149**	41,395
EQUITY			
ISSUED CAPITAL	22	**1,508**	1,508
RESERVES	22	**(906)**	(430)
RETAINED EARNINGS		**47,931**	39,609
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF RUBICON SYSTEMS (HOLDINGS) PTY LTD		**48,533**	40,687
NON-CONTROLLING INTEREST	28	**616**	708
TOTAL EQUITY		**49,149**	41,395

The notes on pages 7 to 45 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

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

The notes on pages 7 to 45 are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2021

	NOTE	2021 $'000	2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS FROM CUSTOMERS		**68,990**	64,620
PAYMENTS TO SUPPLIERS AND EMPLOYEES		**(79,744)**	(64,556)
GRANTS RECEIVED – JOBKEEPER		**2,145**	942
INTEREST RECEIVED		**14**	53
FINANCE COSTS		**(1,155)**	(1,367)
INCOME TAX PAID		**(704)**	(1,216)
NET CASH USED IN OPERATING ACTIVITIES	25 (b)	**(10,454)**	(1,524)
CASH FLOWS FROM INVESTING ACTIVITIES			
PROCEEDS FROM SALE OF NON-CURRENT ASSETS		**77**	77
PURCHASE OF NON-CURRENT ASSETS		**(1,165)**	(941)
INVESTMENT IN ASSOCIATES		**-**	(290)
DEVELOPMENT EXPENDITURE		**(438)**	-
NET CASH USED IN INVESTING ACTIVITIES		**(1,526)**	(1,154)
CASH FLOWS FROM FINANCING ACTIVITIES			
PROCEEDS FROM BORROWINGS		**77**	30,071
REPAYMENT OF BORROWINGS		**(3,204)**	(8,207)
REPAYMENT OF LEASE LIABILITIES		**(1,077)**	(865)
LOAN TO JOINT VENTURE		**(1,343)**	-
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	25 (c)	**(5,547)**	20,999
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(17,527)**	18,321
CASH (NET OF BANK OVERDRAFTS) AT BEGINNING OF FINANCIAL YEAR		**22,812**	4,290
EFFECTS OF EXCHANGE RATE CHANGES		**(465)**	201
CASH (NET OF BANK OVERDRAFTS) AT END OF FINANCIAL YEAR	25 (a)	**4,820**	22,812

The notes on pages 7 to 45 are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

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 _________ 2021.

Functional and Presentation Currency

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

Use of Judgements and Estimates - Assumptions and Estimation Uncertainties

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

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

- Note 3 – Revenue and Other Income. Revenue recognised for contracts over time require management to estimate the total cost to complete and the stage of completion to measure progress towards satisfaction of the performance obligations.
- Note 6 – Tax. Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislations, and the directors' understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by taxable authorities in relevant jurisdictions.
- Note 9 – Trade and Other Receivables. The expected credit loss allowances for trade receivables are calculated based on key assumptions that determine the weighted average loss rates and overall loss

allowance.

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

COVID-19 Considerations

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

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

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

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

Basis of Measurement

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

Going Concern

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

Significant Accounting Policies

(a) Basis of Consolidation

Non-controlling interests

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

Subsidiaries

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

Interests in equity-accounted investees

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

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

Loss of control

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

Transactions eliminated on consolidation

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

(b) Impairment

Non-financial assets

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

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

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

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

(c) Foreign Currency

Foreign currency transactions

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

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

Foreign operations

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

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

(d) Finance Income and Finance Costs

The Group's finance income and finance costs include:

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

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

(e) Government Grants

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

(f) Goods and Services Tax (GST)

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

(g) Leases

The Group as a lessee

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

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

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

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

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

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

- The lease term has changed.

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

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

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

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

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

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

(h) Comparative Figures

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

(i) Rounding of Amounts

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

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

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

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

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

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

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

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

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

Note 2 – Controlled Entities

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

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

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

Note 3 – Revenue and Other Income

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

Revenue Recognition from Contracts with Customers

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

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

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

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

2021

	Revenue Recognition	**Sales Revenue 2021 $'000**	**Remaining performance obligations $'000**	**Remaining Contract duration**
HARDWARE	Over time	70,370	12,239	Up to 2 years
SOFTWARE	Point in time	187	373	Up to 2 years
SOFTWARE MAINTENANCE AND SUPPORT	Over time	5,369	2,547	Up to 5 years
OTHER COMPONENTS AND SUPPORT	Point in time	5,603	-	
TOTAL SALES REVENUE		**81,529**	**15,159**	

2020

	Revenue Recognition	Sales Revenue 2020 $'000	Remaining performance obligations $'000	Remaining Contract duration
HARDWARE	Over time	54,192	65,077	Up to 2 years
SOFTWARE	Point in time	154	365	Up to 2 years
SOFTWARE MAINTENANCE AND SUPPORT	Over time	4,654	3,667	Up to 5 years
OTHER COMPONENTS AND SUPPORT	Point in time	5,808	-	-
TOTAL SALES REVENUE		**64,808**	**69,109**	

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

Revenue streams

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

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

i. Construction contracts

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

Variable consideration

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

Sale of goods

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

ii. Rendering of services

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

Note 4 – Operating Segments

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

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

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

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

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

Basis of Reporting

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment Underlying EBITDA represents the earnings before depreciation, amortisation, interest, taxes, unrealised foreign exchange gains/losses and certain other significant items earned by each segment. Underlying EBITDA presented below is consistent with the measure reported to the Chief Executive Officer for the purpose of resource allocation and assessment of segment performance.

Information related to Segment assets and liabilities is not provided to the Chief Executive Officer and accordingly has not been disclosed.

Information about major customers

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

Revenues from major products and services

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

Geographic segment revenue and results

2021

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

2020

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

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

Note 5 – Employee Benefits Expenses

	2021 $'000	2020 $'000
EMPLOYEE BENEFITS EXPENSE		
WAGES AND SALARIES	**13,817**	12,375
ANNUAL & LONG SERVICE LEAVE EXPENSE	**1,039**	950
TERMINATION COSTS	**6**	138
DEFINED CONTRIBUTION PLAN	**999**	937
OTHER EMPLOYEE BENEFITS	**1,905**	1,837
TOTAL EMPLOYEE BENEFITS EXPENSE	**17,766**	16,237

Note 6 – Tax

Tax Consolidation

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

Current Tax

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

Deferred Tax

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

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

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

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

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

	2021 $'000	2020 $'000
CURRENT		
INCOME TAX PAYABLE/(REFUNDABLE)	**2,732**	**(32)**

	2021 $'000	2020 $'000
(A) THE COMPONENTS OF TAX EXPENSE COMPRISE:		
CURRENT INCOME TAX EXPENSE / (BENEFIT)		
- CURRENT INCOME TAX EXPENSE / (BENEFIT)	**4,086**	934
- ADJUSTMENT FOR PRIOR YEARS	**(23)**	(83)
DEFERRED INCOME TAX EXPENSE / (BENEFIT)		
- ORIGINATION AND REVERSAL OF TEMPORARY DIFFERENCES	**(2,234)**	399
- ADJUSTMENT FOR PRIOR YEARS	**(14)**	130
INCOME TAX EXPENSE REPORTED IN THE STATEMENT OF PROFIT OR LOSS AND OCI	**1,815**	1,380
(B) A RECONCILIATION BETWEEN TAX EXPENSE AND THE PRODUCT OF ACCOUNTING PROFIT BEFORE INCOME TAX MULTIPLIED BY THE GROUP'S APPLICABLE INCOME TAX RATE IS AS FOLLOWS:		
ACCOUNTING PROFIT BEFORE TAX	**10,040**	2,413
AT THE COMPANY'S STATUTORY DOMESTIC INCOME TAX RATE OF 30% (2020: 30%)	**3,012**	724
ADD / (LESS) TAX EFFECT OF:		
- RESEARCH AND DEVELOPMENT INCENTIVE	**(128)**	(145)
- FOREIGN TAX RATE ADJUSTMENT	**(365)**	37
- NON-ALLOWABLE ITEMS	**(2)**	34
- ADJUSTMENT FOR PRIOR YEARS	**(37)**	47
- CURRENT YEAR TAX LOSSES NOT RECOGNISED	**477**	641
- UTILISATION OF TAX LOSSES NOT PREVIOUSLY RECOGNISED	**(837)**	-
- SHARE OF JOINT VENTURE PROFIT AFTER TAX	**(630)**	-
- OTHER	**325**	42
INCOME TAX EXPENSE	**1,815**	1,380

				CLOSING BALANCE		
2021	Net Opening Balance $'000	Adjustment for prior years $'000	(Credited) / Charged to Income $'000	**Net $'000**	**Deferred Tax Assets $'000**	**Deferred Tax Liabilities $'000**
NON-CURRENT						
DEFERRED TAX ASSETS (LIABILITIES):						
ACCOUNTS RECEIVABLE	3	-	(2)	1	1	-
INTANGIBLE ASSETS	102	-	(104)	(2)	(2)	-
INVENTORIES	228	504*	88	820	820	-
DEFERRED INCOME	(5,856)	-	3,162	(2,694)	-	(2,694)
PROPERTY, PLANT AND EQUIPMENT	(98)	-	(1)	(99)	-	(99)
PROVISIONS	1,225	-	241	1,466	1,466	-
ACCRUALS	361	-	(149)	212	212	-
BORROWINGS	20	-	(10)	10	10	-
TRADE PAYABLES	139	-	137	276	276	-
OTHER	165	-	382	547	547	-
LEASES	74	-	21	95	95	-
TAX LOSSES CARRIED FORWARD	2,823	(490)**	(1,721)	612	612	-
DEFERRED TAX ASSETS (LIABILITIES)	**(814)**	**14**	**2,044**	**1,244**	**4,037**	**(2,793)**

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

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

**Relates to deferred tax assets recognised in respect of tax credits not recoverable.

Note 7 – Earnings Per Share

EARNINGS PER SHARE	**CENTS**	CENTS
BASIC (CENTS PER SHARE)	**8.0**	1.0
DILUTED (CENTS PER SHARE)	**8.0**	1.0

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

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

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

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

Note 8 – Cash

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

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

Note 9 – Trade and Other Receivables

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

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

Expected Credit Loss Provision for Impairment of Receivables

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

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

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

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

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

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

Note 10 – Inventories

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

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

Note 11 – Other Current Assets

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

Note 12 – Investments – accounted for using the equity method

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

Summarised statement of financial position of MRWTPL:

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

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

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

Note 13 – Intangibles

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

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred.

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

Development Costs

Cost

2021	**$'000**
BALANCE AT 1 JULY	-
ADDITIONS FROM INTERNAL DEVELOPMENT	438
BALANCE AT 30 JUNE	**438**

Amortisation

2021	**$'000**
BALANCE AT 1 JULY	-
AMORTISATION CHARGE	(47)
BALANCE AT 30 JUNE	**(47)**

Carrying Amount

2021	**$'000**
BALANCE AT 1 JULY	-
BALANCE AT 30 JUNE	**391**

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

Note 14 – Property, Plant and Equipment

Recognition and Measurement

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

Subsequent Expenditure

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

Depreciation

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

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

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

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

	2021 **$'000**	2020 $'000
LAND AND BUILDINGS		
- AT COST	**3,900**	3,900
- ACCUMULATED DEPRECIATION	**(1,162)**	(1,067)
TOTAL LAND AND BUILDINGS	**2,738**	2,833
PLANT AND EQUIPMENT		
PLANT AND EQUIPMENT:		
- AT COST	**14,167**	13,762
- ACCUMULATED DEPRECIATION	**(12,644)**	(11,879)
TOTAL PLANT AND EQUIPMENT	**1,523**	1,883
MOTOR VEHICLES:		
- AT COST	**4,229**	3,897
- ACCUMULATED DEPRECIATION	**(3,098)**	(2,975)
TOTAL MOTOR VEHICLES	**1,131**	922
LEASEHOLD IMPROVEMENTS:		
- AT COST	**1,979**	1,931
- ACCUMULATED DEPRECIATION	**(695)**	(594)
TOTAL LEASEHOLD IMPROVEMENTS	**1,284**	1,337
TOTAL PLANT AND EQUIPMENT	**3,938**	4,142
TOTAL PROPERTY, PLANT AND EQUIPMENT	**6,676**	6,975

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

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

Note 15 – Leases

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

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

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

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

Net Book Value		
OPENING BALANCE	2,841	-
CLOSING BALANCE	**2,587**	**2,841**

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

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

Note 16 – Other Financial Assets

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

Loans have been extended to a number of key management personnel during the 2018 financial year. The loans are interest free and were for an initial three-year period. During 2021 the loan terms were amended and the interest free period extended for a further three years. Any remaining loans after the end of the third anniversary year will attract a nominal interest rate.

Note 17 – Trade and Other Payables

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

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

Note 18 – Financial Liabilities

Non-Derivative Financial Liabilities – Measurement

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

Non-Derivative Financial Liabilities – Recognition and Derecognition

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

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

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

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

(a) Collateral Provided

Bank facility

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

In accordance with the terms of the facility agreement the Group made two $1,500,000 loan repayments in FY21. Accordingly, at the reporting date the facility limit was reduced to $33,500,000 (2020: $36,500,000). At reporting date, the Group had drawn $29,706,000 of the facility and held cash balances of $9,026,000 (2020: $24,427,000).

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

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

Hire Purchase Liabilities

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

Defaults and breaches

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

Lease liabilities

Lease liabilities are secured by underlying leased assets.

(b) Debt Facilities and Credit Standby Arrangements

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

	2021 **$'000**	2020 $'000
CREDIT FACILITIES	**34,547**	37,547
FACILITY UTILISED:		
BANK LOANS AND OVERDRAFTS	**(29,706)**	(30,115)
HIRE PURCHASE LIABILITIES (ANZ ONLY)	**(64)**	(200)
OTHER (BANK GUARANTEES AND BUSINESS CREDIT CARDS)	**(343)**	(343)
UNUSED CREDIT FACILITIES	**4,433**	**6,889**

Note 19 – Provisions

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

Employee Benefits

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

Other Provisions

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

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

Note 20 – Capital Commitments

Collaborative Research Commitments

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

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

Note 21 – Contingent Liabilities

Bank guarantees of $343,191 have been provided by banks for various contracts undertaken (2020: $343,123). There are no other contingent liabilities.

Note 22 – Issued Capital and Reserves

(a) Share Capital

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

Ordinary shares

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

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

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

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

(b) Nature and Purpose of Reserves

Foreign currency translation reserve

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

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

Equity settled benefits reserve

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

(c) Dividends

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

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

Note 23 – Deed of cross guarantee

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

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

The subsidiaries subject to the Deed are:

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

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

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

	2021 **$'000**	2020 $'000
REVENUE	**69,657**	57,603
COST OF SALES	**(43,005)**	(35,051)
GROSS PROFIT	**26,652**	22,552
OTHER GAINS AND LOSSES	**1,526**	1,622
DEPRECIATION	**(1,342)**	(1,916)
EMPLOYEE BENEFITS EXPENSE	**(13,254)**	(11,466)
PROFESSIONAL FEES	**(2,284)**	(2,207)
TRAVEL COSTS	**(74)**	(461)
OCCUPANCY EXPENSES	**(18)**	(25)
ADMINISTRATIVE EXPENSES	**(3,751)**	(2,826)
FINANCE COSTS	**(955)**	(1,040)
PROFIT / (LOSS) BEFORE INCOME TAX	**6,499**	4,233
INCOME TAX EXPENSE	**(1,946)**	(1,132)
TOTAL PROFIT / (LOSS) FOR THE YEAR	**4,553**	3,101
OTHER COMPREHENSIVE INCOME		
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:		
EXCHANGE DIFFERENCES ON TRANSLATION OF OVERSEAS SUBSIDIARIES		
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR, NET OF TAX	**-**	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	**4,553**	3,101
RETAINED EARNINGS AT BEGINNING OF YEAR	**47,967**	43,326
AASB 16 ADJUSTMENT	**-**	(128)
DIVIDENDS RECOGNISED DURING THE YEAR	**-**	-
RECLASSIFICATION FROM RESERVES	**-**	1,668
RETAINED EARNINGS AT END OF YEAR	**52,520**	47,967
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:		
OWNERS OF THE COMPANY	**4,553**	3,101
NON-CONTROLLING INTEREST	**-**	-
	4,553	3,101

Statement of financial position

	2021 $'000	2020 $'000
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	**6,942**	20,169
TRADE AND OTHER RECEIVABLES	**78,974**	55,836
INVENTORIES	**8,795**	5,954
CURRENT TAX ASSET	**-**	341
OTHER CURRENT ASSETS	**1,180**	153
TOTAL CURRENT ASSETS	**95,891**	82,453
NON-CURRENT ASSETS		
INVESTMENTS	**6,358**	5,825
PROPERTY, PLANT AND EQUIPMENT	**5,699**	5,885
RIGHT OF USE ASSET	**1,039**	1,394
DEFERRED TAX ASSETS	**2,590**	3,847
OTHER FINANCIAL ASSETS	**350**	350
TOTAL NON-CURRENT ASSETS	**16,036**	17,301
TOTAL ASSETS	**111,927**	99,754
CURRENT LIABILITIES		
TRADE AND OTHER PAYABLES	**16,609**	9,143
FINANCIAL LIABILITIES	**7,145**	4,625
LEASE LIABILITY	**387**	380
CURRENT TAX LIABILITIES	**3,445**	-
PROVISIONS	**3,917**	3,257
TOTAL CURRENT LIABILITIES	**31,503**	17,405
NON-CURRENT LIABILITIES		
PROVISIONS	**326**	316
LEASE LIABILITIES	**878**	1,265
FINANCIAL LIABILITIES	**22,498**	25,437
DEFERRED TAX LIABILITIES	**2,694**	5,856
TOTAL NON-CURRENT LIABILITIES	**26,396**	32,874
TOTAL LIABILITIES	**57,899**	50,279
NET ASSETS	**54,028**	49,475
EQUITY		
ISSUED CAPITAL	**1,508**	1,508
RESERVES	**-**	-
RETAINED EARNINGS	**52,520**	47,967
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**54,028**	49,475
NON-CONTROLLING INTEREST	**-**	-
TOTAL EQUITY	**54,028**	49,475

Note 24 – Parent Entity Disclosure

(a) Financial Position of Parent Entity at year end

	2021 $'000	2020 $'000
ASSETS		
CURRENT ASSETS	**6,184**	4,206
NON-CURRENT ASSETS	**2,961**	5,096
TOTAL ASSETS	**9,145**	9,302
LIABILITIES		
CURRENT LIABILITIES	**3,446**	128
NON-CURRENT LIABILITIES	**2,694**	6,170
TOTAL LIABILITIES	**6,141**	6,298
NET ASSETS	**3,004**	3,004
EQUITY		
ISSUED CAPITAL	**1,508**	1,508
EQUITY SETTLED BENEFITS RESERVE		-
RETAINED EARNINGS	**1,496**	1,496
TOTAL EQUITY	**3,004**	3,004

(b) Results of Parent Entity

PROFIT FOR THE YEAR	**-**	-
OTHER COMPREHENSIVE INCOME	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	-

(c) Changes in Equity

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

Parent Entity Guarantees in respect of the debts of its subsidiaries

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

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

(d) Parent Entity Contingent Liabilities

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

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

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

Note 25 – Cash Flow Information

(a) Reconciliation of Cash at End of Financial Year

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

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

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

(c) Reconciliation of liabilities arising from financing activities

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

2021

	LOANS AND BORROWINGS $'000	LEASE LIABILITIES $'000	LOAN TO JOINT VENTURE $'000	TOTAL $'000
BALANCE AT 1 JULY 2020	28,557	3,251	**-**	**31,808**
CHANGES FROM FINANCING CASH FLOWS:				
CASH OUTFLOW	(3,204)	(1,077)	(1,343)	**(5,624)**
CASH INFLOW	77	-	-	**77**
NON-CASH CHANGES:				
ACQUISITIONS	-	870	-	**870**
VARIATIONS	-	(39)	-	**(39)**
FOREIGN EXCHANGE MOVEMENT	-	(74)	-	**(74)**
NET ESTABLISHMENT FEE AMORTISATION FOR PERIOD	126	-	-	**126**
BALANCE AT 30 JUNE 2021	**25,556**	**2,931**	**(1,343)**	**27,144**

2020

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

Note 26 – Financial Risk Management

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

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

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

b. Liquidity Risk

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

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

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

Financial Liability Maturity Analysis

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

Other than changes in 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, Euro and Indian Rupee.

d. Credit Risk

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

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

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

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

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

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

III. Net Fair Values

Fair Value Estimation

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

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	
	2021 **$'000**	2020 $'000	**2021** **$'000**	2020 $'000
IMPACT ON:				
CHANGE IN EARNINGS	**(304)**	(228)	**304**	228
CHANGE IN EQUITY	**(304)**	(228)	**304**	228

c. Currency Risk Sensitivity Analysis

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

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

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

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 2021 and 2020 are as follows:

	2021 **$'000**	2020 $'000
TOTAL BORROWINGS	**29,762**	30,172
CASH AND CASH EQUIVALENTS	**(9,026)**	(24,427)
NET DEBT / (CASH)	**20,736**	5,745
TOTAL EQUITY	**49,149**	41,080
GEARING RATIO	**42%**	14%

Note 27 – Related Party Transactions

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

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

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

Transactions between the Group and MRWTPL are disclosed below.

Trading transactions

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

	Sale of goods	
	2021 **$'000**	2020 $'000
JOINT VENTURE	**28,934**	-

The following amounts were outstanding at the reporting date:

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

Loan to Joint Venture

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

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

Transactions with Key Management Personnel

Short-term employee benefits

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

Defined contribution plans

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

Other long-term employee benefits

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

Termination benefits

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

Key Management Personnel Compensation

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

	2021 **$**	2020 $
SHORT-TERM EMPLOYEE BENEFITS	**1,426,142**	1,712,665
POST-EMPLOYMENT BENEFITS	**109,235**	124,628
OTHER LONG-TERM BENEFITS	**18,798**	(88,518)
TOTAL DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION	**1,554,174**	1,748,775

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

Key Management Personnel Transactions

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

Note 28 – Non-Controlling Interest

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

Note 29 – Auditor's Remuneration

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

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

Note 30 – Defined contribution plans

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

Note 31 – Events Subsequent to Reporting Date

On 2 August 2021, the Group executed an amendment to the facility agreement with the Hongkong and Shanghai Banking Corporation Limited ("HSBC") entered into on 25 June 2019. The new facilities are detailed in the table below.

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

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

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

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

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

On 11 August 2021 the Board of Rubicon Water Limited made a grant of Performance Rights to members of its Executive team. The Performance Rights participants will receive an initial grant of 622,603

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

On 11 August 2021 the Board of Rubicon Water Limited made a grant of shares to employees of the company under the Gift Offer. The Gift Offer participants will receive an initial grant of $192,000 worth of shares in Rubicon Water Limited. The shares are subject to a requirement to remain employed until a specified vesting date and are subject to further disposal restrictions after vesting. The length of tenure and any disposal restrictions are at the Board of Rubicon Water Limited's discretion and are between 12 and 36 months

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

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

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

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

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