

WATERCO LIMITED

APPENDIX 4E
Preliminary Final Report for the
Financial Year Ended 30 June 2023

FOR ANNOUNCEMENT TO THE MARKET

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WATERCO LTD

Summary of results FY ended 30 June 2023

Sales Revenue	\$129.05 million, up 5%
Net Profit After Tax	\$10.80 million, down 7%
EBIT	\$14.50 million, down 4%
Total dividends paid during the year	10c per share (full year)

Chief Executive Officer's Review of Operations

REVENUE AND PROFITABILITY

The Group reports an increase in Sales for the year of 5% from \$123.28m to \$129.05m.

Net Profit Before Tax (NPBT) fell 7% from 14.87m to 13.85m while Earnings Before Interest and Tax (EBIT) recorded a small reduction of 4% from \$15.17m to \$14.50m

The major reasons for the improvement in sales were the result of the ongoing effects of Covid-19 which resulted in a lot of our major pool builders order books filled till the end of June 2023. However, a weakness in the Australian Dollar over the year and increase in input costs (mainly wages, freight and energy costs) resulted in lower margins and higher overheads for the year. As a result, the Australian and New Zealand Division, which accounts for a major portion of the Group's profitability and sales, registered a decrease in EBIT of 34%.

Swimart Division met expectations despite an increase in operating expenses in the current year. Retail sales across the Swimart Franchise Network continued to grow as home improvement expenditure started to slow down with normal travel returning and interest rates rising by 3.25% since the start of the financial year.

DIVISIONAL EBIT PERFORMANCE

The breakdown of EBIT contribution by division is as follows:

	FY23	FY22	
DIVISIONAL EBIT	(\$000)	(\$000)	% Change
Australia and New Zealand	5,090	7,704	-34%
North America and Europe	2,950	2,559	+15%
Asia	6,458	4,911	+32%
Consolidated Reported EBIT	14,498	15,174	-4%

AUSTRALIA AND NEW ZEALAND (ANZ)

The Australia and New Zealand (ANZ) Division derives its revenue predominantly from the domestic swimming pool industry. In this market, Waterco offers a wide range of products, including chemicals for swimming pool water treatment. Waterco also owns the Swimart franchise, which features 68 pool stores and 6 mobiles in Australia and New Zealand. The success of these stores is built on more than three decades of experience, during which Waterco has developed an extremely good understanding of the factors that drive consumer demand in the after-market. Franchise partners benefit from a programme that has been developed and improved on in-house since 1983, when the first company-owned pool shop was opened in Sydney. This has since grown into a successful Swimart franchising retail system.

Steady market share in the domestic pool sector has underpinned the Division's performance.

The investment in the heat pump division over the last few years has paid off well - The ANZ Division achieved a substantial increase in heat pump sales during the year.

This year was another challenging year for the ANZ Market with the operating costs continuing to rise (wage, local freight and energy costs and a weaker Australian Dollar putting pressure on margins). However, unlike the previous year, there were few problems sourcing of stock and booking shipping lines. Unlike the previous year where Group Stock Levels went up by 40% or \$14m, Group Stock Levels only went up 3% or \$1.5m as supplies and shipping returned to normal.

Despite a challenging year in the ANZ Market, Waterco was able to achieve a 0.5% increase in external sales on the previous year.

NORTH AMERICA AND EUROPE

Waterco North America and Europe comprises the Group's operations in the USA, Canada and UK.

This division recorded a increase in external sales of 7.5% on the same period last year.

The North America and Europe Division recorded a healthy 15% increase in EBIT as supplies returned to normal and management made excellent progress in winning market share.

Waterco USA (WUSA): The US market is the largest in the world. Waterco has invested significantly in this market, through start-up operations, as well as a substantial acquisition of Baker Hydro in March 2005. Our operations in Augusta, Georgia, now distribute a wide range of filters and assemble commercial pumps.

In June 2020, Waterco USA opened a small branch in Canada (Distribution Waterco Canada or DWC) to service its local customer base.

Overall, this entity recorded an outstanding increase in sales of 23% during the year under review despite the number of new pool constructions continuing to fall during the year.

Waterco Europe (WEL): Waterco started operations in the UK in 1999 and subsequently acquired the business of Lacron Ltd in 2003. The renowned "Lacron" name is synonymous with quality filters and, coupled with Waterco's established progressive manufacturing techniques, this has enabled WEL to bring to the market filters of quality at acceptable prices. Today, both the Lacron and the Waterco brands are well-recognised as quality products in Europe. This recognition continues, even after the manufacturing operations had been transferred to Malaysia and China, because the same high standards have been maintained.

Waterco Europe recorded a decline in sales of 10% during the year due to the expected fall in the number new pools being built. This Entity continues to reinforce its interest in commercial filters of high pressure ratings developed for water treatment, in particular, as pre-filtration for seawater desalination. The Group's ability to manufacture filters of such pressure ratings from composites provides an opportunity to enhance our presence in a market that has traditionally used steel to cope with such pressures. However, its mix of sales resulted in a vast improvement in its Gross Margin leading to an overall net profit for the year less than 1% below the PCP

ASIA

Waterco Far East in Malaysia (WFE): This Entity was born out of Waterco's familiarity with the Southeast Asian market. WFE was initially a sales operation designed to service Waterco Australia's Southeast Asian customer base. In 1991 WFE added manufacturing operations to its undertakings in Kuala Lumpur, Malaysia. As well as bringing the Group closer to Southeast Asia markets, this also gave cost-efficiency in our manufacturing operations. Since then, WFE has become the principal manufacturing facility for the Waterco Group. WFE continues to deliver robust new products to give the Group a strong reputation and competitive edge.

WFE has achieved ISO9001:2008 certification, the internationally recognised standard for the quality management of businesses, and demonstrates the existence of an effective and well-designed quality management system, which stands up to the rigours of an independent external audit. A key criterion of this standard is that the management system can provide confidence in creating products that meet expectations and requirements.

Local sales in Malaysia recorded a greater than 30% increase in the current year despite continuing political uncertainty and cost pressures faced by the business especially with the availability of foreign labour that which has not returned to Pre-Covid 19 Levels. The sourcing of raw materials and components has improved during the year and the restrictions imposed by the Pandemic no longer having an effect on the business. The growth in the use of robots (still at a relatively small scale) in the manufacturing process has kept these wage increases to a moderate level. The Entity's capacity has been increased during the year and this has led to greater efficiencies in the business and an improvement in financial performance.

Combined with improved efficiencies and reduced wastages in WFE, profits were better than expected.

Waterco Guangzhou (WGZ): Commenced operations in 2000, delivering advantages of low operational costs and a foothold into the huge China market. The manufacturing of filters primarily for the European and the Australian markets has been relocated to Malaysia, leaving this entity to focus on the development of commercial heat pumps and to improve marketing of pool equipment to the commercial pool market in China. External sales for the current year were slightly up on last year despite the economic challenges facing the Country with a further decline in the Construction Industry, general slow-down in consumption and growth across the Country and unemployment (especially among the youth) continuing to rise. Floods in January and June 2023 also caused havoc while a severe drought during the year has reduced Hydro – Electric Power Generation and irrigation right across the country.

Waterco International in Singapore (WI): This Entity focuses on sales in Asian countries, other than Malaysia and China, where we have our own trading entities. WI also provides technical assistance to our Indonesian entity and has been able to contribute to the growth of the latter. WI achieved a record 39% increase in external sales during the year.

PRODUCT DEVELOPMENT AND WATER TREATMENT

Waterco Continues to Invest in Product Innovation and R&D

Waterco, a leading provider of water treatment products and systems, is committed to staying at the forefront of the industry through continuous investment in product innovation and research and development (R&D).

In recent years, Waterco has made significant progress in developing new technologies for swimming pools. The company's latest innovation is an IoT platform that enables homeowners and pool service technicians to obtain essential data about swimming pools remotely.

The IoT platform was developed by a team of specialized software engineers and cloud architects over the past four years. It includes a WiFi board that can be customized and adapted to different equipment, new production tools, a robust device registry, and digital tools that simulate production and real-world use.

The IoT platform secures device connections and data with mutual authentication and end-to-end encryption. It also includes manufacturing and inventory tools to allow for device commissioning, lifecycle management, unique configuration, and QA processes during firmware deployment.

Waterco expects the IoT platform to improve pool management, reduce operating costs, and enhance the customer experience. The platform is expected to be available in early 2024.

In addition to its investment in R&D, Waterco is also expanding its global footprint. In 2023, the company opened a branch in Vietnam to tap into the growing demand for its products in the country.

Vietnam has seen a rapid growth in its middle class in recent years, and this has led to an increased demand for luxury goods and services, including swimming pools. The country is also a popular tourist destination, and many hotels and resorts are investing in swimming pools to attract visitors.

Waterco believes that there is a significant opportunity for growth in the Vietnamese market. The company's decision to open a branch in Vietnam is a strategic move that will help Waterco to better serve its customers in the region.

The company's continued investment in product innovation and R&D, as well as its expansion into new markets, is a testament to Waterco's commitment to providing its customers with the best possible water treatment solutions.

DIVIDEND AND OUTLOOK

The results (Net Profit After Tax of \$10.805m) was 6.7% below last year.

NET PROFIT FOR THE YEAR (AFTER TAX)	FY23 (\$000)	FY22 (\$000)	% change
Profit before income tax expense	13,853	14,866	-7%
Income tax expense/(benefit)	3,048	3,292	-7%
Net Profit for the year	10,805	11,574	-7%

The Board will provide a profit guidance at a later stage for the financial year ending 30 June 2024, as more information becomes available.

Waterco declares a final dividend payment of 5 cents per share, payable to shareholders on 15 December 2023. With an interim dividend of 5 cents per share, declared after the announcement of the Half-Year results, this brings the total dividend for the year at 10 cents per share compared to the 8 cents in the previous financial year.

Events after Balance Date

Purchase of Davey

On 4 August 2023, Waterco Ltd signed an agreement with GUD Holdings Ltd to purchase the worldwide business of Davey Water Products for a consideration of approximately \$65m. The purchase is being fully funded by Bank Facilities provided by Westpac Banking Corporation. The Davey Business provides Waterco with not only a much larger presence in the pool industry but a significant entry point in the water treatment business especially in regional areas. The expected settlement date is 31st August 2023.

WATERCO LIMITED
Preliminary Final Report for the
Financial Year Ended 30 June 2023

SUMMARY OF RESULTS

			\$A'000
Revenues	Up	4.6%	to 133,999
Profit (loss) after tax attributable to members	Down	6.8%	to 10,846
Dividends		Amount per security	Franked amount per security
Final dividend		5¢	5¢
Previous corresponding period		5¢	5¢
Date for determining entitlements to the dividend	10 th November 2023		

Statement of Profit and Loss and Other Comprehensive Income

	Current period \$A'000	Previous corresponding period \$A'000
Revenues	133,999	128,141
Expenses		
Goodwill (on acquisition) Impairment Losses	(54)	(54)
Finance costs	(707)	(328)
Other Expenses	(119,385)	(112,893)
Profit (loss) before tax	13,853	14,866
Income tax (see Annexure A)	(3,048)	(3,292)
Profit (loss) after tax	10,805	11,574
Net profit (loss) attributable to non-controlling interests	(41)	(67)
Net profit (loss) for the period attributable to members	10,846	11,641
Non-owner transaction changes in equity		
Net exchange differences recognised in equity		
Other revenue, expense and initial adjustments recognised directly in equity	4,246	2,209
Total transactions and adjustments recognised directly in equity	4,246	2,209
Total changes in equity not resulting from transactions with owners as owners	15,092	13,850

Earnings per security (EPS)

	Current period	Previous corresponding Period
Basic EPS	30.7	32.7
Diluted EPS	30.7	32.7

Calculation of Earnings per security (EPS)

	Current period	Previous corresponding Period
Net Profit (\$000)	10,805	11,574
Net Profit/(Loss) attributable to non-controlling interests (\$000)	(41)	(67)
Earnings used in calculation of basic EPS (\$000)	10,846	11,641
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	35,250,500	35,626,590

Notes to the statement of profit and loss and other comprehensive income**Profit (loss) attributable to members**

	Current period \$A'000	Previous corresponding period \$A'000
Profit (loss) after tax	10,805	11,574
Less (plus) non controlling interests	(41)	(67)
Profit (loss) after tax, attributable to members	10,846	11,641

Revenue and Expenses - SEE ANNEXURE A

	Current period \$A'000	Previous corresponding period \$A'000
Capitalised outlays		
Interest costs capitalised in asset values	-	-
Outlays capitalised in intangibles (excluding those arising from acquisition of a business)	-	-

Operating Segments – SEE ANNEXURE A

Movement in Retained Profits

	Current period \$A'000	Previous corresponding period \$A'000
Retained profits at the beginning of the financial period	54,992	45,842
Net profit attributable to members	10,846	11,641
Dividends paid	(3,524)	(2,491)
Retained profits at end of financial period	62,314	54,992

Intangibles – Impairment/Amortisation

	<i>Consolidated - current period</i>			
	Before tax \$A'000 (a)	Related tax \$A'000 (b)	Related non- controlling interests \$A'000 (c)	Amount (after tax) attributable to members \$A'000 (d)
Impairment of goodwill	78	-	-	78
Amortisation of other intangibles	-	-	-	-
Total Impairment/ amortisation of intangibles	78	-	-	78

Comparison of half year profits

	Current year - \$A'000	Previous year - \$A'000
Consolidated profit (loss) after tax attributable to members reported for the 1st half year	4,989	4,106
Consolidated profit (loss) after tax attributable to members for the 2nd half year	5,857	7,535
	10,846	11,641

Consolidated Statement of Financial Position	At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
Current assets			
Cash and cash equivalents	12,337	11,946	9,368
Trade and other receivables	17,106	17,201	21,429
Inventories	50,145	48,688	56,976
Other	2,643	1,077	1,450
Total current assets	82,231	78,912	89,223
Non-current assets			
Other property, plant and equipment	65,874	59,986	60,718
Right of use assets	17,001	15,794	13,095
Intangibles (net)	1,170	1,119	1,084
Deferred tax assets	1,675	1,842	2,160
Total non-current assets	85,720	78,741	77,057
Total assets	167,951	157,653	166,280
Current liabilities			
Trade and other payables	12,353	14,211	18,484
Contract liabilities	2,552	-	-
Interest bearing liabilities	2,995	4,329	6,848
Lease liabilities	3,770	3,942	4,080
Current tax liabilities	595	2,547	1,435
Provisions exc. tax liabilities	3,394	3,964	5,215
Total current liabilities	25,659	28,993	36,062
Non-current liabilities			
Interest bearing liabilities	1,294	665	1,889
Lease liabilities	13,272	11,949	8,848
Deferred tax liabilities	6,254	4,823	4,772
Provisions exc. tax liabilities	238	213	229
Total non-current liabilities	21,058	17,650	15,738
Total liabilities	46,717	46,643	51,800
Net assets	121,234	111,010	114,480
Equity			
Issued Capital	33,643	34,847	33,906
Reserves	24,909	20,664	21,958
Retained Earnings	62,314	54,992	58,218
Parent entity Interest	120,866	110,503	114,082
Non controlling interests in controlled entities	368	507	398
Total equity	121,234	111,010	114,480

Consolidated Statement of Cashflows	Current period \$A'000	Previous corresponding period \$A'000
Cash flows related to operating activities		
Receipts from customers	140,445	128,196
Payments to suppliers and employees	(124,711)	(124,663)
Interest and other items of similar nature received	60	20
Interest and other costs of finance paid	(707)	(328)
Income taxes paid	(4,823)	(1,730)
Other	924	1,829
Net operating cash flows	11,187	3,324
Cash flows related to investing activities		
Dividend received	1	1
Payment for purchases of property, plant and equipment	(2,915)	(3,501)
Proceeds from sale of property, plant and equipment	46	97
Proceeds from sale of business	-	-
Investments	-	-
Payment for business	(520)	(520)
Net investing cash flows	(3,388)	(3,923)
Cash flows related to financing activities		
Proceeds from issues of shares (to outside interests)	-	-
Share Buyback	(1,204)	(744)
Proceeds from borrowings	1,102	4,124
Repayment of borrowings	(3,398)	(2,120)
Dividends Paid – outside Interests	(99)	-
Dividends paid	(3,524)	(2,491)
Net financing cash flows	(7,123)	(1,231)
Net increase (decrease) in cash held	676	(1,830)
Cash at beginning of period (see Reconciliation of cash)	11,946	11,694
Exchange rate adjustments.	(285)	2,082
Cash at end of period (see Reconciliation of cash)	12,337	11,946

Non-cash financing and investing activities

During the year, the economic entity acquired plant and equipment with an aggregate fair value of \$nil (2022-\$nil) by means of finance leases. These financing activities are not reflected in the statement of cash flows.

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous corresponding Period \$A'000
Cash on hand and at bank	12,337	11,946
Bank overdraft	-	-
Total cash at end of period	12,337	11,946

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding Period
Profit before tax / revenue Consolidated profit (loss) before tax as a percentage of revenue	10.34%	11.60%
Profit after tax /equity interests Consolidated net profit (loss) after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	8.97%	10.54%

NTA PER SHARE	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	\$3.41	\$3.10

Final Dividend Declared

Date shares trade ex-dividend	9 th November 2023
Record date to determine entitlements to the dividend	10 th November 2023
Date the dividend is payable	15 th December 2023

Dividend per share

	Amount per security	Franked amount per security at % tax	Amount per security of foreign source dividend
Final dividend: Current year	5¢	5¢	¢
Previous year	5¢	5¢	¢

Total dividend per share (interim *plus* final)

	Current year	Previous year
+Ordinary securities	10¢	8¢

Dividend Plans in operation

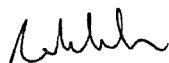
The Waterco Dividend Reinvestment Plan has been suspended until further notice.

Issued and quoted securities at end of current period

Category of securities	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
Ordinary securities	35,184,767	35,184,767		
Changes during current period				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buybacks	308,379	308,379	\$3.9043	\$3.9043
Options			<i>Exercise price</i>	<i>Expiry Date</i>
Directors and Senior Executives option plan	350,000	-	\$3.15	23/8/31
Issued during current period	-	-	-	-
Exercised during current period	-	-	-	-
Expired during current period	-	-	-	-

Compliance statement

1. This report has been prepared in accordance with the Corporations Act 2001 including complying with Australian Accounting Standards, including the Interpretations, and the Corporations Regulations 2001
2. This report and the accounts upon which the report is based use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. This report is based on accounts which are in the process of being audited.
5. The entity has a formally constituted audit committee.



Soon Sinn Goh
Chief Executive Officer

25th August 2023

Notes:

1. **Reconciliation of income tax *prima facie* payable on the profit before tax to income tax expense where *prima facie* tax payable differs by more than 15% from income tax expense.**
2. **Rounding of figures:** Some of the information in this report have been rounded to the nearest \$1,000 (where stated).
3. **Comparative figures:** When required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

WATERCO LIMITED ABN 62 002 070 733 AND CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT 30 JUNE 2023

ANNEXURE A

REVENUE AND EXPENSES

	Consolidated Group	
	2023 \$000	2022 \$000
Revenues	133,999	128,141
Changes in inventories of finished goods and work in progress	1,244	(13,056)
Raw materials and consumables used	(65,761)	(49,597)
Employee benefits expense	(26,438)	(24,485)
Depreciation, impairment and amortisation expense	(7,144)	(6,393)
Finance costs	(707)	(328)
Advertising expense	(2,421)	(1,952)
Discounts allowed	(954)	(473)
Outward freight expense	(2,312)	(2,425)
Rent expense	(1,138)	(959)
Research & development	(2,005)	(1,564)
Insurance general	(1,366)	(1,348)
Contracted staff expense	(243)	(430)
Warranty expense	(536)	(487)
Commission expense	(469)	(391)
Other expenses	(9,896)	(9,387)
Profit before income tax	13,853	14,866
Income tax (expense)/benefit	(3,048)	(3,292)
Profit for the year	10,805	11,574

**PRELIMINARY FINAL REPORT 30 JUNE 2023
ANNEXURE A**

**Operating Segments
Segment Information**

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The group is managed primarily on the basis of location since the group's operations have similar risk profiles and performance criteria. Operating segments are therefore determined on the same basis.

The group operates predominantly in one industry being the manufacture and wholesale of swimming pool chemicals, accessories and equipment, manufacture and sale of solar pool heating systems and as a franchisor of swimming pool outlets retailing swimming pool accessories and equipment.

Basis of accounting for the purposes of reporting by operating segments

Accounting Policies Adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

An internally determined transfer price is set for all inter-entity sales. The price is reviewed annually (unless special circumstances arise) and is based on what would be realised in the event the sale was made to an external party at arm's length under the same terms and conditions. All such transactions are eliminated on consolidation for the Group's financial statements.

Corporate charges are allocated to reporting segments based on the services provided to those reporting segments

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair valued based on market interest rates.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where is a direct nexus between the incurrence of the liability and the operations of the segment.

Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- other revenues

Comparative information

This is the first reporting period in which AASB8: Operating Segments has been adopted. Comparative information has been stated to confirm to the requirements of the Standard.

WATERCO LIMITED ABN 62 002 070 733 AND CONTROLLED ENTITIES**PRELIMINARY FINAL REPORT 30 JUNE 2023****ANNEXURE A****Operating Segments****Geographical Segments**

	2023			
	AUSTRALIA & NEW ZEALAND	ASIA	NORTH AMERICA & EUROPE	CONSOLIDATED GROUP
	\$000	\$000	\$000	\$000
REVENUE				
Sales to customers outside the consolidated group	87,033	15,834	26,183	129,050
Intersegment sales	929	38,532	577	40,038
Total segment revenue	87,962	54,366	26,760	169,088
Reconciliation of segment revenue to group revenue				
Other revenue				4,949
Intersegment elimination				(40,038)
Total group revenue				133,999
Segment Net Profit Before Tax	9,465	6,345	2,992	18,802
Reconciliation of segment result to group net profit before tax				
Unallocated items				
- other				(4,949)
Net profit before tax				13,853
SEGMENT ASSETS	133,459	73,739	9,746	216,944
Segment asset increases for the period				
Reconciliation of segment assets to group assets				
Intersegment eliminations				(48,993)
Total group assets				167,951
CAPITAL EXPENDITURE	1,566	1,934	127	3,627
SEGMENT LIABILITIES	49,078	36,223	11,226	96,527
Reconciliation of segment liabilities to group liabilities				
Intersegment eliminations				(49,810)
Total group liabilities				46,717

WATERCO LIMITED ABN 62 002 070 733 AND CONTROLLED ENTITIES**PRELIMINARY FINAL REPORT 30 JUNE 2023****ANNEXURE A****Operating Segments****Geographical Segments**

	2022			
	AUSTRALIA & NEW ZEALAND	ASIA	NORTH AMERICA & EUROPE	CONSOLIDATED GROUP
	\$000	\$000	\$000	\$000
REVENUE				
Sales to customers outside the consolidated group	86,542	12,397	24,346	123,285
Intersegment sales	1,320	41,318	870	43,508
Total segment revenue	87,862	53,715	25,216	166,793
Reconciliation of segment revenue to group revenue				
Other revenue				4,856
Intersegment elimination				(43,508)
Total group revenue				128,141
Segment Net Profit Before Tax	10,993	5,110	3,619	19,722
Reconciliation of segment result to group net profit before tax				
Unallocated items				
- other				(4,856)
Net profit before tax				14,866
SEGMENT ASSETS	126,427	64,420	5,798	196,645
Segment asset increases for the period				
Reconciliation of segment assets to group assets				
Intersegment eliminations				(38,992)
Total group assets				157,653
CAPITAL EXPENDITURE	882	1,887	89	2,858
SEGMENT LIABILITIES	44,896	31,645	9,936	86,477
Reconciliation of segment liabilities to group liabilities				
Intersegment eliminations				(39,833)
Total group liabilities				46,644

WATERCO LIMITED ABN 62 002 070 733 AND CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT 30 JUNE 2023

ANNEXURE A

Income Tax Expense

	Consolidated Group	
	2023	2022
	\$000	\$000
The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Profit before income tax	13,853	14,866
Prima facie tax payable on profit before income tax at at 30% (2022: 30%)	4,156	4,460
Add		
Tax effect of:		
• Depreciation of buildings	194	185
• Impairment of goodwill	23	23
• Entertainment	10	6
• Foreign controlled entities tax losses not tax effected		
• Unrealised foreign exchange losses	-	49
• ROU assets	-	4
• Non deductible expenses	33	10
• Adjustment recognized for prior period	-	46
• Other	-	12
Less		
Tax effect of:		
• Research and development	-	148
• Effects of lower rates in overseas countries	539	592
• Unrealised foreign exchange gains	120	-
• ROU assets	-	-
• Exempt income	-	-
• Adjustment recognized for prior period	239	
• Reinvestment allowance	147	482
• Foreign controlled entities tax losses not tax effected	150	281
• Other	173	-
Income tax expense attributable to entity	3,048	3,292
The applicable weighted average effective tax rates are as follows:	22%	22%