Rubicon Water Limited

ACN 651 852 470

Appendix 4D and Half Year Financial Report

For the half year ended 31 December 2023

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APPENDIX 4D

Under ASX Listing Rule 4.2A.3.

PRELIMINARY FINAL REPORT

Current reporting period ('HY24')	1 July 2023 to 31 December 2023
Previous corresponding period ('HY23')	1 July 2022 to 31 December 2022

This information should be read in conjunction with the Rubicon Water Limited 30 June 2023 Annual Report.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half-year to 31 Dec 2023 $'000			Half-year to 31 Dec 2022 $'000
Revenue from ordinary activities	$33,327	up 22.5%	from	$27,201
Earnings before interest, tax, depreciation and amortisation (Underlying EBITDA[1])	($665)	up 84.0%	from	($4,166)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	($2,529)	up 45.8%	from	($4,663)
Loss after tax for the half year	($5,615)	up 2.9%	from	($5,784)
Loss after tax attributable to members of Rubicon Water Limited	($5,457)	up 3.9%	from	($5,679)

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

Total Revenue increased by 22.5% to $33.33 million in all operating segments. The Asian segment increased by 75.6% to $8.87m. The ANZ segment also recorded an increase in revenue of 3.8% to $9.77m whilst the Rest of World segment increased its revenue by 15.3% to $14.69m when compared to HY23.

Underlying EBITDA was up 84% to a loss of $0.67m which is a result of higher revenue compared to prior reporting period.

Loss after tax for the period improved by 2.9% to a loss of $5.62m. Growth in revenue was offset by higher interest costs as well as higher unrealised foreign exchange losses driven by the stronger Australian dollar during the period.

DIVIDENDS

NAME	CENTS PER SECURITY	FRANKED AMOUNT PER SECURITY
Current period		
None	-	-
Total dividend	-	-
Previous corresponding period		
None	-	-

NET TANGIBLE ASSETS PER SHARE

	31 Dec 2023	31 Dec 2022
Net tangible assets per ordinary security ($)[1]	0.32	0.39

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

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APPENDIX 4D (CONTINUED)

DETAILS OF EQUITY ACCOUNTED INVESTMENTS

		OWNERSHIP INTEREST	
NAME	TYPE	31 Dec 2023	31 Dec 2022
Medha Rubicon Water Technologies Pvt Ltd	Joint Venture	50%	50%

INDEPENDENT REVIEW

This report is based on the condensed consolidated interim financial statements which were subject to a review by the auditors. The review report is modified in relation to revenue recognition for a new contract awarded in the Asia segment.

In addition, the review report refers to a material uncertainty relating to delays arising from the monetisation of project investments that may cast significant doubt on the Group's ability to continue as a going concern. The review opinion is not modified in respect of this matter.

The independent review report is included within the Company's Condensed Consolidated Interim Financial Report which accompanies this Appendix 4D and includes further details in relation to the above matters.

Additional Appendix 4D disclosure requirements can be found in the accompanying Half Year Financial Report.

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

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Rubicon Water Limited

ACN 651 852 470

Half-year Financial Report

For the half-year ended 31 December 2023

This Half-year Financial Report includes the Directors' Report, the Financial Statements and Independent Auditor's Review Report for the six months ended 31 December 2023

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Directors' Report

The directors present their report, together with the condensed consolidated interim financial statements of Rubicon Water Limited and its controlled entities (the Group), for the six months ended 31 December 2023 and the auditor's review report thereon.

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

Directors

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

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

Principal Activity

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

Rubicon is a water technology solutions business that designs, manufactures, installs and maintains irrigation automation software and hardware. Rubicon aims to address the issue of global water scarcity by maximising water availability and agricultural productivity through improved irrigation water use efficiency.

Review of Operations

Financial information in the review of operations is based on the reviewed condensed consolidated interim financial statements for the six months ended 31 December 2023.

Rubicon Water Limited reported a net loss after tax, including non-controlling interests, of $5,615,541 for the six months ended 31 December 2023 ($5,784,388 net loss after tax for the six months ended 31 December 2022).

Revenue was $33,326,565, up 23% (31 December 2022: $27,200,605). At a segment level, compared to the half-year ended 31 December 2022, revenue increased in all segments. The largest increase in revenue was reported in the Asia segment where revenue was $8,869,984, up 76%, driven by new work awarded in India. Revenue increased in the ANZ and Rest of World Segments by 4% and 15% respectively. The project extensions and new projects in the Asia segment have faced challenges due to slower than anticipated flow of government funding to infrastructure projects. The company expects this situation to be temporary and the Asian governments concerned will start releasing funds in the near future.

The Group reported Underlying EBITDA loss of $666,454, an improvement of 84% (half-year to 31 December 2022: loss of $4,166,557). Net cash outflow from operations was $8,471,101 (half-year to 31 December 2022: $6,942,501).

Key performance measures are provided in the following table:

	31 DEC 2023 $'000	31 DEC 2022 $'000
REVENUE	**33,327**	27,201
UNDERLYING EBITDA (LOSS)	**(665)**	(4,166)
UNREALISED FOREIGN EXCHANGE LOSSES	**(1,864)**	(497)
EBITDA (LOSS)[2]	**(2,529)**	(4,663)
EBIT (LOSS)[1]	**(3,739)**	(5,977)
LOSS AFTER TAX	**(5,615)**	(5,784)
NET OPERATING CASH OUTFLOW	**(8,471)**	(6,943)

	31 DEC 2023 $'000	30 JUN 2023 $'000
NET ASSETS	**59,994**	65,803
NET DEBT	**31,287**	20,880

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

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

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of the half-year report.

Rounding Off

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

Dividends

There were no dividends paid by the Company during the half-year (2023 half-year: no dividends paid).

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Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors:

Gordon Dickinson

Chairman

Dated on 29 February 2024

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Deloitte Touche Tohmatsu
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29 February 2024

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

Dear Board Members

Auditor's Independence Declaration to Rubicon Water Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Rubicon Water Limited.

As lead audit partner for the review of the half year financial report of Rubicon Water Limited for the half year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) Any applicable code of professional conduct in relation to the review.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Rachel Smith
Partner
Chartered Accountants

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Member of Deloitte Asia Pacific Limited and the Deloitte Organisation.

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

Report on the Half-Year Financial Report

Qualified Conclusion

We have reviewed the half-year financial report of Rubicon Water Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 8 to 24.

Based on our review, which is not an audit, except for the effects of the matter described in the *Basis for Qualified Conclusion* section of our report, we have not become aware of any other matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Qualified Conclusion

Total revenue for the half-year ended 31 December 2023 of $33,369,777 includes $5,791,000 in relation to the manufacture of goods for fulfilment of a customer contract in the Asia operating segment. This transaction has been recognised as revenue in the condensed consolidated statement of profit or loss and other comprehensive income and as a current asset within contract assets in the condensed consolidated statement of financial position at 31 December 2023.

At 31 December 2023 Rubicon has a contract to supply its customer, however payment is dependent on that customer securing a contract with a foreign government authority. At 31 December 2023, Whilst the minutes of a duly convened meeting of the foreign government authority state that the customer has been awarded the contract, the contract is yet to be signed. AASB15 *Revenue from contracts with customers* requires that revenue be recognised only when it is highly probable that no future reversal will be required. In the above circumstances, we have been unable to obtain sufficient appropriate evidence to support the recognition of revenue under the contract during the half-year ended 31 December 2023. Consequently, we were unable to determine if any adjustment to the recognition or disclosure of this transaction was necessary.

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Deloitte.

We conducted our review in accordance with ASRE 2410 Review of a *Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our review of the half-year financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to note 1 in the half-year financial report, which indicates that the Group incurred a net loss after tax of $5,615,000 (half-year ended 31 December 2022 net loss of $5,784,000) and had net cash outflows from operating activities of $8,472,000 during the half-year ended 31 December 2023 (half-year ended 31 December 2022 net operating outflows of $6,943,000). These events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not further modified in respect of this matter.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

DELOITTE TOUCHE TOHMATSU

Rachel Smith
Partner
Chartered Accountants
Melbourne, 29 February 2024

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Directors' Declaration

The directors declare that in their opinion:

(a) the condensed consolidated interim financial statements and notes that are set out on pages 9 to 24 are in accordance with the *Corporations Act 2001*, including:

   i. Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the six-month period ended on that date; and

   ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors:

Gordon Dickinson

Chairman

Dated on 29 February 2024

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 31 December 2023

	NOTE	31 DEC 2023 $'000	31 DEC 2022 $'000
REVENUE	2	**33,327**	27,201
COST OF SALES		**(18,993)**	(17,557)
GROSS PROFIT		**14,334**	9,644
OTHER INCOME	2	**44**	6
OTHER GAINS AND (LOSSES)	2	**(1,864)**	(486)
DEPRECIATION AND AMORTISATION EXPENSE		**(1,210)**	(1,314)
EMPLOYEE BENEFITS EXPENSE		**(9,334)**	(9,023)
PROFESSIONAL FEES		**(1,311)**	(1,378)
TRAVEL COSTS		**(575)**	(687)
OCCUPANCY EXPENSES		**(169)**	(167)
ADMINISTRATIVE EXPENSES*		**(3,462)**	(1,991)
NET FINANCE COSTS		**(1,211)**	(880)
SHARE OF LOSS OF A JOINT VENTURE		**(192)**	(581)
NET LOSS BEFORE TAX FOR THE HALF-YEAR		**(4,950)**	(6,857)
INCOME TAX BENEFIT / (EXPENSE)	4	**(665)**	1,073
NET LOSS AFTER TAX FOR THE HALF-YEAR		**(5,615)**	(5,784)
LOSS ATTRIBUTABLE TO:			
OWNERS OF RUBICON WATER LIMITED		**(5,457)**	(5,679)
NON-CONTROLLING INTEREST		**(158)**	(105)
		(5,615)	(5,784)
OTHER COMPREHENSIVE RESULT			
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:			
EXCHANGE DIFFERENCES ON TRANSLATION OF OVERSEAS SUBSIDIARIES		**(249)**	(17)
OTHER COMPREHENSIVE RESULT FOR THE HALF-YEAR, NET OF TAX		**(249)**	(17)
TOTAL COMPREHENSIVE RESULT FOR THE HALF-YEAR		**(5,864)**	(5,801)
TOTAL COMPREHENSIVE RESULT ATTRIBUTABLE TO:			
OWNERS OF THE COMPANY		**(5,693)**	(5,697)
NON-CONTROLLING INTEREST		**(171)**	(104)
		(5,864)	(5,801)

		31 DEC 2023	31 DEC 2022
LOSS PER SHARE		CENTS	CENTS
BASIC (CENTS PER SHARE)	5	**(3.18)**	(3.31)
DILUTED (CENTS PER SHARE)	5	**(3.18)**	(3.31)

The condensed notes on pages 13 to 24 are an integral part of the condensed consolidated interim financial statements.

* Included in the administrative expenses for the current half-year is a doubtful debt provision of $1,312,114 raised against a customer in the Rest of World segment.

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Condensed Consolidated Statement of Financial Position

as at 31 December 2023

	NOTE	31 DEC 2023 $'000	30 JUN 2023 $'000
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS		**1,006**	8,495
TRADE AND OTHER RECEIVABLES		**31,890**	31,953
CONTRACT ASSETS		**30,782**	26,936
INVENTORIES		**19,174**	23,748
CURRENT TAX ASSETS		**95**	96
OTHER CURRENT ASSETS		**1,661**	1,830
TOTAL CURRENT ASSETS		**84,608**	93,058
NON-CURRENT ASSETS			
INVESTMENTS – ACCOUNTED FOR USING THE EQUITY METHOD		**1,862**	1,968
CONTRACT ASSETS		**6,813**	-
INTANGIBLES	6	**4,312**	3,622
PROPERTY, PLANT AND EQUIPMENT		**6,148**	6,663
RIGHT OF USE ASSETS		**2,644**	1,141
DEFERRED TAX ASSETS		**4,620**	5,077
OTHER FINANCIAL ASSETS		**50**	50
TOTAL NON-CURRENT ASSETS		**26,449**	18,521
TOTAL ASSETS		**111,057**	111,579
CURRENT LIABILITIES			
TRADE AND OTHER PAYABLES		**8,342**	7,461
DEFERRED INCOME		**2,967**	2,769
FINANCIAL LIABILITIES	7	**29,456**	29,114
LEASE LIABILITIES	7	**655**	860
PROVISIONS		**4,457**	4,555
TOTAL CURRENT LIABILITIES		**45,877**	44,759
NON-CURRENT LIABILITIES			
FINANCIAL LIABILITIES	7	**2,776**	261
LEASE LIABILITIES	7	**2,104**	456
PROVISIONS		**306**	300
TOTAL NON-CURRENT LIABILITIES		**5,186**	1,017
TOTAL LIABILITIES		**51,063**	45,776
NET ASSETS		**59,994**	65,803
EQUITY			
ISSUED CAPITAL	8	**168,194**	168,194
RESERVES	10	**(129,120)**	(129,008)
RETAINED EARNINGS		**21,107**	26,564
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF RUBICON WATER LIMITED		**60,181**	65,750
NON-CONTROLLING INTEREST		**(187)**	53
TOTAL EQUITY		**59,994**	65,803

The condensed notes on pages 13 to 24 are an integral part of the condensed consolidated interim financial statements.

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Condensed Consolidated Statement of Changes in Equity

for the six months ended 31 December 2023

	SHARE CAPITAL $'000	RETAINED EARNINGS $'000	FCTR $'000	SHARE-BASED PAYMENT RESERVE $'000	RE-ORG RESERVE $'000	SUB-TOTAL $'000	NCI $'000	TOTAL EQUITY $'000
BALANCE AT 1 JULY 2022	168,194	37,493	(612)	396	(129,615)	75,856	291	76,147
PROFIT/(LOSS)	-	(5,679)	-	-	-	(5,679)	(105)	(5,784)
OTHER COMPREHENSIVE INCOME, NET OF TAX	-	-	(18)	-	-	(18)	1	(17)
TOTAL COMPREHENSIVE RESULT	-	(5,679)	(18)	-	-	(5,697)	(104)	(5,801)
TRANSACTIONS WITH OWNERS OF RUBICON WATER LIMITED *CONTRIBUTIONS AND DISTRIBUTIONS:*								
SHARE-BASED PAYMENTS	-	-	-	190	-	190	-	190
DIVIDENDS PAID	-	-	-	-	-	-	-	-
TOTAL CONTRIBUTIONS AND DISTRIBUTIONS	-	-	-	190	-	190	-	190
BALANCE AT 31 DECEMBER 2022	**168,194**	**31,814**	**(630)**	**586**	**(129,615)**	**70,349**	**187**	**70,536**
BALANCE AT 1 JULY 2023	**168,194**	**26,564**	**(204)**	**811**	**(129,615)**	**65,750**	**53**	**65,803**
COMPREHENSIVE RESULT								
PROFIT/(LOSS)	**-**	**(5,457)**	**-**	**-**	**-**	**(5,457)**	**(158)**	**(5,615)**
OTHER COMPREHENSIVE RESULT, NET OF TAX	**-**	**-**	**(236)**	**-**	**-**	**(236)**	**(13)**	**(249)**
TOTAL COMPREHENSIVE LOSS	**-**	**(5,457)**	**(236)**	**-**	**-**	**(5,693)**	**(171)**	**(5,864)**
TRANSACTIONS WITH OWNERS OF RUBICON WATER LIMITED *CONTRIBUTIONS AND DISTRIBUTIONS:*								
SHARE-BASED PAYMENTS	**-**	**-**	**-**	**124**	**-**	**124**	**-**	**124**
DIVIDENDS PAID	**-**	**-**	**-**	**-**	**-**	**-**	**(69)**	**(69)**
TOTAL CONTRIBUTIONS AND DISTRIBUTIONS	**-**	**-**	**-**	**124**	**-**	**124**	**(69)**	**55**
BALANCE AT 31 DECEMBER 2023	**168,194**	**21,107**	**(440)**	**935**	**(129,615)**	**60,181**	**(187)**	**59,994**

The condensed notes on pages 13 to 24 are an integral part of the condensed consolidated interim financial statements.

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Condensed Consolidated Statement of Cash Flows

for the six months ended 31 December 2023

	NOTE	31 DEC 2023 $'000	31 DEC 2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS FROM CUSTOMERS		23,534	29,528
PAYMENTS TO SUPPLIERS AND EMPLOYEES		(31,161)	(35,511)
FINANCE COSTS		(773)	(995)
INCOME TAX REFUNDED / (PAID)		(71)	35
NET CASH USED IN OPERATING ACTIVITIES		(8,471)	(6,943)
CASH FLOWS FROM INVESTING ACTIVITIES			
PROCEEDS FROM SALE OF NON-CURRENT ASSETS		-	-
PURCHASE OF NON-CURRENT ASSETS		(167)	(349)
DEVELOPMENT EXPENDITURE		(739)	(807)
NET CASH USED IN INVESTING ACTIVITIES		(906)	(1,156)
CASH FLOWS FROM FINANCING ACTIVITIES			
DIVIDEND PAID TO A JOINT VENTURE PARTNER		(69)	-
PROCEEDS FROM BORROWINGS		2,450	5,053
REPAYMENT OF BORROWINGS		(62)	(1,528)
REPAYMENT OF LEASE LIABILITIES		(576)	(574)
NET CASH FROM FINANCING ACTIVITIES		1,743	2,951
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(7,634)	(5,148)
CASH (NET OF BANK OVERDRAFTS) AT BEGINNING OF PERIOD		8,495	11,019
EFFECTS OF EXCHANGE RATE CHANGES		(329)	11
CASH (NET OF BANK OVERDRAFTS) AT END OF SIX MONTHS		532	5,882

The condensed notes on pages 13 to 24 are an integral part of the condensed consolidated interim financial statements.

Reconciliation of Cash and Cash Equivalents

Cash at the end of the financial period as shown in the Condensed Consolidated Statement of Cash Flows is reconciled to items in the Condensed Consolidated Statement of Financial Position as follows:

	NOTE	31 DEC 2023 $'000	31 DEC 2022 $'000
CASH AND CASH EQUIVALENTS		**1,006**	9,490
BANK OVERDRAFTS (DISCLOSED IN CURRENT 'FINANCIAL LIABILITIES')	7	**(474)**	(3,608)
		532	5,882

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Notes to the Condensed Consolidated Interim Financial Statements

for the six months ended 31 December 2023

Note 1 – Significant Accounting Policies

Reporting Entity

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

Statement of Compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

The half-year financial report was authorised for issue by the Board of Directors on 29 February 2024.

Functional and Presentation Currency

These condensed consolidated financial statements are presented in AUD, which is Rubicon Water Limited's functional currency.

Basis of Preparation

The condensed consolidated interim financial statements have been prepared on the historical cost basis. Cost is based on fair values of the consideration given in exchange for an asset. All amounts are presented in Australian dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the financial statements of Rubicon Water Limited and its controlled entities for the year ended 30 June 2023. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Rounding Off of Amounts

Rubicon Water Limited is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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Use of Judgements and Estimates

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2023.

Going Concern

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

The Group incurred a net loss after tax of $5,615,541 (half-year to 31 December 2022: net loss after tax of $5,784,388) and net operating cash outflows of $8,471,101 (half-year to 31 December 2022: net operating cash outflows of $6,942,501 outflow) for the half-year ended 31 December 2023. As at 31 December 2023 the Group's reported net assets were $59,994,434 (30 June 2023: $65,803,284) and net current assets were $38,731,248 (30 June 2023: $48,298,686). At the reporting date, the Group had cash and cash equivalents of $1,005,946 (30 June 2023: $8,494,913). In addition to the cash and cash equivalents, the Group had funding available through undrawn debt limits excluding bank guarantees of $5,026,316 (30 June 2023: $10,000,000) including related party working capital facilities of $3,500,000 (30 June 2023: $6,000,000) which will remain available until 21 February 2025.

The Group's cash flows during the half-year were negatively impacted by delays in delivery and installation of hardware and payment of progress claims particularly in the Asia segment.

The Directors believe there are reasonable grounds to support that the Group will continue as a going concern based on the Group's operational and cash flow forecasts. These forecasts reflect the anticipated timing of completion and receipt of cash flows from projects, which can be impacted by factors outside of the Group's control. In particular, the Group's cash flow forecasts include substantial progress anticipated in the Asia segment including the achievement of project billing milestones, and the recovery of the aged receivable balances disclosed in Note 12 Liquidity Risk. The directors are confident that the Group will be able to achieve these cash flow forecasts.

Should the Group not substantially achieve its cash flow forecasts, a material uncertainty would exist which may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it would be able to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Comparative Figures

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

New and Revised Accounting Standards that are effective for the current year

The AASB has issued a number of standards and amendments to standards that are mandatory for the first time in the reporting period commenced 1 July 2023. The Group has assessed and determined that there are no new or amended standards applicable for the first time for the December 2023 half-year report that materially affect the Group's accounting policies or any of the amounts recognised in the financial statements.

New and Revised Accounting Standards that are not yet adopted

The AASB has issued a number of new or amended accounting standards and interpretations that are not mandatory for the first time in the reporting period commenced 1 July 2023. The Group has assessed and determined that there are no standards or amendments to standards that are not yet effective that are expected to have a material impact on the Group in the current or future reporting period.

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Note 2 – Revenue

	31 DEC 2023 $'000	31 DEC 2022 $'000
SALES REVENUE		
SALES OF GOODS AND ENGINEERING SERVICES CONTRACTS	**33,327**	27,201
OTHER INCOME		
OTHER	**44**	6
TOTAL OTHER INCOME	**44**	6
OTHER GAINS AND LOSSES		
UNREALISED FOREIGN EXCHANGE LOSSES	**(1,864)**	(497)
GAINS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	**-**	11
TOTAL OTHER GAINS AND LOSSES	**(1,864)**	(486)

Revenue Recognition from Contracts with Customers

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major revenue streams.

	REVENUE RECOGNITION	31 DEC 2023 $'000	31 DEC 2022 $'000
HARDWARE	Over time	**24,820**	20,673
SOFTWARE	Point in time	**253**	561
SOFTWARE MAINTENANCE AND SUPPORT	Over time	**3,300**	3,029
OTHER COMPONENTS AND SUPPORT	Point in time	**4,954**	2,938
TOTAL SALES REVENUE		**33,327**	27,201

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

Note 3 – Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Operating Decision Maker in assessing performance and determining the allocation of resources.

The Chief Operation Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

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

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

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

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

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Basis of Reporting

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

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

Revenues from major products and services

The Group's revenue from its major products and services are disclosed in Note 2.

Geographic segment revenue and results

31 December 2023

	ANZ $'000	ASIA $'000	ROW $'000	TOTAL $'000
REVENUE	**9,766**	**8,870**	**14,691**	**33,327**
UNDERLYING EBITDA	671	174	(1,510)*	(665)
UNREALISED FOREIGN EXCHANGE LOSS				(1,864)
EBITDA				**(2,529)**
RECONCILIATION OF SEGMENT EBITDA TO GROUP NET PROFIT / (LOSS) BEFORE TAX:				
DEPRECIATION AND AMORTISATION				(1,210)
NET FINANCE COSTS				(1,211)
NET PROFIT / (LOSS) BEFORE TAX				**(4,950)**

*Includes a doubtful debt provision of $1,312,114.

31 December 2022

	ANZ $'000	ASIA $'000	ROW $'000	TOTAL $'000
REVENUE	**9,409**	**5,051**	**12,741**	**27,201**
UNDERLYING EBITDA	(511)	(1,633)	(2,022)	(4,166)
UNREALISED FOREIGN EXCHANGE GAINS				(497)
EBITDA				**(4,663)**
RECONCILIATION OF SEGMENT EBITDA TO GROUP NET PROFIT / (LOSS) BEFORE TAX:				
DEPRECIATION AND AMORTISATION				(1,314)
NET FINANCE COSTS				(880)
NET PROFIT / (LOSS) BEFORE TAX				**(6,857)**

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Note 4 – Income Tax Expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim reporting period.

The Group's consolidated effective tax rate for the six months ended 31 December 2023 was -13.5% (for the six months ended 31 December 2022: 15.6%).

	31 DEC 2023 $'000	31 DEC 2022 $'000
(A) THE COMPONENTS OF TAX EXPENSE COMPRISE:		
CURRENT INCOME TAX EXPENSE / (BENEFIT)	**207**	126
DEFERRED INCOME TAX EXPENSE / (BENEFIT)	**458**	(1,199)
INCOME TAX EXPENSE / (BENEFIT) REPORTED IN THE STATEMENT OF PROFIT OR LOSS AND OCI	**665**	(1,073)
(B) A RECONCILIATION BETWEEN TAX EXPENSE / (BENEFIT) AND THE PRODUCT OF ACCOUNTING PROFIT / (LOSS) BEFORE INCOME TAX MULTIPLIED BY THE GROUP'S APPLICABLE INCOME TAX RATE IS AS FOLLOWS:		
ACCOUNTING PROFIT / (LOSS) BEFORE TAX	**(4,950)**	(6,857)
AT THE COMPANY'S STATUTORY DOMESTIC INCOME TAX RATE OF 30% (2022: 30%)	**(1,485)**	(2,057)
ADD / (LESS) TAX EFFECT OF:		
- RESEARCH AND DEVELOPMENT INCENTIVE	**(64)**	(85)
- FOREIGN TAX RATE ADJUSTMENT	**413**	193
- NON-ALLOWABLE ITEMS	**66**	58
- CURRENT PERIOD TAX LOSSES NOT RECOGNISED	**1,053**	474
- SHARE OF JOINT VENTURE PROFIT / (LOSS) AFTER TAX	**39**	163
- ADJUSTMENTS FOR PRIOR YEARS	**206**	-
- RECOGNITION OF PREVIOUSLY UNRECOGNISED DEDUCTIBLE TEMPORARY DIFFERENCES	**71**	-
- OTHER	**366**	181
INCOME TAX EXPENSE / (BENEFIT)	**665**	(1,073)

Note 5 – Loss Per Share

	31 DEC 2023	31 DEC 2022
LOSS PER SHARE	**CENTS**	CENTS
BASIC (CENTS PER SHARE)	**(3.18)**	(3.31)
DILUTED (CENTS PER SHARE)	**(3.18)**	(3.31)

(a) Reconciliation of earnings used in calculating earnings per share

	31 DEC 2023 $'000	31 DEC 2022 $'000
PROFIT / (LOSS) USED IN THE CALCULATION OF BASIC AND DILUTED LOSS PER SHARE	**(5,457)**	(5,679)

(b) Weighted average number of shares used as the denominator

	31 DEC 2023 Number	31 DEC 2022 Number
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED IN CALCULATING BASIC LOSS PER SHARE	**171,580,655**	171,419,808
WEIGHTED AVERAGE NUMBER OF DILUTED OPTIONS	**-**	-
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED IN CALCULATING DILUTIVE LOSS PER SHARE	**171,580,655**	171,419,808

Details of movements in ordinary shares during the half-year reporting period are set out in Note 8.

Note 6 – Intangibles

All intangible assets recognised by the Group relate to product development, comprising software and hardware concepts. The carrying amounts of both Hardware and Software at reporting date are shown below:

	31 DEC 2023 **$'000**	30 JUN 2023 $'000
HARDWARE CONCEPTS	**1,287**	1,148
SOFTWARE CONCEPTS	**3,025**	2,474
	4,312	3,622

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Note 7 – Financial Liabilities

	31 DEC 2023 $'000	30 JUN 2023 $'000
CURRENT		
SECURED LIABILITIES:		
BANK OVERDRAFTS	**474**	-
BANK LOANS	**26,361**	28,994
CHATTEL MORTGAGE LIABILITY	**121**	120
	26,956	29,114
UNSECURED LIABILITIES:		
DIRECTORS' LOANS	**2,500**	-
	29,456	29,114
LEASE LIABILITY	**701**	860
TOTAL CURRENT LIABILITIES	**30,157**	29,974
NON-CURRENT		
SECURED LIABILITIES:		
BANK LOANS	**2,577**	-
CHATTEL MORTGAGE LIABILITY	**199**	261
	2,776	261
LEASE LIABILITY	**2,104**	456
TOTAL NON-CURRENT LIABILITIES	**4,880**	717
TOTAL FINANCIAL LABILITIES	**35,037**	30,691

The Group had $1,526,316 undrawn on HSBC facilities as at 31 December 2023. Total amount drawn from the HSBC facilities was $29,473,684 of which $26,873,684 was classified as current. In addition, the Group has drawn $2,500,000 on the working capital facilities provided by the directors. $3,500,000 of the combined facilities provided remains undrawn. The directors' loans are classified as current.

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

In addition to the above, the Group retains access to $6,000,000 of unconditional working capital facilities (of which $2,500,000 was drawn at the reporting date), which comprised a $5,500,000 facility from Gordon Dickinson, and a $500,000 facility from Perrysands Pty Ltd, an entity related to the CEO Bruce Rodgerson. These facilities expire on 20 February 2025.

The difference between drawn amounts and the carrying amount of bank loans and overdrafts at 31 December 2023 and 30 June 2023 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.

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Note 8 – Issued Capital

Share Capital

	31 DEC 2023 $'000	30 JUN 2023 $'000
171,631,767 (30 JUN 2023: 171,478,430) FULLY PAID ORDINARY SHARES	**168,194**	168,194

Movement in Ordinary Share Capital

	31 DEC 2023 NO.	30 JUN 2023 NO.	31 DEC 2023 $	30 JUN 2023 $
AT BEGINNING OF REPORTING PERIOD	**171,478,430**	171,305,104	**168,194,187**	168,194,187
PRE-IPO REORGANISATION	-	-	-	-
ORDINARY SHARES ISSUED IN RELATION TO THE IPO	-	-	-	-
EMPLOYEE GIFT OFFER	-	-	-	-
CEO SHARE GRANT*	153,337	173,326	-	-
AT REPORTING DATE	**171,631,767**	171,478,430	**168,194,187**	168,194,187

*580,000 fully paid ordinary shares were issued at $1.0 per share on 11 August 2021 in connection with the CEO Share Grant, a share-based payment arrangement. 173,326 of the shares vested on 31 August 2022. 153,337 of the shares vested on 31 August 2023. The value of those shares is reflected in the Share-based payment reserve.

Note 9 – Dividends

During the half year, the Company did not make a dividend payment (2023 half-year: no dividends paid).

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Note 10 – Reserves

	31 DEC 2023 $'000	30 JUN 2023 $'000
SHARE-BASED PAYMENT RESERVE*	**935**	811
FOREIGN CURRENCY TRANSLATION RESERVE	**(440)**	(204)
RE-ORGANISATION RESERVE	**(129,615)**	(129,615)
TOTAL RESERVES	**(129,120)**	(129,008)

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

CEO Share Grant

The total expense for share-based payment relating to the CEO Share Grant recognised through Profit and Loss for the half-year ending 31 December 2023 was $23,284 (Half-year to 31 December 2022: $96,854). The expense was calculated taking into account the probability of vesting conditions being met. The second tranche of the CEO Share Grant shares vested on 31 August 2023 and is reflected in the Reserves balance. The remaining tranche vests on 31 August 2024.

Performance Rights

The total expense for share-based payment relating to the Performance Rights recognised through Profit and Loss for the half-year ending 31 December 2023 was $100,907 (half-year to 31 December 2022: $93,535). The share-based payment expense relating to Performance Rights is recognised to the extent that it is deemed probable that the vesting conditions will be met.

On 12 October 2023, 1,149,460 Performance Rights were issued to the executive team which entitle members of the executive team to receive ordinary shares in the Company subject to a number of vesting conditions. The Performance Rights are subject to a 3-year vesting period ending on the date of the release of the Group's FY 2026 financial results.

At the reporting date the executive team held a total of 2,429,334 Performance Rights.

Note 11 – Transactions and Outstanding Balances with Joint Venture

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. Sales of goods to MRWTPL were made at the Group's usual list prices.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No material allowance for expected credit losses has been recognised.

Transactions between the Group and MRWTPL are disclosed below.

Trading transactions

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

	Sale of goods		Purchase of goods	
	31 DEC 2023 $'000	31 DEC 2022 $'000	31 DEC 2023 $'000	31 DEC 2022 $'000
JOINT VENTURE	**50**	445	**784**	191

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

	31 DEC 2023 $'000	30 JUN 2023 $'000
Amounts owed by related parties for the sale of goods	**6,709**	7,147
Amounts owed to related parties for the purchase of goods	**191**	-
TOTAL	**6,900**	**7,147**

Loan to Joint Venture

The following amount relates to a loan advanced to MRWTPL. The loan was repaid by way of an offset against a trade payable to MRWTPL during the current reporting period.

	31 DEC 2023 $'000	30 JUN 2023 $'000
LOAN TO JOINT VENTURE	**-**	460

Note 12 – Liquidity Risk

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

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

The Group's customers comprise governments and water authorities. Contracts with these customers are often structured to be paid in instalments. There is a risk that these payments may be delayed as a result of bureaucratic processes within government agencies delaying the release of funds, funds being paid to third-party joint venture partners and their release delayed to Rubicon or disagreements with customers over the completion of contract milestones that release payment. Within the accounts receivable balance as at 31 December 2023 $15,735,430 is aged greater than one year (30 June 2023: $18,078,634). This aged balance includes amounts that are not yet contractually due of $11,463,170 (2023: $13,316,952). Management have received aged amounts in the current half year owing from joint venture parties in China of $1,052,520. Management have also received aged amounts in the current half year owing from its India customer of $1,895,801. Further collection of these aged amounts is anticipated by 30 June 2024 as these projects reach completion and receipts are received from governments and water authorities and in turn from the joint venture partners.

Note 13 – Events Subsequent to Reporting Date

On 21 February 2024 the Group extended its unconditional working capital facilities of $6,000,000 which comprised a $5,500,000 facility form Gordon Dickinson, and a $500,000 facility from Perrysands Pty Ltd, an entity related to the CEO Bruce Rodgerson. These facilities, which are unsecured and bear interest at a rate of BBSY plus a margin of 3.3% per annum, are now due to expire after a term of twelve months from 21 February 2024. Amounts of $2,500,000 are outstanding under these facilities as at 31 December 2023 which are recognised as a current liability as at 31 December 2023.

Other than the above, there has not arisen, in the interval between the end of the six months and the date of this report, any item, transaction or event which would have a material effect on the condensed consolidated interim financial statements of the Group at 31 December 2023.

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Corporate Directory

Directors

Gordon Dickinson
Non-executive Chairman

Bruce Rodgerson
Executive Director and Chief Executive Officer

David Aughton
Executive Director

Tony Morganti
Non-executive Director

Lynda O'Grady
Non-executive Director

Iven Mareels
Non-executive Director

Company Secretary

Rob Walker

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Stock Exchange Listing

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

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