



BETTER SOLUTIONS TO WATER & WASTE

**DARCO WATER TECHNOLOGIES LIMITED**  
**Registration No. 200106732C**  
**(Incorporated in Singapore)**  
**AND SUBSIDIARIES**

UNAUDITED FINANCIAL STATEMENTS  
FOR THE FULL YEAR ENDED 31 DECEMBER 2024

**Darco Water Technologies Limited (Incorporated in Singapore)**  
**(Company registration no: 200106732C)**

**A. Condensed consolidated statement of profit or loss and other comprehensive income**

	Note	The Group					
		Unaudited 6 months 31/12/2024 \$'000	Unaudited 6 months 31/12/2023 \$'000	Change %	Unaudited 12 months 31/12/2024 \$'000	Audited 12 months 31/12/2023 \$'000	Change %
Revenue	3, 4	31,581	31,535	0.1	59,136	70,247	(15.8)
Cost of sales		(24,780)	(27,906)	(11.2)	(47,229)	(60,672)	(22.2)
<b>Gross Profit</b>		<b>6,801</b>	<b>3,629</b>	<b>87.4</b>	<b>11,907</b>	<b>9,575</b>	<b>24.4</b>
Other income	5	299	98	205.1	425	509	(16.5)
Distribution expenses		(311)	(267)	16.5	(506)	(894)	(43.4)
Administrative expenses		(5,670)	(5,931)	(4.4)	(9,860)	(10,711)	(7.9)
Impairment loss on financial assets		(21)	(3,537)	(99.4)	(21)	(3,537)	(99.4)
Finance costs	6	(636)	(550)	15.6	(1,209)	(984)	22.9
<b>Profit/(Loss) before income tax</b>	7	<b>462</b>	<b>(6,558)</b>	<b>n.m.</b>	<b>736</b>	<b>(6,042)</b>	<b>n.m.</b>
Income tax (expense)/credit	9	(125)	62	n.m.	(202)	52	n.m.
<b>Profit/(Loss) for the financial period/year, net of tax</b>		<b>337</b>	<b>(6,496)</b>	<b>n.m.</b>	<b>534</b>	<b>(5,990)</b>	<b>n.m.</b>
<b>Profit/(Loss) attributable to:</b>							
Equity holders of the Company		492	(5,467)	n.m.	1007	(5,419)	n.m.
Non-controlling interests		(155)	(1,029)	(84.9)	(473)	(571)	(17.2)
		<b>337</b>	<b>(6,496)</b>	<b>n.m.</b>	<b>534</b>	<b>(5,990)</b>	<b>n.m.</b>
<b>Other comprehensive profit/(loss):</b>							
<u>Items that may be reclassified to profit and loss subsequently</u>							
Currency translation differences arising from consolidation		330	(763)	n.m.	127	(1,420)	n.m.
<b>Other comprehensive profit /(loss) for the financial period/year</b>		<b>330</b>	<b>(763)</b>	<b>n.m.</b>	<b>127</b>	<b>(1,420)</b>	<b>n.m.</b>
<b>Total comprehensive income/(loss) for the financial period/year</b>		<b>667</b>	<b>(7,259)</b>	<b>n.m.</b>	<b>661</b>	<b>(7,410)</b>	<b>n.m.</b>
<b>Total comprehensive income/(loss) attributable to:</b>							
Equity holders of the Company		831	(5,916)	n.m.	1,268	(6,523)	n.m.
Non-controlling interests		(164)	(1,343)	(87.8)	(607)	(887)	(31.6)
		<b>667</b>	<b>(7,259)</b>	<b>n.m.</b>	<b>661</b>	<b>(7,410)</b>	<b>n.m.</b>
<b><u>Earnings per share for profit/(loss) for the period /year attributable to the owners of the Company during the year</u></b>							
Basic (in cent)		0.52	(5.83)		1.07	(5.78)	
Diluted (in cent)		0.52	(5.83)		1.07	(5.78)	

**Note:** n.m. denotes not meaningful

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**B. Condensed statements of financial position**

	Note	Group		Company	
		Unaudited	Audited	Unaudited	Audited
		31/12/2024	31/12/2023	31/12/2024	31/12/2023
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	5,118	5,036	24	24
Right-of-use assets		1,017	667	178	28
Intangible assets	11	14,782	15,295	-	-
Investment in subsidiaries		-	-	19,484	19,636
Deferred tax assets		834	836	-	-
Other receivables	12	*	1	-	-
		<u>21,751</u>	<u>21,835</u>	<u>19,686</u>	<u>19,688</u>
<b>Current assets</b>					
Inventories		2,061	2,407	-	-
Trade and other receivables	12	47,368	36,934	6,010	6,387
Income tax recoverable		240	217	-	-
Cash and bank balances		7,955	12,842	122	335
Total current assets		<u>57,624</u>	<u>52,400</u>	<u>6,132</u>	<u>6,722</u>
<b>Total assets</b>		<u>79,375</u>	<u>74,235</u>	<u>25,818</u>	<u>26,410</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	13	35,345	30,946	3,596	2,905
Borrowings	14	4,613	3,007	-	-
Lease liabilities		536	381	63	29
Other financial liabilities	15	3,498	3,399	-	-
Income tax payable		12	11	-	-
Total current liabilities		<u>44,004</u>	<u>37,744</u>	<u>3,659</u>	<u>2,934</u>
<b>Non-current liabilities</b>					
Borrowings	14	637	2,865	-	-
Other payable	13	3,937	3,691	-	-
Lease liabilities		526	325	117	-
Deferred tax liabilities		22	22	-	-
Total non-current liabilities		<u>5,122</u>	<u>6,903</u>	<u>117</u>	<u>-</u>
<b>Total liabilities</b>		<u>49,126</u>	<u>44,647</u>	<u>3,776</u>	<u>2,934</u>
<b>Net assets</b>		<u>30,249</u>	<u>29,588</u>	<u>22,042</u>	<u>23,476</u>

\* Amount less than \$1,000.

**B. Condensed statements of financial position (Continued)**

	Note	Group		Company	
		Unaudited	Audited	Unaudited	Audited
		31/12/2024	31/12/2023	31/12/2024	31/12/2023
		\$'000	\$'000	\$'000	\$'000
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	16	76,766	76,766	76,766	76,766
Other reserves		(4,895)	(5,156)	-	-
Accumulated losses		(42,487)	(43,494)	(54,724)	(53,290)
		29,384	28,116	22,042	23,476
Non-controlling interests		865	1,472	-	-
<b>Total equity</b>		<b>30,249</b>	<b>29,588</b>	<b>22,042</b>	<b>23,476</b>

**C. Condensed consolidated statement of cash flows**

	Note	Full year ended 31 December	
		Unaudited 2024 \$'000	Audited 2023 \$'000
<b>Cash flows from operating activities</b>			
Profit/(Loss) before income tax		736	(6,042)
Adjustments for:			
Amortisation of intangible assets		324	174
Depreciation of property, plant and equipment		491	424
Depreciation of right-of-use assets		471	313
Gain on disposal of right-of-use assets and property, plant and equipment		(4)	(1)
Write back of payables		-	(281)
Reversal of provision for slow moving inventories		(55)	(29)
Provision for impairment loss on financial assets		21	3,537
Reversal of provision of unutilised leave		(38)	-
Finance costs		1,209	984
Interest income		(59)	(102)
Exchange differences		436	(307)
Operating profit/(loss) before working capital changes		3,532	(1,330)
Inventories		443	1,055
Trade and other receivables		(10,225)	3,713
Trade and other payables		3,535	(7,545)
(Addition)/withdrawal of pledged fixed deposits and bank balances		(80)	581
Intangible assets - service concession assets		(93)	(4,167)
Cash used in operations		(2,888)	(7,693)
Income taxes (paid)/refunded		(211)	22
Net cash used in operating activities		(3,099)	(7,671)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(399)	(568)
Proceeds from disposal of property, plant and equipment		14	1
Purchase of intangible asset		-	(13)
Interest received		59	102
Net cash used in investing activities		(326)	(478)

**C. Condensed consolidated statement of cash flows (Continued)**

	Note	Full year ended 31 December	
		Unaudited 2024 \$'000	Audited 2023 \$'000
<b>Cash flows from financing activities</b>			
Proceeds from other payable	13	-	266
Proceeds from borrowings		4,292	4,289
Repayment of borrowings		(3,879)	(1,711)
Repayment of lease liabilities		(466)	(322)
Interest paid		(400)	(262)
Net cash (used in)/from financing activities		(453)	2,260
<b>Net decrease in cash and cash equivalents</b>		(3,878)	(5,889)
<b>Cash and cash equivalents at the beginning of financial year</b>		10,901	16,978
<b>Effect of exchange rate changes on cash and cash equivalents</b>		(92)	(188)
<b>Cash and cash equivalents at the end of financial year</b>		6,931	10,901
<b>Cash and cash equivalents comprise the following: -</b>			
Cash and bank balances as per statements of financial position		7,955	12,842
Less: Bank balances pledged		(396)	(165)
Less: Fixed deposits with tenure more than 3 months pledged		(513)	(626)
Less: Bank overdraft		(115)	(1,150)
Cash and cash equivalents as per consolidated statement of cash flows		6,931	10,901

For the purpose of the consolidated statement of cash flows, the Group's acquisition of property, plant and equipment during the financial year comprises:

	Unaudited 2024 \$'000	Audited 2023 \$'000
Total additions to property, plant and equipment (Note 10)	399	701
Acquisition of property, plant and equipment by way of lease liabilities	-	(133)
Purchase of property, plant and equipment per statement of cash flows	399	568

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**D. Condensed statements of changes in equity**

	Attributable to equity holders of the Company				Non-controlling interests \$'000	Total \$'000
	Share capital \$'000	Other reserves \$'000	Accumulated losses \$'000	Total \$'000		
<b>Balance as at 1 January 2024</b>	<b>76,766</b>	<b>(5,156)</b>	<b>(43,494)</b>	<b>28,116</b>	<b>1,472</b>	<b>29,588</b>
Profit/(Loss) for financial year	-	-	1,007	1,007	(473)	534
Other comprehensive profit/(loss) for the financial year, net of tax						
- Currency translation differences arising from consolidation	-	261	-	261	(134)	127
Total comprehensive profit/(loss) for the financial year	-	261	1,007	1,268	(607)	661
<b>Balance as at 31 December 2024</b>	<b>76,766</b>	<b>(4,895)</b>	<b>(42,487)</b>	<b>29,384</b>	<b>865</b>	<b>30,249</b>

	Attributable to equity holders of the Company				Non-controlling interests \$'000	Total \$'000
	Share Capital \$'000	Other reserves \$'000	Accumulated losses \$'000	Total \$'000		
<b>Balance as at 1 January 2023</b>	<b>76,766</b>	<b>(4,052)</b>	<b>(38,075)</b>	<b>34,639</b>	<b>2,359</b>	<b>36,998</b>
Loss for financial year	-	-	(5,419)	(5,419)	(571)	(5,990)
Other comprehensive loss for the financial year, net of tax						
- Currency translation differences arising from consolidation	-	(1,104)	-	(1,104)	(316)	(1,420)
Total comprehensive loss for the financial year	-	(1,104)	(5,419)	(6,523)	(887)	(7,410)
<b>Balance as at 31 December 2023</b>	<b>76,766</b>	<b>(5,156)</b>	<b>(43,494)</b>	<b>28,116</b>	<b>1,472</b>	<b>29,588</b>

## **E. Notes to the condensed consolidated financial statements**

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### **1. General information**

Darco Water Technologies Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of the Company's registered office and its principal place of business is located at 1 Commonwealth Lane #09-06 One Commonwealth, Singapore 149544.

The principal activities of the Company are those of investment holding and acting as a corporate manager and adviser and administrative centre to support business of the Company's subsidiaries. The principal activities of the subsidiaries are as follows: -

- (a) designing, installing, setting up and maintaining of industrial wastewater treatment plant, ultra-pure system, testing of wastewater and processed water, rendering of other related waste treatment plant services and trading in industrial water treatment equipment, spare parts and chemicals;
- (b) design and supply of environmental related equipment, centralised vacuum systems, refuse conveying system and any other engineering systems making use of vacuum technologies;
- (c) trading in vacuum cleaning systems and provision of related services; and
- (d) solid waste disposal treatment and incineration; noise and vibration prevention engineering; soil pollution control engineering; environmental monitoring system

### **2. Basis of preparation**

The financial statements for the second half and full year ended 31 December 2024 have been prepared in accordance with SFRS(I) 1-34 Financial Reporting issued by the Accounting Standards Council Singapore. The financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The financial statements are presented in Singapore dollar ("S\$") which is the Company's functional currency, and all values are recorded to nearest thousand (S\$'000) as indicated.

#### **2.1. New and amended standards adopted by the Group**

The Group has adopted the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)s") that are mandatory for financial years beginning on and after 1 January 2024, where applicable. The adoption of these standards did not result in substantial changes to the Group's accounting policies, and there is no material impact on the financial statements of the Group as at 1 January 2024.

#### **2.2. Use of judgements and estimates**

In preparing the 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 expense. 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 that applied to the consolidated financial statements as at and for the year ended 31 December 2023.



## **E. Notes to the condensed consolidated financial statements (Continued)**

### **2. Basis of preparation (Cont'd)**

#### **2.2 Use of judgements and estimates (Cont'd)**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

##### **2.2.1. Critical judgements**

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following:

###### *Revenue recognition on contract revenue*

The Group has assessed its contracts in Engineering Projects ("Projects") as a single performance obligation due to the inter-dependence of services provided in these contracts.

Significant judgement is required in determining whether the performance obligations are distinct. Such considerations include the Group's assessment of whether the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customers and the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contracts.

For contracts with variable considerations (such as liquidated damages and discounts), the Group has applied judgement in determining the transaction price for the recognition of revenue. Such judgement includes assessment of the evaluation of any potential risks and factors which may affect the timely completion of the project as well as the quality of the output delivered to the customer.

##### **2.2.2. Critical accounting estimates and assumptions**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next period are included in the following notes:

###### *(a) Contract revenue – measuring progress*

The Group recognises revenue from contract revenue over time using input method. The progress is measured by reference to the contract costs incurred to date to the estimated total costs for the contract. Significant assumptions are required to estimate the total contract costs that will affect the measure of progress towards complete satisfaction of the performance obligations; and to estimate the variable consideration that is not contracted. In making these estimates, management relied on past experiences and the knowledge of the project managers.

The carrying amounts of contract assets and contract liabilities arising from contract revenue as at 31 December 2024 are \$20,941,000 and \$9,316,000 (2023: \$14,885,000 and \$9,449,000), respectively.

If the estimated total contract costs to complete major contracts increase / decrease by 10% from management's estimates, the Group's revenue will decrease / increase by approximately \$1,399,000 (2023: \$1,667,000).

## **E. Notes to the condensed consolidated financial statements (Continued)**

### **2. Basis of preparation (Cont'd)**

#### **2.2 Use of judgements and estimates (Cont'd)**

##### **2.2.2. Critical accounting estimates and assumptions (Cont'd)**

###### *(b) Impairment of financial assets*

Impairment allowance for financial assets measured at amortised costs are applied using the ECL model, which requires assumptions of risk of default and expected loss rates. The Group uses judgement in making these assumptions and determining key inputs to the impairment calculation, taking into account the Group's past history, existing market conditions as well as forward-looking information relating to industry, market development and macroeconomic factors. Expected loss rate is based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, geographical location, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

###### *(c) Impairment of non-financial assets*

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

## **E. Notes to the condensed consolidated financial statements (Continued)**

### **3. Segment and revenue information**

For management purposes, the Group has two operating and reportable segments – Engineering Projects (“Projects”), and Operation and Maintenance Services (“O&M Services”). The principal activities of the Group’s operating segments are summarised as follows:

- (i) Projects – Contract to design, fabricate, assemble, install and commission engineered water systems for industrial application; engineered vacuum solution and service concession revenue.
- (ii) O&M Services – Services and maintains water and wastewater treatment plants, water supply as well as trades and supplies of goods comprising chemicals, electrical controls and related instruments used in water treatment systems.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated by the Chief Executive Officer (the chief operating decision maker) based on gross profit or loss of the respective segment. Segment assets and liabilities reported to the CEO represent total assets and liabilities of the reportable segment excluding the corporate functions and any unallocated amount recorded in subsidiaries with multiple segment businesses and subsidiaries that have yet to commence operations.

#### **Seasonality of operations**

The Group’s business is not affected significantly by seasonal or cyclical factors during the financial period.

#### **Business segments**

The information for the reportable segments for the financial year ended 31 December 2024 and 2023 is as follows:

<b>31 December 2024</b>	<b>Projects</b>	<b>O&amp;M Services</b>	<b>Eliminations</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000
Revenue				
Sales to external customers	44,366	14,770	-	59,136
<b>Segment profit</b>	<b>9,159</b>	<b>2,748</b>	<b>-</b>	<b>11,907</b>
Other information:				
Additions to property, plant and equipment	37	341	-	378
Additions to right of use assets	-	604	-	604
Additions to intangible assets	93	-	-	93
Amortisation of intangible assets	(324)	-	-	(324)
Depreciation of property, plant and equipment	(194)	(281)	-	(475)
Depreciation of right-of-use assets	(189)	(234)	-	(423)
Finance costs	(458)	(79)	71	(466)
Legal and other professional fees	(228)	(34)	-	(262)
Provision for impairment loss on financial assets	(3)	(18)	-	(21)
Interest income	47	12	-	59

**E. Notes to the condensed consolidated financial statements (Continued)**

**3. Segment and revenue information (Cont'd)**

<b>31 December 2023</b>	Projects	O&M Services	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000
Revenue				
Sales to external customers	58,024	12,223	-	70,247
<b>Segment profit</b>	<b>7,673</b>	<b>1,902</b>	<b>-</b>	<b>9,575</b>
Other information:				
Additions to property, plant and equipment	37	606	-	643
Additions to right of use assets	419	80	-	499
Additions to intangible assets	4,180	-	-	4,180
Amortisation of intangible assets	(174)	-	-	(174)
Depreciation of property, plant and equipment	(208)	(199)	-	(407)
Depreciation of right-of-use assets	(181)	(87)	-	(268)
Finance costs	(280)	(69)	91	(258)
Legal and other professional fees	(161)	(45)	-	(206)
Provision for impairment loss on financial assets	(2,340)	(218)	-	(2,558)
Interest income	80	18	-	98

**Reconciliation**

**(i) Segment profits**

The following items are added to / (deducted from) segment profit to arrive at "profit/(loss) before income tax" as presented in the consolidated statement of profit or loss and other comprehensive income:

	<b>Group</b>	
	<b>Financial Year Ended</b>	
	<b>31 December 2024</b>	<b>31 December 2023</b>
	\$'000	\$'000
Segment profit from the reportable segments	11,907	9,575
Other income	425	509
Distribution expenses	(506)	(894)
Administrative expenses	(9,860)	(10,711)
Provision for impairment loss on financial assets	(21)	(3,537)
Finance costs	(1,209)	(984)
Profit/(Loss) before income tax	<b>736</b>	<b>(6,042)</b>

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**4. Revenue**

Disaggregation of revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major type of goods and services and geographical location based on the location of customers.

	<b>Group</b>				<b>Total</b>
	<b>Service concession revenue</b>	<b>Contract revenue</b>	<b>Rendering of services</b>	<b>Sale of goods</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
<b>31 December 2024</b>					
<b>Geographical markets</b>					
PRC	-	18,685	-	-	18,685
Malaysia	-	10,652	4,959	8,782	24,393
Singapore	-	14,928	746	110	15,784
Vietnam	101	-	160	13	274
	101	44,265	5,865	8,905	59,136
<b>Timing of revenue recognition</b>					
At a point of time	-	-	3,132	8,905	11,584
Over time	101	44,265	2,733	-	47,552
	101	44,265	5,865	8,905	59,136
<b>31 December 2023</b>					
<b>Geographical markets</b>					
PRC	-	30,469	-	-	30,469
Malaysia	-	11,529	5,153	6,227	22,909
Singapore	-	11,851	131	132	12,114
Vietnam	4,175	-	83	497	4,755
	4,175	53,849	5,367	6,856	70,247
<b>Timing of revenue recognition</b>					
At a point of time	-	-	3,009	6,856	9,865
Over time	4,175	53,849	2,358	-	60,382
	4,175	53,849	5,367	6,856	70,247

**A breakdown of sales:**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Sales reported for the first half of the year	27,555	38,712
Profit after tax before non-controlling interest reported for the first half year	197	506
Sales reported for the second half of the year	31,581	31,535
Profit/(Loss) after tax before non-controlling interest reported for the second half year	305	(6,496)

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**5. Other income**

	<b>Group</b>		<b>Change %</b>
	<b>Financial Year Ended</b>		
	<b>31 December 2024</b>	<b>31 December 2023</b>	
	<b>\$'000</b>	<b>\$'000</b>	
Gain on disposal of property, plant and equipment	3	1	200.0
Gain on disposal of right-of-use assets	1	-	n.m.
Government grants	180	80	125.0
Interest income	59	102	(42.2)
Write back of other payables	-	281	n.m.
Reversal on allowance for slow moving inventories	55	29	89.7
Reversal of provision for unutilised annual leave	38	-	n.m.
Miscellaneous income	89	16	456.3
	<b>425</b>	<b>509</b>	<b>(16.5)</b>

**6. Finance costs**

	<b>Group</b>		<b>Change %</b>
	<b>Financial Year Ended</b>		
	<b>31 December 2024</b>	<b>31 December 2023</b>	
	<b>\$'000</b>	<b>\$'000</b>	
Interest expenses on:			
- other financial liabilities (amount owing to non-controlling interests)	653	577	13.2
- borrowings	249	209	19.1
- lease liabilities	45	24	87.5
- unwinding effect of discounting provisions	183	145	26.2
- trust receipts	79	29	172.4
	<b>1,209</b>	<b>984</b>	<b>22.9</b>

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**7. Profit/(Loss) before income tax**

This is determined after charging the following:

	<b>Group</b>		<b>Change %</b>
	<b>Financial Year Ended</b>		
	<b>31 December 2024</b>	<b>31 December 2023</b>	
	<b>\$'000</b>	<b>\$'000</b>	
Amortisation of intangible assets	324	174	86.2
Auditors' remuneration paid / payable to:			
- auditor of the Company	197	197	-
- other auditors	118	152	(22.4)
Direct material costs included in cost of sales	32,351	41,381	(21.8)
Sub-contractor costs	5,668	6,459	(12.2)
Depreciation of property, plant and equipment	491	424	15.8
Depreciation of right-of-use assets	471	313	50.5
Legal and other professional fees	443	599	(26.0)
Leases expenses not included in lease liabilities - short term leases	101	157	(35.7)
Personnel expenses	11,582	12,668	(8.6)
Research and development fees	621	810	(23.3)
Loss on foreign exchange, net	124	12	933.3

**8. Related party transactions**

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

**9. Income tax expense/(credit)**

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed consolidated statement of profit or loss are:

Major components of income tax expense/(credit) for the financial year were:

	<b>Group</b>	
	<b>Financial Year Ended</b>	
	<b>31 December 2024</b>	<b>31 December 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Current tax		
- Current year income tax expense	182	88
- Under/(Over) provision in the previous financial year	20	(143)
	202	(55)
Deferred tax		
- Current year	-	3
- Under provision in previous financial year	-	-
	-	3
	202	(52)

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**10. Property, plant and equipment**

During the year, the Group acquired assets amounting to \$399,000 (2023: \$701,000).

**11. Intangible assets**

	<b>Group</b>	
	<b>31 December 2024</b>	<b>31 December 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Goodwill on acquisition	905	905
Service concession assets	13,849	14,356
Computer software and others	28	34
	<b>14,782</b>	<b>15,295</b>

**12. Trade and other receivables**

	<b>Group</b>	
	<b>31 December 2024</b>	<b>31 December 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current:</b>		
Trade receivables	23,196	18,582
Contract assets	20,941	14,885
Other receivables, deposits and prepayments	3,231	3,467
	<b>47,368</b>	<b>36,934</b>
<b>Non-current:</b>		
Other receivables	*	1
	<b>47,368</b>	<b>36,935</b>

\* Amount less than \$1,000.



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**13. Trade and other payables**

	<b>Group</b>	
	<b>31 December 2024</b>	<b>31 December 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current:</b>		
Trade payables	20,228	16,839
Contract liabilities	9,316	9,449
Other payables and accruals	5,801	4,658
	35,345	30,946
<b>Non-current:</b>		
Other payable (i)	3,937	3,691
	39,282	34,637

- (i) Other payable refers to Viability Grant Fund (“VGF Grant”) which was approved in May 2021, provided by Private Infrastructure Development Group (an innovative infrastructure development and finance organisation funded by six governments and the International Finance Corporation) to finance construction and construction related activities in the Ba Lai Project. The VGF Grant of US\$2,700,000 is made available to the Company via a Shareholder Loan from its NCI, InfraCo VietAqua Pte Ltd (“InfraCo”).

**14. Borrowings**

	<b>Group</b>	
	<b>31 December 2024</b>	<b>31 December 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Amount repayable in one year or less, or on demand</b>		
- Secured	4,613	3,007
	4,613	3,007
<b>Amount repayable after one year</b>		
- Secured	637	2,865
	637	2,865
<b>Total</b>	5,250	5,872

**Details of any collateral**

As at 31 December 2024 and 31 December 2023, the secured borrowings are secured by corporate guarantees by the Company, pledged of assets and shares of a subsidiary, fixed deposits, freehold lands, freehold buildings and leasehold lands and building of the subsidiaries.

As announced on 25 February 2025, Darco Ba Lai Water Supply Limited (“Darco Ba Lai”), a subsidiary of the Company, is in breach of certain financial covenants on its bank borrowings. The total outstanding bank borrowings as at 31 December 2024 is amounting to \$2,192,000, including \$2,086,000 that was originally repayable after one year, these have been reclassified from non-current to current liabilities. The Company is currently in discussions with the banker to remedy the breach of the covenants and/or to obtain a waiver for the same. The bank borrowings are secured by pledged of assets and shares of Darco Ba Lai.

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**15. Other financial liabilities**

	<b>Group</b>	
	<b>31 December 2024</b>	<b>31 December 2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Current liabilities	3,498	3,399

On 30 November 2018, the Group has entered into a shareholder agreement (“SHA”) with InfraCo VietAqua Pte Ltd (“InfraCo”) to develop a portfolio of water projects in Vietnam. The subsidiary, Darco Infraco Vietnam Water Pte. Ltd. (“DIVW”) was incorporated in Singapore for this purpose with the Company owning 51% and InfraCo owning 49% shareholding interest. Total amount contributed by the Company and InfraCo in DIVW is \$3,848,000 and \$3,697,000 respectively. Pursuant to the SHA, there is a call option exercisable by the Company to acquire InfraCo’s 49% equity interest in DIVW and conversely a put option exercisable by InfraCo to sell its equity interest in DIVW to the Group. The liability was recognised at present value of redemption amount, and subsequently measured at amortised cost. As of the date of the announcement, both the call and put options remain unexercised.

**16. Share capital**

	<b>Group and Company</b>			
	<b>31 December 2024</b>		<b>31 December 2023</b>	
	<b>Number of ordinary shares</b>	<b>\$'000</b>	<b>Number of ordinary</b>	<b>\$'000</b>
<b>Issued and fully paid ordinary shares</b>				
At beginning and end of the financial year	93,831,492	76,766	93,831,492	76,766

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

There were no outstanding convertibles and the Company did not hold any treasury shares as at 31 December 2024 and as at the end of the corresponding period of the immediately preceding financial year.

The Company’s subsidiaries do not hold any shares in the Company as at 31 December 2024 and 31 December 2023.

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**17. Financial assets and financial liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2024 and 31 December 2023:

**(i) Financial instruments by category**

	Group		Company	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	\$'000	\$'000	\$'000	\$'000
Financial assets at amortised cost:				
- Trade receivables	23,196	18,582	-	-
- Other receivables	2,199	1,980	5,978	6,348
- Cash and bank balances	7,955	12,842	122	335
	33,350	33,404	6,100	6,683
Financial liabilities at amortised cost	38,929	34,859	3,753	2,874

**18. Fair values of assets and liabilities**

**(i) Fair value of financial instruments that are carried at fair value**

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At the reporting date, there are no financial instruments in this category.

**(ii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

The carrying amounts of financial assets and financial liabilities reported on the reporting date are reasonable approximation of their fair values, due to:

- their short-term nature; or
- they are market interest rate instruments; or
- they are floating rate instruments that are repriced to market interest rate on or near the reporting date.

**(iii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value**

At the reporting date, there are no financial instruments in this category.

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**19. Dividends**

No dividend has been declared/recommended for the current financial year in view that the Company would need to conserve cash for the working capital and investment purpose.

**20. Net asset value**

	<b>Group</b>		<b>Company</b>	
	<b>Unaudited 31 December 2024 Cents</b>	<b>Audited 31 December 2023 Cents</b>	<b>Unaudited 31 December 2024 Cents</b>	<b>Audited 31 December 2023 Cents</b>
Net asset value (for issuer and group) per ordinary share based on issued share capital of the issuer at the end of the financial year.	32.20	31.53	23.49	25.02
<b>Number of ordinary shares</b>	93,831,492	93,831,492	93,831,492	93,831,492

**21. Subsequent events**

There are no known subsequent events which have led to adjustment to this set of financial statements.

## Other information

### 1. Review

The condensed consolidated statement of financial position of Darco Water Technologies Limited and its subsidiaries as at 31 December 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the financial period and financial year then ended and certain explanatory notes have not been audited or reviewed.

### 2. Review of performance of the Group

#### (a) Consolidated statement of profit or loss and other comprehensive income

##### Revenue and Gross profit margin

	Group		Change %
	Full Year Ended		
	Unaudited 31/12/2024 \$'000	Audited 31/12/2023 \$'000	
Engineering Projects ("Projects")	44,366	58,024	(23.5)
Operation and Maintenance Services ("O&M Services")	14,770	12,223	20.8
	<b>59,136</b>	<b>70,247</b>	(15.8)

Revenue of the Group decreased from \$70.2 million in FY2023 to \$59.1 million in FY2024.

Revenue from the Projects segment decreased from \$58.0 million in FY2023 to \$44.4 million in FY2024. This was mainly due to the lower number of projects secured in China amidst intense competition. In addition, the Group also recorded lower concession revenue from its Ba Lai water treatment and supply project in Vietnam. This was mainly due to the completion of major construction phases in FY2023, which included the factory, main piping system and household piping system. In contrast, the service concession revenue in FY2024 was limited to construction of household piping system only, resulting in a decline in construction revenue.

Revenue from the O&M Services segment increased from S\$12.2 million for FY2023 to S\$14.8 million for FY2024 due to higher sales contributed by the Group's Malaysia subsidiaries which focused on post-project services in FY2024.

The Group's gross profit ("GP") margin increased from 13.6% in FY2023 to 20.1% in FY2024. The margin improvement was primarily driven by optimised procurement, strengthened risk control, and enhanced project cost management in the Project segment.

##### Other income

The Group's other income decreased from \$0.5 million in FY2023 to \$0.4 million in FY2024, primarily due to a \$0.3 million write-back of payables recorded in FY2023. This decline was partially offset by government grant income received by subsidiaries.

##### Operating expenses

The Group's marketing and distribution expenses decreased from \$0.9 million in FY2023 to \$0.5 million in FY2024. Administrative expenses comprising of staff salaries, professional fees, R&D, depreciation, and other operating expenses, also decreased from \$10.7 million in FY2023 to \$9.9 million in FY2024, driven by cost-saving measures.

##### Impairment loss on financial assets

The Group recorded an impairment loss on financial assets of \$21,000 in FY2024 mainly due to impairment made on trade receivables.

#### **Finance costs**

The increase in finance costs was mainly due to interest on other financial liabilities (amount owing to non-controlling interests) and interest paid for bank borrowings, certain bank borrowings commenced only in the middle of FY2023, contributing to the higher finance costs despite the total borrowings being lower than the previous year.

#### *(b) Statements of financial position*

#### **Current assets**

##### **Trade and other receivables**

Contract assets, trade and other receivables increased from \$36.9 million as at 31 December 2023 to \$47.4 million as at 31 December 2024. This was mainly due to increase unbilled work done for projects in China and Singapore as well as the timing of billing cycles of the Project segment.

##### **Inventories**

Inventories decreased from \$2.4 million as at 31 December 2023 to \$2.1 million as at 31 December 2024 mainly due to a decrease in stock in transit recorded in a subsidiary during the reporting period.

##### **Income tax recoverable**

The decrease was primarily attributed to the receipt of income tax refunds, which was offset by additional tax payables in certain subsidiaries in Malaysia.

#### **Non-current assets**

##### **Property, plant and equipment**

Property, plant and equipment remains relatively stable. The increase was mainly due to additions partially offset by depreciation expenses incurred during the year.

##### **Right-of-use assets**

The Group's right-of-use assets are the long-term leases of office space, warehouse, motor vehicles, and staff hostel. The increase was mainly due to additions partially offset by depreciation expenses.

##### **Intangible assets**

The Group's intangible assets decreased from \$15.3 million as at 31 December 2023 to \$14.8 million as at 31 December 2024, mainly due to a decrease of service concession asset.

Service concession assets refer to the concession project of the Vietnam subsidiary, Darco Ba Lai Water Supply Company Limited, to supply drinking water in Ben Tre Province of Vietnam for a concession period of 50 years commencing from July 2017 ("Ba Lai Project"). The decrease in service concession assets was due to foreign exchange translation differences and amortisation.

#### **Current and Non-current liabilities**

##### **Trade and other payables**

The increase in trade payables from \$16.8 million to \$20.2 million was mainly due to proactive management of working capital in projects in Singapore, China, and Malaysia. Meanwhile, contract liabilities remain stable.

The increase in other payables and accruals was mainly due to an increase of accrued interest on other financial liabilities of \$0.7 million and higher GST payables as at 31 December 2024.

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**Borrowings**

Total borrowings reduced from \$5.9 million as at 31 December 2023 to \$5.3 million as at 31 December 2024. The reduction was primarily due to reduced usage of the bank overdraft facility.

**Other financial liabilities**

The Group has an obligation to purchase shares in a subsidiary, DIVW from the Non-Controlling Interests ("NCI"), Infracore, as a result of the put option granted to the NCI. This obligation has been recognised as other financial liabilities.

**Lease liabilities**

The increase in lease liabilities is mainly due to new leasehold properties leases during the year, partially offset by repayments made during the year.

(c) Statement of cash flows

	<b>As at 31 December 2024 (Unaudited) \$'000</b>	<b>As at 31 December 2023 (Audited) \$'000</b>
<b>Cash flows used in operating activities</b>	(3,099)	(7,671)
<b>Cash flows used in investing activities</b>	(326)	(478)
<b>Cash flows (used in)/from financing activities</b>	(453)	2,260
<b>Net decrease in cash and cash equivalents</b>	(3,878)	(5,889)

The Group's cash position was \$7.9 million as at 31 December 2024, compared to \$12.8 million as at 31 December 2023.

Cash used in operating activities in FY2024 was mainly due to working capital used in ongoing projects in Projects segment.

Cash used in investing activities in FY2024 was mainly used in purchase of property, plant & equipment.

Cash used in financing activities in FY2024 was mainly due to repayment of lease liabilities and interest, partially offset by the net proceeds from borrowings.

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**3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The World Bank, in its January 2025 “Global Economic Prospects” report, projects that growth in the East Asia and Pacific region will moderate to 4.6% in 2025, primarily due to China’s economic deceleration. However, growth in the rest of the region is expected to strengthen to 4.9%, supported by robust domestic demand.

However, the operating environment continues to face various challenges including potential shifts in global trade policies, geopolitical tensions, and climate-related risks, while uncertainties surrounding U.S. growth, global inflation and monetary policies present both opportunities and challenges. Amidst these uncertainties, the Group will continue to face intense competition in the short and medium term.

As new public housing districts continue to be developed in Singapore, the Group will continue to pursue opportunities for its Pneumatic Waste Conveyance System (“PWCS”) while focusing on the efficient execution of its existing PWCS project portfolio. PWCS is an automated centralised waste collection system which brings sustainable living into public housing estates and provides a cleaner and greener environment for residents, as well as increases the efficiency of waste collection.

The Group will also strengthen its business development efforts in Malaysia, where government initiatives to upgrade water infrastructure and improve water security present significant opportunities. Malaysia’s growing water supply needs, driven by urbanisation and industrial development, aligns well with the Group’s capabilities and solutions.

While the broader long-term outlook for the water and waste solutions industry is positive, the operating environment remains challenging. Nevertheless, the fundamentals of the Group’s business remain sound. Population growth, urbanisation, and increasing environmental awareness continue to drive demand for water and waste management solutions. The Group maintains its strategic focus on identifying and developing opportunities across the region for sustainable long-term growth, while carefully managing operational challenges in the current market environment.

**5. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
N/A	N/A	N/A

No IPT general mandate has been obtained by the Group from the shareholders.

There were no interested person transactions of \$100,000 and above entered into in FY2024.



- 6. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director of chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

The Company confirms that there is no person occupying any managerial positions in the Company or any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

- 7. Confirmation that the issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

**BY ORDER OF THE BOARD**

**Zhang Zhenpeng**  
**Executive Director and CEO**  
28 February 2024