



BETTER SOLUTIONS TO WATER & WASTE

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

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

A. Condensed interim consolidated statement of profit or loss and other comprehensive income for the Half Year Ended 30 June 2025

	Note	Group Half year ended		Change
		Unaudited 30-Jun-25 \$'000	Unaudited 30-Jun-24 \$'000	%
Revenue	4	23,024	27,555	(16.4)
Cost of sales		(20,464)	(22,449)	(8.8)
Gross Profit		2,560	5,106	(49.9)
Other income	5	675	126	435.7
Distribution expenses		(191)	(195)	(2.1)
Administrative expenses		(4,658)	(4,190)	11.2
Finance costs	6	(638)	(573)	11.3
Reversal of provision for impairment loss on financial assets		145	-	n.m
(Loss) / Profit before income tax	7	(2,107)	274	n.m
Income tax expense	9	(23)	(77)	(70.1)
(Loss) / Profit for the financial period, net of tax		(2,130)	197	n.m
(Loss) / Profit attributable to:				
Equity holders of the Company		(1,550)	515	n.m
Non-controlling interests		(580)	(318)	n.m
		(2,130)	197	n.m
Other comprehensive loss:				
<u>Items that may be reclassified to profit and loss subsequently</u>				
Currency translation differences arising from consolidation		(1,113)	(203)	448.3
Other comprehensive loss for the financial period		(1,113)	(203)	448.3
Total comprehensive loss for the financial period		(3,243)	(6)	n.m
Total comprehensive loss attributable to:				
Equity holders of the Company		(2,148)	437	n.m
Non-controlling interests		(1,095)	(443)	147.2
		(3,243)	(6)	n.m
<u>Earnings per share for (loss) / profit for the period attributable to the owners of the Company during the year:</u>				
Basic (SGD in cent)		(1.65)	0.55	
Diluted (SGD in cent)		(1.65)	0.55	

The basic and diluted earnings per share were the same as there were no potentially dilutive ordinary securities in issue as at 30 June 2025 and 30 June 2024.

Note: n.m - not meaningful

B. Condensed interim statements of financial position as at 30 June 2025

		Group		Company	
	Note	Unaudited 30/06/2025	Audited 31/12/2024	Unaudited 30/06/2025	Audited 31/12/2024
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	3,266	5,118	53	24
Right-of-use assets		760	1,017	146	178
Intangible assets	11	13,648	14,782	-	-
Investment in subsidiaries		-	-	19,484	19,484
Deferred tax assets		797	834	-	-
Other receivables	12	*	*	-	-
		18,471	21,751	19,683	19,686
Current assets					
Asset held for sale	10	1,191	-	-	-
Inventories		1,797	2,061	-	-
Trade and other receivables	12	45,660	47,368	5,883	6,010
Income tax recoverable		560	240	-	-
Cash and bank balances		5,633	7,955	90	122
Total current assets		54,841	57,624	5,973	6,132
Total assets		73,312	79,375	25,656	25,818
LIABILITIES					
Current liabilities					
Trade and other payables	13	32,866	35,345	3,761	3,596
Borrowings	14	4,884	4,613	-	-
Lease liabilities		343	536	64	63
Other financial liabilities	15	3,287	3,498	-	-
Income tax payable		32	12	-	-
Total current liabilities		41,412	44,004	3,825	3,659
Non-current liabilities					
Borrowings	14	596	637	-	-
Other payable	13	3,769	3,937	-	-
Lease liabilities		507	526	85	117
Deferred tax liabilities		22	22	-	-
Total non-current liabilities		4,894	5,122	85	117
Total liabilities		46,306	49,126	3,910	3,776
Net assets		27,006	30,249	21,746	22,042

* Amount less than \$1,000.

B. Condensed interim statements of financial position as at 30 June 2025 (Cont'd)

	Note	Group		Company	
		Unaudited	Audited	Unaudited	Audited
		30/06/2025	31/12/2024	30/06/2025	31/12/2024
		\$'000	\$'000	\$'000	\$'000
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	16	76,766	76,766	76,766	76,766
Other reserves		(5,493)	(4,895)	-	-
Accumulated losses		(44,037)	(42,487)	(55,020)	(54,724)
		27,236	29,384	21,746	22,042
Non-controlling interests		(230)	865	-	-
Total equity		27,006	30,249	21,746	22,042

C. Condensed interim statements of changes in equity for the Half Year Ended 30 June 2025

Group	Attributable to equity holders of the Company				Non-controlling interests	Total
	Share capital \$'000	Other reserve \$'000	Accumulated losses \$'000	Total \$'000	\$'000	
Balance as at 1.1.2025	76,766	(4,895)	(42,487)	29,384	865	30,249
Loss for financial period	-	-	(1,550)	(1,550)	(580)	(2,130)
Other comprehensive loss for the financial period, net of tax						
- Currency translation differences arising from consolidation	-	(598)	-	(598)	(515)	(1,113)
Total comprehensive loss for the financial period	-	(598)	(1,550)	(2,148)	(1095)	(3,243)
Balance as at 30.06.2025	76,766	(5,493)	(44,037)	27,236	(230)	27,006

Group	Attributable to equity holders of the Company				Non-controlling interests	Total
	Share Capital \$'000	Other reserves \$'000	Accumulated losses \$'000	Total \$'000	\$'000	
Balance as at 1.1.2024	76,766	(5,156)	(43,494)	28,116	1,472	29,588
Profit / (Loss) for financial period	-	-	515	515	(318)	197
Other comprehensive loss for the financial period, net of tax						
- Currency translation differences arising from consolidation	-	(78)	-	(78)	(125)	(203)
Total comprehensive income / (loss) for the financial period	-	(78)	515	437	(443)	(6)
Balance as at 30.06.2024	76,766	(5,234)	(42,979)	28,553	1,029	29,582

**C. Condensed interim statements of changes in equity for the Half Year Ended 30 June 2025
(Cont'd)**

Company	Share Capital \$'000	Accumulated Losses \$'000	Total \$'000
Balance at 1.1.2025	76,766	(54,724)	22,042
Total comprehensive loss for the financial period	-	(296)	(296)
Balance at 30.06.2025	76,766	(55,020)	21,746

Company	Share Capital \$'000	Accumulated Losses \$'000	Total \$'000
Balance at 1.1.2024	76,766	(53,290)	23,476
Total comprehensive loss for the financial period	-	(705)	(705)
Balance at 30.06.2024	76,766	(53,995)	22,771

D. Condensed interim consolidated statement of cash flows for the Half Year Ended 30 June 2025

	Group half year ended	
	Unaudited	Unaudited
	30/06/2025	30/06/2024
	\$'000	\$'000
Cash flows from operating activities		
(Loss) / Profit before income tax	(2,107)	274
Adjustments for:		
Amortisation of intangible assets	152	162
Depreciation of property, plant and equipment	242	241
Depreciation of right-of-use assets	253	226
Gain on disposal of property, plant and equipment	(217)	(9)
Written off of property, plant and equipment	387	-
Reversal of provision for impairment loss on financial assets	(145)	-
Finance costs	638	573
Interest income	(24)	(45)
Unrealised exchange differences	(85)	100
Operating (loss) / profit before working capital changes	(906)	1,522
Change in working capital:		
Inventories	231	570
Trade and other receivables	1,361	(3,876)
Trade and other payables	(2,105)	(494)
Intangible assets – service concession assets	(169)	(103)
Placement of pledged fixed deposits and bank balances	(72)	(64)
Cash used in operations	(1,660)	(2,445)
Income taxes paid	(367)	(637)
Net cash used in operating activities	(2,027)	(3,082)

D. Condensed interim consolidated statement of cash flows for the Half Year Ended 30 June 2025 (Cont'd)

	Group half year ended	
	Unaudited 30/06/2025 \$'000	Unaudited 30/06/2024 \$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(201)	(47)
Proceeds from disposal of property, plant and equipment	-	10
Interest received	24	45
Net cash (used in) / generated from investing activities	(177)	8
Cash flows from financing activities		
Proceeds from borrowings	1,510	1,315
Repayment of borrowings	(2,163)	(2,151)
Principal repayment of lease liabilities	(209)	(237)
Interest paid	(175)	(176)
Net cash used in financing activities	(1,037)	(1,249)
Net decrease in cash and cash equivalents	(3,241)	(4,323)
Cash and cash equivalents at the beginning of financial period	6,931	10,901
Effect of exchange rate changes on cash and cash equivalents	(216)	(34)
Cash and cash equivalents at the end of financial period	3,474	6,544

	Group half year ended	
	Unaudited 30/06/2025 \$'000	Unaudited 30/06/2024 \$'000
Cash and cash equivalents comprise the following: -		
Cash and bank balances as per statements of financial position	5,633	8,607
Less: Bank balances pledged	(439)	(264)
Less: Fixed deposits with tenure more than 3 months pledged	(516)	(591)
Less: Bank overdraft	(1,204)	(1,208)
Cash and cash equivalents as per consolidated statement of cash flows	3,474	6,544

E. Notes to the condensed interim 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 Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed interim consolidated financial statements as at and for the six months ended 30 June 2025 comprise the Company and its subsidiaries (collectively the "Group"). 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 condensed interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim 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 2024.

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 condensed interim 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 2025, 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 2025.

2.2. Use of estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

E. Notes to the condensed interim consolidated financial statements

2. Basis of preparation (Cont'd)

2.2. Use of estimates and assumptions (Cont'd)

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Group has also considered the market conditions as at the reporting date, in making estimates and judgements as at 30 June 2025. 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 2024.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next interim period are discussed below.

(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 constrained. 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 30 June 2025 are approximately \$24,767,000 and \$9,130,000, respectively.

If the estimated total contract costs to complete of major contracts increase / decrease by 10% from management's estimates, the Group's revenue will decrease / increase by approximately \$1,348,000 (31 Dec 2024: \$1,399,000).

(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.

E. Notes to the condensed interim consolidated financial statements

2. Basis of preparation (Cont'd)

2.2. Use of estimates and assumptions (Cont'd)

(c) Impairment of goodwill

Impairment exists when the carrying value of an asset or cash-generating unit ("CGU") 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. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate included in the budget.

(d) Impairment of investment in subsidiaries and CGUs of the Group

The Group conducts impairment assessment of its investments in subsidiaries and CGUs of the Group whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually in accordance with the relevant accounting standards. Determining whether the subsidiary and CGUs of the Group is impaired requires an estimation of the recoverable amount, which required the Group to estimate the value in use based on future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise. An estimate is made of the future profitability of the subsidiary, financial health and business outlook for the subsidiary, including factors such as industry and sector performance and operating cash flows.

As at 30 June 2025, no impairment losses or material adjustments have been recorded to the carrying amounts of the above assets. The Group remains vigilant in monitoring these estimates and, barring unforeseen circumstances, does not expect a material impact in the next financial year.

E. Notes to the condensed interim consolidated financial statements

2. 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 (“CEO”), the chief operating decision maker, based on 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 period ended 30 June 2025 and 2024 is as follows:

	O&M			
30 June 2025	Projects	Services	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000
Revenue				
Sales to external customers	15,472	7,552	-	23,024
Segment (loss) / profit	(1,112)	440	-	(672)
Expenses and income				
Depreciation of property, plant and equipment	(89)	(146)	-	(235)
Depreciation of right-of-use assets	(98)	(121)	-	(219)
Amortisation of intangible assets	(152)	-	-	(152)
Legal and other professional fees	(235)	(26)	-	(261)
Reversal of provision for impairment loss on financial assets	145	-	-	145
Interest income	11	13	-	24
Finance costs	(246)	(35)	29	(252)
Segment assets	62,428	8,997	-	71,425
Segment assets include:				
Additions to:				
- property, plant and equipment	29	128	-	157
- intangible assets	169	-	-	169
Segment liabilities	36,214	3,963	-	40,177

3. Segment and revenue information (cont'd)

Business segments (Cont'd)

30 June 2024	Projects	O&M Services	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000
Revenue				
Sales to external customers	21,294	6,261	-	27,555
Segment profit	1,780	122	-	1,902
Expenses and income				
Depreciation of property, plant and equipment	(113)	(118)	-	(231)
Depreciation of right-of-use assets	(109)	(95)	-	(204)
Amortisation of intangible assets	(162)	-	-	(162)
Legal and other professional fees	(114)	(23)	-	(137)
Interest income	14	31	-	45
Finance costs	(259)	(29)	35	(253)
Segment assets	64,591	7,106	-	71,697
Segment assets include:				
Additions to:				
- property, plant and equipment	7	37	-	44
- right-of-use assets	-	587	-	587
- intangible assets	103	-	-	103
Segment liabilities	35,378	3,210	-	38,588

Reconciliation

(i) Segment profits

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

	Group	
	30 June 2025	30 June 2024
	\$'000	\$'000
Segment (loss) / profit from the reportable segments	(672)	1,902
Other income	522	12
Administrative expenses	(1,571)	(1,320)
Finance costs	(386)	(320)
(Loss) / Profit before income tax	(2,107)	274

3. Segment and revenue information (cont'd)

Reconciliation (Cont'd)

(ii) Other material information

	Group	
	30 June 2025	30 June 2024
	\$'000	\$'000
<u>Additions to property, plant and equipment</u>		
Segment total	157	44
Unallocated:		
-Relates to general and corporate assets	44	3
	<u>201</u>	<u>47</u>
 <u>Additions to right-of-use assets</u>		
Segment total	-	587
Unallocated:		
-Relates to general and corporate assets	-	19
	<u>-</u>	<u>606</u>
 <u>Depreciation of property, plant and equipment</u>		
Segment total	(235)	(231)
Unallocated:		
- Relates to general and corporate assets	(7)	(10)
	<u>(242)</u>	<u>(241)</u>
 <u>Depreciation of right-of-use assets</u>		
Segment total	(219)	(204)
Unallocated:		
- Relates to general and corporate assets	(34)	(22)
	<u>(253)</u>	<u>(226)</u>
 <u>Legal and other professional fees</u>		
Segment total	(261)	(71)
Unallocated:		
- Arising from general and corporate activities	(69)	(150)
	<u>(330)</u>	<u>(221)</u>
 <u>Finance cost</u>		
Segment total	(252)	(253)
Unallocated:		
- Arising from general and corporate activities	(386)	(320)
	<u>(638)</u>	<u>(573)</u>

3. Segment and revenue information (cont'd)

Reconciliation (Cont'd)

(iii) Segment assets

Segment assets are reconciled to total assets as follows:

	Group	
	30 June 2025	30 June 2024
	\$'000	\$'000
Segment assets for reportable segments	71,425	71,697
Unallocated assets:		
- Property, plant and equipment	17	1,623
- Right-of-use assets	159	24
- Other receivables	428	151
- Cash and cash equivalents	92	261
- Asset held for sale	1,191	-
	73,312	73,756

(i) Segment liabilities

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	30 June 2025	30 June 2024
	\$'000	\$'000
Segment liabilities for reportable segments	40,177	38,588
Unallocated liabilities:		
- Other payables	2,679	2,131
- Lease liabilities	163	25
- Other financial liabilities	3,287	3,430
	46,306	44,174

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 location of customers.

	Group				
	Service concession revenue	Contract revenue	Rendering of services	Sale of goods	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2025					
Geographical markets					
PRC	-	9,021	-	-	9,021
Malaysia	-	2,559	3,574	3,807	9,940
Singapore	-	3,719	36	25	3,780
Vietnam	173	-	110	-	283
	173	15,299	3,720	3,832	23,024
Timing of revenue recognition					
At a point of time	-	-	2,120	3,832	5,952
Over time	173	15,299	1,600	-	17,072
	173	15,299	3,720	3,832	23,024
30 June 2024					
Geographical markets					
PRC	-	8,622	-	-	8,622
Malaysia	-	6,143	2,111	3,691	11,945
Singapore	-	6,422	288	64	6,774
Vietnam	107	-	92	15	214
	107	21,187	2,491	3,770	27,555
Timing of revenue recognition					
At a point of time	-	-	1,667	3,770	5,437
Over time	107	21,187	824	-	22,118
	107	21,187	2,491	3,770	27,555

5. Other income

	Group	
	30 June 2025	30 June 2024
	\$'000	\$'000
Gain on disposal of property, plant and equipment	217	9
Government grants	64	62
Interest income	24	45
Late settlement of receivables income	104	-
Gain on foreign exchange, net	247	-
Miscellaneous income	19	10
	675	126

6. Finance costs

	Group	
	30 June 2025	30 June 2024
	\$'000	\$'000
Interest expenses on:		
- other financial liabilities (amount owing to non-controlling interests)	382	319
- unwinding effect of discounting provisions	81	78
- borrowings	114	117
- lease liabilities	19	20
- trust receipts	42	39
	638	573

7. (Loss) / Profit before income tax

This is determined after charging the following:

	Group	
	30 June 2025	30 June 2024
	\$'000	\$'000
Amortisation of intangible assets	152	162
Auditors' remuneration paid / payable to:		
- auditor of the Company	118	100
Direct material costs included in cost of sales	13,414	12,609
Sub-contractor costs	1,723	2,195
Depreciation of property, plant and equipment	242	241
Depreciation of right-of-use assets	253	226
Legal and other professional fees	330	221
Leases expenses not included in lease liabilities – short term leases	30	20
Personnel expenses	5,381	5,232
Research and development fees	6	8
Written off of property, plant and equipment	387	-
Loss on foreign exchange, net	-	153

8. Related party transactions

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

9. Taxation

The Group calculates the period 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 interim consolidated statement of profit or loss are:

Major components of income tax expense for the financial period were:

	Group	
	30 June 2025	30 June 2024
	\$'000	\$'000
Current tax		
- Current period income tax expense	23	77

10. Property, plant and equipment

During the six months ended 30 June 2025, the Group acquired assets amounting to \$201,000 (30 June 2024: \$47,000).

On 14 May 2025, the Group entered into a sale and purchase agreement in relation to the sale of a freehold industrial land with a single storey semi-detached factory (the "Factory"). Accordingly, the Factory has been derecognised and resulting gain on disposal has been recognised under other income (refer to Note 5). Please refer to the Company's announcements dated 14 May 2025 for more information.

On 23 July 2025, the Group entered into a sale and purchase agreement in relation to the sale of a parcel of land (the "Land"). Accordingly, the Land has been reclassified from the Group's property, plant and equipment under "Non-current Assets" to an asset held for sale under "Current Assets" in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*. Please refer to the Company's announcements dated 24 July 2025 for more information.

11. Intangible assets

	Group	
	30 June 2025	31 Dec 2024
	\$'000	\$'000
Goodwill on acquisition	905	905
Service concession assets	12,720	13,849
Computer software and others	23	28
	13,648	14,782

12. Trade and other receivables

	Group	
	30 June 2025	31 Dec 2024
	\$'000	\$'000
Current:		
Trade receivables	17,195	23,196
Contract assets	24,767	20,941
Other receivables, deposits and prepayments	3,698	3,231
	45,660	47,368
Non-current:		
Other receivables	*	*
	45,660	47,368

* Amount less than \$1,000.

13. Trade and other payables

	Group	
	30 June 2025	31 Dec 2024
	\$'000	\$'000
Current:		
Trade payables	19,149	20,228
Contract liabilities	9,130	9,316
Other payables and accruals	4,587	5,801
	32,866	35,345
Non-current:		
Other payable (i)	3,769	3,937
	36,635	39,282

- (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

	Group	
	30 June 2025 \$'000	31 Dec 2024 \$'000
Amount repayable in one year or less, or on demand		
- Secured	4,884	4,613
	4,884	4,613
Amount repayable after one year		
- Secured	596	637
	596	637
Total	5,480	5,250

Details of any collateral

As at 30 June 2025 and 31 December 2024, 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 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.

15. Other financial liabilities

	Group	
	30 June 2025 \$'000	31 Dec 2024 \$'000
Current liabilities	3,287	3,498

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 announced on 24 July 2025, the Group received a notice from InfraCo, dated 27 June 2025, exercising its put option for the sale and transfer of all shares held by InfraCo in DIVW to the Company. This notice was subsequently withdrawn, as announced on 8 August 2025. Please refer to the Company's announcements for more information.

16. Share capital

	Group and Company			
	30 June 2025		31 December 2024	
	Number of ordinary shares	\$'000	Number of ordinary shares	\$'000
Issued and fully paid ordinary shares				
At beginning and end of the financial period/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 30 June 2025 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 30 June 2025 and 31 December 2024.

17. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2025 and 31 December 2024:

(i) Financial instruments by category

	Group		Company	
	30 June 2025 \$'000	31 December 2024 \$'000	30 June 2025 \$'000	31 December 2024 \$'000
Financial assets at amortised cost:				
- Trade receivables	17,195	23,196	-	-
- Other receivables	2,259	2,199	5,835	5,978
- Cash and bank balances	5,633	7,955	90	122
	25,087	33,350	5,925	6,100
Financial liabilities at amortised cost	36,833	38,929	3,888	3,754

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.

18. Fair values of assets and liabilities (cont'd)

(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.

19. Dividends

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

20. Net asset value

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30/06/2025	31/12/2024	30/06/2025	31/12/2024
	Cents	Cents	Cents	Cents
Net asset value (for issuer and group) per ordinary share based on issued share capital of the issuer at the end of the financial period/year.	28.78	32.20	23.18	23.49
Number of ordinary shares	93,831,492	93,831,492	93,831,492	93,831,492

21. Subsequent events

On 23 July 2025, the Group entered into a sale and purchase agreement in relation to a parcel of freehold industrial land (refer to Note 10).

On 8 Aug 2025, the Group agreed to InfraCo's proposal to withdraw the Put Option Notice dated 27 June 2025 (refer to Note 15).

Other information

1. Review

The condensed consolidated statement of financial position of Darco Water Technologies Limited and its subsidiaries as at 30 June 2025 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 six-month period 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		
	Unaudited 30/06/2025 \$'000	Unaudited 30/06/2024 \$'000	Change %
Engineering Projects ("Projects")	15,472	21,294	(27.3)
Operation and Maintenance Services ("O&M Services")	7,552	6,261	20.6
	<u>23,024</u>	<u>27,555</u>	(16.4)

Revenue of the Group decreased from \$27.6 million in 1H2024 to \$23.0 million in 1H2025.

Revenue from the Projects segment decreased from \$21.3 million in 1H2024 to \$15.5 million in 1H2025. This was mainly due to slower project progress in both Malaysia and Singapore, caused by fewer new project awards and delays by main contractors.

Revenue from the O&M Services segment increased from \$6.3 million in 1H2024 to \$7.6 million in 1H2025 due to higher sales contributed by the Group's Malaysia subsidiaries, which focused on post-project services in FY2025.

The Group's gross profit decreased from \$5.1 million in 1H2024 to \$2.6 million in 1H2025 due to intense competition and cost inflation.

Other income

The Group's other income was mainly attributed to the gain on disposal of the Factory amounting to \$0.2 million (Note 10). In addition, the late settlement fee income was recognised for overdue receivables. Gain on foreign exchange of \$0.2 million was recognised, as compared to a foreign exchange loss of \$0.2 million in the prior period.

Operating expenses

Administrative expenses comprising of staff salary, professional fees, R&D, depreciation, and other operating expenses increased from \$4.2 million in 1H2024 to \$4.7 million in 1H2025. The increase was mainly due to the written-off of construction in progress amounting to \$0.4 million, which mainly related to the disposal of Land (Note 10).

Reversal of provision for impairment loss on financial assets

During the financial period, the Group recorded a reversal of impairment loss on trade receivables amounting to \$0.15 million, due to the receipt of payment that had previously been impaired.

Finance costs

The increase in finance costs was mainly due to interest on other financial liabilities (amount owing to non-controlling interests).

(b) Statements of financial position

Current assets

Trade and other receivables

Trade receivables decreased from \$23.2 million as at 31 December 2024 to \$17.2 million as at 30 June 2025 mainly due to the improvement in trade receivable collection in 1H2025. Contract assets increased mainly due to increase in unbilled work done for projects in China. Other receivables increased from \$3.2 million as at 31 December 2024 to \$3.7 million as at 30 June 2025 mainly due to the recognition of \$0.4 million in sale proceeds receivables related to the disposal of the Factory.

Inventories

Inventories decreased from \$2.1 million as at 31 December 2024 to \$1.8 million as at 30 June 2025. It was mainly due to a decrease in stock in transit recorded in a subsidiary during the reporting period.

Income tax recoverable

The increase was due to addition in income tax recoverable from subsidiaries in Malaysia and Singapore.

Non-current assets

Property, plant and equipment

The decrease in property, plant and equipment was mainly due to the disposal of the Factory following the execution of a sale and purchase agreement on 14 May 2025 (Note 10), depreciation charges, as well as foreign exchange translation losses. In addition, the reclassification of the Land to asset held for sale upon the signing of a sale and purchase agreement on 23 July 2025 further contributed to the decrease (Note 10).

Right-of-use assets

The Group's right-of-use assets are derived mainly from office space, warehouse, motor vehicles, and staff hostel. The decrease was mainly due to depreciation during the period.

Intangible assets

The Group's intangible assets decreased from \$14.8 million as at 31 December 2024 to \$13.6 million as at 30 June 2025 mainly due to a decrease in service concession assets.

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 liabilities

Trade and other payables

The decrease in trade payables from \$20.2 million to \$19.1 million was mainly due to lower costs incurred and slower business activities in 1H2025. Meanwhile, contract liabilities remained stable over the period.

The decrease in other payables and accruals was mainly due to settlement of outstanding liabilities during the period.

Borrowings

Total borrowings increased from \$5.3 million as at 31 December 2024 to \$5.5 million as at 30 June 2025. The net increase was mainly due to increased usage of the bank overdraft facility.

Lease liabilities

Overall, the lease liabilities decreased from \$1.1 million as at 31 December 2024 to \$0.9 million as at 30 June 2025 mainly due to repayments during the period.

(c) Statement of cash flows

	As at 30 June 2025 (Unaudited) \$'000	As at 30 June 2024 (Unaudited) \$'000
Cash flows used in operating activities	(2,027)	(3,082)
Cash flows (used in) / generated from investing activities	(177)	8
Cash flows used in financing activities	(1,037)	(1,249)
Net decrease in cash and cash equivalents	(3,241)	(4,323)

The Group's cash position was \$5.6 million as at 30 June 2025, as compared to \$7.9 million as at 31 December 2024.

Cash used in operating activities in 1H2025 was mainly due to working capital requirements for ongoing projects in Projects segment.

Cash used in investing activities in 1H2025 was mainly due to acquisition of property, plant and equipment.

Cash used in financing activities in 1H2025 was mainly due to net repayments of borrowings.

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 operating period and the next 12 months

The World Bank projects that growth in the East Asia and Pacific region will slow from 5.1% in 2023 to 4.8% in 2024¹, mainly reflecting a deceleration of economic activity in China. In the region excluding China, growth is projected to increase to 4.6% in 2024, supported by a recovery in global trade.

However, the outlook remains uncertain due to elevated tariff rates and inflationary pressures. These factors may weigh on regional growth and are expected to sustain competitive pressures on the Group's water treatment and supply solutions business in the near term.

In Singapore, structural demand for automated and environmentally sustainable waste management infrastructure remains intact, although project execution timelines may vary due to market and operational factors. The Group continues to operate within a policy environment that supports sustainability and long-term resource resilience, guided by national development priorities.

¹ World Bank 11 June 2024, [Global Economic Prospects Report](#)

The planned launch of over 50,000 new flats between 2025 and 2027², as announced by the Housing & Development Board (HDB), reflects sustained momentum in public housing and estate rejuvenation. The Group's Pneumatic Waste Conveyance System ("PWCS") is aligned with these national objectives. PWCS is a centralised, automated waste collection system that uses underground vacuum pipes to transport refuse, offering a cleaner, more hygienic, and sustainable solution suited for high-density urban environments. These systems are increasingly integrated into smart estate designs and township developments as Singapore advances its efforts to lower carbon emissions and enhance livability. This supports a visible pipeline of future deployment opportunities for the Group.

The Group's wholly-owned subsidiary, PV Vacuum Engineering Pte. Ltd., has previously secured a Design, Build and Operate contract in 2024 for a District PWCS project for HDB, which will be followed by a 10-year Operation and Maintenance agreement upon completion. This project adds to the Group's portfolio of 17 Smart District PWCS Systems and expands its base of recurring income. It also reinforces the Group's role as a long-term infrastructure partner within Singapore's evolving smart estate ecosystem.

In Malaysia, the Group continued its efforts to sharpen operational focus and enhance working capital efficiency. During the year, a non-core industrial land parcel and a vacant single storey semi-detached factory in Negeri Sembilan were divested, with sale proceeds directed towards working capital needs. This reflects management's disciplined approach to asset optimisation and its commitment to supporting core business growth.

In Vietnam, the Group continues to maintain its operational presence and remains focused on strengthening its long-term positioning in the market. Efforts to streamline strategic interests, expand market coverage and increase social impact are ongoing, with a view to supporting future expansion opportunities in the region.

The Group continues to prioritise the growth of its O&M segment, which supports the long-term performance and reliability of environmental systems. This segment offers a more stable and recurring income stream, while supporting its long-term value creation goals.

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. The Group will continue to focus on strengthening its recurring income streams, deepening its position in public sector environmental infrastructure, and exercising financial discipline in pursuit of long-term sustainable growth.

5. Interested person transactions

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 1H2025.

² Straits Times, "Over 50,000 flats to be launched from 2025 to 2027; S'pore will exceed 5-year HDB flat launch target", published 26 July 2025. [Over 50,000 flats to be launched from 2025 to 2027: HDB will exceed earlier target: Desmond Lee | The Straits Times](#)

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 no person is 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 undertaking 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.

8. Confirmation pursuant to Rule 705(5) of the Listing Manual of SGX-ST

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited half year financial statements for the period ended 30 June 2025 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Zhang Zhenpeng
Executive Director and CEO
12 August 2025