

WATERCO LIMITED
A.B.N. 62 002 070 733
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR
ENDED 31 DECEMBER, 2024

CONTENTS

Directors' Report.....	2
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Changes in Equity.....	6
Consolidated Cash Flow Statement	7
Notes to the Financial Statements.....	8
Directors' Declaration.....	16
Independent Review Report.....	17
Auditor's Independence Declaration.....	19

WATERCO LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors of Waterco Limited have pleasure in submitting herewith the Interim Financial Report of the consolidated group for the half-year ended 31st December, 2024.

The directors of the company who held office during or since the end of the half-year are:

Soon Sinn Goh
Bryan Goh
Ben Hunt
Judy Raper
Wayne Beauman

REVIEW OF OPERATIONS

GROUP PERFORMANCE

Waterco's financial results for the half year ending 31 December 2024 (HY25) are presented in the following table:

Financial Period Ended	HY25 \$'000	HY24 \$'000	Change %
Operating revenue	134,745	118,808	13%
Sales revenue	132,391	116,613	14%
EBITDA ¹	15,629	16,644	-6%
EBIT ¹	9,754	11,729	-17%
NPBT	7,733	10,092	-23%
NPAT	5,928	6,954	-15%
EPS from operations (cents)	16.7	19.8	-16%

REVENUE AND PROFITABILITY

Total Revenue for the Group for the half year was \$134.7m (HY24: \$118.8m). Despite a challenging external environment, Sales Revenue increased 14% to 132.4m (HY24: \$116.6m) driven by the Group's diversified revenue streams.

Statutory Earnings Before Interest & Tax (EBIT) was \$9.8m (HY24: \$11.7m), with part of the decline (\$1.0m) attributed to foreign exchange translation losses due to the depreciation of the AUD against both the USD and MYR.

The Group reported a Net Profit After Tax of \$5.9m (HY24: \$7.0m).

DIVISIONAL EBIT PERFORMANCE

The breakdown of Statutory EBIT contribution by division is as follows:

Divisional EBIT	HY25 \$'000	HY24 \$'000	Change %
Australia and New Zealand	9,074	9,068	0%
North America and Europe	520	748	-30%
Asia	160	1,913	-92%
Consolidated Reported EBIT	9,754	11,729	-17%

AUSTRALIA AND NEW ZEALAND (ANZ)

ANZ Sales grew 12% to \$109.2m (HY24: \$97.2m). The segment contributed an EBIT of \$9.1m in line with HY24 (\$9.1 million). Strong earnings from the Australian pool division were offset by challenging economic conditions in New Zealand, and seasonal environmental impacts affecting Davey Australia.

Davey Australia is expected to rebound in the second half of FY25, with the Group continuing to leverage synergies from the Davey integration to expand market reach, diversify product offerings, and maximise operational efficiencies.

¹ Waterco discloses certain non-IFRS measures in this Directors' Report, that are not audited or reviewed by the Group's auditors. The Directors believe the presentation of non-IFRS financial measures are useful for the users of this financial report as they provide additional and relevant information that reflect the underlying financial performance of Waterco. 'Underlying' metrics are statutory metrics adjusted to exclude pre-tax Foreign Exchange losses/(gains): \$0.99m (HY24: \$(0.37m)), and business acquisition costs: \$Nil (HY24: \$1.06m).

ASIA

The Asia segment experienced challenging market conditions, primarily due to a slowdown in commercial development projects across the region. While Sales increased 15% to \$7.7 (HY24: \$6.7m), EBIT declined to \$0.2 million (HY24: \$1.91 million), largely due to foreign exchange translation losses.

Notwithstanding these challenges, the Group's Malaysia-based manufacturing operations are in the process of insourcing strategic plastic components, previously sourced externally. This initiative has contributed to increased production output. The Group has also acquired additional land in Malaysia to consolidate manufacturing facilities, positioning it for future growth in US and European markets.

NORTH AMERICA AND EUROPE

This segment recorded an increase in Sales of 22% to 15.4m (HY24: \$12.7m), driven primarily by North America. However, the European business faced challenging market conditions and higher inventory availability.

Despite the sales growth, EBIT declined to \$0.5 million (HY24: \$0.7 million), down 29%. With the primary business season in the second half of the financial year, the contribution from North America and Europe is anticipated to improve through the remainder of 2025.

PRODUCT DEVELOPMENT AND WATER TREATMENT

The Group increased Research & Development (R&D) investment by \$0.6m, bringing total R&D expenditure to \$1.6 million (HY24: \$1.0 million). This reflects an ongoing commitment to innovation, durability, and energy efficiency in product development, demonstrating the Group's commitment to the continuous pursuit of reliable solutions for healthy, safe water environments.

Efforts to enhance component cost efficiency and supply chain reliability continue, with plastic component insourcing in Malaysia replacing external suppliers in Asia and Australia. Additionally, the transition of die-cast aluminium production from Thailand to Malaysia is underway, improving supply chain control.

WORKING CAPITAL

Group Working Capital	HY25 \$'000	HY24 \$'000
Inventory	102,161	100,666
Debtors	45,133	41,523
Creditors	(34,287)	(37,738)
Total	113,007	104,451

Working capital increased by \$8.6 million to \$113.0m (HY24: \$104.5m) due to higher sales and initial investment in raw materials to support the strategic insourcing of plastic components. This increase is expected to normalise once full-scale in-house production is achieved.

DIVIDEND AND OUTLOOK

The Board has declared a fully franked interim dividend of 7 cents per share, payable on 2 May 2025.

While first-half performance fell short of expectations, the Group anticipates a stronger second half, supported by seasonal demand and the execution of cost-reduction initiatives.

Given recent fluctuations in the Australian Dollar against the US Dollar and Malaysian Ringgit, the Board expects relative stability in currency movements but has not forecast any appreciation in the Australian Dollar for the remainder of FY25.

AUDITOR'S DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 19.

This report is signed in accordance with a resolution of the Board of Directors.



.....
Soon Sinn Goh
Chairman
Waterco Limited

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2024
WATERCO LIMITED AND CONTROLLED ENTITIES**

	Note	Consolidated Group	
		31/12/2024 \$000	31/12/2023 \$000
Sales revenue	3	132,391	116,613
Other revenue	3	2,354	2,195
Changes in inventories of finished goods and work in progress		(6,932)	(24,570)
Raw Materials and consumables used		(62,217)	(35,577)
Employee benefits expense		(28,737)	(24,459)
Depreciation and amortisation expense		(5,875)	(4,915)
Finance costs		(2,059)	(1,707)
Advertising expense		(3,101)	(2,223)
Discounts allowed		-	(204)
Outward freight expense		(3,750)	(3,733)
Rent expense		(863)	(592)
Research and development		(1,633)	(1,033)
Insurance general		(1,101)	(932)
Contracted staff expense		(161)	(130)
Warranty expense		(1,263)	(1,046)
Commission expense		(269)	(170)
Foreign Exchange (Losses)/Gains		(992)	367
Other expenses		(8,059)	(7,792)
Profit before income tax		7,733	10,092
Income tax benefit/(expense)	7	(1,805)	(3,138)
Profit for the period		5,928	6,954
Other comprehensive income			
Items that will not be classified subsequently to profit or loss			
Property revaluation increment (net of tax and reversals)		1,143	(160)
Items that maybe reclassified to profit or loss			
Exchange differences on translation of foreign controlled entities		5,062	(1,202)
Other comprehensive income for the period		6,205	(1,362)
Total comprehensive income for the period		12,133	5,592
Profit attributable to:			
Members of the parent entity		5,872	6,982
Non-controlling interest		56	(28)
		5,928	6,954
Total comprehensive income for the period attributable to:			
Members of the parent entity		12,077	5,620
Non-controlling interest		56	(28)
Total comprehensive income for the period		12,133	5,592
Earnings per share			
Basic earnings per share (cents per share)		16.7	19.8
Diluted earnings per share (cents per share)		16.7	19.8

The accompanying notes form part of this financial report.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024
WATERCO LIMITED AND CONTROLLED ENTITIES**

	Note	Consolidated Group	
		31/12/2024	30/6/2024
		\$000	\$000
Current Assets			
Cash and cash equivalents		16,052	16,802
Trade and other receivables		45,133	37,584
Inventories		102,161	94,797
Other current assets		3,375	3,134
Total Current Assets		166,721	152,317
Non-Current Assets			
Property, plant & equipment		72,140	69,261
Right of use assets		29,865	30,326
Intangible assets		1,208	1,269
Deferred tax assets		4,574	4,597
Total Non-Current Assets		107,787	105,453
Total Assets		274,508	257,770
Current Liabilities			
Trade and other payables		34,287	28,309
Borrowings		19,996	16,831
Current tax liabilities		2,439	1,824
Short-term provisions		9,457	10,265
Total Current Liabilities		66,179	57,229
Non-Current Liabilities			
Borrowings		62,192	63,856
Deferred tax liabilities		6,523	6,306
Long-term provisions		401	533
Total Non-Current Liabilities		69,116	70,695
Total Liabilities		135,295	127,924
Net Assets		139,213	129,846
Equity			
Issued capital	4	33,562	33,562
Reserves		30,224	23,971
Retained earnings		75,058	71,999
Parent interest		138,844	129,532
Non-controlling interest		369	314
Total Equity		139,213	129,846

The accompanying notes form part of this financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2024
WATERCO LIMITED AND CONTROLLED ENTITIES**

Consolidated Group	Issued Capital Ordinary	Retained Earnings	Capital Profits Reserve	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Share options reserve	Non- controlling Interest	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 30/6/23	33,643	62,314	211	30,689	(6,017)	26	368	121,234
Comprehensive income								
Profit for the period	-	6,982					(28)	6,954
Exchange differences on translation of foreign controlled entities	-				(1,204)			(1,204)
Other comprehensive income				(161)		8		(153)
Total comprehensive income/(loss) for the period	-	6,982		(161)	(1,204)	8	(28)	5,597
Transactions with owners in their capacity as owners and other transfers								
Cancellation of shares under Waterco								
Share Buy Back	(47)							(47)
Dividends paid		(1,758)						(1,758)
Total transactions with owners and other transfers	(47)	(1,758)						(1,805)
Balance at 31/12/23	33,596	67,538	211	30,528	(7,221)	34	340	125,026
Balance at 30/6/24	33,562	71,999	211	30,625	(6,921)	56	314	129,846
Comprehensive income								
Profit for the period	-	5,872					56	5,927
Exchange differences on translation of foreign controlled entities ^{Note 1}	-				5,062			5,062
Other comprehensive income				1,143		47		1,190
Total comprehensive income/(loss) for the period	-	5,872		1,143	5,062	47	56	12,181
Transactions with owners in their capacity as owners and other transfers								
Cancellation of shares under Waterco								
Share Buy Back	-							-
Dividends paid		(2,813)						(2,813)
Total transactions with owners and other transfers	-	(2,813)						(2,813)
Balance at 31/12/24	33,562	75,058	211	31,768	(1,859)	103	369	139,213

Note 1 - In the period to December 2024, \$2.1m of foreign exchange translation gains on monetary accounts was transferred to Foreign Exchange (Losses)/Gains in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

The accompanying notes form part of this financial report.

**CONSOLIDATED CASHFLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2024
WATERCO LIMITED AND CONTROLLED ENTITIES**

	Consolidated Group	
	31/12/2024	31/12/2023
	\$000	\$000
<u>Cash Flows from Operating Activities</u>		
Receipts from customers	135,755	119,695
Payments to suppliers and employees	(131,838)	(100,825)
Interest received	39	69
Other income	390	396
Finance costs	(2,059)	(1,707)
Income tax	(950)	(2,088)
Net cash (used in)/provided by operating activities	<u>1,337</u>	<u>15,540</u>
<u>Cash Flows from Investing Activities</u>		
Dividends received	1	1
Payment for property, plant & equipment	(2,497)	(1,032)
Payment for intangibles	-	(880)
Proceeds from sale of property, plant & equipment	158	105
Payment for business	-	(54,037)
Proceeds from sale of business	-	154
Net cash (used in) investing activities	<u>(2,338)</u>	<u>(55,689)</u>
<u>Cash Flows from Financing Activities</u>		
Proceeds from borrowings	5,447	64,608
(Repayment) of borrowings	(3,519)	(10,037)
Payment of rou liabilities	(2,259)	(2,022)
Share buyback	-	(47)
Dividends paid	(2,813)	(1,758)
Net cash provided by/(used in) financing activities	<u>(3,144)</u>	<u>50,744</u>
Net (decrease)/increase in cash held	<u>(4,145)</u>	<u>10,595</u>
Cash and cash equivalents at the beginning of period	16,802	12,337
Effects of exchange rate changes on balance of cash and cash equivalents held in foreign currencies	3,395	(1,058)
Cash and cash equivalents at the end of period	<u><u>16,052</u></u>	<u><u>21,874</u></u>

The accompanying notes form part of this financial report.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024
WATERCO LIMITED AND CONTROLLED ENTITIES**

Note 1: Summary of Significant Accounting Policies

a) Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with AASB134 ensures compliance with International Financial Reporting Standard IAS134 "Interim Financial Reporting".

The condensed interim financial report is intended to provide users with an update on the latest annual financial statements of Waterco Ltd and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2024 together with any public announcements made during the following half-year.

b) Accounting Policies

The same accounting policies and methods of computation have been followed in the interim financial report as were applied in the 30 June 2024 financial statements except for the policies stated below.

c) New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

The company had adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the half year.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2: Dividends

	Consolidated Group	
	31/12/2024	31/12/2023
	\$000	\$000
Dividends paid		
Final fully franked dividend declared on 28 th August 2024 of 8c (2023:5c) per share franked at the tax rate of 30% (2023 30%)	2,813	1,758
	<u>2,813</u>	<u>1,758</u>

Note 3: Revenue

Timing of revenue recognition

- Goods transferred at a point in time	132,391	116,613
- Services transferred over time	2,354	2,195
	<u>134,755</u>	<u>118,808</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024
WATERCO LIMITED AND CONTROLLED ENTITIES**

Note 4: Issued capital	31/12/2024	30/6/2024
Ordinary shares are classified as equity.		
35,165,942 ordinary shares fully paid at beginning of the year (2023: 35,184,767)	33,562	33,643
On 31 October 2023, 11,759 shares were purchased at \$4.00 and cancelled under Waterco Ltd Share-buyback Scheme	-	(47)
On 31 May 2024, 7,066 shares were purchased at \$4.80 and cancelled under Waterco Ltd Share-buyback Scheme	-	(34)
35,165,942 ordinary shares fully paid at the end of the year (2024: 35,165,942)	33,562	33,562

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024
WATERCO LIMITED AND CONTROLLED ENTITIES**

**Note 5: Operating Segments
Segment Information**

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The group is managed primarily on the basis of location since the group's operations have similar risk profiles and performance criteria. Operating segments are therefore determined on the same basis.

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

Basis of accounting for the purposes of reporting by operating segments

Accounting Policies Adopted

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

Inter-segment transactions

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

Segment Information

Inter-segment transactions

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

Segment assets

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

Segment liabilities

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024
WATERCO LIMITED AND CONTROLLED ENTITIES**

Note 5: Operating Segments (continued)

Geographical Segments

	2024				
	AUSTRALIA & NEW ZEALAND	ASIA	NORTH AMERICA &EUROPE	ELIMINATION	CONSOLIDATED GROUP
	31/12/2024	31/12/2024	31/12/2024	31/12/2024	31/12/2024
	\$000	\$000	\$000	\$000	\$000
Revenue					
Sales to customers outside the economic entity	109,240	7,709	15,442		132,391
Intersegment sales	5,329	22,326	403	(28,058)	-
Unallocated revenue					
Total revenue	114,569	30,035	15,845	(28,058)	132,391
Segment result	9,439	78	570		10,087
Unallocated expenses net of unallocated revenue					(2,354)
Profit before income tax					7,733
Income tax benefit/(expense)					(1,805)
Profit after income tax					5,928
Segment assets	290,096	92,231	20,627	(128,445)	274,509
Segment liabilities	150,970	48,274	11,663	(75,611)	135,296

	2023				
	AUSTRALIA & NEW ZEALAND	ASIA	NORTH AMERICA &EUROPE	ELIMINATION	CONSOLIDATED GROUP
	31/12/2023	31/12/2023	31/12/2023	31/12/2023	31/12/2023
	\$000	\$000	\$000	\$000	\$000
Revenue					
Sales to customers outside the economic entity	97,210	6,707	12,696		116,613
Intersegment sales	4,233	19,588	250	(24,071)	-
Unallocated revenue					
Total revenue	101,443	26,295	12,946	(24,071)	116,613
Segment result	9,652	1,842	794		12,288
Unallocated expenses net of unallocated revenue					(2,196)
Profit before income tax					10,092
Income tax benefit/(expense)					(3,138)
Profit after income tax					6,954
Segment assets	281,228	75,781	17,976	(109,581)	265,404
Segment liabilities	147,251	37,537	12,352	(56,762)	140,378

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024
WATERCO LIMITED AND CONTROLLED ENTITIES**

Note 6: Fair Value Measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

-freehold land and buildings;

The Group subsequently measures some items of freehold land and buildings at fair value on a non recurring basis.

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis

a) Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The evaluation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024
WATERCO LIMITED AND CONTROLLED ENTITIES**

**Note 6: Fair Value Measurements (continued)
a) Fair Value Hierarchy (continued)**

Valuation techniques (continued)

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

		31 December 2024			
	Note	Level 1	Level 2	Level 3	Total
		\$000	\$000	\$000	\$000

Recurring fair value measurements

Non-financial assets

Freehold land

- - 25,065 25,065

Freehold buildings

- - 31,920 31,920

**Total non-financial assets
recognised at a fair value
on a recurring basis**

- - 56,985 56,985

**Total non-financial assets
recognised at a fair value
on a recurring basis**

- - 56,985 56,985

		30 June 2024			
	Note	Level 1	Level 2	Level 3	Total
		\$000	\$000	\$000	\$000

Recurring fair value measurements

Non-financial assets

Freehold land

- - 23,577 23,577

Freehold buildings

- - 31,271 31,271

**Total non-financial assets
recognised at fair value
on a recurring basis**

- - 54,848 54,848

**Total non-financial assets
recognised at a fair value
on a recurring basis**

- - 54,848 54,848

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024
WATERCO LIMITED AND CONTROLLED ENTITIES**

Note 6: Fair Value Measurements (continued)

b. Valuation Techniques and Inputs Used to Measure Level 3 Fair Values

Description	Fair Value at 31 December 2024	Valuation Technique(s)	Inputs Used
	\$000		
<i>Non-financial assets</i>			
Freehold land ⁽ⁱ⁾	25,065	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per hectare; market borrowing rate
Freehold buildings ⁽ⁱ⁾	31,920	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per square metre; market borrowing rate
	56,985		

(i) The fair value of freehold land and buildings is determined at least every three years based on valuations from independent valuers. At the end of each intervening period, the directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and/or discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the Group to determine Level 3 fair values.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024
WATERCO LIMITED AND CONTROLLED ENTITIES**

Note 7 Income tax expense

	Consolidated Group	
	31/12/2024	31/12/2023
	\$000	\$000
The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Profit before income tax	7,733	10,092
Prima facie tax payable on profit before income tax at 30% (2023: 30%)	2,320	3,028
Add		
Tax effect of:		
• Depreciation of buildings	77	75
• Foreign controlled entities tax losses not tax effected	-	99
• Unrealised foreign exchange losses	911	-
• ROU assets	-	-
• Non deductible expenses	42	17
• Underprovision for tax in prior years	-	344
• Other	16	33
Less		
Tax effect of:		
• Research and development	82	78
• ROU assets	-	-
• Effects of lower rates in overseas countries	49	229
• Unrealised foreign exchange gains	810	124
• Exempt income	-	-
• Overprovision for tax in prior years	410	-
• Reinvestment allowance	-	-
• Foreign controlled entities tax losses not tax effected	210	-
• Other	-	27
Income tax expense attributable to entity	1,805	3,138
The applicable weighted average effective tax rates are as follows:	23%	31%

Note 8 Events Subsequent to Reporting Date

On 17 January 2025, Waterco (Far East) Sdn Bhd a subsidiary in Malaysia entered into an agreement to purchase land measuring 7.76 acres within the UMW High Value Manufacturing Park in Serendah, Selangor, Malaysia for a purchase price of \$A7.0m (RM20.281m) plus legal fees and disbursements.

Waterco Far East intends to build a new manufacturing facility at a cost of \$A10.4m (RM30.0m) to consolidate its smaller manufacturing sites into one site and supplement its main manufacturing site located in Selangor Darul Ehsan. The funding for the new manufacturing facility will come from existing Malaysian Bank Facilities and internally generated funds.

There are no other material subsequent events since the half year ended 31 December 2024.

**WATERCO LIMITED ABN 62 002 070 733
AND CONTROLLED ENTITIES**


DIRECTORS' DECLARATION

The directors of Waterco Limited hereby declare that:

- 1) the financial statements and notes, as set out on pages 4 to 15 are in accordance with the Corporations Act 2001, including:
 - a) complying with Accounting Standards and any further requirements in the Corporation Regulations 2001; and
 - b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half- year ended on that date.
- 2) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors



Soon Sinn Goh
Chief Executive Officer

Dated at SYDNEY this 24th day of February 2025

RSM Australia Partners

Level 13, 60 Castlereagh Street
Sydney
NSW 2000
Australia
T +61 (02) 8226 4500
F +61 (02) 8226 4501
rsm.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of Waterco Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Waterco Limited which comprises the statement of financial position as at 31 December 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

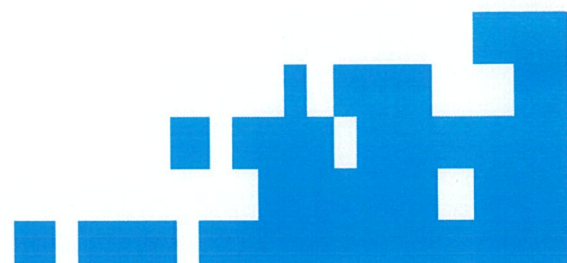
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Waterco Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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



Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

RSM Digitally
signed by RSM

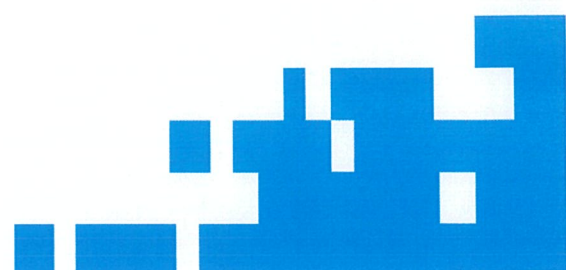
RSM AUSTRALIA PARTNERS

Peter Kanellis Digitally signed by
Peter Kanellis

Peter Kanellis
Partner

Sydney, NSW

Dated: 24 February 2025



RSM Australia Partners

Level 13, 60 Castlereagh Street
Sydney
NSW 2000
Australia
T +61 (02) 8226 4500
F +61 (02) 8226 4501
rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Waterco Limited for the half year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM Digitally
signed by RSM

RSM AUSTRALIA PARTNERS

Peter Kanellis Digitally signed
by Peter Kanellis

Peter Kanellis
Partner

Sydney, NSW
Dated: 24 February 2025

