

Taipei District Court Passes Judgment on Darco Engineering (Taiwan) Fraud Case

- Darco Engineering (Taiwan)'s former General Manager and Administrative Manager found guilty and sentenced
- The Group will continue to uphold the highest standards of financial integrity

Singapore – 19 June 2014 – Mainboard-listed Darco Water Technologies Limited (the "Company" or "Darco" or the "Group") announced today an update regarding its announcement made on 10th May 2013, whereby Darco Engineering (Taiwan) Co. Ltd.'s ("DET") former General Manager (Chen Kuai, then aged 54 years) and Administration Manager (Nina Chiu, then aged 46 years) have been formally charged by Taipei District Prosecutors Office for alleged fraud, breach of trust and misappropriating of company funds, while sixteen other suppliers have been charged for alleged complicity.

On 18th June 2014, the Taipei District Court of Taiwan found Chen Kuai guilty of criminal breach of trust and embezzlement, sentencing him to a total of six (6) years imprisonment, while Nina Chiu has been found guilty only of embezzlement and has been sentenced to three (3) years and eight (8) months jail term. Third parties facilitators and conspirators had been dealt with separately.

Darco first reported to the Singapore Exchange in March 2010 that the Group was concerned with the manner in which DET's accounts had been managed.

Mr. Thye Kim Meng, CEO of the Group, commented, ***“At Darco, we view cases involving fraud and embezzlement very seriously. We will spare no efforts in taking action against perpetrators of these acts. The judgment by the Taipei District Court represents positive news for our shareholders and clients who have kept their faith with us over the years.*”**

In the past year, we have further strengthened our accounting and internal control functions with the appointment of Mr Yeoh Kim Kooi and Mr Tan Sze Leng, Steve, as the Group Financial Controller and the Group Chief Financial Officer in June 2013 and September 2013 respectively. They possess relevant accounting and auditing experience and are expected to contribute positively to the Group. Going forward, we will continue to uphold the highest standards of financial integrity, and be vigilant in the prevention and detection of potential fraud. ”

The Company is of the view that this update has no material financial impact on the Group.

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**Media Release
For Immediate Release**

About Darco Water Technologies Limited

Established in 1999 and listed on SGX in 2002, Darco Water Technologies designs and delivers engineered solutions for water and wastewater systems for industrial and municipal customers. Its core management team has more than 18 years of experience in water treatment for a wide range of industries. Its markets include Taiwan, Mainland China and Southeast Asia.

For more information, please refer to www.darcowater.com

**Issued for and on behalf of Darco Water Technologies Limited
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