

DARCO WATER TECHNOLOGIES LIMITED
(Company Registration No. 200106732C)
(Incorporated in the Republic of Singapore)

**QUALIFIED OPINION BY AUDITORS ON FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2015**

Pursuant to Rule 704(5) of the Listing Manual of Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board of Directors of Darco Water Technologies Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Independent Auditors of the Company, Messrs Crowe Horwath First Trust LLP (“**Auditors**”), has issued a “Qualified Opinion” in its Independent Auditors Report in respect of the audited financial statements of the Group for the financial year ended 31 December 2015 (“**FY2015**”). The nature and contents of the qualification are contained in the attached Independent Auditors Report. The Independent Auditors’ Report will be despatched to shareholders and the SGX-ST as part of the Company’s Annual Report for FY2015 on 5 April 2016.

In relation to the qualification, the Board wishes to inform shareholders that this arose due to the gain on disposal of its wholly owned subsidiary, Darco Engineering (Taiwan) Co., Ltd (“**DET**”) and its subsidiary (collectively referred to as the “**DET Disposal Group**”) during the financial year.

As the DET Disposal Group was one of the subject matters of the qualification in the previous year’s report, the auditors were unable to determine if the resultant net gain on the disposal of the DET Disposal Group amounting to approximately S\$2.10 million was appropriately and accurately recorded in consolidated financial statements for the financial year ended 31 December 2015. Any adjustments that might have been necessary as a result of the previous qualifications on the opening balances of the DET Disposal Group included in the consolidated financial statements would have a corresponding effect on the amount of net gain recorded in the current financial year.

By Order of the Board

Thye Kim Meng
Chairman, Managing Director and Chief Executive Officer
1 April 2016