

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

QUALIFIED OPINION AND EMPHASIS OF MATTER BY AUDITORS ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Pursuant to Rule 704(5) of the Listing Manual of Singapore Exchange Securities Trading Limited, the Board of Directors of Darco Water Technologies Limited and its subsidiaries (the "Group") wishes to announce that the Independent Auditors, Messrs Baker Tilly TFW LLP, has issued a "qualified opinion" and "Emphasis Of Matter" Independent Auditors Report in respect of the audited financial statements of the Group for the financial year ended 31 December 2013. The nature and contents of the qualification are contained in the attached Independent Auditors Report.

In relation to the qualification, the Board wishes to inform shareholders that this arose due to the qualified opinion brought forward in the prior year FY 2012 audit report as disclosed in the note 33 to the Financial Statements.

On the emphasis of matter (which does not amount to a qualification) highlighted by the auditors on the net loss and negative operating cash flows and several on-going litigation on contingent liabilities, the Board wishes to inform shareholders that the Group has sufficient working capital to meet its obligations as and when they fall due. Further information on the contingent liabilities referenced to the audit report can be found on the attached Note 25 to the Financial Statements.

At this point of time, the Group's financial position is reflected in the financial ratios as at 31 December 2013:

Liquidity ratio	1.52
Quick ratio	1.45
Gearing ratio	0.36

By Order of the Board

Thye Kim Meng
Managing Director and Chief Executive Officer
5 May 2014