

DARCO WATER TECHNOLOGIES LIMITEDRegistration No: 200106732C
(Incorporated in Singapore)**MATERIAL DIFFERENCE BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (FY2014”)**

The Board of Directors (the “Board”) of Darco Water Technologies Limited (the “Company” or “Darco”) refers to the announcement released by the Company on the SGXNet on 27 February 2015 on the unaudited financial statements for FY2014.

The Board wishes to announce that there are certain differences between the audited financial statements of the Group for FY2014 (“Audited Results”) and the unaudited financial statements for FY2014 (“Unaudited Results”).

A comparison of the Audited Results and the Unaudited Results is set out as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2014

	Notes	Group		Difference S\$'000
		Audited Results S\$'000	Unaudited Results S\$'000	
Continuing operations				
Revenue		31,915	31,915	-
Cost of sales		(23,334)	(23,334)	-
Gross profit		8,581	8,581	-
Other income		2,003	2,003	-
Distribution expenses		(586)	(586)	-
Administrative expenses	1	(8,862)	(8,779)	(83)
Finance expenses		(394)	(394)	-
Profit before income tax		742	825	(83)
Income tax expense		(452)	(452)	-
Profit for the year		290	373	(83)
Other comprehensive income:				
Currency translation differences arising from consolidation		121	125	(4)
Other comprehensive income for the year		121	125	(4)
Total comprehensive income for the year		411	498	(87)
Profit attributable to:				
Equity holders of the Company		61	143	(82)
Non-controlling interests		229	230	(1)
		290	373	(83)
Total comprehensive income attributable to:				
Equity holders of the Company		225	312	(87)
Non-controlling interests		186	186	-
Total comprehensive income for the year		411	498	(87)

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	Note	<u>Audited Results</u> S\$'000	<u>Group Unaudited Results</u> S\$'000	<u>Difference</u> \$'000
ASSETS				
Current assets				
Cash and bank balances	2	9,219	9,347	(128)
Trade and other receivables	3	12,480	12,695	(215)
Income tax recoverable	4	256	-	256
Inventories		953	954	(1)
		<u>22,908</u>	<u>22,996</u>	<u>(88)</u>
Non-current assets				
Investments in subsidiaries		4,423	4,423	-
Property, plant and equipment		905	905	-
Deferred income tax assets		136	136	-
		<u>5,464</u>	<u>5,464</u>	<u>-</u>
Total assets		<u>28,372</u>	<u>28,460</u>	<u>(88)</u>
LIABILITIES				
Current liabilities				
Borrowings	5	1,645	1,673	(28)
Trade and other payables		13,798	13,799	(1)
Income tax payable		1,750	1,750	-
		<u>17,193</u>	<u>17,222</u>	<u>(29)</u>
Non-current liabilities				
Deferred tax liabilities		169	169	-
Borrowings	5	1,516	1,488	28
		<u>1,685</u>	<u>1,657</u>	<u>28</u>
Total liabilities		<u>18,878</u>	<u>18,879</u>	<u>(1)</u>
Net assets		<u>9,494</u>	<u>9,581</u>	<u>(87)</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital		36,985	36,985	-
Other reserves		(4,351)	(4,346)	(5)
Accumulated losses		(25,628)	(25,546)	(82)
		<u>7,006</u>	<u>7,093</u>	<u>(87)</u>
Non-controlling interests		<u>2,488</u>	<u>2,488</u>	<u>-</u>
Total equity		<u>9,494</u>	<u>9,581</u>	<u>(87)</u>

Notes:

(1) Administrative expenses

Difference in administrative expenses arose from the provision for impairment for amount owing by a third party for RMB401,000 or equivalent to S\$83,000.

(2) Cash and cash equivalents

Difference in cash and cash equivalents arose from the reclassification of margin deposits from cash and bank balances to other receivable of S\$128,000. The margin deposit was subsequently refunded to the Company.

(3) Trade and other receivables

Difference in trade and other receivables arose from the following adjustments made during the finalisation of the audit:

	S\$'000
i) Reclassification of margin deposit from cash and cash equivalents	128
ii) Reclassification of tax instalments paid to income tax recoverable	(256)
iii) Provision for impairment for amount owing by a third party	(83)
iv) Others	(4)
	<u>(215)</u>

(4) Income tax recoverable

Difference in income tax recoverable was mainly due to reclassification of tax instalments paid of S\$256,000 from other receivables.

(5) Short-term and long-term borrowings

There was a reclassification of long term hire purchase obligation from short term borrowing subsequent to the announcement of the full year unaudited result.

By order of the Board
DARCO WATER TECHNOLOGIES LIMITED

Thye Kim Meng
Managing Director and Chief Executive Officer
6 April 2015