

Darco Enters Into Settlement Agreement In Relation To Lawsuit Against Former Employees

- *Entered into a final and amicable Settlement Agreement with former employees*
- *Legal ownership and all current business of Grober Industrial Services Sdn Bhd,*

Singapore – 8 April 2014 – Mainboard-listed Darco Water Technologies Limited (the "Company" or "Darco" or the "Group") is pleased to announce that it has entered into a final and amicable Settlement Agreement (the "Settlement") on 8 April 2014 with its former employees, Grober Industrial Services Sdn Bhd and KIJ Ultra Supreme Filtration Sdn Bhd (the "Defendants"), wherein inter alia, the legal ownership and all current business of Grober Industrial Services Sdn Bhd, shall be transferred from the Defendants to the Company (the "Transfer"). The Settlement was in relation to its current legal action against the Defendants in Penang High Court, Malaysia against for breach of duties and conspiracy to divert Darco's business contracts during and after their employment. The total value of the Settlement is estimated to be approximately MYR 3 million.

A token sum of MYR 1.00 will be paid for the Transfer, which will enable the Company to recover assets that has been part of the Group's business under its ordinary course of business. This Settlement will have a positive impact on the Company's financial results of FY 2014.

The Board believes that the Settlement is in the best interest of the Company, and none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the above transaction.

Mr. Thye Kim Meng, CEO of the Group, commented, *“While it is not wrong for an employee to leave our Company after fulfilling all the employee’s legal obligations, it is an offence to participate secretly in unlawful acts while still under the employment of our Company. At Darco, we take a serious view of any misappropriation or misuse of our proprietary and confidential information and any actions to sabotage our business. We will not hesitate to take stern action against people who commit such acts.*

We are pleased to be able to recover assets that are part of our business and this settlement is good news for all our customers, shareholders and other stakeholders who have placed their trust with us. Going forward, we will continue to work hard to make sure that our Malaysian subsidiaries remain the front runner and the brand of choice with our customers.”

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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
by Financial PR Pte Ltd**

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