

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 2014

Pursuant to Rule 704(5) of the Listing Manual of the 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 Auditor of the Company, Messrs Crowe Horwath First Trust LLP (“**Auditors**”), has issued a “Qualified Opinion” and “Emphasis of Matter” in its Independent Auditors Report in respect of the audited financial statements of the Group for the financial year ended 31 December 2014 (“**FY2014**”). 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 FY2014 on 10 April 2015.

In relation to the qualification, the Board wishes to inform shareholders that this arose due to the qualified opinion in the prior year audit report for the financial year ended 31 December 2013.

On the emphasis of matter (which does not amount to a qualification) highlighted by the Auditors on the 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 in the Independent Auditors Report can be found on the attached Note 26 to the Financial Statements of the Group for FY2014.

At this point of time, the Group’s financial position is reflected in the following financial ratios as at 31 December 2014:

Liquidity ratio	1.33 times
Quick ratio	1.27 times
Gearing ratio	33%

By Order of the Board

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