

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

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**RECLASSIFICATION OF GROUP'S CASH AND CASH EQUIVALENTS**

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The Board of Directors (the “**Board**”) of Darco Water Technologies Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) would like to announce that a recent review of cash position within the Group has indicated that significant cash deposits at a wholly-owned subsidiary of the Company, Shanghai Darco Engineering Co., Ltd. that is held in a financial institution in PRC, Shanghai for the financial year ended 31 December 2013 (“**FY2013**”) is of a nature that is “Short Term Investment” instead of “Cash and Cash Equivalent”.

As such, the Company intends to reclassify the amount of SG\$ 3,555,000 from the Group’s “Cash and Cash Equivalent” into “Available-for-Sale Short Term Investment” for FY2013 which is further detailed below.

These short term investments relate to structured deposits currently placed with a financial institution in PRC with the following terms:

- These short term investments had a maturity period ranging from 86 days to 184 days from the date of placement in FY2013.
- After the maturation of the initial placements, the new maturity periods were 93 days and 177 days respectively.
- Non-redeemable before maturity
- Non-capital protected
- Non-guaranteed return of 3.8% to 5.7%

As at the date of this announcement, the total deposits amount to RMB 11 million, and will be due for redemption on 15 December 2014. The Company shall on 15 December 2014 onwards place such sums in short term Fixed Deposits, which will effectively result in the amount being reverted back to the “Cash and Cash Equivalents” classification thereafter. The Company wishes to reiterate that it is not its policy to engage in monetary investment.

The following tables summarise the financial impact resulting from the changes in accounting treatment of the Group’s financial position and cash flow statements as at 31 December 2013 and 30 June 2014. The market value of the Available-For-Sale investment is not readily available, and hence, shall be carried at cost less impairment in accordance with FRS 39. The change in classification has no impact on the Consolidated Statement of Profits or Loss accounts and other Comprehensive Income.

**Statement of Financial Position**

**31 December 2013**

	<b>As previously reported</b>	<b>Group Adjustment</b>	<b>As restated</b>
	S\$'000	S\$'000	S\$'000
Short term investment	-	3,555	3,555
Cash and cash equivalents	9,761	(3,555)	6,206
Others	14,179	-	14,179
Total current assets	<u>23,940</u>	<u>-</u>	<u>23,940</u>

**30 June 2014**

	<b>As previously announced</b>	<b>Group Adjustment</b>	<b>As restated</b>
	S\$'000	S\$'000	S\$'000
Short term investment	-	3,452	3,452
Cash and cash equivalents	10,098	(3,452)	6,646
Others	14,775	-	14,775
Total current assets	24,873	-	24,873

**Consolidated Statements of Cash Flows****31 December 2013**

	<b>As previously reported</b>	<b>Group Adjustment</b>	<b>As restated</b>
	S\$'000	S\$'000	S\$'000
Net cash generated from investing activities	11,675	(3,555)	8,120
Net Cash and cash equivalents at end of financial year	6,877	(3,555)	3,322

**30 June 2014**

	<b>As previously reported</b>	<b>Group Adjustment</b>	<b>As restated</b>
	S\$'000	S\$'000	S\$'000
Net cash generated from investing activities	388	-	388
Net Cash and cash equivalents at end of financial period	8,050	(3,452)	4,598

By Order of the Board

Thye Kim Meng  
Managing Director and Chief Executive Officer  
27 November 2014