

DARCO WATER TECHNOLOGIES LIMITED

Company Registration No: 200106732C
(Incorporated in the Republic of Singapore)

Engagement of KPMG Advisory Services Pte Ltd to provide investigative review services ("Special Audit")

Further to the announcement made by Darco Water Technologies Limited (the "Company") to the Singapore Exchange Securities Trading Limited ("SGX-ST") on 28 April 2010 on the engagement of Adept Public Accounting Corporation, a Singapore based firm to look into the past three years of accounting record in its wholly-owned subsidiary, Darco Engineering Taiwan Inc, the Company has been verbally directed by SGX-ST to commence a Special Audit on the matter.

In accordance with SGX-ST's direction, the Company intends to appoint KPMG Forensic, a division of KPMG Advisory Services Pte Ltd, to provide investigative review services to the Company and its subsidiaries (collectively the "Group"). The Special Audit will focus on the affairs of Darco Engineering Taiwan Inc.

The Company will make the requisite announcements as and when there are material developments arising from the Special Audit.

Submitted by Thye Kim Meng, Managing Director and Chief Executive Officer on 20 May 2010 to the SGX.