

DARCO WATER TECHNOLOGIES LIMITED

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

S\$3 MILLION INSURANCE CLAIM SETTLEMENT

The Board of Directors of Darco Water Technologies Limited (the "Company") wishes to announce that the Company and its wholly owned subsidiary, Darco Water Systems Sdn Bhd, have jointly agreed to the settlement of the Legal Suit No. 784 of 2005/R (the "Suit") with ECIL Limited ("ECIL") by accepting an amount of S\$3,000,000.00 paid by ECIL to the Company as full and final settlement of the Suit.

The Company considers this settlement to be in its best interests.

The Settlement is expected to contribute positively to the financial results of the Company and its subsidiaries (the "Group") for the financial year ending 31 December 2008 as S\$3,000,000.00 will be written back to the Group's Net Profit before Tax accordingly.

BY ORDER OF THE BOARD

Thye Kim Meng
Managing Director & Chief Executive Officer

18 March 2008