

**PRESS RELEASE**

# Darco Water Turnover Hits Record S\$50.6million

- ❑ **Turnover up 48% to S\$50.6 million.**
- ❑ **Turnover growth mainly from Engineered Environmental Systems which rose 73% to S\$36 million.**
- ❑ **Darco decides to take on large part of provisions for the year.**

**Singapore, 22 February 2005** – Sesdaq-listed Darco Water Technologies (“Darco”) is pleased to announce that its turnover for the full financial year ended 31 December 2004 had risen 48% to a record S\$50.6 million.

The main contributor to this robust turnover growth was Darco’s Engineered Environmental Systems, whose revenue soared 73% to S\$36 million. Engineered Environmental Systems now accounted for 71.2% of group revenue.

The significant increase in revenue for Engineered Environmental Systems came largely from the Taiwan and Malaysian markets. In particular, revenue from Taiwan doubled to just over S\$20 million, making it Darco’s largest market now. In second position is Malaysia, where revenue rose 46.6% to S\$15.7 million dollars.

Darco’s other major business, Water Management Services, saw revenue rise 10.7% to S\$12.9 million.

<b>Overall Highlights (S\$)</b>	<b>FY04</b>	<b>FY03</b>	<b>% Change</b>
Turnover	S\$50.6	S\$34.1m	Up 48%
Gross profit	S\$14.8	S\$11.2	Up 32%
Profit attributable to shareholders	S\$1.8m	S\$2.3m	Down 23%

Earning per share	1 cent	1.35 cents	Down 26%
NTA per share	17.1 cents	15.7 cents	Up 8.95
Gross Margin	29.3%	32.8%	Down 3.5% points

With higher revenue, gross profit rose 32.2% to S\$14.8 million. But gross profit margin declined slightly by 3.5 percentage points to 29.3%, due mainly to steep increases in steel and oil prices. Fuel constitute a significant portion of project costs, especially in the case of the soil remediation project in Taiwan.

Darco decided to assume bad trade debts provision on trade receivables of S\$1.3 million for the year. This helped drag profit attributable to shareholders down by 23% to S\$1.8 million. Without this provision, profit attributable to shareholders would have risen 31% to S\$3.1 million.

On the company's prospects, Chief Executive Officer Mr K.M. Thye said, "The Group expects the business environment in its major markets to remain challenging for FY2005. In spite of these difficulties, the Group will reap the benefits of geographical diversification and expects its overseas operations in Taiwan, China and Indonesia to contribute to group performance."

Mr Thye added, "With an expected cooling in China's economy this year, the country's steel consumption is expected to slow down, which in turn means that steel prices are unlikely to rise by as much as last year. At the same time, even if oil prices were to rise, with the Taiwan soil remediation project about to be completed, oil prices may not be as significant in its impact on the company's performance this year."

-- The End --

### **About Darco Water Technologies**

Darco Water Technologies is an established environmental engineering group. Its principal activities are:

1. Engineered Water Systems (EW Systems) designs, fabricates, installs and commissions water purification and wastewater treatment systems. The Company adopts a project-type approach to complete each EW System contract. It is involved in, and is responsible for, every stage of the project from the initial stages of process design, engineering, manufacturing, assembly and installation to the commissioning of the water purification and wastewater treatment systems.

2. Water Management Services (WM Services) provides maintenance services for customers' water treatment systems as part of a total package solution. The Company provides service contracts to maintain and test the product water produced from its EW Systems and wastewater generated from customers' manufacturing facility.
3. Trading Sales trades and supplies chemicals, instruments, electrical controls and other apparatus used in water treatment systems.

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Issued for and on behalf of Darco Water Technologies Ltd.

By Financial PR Pte Ltd

For more information please contact:

**CHAN Hwaloon, [hwaloon@financialpr.com.sg](mailto:hwaloon@financialpr.com.sg)**

**Kathy ZHANG, [Kathy@financialpr.com.sg](mailto:Kathy@financialpr.com.sg)**

**Tel: (65) 6438 2990 Fax: (65) 6438 0064**