

## Darco Water Expects FY2008 Revenue to Cross S\$100 Million

- Revenue in FY2007 rose by 27% to S\$88 million largely contributed by Taiwan and Malaysia market
- Net profit in FY2007 dipped due to one-time provision of approximately S\$4.6 million
- Net cash from operating activities improved to S\$6.7 million
- Board recommended first and final dividend of Sing 0.5 cent per share

Singapore, 28 February 2008 – SGX Catalist-listed **Darco Water Technologies** Limited (“**Darco Water**” or the “**Company**” or the “**Group**”) expects revenue for FY2008 to cross S\$100million from record contract wins.

For the financial year ended 31 December 2007 (“FY2007”), Darco saw a respectable revenue growth of 27% to S\$88 million. The Engineering Environmental Systems (“EE systems”) business segment played the largest role in contributing 82% of total revenue on the back of a 30.6% increase. The revenue growth was largely contributed by Taiwan market followed by Malaysia market.

Net profit in FY2007 dropped by 95% to S\$0.12 million owing to a one-time non-recurring provision relating to sub-contracting works arising from Taiwan-based company, Hsin II. The company did however purchase an export credit insurance from ECICS for this project. Barring the bad debts, net profit would otherwise register higher growth from last year.

Financial Highlights	FY2007 (S\$'000)	FY2006 (S\$'000)	% Change
Revenue	87,559	68,905	27
Gross Profit	20,731	17,043	22
Net Profit (incl bad debts)	118	2,377	(95)
Net Profit (excl bad debts)	4,724	2,377	99
Cash flow from Operations	6,698	(4,213)	259

Despite the one-time provision, it had little or no negative impact on the cash flow at all; on the contrary, operating cash flow in FY2007 improved to \$6.7 million, a turnaround from a negative operating cash flow in the previous year due to good working capital management.

In this respect, the Board has recommended a first and final dividend of Sing 0.5 cent per ordinary share.

### Outlook for FY2008

Darco is poised for further revenue growth in FY2008. The company has recently added an environmental engineering project in Taiwan valued at about S\$6.1 million for delivery in FY2008. This brings the collective projects orders to be delivered in FY2008 to S\$107 million.

The Group signed an MOU with Qatar government in September 2007 for the development of water resource centers. The joint business venture (JV) is expected to be incorporated within the next few months and could further improve revenue for FY2008.

Furthermore, given the recent election success by the pro-Mainland China opposition party in Taiwan, business outlook remains promising for the company's largest subsidiaries there to strengthen its presence in the growth market on the back of improved political stability and diplomatic relationships between Taiwan and Mainland China.

Barring any unforeseen circumstances, the Group is staged to report all-round improvement in FY2008.

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### **About Darco Water Technologies Limited**

Listed on SGX Sesdaq in July 2002, Darco is a provider of integrated engineering and knowledge-based water treatment and environmental engineering solutions. It was established in 1999 to design, fabricate, assemble, install, commission and service engineered water systems for industrial use in Singapore and Malaysia. Darco has since expanded its technical capabilities and developed systems and services based on membrane, ion exchange, thermal and vacuum technologies. Within a span of about five years, Darco has formulated over 300 engineered water and environmental systems solutions.

The Group, which has operations in Singapore, Malaysia, the PRC, Taiwan, Philippines and Indonesia, serves companies across diverse industries – electronics, semiconductor, power generation, chemicals, petrochemicals, food and beverage and pharmaceuticals.

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Issued for and on behalf of Darco Water Technologies Ltd.

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