

DARCO WATER TECHNOLOGIES LIMITED

Recent Projects Secured by Subsidiaries of Darco Water Technologies Limited

The Board of Directors of Darco Water Technologies Limited ("Darco" or the "Company") is pleased to announce that Darco Engineering Pte Limited, a wholly owned Singapore based subsidiary of the Company, has been awarded a S\$4.40 million contract by Showa Kankyo Systems (S) Pte Ltd. for the design, engineering, construction, installation, testing and commission of a 22.2 m³ / hr UNOX waste water treatment system

The above contract involves the design, engineering, construction and commissioning of an UNOX waste water treatment system for Showa Denko HD Singapore Pte Ltd's new 4th hard disk plant in Singapore. It is the first time that a UNOX waste water treatment system is being installed and commissioned in Singapore and the contract represents a direct consequence of the strategic technical and marketing alliance between Showa Engineering Co., and the Company

In addition, the Group, through its subsidiaries, has secured 12 other new environmental related contracts from Malaysia, Taiwan and China amounting to approximately S\$8.45 millions in aggregate. These new environmental contracts were secured by the Group in FY2006 and are for the design, fabrication, delivery and commissioning of pure water and waste water treatment plants well as for solids and air management.

These new contracts were secured mainly from the following companies: Nomura Micro Science Co., Ltd, Lewe Engineering Pte Ltd, Li-Peng Enterprise Co., Ltd, Top Green Technologies Inc., Taipei City Environmental Protection Bureau – Mucha Garbage Incineration Plant, Huaton Holdings Limited, MEMC Electronics Materials Sdn Bhd, Idaman Pharma Manufacturing Sdn Bhd and Possehl Electronics (M) Sdn Bhd.

Financial Effect

The above contracts are expected to have a positive material impact on the revenue of the Group for the year ending 31st December 2007.

The Directors are of the view that disclosure of the gross margin of individual projects are sensitive market information and therefore it would not be in the Company's interest to disclose the financial impact of individual projects.

Director's and Substantial Shareholder's Interest

None of Darco's Directors or its substantial shareholders has any interest, direct or indirect, in the contracts.

The UNOX System

The UNOX system is developed by Showa Engineering Co., a member of the established Showa Denko Group, and uses a proprietary technology for activated sludge treatment using high purity (90% concentration) oxygen as an aeration gas for the activated sludge treatment process. The conventional activated sludge process has its own limits because the supply of oxygen necessary for metabolism of biomass is dependent upon air aeration.

The UNOX system has been successfully deployed in a variety of industrial sectors including petrochemicals, paper and pulp, foodstuffs processing, etc. Its remarkable advantages include reduced land requirement, cost effectiveness and prevention of secondary pollution that may be caused by objectionable mist and odour in and around a treatment plant.

Darco Water Technologies Limited

Listed on SGX Sesdaq in July 2002, Darco is a provider of integrated engineering and knowledge-based water treatment solutions. Established in 1999 to design, fabricate, assemble, install, commission and service engineered water systems for industrial use in Singapore and Malaysia, Darco has developed systems and services based on both membrane and ion exchange technologies.

The Group, which has operations in Singapore, Malaysia, the PRC, Taiwan, Philippines and Indonesia, serves companies across diverse industries – electronics, semiconductor, textile, food and beverage, printed circuit board and pharmaceuticals as well as undertakes municipal potable water and wastewater treatment projects.

**BY ORDER OF THE BOARD
DARCO WATER TECHNOLOGIES LIMITED**

[Submitted by](#) Yap Keck Meng, Financial Controller