



## NEWS RELEASE

*TSX Disclosure Pack - For Release January 16, 2004 ~after close of markets ~*

### SEPROTECH REPORTS YEAR-END FINANCIAL RESULTS

Seprotech is pleased to announce the results for the first year ended since the acquisition of the CMS group.

#### Financial Results:

Revenues were \$3.6m, an increase of 342% for the fiscal year that ended August 31, 2003. Higher revenues were achieved in all three business segments: wastewater systems sales of \$1.7m, membrane equipment generated \$1.6m and Parts & Service revenues increased to \$248k.

Gross Margins were 22%, compared to 29% in the previous year, due to product mix and non-recurring project integration costs of the two companies. Gross margins are anticipated to improve as a result of the product standardization currently being implemented.

Operating expenses increased by \$400k (41%) to \$1,355k. The increase is attributable to the development of the sales & marketing team which should yield a long term benefit. The net loss for the year was \$550k, a 30% improvement (\$168k) over the previous year's results. Non-recurring costs associated with the CMS acquisition as well as charges associated with defending company interests in a major Government contract contributed significantly to the loss.

Performance has dramatically improved on a quarter over quarter basis:

Quarterly results for the year ended August 31, 2003

\$000's

	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Revenue	196	608	1,059	1,736
Gross Margin	32	174	228	355
Net Income	(291)	(215)	(87)	43

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### SEPROTECH SYSTEMS INCORPORATED

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## FINANCIAL HIGHLIGHTS

	<b>2003</b> <u>\$ 000</u>	<b>2002</b> <u>\$ 000</u>
Revenue	3,599	814
Net Income (Loss)	(550)	(718)
Earnings (Loss) per share	(0.02)	(0.11)

The Company's balance sheet at August 31, 2003 indicates total assets of \$3,131,063 and shareholders equity of \$(1,131,072).

The weighted average number of shares outstanding is 28,605,938.

**For Further Information, please contact:**

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**The TSX Venture Exchange has neither approved nor disapproved of the information contained herein.**

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