



SEPROTECH ANNOUNCES FIRST QUARTER RESULTS: 60% INCREASE IN REVENUE OVER SAME PERIOD LAST YEAR

NEWS RELEASE

Canadian Timely Disclosure Pack – For Release 29 January 2008 – after market close

Seprotech Systems Incorporated (SET-X; “Seprotech” or the “Company”) announces the following unaudited results for the first quarter of fiscal year 2008:

	Three Months Ended	
	November 30	
	2007	2006
	(unaudited)	(unaudited)
	<u>\$ 000</u>	<u>\$ 000</u>
Revenue	1,654	1,037
Net Income (Loss)	(154)	(175)
Earnings (Loss) per share	(0.00)	(0.00)

“It has been a very active first quarter for Seprotech and we continued to show revenue growth through Q1, together with strategic developments” said Martin Hauschild, President and CEO of Seprotech. “To leverage the launch of CrystalBlue™ water recycling technology, Management completed a number of strategic agreements in the quarter for licensing, distribution, manufacturing and equipment supply to reduce manufacturing costs, address exchange rate changes, increase competitiveness and expand into new markets.”

CrystalBlue™ is a proprietary technology developed by Seprotech that combines biotechnology and membrane systems in a manner that efficiently converts wastewater to drinking water quality. The recycled and reused water can be used in applications such as groundwater recharge, irrigation, and industrial uses. A key innovation by Seprotech is that the operational cost of CrystalBlue™ is up to 60% lower than that of any other commercially available system including Membrane Bioreactors (MBR’s). CrystalBlue™ water recycling technology was launched at WEFTEC® in San Diego during Q1. WEFTEC®, the Water Environment Federation’s Annual Technical Exhibition and Conference, is the largest annual water quality exhibition in the world and is attended by leading water quality professionals from around the globe. In the fall of 2007, the Company entered into an Original Equipment Manufacturer (OEM) agreement with the Japanese multi-national Toray for the incorporation of membranes into CrystalBlue™.

SEPROTECH SYSTEMS INCORPORATED

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“The licensing and manufacturing agreement announced with Valsi Corporation of Mexico has proven timely given the severe construction downturn in the United States. Latin America and Mexico in particular continue to experience a housing construction boom, which provides Seprotech geographic sales diversification to buffer against the potential for continued weakness in the US,” said Mr. Hauschild. “Through Valsi, we have opened sales channels for CrystalBlue™ that would have otherwise taken years to develop and we are very encouraged by the recent success of Valsi’s first sale to a major tourist developer.” Added Hauschild, “Seprotech continues to seek new strategic partners to expand geographic sales, particularly into developing countries where water scarcity restricts growth and poor quality presents an immediate environmental hazard.”

“Cast against the framework of a very challenging United States market, currency appreciation and other macroeconomic factors, Seprotech has had a reasonable start to fiscal 2008. We look forward to continued long-term growth as CrystalBlue™ is introduced into the market place and strategic agreements are leveraged,” said Justin Connidis, Chairman of Seprotech. “With the integration of the recently acquired operations of P J Hannah Equipment Corp., we believe that Seprotech will play an important role in managing and protecting water resources. However, there are cyclical trends in the marketplace and the timing of major purchases by customers is difficult to predict.”

Seprotech is a provider of pre-engineered water and wastewater treatment plants to the land development, resource sector and military market place, including CrystalBlue™ membrane-based water recycling systems and the ROTORDISK® wastewater treatment systems.

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