



SEPROTECH SYSTEMS INCORPORATED

NEWS RELEASE

Canadian Timely Disclosure Pack – For Release 26 January 2007 – after market close

SEPROTECH ANNOUNCES FIRST QUARTER RESULTS:

Seprotech Systems Incorporated (SET-X; “Seprotech”) announces the following unaudited results for the first quarter 2007.

	Three Months Ended	
	November 30	
	2006	2005
	(unaudited)	(unaudited)
	<u>\$ 000</u>	<u>\$ 000</u>
Revenue	1,037	701
Net Income (Loss)	(175)	(314)
Earnings (Loss) per share	(0.00)	(0.01)

The performance in the first quarter represents accelerating revenues over the previous quarters and management expects this to continue through subsequent quarters as contracts are completed and revenues are realized. Current backlog is in excess of 5.0M and the company is well positioned for a strong fiscal year ending 31 August 2007.

“We are satisfied with our financial progress in the current quarter and are planning to make continuing improvements to our financial results in the quarters ahead” says Martin Hauschild, President and CEO of Seprotech. “Operationally, a great deal of our focus in the second and third quarters will be on the full-scale integration of membranes into our wastewater treatment technology. This is in-line with our long term goal of being able to cost effectively recycle wastewater to potable water standards.”

Although the Company’s order book is currently strong, management is concerned about the United States development sector and is adjusting its focus towards exports to other countries. The United States housing sector has been weak and infrastructure investment has fallen off substantially. Sales and marketing staff are aggressively pursuing opportunities and markets where the demand for Seprotech products and services is stronger. Management recognized this trend and adjusted its focus accordingly.

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

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