ASX Release Date: 4 June 2004

WATERCO EXPECTS $5 MILLION + PROFIT

Waterco's performance in Europe this season has been encouraging, judging from the latest orders received . Most of these orders were received in the last 3 months, indicating that the market has considered Waterco's presence in the European market, through the ownership of our fully-controlled entity, Lacron (UK) Limited, a very positive step.

The Chemicals Division remains under pressure on prices and Waterco USA has not performed in the second half as expected. However, the improvement in Waterco's sales to pool builders and the strong growth in the Swimart group will underpin Waterco's performance for the financial year ending 30 June 2004.

While sales expectation may be below original target of $80 million, an improvement in margins will lead Waterco towards achieving our objective of a 20% growth in Earnings per Share (EPS), with profit after tax expected in the range of $5.0 to $5.5 million.

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