

1 November 2004

ASX ANNOUNCEMENT

Share Placement raises \$5.488 million

Waterco Limited ("**Waterco**" or the "**Company**") has today announced the placement of 1.715 million shares at \$3.20 per share to institutional and sophisticated clients of Taylor Collison Limited and Tolhurst Noall Limited, raising \$5.488 million before costs of the offer.

The capital raised will be used to fund the new 11,000 square metre factory and office facilities under construction in Guangzhou, China and, similarly, a new 18,000 square metre manufacturing facility in Malaysia. Waterco is increasing manufacturing capacity in order to cater for increased global demand for its products.

The Company's expectation for the 2004/05 year is unchanged from comments recorded in the Annual Report released to the ASX on 27 September 2004 and the Preliminary Final report released on 26 August 2004. The Company made a good start in the first-quarter, recording an increase in sales over the corresponding period last year. However, Directors are cautiously optimistic, as this is too small a base on which to project the full year's sales, which peak late in the second quarter.

In accordance with Section 708(5)(e) of the Corporations Act (the "**Act**"), the Company gives notice that:

1. The shares have been placed with investors pursuant to Section 708 of the Corporations Act;
2. The shares were placed without disclosure to investors under Part 6D of the Act;
3. As at the date of this notice, the Company has complied with Section 674 of the Act and the provisions of Chapter 2M of the Act as they apply; and
4. As at the date of this notice, there is no information to be disclosed which is excluded information, as defined in Section 708, that would be reasonable for investors to find in a disclosure document.

About Waterco

Headquartered in Sydney, Waterco is a leading developer, manufacturer and marketer of domestic and commercial water treatment and filtration products. The company exports to more than 40 countries, and employs 479 staff at locations in Australia, China, Malaysia, New Zealand, the United Kingdom and the United States.

For further information, please contact:

Mr Soon Sinn Goh
Managing Director
Waterco Limited
02 9898 8600