



News Release

FISCAL 2004 RESULTS ANNOUNCED

January 21, 2005

Burnaby, BC, Canada -

International Water-Guard Industries Inc. (IWG) reports sales for the fiscal year ended September 30, 2004 of \$3,641,463 compared to prior year sales of \$3,050,097. The operating loss, which is before write-downs, was \$100,523 in fiscal 2004 compared to \$566,134 in the prior year. The fiscal 2004 net loss was \$3,934,835 (\$0.42 per share) after write-downs, compared to a loss of \$727,974 (\$0.05 per share) in the prior year. The loss per share is on both a basic and fully diluted basis.

Sales of aviation products (representing 86% of total fiscal 2004 sales) increased by 30% over fiscal 2003, primarily due to the delivery of aircraft circulating potable water systems for Airbus A310 aircraft and installation and certification on a Boeing Business Jet.

The current year loss includes a \$3,786,834 write-down of deferred development costs and a \$47,468 write-down of leasehold improvements. Despite the successful delivery of several systems in fiscal 2004, during the fourth quarter management reviewed development costs incurred to date and determined that acting prudently, previously capitalized costs should be written off as they no longer meet the criteria for deferral under Canadian generally accepted accounting principles. While the market for these systems represent a significant opportunity for the Company, sales volume has taken longer to grow than anticipated.

The Company expended \$1,076,642 in model-specific aircraft circulating potable water system design and certification costs during fiscal 2004. Financing for this investment was provided by available working capital, a private placement financing of common shares and the issuance of common shares on exercise of warrants.

International Water-Guard Industries Inc. is a Canadian aerospace company focusing on aircraft potable water treatment and full water system solutions. IWG has expertise in all aspects of water treatment, and has the products and know-how to provide high quality water for passengers and crew, while saving weight and space for the aircraft operator.

On behalf of the Board of Directors
International Water-Guard Industries Inc.

"D.C. Fox"
President & CEO

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

TSX VENTURE EXCHANGE: IWG

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