

31 August, 2008
Watermark Global Plc
("Watermark" or "the Company")

Interim Results for the Six Months Ended 30 June 2008

Watermark, a provider of water treatment infrastructure and technology project management, announces its interim results for the period ended 30 June 2008.

Highlights:

- Successful completion of the construction and commissioning of two Water Pilot Plants in South Africa, within budget and projected time scales.
- Western Utilities Corporation earned its first revenue through the management of water facilities on behalf of its mining partners.
- The Appointment of Adam Gunn as non-executive director.
- The Appointment of Bertie Steytler as Chief Operating Officer for Western Utilities Corporation.
- Completion of the collaboration agreement with Applied Thermal Coatings, Inc ("ATC") in relation to MicroFuze America Inc. operations and to enable full focus on water business.

Results Summary:

The loss from ordinary activities for the six month period ended 30 June 2008 was £1,622,000, a loss of 0.7p per share. This loss is inclusive of project development costs with respect to its water project in South Africa. The net cash position of the company at 30 June 2008 was approximately £1, 264,000.

The Company is pleased with the achievement of all key milestones during the first 6 months of this year, particularly the commissioning and obtaining of highly encouraging results from the 2 pilot plants, negotiations to extend water resources beyond the Western Basin and the establishment of the Company's credentials in the management of the water treatment facilities for other companies.

Enquiries

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CHAIRMAN'S STATEMENT

BACKGROUND ON OPERATIONS

During the first three months of 2008, construction of the water treatment pilot plants was completed on time and within budget, and operations were commissioned during March and April 2008. The plants have now been operating for the required three months and the results have confirmed our expectations for producing "industrial" quality water. This is a very pleasing outcome. Work on the finalisation of our pre-feasibility study has commenced and will be completed in the 3rd Quarter of 2008, as planned. [I would add a summary quote of this good news above to the highlights]

In addition, the Company is now managing the water treatment facilities of Mogale Gold Mining (Pty) Ltd, a wholly owned subsidiary of Mintails SA (Pty) Ltd, a member of the Western Basin Environmental Corporation (WBEC, a Section 21 Company), on a day to day basis. It has resulted in the Company starting to generate a cash flow from operations. It has also meant the establishment of a highly effective team with the aim of managing our own water treatment facilities. The Company aims to expand its capacity in the area of outsourced project management, with additional water treatment facilities as part of the WBEC arrangements.

SPECIFIC OPERATIONS – WESTERN UTILITIES CORPORATION (SOUTH AFRICA) (WUC)

The finalisation of the deal with Applied Thermal Coatings Inc (ATC), in relation to the MicroFuze Americas business, has allowed the Company to focus its attention exclusively on achieving the goals and objectives of the water treatment project in South Africa. The project is currently on schedule, within budget, and the milestones, as set out in the original plan, have been and are being achieved.

Western Utilities Corporation (WUC) was formed as a result of a South African Government directive to three of the major mining houses in South Africa, requiring them to recover, recycle and treat to acceptable quality, the contaminated acidic mine water (AMD). To date, the untreated water has flooded the underground voids left by centuries of mining activity, forming acidic water which, if left untreated, will enter into the aquifers thus threatening fresh water supplies and critical historic formations (including a World Heritage Site, the Cradle of Humankind).

WUC has agreements with the mining companies, for whom the contaminated water has long been considered a liability, to treat this water and then supply it to industrial users, or other mining houses. This will provide a scarce and valuable commodity in a country where demand generally exceeds supply on an ongoing and long term basis. The agreements will establish a long term sustainable solution to a serious and ongoing environmental legacy problem.

Watermark has been providing funding, strategic and management support to WUC in relation to the establishment of the pilot plants to enable the Company to refine the application of two licensed technologies being trialled to treat the water. Once all the results have been finalised, a technology chosen and the bankable feasibility study completed, the establishment of a 75 mega litre per day commercial plant and execution of long term supply contracts for industrial grade water to industrial users will be accelerated. Commencing this next step is now imminent. The technology will also be able to further treat the AMD to potable water standards, should that be a requirement.

The project follows a phased approach which can be described as follows:

<u>Phase 1 – Pre-Feasibility Study</u>	<u>Started</u>	<u>Est. Completion Date</u>
• Construction and operation of two pilots plants, with the purpose of evaluating the two competing technologies;	January 2008	July 2008
• Engineering design with a deviation of 30% on capital and operating cost estimates for a full scale commercial plant;	May 2008	August 2008
• Planning for Feasibility Study	May 2008	August 2008
• Final Technology selection;	August 2008	September 2008
• Initial commercial plant site selection;	March 2008	September 2008
• Initial pipeline routes for off-take;	March 2008	October 2008

Importantly, the following significant milestones were met during the period under review:

- The construction and commissioning of both the pilot plants was completed within time and budget.
- These plants have now operated for three months and the results achieved have been excellent. This has provided us with the necessary technical and economic information on water quality produced, by-product generation and recovery, as well as estimated capital and operational costs that will enable the design and construction of a full commercial plant, based on the best available economic indicators.

The following milestones still need to be achieved:

- Additional work is currently underway to improve recovery of the by-product generated. This work will be completed during September 2008, for final design purposes, but will continue to be improved upon.
- Initial sites for the commercial plant have been identified, as well as potential pipeline routes.
- The work on finalising selection of the most appropriate technology has commenced and will be completed, as planned, in the 3rd Quarter of 2008.
- The 30% design and cost estimate for both the commercial plant and the pipe line will also be completed in the 3rd Quarter of 2008, as planned.

<u>Phase 2 – Feasibility Study</u>	<u>Start Date</u>	<u>Est. Completion Date</u>
• Price determination and finalisation of initial off-take agreements	March 2008	December 2008
• Detailed engineering design with a deviation of 10% on capital and operating cost estimates for a full scale commercial plant	October 2008	March 2009
• Environment assessment for site and pipeline routes	October 2008	March 2009
• Completion of a definitive feasibility study for financing		March 2009

<u>Phase 3 – Construction of a full scale plant</u>	<u>Start Date</u>	<u>Est. Completion Date</u>
• Finalisation of detailed design and contracting arrangements	February 2009	June 2009
• Material procurement and construction of full scale plant	June 2009	October 2010

<u>Phase 4 – Commissioning of a full scale facility and commercialisation</u>	<u>Start Date</u>	<u>Est. Completion Date</u>
• Cold commissioning of full scale plant	October 2010	November 2010
• Final commissioning of the full scale plant and production of first water	November 2010	December 2010

BOARD CHANGES

The Board has been aware of the need to appoint additional appropriately qualified and experienced non-executive directors to the Board, and was pleased to announce the recent appointment of Adam Gunn to serve as a non-executive director. Adam brings to the Company considerable legal and commercial skills, particularly in the area of environmental issues.

The Company has also identified the need for additional management at its operational subsidiary, Western Utilities Corporation, and has appointed Mr Bertie Steytler, a qualified and experienced Process Engineer, as Chief Operating Officer of WUC. Mr Steytler is responsible for the commercialisation of the water treatment facilities, as well as management of the water treatment facilities for WBEC.

OUTLOOK

The Board views the period through to March 2009 as critical in the development of the South African Water Project. A number of key issues need to be finalised during this period. These include:

- the selection of the most appropriate water treatment technology;
- negotiating commercial off-take agreements for the water being produced, as well as pricing;
- ensuring legal and environmental compliance;
- compilation of a definitive Feasibility Study for the construction of a 75 mega litre water treatment plant, as well as the collection infrastructure and distribution infrastructure to third party users.

The finalisation of the 30% design and cost estimates (by end August 2008) from the pilot phase will see the selection of the most appropriate technology leading into the 10% design and cost estimate for the full-scale commercial treatment facilities. The initial 30% estimate will be used in finalising the scope for the Environmental Impact Assessment (EIA) which we plan to have completed by March 2009. The 10% estimate, together with the EIA and off-take agreements, will form the basis for the definitive Feasibility Study. We expect that the 10% estimate study will be completed by March 2009.

The Company is also seeking to expand its water treatment facilities management contracts to include other members of the Section 21 Company. These contracts will not only provide positive cash flow, but are a critical step in the building of our own in-house capacity with the aim of managing our own facilities.

Furthermore, the Company is continuing to strengthen its relationships with key government departments, a range of multinational mining houses and public interest groups, with a view to establishing Watermark as a key player in addressing Acid Mine Drainage and other water management opportunities, both in and beyond South Africa.

Management has been approached for their technology and management processes, in countries including Argentina, Brazil, Chile and China. A formal proposal has been submitted to the Bolivian Government to develop the initial scope for a similar water treatment programme currently being implemented through WUC in South Africa. It should be noted however that these are considered longer term opportunities while the primary focus is on establishing a long-term sustainable and profitable business model in South Africa.

I would like to thank all our Shareholders and other stakeholders for their continuing support and interest in the Company's activities.

Peter Marks

Chairman

August 2008

Condensed Consolidated Income Statement for the period ending 30 June 2008

	Note	Six Months ended	
		30/06/08	30/06/07
		£ '000	£ '000
Turnover		69	-
Cost of Sales		(44)	-
Gross Profit		25	-
Administrative expenses		(548)	(591)
Share based payments	6	(875)	(310)
Loss on disposal of subsidiary	7	(277)	-
Operating loss		(1, 675)	(901)
Interest receivable		53	18
Loss before taxation		(1, 622)	(883)
Taxation	3	-	-
Loss after taxation		(1, 622)	(883)
Minority interests		-	12
Loss for the period		(1, 622)	(871)
Basic Loss per share	4	0.72p	0.58p
Diluted Loss per share		0.72p	0.58p

Condensed consolidated balance sheet for the period at 30 June 2008

	Note	30/06/08 £ '000	31/12/07 £ '000
Non-current assets			
Fixed assets	5	367	401
Deferred Tax		20	24
		<u>387</u>	<u>425</u>
Current assets			
Receivables - amounts falling due within one year		156	86
Cash and cash equivalents		1,264	2,106
		<u>1,420</u>	<u>2,192</u>
Total Assets		<u>1,807</u>	<u>2,617</u>
Equity and Liabilities			
<i>Capital and Reserves</i>			
Called up share capital		502	337
Share premium account		7,179	6,671
Reserves	8	1,203	1,139
Profit and loss account		(7,205)	(5,583)
Total Equity		<u>1,679</u>	<u>2,564</u>
Minority Interest		-	(148)
Equity attributable to Equity Holders of the Parent Company		<u>1,679</u>	<u>2,416</u>
<i>Current Liabilities</i>			
Trade and other Payables		70	201
Provisions		58	-
		<u>128</u>	<u>201</u>
Total Equity and Liabilities		<u>1,807</u>	<u>2,617</u>

Condensed consolidated statement of recognized income and expense for the period ended 30 June 2008

	Six Months ended	
	30/06/08	30/06/07
	£ '000	£ '000
Loss for the period	(1,622)	(871)
Loss for the period	(1,622)	(871)
Exchange adjustments	(138)	(80)
Total recognized income and expenses in the period	(1,760)	(951)

Condensed consolidated statement of changes in equity for the period ended 30 June 2008

	Six Months ended	
	30/06/08	30/06/07
	£ '000	£ '000
Recognized income and expenses relating to the period	(1,760)	(951)
Shares issued during the period	673	112
Shares options issued	202	198
Net increase in shareholders' funds	(827)	(641)
At beginning of period as previously stated	2,564	2,665
Prior year adjustment (see below)	-	88
At end of period	1,679	2,112

Prior year adjustment

Following the adoption of International Financial Reporting Standards (IFRS) a prior year adjustment in respect of the reversal of amortization of goodwill charged in previous periods has resulted in the restatement of the comparative figures.

**Condensed Consolidated Cash Flow Statement for the period ended
 30 June 2008**

	Note	Six Months ended	
		30/06/08 £ '000	30/06/07 £ '000
Net cash outflow from operating activities	9	(780)	(545)
Interest received		53	18
Purchases of fixed assets		(115)	-
Net cash used in investing activities		(62)	(527)
Net decrease in cash and cash equivalents		(842)	(527)
Cash and cash equivalents at 1 January		2,106	1,069
Cash and cash equivalents at 30 June		<u>1,264</u>	<u>542</u>

Historical cost profits and losses

There was no difference between the reported loss before taxation and the historical cost loss before taxation for the period.

Notes to the condensed consolidated financial statement for the period ended 30 June 2008

1. Basis of accounting

The condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standards (IAS) 34 *Interim Financial Reporting*.

2. Significant accounting policies

The condensed interim financial statements have been prepared under the historical cost convention. The same accounting policies, presentation and method of computation are followed in these condensed financial statements as were applied in the preparation of the Group's Annual financial statements for the year ended 31 December 2007.

3. Income tax

No provision has been made for income tax for the interim period.

4. Loss per share

The calculation of the basic loss per share is based on the following data:

	<u>Six Months ended</u>	
	<u>30/06/08</u>	<u>30/06/07</u>
	£ '000	£ '000
Loss		
Loss for the purpose of basic loss per share for the period attributable to equity holders of the parent	<u>(1,622)</u>	<u>(871)</u>
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>225,414,110</u>	<u>149,369,508</u>

The calculation of diluted loss per share would be based on the weighted average number of shares outstanding adjusted by the dilutive share options. The weighted number of shares outstanding is 248,093,160 (2007: 162,194,546). On the assumptions that the share options, which would give rise to the dilution, may not be exercised due to current losses, the diluted loss per share has been stated at the same figure as the basic loss per share

5. Property Plant and Equipment

During the period the Group spent approximately £ 113 000 on the completion of the construction of the Pilots Plants for its water project in South Africa. The total construction cost included in fixed assets for the pilot plants amounts to £ 345 000. The pilot plants went into operation during the period under review.

6. Share options and share based transactions

The following share options over 0.15p ordinary shares were granted under an Unapproved Share Option scheme during the period.

	Date Granted	Number of share options granted	Exercise price	Period during which exercisable	Market price per share at date of grant
Dirk Kotze	30.06.08	2,000,000	10p	30/6/08 - 29/6/13	5.38p
Rockbury Services Inc.	30.04.08	3,330,000	7.5p	30/4/08 - 29/4/13	7.25p
		5,330,000			

The fair value of the options granted in the period was £202,167. The assessed fair value at the grant date is determined using the Black Scholes model that takes into account the exercise price, the term of the option, the share price at date of grant, the expected price volatility of the underlying share, dividend yield and the risk free interest rate for the term of the option.

The following table lists the inputs to the model used for the period ended 30th June 2008:

	Dirk Kotze	Rockbury Services
Dividend yield %	-	-
Expected volatility %	71%	71%
Risk free interest rate %	5.0%	5.0%
Share price at date of grant	5.38P	7.25P

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may, not necessarily be the actual outcome. The exercise period is 5 years from the date of grant.

Directors' transactions

The company issued 11,000,000 ordinary shares at 6.12p per share in settlement of £673,200 in respect of its Directors past services. The shares were issued as follows;

	No of shares	£
Doug Parrish	4,000,000	244,800
Jaco Schoeman	5,000,000	306,000
Dirk Kotze	2,000,000	122,400
	11,000,000	673,200

7. Loss on disposal of Subsidiary

On 14 January 2008, the Group effectively disposed of its 85% investment in Micorfuze America, following its deal with ATC, for no consideration. As per IAS 28, the group effectively lost significant influence over the operation of the company as:

- It has no Board representation
- It does not participate in the policy making of the company
- There are no more material transactions between the parties
- No managerial personnel are shared between the parties, and
- No essential technical information is provided

The loss for the period included in the condensed consolidated group financial statements was **£ 7,000**

The net assets of Microfuze America Inc. at the date of disposal were as follows:

	£ '000
Net Assets disposed of	128
Minority Share	149
	<hr/> 277
Loss on disposal of Investment	(277)
Total Consideration received	<hr/> 0 <hr/>

8. Reserves

	Six Months ended	
	30/06/08	30/06/07
	£ '000	£ '000
Share option reserve	1,284	1,082
Foreign currency translation	(81)	57
	<hr/> 1,203 <hr/>	<hr/> 1,139 <hr/>

9. Notes to the condensed consolidated cash flow statement for the period ended 30 June 2008

	Six Months ended	
	30/06/08	30/06/07
	£ '000	£ '000
Net cash outflow from operating activities		
Operating loss	(1,675)	(901)
Loss on disposal of Investment	277	-
Depreciation charges	15	10
Increase in debtors	(70)	(14)
Increase in creditors	(64)	130
Foreign exchange	(138)	(80)
Share based payments	875	310
	(780)	(545)