



Cover Story



Island Sky is Strategically Positioned with an Innovative, Patented Product that Provides a Genuine Ecologically Friendly Solution to the Growing Water Problems

Island Sky Limited is in a prime position to provide a genuine ecologically friendly solution to the problems that are arising as water becomes an increasingly valuable and scarce commodity by utilizing its innovative, patented "air to water" making machines.

Strengthening this position, the Company has signed a USD \$5 million exclusive licensing agreement with Salton Inc for the Indian Market.

Mr. Richard Groden, Island Sky's Managing Director told the Australian Investor, "This represents a significant milestone for Island Sky that enhances our current position and progresses the Company towards its goal of providing low-cost, high-quality drinking water equipment throughout the world."

Island Sky designs and manufactures Atmospheric Water Generators utilizing its patented 'abiabatic' distillation technology. These "air to water" making machines draw water vapour from the air and convert it to drinkable water replicating the natural process of water vapour condensation.

"Abiabatic means without changing the temperature. In regular distillation they use heat to turn the water into steam or vapour then they condense this vapour into water.

Mr. Groden explained to the Australian Investor, "Our machine condenses the available water vapour that is already in the air to give you a very pure drinking water without having to undergo the heating process."

The exclusive licensing and distribution agreement with the American corporation, Salton Inc, will see Island Sky's unique machines distributed in India.

Mr. Groden commented, "This development is important for two reasons: One, it supplies capital to the Company. Secondly, it provides us with a strategic partner that has an extensive amount of experience in manufacturing and marketing household appliances."

Salton Inc, a Delaware Corporation, is internationally renowned for its successful marketing of products such as "Black & Decker" and the "George Foreman Grill."

"Salton and Island Sky are a synergistic fit, as they both realize the importance of water on a global basis," Mr. Groden informed the Australian Investor, "We believe having Salton as a partner will give Island Sky a major leap forward towards sustained growth and rapid global market penetration."

Under the terms of the 10 year, renewable agreement, Island Sky will receive ongoing royalties equal to five per cent of all gross sales made by Salton, which is entitled (at its sole expense) to manufacture, market, distribute and sell Island Sky Products in India.

These products include the Skywater 14, a home and office unit that averages about 18 to 20 litres a day in an average office condition; and the Skywater 300 that can make up to 1100 litres of water 850 litres in an average conditions, which is expected to be ready for mass production by the first quarter of 2009.

Going forward Island Sky's main focus will be bringing these products to the market on a global basis including Australia, Europe, Africa and North America.

According to Mr. Groden, the awareness of the increasing need for water and the effects of climate change are beginning to spread world wide. As such, the value of Island Sky and its innovative products is anticipated to increase as this awareness becomes more acute.

He concluded, "The need for water is expected to continue to grow worldwide in a variety of avenues, which gives us the opportunity to leverage off our innovative product and position in this market to diversify into the hospitality industry, marine industry, accommodation facilities, small villages, light industrial and municipal. We intend to make the most of these opportunities to maximise the potential value for our shareholders."

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