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MODERN WATER

Code:	MWG
Share price:	91.5p
Market Cap:	53.9m
12 month high/low:	123p/182.5p

Modern Water was set up at the end of 2006 in order to develop and exploit technologies that can help to make more fresh water available and treat and dispose of waste water. The initial focus is on desalination and the substitution of fresh water by waste or seawater.

The company says that it has already garnered interest in its technology from the Gulf, Australasia and the Mediterranean region. A test plant for manipulated osmosis desalination, which should be up and running by mid 2008, will be sited in Gibraltar, next to an existing desalination plant.

Last year Modern Water was spun out of fully listed IP Group, which retains a 23% stake. The company raised £30 million at 119p a share when it joined AIM on 12 June 2007.

Modern Water has four main investments.

Surrey Aquatechnology, which is 100% owned, is developing the osmotic treatment of water, a technology that could reduce the cost of desalination plants. Modern Water paid £535,000 for 30% of Surrey Aqua, and then 10.8 million shares for the rest of the company.

Poseidon Water is a 51% owned subsidiary that is designing a sewage treatment process to treat seawater, an application for which other processes have been less efficient. The 51% stake was acquired for £425,000. Modern Water owns 37% of **Cymtox**, whose technology, which uses the science of bioluminescence, monitors water toxicity and highlights any changes. The stake cost a total of £167,000.

Modern Water is investing \$500,000 (£250,000) in **Stonybrook Water Purification (SWP)** over three funding rounds. SWP has developed a membrane that can filter water faster than its competitors.

More recently Modern Water has signed an alliance with research-based consultancy WRc, which has 200 employees. By this means the company gains access to its partner's water, waste water and environmental intellectual property. Modern Water still has £29 million in the bank, providing plenty of cash to finance further development of existing IP and to buy into other technologies.

