

Modern Water aims to clean up by osmosis

Small Talk

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BY
ALISTAIR
DAWBER

As the world faces the incontrovertible truth of climate change, so politicians search for ways of protecting sources of water. In the UK, people could be forgiven for wondering why this is such a big issue in a country which is, after all, surrounded by the stuff. The problem, of course, is that sea water is as useful as a chocolate teapot unless the salt is extracted first. Indeed, President Kennedy was once quoted as saying: "If we could ever competitively, at a cheap rate, get fresh water from salt water, this would be in the long-range interests of humanity and would dwarf any other scientific accomplishment."

So, step up Modern Water. The company has commercialised what it calls "manipulated osmosis technology", a useful bit of science developed by the University of Surrey, which, they say, will make the desalination process cheaper, more efficient and more environmentally palatable. Manipulated osmosis technology, for those who have forgotten their high school plant biology lessons, works by sucking salt water through a membrane at low pressure, cutting the costs of the process compared with more traditional methods, which involve very high pressured treatment.

Commercially, Modern Water thinks it is on to a winner. When the group came to AIM last year, it said it would take two years to get its first project off the

ground. In fact, its first venture, in Gibraltar, will start producing soon; it is also close to signing a deal in the Middle East.

Some of the statistics on global water usage are startling. Since 1950, the world's population has increased by 200 per cent, but water consumption is up 600 per cent, meaning that a massive 1.1 billion people do not have access to safe drinking water. Modern Water says global spending on securing water sources in the next 10 years will reach \$57bn (£28.5bn) and while the group is not yet producing revenues, it is certainly hoping to get its hands on a slice of that particular pie.

Irvine Energy

Kansas' record in oil and gas production is celebrated in the Kansas Oil Museum in the city of El Dorado, which lies on the Walnut River in Butler county.

If that sounds a bit quaint, it is probably because oil has been pumped out of the ground in the state for very nearly a century and has proved to be a profitable location for many companies.

One of the latest such groups is the AIM-listed Irvine Energy, which was first floated in December 2005. While the group is in the advantageous position of being in production on its sites in Kansas and Oklahoma, its shares have nonetheless performed abysmally, closing at just over 2p on Friday, and trading at a year high of just 4.35p.

Aaron Close, the group's managing director, says that debt financing is better than equity for an oil group already in production, both to avoid diluting the stock for existing shareholders, and to leverage the group up and run it more efficiently. While no doubt true, with the stock trading at such a low level, the shares would have to have been diluted pretty severely to match the \$50m revolving mezzanine debt facility signed with specialist exploration financiers Gas Rock.



Modern Water uses a desalination process called 'manipulated osmosis technology'

However, such financing will be used for some exciting projects for Irvine Energy. In Oklahoma, the group is expecting to be in production of coal-bed methane by the end of the year and is already undertaking a shale gas drilling programme.

Some of the acreage held by Irvine has been drilled on and off for about 90 years, and has about six years of production left in it, not that Mr Close or his team expects to be there when they run dry. The management of the group believes that before too long, they will be offered a deal from one of the oil market big beasts. Given that Irvine is already in production, and that it does have some very good sites, if the stock stays as low as it is, they will probably be right.

The Family Office Fund

The Archbishop of Canterbury got himself into all sort of trouble a few months ago when he suggested that Shari'ah law

might be applied in the UK in certain circumstances. Although some mistakenly interpreted his remarks as saying that courts should adopt some of the more controversial aspects of Islamic law, in banking Shari'ah financing has been around for quite some time.

The Family Office Fund, a wealth manager from Bahrain, is expected to announce its AIM listing on Friday, raising £31.55m and thereby becoming the first Shari'ah-compliant multi-asset manager to move to the list. The group has been operating in the Middle East for some time and has already raised the launch amount from a number of private investors. The money will be used to invest in Shari'ah-compliant products outside the Middle East. One such asset could be an Islamic bond that the UK Debt Management Office, the government agency that issues Gilts, has promised for some time.