

The Daily Telegraph

MONDAY, SEPTEMBER 7, 2009

MARKETS

Revenues “in sight” for water group Modern

NEIL McDougall is executive chairman of Modern Water, which produces water desalination technology for foreign markets. The group, which joined Aim in 2007, reports its interim results on Wednesday.

Q Desalination technology is nothing new. Why should investors think your business can make inroads in the market?

A Our technology significantly reduces both the energy use and the chemical consumption involved in desalination, which in turn helps to cut costs. In the current economic climate, companies are typically more cost-conscious but they also want to operate in a more sustainable manner. Our technologies offer



Neil McDougall, executive chairman of Modern Water

considerable proven environmental advantages. .

Q You've said your first plant, in Gibraltar, is performing ahead of expectations but it only produces about 20 cubic metres of water a day. That doesn't sound like a lot?

A The Gibraltar plant is a proving plant, not a commercial scale plant. It enables us to showcase

the effectiveness of our technology alongside an existing desalination project. So far, the plant has confirmed a significant reduction in energy and chemical consumption but we've also seen additional benefits, such as substantially lower levels of boron. Our new plant in Oman will produce larger volumes of water in challenging conditions.

Q Two years after listing on Aim, you're yet to bring in any revenue. When can we expect that to change?

A Since listing, we've taken significant steps towards commercialisation. Gibraltar is up and running, we're moving ahead with our proving plant in Oman, and we're making exciting

progress with several of our other technologies. Overall, we think that revenues are in sight and we're very focused on that milestone.

Q You're in a defensive industry, purifying water for countries that are short of it, but your share price suffered heavily during the market rout earlier this year. What do you put that down to?

A All AIM stocks suffered during the market rout, but over the past six months we've actually outperformed the AIM All Share index. Our focus remains on developing our technologies and reaching commercialisation, and we're confident that, as we make progress, the market will respond accordingly.