



Press Release
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Modern Water invests in new purification technology, bolsters management and advances business plan

- Investment in Stonybrook Water Purification Inc. provides access to cost-saving membrane technology
- Key patents awarded, boosting Modern Water's plans to grow internationally
- Further appointments largely completes senior management team

Stonybrook Water Purification

Modern Water plc ("Modern Water", the "Group" or the "Company") has made an investment in U.S. based Stonybrook Water Purification Inc. (SWP). SWP has developed a new membrane that is cost effective, strong and safe and can be used to filter water several times faster than the speed ('flux') of current state-of-the-art membranes.

This investment gives Modern Water access to SWP's leading technology. Modern Water will invest a total of \$500,000 over three funding rounds out of total funding of \$4.4m.

Patents and Technology Developments

Good progress has also been achieved in securing the patents for Modern Water's own technology.

The Power Generation Method of the Osmotic Energy patent application developed by Surrey Aquatechnology, Modern Water's subsidiary focusing on desalination, has been granted its European patent by the European Patent Office. Surrey Aquatechnology has also received other individual country patent approvals for the Manipulated Osmosis process of the Solvent Recovery Method, including the sole right to use the technology in South Africa.

In addition, as part of Modern Water's drive to gain access to leading research, the Company has agreed to join the Questor Group, which provides Modern Water with valuable links to Queens University Belfast, Dublin City University and Stevens Institute of Technology. Other members of the Questor Group include BP, Shell and Coca-Cola.

Management

Modern Water is also pleased to announce a number of senior management appointments, both at Group and Business Unit level. These now largely complete the senior management team.

Philip Walker joins Modern Water as Group Financial Controller after a period on a short-term contract with the Group. Philip was previously Chief Financial Officer at GMAC-Carland and has extensive experience in the utilities sector, including as an internal auditor at an international water utility.

In addition, Nicki Randles has joined Cymtox Limited ("Cymtox") as Managing Director. Cymtox exploits a new technology that monitors water toxicity on a continuous, real time basis. Modern Water owns 16.67% of Cymtox. Nicki was formerly an International Technology Promoter at the DTI where she had specific responsibility for brokering new technology deals. She has more than twenty years of experience in the water and waste water sectors.

Finally, Thomas Yeung joins Modern Water as a Business Development Director, to review, prioritise, and coordinate the large number of business opportunities the Group is receiving. Thomas was most recently CEO of the Montserrat Power and Water Utility Company. He also has extensive business development experience in the international power sector.

Neil McDougall, Executive Chairman of Modern Water, said:

'The stake we have taken in Stonybrook Water Purification represents an additional building block for the Group and is in line with our strategy to invest in valuable and complementary water technology. With the build up of the key professional team, we are well placed to exploit the very encouraging progress we are making in rolling out our technology. Modern Water is well placed to deliver its first projects on time.'

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Notes to editors

- Modern Water listed on the London Stock Exchange AIM market in June 2007 having raised £30m.
- The Group was established to build and exploit a portfolio of water technologies to address problems of the availability of freshwater and the treatment and disposal of wastewater.
- The Group is initially concentrating on two distinct approaches to the water market being: (i) desalination; and (ii) the substitution of fresh water with sea water or recycled water for certain non-potable uses.
- The Group's strategy is to acquire key stakes in appropriate technologies within these areas and to date has made investments in Surrey Aquatechnology Limited and Poseidon Water Limited. The Group also has an investment in Cymtox Limited.