



MODERNWATER

3 February 2011

Modern Water plc
("Modern Water" or "the Group")

MODERN WATER BUYS COGENT ENVIRONMENTAL

Addition to the Group's water monitoring capabilities and the creation of MW Monitoring division

Modern Water (AIM:MWG), the owner of leading water technologies focused on addressing the scarcity of fresh water, the treatment of wastewater, and monitoring of water quality, announces the purchase on 2nd February 2011 of the entire share capital of the private company Cogent Environmental Limited ("Cogent Environmental") from the private equity investor, Sultan Scientific Limited (the majority shareholder) and its nine other existing shareholders.

Cogent Environmental is a global provider of state-of-the-art environmental and process monitoring products, technologies and services. Its online and portable products, OVA and PDV, are used for monitoring heavy metals in over 20 countries. Key market sectors include natural resources and energy, heavy industry and manufacturing, public and private utilities, and environmental regulation.

The acquisition represents an important strategic step for Modern Water's existing water monitoring business, Cymtox, and significantly increases the Group's offering in this developing market segment. As a result, Modern Water has established a new dedicated division, MW Monitoring, to consolidate our activities in the instrumentation and monitoring industry. Cymtox has already enjoyed initial order flow from China and new sales have recently been achieved.

In the financial year to 30 September 2009, being the latest available annual accounts of Cogent Environmental, it had turnover of £712,000 and made a loss of £233,000. The consideration paid for this acquisition consists of £415,000 in cash, plus issue of 642,571 ordinary shares in Modern Water plc, ranking pari passu in all respects with the existing shares. These new shares represent £400,000 at the average mid-market closing price on the five previous business days, and represent 1.1% of the existing issued share capital of Modern Water plc. The new shareholders are subject to a 12

month restriction on transfer of shares. There are no changes to the Board of Modern Water plc as a result of this acquisition.

Simon Humphrey, Chief Executive of Modern Water, said "This transaction builds on our successful development of the Cymtox toxicity monitor. The acquisition of Cogent Environmental and the launch of MW Monitoring will provide access to additional manufacturing capability and established routes to market. Our new division will consolidate and enhance the Group's resources and expertise in the growing market for environmental monitoring and protection. It demonstrates the Group's continuing commitment to delivering our strategy of bringing new technology to the water industry."

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For further information:

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