Modern Water plc, the owner of leading water technologies focused on addressing the scarcity of fresh water and the treatment of waste water, announces Interim Results for the six-month period ended 30 June 2010

Highlights

Operational

- Cooling tower proving plant commissioned in Oman with excellent results
- Oman desalination plant trial extended and tariff approved
- Cymtox extends UK reach with trials at Bristol Water
- Board strengthened with appointment of Robert Clarke

Financial

- Strong financial position debt free with £21.2 million cash
- Increased shareholding in AguaCure Limited
- Strengthened patent portfolio

Commenting on the result, Neil McDougall, Executive Chairman of Modern Water, said:

"We are delighted to have reported many important achievements during the first six months of the year, supporting our programme of technology commercialisation. Most notably, Modern Water's first Manipulated Osmosis evaporative cooling system was shipped to Oman and is now fully commissioned and delivering excellent initial results. Our unique process can reduce power consumption by up to 90% and cut capital expenditure costs by half. With over 1.5 million cooling tower units worldwide, we are confident about the market opportunity.

"In June we signed an agreement with the Omani Public Authority for Electricity and Water to extend the commercial trial of our desalination technology. Our system in Al Khaluf is the first commercial scale desalination plant to use the forward osmosis process. The plant, which has been supplying drinking water to the local area for several months, has been proven to reduce operating costs and energy consumption, as well as offering a range of other environmental benefits. These successful results have been achieved despite operating under extremely challenging local conditions that traditional membrane desalination technology cannot cope with, demonstrating the robust nature of the process. Elsewhere, we are also pleased to announce that Modern Water's Cymtox technology is now being trialled with UK water utility business, Bristol Water, providing further evidence of our increasing commercial reach.

"I am very pleased to welcome Robert Clarke to the Board, who joined as Non-Executive Director in June. Robert has over 20 years private equity industry experience and will play an important role in supporting Modern Water's growth plans.

"Modern Water is in a strong financial position as we are debt free with £21.2 million cash in hand. This, combined with our impressive portfolio of technologies and experienced management team, firmly places Modern Water in prime position for future growth."

New Modern Water website now online at www.modernwater.co.uk

For further information

Modern Water plc	
Neil McDougall, Executive Chairman	01483 696 011
www.modernwater.co.uk	
HeadLand Consultancy	
Tom Gough	0207 367 5228
Howard Lee	0207 367 5225
Nomura Code	
Juliet Thompson	0207 776 1204
Phil Walker	0207 776 1203

Report to shareholders

I am pleased to report that the first half of 2010 has seen Modern Water continue to achieve progress in the commercialisation of the Group's portfolio of technologies.

Our first Manipulated Osmosis (MO) evaporative cooling system was installed in Oman during the summer, on budget and to schedule. Since the reporting period the plant has been fully commissioned and is delivering excellent trial results. Our unique process can reduce power consumption by up to 90% and achieve a reduction in capital expenditure of up to 50%. There are 1.5 million cooling tower units worldwide, and a recent UN report by the World Business Council for Sustainable Development stated that 'the largest single use of water by industry is for cooling in thermal power generation'. Given the size of this marketplace, Modern Water is confident about the future potential for this technology.

Earlier this year we reported that our MO desalination plant in Al Khaluf, Oman is performing ahead of expectations and continues to supply high quality water to the region. To that end, an extension to its initial six-month trial and a tariff for supply was agreed with the Omani Public Authority for Electricity and Water during the period. Our system in Al Khaluf is the first commercial scale desalination plant to use the forward osmosis process. The process delivers substantially lower operating costs by reducing energy use by up to 30% and reducing chemical consumption. Further benefits include significantly lower levels of boron without the need for additional treatment and reduced plant downtime, maintenance and membrane replacement.

Cymtox Limited, a wholly-owned subsidiary of the Group, has begun trials of the CTM™ Continuous Toxicity Monitor with UK water utility business Bristol Water. Using bioluminescence to detect the presence of toxins in water and wastewater, it is the only real-time online analyser currently available.

In June, we announced that Robert Clarke joined the Board as Non-executive Director. Robert has a great deal of experience in developing and growing businesses, and will bring additional strategic and financial expertise to the Board of Modern Water, having worked in the private equity industry for more than 20 years. Also in June, Paul Shepherd and Trevor Jones stepped down from the Board, marking the conclusion of the first stage in the Group's development. I thank them for their valuable contribution to the Group since floatation.

With the commercialisation of our technologies progressing well, the Group is gearing up to ensure we have the capacity to deliver projects on a global scale. Debt free with £21.2 million cash in hand, we are in a strong financial position. Each of our technologies, at different stages in their lifecycle, is successfully advancing through the pipeline and we have strengthened our patent portfolio. None of these achievements could have been possible without the expertise and dedication of the Modern Water team. On behalf of the Board I would like to extend my appreciation to all of our employees. Together, we will continue to build on our momentum to date and, through the successful deployment of our technologies, deliver value to our shareholders.

Neil McDougall
Executive Chairman
15 September 2010

Group statement of comprehensive income (unaudited)

Six month period ended 30 June 2010

	Note	**6 months ended 30 June 2010 £'000**	6 months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Revenue	4	**1**	—	56
Cost of sales		**(1)**	—	(21)
Gross profit		**—**	—	35
Administrative expenses	6	**(2,241)**	(2,500)	(4,380)
Other income	4	—	—	6
Operating loss		**(2,241)**	(2,500)	(4,339)
Finance income		**286**	524	849
Finance costs		—	(23)	(21)
Share of loss of joint venture	10	**(93)**	(61)	(145)
Loss on ordinary activities before taxation		**(2,048)**	(2,060)	(3,656)
Taxation	8	**14**	15	29
Loss and total comprehensive loss for the half year		**(2,034)**	(2,045)	(3,627)
Loss is attributable to:				
Owners of the Company		**(2,026)**	(2,012)	(3,547)
Non-controlling interests		**(8)**	(33)	(80)
		(2,034)	(2,045)	(3,627)
Loss per share attributable to the equity holders of the Company				
Basic loss per share	9	**3.44p**	3.42p	6.03p
Diluted loss per share	9	**3.44p**	3.42p	6.03p

The notes form an integral part of this condensed consolidated interim financial information.

Group statement of financial position (unaudited)

As at 30 June 2010

	Note	**30 June 2010 £'000**	30 June 2009 £'000	31 December 2009 £'000
Assets				
Non-current assets				
Property, plant and equipment	10	**1,068**	1,029	1,148
Intangible assets	10	**14,391**	14,182	14,412
Investments	10	**253**	420	246
		15,712	15,631	15,806
Current assets				
Trade and other receivables		**457**	327	557
Cash and cash equivalents		**21,225**	25,325	23,123
		21,682	25,652	23,680
Total assets		**37,394**	41,283	39,486
Equity and liabilities				
Equity				
Called up share capital		**147**	147	147
Share premium account		**30,532**	30,532	30,532
Merger reserve		**12,782**	12,782	12,782
Retained earnings		**(7,260)**	(3,985)	(5,394)
		36,201	39,476	38,067
Non-controlling interests		**6**	84	14
Total equity		**36,207**	39,560	38,081
Liabilities				
Non-current liabilities				
Deferred tax liability	8	**376**	404	390
Current liabilities				
Trade and other payables		**811**	1,315	1,015
Borrowings		—	4	—
		811	1,319	1,015
Total liabilities		**1,187**	1,723	1,405
Total equity and liabilities		**37,394**	41,283	39,486

The notes form an integral part of this condensed consolidated interim financial information.

Group statement of changes in equity (unaudited)

Six month period ended 30 June 2010

	Note	Called up share capital £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Six month period ended 30 June 2009								
Balance as at 1 January 2009		147	30,532	12,782	(2,105)	41,356	34	41,390
Loss and total comprehensive loss for the period ended 30 June 2009		—	—	—	(2,012)	(2,012)	(33)	(2,045)
Transaction with non-controlling interests		—	—	—	—	—	83	83
Share-based payment schemes	7	—	—	—	132	132	—	132
Balance as at 30 June 2009		147	30,532	12,782	(3,985)	39,476	84	39,560
Six month period ended 30 June 2010								
Balance as at 1 January 2010		147	30,532	12,782	(5,394)	38,067	14	38,081
Loss and total comprehensive loss for the period ended 30 June 2010		—	—	—	(2,026)	(2,026)	(8)	(2,034)
Share-based payments	7	—	—	—	160	160	—	160
Balance as at 30 June 2010		**147**	**30,532**	**12,782**	**(7,260)**	**36,201**	**6**	**36,207**

The notes form an integral part of this condensed consolidated interim financial information.

Group statement of cash flows (unaudited)

Six month period ended 30 June 2010

	Note	**6 months ended 30 June 2010 £'000**	6 months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Cash flows from operating activities				
Cash used in operations	11	**(2,075)**	(1,897)	(3,648)
Net cash flows used in operating activities		**(2,075)**	(1,897)	(3,648)
Cash flows from investing activities				
Purchase of property, plant and equipment	10	**(65)**	(316)	(540)
Purchase of patents and development costs	10	**(65)**	(52)	(100)
Acquisition of subsidiaries, net of cash acquired		—	—	(285)
Investment in joint venture	5	**(100)**	—	—
Interest received		**395**	762	875
Net cash flows generated from/(used in) investing activities		**165**	394	(50)
Cash flows from financing activities				
Cash-settled share-based payments		—	—	(5)
Repayments of borrowings		—	(4)	(8)
Net cash flows used in financing activities		—	(4)	(13)
Net decrease in cash and cash equivalents		**(1,910)**	(1,507)	(3,711)
Cash and cash equivalents at start of period		**23,123**	26,855	26,855
Exchange gains/(losses) on bank balances		**12**	(23)	(21)
Cash and cash equivalents at end of period		**21,225**	25,325	23,123

The notes form an integral part of this condensed consolidated interim financial information.

Notes (unaudited)

Six month period ended 30 June 2010

1 GENERAL INFORMATION

Modern Water plc ('the Company'), its subsidiaries and joint venture (together, 'the Group') invests in, develops and deploys new water technology.

The Company is a public limited company incorporated and domiciled in England and Wales, whose shares are publically traded on the Alternative Investment Market (AIM), a market operated by the London Stock Exchange. The registered office and principal place of business is Bramley House, The Guildway, Old Portsmouth Road, Guildford, Surrey GU3 1LR.

This condensed consolidated interim financial information was approved for issue by the Board of Directors on 14 September 2010.

These interim financial results are unaudited and do not comprise statutory accounts within the meaning of section 438 of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2009 were approved by the board of directors on 10 March 2010 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

2 BASIS OF PREPARATION

The principal accounting policies have been applied consistently throughout the period in the preparation of these financial statements.

This condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with the AIM Rules for Companies of the London Stock Exchange plc and with IAS 34, 'Interim financial reporting' as adopted by the European Union.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

3 ACCOUNTING POLICIES

3.1 Accounting policy and disclosure changes

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, except as described below.

(a) Standards, amendments and interpretations to existing standards effective in 2010

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010:

- IFRS 3 (revised) 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', The revised standard continues to apply the acquisition method to business combinations, with some significant changes. Changes to measurement of the fair value of payments made to acquire a business and the goodwill arising. Transaction costs are expensed. The effect of all transactions with non-controlling interests are recorded in equity if there is no change in control and these transactions will no longer result in goodwill gains and losses. The investment in AguaCure on 5 February 2010 was not impacted as the consideration was for the issue of new shares and not a transaction with a non-controlling interest. Effective from annual reporting periods commencing on or after 1 July 2009;

- IFRIC 17, 'Distributions of non-cash assets to owners'. Guidance on accounting for distribution of non-cash assets to shareholders. This has no impact on these interim financial results. Effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009;
- IFRIC 18, 'Transfers of assets from customers'. This has no impact on these interim financial results. Effective for annual reporting periods commencing on or after 1 July 2009;
- 'Additional exemptions for first-time adopters' (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for the annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing IFRS preparer; and
- Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The effective dates vary standard to standard but most are effective 1 January 2010.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial reporting period beginning 1 January 2010:

- IFRS 9, 'Financial instruments'. This addresses the classification and measurement of financial assets. This is not expected to impact the Group. Effective for annual reporting periods commencing on or after 1 January 2013;
- IAS 24 (revised), 'Related party disclosures'. This supersedes IAS 24. This is not expected to impact the Group. Effective for annual reporting periods commencing on or after 1 January 2011;
- IAS 32 (amendment), 'Classification of rights issues'. This is not expected to impact the Group. Effective for annual reporting periods commencing on or after 1 February 2010;
- IFRIC 14 (amendment), 'Prepayments of a minimum funding requirement'. This is not expected to impact the Group. Effective for annual reporting periods commencing on or after 1 January 2011;
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares to settle the liability. This is not expected to impact the Group. Effective for annual reporting periods commencing on or after 1 July 2010; and
- Improvements to International Financial Reporting Standards 2010 were issued in May 2010. The effective dates vary standard to standard but most are effective 1 January 2011.

3.2 Taxation

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

4 SEGMENTAL ANALYSIS

The chief operating decision-maker is deemed to be the Board, for whom monthly financial information is provided in consolidated group format.

Revenue and gross profit during the period were from consumable sales by Cymtox Limited (Cymtox). Revenue and gross profit during 2009 were from royalty, consumables and consultancy sales by Cymtox . Other income in 2009 was from the reimbursement of expenses relating to the consultancy sales.

At the Group's current stage of development the majority of the costs (business development, technical, legal, marketing, finance, facilities and directors' expenditure), including those relating to Cymtox , are managed and reported centrally.
As the commercial activities of the Group develop, this financial information is expected to evolve.
The business is not considered to be seasonal.

5 INVESTMENT IN JOINT VENTURE

At 31 December 2009 Modern Water plc owned 45% of AguaCure Ltd (AguaCure), which it accounted for as a joint venture. On 5 February 2010, Modern Water plc invested £100,000 for 20 newly issued AguaCure shares. This increased the Group's shareholding to 54%. AguaCure is deemed to remain under joint control of Modern Water plc and Aguahold Ltd and therefore continues to be accounted for as a joint venture by Modern Water plc.

6 ADMINISTRATIVE EXPENSES

	Note	**6 months ended 30 June 2010 £'000**	6 months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Wages and salaries		**766**	814	1,530
Social security costs		**110**	83	166
Pension costs		**50**	43	96
Other employee benefits		**24**	17	34
Equity settled share-based payments	7	**160**	132	263
Depreciation, amortisation and impairment charges	10	**231**	154	429
Minimum lease payments recognised as an operating lease expense		**66**	65	133
Research and development		**200**	161	336
Other administrative expenses		**634**	1,031	1,393
Total administrative expenses		**2,241**	2,500	4,380

In addition to the above costs for permanent staff, the Group utilises the services of contract and agency staff as circumstances require.

7 EQUITY-SETTLED SHARE-BASED PAYMENTS

	6 months ended 30 June 2010 £'000	6 months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Options	**84**	124	214
Conditional share awards	**68**	—	34
Employee bonus plan	**8**	8	15
Total share-based payments	**160**	132	263

There are two share-based payment schemes. The Management Share Incentive Scheme (MSIS) and the Modern Water Incentive Plan (MWIP). There has been no activity on MSIS during 2009 or 2010. Activity on MWIP is detailed below.

7.1 Modern Water Incentive Plan (MWIP)

The MWIP was adopted on 1 June 2007 and contains provisions relating to the making of awards in the form of options, conditional awards of ordinary shares (to be received once performance conditions are satisfied) and matching awards of ordinary shares (in respect of bonuses deferred by participants) to all employees, including executive directors. There has been no activity on the employee bonus plan during 2010. Activity on share options and conditional shares is detailed below.

(a) Options

Under this scheme share options are granted to senior management. The exercise price is equal to the market price on the date of the grant. The options may be exercised if certain TSR performance criteria are met. If the increase is not met the options lapse. During the period the performance criteria on options over 560,877 shares vested. No options were granted, exercised, lapsed or forfeited during the period.

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

The directors' and employees' holdings of options over ordinary shares issued under MWIP were as follows:

				Number of options			
Grant date	Earliest exercise date	Expiry date	Exercise price	Outstanding at 1 January 2010	**Outstanding at 30 June 2010**	Vested and exercisable at 30 June 2010	Exercisable at below market price 30 June 2010
Neil McDougall*							
12.06.07	12.06.10	12.06.17	119.0p	186,959	**186,959**	186,959	—
Simon Humphrey*							
12.06.07	12.06.10	12.06.17	119.0p	373,918	**373,918**	373,918	—
Employees							
13.12.07**	13.12.10	13.12.19	97.0p	500,000	**500,000**	—	—
26.02.08**	26.02.11	26.02.20	87.5p	200,000	**200,000**	—	—
02.06.08**	02.06.11	02.06.20	112.5p	200,000	**200,000**	—	—
21.04.09***	21.04.12	21.04.19	35.0p	50,000	**50,000**	—	—
Total Options				1,510,877	**1,510,877**	560,877	—
WAEP				104p	104p	119p	—

TSR performance criteria required on the earliest exercise date. If this is not met the options lapse.
* Options vested during the period, as total shareholder return was at least equal to 10% for the 12 months preceding the vesting date. Since vesting the share price on the stock market has been lower than the option exercise price, therefore these options are currently 'underwater'.
** Options will vest subject to total shareholder return being at least equal to 30% for the 3 years between grant and vesting.
*** Options will vest subject to total shareholder return being at least equal to 200% for the 3 years between grant and vesting.

(b) Conditional share awards

The conditional share awards are provisional awards of ordinary shares in Modern Water plc, which vest three years after the date of the award to the extent that performance conditions have been met. The extent to which the award will vest depends on the Group's share price on the vesting date. If the share price is £1.40 or more the award will vest in full. If the share price is £1.00 or below the award does not vest at all. If the share price is between £1.00 and £1.40 the award partially vests, on the basis of 2.5% of the award for each £0.01 above a share price of £1.00.

The movement in the number of conditional shares awarded is set out below:

	2010
At 1January 2010	1,000,000

Conditionally awarded during period	750,000
At 30 June 2010	1,750,000

The fair value of the award is estimated as at the date of award using a Monte Carlo model, taking into account the terms and conditions upon which the shares were awarded.

The following table lists the inputs into the model used for the shares awarded in the period.

Grant date	21 April 2010	10 September 2009
Share price at date of award	80.0	72.5p
Exercise price	£nil	£nil
Assumed volatility at date of award (median of historical 50 day moving average)	50%	43%
Vesting period (years)	3.0	3.0
Expected dividend yield	0%	0%
Risk-free discount rate	2.0%	2.0%
Fair value per share awarded	44p	30p

8 TAXATION

During the period there were no taxable profits.

The deferred tax liability of £376,000 at 30 June 2010 (2009: £404,000) arises from taxable temporary differences on intangibles recognised on business combinations and is expected to unwind over the useful economic life of these assets. £14,000 has been credited to the Group Statement of Comprehensive Income to 30 June 2010 (2009: £15,000).

At the balance sheet date the Group had a deferred tax asset in respect of unutilised trading losses. This asset has not been recognised as its utilisation is not yet sufficiently certain.

9 LOSS PER SHARE

9.1 Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	6 months ended 30 June 2010 £'000	6 months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Loss attributable to equity holders of the Company	**2,026**	2,012	3,547
Weighted average number of ordinary shares in issue (thousands)	**58,863**	58,863	58,863
Basic loss per share	**3.44p**	3.42p	6.03p

9.2 Diluted

As the Group is loss making, the diluted loss per share is equal to the basic loss per share.

10 CAPITAL EXPENDITURE

	Note	Property, plant and equipment £'000	Intangible assets £'000	Investments £'000	Total £'000
Six month period ended 30 June					

2010					
Opening net book amount at 1 January 2010		1,148	14,412	246	15,806
Investment in joint venture	5	—	—	100	100
Additions		65	65	—	130
Depreciation/amortisation		(145)	(86)	—	(231)
Share of loss of joint venture		—	—	(93)	(93)
Closing net book amount at 30 June 2010		**1,068**	**14,391**	**253**	**15,712**

11 NET CASH FLOWS FROM OPERATING ACTIVITIES

	Note	**6 months ended 30 June 2010 £'000**	6 months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Operating loss		**(2,241)**	(2,500)	(4,339)
Adjustments for:				
Depreciation of property, plant and equipment	10	**145**	66	171
Amortisation of intangible assets	10	**86**	88	168
Impairment of investment		—	—	90
Equity-settled share-based payments	7	**160**	132	263
Movements in working capital:				
Increase in trade and other receivables		**(21)**	(47)	(65)
(Decrease)/increase in trade and other payables		**(204)**	364	64
Cash used in operations		**(2,075)**	(1,897)	(3,648)

12 RELATED PARTY TRANSACTIONS

IP Group plc holds 23.19% of the ordinary share capital of the Company and appoints a non-executive director, it is therefore deemed a related party. A service agreement dated 1 December 2006 was made between the Company and IP Group plc, whereby IP Group plc provides strategic, business development and administrative services to the Company for a consideration of £60,000 per annum. This was reduced to £30,000 per annum from 1 March 2009. Fees for the period were £15,000 and as at 30 June 2010 £7,500 (30 June 2009: £20,000) was outstanding under this agreement.

Transactions with the Group's joint venture AguaCure Ltd are recorded using the equity method of accounting and not eliminated on consolidation and therefore require disclosure in the Group accounts. Modern Water Services Limited provided technical, management and business development services at cost to AguaCure during the period for fees of £59,000 (30 June 2009: £45,000). These fees are recorded as a credit to administrative costs and form part of the Group's share of AguaCure's loss in the statement of comprehensive income.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation in the Group accounts, but require disclosure in the Company accounts.

An agreement dated 30 November 2006 was made between the Company and Surrey Aquatechnology Limited for the provision of administrative services for fees of £6,000 per annum. At 30 June 2010, fees of £6,000 (30 June 2009: £6,000) were outstanding under this agreement.

An agreement dated 14 December 2006 was made between the Company and Cymtox Limited for the provision of administrative services for fees of £14,463 per annum. At 30 June 2010, fees of £7,000 (30 June 2009: £nil) were outstanding under this agreement.
An agreement dated 14 December 2006 was made between the Company and Poseidon Water Limited for the provision of administrative services for fees of £50,760 per annum. At 30 June 2010, fees of £55,000 (30 June 2009: £55,000) were outstanding under this agreement.
Additionally the Company had receivable balances at 30 June 2010 with its subsidiary companies to fund working capital as follows:

- Surrey Aquatechnology Limited – £697,000 (30 June 2009: £384,000);
- Cymtox Limited – £26,000 (30 June 2009: £1,000);
- Poseidon Water Limited – £50,000 (30 June 2009: £19,000);
- Modern Water (Nominees) Limited – £40,000 (30 June 2009: £40,000); and
- Modern Water Services Limited – £6,320,000 (30 June 2009: £3,699,000).