



MODERNWATER

15 December 2010

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

Trading update

Modern Water plc, the owner of leading water technologies focused on addressing the scarcity of fresh water and the treatment of waste water, announces a trading update ahead of its results for the year ending 31 December 2010.

The Group has made good progress during the year. Further additions to the Group's patent portfolio have been made and the Group continues to operate from a strong financial position, debt free and with revenues and cash burn in line with market expectations.

The Group is also pleased to provide an update on two operational achievements of note.

Cymtox

Further sales orders of the Group's Cymtox Continuous Toxicity Monitor (CTM™) units have been received in China. The order was placed as a direct result of the existing units gaining acceptance by the Chinese Environmental Protection Department at the Chinese National Monitoring Station, and forms part of a pipeline of potential orders. As the only real-time broadband continuous toxicity monitor currently available on the market, the Cymtox product has experienced growing interest in China and also in the Middle East, US and in the UK where additional opportunities are being explored.

Evaporative Cooling

Following the successful commissioning of the Group's first evaporative cooling system in Oman, the proving plant has completed the trial period and has now proven its key advantages versus existing methods on a continuous operating level. Power consumption is considerably reduced compared with seawater reverse osmosis (SWRO), typically achieving 50% savings in operating expenditure. Capital expenditure is also reduced compared to SWRO due to the extensive use of low-cost plastic materials. Further savings are achieved due to the low fouling nature of the membranes, already proven in the Group's manipulated osmosis desalination plants, which reduces the need for chemical cleaning, reduces plant downtime and provides a more environmentally friendly alternative to existing methods.

This 'disruptive' technology offers an alternative to scarce or expensive potable water or treated sewage effluent used for 'make-up' by competing desalination systems. Modern Water's process becomes increasingly cost-effective the more challenging the source

solution, in terms of both total dissolved solids and fouling potential, and it can be easily retrofitted to existing installations.

Modern Water recently unveiled the technology and its benefits in a presentation at the 2nd Middle East District Cooling Summit in Qatar which achieved a positive response from participants.

For further information

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