



MODERNWATER

11 November 2011

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

MODERN WATER ACQUIRES MICROTOX

Modern Water (AIM:MWG), a provider of leading water technologies for the production of fresh water and monitoring of water quality, is pleased to announce that it has today entered into an agreement with Strategic Diagnostics Inc. ("SDIX") to purchase the assets of its water quality division (the "division"), including its Microtox® toxicity testing technology ("Microtox"), for US\$4.5 million.

The acquisition is expected to complete during the fourth quarter of 2011 once transitional arrangements are in place.

The water quality division of SDIX, based in Newark, Delaware, sells products and services to determine toxicity and detect contaminants in water and soil. Its two main product groups are toxicity detection using bioluminescence, and industrial bio-detection of substances including pesticides, herbicides and PCBs. In the year to 31 December 2010, the division had revenues of \$4.79m and gross profit of \$2.67m. Profit before tax for that period (after certain SDIX central cost allocations) was \$0.54m.

The Board of Directors of Modern Water believes that the technology, products and geographic focus of the division are complementary to the Group's existing water monitoring business. The acquisition will provide a strong platform for the Group to achieve its strategy of accelerating sales through a worldwide distribution network for its water quality testing and monitoring technologies.

As part of the acquisition, Modern Water is acquiring the division's intellectual property, its current inventory and commercial contracts, as well as its equipment and staff. No office leases or other infrastructure items are being transferred. The assets will be acquired by Modern Water's new wholly-owned subsidiaries in the US and in the UK.

The consideration for the acquisition will be paid in cash and funded out of the Group's existing cash reserves. There will be no change to the Group's shareholder base, voting control or Board of Directors.

Simon Humphrey, Chief Executive of Modern Water, said "We are delighted to announce the acquisition of the water quality division of SDIX, and in particular Microtox, the leading worldwide brand in water toxicity monitoring. There are clear synergies between our existing portfolio of water monitoring products, as both Cymtox and Microtox use the same platform bioluminescent technology for water toxicity monitoring. Our combined expertise in bioluminescence provides a strong base for future product development. Microtox sales will benefit from the distribution channels Cogent and Cymtox have established in China and Asia, whilst sales of our existing products will be enhanced by the strength of the sales team and distribution partners we are acquiring in the US and Canada."

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Notes to editors

About Modern Water (www.modernwater.com)

Modern Water owns, installs and operates world-leading desalination technology and develops and supplies advanced systems for water monitoring. Its shares trade on the Alternative Investment Market of the London Stock Exchange.

Modern Water's patented forward osmosis technology has been proven to significantly reduce costs, lower energy consumption and lessen environmental impact in a variety of industries. With a sales presence in over 20 countries, the Group's Monitoring Division includes the world's best performing real-time continuous toxicity monitor and trace metal analysers for monitoring the quality of drinking water.

About SDIX (www.sdix.com)

SDIX is a biotechnology company with a core expertise in creating better antigens, better antibodies and better assays for the pharmaceutical, biotechnology and food safety markets. For over 20 years, SDIX has been a leading immuno-solutions company, developing results-oriented and innovative antibody-based solutions that enable customers to meet high performance research, diagnostic and commercialization objectives.

In the life science market, SDIX's technology and capabilities are being used to help discover disease mechanisms, facilitate development of new drugs and provide antibodies and assays for the diagnosis of disease. In the food safety market, SDIX continues to expand its footprint as an international supplier of rapid pathogen test technologies that enable more accurate and cost-effective results.