

Regulatory Story

[Go to market news section](#)



Company	Aqua Resources Fund Limited
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Aqua Resources Fund Limited - Interim Management Statement

Aqua Resources Fund Limited ("**Aqua**" or the "**Company**"), the Authorised closed-ended investment scheme managed by FourWinds Capital Management ("**FWCM**" or the "**Manager**") established to invest in global water opportunities, today issues its Interim Management Statement for the period from 30 June 2011 to 14 November 2011 (the "**Period**").

Financial position and performance

The Company manages a diversified portfolio of water-related investments. The latest published unaudited net asset value ("**NAV**") per ordinary share of the Company ("**Ordinary Share**") at 30 June 2011 was EUR1.0321, corresponding to a NAV of EUR74.8 million at the Company level.

As at 30 September 2011, Aqua's estimated unaudited NAV per Ordinary Share was EUR1.0310, down by 11 basis points from the 30 June 2011 published unaudited NAV per Ordinary Share. This decrease resulted from:

- operating expenses (including management fee);
- a decrease of approximately 49% in the share price of one of Aqua's portfolio companies, China Hydroelectric Corporation ("**CHC**"), impacting the NAV by approximately 2.89%; and
- positive currency movements, which impacted the NAV by approximately 3.54%.

For the purposes of calculating the estimated unaudited NAV, the Company has not re-valued its investments since 31 December 2010. As a consequence, during the year, the NAV has only been subject to the effects of changes in operating expenses, foreign exchange rates and fluctuations in the CHC stock price. Furthermore, as a consequence of its follow-on investments in Ranhill Water Technology (Cayman) Limited ("**RWT**") made in January and February 2011, as at 30 June 2011 the Company booked an

unrealised gain based upon the discounted purchase price of the new subscriptions in RWT versus the fair value of RWT¹.

At 11 November 2011, Aqua's share price closed at EUR0.3775.

	30 September 2011 (EUR)	30 June 2011 (EUR)	% change
NAV per Ordinary Share	1.0310 (unaudited)	1.0321 (unaudited)	-0.11%
Closing middle market share price (London Stock Exchange)	€0.42	€0.4425	-4.5%

At 30 September 2011, the Company had invested approximately 94%, and committed approximately 96.3%, of its net assets. The balance is held in cash, with no gearing.

¹Aqua Resources Fund Limited half-yearly management report and unaudited condensed interim consolidated statements for the six months ended 30 June 2011.

Material events during the Period

Update on China Hydroelectric Corporation

Aqua owns 1,980,537 American Depositary Shares ("ADS") of CHC. On 10 November 2011, CHC announced its unaudited consolidated earnings for the three months ended 30 September 2011. Revenue for the period was US\$16.3 million, with EBITDA of US\$10.3 million, which represented a decrease of 11% and 17% respectively against the corresponding period in 2010 due to below average hydrological conditions and lower effective tariffs. These factors were partially offset by incremental revenue during the period from projects acquired after 30 Sep 2010. Gross profit decreased by 37% to US\$7.6 million with gross margins also decreasing to 46%.

During that period, CHC sold 415.1 million Kilowatt hour ("kWh"), a decrease of 5% from the corresponding period in 2010. This was attributable to a 51.9 million kWh contribution from projects acquired since 30 September 2010, offset by a 73.4 million kWh, or 18% decline, in power sold by existing projects. The effective tariff for that period decreased by 10% to RMB0.27 per kWh compared with RMB0.30 per kWh in the corresponding period in 2010 due to higher revenue contributions from projects located in Yunnan province where tariffs are lower than those in the Fujian and Zhejiang provinces. Tariffs vary at CHC's individual projects, which causes effective tariffs, which are a consolidated figure, to vary based on different revenue contribution mixes. Installed capacity increased year-on-year to 563.8 Mega Watt ("MW") from 493.4 MW in the third quarter ended 30 September 2010 but remains unchanged quarter-on-quarter.

On 22 August 2011, CHC placed 2.9 million new ADS with Vicis Capital Master Fund ("Vicis") for US\$3.45 per ADS, thereby funding CHC with an aggregate amount of US\$10 million. This issuance represented 5.4% of the company on a post-placement basis. 1 ADS is equivalent to 3 ordinary shares of CHC. Vicis is the second largest shareholder in the company with a post-placement stake of 24%.

CHC also amended an existing warrant held by Vicis to buy an outstanding 10 million

ordinary shares (or 3.33million ADS) by (i) reducing the exercise price on the balance of the warrant from US\$5 per ordinary share to US\$1.15 per ordinary share, or US\$3.45 per ADS; and by (ii) extending the expiration date of the warrant from 10 November 2011 to 31 December2013.

CHC's share price traded in a range of US\$4.19 (1 July 2011) and US\$1.46(10 November 2011) during the Period. CHC share price closed at US\$1.51on 11November 2011.

The Manager continues to believe that CHC represents a unique growth opportunity given the Chinese power supply shortage issues, coupled with the Chinese government's continued support to move towards renewable energy resources as per the 12th Five-Year plan released in January 2011.

Investment update

Aqua has built a strong and diversified water portfolio by way of investments involving the supply, use and treatment of what is an increasingly scarce, and absolutely essential, resource. It continues to actively manage its portfolio of investee companies, which at 30 September 2011 accounted for 94% of its net assets (with a further 2.3% of net assets committed to current investments).

Aqua has built its portfolio through providing growth capital to operators of projects in water and wastewater as well as hydroelectricity, and to equipment and innovation providers whose products and services seek to ensure that the broader water industry increases its efficiency and provides end-users, whether individuals or industrials, with cleaner and better quality water without dramatic increases in cost. By investing across this water value chain, Aqua has been able to diversify the risk across a very broad range of industries and geographies whilst maintaining a fundamental link to the core driver behind its investments.

As at 14 November2011, the Company held investments in a total of five companies with operations in the United Kingdom, Continental Europe, China, Thailand, South Korea, Malaysia, North Africa, South Africa and the Middle East, as well as in the United States and Mexico, providing an attractive underlying geographic diversification.

At 14 November 2011, the Company held the following investments:

China Hydroelectric Corporation

CHC is a growing owner, operator and consolidator of small hydroelectric power projects in the People's Republic of China ("PRC"), and is the largest independent small electric power producer. Installed capacity has grown from 58 MW in 2007to 563.8 MW as at 30 June 2011. CHC operates 26 generating stations throughout four provinces in the PRC (Yunnan, Sichuan, Zhejiang and Fujian). CHC was founded in 2006 and its headquarters are in Beijing. As at 30 June 2011, CHC had a market capitalisation of approximately US\$208 million. The Company owns approximately 3.7% of CHC's ordinary shares. At 31December 2010, CHC represented 13.4% of NAV.

Ranhill Water Technology (Cayman) Limited

RWT is the international joint venture established in March 2009 by the Company and the Ranhill Group to invest in water and wastewater operations in the PRC and Thailand. RWT owns and operates five water and wastewater concessions in the PRC. Amongst them are the Yichun potable water treatment plant and the Xiao Lan waste

water treatment plant, both located in the fast growing Jiangxi Province. Furthermore, RWT currently owns and operates two plants on a long-term contract basis in Thailand. The Company owns 45.2% of RWT. At 31 December 2010, RWT represented 29.1% of NAV.

Waterleau Group N.V. ("Waterleau")

Waterleau is a privately held global environmental technology, solutions and services company. It provides a wide range of water, wastewater and solid waste and air treatment solutions for both industrial and municipal clients. Waterleau applies these technologies to purify wastewater and produce renewable energy from wastewater and bio-waste. Incorporated in 2000, Waterleau had a turnover in excess of EUR60 million in 2010, with over 10% EBITDA margin. It has been profitable for five consecutive years and has been growing at double digit rates since inception. It currently employs approximately 250 people across offices in Belgium, France, Morocco, Egypt, India, China, Turkey and Brazil. At 31 December 2010, Waterleau represented 28.2% of NAV.

Bluewater Bio International

BBI is a privately held technology provider which has a proprietary technology called HYBACS (Hybrid Bacillus Activated Sludge) process. HYBACS is increasingly regarded by a growing number of companies both in Europe and in the Middle East to be commercially superior to many existing treatment processes worldwide, across a wide range of treatment requirements. BBI provides a cost effective, advanced biological solution for the treatment of wastewater. BBI is involved at all stages of the process from plant design and cost through to installation, commissioning, employee training and on-going operation and maintenance. The Company owns approximately 17% of BBI and holds some senior secured debt. At 31 December 2010, BBI represented 14.5% of NAV.

In-Pipe Technology, Inc. ("In-Pipe")

In-Pipe is a privately held technology provider which has a patented biological process that treats wastewater upstream within the underground sewer system. It presents an innovative alternative to traditional solutions which treat wastewater upon arrival at the treatment plant, leading to substantial cost savings by means of reduction of aeration energy required, sludge output and infrastructure corrosion. In-Pipe operates in the United States, Mexico, Canada and Spain. The Company owns 26% of In-Pipe on a fully diluted basis. At 31 December 2010, In-Pipe represented 4.9% of NAV.

Further enquiries

FourWinds Capital Management, Investment Manager

Kimberly Tara, Chief Executive Officer

Valerie Daoud Henderson, Head of Europe Environment Group

Jui Kian Lim, Head of Asia Environment Group

info@fourwindscm.com

Cenkos Securities plc, Corporate Broker

Will Rogers +44 (0)20 7397 1920

Dion Di Miceli +44 (0)20 7397 1921

HSBC Securities Services (Guernsey) Limited, Administrator

Tel: +44 (0) 1481 707 000

CitigateDeweRogerson, PR Advisor

Kevin Smith / Lindsay Noton +44 207 638 9571

Important information

This Interim Management Statement has been produced solely to provide additional information to shareholders of the Company to meet the relevant requirements of the U.K. Listing Authority's Disclosure and Transparency Rules. It should not be relied upon by any other party for any other purpose. The information in this statement has not been audited except as indicated.

The information related to the Company included in this statement is provided for information purposes only and does not constitute an invitation or offer to subscribe for or purchase shares in the Company. This material is not intended to provide a sufficient basis on which to make an investment decision. All investments are subject to risk. An investment in the Company should be regarded as long term in nature and is suitable only for sophisticated investors, investment professionals, high net worth individuals, unincorporated associations and partnerships and trustees of high value trusts, in each case, who can bear the economic risk of a substantial or entire loss of their investment. Prospective investors are advised to seek expert legal, financial, tax and other professional advice before making any investment decisions.

The Company is a Guernsey domiciled Authorised Closed-ended investment scheme pursuant to section 8 of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and rule 6.02 of the Authorised closed-ended Investment Schemes Rules 2008.

Fundamentals

Listing date: 24 July 2008

Ordinary shares outstanding: 72,464,340

Latest audited NAV per Ordinary Share (31 December 2010): EUR1.1252

Latest estimated unaudited NAV per Ordinary Share (30 September 2011): EUR1.0310

Number of investments/continents: 5/3

Total invested and committed (30 September 2011): 94% and 96.3% of net assets

Investment objective

The Company's investment objective is to provide long term capital appreciation through exposure to a diversified portfolio of water-related investments.

The Company will invest principally in businesses that are involved in (i) Water Treatment and Recycling (i.e. waste-water and recycling, water treatment and purification);(ii) Water Infrastructure (i.e. water distribution);and (iii) Water Application and Conversion (water- to- energy and desalination) with the objective of capturing the growth opportunities emerging from the attractive long-term tailwinds driving the water industry.

End.

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