AQUA RESOURCES FUND LIMITED

Annual Report and Audited Consolidated Financial Statements

For the year ended 31 December 2014

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.

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MANAGEMENT AND ADMINISTRATION

DIRECTORS:	Hasan Askari *(Chairman)* Fergus Dunlop Charles Parkinson *all of whom are independent non-executive directors*
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MANAGER:	FourWinds Capital Management Floor 4, Willow House, Cricket Square PO Box 268 George Town Grand Cayman KY1-1104 Cayman Islands
SOLICITORS TO THE COMPANY: (as to English Law)	Herbert Smith LLP Exchange House Primrose Street London EC2A 2HS United Kingdom
ADVOCATES TO THE COMPANY: (as to Guernsey Law)	Mourant Ozannes 1 Le Marchant Street St. Peter Port Guernsey GY1 4HP
ADMINISTRATOR AND COMPANY SECRETARY:	Praxis Fund Services Limited Sarnia House Le Truchot St Peter Port Guernsey GY1 4NA
INDEPENDENT AUDITORS:	PricewaterhouseCoopers CI LLP Royal Bank Place 1 Glategny Esplanade St Peter Port Guernsey GY1 4ND
REGISTRAR:	Capita Registrars (Guernsey) Limited PO Box 627 Mont Crevelt House Bulwer Avenue St. Sampson Guernsey GY2 4LH
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HIGHLIGHTS OF 2014

RESULTS AND ACTIVITIES OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2014

COMPANY DETAILS AND INVESTMENT OBJECTIVE – SUMMARY

Aqua Resources Fund Limited (the "Company" or "Aqua") is an investment vehicle with an independent board of Directors and a concentrated portfolio of water-related, primarily private equity style investments. The Company provides investors with exposure to a compact but diverse portfolio of water companies globally. Full details of the Company's investment objective and policy are set out on pages 17 to 18.

FINANCIAL HIGHLIGHTS OF 2014

Funds invested as a percentage of net assets – 92.7 per cent

Appreciation of investments during the year - €0.4 million

Transactions closed during the year – sale of the Company's holding in China Hydroelectric Company ("CHC"), realising proceeds of €5.1 million

Distributions during the year - €0.069 per share, a total of €5.0 million

Net asset value per Ordinary Share of the Company as at 31 December 2014 - €0.4738

The net asset value ("NAV") of €0.4738 per Ordinary Share of the Company ("Ordinary Share") at 31 December 2014 showed an increase of 2.3 per cent over the year, after adjusting for distributions.

GENERAL HIGHLIGHTS OF 2014

- On 12 June 2014, Aqua's wholly-owned subsidiary, Robinson Investments Limited ("Robinson"), entered into a revised conditional sale and purchase agreement with the Ranhill Group pursuant to which the Ranhill Group agreed to acquire Robinson's entire shareholding in Ranhill Water Technologies ("RWT") of 14,880,000 shares, representing 45.2 per cent of the issued and paid-up capital of RWT, for a cash consideration of US$24.0 million. The transaction is conditional upon, among other things, the proposed Ranhill Energy IPO and the use of part of the proceeds of the proposed IPO public offering for payment of the consideration. The consideration is subject to interest of 5 per cent per annum for the period between 16 August 2013 and completion of the transaction. The completion deadline has been extended by mutual agreement from 28 February 2015 to 31 July 2015, or the IPO of Ranhill Holdings Berhad, whichever is the earlier.

- On 9 July 2014, the Company disposed of its entire holding of 1,980,537 CHC American Depository Shares ("ADS") for a consideration of US$3.51 per ADS, realising a total of US$6.9 million (€5.1 million) after costs.

- Subsequent to the disposal of CHC, on 12 September 2014, the Company made a distribution to shareholders of €5.0m, equivalent to €0.069 per share.

- At 31 December 2014, the Company had invested approximately 92.7 per cent of its net assets.

- At 31 December 2014, the audited NAV per Ordinary Share of the Company was €0.4738 per Ordinary Share.

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

Dear Shareholder

It has been another eventful year for all of us with some highs and a number of lows.

First and foremost, was the return of capital to shareholders following the disposal by the Company of its entire stake in China Hydroelectric Company (more fully detailed in my letter to you of 30 June 2014). This was a welcome departure from our annual narrative of declining values of our portfolio companies. Details on our remaining four investments are set out in the Valuation section below and the Manager's Report on pages 12 to 16. But the table below summarises the net asset value ("NAV") of the Company as of 31 December 2014.

Year ended 31 December	Net assets attributable to Ordinary Shareholders €	NAV per Ordinary Share €	Ordinary Share price[1] €	(Decrease)/increase in Net Asset Value (adjusted for distributions) €
2011	68,831,602	0.9499	0.33	(12,704,141)
2012	39,106,061	0.5397	0.33[2]	(29,725,541)
2013	38,442,946	0.5305	N/A	(663,115)
2014	34,331,623	0.4738	N/A	888,716

Of the net assets attributable to Shareholders, approximately €2.2 million, representing 6.3 per cent, was in cash.

Valuation

The Company's NAV is based on the fair value of unquoted investments as at the reporting date. These have been valued using the International Private Equity and Venture Capital Valuation ("IPEV") guidelines[3] and details as to how the Company applies these guidelines are more fully described in note 2 of these financial statements.

Detailed valuations are prepared by the Manager, using multiples and other techniques for a range of selected comparable companies, applying a discount to market multiples to reflect the illiquid nature of the investments. These valuations are reviewed thoroughly internally before they are presented to the Company's Audit Committee which then scrutinises these valuations in detail, calls for further evidence where needed and approves or adjusts such valuations where it considers appropriate. Once this process is completed and signed off by the Audit Committee, the Board discusses and, if appropriate, adopts the valuations recommended by the Audit Committee for the purposes of the financial statements of the Company. The Board believes the valuation process is rigorous, consistently applied and conforms to IPEV guidelines.

The Company's interest in Waterleau comprises a convertible bond, with accrued interest, repayable in 2016. Results for the year were somewhat better than in 2013, though not sufficiently so as to produce an adequate EBITDA return. Trade receivables remain a concern, though at a lower level than in the previous year and the traditional municipal business has remained subdued. We have continued our measured approach to the valuation of this investment and applied a discount of 35 percent in respect of credit and liquidity risk to the principal and accrued interest of the convertible bond.

RWT has had a rather better year operationally than in 2013. Our focus has been on trying to complete the sale of the Company's interest in RWT to the Ranhill Group which was due for completion by 28 February 2015. Details on the revised terms of this transaction were set out in my letter to you published in the Company's Interim Statement of 30 June 2014. Regrettably, the transaction did not complete as contemplated and, at the purchaser's request, we have extended the completion date to 31 July 2015. I am in regular touch with the Ranhill Group to assess their ability to complete the transaction on time. We are assured that they have every intention of doing so. Meanwhile, we have valued the holding at the agreed deal price less a discount for execution risk of 30%.

Bluewater Bio International ("BBI") has undergone another refinancing with the controlling shareholder, Ombu, providing the additional capital. As a result of this refinancing and under the terms of the 'drag along' agreement that was signed on 21 November 2014, Aqua no longer has a position in the ordinary, B preference or C preference shares of BBI. Our remaining holding is in 82,902 ordinary shares of Bluewater Bio Holdings Limited, the immediate parent of BBI, which have no discernible value as of now. Your Board believes that it should continue its existing policy of ascribing no value to this investment.

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[1] Closing share price at year end. The Company delisted from the London Stock Exchange on 12 November 2012.
[2] Share price on date of delisting
[3] IPEV guidelines (December 2012) can be found on www.privateequityvaluation.com.

CHAIRMAN'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

Valuation (continued)
Performance at In-Pipe Technology ("In-Pipe") has weakened substantially this year and there have been discussions around re-structuring and refinancing the Company. Whilst there has been some progress in the business of the company, it has not yet reached a point of critical mass and accordingly, consistent with our prudent approach to valuation of our portfolio, we have written off our holdings of both preferred stock and warrants in this company.

Net asset value
At 31 December 2014, the NAV per Ordinary Share was €0.4738 (€0.5305 at 31 December 2013). This represents an increase of 2.3 per cent in the NAV year on year, after adjusting for distributions.

I would like to draw the particular attention of shareholders to the basis on which the valuations have been derived, as set out in the Auditors' Report on page 20 and in notes 2 and 3 to the financial statements.

Dividend policy and dividends
The Company's dividend policy states that the Directors expect returns to be reinvested. However, in accordance with the proposals outlined in the shareholder circular dated 20 September 2012 issued prior to the Company's delisting (the "Circular") and passed by the EGM on 12 October 2012, the Board intends to return the capital proceeds of realising the Company's investments (net of fees and expenses) to shareholders in an efficient manner over time (subject to retaining proceeds, as needed, in order to meet the Company's follow-on commitments or other obligations of the Company from time to time). Accordingly, subsequent to the disposal of the Company's investment in China Hydroelectric Corporation during the year, the Company made a distribution to shareholders of €0.069 per share in September 2014.

Investment Manager
Shareholders will recall that I advised you in my statement contained in the Company's 2014 Interim Report that we were reviewing the existing Investment Management contract with Four Winds. By way of background, the Investment Management contract between Aqua and Four Winds signed on 21 July 2008 stipulated a seven year term with notice of termination to be served two years before the expiry of the seven year term. In the event that notice was not served two years before expiry, the contract would automatically renew for a further two years. Consequently, in the period leading up to June 2013, the Management Engagement Committee and the Board conducted an exhaustive review of the options open to the Company in respect of the management of its portfolio. After a comprehensive review of available options and in light of the decision of the Shareholders to put the Company in 'run off' (as approved by shareholders at an EGM of the Company held on 12 October 2012), the Board determined that it was in the best interests of the Company for the Company to serve notice of termination of contract on Four Winds; this was duly done on 13 June 2013 and acknowledged by Four Winds on 20 June 2013. This decision of the Board was reaffirmed to Four Winds on 17 February 2015 and a copy of the letter to Four Winds was sent to all Shareholders by the Chairman of the Management Engagement Committee. Our contract with Four Winds will terminate on 24 July 2015; new arrangements for overseeing the portfolio have been instituted and are set out under Governance below.

Revised Governance
Following on from the Board's decision to terminate the services of Four Winds, the Board has requested me to take on the additional responsibility of a Consultant to the Company specifically to oversee the orderly 'run-off' of its portfolio as of July 2015. This decision was made, after due deliberation, by the other two Directors on the Board who chair the Audit and the Management Engagement Committees. Details of the remuneration to be paid to me for this additional responsibility are set out in note 5. It might be pertinent to add at this juncture that, of the four remaining investments in the portfolio, I am an existing director of one (Waterleau), an alternate director (due to be appointed a director at the next general meeting in May) of another (In-Pipe) and the point of contact and interlocutor with the third (Ranhill). Our investment in the fourth company, Bluewater Bio, was completely written off in 2012. In view of my revised role, I will step down as Chairman of the Company and Charles Parkinson will be appointed Chairman on or around 1 July 2015. I will remain a Director of the Company.

In view of the significantly reduced size, scale and scope of the Company and its status as a private, unlisted company, Fergus Dunlop has decided not to offer himself for re-election as a Director at the next Annual General Meeting, scheduled for June 2015. I would like to pay tribute to Fergus for his contributions on the Board and in particular, his stewardship of the Management Engagement Committee at a time when a number of decisions of consequence had to be made. Charles Parkinson will take over Fergus' role as Chairman of the Management Engagement Committee.

CHAIRMAN'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

Expenses
To put matters into perspective, I set out below the management fees and expenses paid by the Company to or through Four Winds over the past three years:

Management fees
2012 €757,627
2013 €749,959
2014 €681,779

Expenses (incurred by the Company and paid to Four Winds, not including expenses paid directly by the Company to service providers and others)
2012 €131,510
2013 €80,280
2014 €20,605

As a result of the Company's performance, no performance fees were payable or paid.

Outlook
The Board remains fully committed to our medium-term strategy to realise the Company's investments and return capital proceeds to shareholders. During the course of this year, the Board will actively pursue transactions that meet this objective.

Hasan Askari
Chairman
27 April 2015

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors of the Company present their annual report and the audited consolidated financial statements for the year ended 31 December 2014.

The Company was incorporated on 12 June 2008 with registered number 49038 and is domiciled and incorporated in Guernsey, Channel Islands. The Company is a closed-ended investment company with limited liability formed under Guernsey company law. On 24 July 2008 the Company's Ordinary Shares were admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange. On 12 November 2012, the Company cancelled its listing on the Official List and its shares are no longer publicly traded.

Principal activity and business review

The principal activity of the Company during the year was that of an investment company. Following an EGM on 12 October 2012, the Company's investment objective is to achieve an orderly management and disposal of its concentrated portfolio of water-related investments and return the proceeds to shareholders, net of fees and expenses. A review of the year is provided in the Manager's Report. The Company expects to continue its activities in the coming year.

Results and dividends

The results for the year are shown in the Consolidated Statement of Operations on page 25 and the Company's financial position at the end of the year is shown in the Consolidated Statement of Assets and Liabilities on page 22.

The Directors have historically taken the view that returns would be reinvested and a dividend would not be payable. Indeed, until this financial year, there had been no dividend or distribution of any kind declared, paid or made by the Company. However, following the cancellation of the Company's listing on the Official List in November 2012, the Directors resolved that, whenever practicable, future returns would be paid to shareholders by way of dividend or capital distribution. Where any dividend or other distribution is paid, it is expected to be paid in Euros and in accordance with the Companies (Guernsey) Law, 2008 (the "Law") and any other applicable laws.

During the year, following the disposal of the Company's holding in China Hydroelectric Corporation, the Company made a capital distribution of €0.069 per share.

Directors

The Directors of the Company, all of whom served throughout the year, were:

Hasan Askari *(Chairman)*
Fergus Dunlop
Charles Parkinson

All of the Directors are independent non-executive directors.

The Directors' interests in the share capital of the Company at 31 December 2014 were:

Hasan Askari	62,500 Ordinary Shares

None of the Directors has, or has had, an interest in any transaction which is, or was, unusual in its nature or conditions, or significant to the business of the Company, or which has been effected by the Company since its incorporation.

The Directors are entitled to receive, and have received during the year, the following fees from the Company ("Directors' Fees"):

Director	Per annum fees entitlement (in £)	Fees paid during the year (in £)	Fees paid during the year (in €)	Fees payable at the end of the year (in £)	Fees payable at the end of the year (in €)
Hasan Askari	60,000	60,000	76,599	-	-
Fergus Dunlop	30,000	30,000	38,299	-	-
Charles Parkinson	30,000	30,000	38,299	-	-

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

Directors (continued)
The Company reserves the right to pay Mr Askari's Directors' Fee in shares but did not do so during either 2013 or 2014. All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, Board or committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

Share Capital
The share capital of the Company is represented by an unlimited number of Ordinary Shares of no par value which are denominated in Euros. At 31 December 2014 and 31 December 2013 there were 72,464,340 Ordinary Shares in issue.

Share issues, pre-emption rights and share repurchases
The Articles of Incorporation have granted authority to the Directors, pursuant to the Guernsey Company Law, to allot an unlimited number of Ordinary Shares (including warrants, options and other rights in respect of such shares). This authority has a term of five years from the date of adoption of the Articles of Incorporation on 23 March 2011 (that is, until 22 March 2016).

In 2011, the Company introduced pre-emption rights in respect of all new Ordinary Share issues for cash. The pre-emption rights introduced in the Articles of Incorporation were, at the same time, disapplied in respect of new issues of Ordinary Shares for cash, subject to the disapplication being limited to a proportion of any new issue of Ordinary Shares that represented approximately 5 per cent of the issued share capital of the Company (including treasury shares) at that time, being 3,623,217 Ordinary Shares. This disapplication expired at the conclusion of the 2013 Annual General Meeting of the Company).

Substantial interests in share capital
At 14 April 2015 the following holdings, each representing more than 3 per cent of the Company's issued share capital, were recorded in the Company's register of members.

	Number of Ordinary Shares	Percentage of Ordinary Share capital
HSBC Global Custody Nominee (UK) Limited	21,500,000	29.67
JP Morgan Asset Management Holdings Inc.	19,020,632	26.25
The Bank of New York (Nominees) Limited	12,772,674	17.63
Nortrust Nominees Limited	7,500,000	10.35
FourWinds Capital Management	3,685,000	5.09
HSBC Global Custody Nominee (UK) Limited	2,973,850	4.10

As at 14 April 2015, West Midlands Metropolitan Authorities Pension Fund ("West Midlands") is a beneficial holder of 29.67 per cent of the issued Ordinary Shares of the Company and is therefore a related party of the Company on account of the size of its beneficial holding in the Company.

As at 14 April 2015, JP Morgan Asset Management Holdings Inc. is a beneficial holder of 26.25 per cent of the issued Ordinary Shares of the Company through its nominee holdings and accordingly is also a related party of the Company on account of the size of its beneficial holding in the Company.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

The Manager

The Manager was appointed as the discretionary investment manager of the Company pursuant to the terms of an Investment Management Agreement (the "Management Agreement"). Please refer to note 5 on page 35 for further details of the Management Agreement. On 13 June 2013, in accordance with the terms of the Management Agreement, the Board served two years' notice on the Manager to terminate the Management Agreement on its expiry on 24 July 2015.

Independent Auditors

PricewaterhouseCoopers CI LLP ("PWC CI") were appointed on 7 November 2011 as auditors of the Company and have expressed their willingness to continue in office. The Company did not hire PWC CI to perform other consulting or non-audit services. Audit fees payable to PWC CI in the year amounted to €37,281 (2013: €37,810), of which €32,317 (£25,000) related to the 2014 year end audit and the remainder to over-runs charged in respect of the 2013 audit. PWC CI have not received any further fees for non-audit related services (2013: €Nil).

Going Concern

The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future and, after due consideration, believe it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Corporate Governance

As explained in the Circular to Shareholders dated 20 September 2012, despite delisting the Company, the Directors intend to continue to follow the principles and provisions of the UK Corporate Governance Code issued by the Financial Reporting Council in June 2010 (the "Code").

Overseas companies listed on the Official List are required, under the Listing Rules, to 'comply' or 'explain' against the Code. An update to the Code was released on 28 September 2012 and this became effective in the year ended 31 December 2014. The Directors place a high degree of importance on ensuring that high standards of corporate governance are maintained and have considered the principles and recommendations of the Code. Furthermore, the Directors have considered the provisions of the Finance Sector Code of Corporate Governance published by the Guernsey Financial Services Commission (the "GFSC") in September 2011 (the "Guernsey Code").

As at 31 December 2014 the Company complied substantially with the relevant provisions of the Code and, with the exception of those listed below, it is the intention of the Board that the Company will, broadly speaking, comply with those provisions throughout the year ending 31 December 2015:

- *Appointment of a Senior Independent Director:* The Board comprises three independent, non-executive directors, therefore the Board does not consider it necessary to appoint a Senior Independent Director.
- *Establishment of a separate nomination committee and remuneration committee:* Due to its size, the Board does not consider it necessary to establish a separate nomination or remuneration committee. Matters which would otherwise be delegated to such committees are considered by the Board as a whole.
- *Internal audit function:* The Board has considered the need for an internal audit function, as recommended by the Code. Due to the key functions of the Company being delegated to regulated service providers, an internal audit function is not considered necessary at this stage. The Directors will continue to monitor the systems of internal control in place.

Since all the Directors are non-executive, in accordance with the Code, the provisions of the Code on the role of the chief executive and, except in so far as they apply to non-executive Directors, on Directors' remuneration, are not relevant to the Company, and are not reported on further. Accordingly this Annual Report is not required to, and does not, contain a separate remuneration report.

Voting rights for portfolio investments

The Manager carefully considers the exercise of voting rights in relation to the Company's portfolio and votes, or refrains from voting, based on a case by case examination, using its best commercial and financial judgment, of the best long-term interests of the Company and its shareholders.

Typically the Manager will, when making voting decisions, examine the strategic focus and operating performance of the relevant portfolio company, its corporate governance and remuneration framework and its communications and reporting structures.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

The Board

The Board will generally meet at least four times a year, at which time the Directors review the management of the Company's assets and all other significant matters so as to ensure that the Directors maintain overall control and supervision of the Company's affairs. The Board is responsible for the appointment and monitoring of all service providers to the Company. Between these quarterly meetings there is periodic contact with the Manager. The Directors are kept fully informed of investment and financial controls and other matters that are relevant to the business of the Company and should be brought to the attention of the Directors. The Directors also have access to the Company Secretary (through its appointed representatives who are responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with) and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

In accordance with the Company's Articles of Incorporation, at each annual general meeting of the Company all the Directors who held office at the two preceding annual general meetings and did not retire shall retire from office and may be available for re-election at the same meeting. Mr Fergus Dunlop is required to retire under this rule in 2015; however he does not intend to offer himself for re-election.

The Company's Audit and Management Engagement Committees (the "Committees") each comprise all three Directors. Mr Charles Parkinson acts as Chairman of the Audit Committee, Mr Fergus Dunlop of the Management Engagement Committee. The Audit Committee meets formally at least three times a year and the Management Engagement Committee meets at least once a year. The principal duties of the Audit Committee, which are outlined in its terms of reference, are to consider the appointment of external auditors (the "auditors"), to discuss and agree with the auditors the nature and scope of the audit, to keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditors, to review the auditors' letter of engagement and management letter, internal control systems pertinent to the preparation of accurate financial statements and the management of the Company, to approve the remuneration of the auditors and to review the Company's annual report and audited consolidated financial statements as well as unaudited interim financial reports. Where non-audit services are to be provided by the auditors, full consideration of the financial and other implications on the independence of the auditors arising from any such engagement will be considered by the Audit Committee before proceeding. The terms of reference are available for review at the registered office of the Company.

The Management Engagement Committee will also consider the continued appointment and remuneration of, and the key procedures adopted by the Manager and the other service providers to the Company. The terms of reference are available for review at the registered office of the Company.

The remit of the Investment Monitoring Committee is, inter alia, to monitor compliance with the Investment Objective and Policy, standing instructions and other investment guidelines set by the Board and to advise the Board accordingly. The Committee is chaired by Mr Hasan Askari and has as its other members a representative from each of JP Morgan Asset Management Holdings Inc. and the Manager. The Investment Monitoring Committee has not met during 2014.

Each Director's performance is reviewed annually by the Chairman and the performance of the Chairman is assessed by his fellow Board colleagues in the same time scale.

Attendance at the Board and the Committee meetings for the year ended 31 December 2014 was as follows:

	Number of meetings held	H Askari	F Dunlop	C Parkinson
Quarterly Board Meetings	3	3	3	3
Ad hoc Board Meetings	2	1	1	2
Management Engagement Committee Meetings	2	2	2	2
Audit Committee Meetings	5	4	4	5

The Board has a breadth of experience relevant to the Company and the Directors believe that any foreseeable changes to the Board's composition can be managed without undue disruption. With any new director appointment to the Board, consideration is given as to whether an induction process is appropriate.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

Internal Controls
It is the role of the Audit Committee to ensure that the internal control systems of the service providers are adequate, to receive reports from the Company's service providers covering internal control systems and procedures supported and as appropriate, by Assurance Report on Controls under International Standard on Assurance Engagements. In light of the above, it is the role of the Audit Committee to review the Company's statement on internal controls prior to endorsement by the Board.

The Board recognises the need for effective high level internal controls. High level controls in operation at the Company include:

- Segregation of duties between relevant functions and departments within the Administrator and the Manager.
- Consideration of the compliance reports, administration reports, and portfolio valuations provided by the Administrator.
- Consideration of the Manager's reports and analysis.

The Administrator has a number of internal control functions including a dedicated Compliance Officer who is appointed as a statutory requirement and whose role is determined by the Guernsey Financial Services Commission which includes the maintenance of a log of errors and breaches which are reported to the Board at each quarterly Board meeting.

The Board reviews the effectiveness of the Company's internal control systems on an ongoing basis. Procedures are in place to ensure that necessary action is taken to address any significant weaknesses identified in the control framework. The Board is not aware of any significant failings or weaknesses in the Company's internal controls in the period under review. The Board recognises that the internal controls framework is designed to manage rather than to eliminate relevant risks.

Statement of Directors' Responsibilities
The Directors are responsible for preparing the consolidated financial statements in accordance with applicable Guernsey Company Law and generally accepted accounting principles.

Guernsey Company Law requires the Directors to prepare consolidated financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing such consolidated financial statements the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements;
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- disclose that there is no relevant audit information of which the Company's auditor is unaware; and
- disclose that they have taken reasonable steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the consolidated financial statements have been properly prepared in accordance with Guernsey Company Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in Guernsey governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

Statement of Directors' Responsibilities (continued)
The Directors confirm to the best of their knowledge:

- The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP");
- The consolidated financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities and financial position and profit or loss of the Company;
- The Chairman's Statement and Directors' Report include a fair review of the development and performance of the business and position of the Company together with the description of the principal risks and uncertainties that the Company faces; and
- So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all reasonable steps he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Signed on behalf of the Board of Directors by:

Charles Parkinson
Director
27 April 2015

MANAGER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

The Company's portfolio is managed by FourWinds Capital Management ("the Manager"), a Cayman Islands exempt limited company.

Introduction
The Company presents its audited financial results for the year ended 31 December 2014 and reports that the audited NAV per Ordinary share at 31 December 2014 was €0.4738 (€0.5305 at 31 December 2013). At 31 December 2014, the Company had invested approximately 92.7 per cent of its net assets and a significant portion of the balance was invested conservatively in cash, with no gearing.

Investment activity during the period
No new investments have been made during the period under review, in line with the Board's policy.

Analysis of movements in NAV for the year ended 31 December 2014 (in €)

Opening NAV as at 1 January 2014	38,442,946
Investment income	381,641
Management fee	(681,779)
Performance fee	-
Other costs	(487,882)
Net realised gain on disposal of investments	1,229,536
Net change in unrealised appreciation of investments	435,433
Foreign currency movements	11,767
Distributions to shareholders	(5,000,039)
Closing NAV as at 31 December 2014	34,331,623

Manager's strategy
The Company's investment objective is to realise its investments and to return the proceeds to shareholders. Accordingly the Manager's current strategy is to maximise the value of those investments by working closely with the investee companies to improve their performance, while seeking opportunities to sell its holdings at optimal values.

Manager's review of portfolio performance

Ranhill Water Technologies (Cayman) Limited ("RWT") performance
RWT is a fully integrated water and wastewater company with in-house expertise in design, construction and operations of water and wastewater plants across a number of Asian countries. It has operations in Thailand, Malaysia and China. Currently, RWT owns 14 water and wastewater concessions in China and Thailand, on a Build Operate Transfer ("BOT"), Build Transfer Operate ("BTO") or Transfer Operate Transfer ("TOT") basis, in relation to water treatment plants and wastewater treatment plants, with an aggregate treatment capacity of 352 million litres per day ("MLD"). In addition, through the jointly-controlled entity, Yichun Pinang, RWT also operates a potable water treatment plant in China with a treatment capacity of 50 MLD.

MANAGER'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

Manager's review of portfolio performance (continued)

Ranhill Water Technologies (Cayman) Limited ("RWT") performance (continued)

Summary of RWT's financial performance[4]:

(in US$ million)	2009	2010	2011	2012 (18 months)	2013	2014
Revenues	US$ 13.5	US$ 22.5	US$ 26.1	US$38.8	US$17.5	US$26.8
EBITDA	US$ 4.8	US$ 6.0	US$ 6.4	US$9.7	US$4.4	US$9.3
Net Profit[5]	US$ 4.2	US$ 4.9	US$ 5.0	US$4.5	US$1.2	US$4.9

For the 12 months ended 31 December 2014, RWT registered unaudited revenues of US$26.8 million, EBITDA of US$9.3 million and net profit of US$4.9 million. Revenue increased by 53% compared to the same period in 2013, this is mainly because the 15MLD potable water treatment plant ("PWTP") in Amata City Industrial Estate, Rayong, Thailand and Phase 2 50MLD wastewater treatment plant ("WWTP") in Xiao Lan Industrial Park, Jiangxi Province, China have commenced operations since May 2013 and December 2013 respectively. Three new projects in China and one new project in Thailand - namely the 20MLD WWTP in Chang Feng Xia Tang Heavy Industrial Park, Anhui Province, the 5MLD WWTP in Yihuang Industrial Park, Jiangxi Province, the 5MLD WWTP in Wanzai Industrial Park, Jiangxi Province and the 10MLD WWTP in Amata City - have commenced construction during the period under review.

On 12 June 2014, Aqua's wholly-owned subsidiary, Robinson Investments Limited ("Robinson"), entered into a revised conditional sale and purchase agreement with the Ranhill Group pursuant to which the Ranhill Group agreed to acquire Robinson's entire shareholding in RWT of 14,880,000 ordinary shares, representing 45.23 per cent of the issued and paid-up capital of RWT, for US$24 million of cash consideration. The consideration is subject to interest of 5 per cent per annum for the period between 16 August 2013 and completion of the transaction. The completion period, previously agreed to be the earlier of 28 February 2015 or the IPO of Ranhill Holdings Berhad, has been mutually extended to the earlier of 31 July 2015 or the IPO of Ranhill Holdings Berhad.

Investment summary:

	Cost (€'000)	Unrealised value (€'000)	Total value (€'000)	Valuation methodology
RWT	11,055	2,832	13,887	Indicative sale price less execution risk discount

Details on the valuation methodology can be found in note 3 to the consolidated financial statements on page 34.

Waterleau Group ("Waterleau") performance
Waterleau is a global provider of wastewater treatment, water treatment, sludge treatment, waste treatment, energy, and air treatment solutions for industry and municipalities. Its services include research and development, audits and consultancy, pilot testing and demonstration tests, feasibility studies, technology selection, process design, mechanical design, electricity and instrumentation design, basic engineering, detailed engineering, and procurement. The company also provides equipment supply, site supervision, general contracting, construction, erection, electricity, instrumentation and control, start-up and commissioning, training, operation and maintenance, project development, financing, and Build Own (Operate) Transfer ("BO(O)T") project related services.

[4] Audited figures for the years ended 30 June 2009, 2010, June 2011, the 18 months ended 31 December 2012 and the year ended 31 December 2013. Unaudited figures for the year ended 31 December 2014.
[5] Net Profit is calculated before currency translation differences.

MANAGER'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

Manager's review of portfolio performance (continued)

Waterleau Group ("Waterleau") performance (continued)

Summary of Waterleau's financial performance[6]:

(in € million)	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Revenues	€ 55.5	€ 63.5	€ 75.3	€ 65.9	€61.2	€73.8
EBITDA	€ 6.6	€ 6.6	€ 7.2	€ 2.3	€5.6	€3.0

For the 12 months ended 31 December 2014, Waterleau reported unaudited revenues of approximately €73.8 million, which is 19.8 per cent higher than the performance of the corresponding period in 2013. The growth in revenue is due to the organic growth in the industrial sector and the acquisition of two companies in 2014, broadening the geographical footprint of the company as well as enlarging the references in waste-to-energy market.

EBITDA for the period under review was €3.0 million, which is 46.4 per cent lower than the corresponding period in 2013. Consolidated EBITDA in 2014 was under pressure, at a margin of 4 per cent, due to the start-up of O&M contract in Fez, Morocco and the longer ramp-up phase of the biomass plant in Ypres, Belgium.

In September 2014, Mr Luc Vriens, the founder and CEO of Waterleau Group passed away. Mr Bart Goedseels, Director of the Company, was appointed as CEO of the company in September 2014.

Investment summary:

	Cost (€'000)	**Unrealised value (€'000)**	**Total value (€'000)**	**Valuation methodology**
Waterleau	20,000	(2,056)	17,944	Principal and accrued interest of the convertible bond, less risk discount

Details on the valuation methodology can be found in note 3 to the consolidated financial statements on page 34.

In-Pipe Technology Inc. ("In-Pipe") performance
In-Pipe provides engineered wastewater treatment technology and services for municipalities in the United States and internationally. Its technology re-engineers the sewer biofilm to offer biological nutrient removal, biosolids management, wastewater recycling, and ultraviolet disinfection services to pre-treat wastewater in the sewer collection system. The company's solutions enable customers to achieve environmental compliance, and eliminate noxious odours and corrosion, as well as lessen the impact of fats, oils, and grease.

Summary of In-Pipe's financial performance[7]:

(in US$ million)	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Revenues	US$ 1.7	US$ 1.6	US$ 1.8	US$2.1	US$2.3	US$2.2
EBITDA	(US$ 1.5)	(US$ 1.6)	(US$ 1.0)	US$0.02	US$0.4	US$0.3

[6] Audited figures for the years ended 31 December 2009, 2010, 2011, 2012 and 2013. Unaudited figures for the year ended 31 December 2014.
[7] Audited figures for the years ended 31 December 2009, 2010, 2011 and 2012. Unaudited figures for the years ended 31 December 2013 and 2014.

MANAGER'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

Manager's review of the portfolio performance (continued)

In-Pipe Technology Inc. ("In-Pipe") performance (continued)
For the 12 months ended 31 December 2014, In-Pipe has recorded unaudited revenues of US$2.2 million, slightly less than last year's performance in the corresponding period. The main reason for the decrease was due to lost client accounts. In-Pipe has continued to deliver positive EBITDA since 2012. EBITDA in 2014 was US$0.3 million, also slightly lower than in 2013. During the period under review, In-Pipe has made good progress in sales and marketing, securing a number of new installation projects, some of which commenced in the first quarter of 2015.

Investment summary:

	Cost (€'000)	Unrealised value (€'000)	Total value (€'000)	Valuation methodology
In-Pipe	3,603	(3,603)	-	Written down to zero

Details on the valuation methodology can be found in note 3 to the consolidated financial statements on page 34.

Bluewater Bio International ("BBI") performance
BBI is a provider of municipal, industrial, and commercial wastewater treatment solutions. It offers hybrid bacillus activated sludge technology, a biological odourless wastewater treatment process that produces reusable effluent and removes nutrients. The company also provides plant design, costing, installation, commissioning, training, and operation and maintenance services.

Summary of BBI's financial performance[8]:

(in £ million)	2009	2010	2011	2012	2013 (15 months)	2014
Revenues	£0.0	£0.0	£0.5	£2.5	£10.4	£1.1
Gross profit	£0.0	£0.0	£0.2	£0.7	£2.8	£0.3

For the 12 months ended 30 September 2014, BBI booked revenues of £1.1 million and gross profit of £0.3 million. The revenues and gross profit decreased as the Company completed its main contract in Bahrain. During this period, BBI operated an O&M contract and completed a few smaller contracts.

In June 2014, the CEO Daniel Ishag handed over the position to Adrian Harris. At the same time, Dynshaw Italia, the CFO and Company Secretary, resigned and left the Company.

On 3 November 2014, Aqua received a shareholder circular from BBI on a proposed share acquisition by Bluewater Bio Holdings Limited ("BBH"), which is a wholly owned subsidiary of Ombu II BWB Limited ("Ombu"). Ombu, which holds 72.06% equity in BBI, has indicated that it wishes to sell its entire shareholding in BBI to BBH in exchange for shares in BBH and will commit to fund the operations in the immediate term.

Pursuant to the Memorandum & Articles of Association, Ombu is entitled to require that the remaining shareholders in the Company sell their shares to BBH. The Drag Along clauses in Articles 72 and 73 require that all remaining shareholders sell their shares to BBH at the same terms.

The consideration of the entire deal is £10 million, to be satisfied by the issue of shares in the capital of the Buyer. As a result of the transaction, Aqua's interest in BBI is now represented by a holding of 82,902 ordinary shares of £0.01 each in BBH.

[8] Audited figures for the years ended 30 June 2009, 2010, 2011 and 2012. The Group changed its accounting year end from 30 June to 30 September in 2013. Correspondingly, the audited 2013 figures are for the 15 month period to 30 September 2013. The figures for the year ended 30 September 2014 are unaudited.

MANAGER'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

Manager's review of portfolio performance (continued)

Bluewater Bio International ("BBI") performance (continued)

Investment summary:

	Cost (€'000)	Realised value (€'000)	Unrealised value (€'000)	Total value (€'000)	Valuation methodology
BBI	9,375	597	(8,778)	-	Write down to zero

Details on the valuation methodology can be found in note 3 to the consolidated financial statements on page 34.

Outlook for portfolio companies

Ranhill Water Technologies (Cayman) Limited
RWT will continue to leverage on its strengths to drive its business growth. RWT's advantages are its technological knowhow in water and wastewater treatment and experience in developing, executing and operating these projects. RWT will continue to concentrate in the markets where it has established strong foothold namely China, Thailand and Malaysia.

Waterleau Group
Waterleau will continue to focus on organic growth opportunities in the industrial sector. During the year under review, the company has been working on several new opportunities and markets in order to derive more revenue and EBITDA over the next few years. These new initiatives are expected to contribute positively to the results of 2015 and beyond.

In terms of inorganic growth, further integration of the newly-acquired companies will generate additional revenue and EBITDA in 2015, while the company is investigating other interesting acquisition targets.

In-Pipe Technology
In-Pipe continues to renew existing projects and develop new opportunities with municipal clients in the US. As part of its growth plans, the company is also actively developing international markets in Asia, Europe and the Middle East.

In-Pipe aims to provide equipment packages for water reuse for large or arid locations, bring into play new biological dosing stations with higher capacity, continue to develop patent pending items and focus on projects where existing engineering firms are not as strong and need assistance.

Bluewater Bio International
The acquisition of BBI by Bluewater Bio Holdings Limited, a wholly owned subsidiary of Ombu, allows BBI and Aqua the opportunity to participate in Ombu's future plans for the Bluewater group.

Principal risks and uncertainties
As stated in previous annual reports, the Company expects to face challenges linked to, on the one hand, the global macroeconomic environment and, on the other hand, potential microeconomic challenges linked to the Company's investments if such investments do not achieve the expected financial and operating results. Such uncertainties are linked to the slower than expected pace of global economic recovery, political instability in emerging markets, and additional government regulations in the water sector and currency risk.

FourWinds Capital Management
27 April 2015

INVESTMENT OBJECTIVE AND POLICY

At an EGM of the Company on 12 October 2012, shareholders voted to change the Investment Objective and Policy of the Company. With effect from 12 October 2012 the revised Investment Objective and Policy (the "new Investment Objective and Policy") are as follows:

Investment Objective

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

Investment Policy

The Manager is responsible for the discretionary investment management of the assets of the Company and seeks to accomplish the Company's investment objective by:

- seeking exposure to water-related investments (as explained below) on a global basis;
- seeking portfolio diversification by investing across the broad value chain of water-related projects and investments; and
- seeking to control risk through such portfolio diversification, investment vehicle selection and implementation of risk control strategies.

No assurance can be given, however, that the Company will achieve its investment objective, and investment results may vary substantially over time and from period to period.

No new investments

It is the general policy of the Company not to make new investments. It is the intention of the Company to continue to meet its existing capital commitments. The Company may support follow-on commitments in existing investments subject to prior approval by the Board.

Asset Allocation

Investments may be made within a diverse range of water-related sectors including infrastructure, technology, recycling and treatment and in water-related projects such as wastewater treatment, water distribution and infrastructure, water-to-energy, clean water, desalination, and others. Investment will comprise primarily direct stakes in unquoted water-related companies and projects. A target threshold of at least 60 per cent water-related activity will be set for an investment to be considered "water-related".

Gearing

Whilst the Articles of the Company permit maximum borrowings of up to 30 per cent of the Net Asset Value of the Company, the Company's policy is to ensure that its aggregate borrowings at the time of drawdown of any debt do not exceed a maximum of 20 per cent of the Net Asset Value of the Company. The Directors intend to use this facility primarily for short term liquidity, to facilitate the operation of the Company's over-commitment policy, for working capital requirements and to fund share buybacks. However, borrowings may also be used for investment financing in certain cases and, if the Directors deem it prudent, the Company may borrow for longer term purposes.

General

As at 30 June 2012, the Company had invested approximately 92 per cent of its net assets. The Company intends to remain substantially invested or committed going forwards, although the Manager may exercise its discretion to hold cash or cash equivalent instruments at any time as appropriate. Income earned from its investments will be reinvested by the Company in accordance with its investment policy, subject to working capital requirements.

The Portfolio is expected to comprise investments in multiple currencies. The Company will not systematically hedge its currency exposure, but may evaluate on a case-by-case basis the potential benefits of hedging against interest rate risk or currency risk related to assets not denominated in Euro. The Company may, where appropriate, also enter into forward interest rate agreements, forward currency agreements, interest rate and bond futures contracts and interest rate swaps and purchase or enter into put or call options on interest rates and put or call options on futures of interest rates. Any currency hedging will only be used for the purposes of efficient portfolio management and will not be used for any currency speculation.

In order for the Company to maximise the percentage of total assets invested at any given period of time, the Manager may follow an over-commitment strategy, subject to any guidelines set by the Board. The Board has set a guideline that the Company's total commitments should not exceed 150 per cent of the current gross assets of the Company (as determined by the Directors and the Manager at the time of acquisition or commitment), subject to such commitments being in accordance with the Company's investment policy. Whilst the Board may increase or reduce this percentage in its discretion in the future, it has no current intention to do so.

INVESTMENT OBJECTIVE AND POLICY (CONTINUED)

Disposals
As and when the Company realises its investments, the Company may, at the sole discretion of the Board, either: (i) return capital to Shareholders; or (ii) retain proceeds in order to meet the Company's follow-on commitments in existing investments or other obligations of the Company from time to time.

Investment restrictions
The Company and any of its subsidiaries must not conduct a trading activity which is significant in the context of its group as a whole. This does not prevent the businesses forming part of the Portfolio from conducting trading activities themselves.

Although there is no restriction on the Company taking a controlling stake in an investee company, to ensure a spread of investment risk the Company will avoid:

- cross financing between the businesses forming part of its Portfolio including, for example, through the provision of undertakings or security for borrowings by such businesses for the benefit of another; and
- the operation of common treasury functions as between the Company and investee companies.

The Company will, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the investment policy set out above.

BOARD OF DIRECTORS

The Directors are as follows:

Hasan Askari (Chairman)
In addition to chairing the Company, Mr Askari is also Chairman of New India Investment Trust plc. He is also a director of Sun Life Financial of Canada (UK) Ltd. After graduating from the University of Oxford, Mr Askari started his career in 1975 at SG Warburg & Co. Ltd, London (now UBS) and has since worked at JP Morgan Chase in Hong Kong and Barclays Capital in Tokyo and London. He was most recently at Old Mutual plc, London as a member of the group's executive committee. He chairs the Company's Investment Monitoring Committee.

Fergus Dunlop
Mr Dunlop has investment experience in the UK, Germany and the Channel Islands. From 1987 to 2001 he was with Mercury Asset Management (now BlackRock), initially in London managing a joint venture with Munich Re and establishing a German office, and subsequently in Frankfurt. From 2002 to 2007 he joint-owned and managed an award-winning institutional advisory business in Munich. Mr Dunlop holds a number of non-executive directorships, including Princess Private Equity Holding Limited and the Schroder Oriental Income Fund Limited, both traded on the London Stock Exchange. Mr Dunlop has an M.Phil. (Oxon). He chairs the Company’s Management Engagement Committee and is resident in Guernsey.

Charles Parkinson
Mr Parkinson is a former Minister of Treasury & Resources in the States of Guernsey. He read Law at Cambridge before qualifying as a Chartered Accountant and being called to the Bar in London. After a successful career in financial services, he was elected a Deputy in the States of Guernsey in 2004, and he served as a Minister from 2008 until he stood down at a general election in 2012. He has been a director of a number of companies listed on the London Stock Exchange and is currently a director of several private companies as well as companies listed on AIM and the Channel Islands Securities Exchange. He chairs the Company’s Audit Committee and is resident in Guernsey.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AQUA RESOURCES FUND LIMITED

Report on the Financial Statements

We have audited the accompanying consolidated financial statements (the "financial statements") of Aqua Resources Fund Limited and its subsidiaries (together "the Group") which comprise the consolidated statement of assets and liabilities as of 31 December 2014 and the consolidated statement of operations, consolidated schedule of investments, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with accounting principles generally accepted in the United States of America and with the requirements of Guernsey law. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group as of 31 December 2014, and of the financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Emphasis of matter

Without qualifying our opinion, we draw your attention to the fact that investments are included in the financial statements at fair value as determined by the Directors as detailed in notes 2 and 3. The nature and basis of each investment is different and valuation protocols applied by the Directors have varied in determining the fair value. Due to the nature and location of each investment, there are inherent difficulties in determining the fair value. Amounts realised on the sale of investments may be higher or lower than the values reflected in these financial statements and the differences may be material.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AQUA RESOURCES FUND LIMITED (CONTINUED)

Report on other Legal and Regulatory Requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information is as noted on the contents page.

In our opinion the information given in the Directors' report is consistent with the financial statements.

This report, including the opinion, has been prepared for and only for the Group's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
27 April 2015

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES
AT 31 DECEMBER 2014

	Notes	31 December 2014 €	31 December 2013 €
Assets			
Cash and cash equivalents		2,156,505	2,161,593
Investments at fair value (cost 2014: €43,954,085 and 2013: €57,432,536)	3	31,830,936	35,255,606
Interest receivable		150,000	150,000
Receivable from the Manager		242,692	924,470
Prepaid expenses		17,279	12,753
TOTAL ASSETS		34,397,412	38,504,422
Liabilities			
Other payables	4	65,789	61,476
TOTAL LIABILITIES		65,789	61,476
NET ASSETS		**34,331,623**	**38,442,946**
Net Assets are represented by:			
Ordinary Shares (no par value, authorised to issue unlimited number of Ordinary Shares, of which 72,464,340 (2013: 72,464,340) were issued and outstanding)	6	70,030,004	70,030,004
Retained earnings		(35,698,381)	(31,587,058)
		34,331,623	**38,442,946**
Net asset value per Ordinary Share		**0.4738**	**0.5305**

The consolidated financial statements on pages 22 to 39 were approved by the Board of Directors on 27 April 2015 and signed on its behalf by:

Charles Parkinson
Director

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED SCHEDULE OF INVESTMENTS
AT 31 DECEMBER 2014

Investments	Quantity/ Notional	Fair Value €	NAV %
INVESTMENTS AT FAIR VALUE			
Bonds			
Belgium (cost: €20,000,000)			
Waterleau Group N.V. Convertible Loan	€20,000,000	17,944,000	52.27
Total investments in bonds (cost: €20,000,000)		17,944,000	52.27
Equities in unlisted Companies			
Belgium (cost: €277)			
Waterleau Group N.V.	1	-	-
Cayman Islands (cost: €20,351,156)			
Bluewater Bio Holdings Limited	82,902	-	-
Ranhill Water Technologies (Cayman) Limited	14,880,000	13,886,936	40.45
United States of America (cost: €3,602,651)			
In-Pipe Technology Company Inc.	474,834	-	-
Total investments in unlisted companies (cost: €23,954,084)		13,886,936	40.45
Warrants			
United States of America (cost: €1)			
In-Pipe Technology Company Inc. – Warrants 05/08/2016 (note 3)	74,225	-	-
Total investments in warrants (cost: €1)		**-**	**-**
Total investments at fair value (cost: €43,954,085)		**31,830,936**	**92.72**

CONSOLIDATED SCHEDULE OF INVESTMENTS
AT 31 DECEMBER 2013

Investments	Quantity/ Notional	Fair Value €	NAV %
INVESTMENTS AT FAIR VALUE			
Bonds			
Belgium (cost: €20,000,000)			
Waterleau Group N.V. Convertible Loan	€20,000,000	18,203,500	47.35
Total investments in bonds (cost: €20,000,000)		18,203,500	47.35
Equities in unlisted Companies			
Belgium (cost: €277)			
Waterleau Group N.V.	1	338	-
Cayman Islands (cost: €20,351,156)			
Bluewater Bio International (note 3)	88,783,918	-	-
Bluewater Bio International B Senior Preferred	8,250,577	-	-
Bluewater Bio International C Junior Preferred	2,117,984	-	-
Ranhill Water Technologies (Cayman) Limited	14,880,000	11,484,820	29.88
United States of America (cost: €3,602,651)			
In-Pipe Technology Company Inc.	474,834	1,706,845	4.44
Total investments in unlisted companies (cost: €23,954,084)		13,192,003	34.32
Equities in listed companies			
China (cost: €13,478,451)			
China Hydroelectric Corporation – American Depository Shares	1,980,538	3,860,103	10.04
Total investments in listed companies (cost: €13,478,451)		3,860,103	10.04
Warrants			
Cayman Islands (cost: €0)			
Bluewater Bio International – Warrant 02/11/2016 (note 3)	1	-	-
United States of America (cost: €1)			
In-Pipe Technology Company Inc. – Warrants 05/08/2016 (note 3)	74,225	-	-
Total investments in warrants (cost: €1)		**-**	**-**
Total investments at fair value (cost: €57,432,536)		**35,255,606**	**91.71**

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	31 December 2014 €	31 December 2013 €
Investment income			
Interest income		200,000	200,004
Other income		181,641	749,187
Total investment income		381,641	949,191
Operating expenses			
Administrator fees		102,719	91,227
Audit fees		37,281	37,810
Professional fees		59,276	126,966
Directors' fees	5	164,571	153,857
Directors' expenses		26,027	466
Due diligence expenses		-	44,771
Management fees	5	681,779	749,959
Marketing expense		20,605	26,665
Miscellaneous expenses		77,403	61,263
Total operating expenses		1,169,661	1,292,984
Net investment loss		(788,020)	(343,793)
Realised and unrealised gain/(loss) from investments and foreign currency			
Net unrealised gain/(loss) from foreign currency transactions		11,767	(9,173)
Net realised gain/(loss) on disposal of investments		1,229,536	(1)
Net unrealised appreciation/(depreciation) of investments		435,433	(310,148)
		1,676,736	(319,322)
Net increase/(decrease) in net assets resulting from operations		**888,716**	**(663,115)**
Net investment loss per Ordinary Share:			
Basic & diluted		(0.0217)	(0.0047)
Net profit/(loss) per Ordinary Share:			
Basic & diluted		0.0245	(0.0092)
Weighted Average Number of Ordinary Shares Outstanding:			
Basic & diluted		72,464,340	72,464,340

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	31 December 2014 €	31 December 2013 €
Movement in net assets resulting from operations			
Net investment loss		(788,020)	(343,793)
Net unrealised gain/(loss) from foreign currency transactions		11,767	(9,173)
Net realised gain/(loss) on disposal of investments		1,229,536	(1)
Net unrealised appreciation/(depreciation) of investments		435,433	(310,148)
Net increase/(decrease) in net assets resulting from operations		888,716	(663,115)
Transactions with owners			
Capital distribution		(5,000,039)	-
Net decrease in net assets resulting from transactions with owners		(5,000,039)	-
Net decrease in net assets		(4,111,323)	(663,115)
Net assets at beginning of year		38,442,946	39,106,061
Net assets at end of year		34,331,623	38,442,946
Net asset value per Ordinary Share		**0.4738**	**0.5305**
Number of Ordinary Shares issued and outstanding at end of year	6	72,464,340	72,464,340

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	31 December 2014 €	31 December 2013 €
Cash flows from operating activities		
Increase/(decrease) in net assets resulting from operations	888,716	(663,115)
Adjustments to reconcile increase/(decrease) in net assets resulting from operations to net cash from/(used in) operating activities:		
Net unrealised (appreciation)/depreciation of investments	(435,433)	310,148
Net realised (gain)/loss on disposal of investments	(1,229,536)	1
Decrease in receivable from the Manager	681,778	115,465
Increase in prepaid expenses	(4,526)	(6,068)
Decrease/(increase) in other payables	4,313	(132,609)
Disposals of investments	5,089,639	-
Net cash from/(used in) operating activities	4,994,951	(376,178)
Cash flows used in financing activities		
Capital distributions	(5,000,039)	-
Net decrease in cash	(5,088)	(376,178)
Cash and cash equivalents at beginning of year	2,161,593	2,537,771
Cash and cash equivalents at end of year	**2,156,505**	**2,161,593**

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	31 December 2014	31 December 2013
Per share data[1]		
Net asset value at beginning of year	0.5305	0.5397
Net investment loss	(0.0109)	(0.0048)
Net foreign currency gain/(loss)	0.0002	(0.0001)
Net realised gain/(loss) on disposal of investments	0.0170	(0.0000)
Net unrealised appreciation/(depreciation) of investments	0.0060	(0.0043)
Net increase/(decrease) in net assets resulting from operations	0.0123	(0.0092)
Capital distribution	(0.0690)	-
Net asset value at end of year	**0.4738**	**0.5305**
Ratios/supplemental data		
Total return	2.31%	(1.70)%
Number of Ordinary Shares outstanding at end of year	72,464,340	72,464,340
Weighted average number of Ordinary Shares[1]	72,464,340	72,464,340
Net assets at end of year (in €)	34,331,623	38,442,946
Average net assets[2] (in €)	38,404,469	41,311,121
Ratio of operating expenses to average net assets[3]	(3.05%)	(3.13)%
Ratio of net investment loss to average net assets[3]	(2.05%)	(0.83)%

[1]Basic weighted average per share data
[2]Average net assets calculated using the quarterly net asset values
[3]Calculated based on weighted average number of Ordinary Shares

The accompanying notes form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. ORGANISATION

The Company was incorporated in Guernsey on 12 June 2008 as a closed-ended investment company with limited liability under The Companies (Guernsey) Law, 1994 (as amended). The Company is now governed under The Companies (Guernsey) Law, 2008.

The Company aims to provide capital appreciation through diversified exposure to a global portfolio of water-related investments. The Company's portfolio of investments will be diversified by factors such as geography, water sector, and investment type, structure and size. The Company may invest in companies and projects in both mature and emerging markets. There is no predetermined limit per region, but for diversification purposes the Company will invest in at least three regions of the world.

FourWinds Capital Management was appointed as the Manager of the Company with responsibility for the discretionary investment management of the Company's assets. Notice of termination of contract was served on Four Winds on 13 June 2013, and accordingly the Company's contract with Four Winds will terminate on 24 July 2015.

On 24 July 2008 the Company's Ordinary Shares were admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange. On 12 November 2012 the Company cancelled its listing on the Official List and its shares are no longer publicly traded.

The Company's financial year end is 31 December.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The accompanying consolidated financial statements have been prepared in accordance with US GAAP.

The Company's consolidated financial statements are presented in Euro which is the functional and the reporting currency of the Company.

Basis of Consolidation
The Company is classified as an investment company under the terms of Accounting Standard Codification ("ASC") 946, "Financial Services – Investment Companies" and follows the accounting and reporting requirements of that standard, except as noted below.

Under ASC 810, "Consolidation", consolidation by an investment company of a non-investment company investee is not appropriate within the scope of ASC 946. An exception to this general principle occurs if the investment company has an investment in an operating company that provides services to the investment company. The consolidated financial statements consolidate the financial statements of the three wholly owned subsidiaries of the Company;

- Aqua Resources (In-Pipe) Holdings Limited ("ARIHL"), a Guernsey limited company formed in August 2009;
- Aqua Resources Asia Holdings Limited ("ARAHL"), an exempt company incorporated in the Cayman Islands formed in October 2008; and
- Cooperative Aqua Netherlands Holdings UA, a Dutch co-operative company formed on 22 March 2010.

ARAHL wholly owns a subsidiary, Robinson Investments Limited ("Robinson"), which is an exempt company incorporated in the Cayman Islands formed in October 2008 and Cooperative Aqua Netherlands Holdings UA wholly owns a subsidiary, Aqua Netherlands Holdings BV, which is a Dutch special purpose vehicle formed on 26 March 2010. All intercompany accounts are eliminated on consolidation.

During the year, the Company has paid the following amounts on behalf of its subsidiaries, in return for asset holding services provided by the subsidiaries:

- ARIHL – Professional and statutory fees of €1,788;
- ARAHL – Professional and statutory fees of €2,826;
- Robinson – Professional and statutory fees of €2,944.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses and other income during the reporting periods. Due to the inherent uncertainty of such estimates, including estimates of values of investments, amounts ultimately determined on realisation may differ from the Company's current estimates and such differences may be significant.

Valuation of Investments

The investments of the Company are carried at fair value in accordance with Financial Accounting Standard Board ("FASB") ASC Topic 820, "Fair Value Measurements and Disclosures" ("ASC 820"). ASC 820 provides a framework for measuring the fair value of assets and liabilities. ASC 820 also provides guidance regarding a fair value hierarchy which prioritises information used to measure fair value and the effect of fair value measurements on earnings and provides for enhanced disclosures determined by the level within the hierarchy of information used in the valuation. ASC 820 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value but does not expand the use of fair value in any new circumstances.

ASC 820 defines fair value in terms of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The price used to measure the fair value is not adjusted for transaction costs while the cost basis of investments may include initial transaction costs.

Under ASC 820, the fair value measurement also assumes that the transaction to sell an asset occurs in the principal market for the asset or, in the absence of a principal market, the most advantageous market for the asset. The principal market is the market in which the reporting entity would sell or transfer the asset with the greatest volume and level of activity for the asset. In determining the principal market for an asset or liability under ASC 820, it is assumed that the reporting entity has access to the market as of the measurement date. If no market for the asset exists or if the reporting entity does not have access to the principal market, the reporting entity should use a hypothetical market.

Securities that are listed on an exchange and are freely transferable are valued at their latest closing price as published by the relevant exchange or clearing house quoted on such exchange. Securities which are not listed or quoted on any securities exchange or similar electronic system or if, being so listed or quoted, are not regularly traded thereon or in respect of which no prices are available, are valued on the basis of the latest available valuation provided by a relevant counterparty and are adjusted in such a manner as the Directors, in their sole discretion, think fit. If no such valuation is available, the Directors determine the value in good faith in consultation with the Manager having regard to such factors as they deem relevant.

Details of the basis upon which the investments held by the Company as at 31 December 2014 were valued are contained in note 3.

ASC 820 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1: Financial assets and liabilities whose values are based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Financial assets and liabilities whose values are based on the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets;
- Pricing models whose inputs are observable for substantially the full term of the asset or liability; and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation of Investments (continued)
Level 3: Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable. These inputs reflect the Directors' own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Investment Transactions and Related Investment Income
Transactions in securities are recorded on a trade date basis. Realised gains and losses on security transactions are based on the average cost method. Dividend income is recorded on the ex-dividend date.

Cash and cash equivalents
Cash comprises bank balances with banks and financial institutions. Cash balances are carried at notional value. Foreign balances are converted to Euros at the prevailing spot rate. All cash balances are readily accessible by the Company.

Interest Income
Interest is recorded on an accruals basis to the extent that the amounts are collectible.

Expenses
Expenses are accounted for on an accruals basis.

Private placements
Private placement securities are not registered for public sale and are carried at an estimated fair value at the end of the year, as determined by Directors in consultation with the Manager. Factors considered by the Directors and the Manager in determining fair value include cost, the type of investment, subsequent purchases of the same or similar investments by the Company or other investors, the current financial position and operating results of the Company invested in and such other factors as may be relevant. Private placements are classified within Level 2 or Level 3 of the fair value hierarchy depending on whether they are valued based on observable inputs or unobservable inputs. Fair value of these securities may differ significantly from the values that would have been used had a ready market existed, and the differences could be material.

Foreign Currency Translation
Assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the date of the consolidated financial statements. Transactions in foreign currencies are translated at the rates of exchange prevailing at the time of the transaction. Exchange gains or losses are included in the Consolidated Statement of Operations under net unrealised gain/(loss) from foreign currency transactions.

Taxation
The Company is a Guernsey Exempt Company and is therefore not subject to taxation on its income under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. In jurisdictions other than the Cayman Islands, in some cases foreign taxes will be withheld at source on dividends and interest received by the Company. Capital gains derived by the Company in such jurisdictions generally will be exempt from foreign income or withholding taxes at source.

The Company recognises the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities.

The Company's tax positions have been analysed and it has concluded that no liability for unrecognised tax benefits should be recorded relating to uncertain tax positions for open tax years (2010-2013) and the positions to be taken for the tax year ended 31 December 2014. The Company recognises interest and penalties, if any, related to unrecognised tax benefits as income tax expense in the Consolidated Statement of Operations. During the year ended 31 December 2014, the Company did not incur any interest or penalties. The Company identifies its major tax jurisdictions as Belgium, China, the Netherlands, Cayman Islands and Guernsey where the Company holds its investments; however the Company is not aware of any tax positions for which it is reasonably possible that total amounts of unrecognised tax benefits will change materially in the next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

3. INVESTMENTS

The following tables show an analysis of assets and liabilities recorded at fair value, between those whose fair value is based on quoted market prices (Level 1), those involving valuation techniques where model inputs are observable in the market (Level 2) and those where the valuation technique involves the use of non-market observable inputs (Level 3).

Assets at fair value as at 31 December 2014 Class	Total €	Quoted prices in active markets for identical assets (Level 1) €	Other market-based observable inputs (Level 2) €	Unobservable inputs (Level 3) €
Equities - Unlisted companies	13,886,936			13,886,936
Convertible bonds	17,944,000	-	-	17,944,000
Warrants	-	-	-	-
Total	31,830,936	-	-	31,830,936

Assets at fair value as at 31 December 2013 Class	Total €	Quoted prices in active markets for identical assets (Level 1) €	Other market-based observable inputs (Level 2) €	Unobservable inputs (Level 3) €
Equities- Listed companies	3,860,103	3,860,103	-	-
Equities- Unlisted companies	13,192,003	-	-	13,192,003
Convertible bonds	18,203,500	-	-	18,203,500
Warrants	-	-	-	-
Total	35,255,606	3,860,103	-	31,395,503

Transfers in or out of Level 3
The ASU requires entities to discuss the reasons for these transfers and to disclose the transfers on a gross basis. Transfers into Level 3 must be separately disclosed from transfers out of Level 3. The ASU also requires that entities disclose their policy for determining when transfers between levels are recognised and provides the following examples of policies;

- the actual date of the event of change in circumstances that cause the transfer
- the beginning of the reporting period
- the end of the reporting period

The Company is using the policy of recognising transfers at the beginning of the reporting period.

The Company's policy about the timing of recognising transfers into the hierarchy levels is the same as the policy for recognising transfers out and this policy is applied consistently.

The table below shows a reconciliation of beginning to ending balances for Level 3 investments and the amount of total gains or losses for the year included in earnings attributable to the change in unrealised gains or losses relating to assets and liabilities held at 31 December 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

3. INVESTMENTS (CONTINUED)

Fair value measurements: A reconciliation of the movement in Level 3 assets is presented below:

	Total €	Equities €	Bonds securities €	Warrants €
Opening balance 1 January 2014	31,395,503	13,192,003	18,203,500	-
Net unrealised appreciation/(depreciation) of investments	435,433	694,933	(259,500)	-
Closing balance 31 December 2014	31,830,936	13,886,936	17,944,000	-
Total unrealised loss at 31 December 2014*	(12,123,149)	(10,067,148)	(2,056,000)	(1)

*The total change in unrealised depreciation included in the consolidated statement of operations attributable to Level 3 movements still held at 31 December 2014.

The following table shows a reconciliation of beginning to ending balances for Level 3 investments and the amount of total gains or losses for the year included in earnings attributable to the change in unrealised gains or losses relating to assets and liabilities held at 31 December 2013.

Fair value measurements: A reconciliation of the movement in Level 3 assets is presented below:

	Total €	Equities €	Bonds securities €	Warrants €
Opening balance 1 January 2013	32,984,508	20,782,008	12,202,500	-
Purchases of investments	-	-	-	-
Disposals of investments	-	-	-	-
Realised loss on disposal of investments	(1)	-	-	(1)
Net unrealised (depreciation)/appreciation of investments	(1,589,004)	(7,590,005)	6,001,000	1
Closing balance 31 December 2013	31,395,503	13,192,003	18,203,500	-
Total unrealised loss at 31 December 2013*	(12,558,582)	(10,762,081)	(1,796,500)	(1)

*The total change in unrealised depreciation included in the consolidated statement of operations attributable to Level 3 movements still held at 31 December 2013.

The Company's policy for valuation of investments is disclosed in note 2.

Warrants
The Company holds warrants (via its subsidiary ARIHL) to subscribe for 74,225 of additional shares in In-Pipe, representing approximately 2 per cent of the share capital of In-Pipe as at 31 December 2014. These warrants expire in August 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

3. INVESTMENTS (CONTINUED)

Equity Investments
In determining an investment's placement within the fair value hierarchy, the Directors take into consideration the following.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1. These include listed equities. The Directors do not adjust the quoted price for such instruments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include less liquid listed equities. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments also include private equity investments. When observable prices are not available for these securities, the Directors use one or more valuation techniques (e.g., the market approach or the income approach) for which sufficient and reliable data is available. For fair value measurements using significant other observable inputs (Level 2) and significant unobservable inputs (Level 3), if there has been a change in the valuation technique, the reporting entity shall disclose that change and the reason for making it. Within Level 3, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors.

The inputs used by the Directors in estimating the value of Level 3 investments include the original transaction price, recent transactions in the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalisations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Directors in the absence of market information.

The fair value measurement of Level 3 investments does not include transaction costs that may have been capitalised as part of the security's cost basis. Assumptions used by the Directors due to the lack of observable inputs may significantly impact the resulting fair value and therefore the Company's results of operations. The actual amounts realised on a disposal of any investments could differ from their carrying values, and these differences could be significant.

As at 31 December 2014 the investments held by the Company which were valued using an estimate of fair value were as follows;

Ranhill Water Technologies (Cayman) Limited
The Company has valued its holding in RWT based on the valuation in the executed conditional sale and purchase agreement (“SPA”) with the Ranhill Group, less a 30% discount to allow for execution risk. This methodology is the same as that applied in the Company’s 2013 Annual Report, except that the discount has been reduced from 50%. The SPA specifies that the consideration is subject to interest of 5 per cent per annum for the period from 16 August 2013 to the date of completion of the transaction, however no account has been taken of interest receivable in determining the value of this investment.

Waterleau Group
The Company has valued its holding in Waterleau based on the principal amount of the convertible bond plus the implied value of interest earned during the holding period, less a discount of 35% in respect of credit and liquidity risk. This methodology is the same as that applied in the Company’s 2013 Annual Report, except that the discount has been increased from 30%.

In-Pipe Technology
The Company has valued this investment at nil value as at 31 December 2014. In the Company’s 2013 Annual Report it was valued by applying a 1 times multiple of annual revenues. The Manager will revisit this valuation in the next reporting period, should In-Pipe’s circumstances improve.

Bluewater Bio International
The Company has valued this investment at nil value as at 31 December 2014, as it has done since 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

4. OTHER PAYABLES

	31 December 2014	31 December 2013
	€	€
Administration fees	2,804	19,868
Audit fees	32,190	30,103
Tax advice	23,168	-
Other accrued expenses	7,627	11,505
	65,789	61,476

5. SIGNIFICANT AGREEMENTS

Manager

The Manager has been appointed by the Company as discretionary investment manager of the Company's assets pursuant to an investment management agreement dated 21 July 2008 ("Management Agreement"). Under the Management Agreement, the Manager is entitled to a base fee ("Base Fee") of 2 per cent per annum of the net asset value of the Company. The Base Fee is payable quarterly in advance and is calculated at the beginning of each quarter using the higher of (i) an implied straight line increase in net asset value (excluding cash) of 10 per cent per annum on a basis which increases 2.5 per cent per quarter over the most recently published audited net asset value plus the actual value of all cash, and (ii) the most recently published estimated net asset value.

In addition, the Manager is, in certain circumstances, entitled to a performance fee ("Performance Fee") in respect of each calculation period. The first calculation period was the period from Admission to 31 December 2008 and, thereafter, the calculation periods shall be each financial period of the Company ("Calculation Period"). The Performance Fee is payable where the net asset value per Ordinary Share at the end of the relevant Calculation Period exceeds the benchmark net asset value per Ordinary Share, which is the figure equal to the High Water Mark net asset value per Ordinary Share (defined below) increased by 10 per cent per annum (or, if the period since a Performance Fee was last paid is not 12 months, an amount equating to an annual compound rate of 10 per cent). The High Water Mark net asset value per Ordinary Share is the net asset value per Ordinary Share at the end of the last Calculation Period in respect of which a Performance Fee was paid (or if no Performance Fee has been paid, the net asset value per Ordinary Share immediately following Admission).

The Performance Fee per Ordinary Share will be equal to 20 per cent of the amount by which the net asset value per Ordinary Share at the end of the relevant Calculation Period exceeds the High Water Mark net asset value per Ordinary Share subject to the net asset value per Ordinary Share never being reduced as a result of being below the benchmark net asset value per Ordinary Share.

The Base Fees expensed for the year ended 31 December 2014 amounted to €681,779 (31 December 2013: €749,959). There was no Performance Fee paid or accrued at 31 December 2014 or for the year ended 31 December 2013. The High Water Mark at 31 December 2014 was €1.1252 (31 December 2013: €1.1252). The benchmark net asset value per Ordinary Share at 31 December 2014 was €1.4897 (31 December 2013: €1.4897).

The Management Agreement between the Company and the Manager is for an initial fixed term of seven years and is terminable by either party giving to the other not less than 24 months' notice to expire on the seventh anniversary of Admission or on any two year interval after the initial seven year term. In the event that the Management Agreement is terminated by the Company giving notice in this manner, the Base Fee and the Performance Fee will be calculated for period up to and including the date of termination. In such circumstances, any calculation of fees payable in lieu of notice shall be based upon the NAV and cash amounts as at the date on which any notice of termination is deemed received. No additional payment will be required to be made to the Manager by the Company in the event of such termination. On 13 June 2013 the Company served notice on the Manager to terminate the Management Agreement with effect from 24 July 2015.

In addition, the Management Agreement may be terminated by the Company immediately in the event of a continuing material breach of the Management Agreement by the Manager or certain insolvency or regulatory events affecting the Manager. If the Management Agreement is terminated by the Company in these circumstances, or if the Management Agreement is terminated by the Manager otherwise than in accordance with the provisions of the Management Agreement, no Performance Fee will be payable in respect of the Calculation Period ending on the date of termination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

5. SIGNIFICANT AGREEMENTS (CONTINUED)

Administrator and Company Secretary

On 14 November 2012 Praxis Fund Services Limited ("PFS") was appointed as Administrator and Company Secretary. Until 30 April 2014, PFS was paid £66,000 (€84,982) per annum for its services as administrator of the Company and of its subsidiary Aqua Resources (In-Pipe) Holdings Limited, payable quarterly in arrears; this increased to £67,800 per annum (€87,299) with effect from 1 May 2014.

PFS's administration fees for the year amounted to €84,537 (31 December 2013: €79,250). As at 31 December 2014 there was no outstanding balance due to PFS (31 December 2013: €20,575).

Directors' Remuneration and Expenses

31 December 2014

Director	Per annum fees entitlement (in £)	Fees paid during the year (in £)	Fees paid during the year (in €)	Fees payable at the end of the year (in £)	Fees payable at the end of the year (in €)
Hasan Askari	60,000	60,000	76,599	-	-
Fergus Dunlop	30,000	30,000	38,299	-	-
Charles Parkinson	30,000	30,000	38,299	-	-

31 December 2013

Director	Per annum fees entitlement (in £)	Fees paid during the year (in £)	Fees paid during the year (in €)	Fees payable at the end of the year (in £)	Fees payable at the end of the year (in €)
Hasan Askari	60,000	60,000	71,483	-	-
Fergus Dunlop	30,000	30,000	35,742	-	-
Charles Parkinson	30,000	30,000	35,742	-	-

The Company reserves the right to pay Mr Askari's Directors' Fee in shares but did not do so during either 2013 or 2014. All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, Board or committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

Under the terms of a consultancy contract signed on 8 April 2015, Mr Askari was appointed to act on the Board's behalf to oversee an orderly run-down of the remaining assets of the Company. The contract is effective from 1 April 2015 until 31 March 2017. In consideration for these services, Mr Askari will receive a fee of €125,000 per annum and, separately, a contribution towards office costs of €25,000 per annum.

6. SHAREHOLDERS' EQUITY

The authorised share capital of the Company is represented by an unlimited number of Ordinary Shares of no par value which are denominated in Euro.

The holders of Ordinary Shares are entitled to:

- receive and participate in any dividends or other distributions out of the profits of the Company available for dividend or distribution;
- the right to the surplus assets remaining after payment of all the creditors of the Company in the case of winding up; and
- the right to receive notice of, and to attend and vote at, general meetings of the Company and each holder of Ordinary Shares being present in person or by attorney at a meeting upon a show of hands has one vote and upon a poll each such holder present in person or by proxy or by attorney has one vote in respect of each share held by him.
-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

6. SHAREHOLDERS' EQUITY (CONTINUED)

Under the Company's Articles of Incorporation, the Company may purchase its own Ordinary Shares in accordance with the Guernsey Company Law. The Company may hold any Ordinary Shares purchased by it whether out of distributable profits or the proceeds of a fresh issue of Ordinary Shares as treasury shares in accordance with the Guernsey Company Law. Shares held in treasury do not carry the rights as set out above in respect of Ordinary Shares.

Issued capital

31 December 2014	**Number of Ordinary Shares**	**€**
Ordinary Shares at 1 January 2014	72,464,340	70,030,004
Ordinary Shares outstanding at 31 December 2014	72,464,340	70,030,004

No shares were issued or repurchased by the Company during the year.

31 December 2013	**Number of Ordinary Shares**	**€**
Ordinary Shares at 1 January 2013	72,464,340	70,030,004
Ordinary Shares outstanding at 31 December 2013	72,464,340	70,030,004

No shares were issued or repurchased by the Company during the year.

7. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

As a result of its investment strategy, the Company is also exposed to varying degrees of market risk, credit risk and liquidity risk.

a) Market Risk
Market risk is the risk that the value of the Company's investments will fluctuate due to changes in interest rates, currency rates and other market factors. Price risk embodies not only the potential for loss but also the potential for gain. Market risk also reflects that investments in unlisted companies are further subject to the limitations of fair value as a measurement device.

b) Credit Risk
Credit risk is represented by the possibility that counterparties or exchanges will not perform under the terms of contracts agreed to with the Company. Cash amounts are held with Royal Bank of Scotland International Limited. Credit risk includes the potential for covenant violations and possible repercussions therefrom of underlying debt instruments owned by investee companies. This also includes the potential of investee companies not meeting scheduled principal and interest payments.

The Company continuously monitors the credit standing of its counterparties and does not expect any material losses.

c) Liquidity Risk
Liquidity risk is the risk that the Company may encounter as a result of its inability to sell its investments quickly at fair value. It also includes the risk of not meeting unscheduled demands from vendors and third parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

8. RELATED PARTIES

At the time of the Company's initial investments in In-Pipe and Waterleau, Valerie Daoud Henderson, formerly an employee of the Manager's group in the role of Head of Europe Environment Group, became a director of each of those companies. Ms Daoud Henderson retired as a director of In-Pipe on 11 February 2014 and Herman Cai, an employee of the Manager's Group in the role of Managing Director, Asia Environment Group, was appointed in her place. In September 2014, Mr Herman Cai resigned from the Manager and was replaced as director of In-Pipe by Mr Yin Kee Wong, an employee of the Manager's group in the role of Vice President, Business Development.

At the time of the Company's initial investment in RWT, Jui Kian Lim, an employee of the Manager's group in the role of Head of Asia, became a director of that company.

At the time of the Company's initial investment in Waterleau, Lydia Whyatt, formerly an employee of the Manager's group in the role of Managing Director, Environment Group, became a director of that company. Ms Whyatt retired as a director of Waterleau on 28 March 2014 and Hasan Askari was appointed in her place on 24 April 2014.

During the year ended 31 December 2014 the Company paid €814,197 in Management Fees (2013: €1,200,467) and will be reimbursed €132,418 by the Manager for the difference between the actual base fee and the amount billed during the year ended 31 December 2014 (2013: €450,508). As further described in note 5, there was no Performance Fee earned during the years ended 31 December 2014 and 2013.

The following expenses are also paid by the Manager on behalf of the Company and were reimbursed:

	31 December 2014	31 December 2013
	€	€
Investee management-related expenses	-	44,771
Marketing expenses	20,605	26,665
Total	20,605	71,436

When the Company first acquired an interest in BBI, in 2009, it purchased 21,100,000 shares in BBI from the Manager for a consideration of US$2.97 million (€2.30 million). At the time, that transaction was a related party transaction between the Manager and the Company pursuant to Listing Rules 15.5.4R and 11.1.4R by virtue of the Manager being the investment manager of the Company, a shareholder of the Company and an associate of a then Director, Ms Kimberly Tara. All of the requirements of the Listing Rules in respect of such transaction were satisfied at that time. There have been no further related party transactions for the purposes of the Listing Rules since that date, including during the year.

The Directors' interests in the share capital of the Company at 31 December 2014 and 31 December 2013 were:

31 December 2014 and 31 December 2013	Number of Ordinary Shares
Hasan Askari	62,500

9. COMPARATIVE FIGURES

Comparative figures used in these consolidated financial statements are for the year ended 31 December 2013 for the Consolidated Statement of Assets and Liabilities, Consolidated Schedule of Investments, the Consolidated Statement of Operations, the Consolidated Statement of Changes in Net Assets, the Consolidated Statement of Cash Flows and the Consolidated Financial Highlights.

10. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company may enter into contracts that provide general indemnifications. The Company's maximum exposure under these arrangements is unknown as this would be dependent on future claims that may be made against the Company. The risk of material loss from such claims is considered remote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

11. RECENT ACCOUNTING DEVELOPMENTS

ASU 2013-08 – Financial Services – Investment Companies (Topic 946), effective for accounting periods commencing after 15 December 2013, modifies the criteria used to define an investment company under US GAAP. It also sets out certain measurement guidance and disclosure requirements. The Directors believe that the amended standard does not affect the Company's classification as an investment company, however it does require certain additional disclosures relating to the Company's consolidated SPVs.

12. SUBSEQUENT EVENTS

On 23 February 2015, the Company and the Ranhill Group mutually agreed to extend the completion period for the sale of the Company's shareholding in Ranhill Water Technologies (Cayman) Limited to the earlier of 31 July 2015 or the IPO of Ranhill Holdings Berhad.

Under the terms of a consultancy contract signed on 8 April 2015, Mr Askari was appointed to act on the Board's behalf to oversee an orderly run-down of the remaining assets of the Company. Further details are set out in note 5.

There have been no other subsequent events requiring disclosure in these financial statements.