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AQUA RESOURCES FUND LIMITED

UNAUDITED RESULTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011

25 August 2011 *For immediate release*

Aqua Resources Fund Limited ("Aqua" or the "Company"), the Authorised Closed-ended investment scheme managed by FourWinds Capital Management ("FWCM") and established to invest in global water opportunities, today issues its unaudited interim results for the six month period ending 30 June 2011.

HIGHLIGHTS

- At 30 June 2011, the Company had invested approximately 93% of its net assets.
- At 30 June 2011, the unaudited net asset value per ordinary share of the Company was €1.0321.
- US$2.325 million follow-on investment in Ranhill Water Technologies (Cayman) Limited.
- On 27 June 2011, PricewaterhouseCoopers LLP were appointed as the Company's new auditors.
- China Hydroelectric Corporation completed the acquisition of a 15 Megawatt project in April 2011, further increasing installed capacity to 563.8 Megawatt.
- In June 2011, Bluewater Bio International executed a US$20 million contract with the Ministry of Works in the Kingdom of Bahrain to upgrade and expand the Tubli wastewater treatment plant, and completed the installation of its Hybrid *Bacillus* Activated Sludge known as HYBACS process at the Botleng wastewater treatment plant in South Africa.
- In April 2011, In-Pipe Technology Company Inc. was awarded new contracts totalling US$1.75 million for green sewer collection system treatment in its core North American market.

Kimberly Tara, Chief Executive Officer of FourWinds Capital Management, commented on the results: "Aqua has an excellent well-balanced portfolio across the global water sector. The portfolio companies continue to show strong growth in pipeline and excellent success rates in winning bids. The key drivers behind water industry growth remain strong, with global demand for water expected to outstrip supply by 40% by 2030. Developments made within the Company's diversified portfolio during the period from 31 December 2010 to 30 June 2011 leave the individual investee companies well positioned to take advantage of this supply shortfall. We remain confident that Aqua is well placed to capture the sector's long term investment opportunities".

Further enquiries:

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Notes to Editors:

Aqua 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.

Aqua's ordinary shares were admitted to listing on the Official List of the UK Listing Authority and to trading on the main market for listed securities of the London Stock Exchange plc on 24 July 2008.

Aqua's investment objective is to provide long term capital appreciation through exposure to a diversified portfolio of water-related investments. Aqua will invest principally in businesses that are involved in i) water treatment and recycling (i.e. wastewater and recycling, water treatment and purification), ii) water infrastructure (i.e. water distribution) or iii) water application and conversion (water-to-energy and desalination) with the objective of capturing the growth opportunities emerging from the attractive long-term dynamics driving the water industry.

MANAGEMENT AND ADMINISTRATION

DIRECTORS:	Hasan Askari *(Chairman)** Andrea Rossi* Timothy Betley (up to 22 July 2011)* Kimberly Tara (up to 2 June 2011) Jonathan Hooley (from 25 July 2011)* *(all of whom are non executive)* **independent directors*
REGISTERED OFFICE:	Arnold House St. Julian's Avenue St. Peter Port Guernsey CI GY1 3NF
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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 CI GY1 4HP

ADMINISTRATOR AND COMPANY

SECRETARY:	HSBC Securities Services (Guernsey) Limited Arnold House St. Julian's Avenue St. Peter Port Guernsey CI GY1 3NF
AUDITORS:	PricewaterhouseCoopers LLP (from 27 June 2011) P O Box 321 Royal Bank Place 1 Glategny Esplanade St Peter Port Guernsey GY1 4ND
	Ernst & Young LLP (up to 2 June 2011) Royal Chambers St. Julian's Avenue St. Peter Port Guernsey GY1 4AF
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CHAIRMAN'S STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2011

To the Shareholders of Aqua Resources Fund Limited

The Board is pleased to present the Company's Half-Yearly Management Report.

This Chairman's Statement has been produced solely to provide additional information to Shareholders as a body, as required by the UK Listing Authority's Disclosure and Transparency Rules. It should not be relied upon by Shareholders or any other party for any other purpose.

This has been a challenging six months for the Aqua Resources Fund Limited ("**Aqua**" or the "**Company**"). A combination of the volatility in the markets, a lack of liquidity in our shares, a loss of appetite for private equity investments and a retreat from credit assets more generally has meant that our share price has suffered significantly. The Company is not unique in this respect but it would be fair to say that, at least insofar as its share price is concerned, it has suffered rather more than other broadly comparable companies. The Board is acutely aware of the need to consider steps which might redress this situation and I will return to this topic later on in this letter.

There is a detailed discussion of the portfolio in the Manager's Report but I would like to refer here to two of the assets of the Company. There has been a precipitous decline in the share price of China Hydroelectric Corporation (the Company's original investment was for US$20,000,000 or 26.71% of the total assets of the Company). Shareholders will be aware that Chinese companies listed on the stock exchanges in the United States are going through a period of re-assessment and questions have been raised by international investors about the integrity of some of the valuations. As far as the Board can tell, these issues have not been raised about China Hydroelectric Corporation and the Manager has assured the Board that the company has a sound business strategy and improving prospects.

Shareholders will also recall that the Board had commented in the Annual Report on Bluewater Bio International and the unsettled environment in which it had its principal contract (Bahrain). We have since been advised by the Manager that Bluewater Bio International has commenced work on the project and expects to generate revenue from the project later this year.

I thought I should comment on what happened at the Annual General Meeting ("**AGM**") of the Company on 2 June 2011 and our subsequent enquiries from some shareholders. As you will recall, the resolutions a) to receive the Report and Accounts of the Company, b) to re-appoint Ernst & Young LLP as the Company's auditors and, c) to re-elect Kimberly Tara, who represents the Manager, FourWinds Capital Management, to the Board were all defeated, on a low voting turn out. Accordingly, I have, since the vote, taken the opportunity to meet or speak to some of the shareholders to understand the reasons behind the vote and would like to share these views with you.

I have reason to believe that the votes against the resolutions at the AGM reflected PIRC[2] guidelines which, among other things, recommend that there is a breakdown in fees earned between the audit and advisory components (in fact, in our case, there were no advisory fees paid by the Company to the previous auditors but this could not be discerned from the face of the Accounts). The guidelines also advise against the Manager being represented on the Board. The Accounts remain valid in all respects despite the vote and were audited with an unqualified opinion. I am sure, however, that shareholders will be pleased to hear that we have selected an appropriate successor to Ernst & Young LLP with PricewaterhouseCoopers LLP being appointed as our auditors as of 25 June 2011.

I pointed out in my statement to the Annual Financial Statements that the portfolio would not be re-valued except to record the effect of changes in the applicable foreign exchange rates and changes in the share price of China Hydroelectric Corporation. The Manager has reassessed the fair value of the Company's two largest unlisted investments and has demonstrated that their fair value is no less than their value at 31 December 2010. In addition the follow-on investment made by the Company during 2011 in Ranhill Water Technologies (Cayman) Limited ("**RWT**") has been recorded in the financial statements using the same value per share as the shares already held by the Company in RWT as at 31 December 2010.

I am sad to report that Timothy Betley, who has been a Director of the Company since its inception and Chairman of the Audit Committee, has decided to step down from the Board. I would like to record the Board's appreciation to Tim for his contribution over the past three years and wish him well for the future. I am delighted to report that Jonathan Hooley, a former senior partner of KPMG in Guernsey, has agreed to join the Board (and to chair the Audit Committee) and we look forward to working with him.

Net Asset Value

As at 30 June 2011 the unaudited net asset value ("**NAV**") per ordinary share of the Company ("**Ordinary Share**") was €1.0321,a decrease of 8.27% since 31 December 2010.

Outlook

The Board is committed to provide value to investors but recognises that the current discount in the share price to the NAV and poor liquidity is a source of continuing concern to shareholders and that the Board needs to consider alternatives to create an environment where the share price reflects, as for as possible, the underlying NAV of the portfolio. These alternatives may include some form of corporate action such as a possible merger or consolidation with other assets or similar funds and/or an examination of the merits of the Company maintaining its public listing. As shareholders will appreciate, an assessment of the alternatives available to the Company and their feasibility will take time and further announcements will be made as soon as practicable.

Subsequent transactions

There have been no subsequent transactions since 30 June 2011.

Principal risks & uncertainties

As we stated in the financial statements for the year ended 31 December 2010, 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 large markets such as the Middle East and North Africa which are a large source of growth for some of our portfolio companies, additional government regulations in the water sector and currency risk.

More specifically, the Company is focused on the following key risks:

Macroeconomic risks

In addition to the specific risks set out above, the performance of the Company's underlying investment portfolio is also influenced by a combination of economic growth, interest rates, the availability of well-priced debt finance, the number of active trade and private equity buyers and the general level of merger and acquisition activity. All of these factors have an impact on the Company's ability to invest and on the Company's ability to exit from its underlying portfolio or on the levels of profitability achieved on exit.

Long-term strategic risks

The Company is subject to the risk that its long-term strategy and its level of performance fail to meet the expectations of its shareholders.

The Company regularly reviews its investment strategy in light of prevailing investor sentiment to ensure the Company remains attractive to its shareholders.

Investment risks

The Company operates in a very competitive market. Changes in the number of market participants, the availability of funds within the market, the pricing of assets, or in the ability of the Manager to access deals on a proprietary basis could have a significant effect on the Company's competitive position and on the sustainability of returns. In order to source and execute good quality investments the Company is primarily dependent on the Manager having the ability to attract and retain people with the requisite investment experience and whose compensation is in line with the Company's objectives. Once invested, the performance of the Company's portfolio is dependent upon a range of factors. These include but are not limited to: (i) the quality of the initial investment decision; (ii) the ability of the investee company to execute successfully its business strategy; and (iii) actual outcomes against the key assumptions underlying the investee company's financial projections. Any one of these factors could have an impact on the valuation of an investee company and upon the Company's ability to make a profitable exit from the investment within the desired timeframe.

A rigorous process is put in place by the Manager for managing the relationship with each investee company for the period to anticipated realisation. This includes regular asset reviews and, in many cases, board representation by one of the Manager's executives.

Operational risks

The Company's investment management, custody of assets and all administrative systems are provided or arranged for the Company by the Manager, the Administrator and other service providers. Therefore, the Company is exposed to a range of operational risks which can arise from inadequate or failed processes, people and systems or from external factors affecting these. The Company's system of internal control mainly comprises the monitoring of the services provided by the Manager, including the operational controls established by the Manager to ensure it meets the Company's business objectives.

As a result of its investment strategy, the Company is exposed to various risks including market risk, credit risk and liquidity risk as further explained in Note 7 of the notes to the consolidated financial statements for the year ended 31 December 2010 which is available at http://www.aquaresourcesfund.com/documents/2011-06-30_ARFL_2011_IFS_FINAL.pdf.

Results

The results for the six months ended 30 June 2011 (the "**Period**") are set out in the Condensed Interim Consolidated Statement of Operations.

Dividends

The Board is not proposing a dividend for the Period.

Related parties

Kimberly Tara is a shareholder of the Manager and was a Director of the Company up to 2 June 2011. As at 30 June 2011, Kimberly Tara had an interest in 3,685,000 Ordinary Shares of the Company (31 December 2010: 3,685,000) which are owned by the Manager.

Hasan Askari
Chairman
24 August 2011

MANAGER'S REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2011

Aqua Resources Fund Limited, the Authorised Closed-ended investment scheme managed by FourWinds Capital Management and established to invest in global water opportunities, presents its unaudited financial results for the six months ended 30 June 2011.

Introduction

The Company reports that the NAV per Ordinary Share at 30 June 2011 was €1.0321 per share (€0.9791 per share at 30 June 2010). At 30 June 2011, the Company had invested approximately 93% of its net assets and the balance was invested conservatively in cash, with no gearing.

The share price started the Period at €0.62 (4 January 2011) and closed the Period at €0.4425 (30 June 2011) which represents a 28.6% drop and a discount to NAV of 57.1%.

Summary of performance

Period ending 30 June	Unaudited net assets attributable to ordinary shareholders (€)	Unaudited NAV per Ordinary Share (€)	Ordinary Share price[3] (€)	Increase/(Decrease) in Net Asset Value period on period (€)
2009	67,906,359	0.9371	0.68	(1,373,788)[4]
2010	70,947,897	0.9791	0.58	3,041,538
2011	74,788,639	1.0321	0.44	3,840,742

The Board has been monitoring both the share price and the discount to NAV at which the Ordinary Shares have been trading during the Period. Financial markets have experienced extreme volatility since the beginning of the Period, in particular during March and June 2011 which negatively impacted markets and stocks across the board. Similarly, the Company's share price mirrored this volatility and ended the Period at a low of €0.42 on 23 June 2011. Trading volumes continued to be extremely low, with a monthly average of less than 0.01% of the shares in issue traded daily[5]. The Board will be looking actively at discount management strategies.

Investments made during the period

In January 2011, the Company announced that its wholly owned subsidiary, Aqua Resources Asia Holdings Limited ("**ARAHL**"), had agreed to invest a further US$2,325,000 via a subscription for new shares to be issued by RWT, the international joint venture established in March 2009 between the Company and Ranhill Berhad and its affiliates (the "**Ranhill Group**") to invest in water and wastewater operations in the People's Republic of China and Thailand. The additional investment was made in two equal instalments of US$1,162,500 each (on 11 January and 16 February 2011, respectively). Following this investment, the shareholdings of both the Ranhill Group and ARAHL were increased slightly as a result of subscribing for their respective share entitlement as existing shareholders and for additional shares in respect of the entitlement of RWT's minority shareholders, which were not taken up by those minority shareholders. ARAHL's shareholding interest in RWT increased to 45.2% from 45%, while the Ranhill Group increased its shareholding interest in RWT to 52.1% from 51.8% after investing US$2,675,000. The proceeds of these additional subscriptions will be used by RWT to undertake investments in two large wastewater treatment operations in mainland China, in regions which experience severe shortages of fresh water supplies, impacting potential economic growth and making this a critical project to government and commerce.

The Company also committed to invest a further US$2,250,000 in RWT, subject to the Ranhill Group subscribing alongside it to maintain its current shareholding ratio at 52.1%. The Company's commitment is valid until 16 February 2012. The purpose of this additional commitment is to finance the next stage of RWT's growth and to fund specific projects in the pipeline which are targeted for calendar years 2011 and 2012.

On completion of this investment in February 2011, the Company had invested approximately 93% of its net assets.

Manager's review

At 30 June 2011, the unaudited NAV per Ordinary Share of the Company was €1.0321, a decline of 8.27% from the 31 December 2010 audited NAV of €1.1252 per Ordinary Share, and a decline of 7.63% from the 31 March 2011 unaudited NAV of €1.1174 per Ordinary Share.

Analysis of movements in NAV for the six months ended 30 June 2011(in €)

Opening NAV as at 1 January 2011	81,535,743
Investment income	215,597
Management fee	(876,694)
Performance fee	-
Other costs	(339,482)
Net unrealised depreciation of investments	(2,968,743)
Foreign currency movements	(2,777,782)
Closing NAV as at 30 June 2011	**74,788,639**

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

The Company gives investors unique access to the steadily growing private water and wastewater treatment sector by investing in businesses that are established globally or locally with potential to grow outside of their core markets, and which have a successful track record in delivering solutions to their clients.

We believe that the Company's approach will reward investors with superior performance in the long-term.

Manager's strategy

The Manager seeks to achieve the investment objectives of the Company by providing shareholders with pure exposure to the long-term capital appreciation of water companies through diversified exposure to a global portfolio of growth capital, water-related investments.

The portfolio is compact, focused, well diversified between technology and service providers and operators, with very good prospects at the underlying investments' level. The portfolio is actively managed with significant time spent on each investment and synergies built between the different portfolio companies to extract and deliver superior value.

The Manager carefully considers the exercise of voting rights in relation to the Company's portfolio companies 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.

Portfolio overview

The main contributing factors to the decline of the Company's NAV during the Period were:

- A steep decline of 43.8% in the share price of China Hydroelectric Corporation ("**CHC**"), resulting in a corresponding negative impact of 5.54% to the Company's NAV before foreign currency adjustments;
- Foreign exchange movements of 3.41%; and
- Operating expenses of 1.49%.

As a consequence of its follow-on investments in RWT made during the Period, the Company booked an unrealised gain based upon the discounted purchase price of the new subscriptions in RWT versus the fair value of RWT as at 30 June 2011 which partially offset the aforementioned factors.

The decline in CHC's share price can be explained by the following factors:

- Poor sentiment towards small-cap Chinese stocks;
- A relatively below average set of results for the first half of 2011 ("**H1 2011**") due mainly to lower than expected precipitation, hence impacting the electricity output, and a decrease in effective tariff;
- The H1 2011 results were further skewed by an above average corresponding period in 2010 where unusually favorable weather was experienced at all project locations.

Notwithstanding CHC's share price decline, the Company's underlying assets performed in line with expectations during the Period.

The portfolio has been valued using consistent valuation approach and methodology as at 31 December 2010 with respect to each investee company held by the Company. The Company's investment in CHC is held at market value as at the close of business on 30 June 2011. The Company's unlisted holdings are valued consistently with the methodologies used as at 31 December 2010.

China Hydroelectric Corporation

CHC is an owner, consolidator, developer and operator of small hydroelectric power projects in the People's Republic of China. Led by an international management team, CHC's primary business is to identify and evaluate acquisition and development opportunities and acquire and in some case construct, hydroelectric power projects in China. China produces 22% of its total energy from hydroelectric energy. CHC currently owns twenty-four operating hydroelectric power projects in China (consisting of twenty nine operating stations) in China with a total installed capacity at 30 June 2011 of 563.8 Megawatt ("**MW**"). These projects are located in four provinces: Zhejiang, Fujian, Yunnan and Sichuan[6].

On 15 August 2011, CHC announced the following unaudited results for H1 2011:

- First half revenue decreased by 16% compared to the corresponding period in fiscal year 2010. The company sold 708.8 million kilowatt-hours ("**kWh**") in the first half of 2011, a decrease of 10% from 784.6 million kWh in the first half of 2010 ("**H1 2010**"). The decrease in revenues was due to less precipitation in H1 2011compared to H1 2010 which experienced better than average precipitation.
- The effective tariff for H1 2011decreased by 17% to RMB0.30 per kWh compared with RMB0.36 per kWh in H1 2010 caused by a change in the project mix. A slightly lower revenue contribution from operating projects in Zhejiang province, a relatively high tariff region, due to lower precipitation, and a higher revenue contribution from newly acquired projects in Yunnan province, a lower tariff region. Tariffs vary at CHC's individual projects, which causes effective tariffs, which are a consolidated figure, to vary based on different revenue contribution mixes.
- H1 2011 gross profit decreased by 39% to US$16.5 million with gross margins decreasing by 19% to 52% from 71% in H1 2010.
- H1 2011 adjusted EBITDA decreased by 26% to US$20.2 million with adjusted EBITDA margin at 63% versus 72% in H1 2010.

Installed capacity in H1 2011 increased to 563.8 MW from 430.5 MW as at end H1 2010. CHC's portfolio is becoming increasingly geographically diversified and the Manager expects this diversification to reduce the impact of future weather pattern variations and to give CHC a stable cash flow base from which to continue to grow.

Summary of CHC's financial performance[7]:

(in US$ millions)	2009	2010	vs. FY 2009	H1 2010	H1 2011	vs. H1 2010
Revenues	36.2	66.7	84.3%	38.3	32.0	-16.4%
Gross Profit	19	41.8	120.0%	27.2	16.5	-39.3%
EBITDA	22.8	42.8	87.7%	27.5	20.2	-26.5%
EPS	NA	0.16	NA	0.22	-0.09	-140.9%

Investment summary:

	Cost (€'000)	Unrealised value (€'000)	Total value (€'000)	Valuation methodology
CHC	13,479	(7,914)	5,565	Market price

Bluewater Bio International

Bluewater Bio International ("**BBI**") is a provider of municipal, industrial, and commercial wastewater treatment solutions. It offers hybrid bacillus activated sludge technology, a biological odorless 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.

BBI has made very good progress during the Period, having executed a 7.3 million Bahraini Dinar (c. US$20 million) contract with the Ministry of Works of the Kingdom of Bahrain to upgrade and expand the Tubli wastewater treatment plant (Tubli is the largest of its kind in the country and serves a population equivalent to c. 800,000) and completed the installation of its HYBACS process at the Botleng wastewater treatment plant in South Africa, (serving 17,000 residents). These developments represent a significant step forward for BBI and the Manager expects that these reference plants, together with initiatives being pursued by BBI's management in other geographies will help cement and grow BBI's position in the wastewater treatment market.

Investment summary:

	Cost (€'000)	Unrealised value (€'000)	Total value (€'000)	Valuation methodology
BBI	9,375	1,821	11,196	Previous transaction + At cost

In-Pipe Technology

In-Pipe Technology Company Inc. ("**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 odors and corrosion, as well as lessen the impact of fats, oils, and grease.

In-Pipe has displayed solid growth in the Period having been awarded US$1.75 million in new contracts for green sewer collection system treatment in its core North American market. The management of In-Pipe has been utilising the platform this growth has established to explore expansion into other markets including Europe and South East Asia. In-Pipe now has a strong customer base in North America, in particular in the municipal market, and the Manager expects to see In-Pipe capitalise on this base to drive further growth in its home and overseas markets in the second half of 2011.

In-Pipe has started the current financial year ahead of the previous year reflecting improved sales and tighter control of costs; the company is currently operating around breakeven EBITDA.

Investment summary:

	Cost (€'000)	Unrealised value (€'000)	Total value (€'000)	Valuation methodology
In-Pipe	3,603	97	3,700	At cost + warrant appreciation

Waterleau Group

Waterleau Group N.V. ("**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.

Waterleau has delivered a strong performance in industrial wastewater markets, in particular in the food and beverage sectors, a traditionally strong industry for Waterleau. Since the latter part of 2010, Waterleau has experienced an influx of orders to build wastewater treatment plants on the brewers' sites, with a focus on Eastern Europe, Russia and Africa. Activity remains difficult in the more traditional municipal markets and in North Africa and the Middle East (Egypt, Algeria and Libya).

Summary of Waterleau's financial performance[8]:

(in € million)	FY ending December 2006	FY ending December 2007	FY ending December 2008	FY ending December 2009	FY ending December 2010	CAGR
Revenues	€ 35.0	€ 42.8	€ 52.6	€ 55.5	€ 63.5	16%
EBITDA	€ 2.0	€ 4.0	€ 4.1	€ 6.6	€ 6.6	34%
EBIT	€ 1.7	€ 0.9	€ 1.6	€ 1.5	€ 3.7	22%

Investment summary:

	Cost (€'000)	Unrealised value (€'000)	Total value (€'000)	Valuation methodology
Waterleau	20,000	3,000	23,000	Accrued interest up to 31 December 2010

Ranhill Water Technologies

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 and operates 5 Build Own Transfer ("**BOT**") projects in China with a total treatment capacity of 160 Million Liters per Day ("**MLD**") as well as 5 BOT projects in Thailand.

During its financial year to 30 June 2012, RWT will commence construction of two new plants in China - the Yingkou 30MLD plant and Phase 2 of Xiao Lan, a 50MLD expansion adjacent to the company's existing plant. When construction of these two new plants is completed, RWT's treatment capacity is expected to reach 240MLD. RWT also expects to sign a further 2 new BOT contracts with a total treatment capacity of 150MLD during its financial year to 30 June 2012.

Summary of RWT's financial performance[9]:

(in US$ million)	FY ending June 2009	FY ending June 2010	FY ending June 2011	CAGR
Revenues	$ 13.5	$ 22.5	$ 25.9	39%
EBITDA	$ 4.0	$ 3.7	$ 6.2	24%
EBIT	$ 3.9	$ 3.4	$ 6.1	26%
Net Profit	$ 4.3	$ 4.9	$ 5.0	8%

Investment summary:

	Cost (€'000)	Unrealised value (€'000)	Total value (€'000)	Valuation methodology
RWT	11,055	14,942	25,997	Discount to comparable multiples

Manager's market commentary and outlook

Water quality and scarcity remain at the forefront of the global agenda. The Company invests in businesses that address these issues.

The first half of 2011 has been characterised by continued fears for the global economy as many countries, particularly in Europe, have continued to struggle to rid themselves of problems stemming from the banking sector-led recession. Several countries in the Eurozone have been forced into stringent austerity measures following bail out funding from the International Monetary Fund ("**IMF**") and from the other member states of the European Union ("**EU**"). Disappointing employment and manufacturing data from the United States of America ("**US**") in the early part of 2011 together with fears of a slowdown in the Chinese economy also contributed heavily to market volatility and persistent fears that a full and stable recovery is still some years away.

However, the key drivers behind water industry growth remain strong. Global demand for water is expected to outstrip supply by 40% by 2030[11] and governments and companies across almost every sector from pharmaceuticals to mining continue to focus on efficiency, water re-use and sustainability. The continuing low carbon agenda is also driving growth in parts of the sector, such as the hydroelectric market as well as helping to give additional fuel to the drivers behind water efficiency, resource recovery and sludge management.

In Europe, stringent regulation and the accession of new countries to the EU continue to drive investment in infrastructure upgrades and an increased focus on technology to improve efficiency and reduce wastage.

Activity in the water utility-led part of the European water market will be driven byprivatisations as debt-ridden countries attempt to raise funds through asset sales. In Portugal and Greece analysis is under way into theprivatisation of their water utilities and whilst Italy has rejectedprivatisation, question marks remain over where the debt ridden government will find the €64 billion needed to upgrade its water system to European standards without recourse to private finance. In Ireland it was a condition of the €85 billion IMF / EU bailout that Ireland introduces water charges for domestic customers and discussions are currently underway to divert over €500 million of government cash that was expected to be spent on water meters into upgrading Ireland's water network to increase its efficiency and reduce losses.

The North American water market has recently seen the rapid development of some new, high growth segments in particular the produced water market which had already reached US$5 billion in 2010[12]. Technology developments and high commodity prices have increased drilling for shale gas which uses high volumes of water in the "fracking" process required to release the gas from within the shale. The drilling has also raised concerns about treatment of the wastewater generated by the process. Each well requires approximately 4.5 million gallons opening up and then uses up to 1.7 gallons of water per 1000m^3 of gas produced[13], which subsequently becomes highly contaminated in the process. These water demands and the potential for groundwater pollution have led to a greatly increased focus on water treatment and re-use to protect local water resources and it is expected that the produced water from oil and gas segment of the water industry has the possibility to grow to US$10 billion per year[14].

Whilst there have been some fears of overheating in the Chinese economy as growth in the second quarter of 2011 fell to 9.5%[15], the outlook for the water industry continues to be robust during the period of the 12th five year plan which runs from 2011 to 2015. During this period, investment in water related infrastructure is expected to be up to US$90 billion and will include the upgrading of over 2000 wastewater treatment plants and the installation of over 2300 new water production and treatment plants capable of producing 40 million m^3 per day[16]. There will also be a significant focus on water re-use and sludge treatment, the funding allocations for which have been increased threefold and four and a half fold respectively over the 11th five-year plan[17].

The so-called "Arab Spring" had an enormous impact on the water industry across the Middle East and North Africa initially through changes to government, civil unrest and related issues which caused project delays. However governments across the region both new and old became even more sharply focused on developing their water and wastewater infrastructure as one of the key elements to improving the quality of life of their peoples. There are likely to be continued project delays in some countries, with Egypt waiting until at the earliest after elections in November. However large scale investment in other countries where the impact of the unrest was less direct looks set to go ahead very quickly - in Saudi Arabia's two main cities alone, Jeddah and Riyadh, over US$2.7 billion is expected to be spent on water infrastructure over the next 2 years with total spend of over US$30 billion anticipated for the period 2010 to 2016[18].

It is likely that this kind of spending across the region will also help stimulate European and US economies as companies from those regions work with local construction partners to roll out the infrastructure which is typically required to include best in class technology solutions many of which are provided by European and American companies. One recent example is the Tubli Bay US$20 million[19] wastewater treatment plant upgrade in Bahrain where the technology is being provided by BBI, the London based wastewater treatment business part owned by the Company.

Whilst default fears continue to plague Europe's sovereign debt markets, expectations for a "soft-landing" in China and cautious optimism for the US coupled with heavy infrastructure spending by the cash rich oil nations of the Middle East have meant that the outlook for the water sector remains positive. This outlook is reinforced by both the breadth of the sector and its being underpinned by fundamentals uncorrelated to the global economic conditions.

FourWinds Capital Management
August 2011

DIRECTORS' RESPONSIBILITY STATEMENT
For the period from 1 January 2011 to 30 June 2011

To the best of the knowledge of the Directors:

The Highlights, the Chairman's Statement and the Manager's Report comprise the Half-Yearly Management Report.

This Half-Yearly Management Report and Unaudited Condensed Interim Consolidated Financial Statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and has been prepared in accordance with the accounting principles generally accepted in the US.

The Half-Yearly Management Report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred in the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board of Directors by:

Hasan Askari Jonathan Hooley
Director Director

Date: 24 August 2011

CONDENSED INTERIM CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2011

	Notes	Unaudited 30 June 2011 €	Audited 31 December 2010 €
Assets			
Cash		4,881,457	8,181,382
Investments at fair value (cost 2011: €57,511,827 and 2010: €55,803,352)	2	69,458,917	73,458,458
Interest receivable		50,000	-
Prepaid expenses		488,597	16,496
TOTAL ASSETS		74,878,971	81,656,336
Liabilities			
Directors' fees payable		23,505	24,742
Other payables	3	66,827	95,851
TOTAL LIABILITIES		90,332	120,593
NET ASSETS		74,788,639	81,535,743
Net Assets consist of:			
Ordinary Shares (no par value, authorised to issue unlimited number of Ordinary Shares, of which 72,464,340 (2010: 72,464,340) were issued and outstanding)	4	70,030,004	70,030,004
Retained earnings		4,758,635	11,505,739
		74,788,639	81,535,743
Net asset value per Ordinary Share		1.0321	1.1252

CONDENSED INTERIM CONSOLIDATED SCHEDULE OF INVESTMENTS
AT 30 JUNE 2011

Investments	**Quantity/ Notional**	**Fair Value €**	**% of NAV**
INVESTMENTS AT FAIR VALUE			
Bonds			
Belgium (cost: €20,000,000)			
Waterleau Group N.V. Convertible Loan	€20,000,000	23,000,000	30.75
Cayman Islands (cost: €2,979,301)			
Bluewater Bio International Convertible Loans	£2,500,000	2,765,322	3.70
Total investments in bonds (cost: €22,979,301)		**25,765,322**	**34.45**
Unlisted Companies			
Belgium (cost: €277)			
Waterleau Group N.V.	1	277	-
Cayman Islands (cost: €17,468,605)			
Bluewater Bio International	49,170,112	8,430,219	11.27
Ranhill Water Technologies (Cayman) Limited	14,880,000	25,997,547	34.76
United States of America (cost: €3,602,651)			
In-Pipe Technology Company Inc.	474,834	3,244,941	4.34
Total investments in unlisted companies (cost: €21,071,533)		**37,672,984**	**50.37**
Listed Companies			
China (cost: €13,478,451)			
China Hydroelectric Corporation - American Depository Shares	1,980,537	5,565,148	7.44
Total investments in listed companies (cost: €13,478,451)		**5,565,148**	**7.44**
Warrants			
Cayman Islands (cost: €1)			
Bluewater Bio International - Warrant 31/07/2012	1	-	-
Bluewater Bio International - Part 2 Warrant 31/03/2013	1	1	-
United States of America (cost: €1)			
In-Pipe Technology Company Inc. - Warrants 30/06/2012	74,225	455,462	0.61
Total investments in warrants (cost: €2)		**455,463**	**0.61**
Total investments at fair value (cost: €57,511,827)		**69,458,917**	**92.87**

AT 31 DECEMBER 2010

Investments	Quantity/ Notional	Fair Value €	% of NAV
INVESTMENTS AT FAIR VALUE			
Bonds			
Belgium (cost: €20,000,000)			
Waterleau Group N.V. Convertible Loan	€20,000,000	23,000,000	28.21
Cayman Islands (cost: €2,979,301)			
Bluewater Bio International Convertible Loans	£2,500,000	2,910,809	3.57
Total investments in bonds (cost: €22,979,301)		**25,910,809**	**31.78**
Unlisted Companies			
Belgium (cost: €277)			
Waterleau Group N.V.	1	277	-
Cayman Islands (cost: €15,742,670)			
Bluewater Bio International	49,170,112	8,873,739	10.88
Ranhill Water Technologies (Cayman) Limited	12,555,000	23,752,000	29.13
United States of America (cost: €3,602,651)			
In-Pipe Technology Company Inc.	474,834	3,513,669	4.31
Total investments in unlisted companies (cost: €19,345,598)		**36,139,685**	**44.32**
Listed Companies			
China (cost: €13,478,451)			
China Hydroelectric Corporation - American Depository Shares	1,980,537	10,914,781	13.39
Total investments in listed companies (cost: €13,478,451)		**10,914,781**	**13.39**
Warrants			
Cayman Islands (cost: €1)			
Bluewater Bio International - Part 1 Warrant 20/04/2011, Part 2 Warrant 31/03/2013	2	2	-
Bluewater Bio International -Warrant 31/07/2012	1	-	-
United States of America (cost: €1)			
In-Pipe Technology Company Inc. - Warrants 30/06/2012	74,225	493,181	0.60
Total investments in warrants (cost: €2)		**493,183**	**0.60**
Total investments at fair value (cost: €55,803,352)		**73,458,458**	**90.09**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Notes	Unaudited 30 June 2011 €	Unaudited 30 June 2010 €
Investment Income			
Interest income		215,000	479,967
Other income		597	1,730
Total investment income		215,597	481,697
Operating Expenses			
Administrator fees		59,589	59,589
Audit fees		15,827	20,537
Fees for non-audit services	3	-	-
Professional fees		43,986	54,344
Brokerage fees		40,610	20,010
Directors' fees		47,557	49,598
Directors' expenses		8,900	29,989
Due diligence expenses	6	27,830	211,412
Management fees	6	876,694	752,493
Marketing expense		-	6,062
Miscellaneous expenses		95,183	58,111
Total operating expense		1,216,176	1,262,145
Net investment loss		(1,000,579)	(780,448)
Realised and unrealised loss from investments and foreign currency			
Net realised and unrealised (loss)/gain from foreign currency		(21,049)	7,936
Net unrealised depreciation of investments		(5,725,476)	(2,334,071)
		(5,746,525)	(2,326,135)
Decrease in net assets resulting from operations		(6,747,104)	(3,106,583)
Net investment loss per Ordinary Share (annualised):			
Basic & diluted		(0.0138)	(0.0108)
Net loss per Ordinary Share (annualised):			
Basic & diluted		(0.0931)	(0.0429)
Weighted average number of Ordinary Shares outstanding:			
Basic & diluted		72,464,340	72,464,340

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Notes	Unaudited 30 June 2011 €	Unaudited 30 June 2010 €
Operations			
Net investment loss		(1,000,579)	(780,448)
Net realised and unrealised (loss)/gain from foreign currencies		(21,049)	7,936
Net unrealised depreciation of investments		(5,725,476)	(2,334,071)
Net decrease in net assets resulting from operations		(6,747,104)	(3,106,583)
Share capital transactions			
Issuance of capital		-	-
Redemption of capital		-	-
Net increase in net assets resulting from share capital transactions		-	-
Net decrease in net assets		(6,747,104)	(3,106,583)
Net assets at beginning of the period		81,535,743	74,054,480
Net assets at end of the period		74,788,639	70,947,897
Net asset value per Ordinary Share		1.0321	0.9791
Number of Ordinary Shares issued and outstanding at end of the period	4	72,464,340	72,464,340

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Unaudited 30 June 2011 €	Unaudited 30 June 2010 €
Operating activities		
Decrease in net assets resulting from operations	(6,747,104)	(3,106,583)
Adjustment to reconcile decrease in net assets resulting from operations to net cash used in operating activities:		
Net unrealised depreciation of investments	5,725,476	2,334,071
Increase in interest receivable	(50,000)	(479,967)
Increase in prepaid expenses	(472,101)	(366,811)
Decrease in other payables	(30,261)	(132,029)
Net cash used in operating activities	(1,573,990)	(1,751,319)
Investment activities		
Purchase of investments	(1,725,935)	(20,570,802)
Net cash used in investment activities	(1,725,935)	(20,570,802)
Net decrease in cash	(3,299,925)	(22,322,121)
Cash at beginning of the period	8,181,382	35,177,646
Cash at end of the period	4,881,457	12,855,525

CONDENSED INTERIM CONSOLIDATED FINANCIAL HIGHLIGHTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Unaudited 30 June 2011	Unaudited 30 June 2010
Per share data[20]		
Net asset value at beginning of the period	1.1252	1.0219
Net investment loss	(0.0138)	(0.0108)
Net realised and unrealised foreign currency (loss)/ gain	(0.0007)	0.0001
Total from investment operations	(0.0786)	(0.0321)
Change in net asset value for the period	(0.0931)	(0.0428)
Net asset value at end of the period	1.0321	0.9791
Ratios/supplemental data		
Net asset value per share at end of period	1.0321	0.9791
Total return	(8.27%)	(4.19%)
Number of Ordinary Shares outstanding at end of the period	72,464,340	72,464,340
Weighted average number of Ordinary Shares	72,464,340	72,464,340
Net assets at end of the Period (in €)	74,788,639	70,947,897
Average net assets[21] (in €)	77,878,370	70,707,369
Ratio of operating expenses to average net assets[22]	(3.12%)	(3.57%)
Ratio of net investment loss to average net assets[22]	(2.57%)	(2.21%)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
This Unaudited Condensed Interim Consolidated Financial Statements ("**Interim Financial Statements**") have been prepared in accordance with accounting principles generally acceptable in the US.

The Company applied the same policies and principles in preparing these Interim Financial Statements as were used for the 2010 Annual Report and Audited Consolidated Financial Statements.

The Company's Interim Financial Statements are presented in Euro which is the functional and the reporting currency of the Company.

Basis of Consolidation
Under the Accounting Standard Codification ("**ASC**") Topic 810, "Consolidation" ("**ASC 810**"), consolidation by an investment company of a non-investment company investee is not appropriate within the scope of Topic 946 Financial Services - "Investment Companies". 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;
- 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, 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.

Segment Reporting
The Directors are of the opinion that the Company is engaged in a single segment of business, being water related investment opportunities.

2. 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 of 30 June 2011	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Other market-based observable inputs (Level 2)**	**Unobservable inputs (Level 3)**
Class	**€**	**€**	**€**	**€**
Listed equities	5,565,148	5,565,148	-	-
Unlisted equities	37,672,984	-	-	37,672,984
Convertible bonds	25,765,322	-	-	25,765,322
Warrants	455,463	-	-	455,463
Total	69,458,917	5,565,148	-	63,893,769

Assets at fair value as of 31 December 2010	**Total**	**Quoted prices in active markets for identical assets (Level 1)**	**Other market-based observable inputs (Level 2)**	**Unobservable inputs (Level 3)**
Class	**€**	**€**	**€**	**€**
Listed equities	10,914,781	10,914,781	-	-
Unlisted equities	36,139,685	-	-	36,139,685
Convertible bonds	25,910,809	-	-	25,910,809
Warrants	493,183	-	-	493,183
Total	73,458,458	10,914,781	-	62,543,677

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 period included in earnings attributable to the change in unrealised gains or losses relating to assets and liabilities held at 30 June 2011.

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

	Total	**Equities**	**Bonds securities**	**Warrants**
	€	**€**	**€**	**€**
Opening balance 1 January 2011	62,543,677	36,139,685	25,910,809	493,183
Purchases of investments	1,725,935	1,725,935	-	-
Change in net unrealised depreciation	(375,843)	(192,636)	(145,487)	(37,720)
Closing balance 30 June 2011	63,893,769	37,672,984	25,765,322	455,463
Total unrealised gains at 30 June 2011	19,860,393	16,601,451	2,803,481	455,461

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 2010.

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

	Total	**Equities**	**Bonds securities**	**Warrants**
	€	**€**	**€**	**€**
Opening balance 1 January 2010	39,046,630	39,046,628	-	2
Purchases of investments	24,490,328	1,511,027	22,979,301	-
Change in net unrealised appreciation	16,377,293	12,952,604	2,931,508	493,181
Transfer to level 1[23]	(17,370,574)	(17,370,574)	-	-
Closing balance 31 December 2010	62,543,677	36,139,685	25,910,809	493,183
Total unrealised gains at 31 December 2010	20,218,776	16,794,087	2,931,508	493,181

The portfolio has been valued using consistent valuation approach and methodology as at 31 December 2010 with respect to each investee company held by the Company.

As at 30 June 2011, the investments held by the Company which were valued using an estimate of fair value, were as follows:

China Hydroelectric Corporation

The Company owns approximately 4% of CHC's ordinary shares (1,980,537 American Depository Shares ("**ADS**")) and the appropriate valuation of the Company's investment in CHC is based on the closing price on 30 June 2011 on an active market of US$4.08 per ADS.

Bluewater Bio International

The Company purchased its equity interest in BBI in a number of tranches during 2009 and subscribed to two loan instruments during the year 2010. The equity portion, the final tranche of which was acquired in September 2009, was part of a wider fundraising exercise by BBI and the shares offered by BBI were subscribed for by a number of existing shareholders, including the Company, at £0.155 per share. This fundraising exercise established a fair value for the shares in BBI at the time. The Company has kept the valuation of the equity portion at the same level as at 31 December 2010, e.g. at £0.155 per share. Furthermore, the Company considers that a market participant considering purchasing the investment in the secondary market would value the two loan notes at 30 June 2011 at a value which is not materially different from their cost. Accordingly, the Company has measured these two instruments at 30 June 2011 at their original cost.

In-Pipe Technology

The Company's holding in In-Pipe is comprised of preferred equity and warrants. The Company has valued the equity portion of the investment at cost and has re-valued the in-the-money warrants to a level that reflects the latest fundraising by In-Pipe which established a fair value for the shares in In-Pipe. This was valued by calculating the enterprise value and taking into account the dilutive effect, then splitting the value between equity shares and warrants. Given there is no restriction on the ability to exercise the warrants held by the Company at any time, it has applied the financial instrument rules of US GAAP: recognised the warrants as a financial instrument and considered their value as well as the value of the equity. The fair value of the Company's holding in In-Pipe has been determined by keeping the equity portion at cost and revaluing the warrants to the latest price paid for the equity which established a fair value for the shares in In-Pipe.

Waterleau Group

The Company's holding in Waterleau is valued using the conversion feature of the instrument that includes cost plus the implied value of interest earned during the holding period. The Company has accrued interest up to 31 December 2010.

Ranhill Water Technologies

The Company's holding in RWT is valued using a consistent methodology as the one applied at 31 December 2010 which was based on a combination of net earnings and book value multiples to which was applied a conservative discount of 30% to a range of comparable peer group sector relevant multiples. This adjustment factor reflects the relative illiquidity and non-transferability of RWT's shares to a third party. Furthermore, as a consequence of its follow-on investments in RWT made during the Period, the Company booked an unrealised gain based upon the discounted purchase price of the new subscriptions in RWT versus the fair value of RWT as at 30 June 2011.

3. OTHER PAYABLES

	30 June 2011	31 December 2010
	€	€
Financial reporting fees	5,000	5,000
Administrator fees	24,931	25,205
Audit fees	20,000	40,000
Other accrued expenses	16,896	25,646
	66,827	95,851

For the six months ended 30 June 2011 there were no non-audit services provided by either Ernst & Young LLP or PricewaterhouseCoopers LLP. For the six months ended 30 June 2010 there were no non-audit services provided by Ernst & Young.

4. 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.

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

30 June 2011	**Number of Ordinary Shares**	**€**
Ordinary Shares at 1 January 2011	72,464,340	70,030,004
Ordinary Shares outstanding at 30 June 2011	72,464,340	70,030,004

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

31 December 2010	**Number of Ordinary Shares**	**€**
Ordinary Shares at 1 January 2010	72,464,340	70,030,004
Ordinary Shares outstanding at 31 December 2010	72,464,340	70,030,004

No shares were issued or repurchased by the Company during the year ended 31 December 2010.

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

At 31 December 2010, the Manager analysed the Company's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions for open tax years (2008-2009) and the positions to be taken for tax year ended 31 December, 2010. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations. During the period ended 31 December, 2010, the Company did not incur any interest or penalties. The Company identifies its major tax jurisdictions as Belgium and China where the Company makes significant investments; however the Company is not aware of any tax positions for which it is reasonably possible that total amounts of unrecognized tax benefits will change materially in the next twelve months.

6. RELATED PARTIES

Kimberly Tara is a shareholder of the Manager and was a Director of the Company up to 2 June 2011. At 30 June 2011, Kimberly Tara had an interest in 3,685,000 (31 December 2010: 3,685,000) Ordinary Shares of the Company which are owned by the Manager.

At the time of the Company's initial investments in BBI and RWT, Kimberly Tara became a director of each of those companies.

At the time of the Company's initial investments in In-Pipe and Waterleau, Valerie Daoud Henderson, an employee of the Manager's group in the role of Head of Europe Environment Group, became a director of each of those companies.

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 Environment Group, became a director of that company.

At the time of the Company's initial investment in Waterleau, Lydia Whyatt, an employee of the Manager's group in the role of Managing Director, Environment Group, became a director of that company.

During the period the Company paid €876,694 in Management Fees.

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

	30 June 2011	**30 June 2010**
	€	**€**
Due diligence expenses	27,830	176,366
Marketing expense	-	6,062
	27,830	182,428

A subsidiary of the Manager subleases office space to an investee company. The sub-lease commenced on 1 September 2010 and expires on 21 March 2013. The annual rent under this agreement is £151,900 (approximately €176,861).

The Directors' interests in the share capital of the Company at 30 June 2011 were:

30 June 2011	**Number of Ordinary Shares**
Hasan Askari	62,500
Andrea Rossi	18,750
Timothy Betley	12,500

The Directors' interests in the share capital of the Company at 31 December 2010 were:

31 December 2010	**Number of Ordinary Shares**
Hasan Askari	62,500
Andrea Rossi	18,750
Timothy Betley	12,500
Kimberly Tara*(up to 2 June 2011)	3,685,000

* Kimberly Tara's interest is in respect of Ordinary Shares owned by the Manager of which she is a director and shareholder.

7. COMPARATIVE FIGURES

Comparative figures used in these Interim Financial Statements are for the period from 1 January 2010 to 30 June 2010 for the Condensed Interim Consolidated Statement of Operations, the Condensed Interim Consolidated Statement of Changes in Net Assets, the Condensed Interim Consolidated Statement of Cash Flows and the Condensed Interim Consolidated Financial Highlights. The comparative figures used for the Condensed Interim Consolidated Statement of Assets and Liabilities and the Condensed Interim Consolidated Schedule of Investments are at the year ended 31 December 2010.

8. SIGNIFICANT EVENTS DURING THE PERIOD

On 12 January 2011, the Company announced that its wholly owned subsidiary, ARAHL, had agreed to invest a further US$2,325,000 (approximately €1.8 million) via a subscription for new shares to be issued by RWT, which is the international joint venture established in March 2009 by the Company and the Ranhill Group to invest in water and wastewater operations in the People's Republic of China and Thailand. At that time, the Company had previously invested US$12,555,000 (€9.3 million) for a 45% interest in RWT. The additional investment was made in two equal installments of US$1,162,500 each (on 11 January and 16 February 2011).

Following this investment, the shareholdings of both the Ranhill Group and ARAHL were increased slightly as a result of subscribing for their respective share entitlement as existing shareholders and for additional shares in respect of the entitlement of RWT's minority shareholders, which were not taken up by those minority shareholders. ARAHL's shareholding interest in RWT increased to 45.2% from 45%, while the Ranhill Group increased its shareholding interest in RWT to 52.1% from 51.8% after investing US$2,675,000. The proceeds of these additional subscriptions will be used by RWT to undertake investments in two large wastewater treatment operations in mainland China, in regions which experience severe shortages of fresh water supplies, impacting potential economic growth and making this a critical project to government and commerce.

The Company also committed to invest a further US$2,250,000 in RWT, subject to the Ranhill Group subscribing alongside it to maintain its current shareholding ratio at 52.1%. The Company's commitment is valid for a period of 12 months post-closing of the most recent additional subscriptions. The purpose of this additional commitment is to finance the next stage of RWT's growth and to fund specific projects in the pipeline which are targeted for calendar years 2011 and 2012.

At the annual general meeting held on 2 June 2011, Kimberly Tara was not re-elected as a Director of the Company and Ernst & Young LLP were not re-appointed as the Company's auditors.

On 27 June 2011, PricewaterhouseCoopers LLP were appointed as the new auditors of the Company.

9. SUBSEQUENT EVENTS

Timothy Betley (the Chairman of the Audit Committee) resigned as a Director of the Company on 22 July 2011. Jonathan Hooley was appointed as a Director of the Company (and as the Chairman of the Audit Committee) on 25 July 2011.

Footnotes

[1]Carbon Disclosure Project Water Disclosure 2010 Global Report.
[2]PIRC: Pensions and Investment Research Consultants Ltd.
[3]Closing share price at 30 June for each Period.
[4]For the six months from December 2008 to June 2009.
[5]Capital IQ.
[6]CHC's data.
[7]Audited figures for years ended 31 December 2009 and 2010, unaudited figures for H1 2010 and H1 2011.
[8]Audited figures.
[9]Audited figures for years ended June 2009 and June 2010. Company's estimated figures for year ended June 2011.
[10]RWT's €2.038 million unrealised price gain represents an unrealised gain based upon the discounted purchase price of the follow on investments versus RWT's fair value as at 30 June 2011.
[11]Carbon Disclosure Project Water Disclosure 2010 Global Report.
[12]American Water Intelligence, April 2011.
[13]Chesapeake Energy Fact Sheet, May 2011.
[14]Global Water Intelligence, October 2010.
[15]Financial Times, 13 July 2011.
[16]China Daily News, 7 July 2011.
[17]Global Water Intelligence, April 2011.
[18]MSN Arabia, May 2011.
[19]Bluewater Bio International press release, 9 June 2011.
[20]Basic weighted average per share data
[21]Average net assets calculated using the quarterly estimated net assets during the Period
[22]Ratios based on reporting periods of less than twelve months are annualised
[23]The transfer of €17,370,574 relates to CHC which became a publicly traded stock on 25 January 2010 on the NYSE.

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