AQUA RESOURCES FUND LIMITED

Interim Management Report and Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2015

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.

AQUA RESOURCES FUND LIMITED

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MANAGEMENT AND ADMINISTRATION

DIRECTORS:	Charles Parkinson *(Chairman from 19 June 2015)* Hasan Askari *(Chairman until 19 June 2015)* Fergus Dunlop *(resigned 19 June 2015)* *all of whom are independent non-executive directors*
REGISTERED OFFICE:	Sarnia House Le Truchot St. Peter Port Guernsey GY1 4NA
MANAGER:	FourWinds Capital Management (until 24 July 2015) Floor 4, Willow House, Cricket Square PO Box 268 George Town Grand Cayman KY1-1104 Cayman Islands
INVESTMENT CONSULTANT	Hasan Askari
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 1GR
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
UK TRANSFER AGENT:	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom

CHAIRMAN'S STATEMENT

Dear Shareholder,

While we have only produced a Chairman's Report for the past two Interim Financial Statements, it is appropriate for me to introduce myself, following the recent changes to the composition of the Board. As shareholders will be aware, Hasan Askari has stepped down from the role of Chairman, due to his appointment as Investment Consultant to oversee the Company's portfolio on behalf of the Board, and the reduction in the size of the Board from three to two. The new arrangements will save the Company the very substantial costs of employing an external investment manager, and are appropriate in view of the fact that the Company is now in "run-off".

Progress on liquidating the Company's portfolio has been slow, and the Board regrets that it is not able to report any further disposals during the half-year under review. But as noted in the Investment Consultant's Report, we are edging closer to the closure of our two significant positions, and in the meantime we consider that the net asset value of the portfolio remains solid. We expect to be able to report more substantive news at the year-end.

There have been a number of changes in the management and governance of the Company in the period under review. The investment management contract with Four Winds Capital Management terminated on 24 July 2015 and the Board requested the previous Chairman, Mr Hasan Askari, to take responsibility for managing the portfolio on the Board's behalf on a day-to-day basis. Shareholders should also be aware that Mr Askari also represents their interests in two of the investee companies, Waterleau and In-Pipe, as an unpaid director.

The Board also underwent some changes with the resignation of Fergus Dunlop on 19 June 2015. As a result of his appointment as Investment Consultant, Mr Askari stepped down as Chairman of Aqua the same day and was replaced by Charles Parkinson.

In view of the significantly reduced scale of the Company's operations, both the Management Engagement Committee and the Investment Monitoring Committee were deemed to be superfluous to requirements and disbanded. The Audit Committee has two members, Charles Parkinson and Hasan Askari, and is expected to function until the Company is wound up.

The Board welcomes dialogue with the shareholders of the Company, and I am personally happy to meet with, or enter into correspondence with, any shareholders who may wish to raise any matters pertaining to the Company.

It only remains for me to thank Hasan for his service as Chairman, since the flotation of the Company in July 2008, and in particular for his recent efforts to resolve the several problem cases in the Company's portfolio. I know shareholders will join with me in wishing him success in his efforts to realise our remaining investments.

Charles Parkinson
Chairman
30 September 2015

INVESTMENT CONSULTANT'S REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2015

This is a Report by the Investment Consultant to the Board of Directors of Aqua Resources Fund Limited ("Aqua" or "the Fund") for the period 1 January to 30 June 2015.

Aqua is a private equity fund that invests in water-related projects. It was launched in July 2008 as a company listed on the London Stock Exchange, but delisted in November 2012. The Fund was managed until July 2015 by Four Winds Capital Management, an investment manager registered and regulated in the Cayman Islands. It is now managed by the Board of Directors acting through Hasan Askari, a current Director and former Chairman of Aqua.

In the course of the past seven years (while the Fund was managed by Four Winds), Aqua made a total of five investments. The Fund has exited one of these investments, China Hydro-Electric, and the proceeds of this sale returned to shareholders. Of the remaining four, one investment (Bluewater Bio International ("BBI")) is in liquidation (our initial investment has been replaced by a modest stake in its successor company, Bluewater Bio Holdings), one has been written down to zero (In-Pipe Technology), one is the subject of a conditional sale agreement which is due to expire on 31 December 2015 (Ranhill Water Technology) and the fourth (Waterleau) is due to repay a convertible bond on 20 January 2016 (with a grace period of a further twelve months). Fuller details on all four investments are set out below.

The Board of Directors has determined, after appropriate consultation with a majority of the shareholders, that the Fund's assets should be realised as expeditiously as possible and the proceeds distributed to shareholders. This is the strategy that is being resolutely pursued. While it is not possible at this stage to give any assurances as to when this process might complete, the Directors are aiming to do so as soon as is practicable.

Waterleau:
Our convertible bond, in an amount of €20 million principal, matures on 20 January 2016, with a grace period of a further twelve months. We continue to value this investment based on the principal amount plus accrued interest with an appropriate discount. As of 30 June 2015, Waterleau owed Aqua €28,372,603 (principal plus accrued interest). The total amount payable on maturity on 20 January 2016 will be €29,266,849. Overall performance of Waterleau, while satisfactory in terms of gross sales, remains subdued at the EBITDA level and the company's forecasts do not suggest significant free cash growth. The net result of all this is that for Waterleau to repay Aqua it will have to increase available credit from its bankers. This creates an element of uncertainty as to the outcome in January 2016 and in view of this, it would be appropriate for us to continue to apply a discount of 35 per cent in respect of credit and liquidity risk.

€000,000	H1 2015 Actual	H1 2015 Budget	H1 2014 Actual	FY 2014 Actual
Revenue	42.851	43.222	31.792	73.719
EBITDA	2.460	2.830	(0.891)	3.316

Ranhill Water Technology (Cayman) Limited ("Ranhill"):
As shareholders will be aware, the Ranhill transaction has been through a number of iterations since it was first agreed as a Conditional Sale and Purchase Agreement in 2012. The reason for the delay was the issues that our counterpart, the Ranhill Group, had to contend with in obtaining regulatory approval from the Malaysian Securities Commission for a reverse takeover of an existing listed (on the Kuala Lumpur Stock Exchange) company, called Symphony. As a reminder to shareholders, the purchase of our shares in Ranhill Water Technology by the Ranhill Group is to be funded through the placement of shares issued by Symphony in exchange for the assets injected by the Ranhill Group into Symphony. Because of the delay in obtaining regulatory approval, the transaction, which remains in force, has been subject to a number of extensions, the latest one of which extended the validity of the current agreement to 31 December 2015. As is evident, the transaction is a complex one with a number of distinct strands, all of which need to be completed for Aqua's shareholders to realise value. This creates a considerable degree of uncertainty as to the completion of the transaction and its timing. In view of the protracted nature of this transaction and the continuing uncertainty around timing and completion, we should continue to apply our existing discount of 30 per cent as of 30 June 2015. On available evidence, we believe that the transaction will complete early next year. This will necessitate a further extension to the agreement which is recommended.

INVESTMENT CONSULTANT'S REPORT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2015

Ranhill Water Technology (Cayman) Limited (continued):
Aqua has been advised (in the past few days) that the Ranhill Group has now received regulatory approval from the Securities Commission. Fresh audited accounts are now being prepared, following which there will be a formal offer document issued with revised valuations.

US$000'000	H1 2015 Actual	H1 2014 Actual	FY 2014 Actual
Turnover	8.080	13.506	27.167
EBITDA	5.474	4.867	9.666
Net profit	3.465	2.870	5.328

The decreased revenue in the period under review was due to lower construction earnings as existing contracts were completed and no new projects awarded. The increase in EBITDA (12.5 per cent) and net profit (27 per cent) over 2014 was due to an extra ordinary item relating to unrealised foreign exchange gain due to the weakening of the ringgit against the U.S. Dollar and we do not believe reflective of a systemic change in the underlying business.

In-Pipe Technology Inc ("In-Pipe"):
In-Pipe, based in the Chicago area in the United States, provides engineered wastewater treatment technology and services to municipalities in the United States and internationally.

For the period under review, In-Pipe recorded unaudited revenues of US$1,006,031, 12 per cent lower than the corresponding period in 2014 (US$1,137,315). The business operates in an increasingly difficult environment. In this context it might be pertinent to note that since 2009, when our investment was made, annual gross revenues have ranged between US$1.6 million and US$2.3 million, with negative EBITDA in 2009 to 2011 and very modest positive EBITDA since 2012. Over the past two years, gross revenues have been stagnant with some downward pressure and the Board continues to believe that its decision in 2014 to write this investment down to zero remains appropriate.

Bluewater Bio Holdings Limited ("BBH"): BBH is a provider of municipal, industrial and commercial wastewater treatment solutions. It is based in the United Kingdom.

We are seeking information from BBH (the successor company to BBI, in which we first invested) on the company's current performance. We do not believe that BBI has been profitable on a net basis in any of the last five years. Our investment was written down to zero in 2012.

Outlook:
Waterleau: Following a period of uncertainty after the untimely death of Luc Vriens, founder and Chief Executive of Waterleau, the situation has stabilised. Overall, the business is adequate, but has not progressed sufficiently to command valuations that we would have liked. Free cash generation remains constrained, which creates a degree of uncertainty over the value of the investment.

Ranhill: after considerable delay, it now seems that our transaction with the Ranhill Group may well materialise. Fuller details on the overall transaction are set out elsewhere in this Report, but we believe that prospects for realisation of value of our investment remain unchanged since we last reported.

In-Pipe: In-Pipe has never lived up to its promise. For the record, our investment of US$5 million now has a face value of US$14 million (as of 31 August 2015). This is realisable on dissolution and liquidation of the company; there is no prospect of this figure ever being achieved.

Aqua will explore opportunities to exit this investment at a discounted value over the next twelve months.

Hasan Askari
Director and Consultant
30 September 2015

STATEMENT OF DIRECTORS' RESPONSIBILITY
FOR THE SIX MONTHS ENDED 30 JUNE 2015

The Chairman's Statement and the Investment Consultant's Report comprise the Interim Management Report.

To the best of the knowledge of the Directors, this Interim Management Report and Unaudited Condensed Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit of the Company and have been prepared in accordance with the accounting principles generally accepted in the US.

Signed on behalf of the Board of Directors by:

Hasan Askari
Director
30 September 2015

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AT 30 JUNE 2015

	Notes	Unaudited 30 June 2015 €	Audited 31 December 2014 €
Assets			
Cash and cash equivalents		1,809,665	2,156,505
Investments at fair value (cost 30 June 2015: €43,954,085 and 31 December 2014: €43,954,085)	2	33,538,582	31,830,936
Interest receivable		250,000	150,000
Receivable from the Manager		-	242,692
Prepaid expenses		78,507	17,279
TOTAL ASSETS		35,676,754	34,397,412
Liabilities			
Management fee payable		163,802	-
Other payables	3	74,843	65,789
TOTAL LIABILITIES		238,645	65,789
NET ASSETS		**35,438,109**	**34,331,623**
Net Assets consist of:			
Ordinary Shares (no par value, authorised to issue unlimited number of Ordinary Shares, of which 72,464,340 (31 December 2014: 72,464,340) were issued and outstanding)	4	70,030,004	70,030,004
Retained earnings		(34,591,895)	(35,698,381)
		35,438,109	**34,331,623**
Net asset value per Ordinary Share		**0.4890**	**0.4738**

The consolidated financial statements on pages 6 to 18 were approved by the Board of Directors on 30 September 2015 and signed on its behalf by:

Hasan Askari
Director

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED SCHEDULE OF INVESTMENTS AT 30 JUNE 2015

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	18,459,000	52.06
Total investments in bonds (cost: €20,000,000)		18,459,000	52.06
Equities in unlisted Companies			
Belgium (cost: €277)			
Waterleau Group N.V.	1	-	-
Cayman Islands (cost: €20,351,156)			
Bluewater Bio Holdings	82,902	-	-
Ranhill Water Technologies (Cayman) Limited	14,880,000	15,079,582	42.52
United States of America (cost: €3,602,651)			
In-Pipe Technology Company Inc.	474,834	-	-
Total investments in unlisted companies (cost: €23,954,084)		15,079,582	42.52
Warrants			
United States of America (cost: €1)			
In-Pipe Technology Company Inc. – Warrants 05/08/2016 (Note 2)	74,225	-	-
Total investments in warrants (cost: €1)		--	-
Total investments at fair value (cost: €43,954,085)		**33,538,582**	**94.58**

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

UNAUDITED CONDENSED INTERIM 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	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 2)	74,225	-	-
Total investments in warrants (cost: €1)		**-**	**-**
Total investments at fair value (cost: €43,954,085)		**31,830,936**	**92.72**

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Notes	Unaudited 30 June 2015	Unaudited 30 June 2014
		€	€
Investment income			
Interest income		100,000	100,000
Other income		3,951	101,875
Total investment income		103,951	201,875
Operating expenses			
Administrator fees		67,483	50,248
Audit fees		17,301	23,877
Custodian fees		-	26,518
Portfolio consultant fee		31,079	-
Professional fees		27,768	19,339
Directors' fees		91,422	86,653
Directors' expenses		10,359	14,677
Management fees		406,494	416,585
Miscellaneous expenses		59,900	40,537
Total operating expenses		711,806	678,434
Net investment loss		(607,855)	(476,559)
Realised and unrealised gain from investments and foreign currency			
Net unrealised gain/(loss) from foreign currency transactions		6,695	(2,924)
Net unrealised appreciation of investments		1,707,646	4,202,913
		1,714,341	4,199,989
Net increase in net assets resulting from operations		**1,106,486**	**3,723,430**
Net investment loss per Ordinary Share (annualised):			
Basic & diluted		(0.0168)	(0.0132)
Net profit per ordinary share (annualised):			
Basic & diluted		0.0305	0.1028
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.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Notes	Unaudited 30 June 2015 €	Unaudited 30 June 2014 €
Movement in net assets resulting from operations			
Net investment loss		(607,855)	(476,559)
Net unrealised gain/(loss) on foreign currency transactions		6,695	(2,924)
Net unrealised appreciation of investments		1,707,646	4,202,913
Net increase in net assets resulting from operations		1,106,486	3,723,430
Net assets at beginning of period		34,331,623	38,442,946
Net assets at end of period		35,438,109	42,166,376
Net asset value per Ordinary Share		**0.4890**	**0.5819**
Number of Ordinary Shares issued and outstanding at end of period	4	72,464,340	72,464,340

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Unaudited 30 June 2015 €	Unaudited 30 June 2014 €
Cash flows from operating activities		
Increase in net assets resulting from operations	1,106,486	3,723,430
Adjustment to reconcile decrease in net assets resulting from operations to net cash used in operating activities:		
Net unrealised appreciation of investments	(1,707,646)	(4,202,913)
Increase in interest receivable	(100,000)	(100,000)
Decrease in receivable/increase in payable from/to the Manager	406,494	416,585
Increase in prepaid expenses	(61,228)	(64,610)
Increase/(decrease) in other payables	9,054	(53,354)
Net cash used in operating activities	(346,840)	(174,154)
Net decrease in cash	(346,840)	(174,154)
Cash and cash equivalents at beginning of period	2,156,505	2,161,593
Cash and cash equivalents at end of period	**1,809,665**	**1,987,439**

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

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL HIGHLIGHTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Unaudited 30 June 2015	Unaudited 30 June 2014
Per share data[1]		
Net asset value at beginning of period	0.4738	0.5305
Net investment loss	(0.0084)	(0.0066)
Net foreign currency gain/(loss)	0.0001	-
Net unrealised appreciation of investments	0.0235	0.0580
Net increase in net assets resulting from operations	0.0152	0.0514
Net asset value at end of period	**0.4890**	**0.5819**
Ratios/supplemental data		
Total return	**3.22%**	**9.69%**
Number of Ordinary Shares outstanding at end of period	72,464,340	72,464,340
Weighted average number of Ordinary Shares[1]	72,464,340	72,464,340
Net assets at end of period (in €)	35,438,109	42,166,376
Average net assets[2] (in €)	36,155,595	41,720,671
Ratio of operating expenses to average net assets[3]	(1.97%)	(3.25%)
Ratio of net investment loss to average net assets[3]	(1.68%)	(2.28%)

[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 UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These Unaudited Condensed Interim Consolidated Financial Statements ("Interim Financial Statements") have been prepared in accordance with accounting principles generally acceptable in the US.

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 Interim 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, 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 2015 (unaudited) 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	15,079,582	-	-	15,079,582
Convertible bonds	18,459,000	-	-	18,459,000
Warrants	-	-	-	-
Total	33,538,582	-	-	33,538,582

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE SIX MONTHS ENDED 30 JUNE 2015

2. INVESTMENTS (CONTINUED)

Assets at fair value as of 31 December 2014 (audited) 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

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;

i. the actual date of the event of change in circumstances that cause the transfer
ii. the beginning of the reporting period
iii. 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 period included in earnings attributable to the change in unrealised gains or losses relating to assets and liabilities held at 30 June 2015.

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

	Total €	Equities €	Bonds €	Warrants €
Opening balance 1 January 2015	31,830,936	13,886,936	17,944,000	-
Net unrealised appreciation of investments	1,707,646	1,192,646	515,000	-
Closing balance 30 June 2015	33,538,582	15,079,582	18,459,000	-
Total unrealised loss at 30 June 2015*	(10,415,503)	(8,874,502)	(1,541,000)	(1)

* The accumulated total change in unrealised depreciation to date attributable to Level 3 movements still held at 30 June 2015.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE SIX MONTHS ENDED 30 JUNE 2015

2. INVESTMENTS (CONTINUED)

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.

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

	Total €	Equities €	Bonds €	Warrants €
Opening balance 1 January 2014	31,395,503	13,192,003	18,203,500	-
Net unrealised (depreciation)/ appreciation 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)

Warrants

The Company holds warrants (via its subsidiary ARIHL) to subscribe for 74,225 of additional shares in In-Pipe, representing approximately 2% of the share capital of In-Pipe as at 30 June 2015. These warrants expire in August 2016.

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.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE SIX MONTHS ENDED 30 JUNE 2015

2. INVESTMENTS (CONTINUED)

Equity Investments (continued)

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 30 June 2015 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 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 2014 Annual Report.

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 2014 Annual Report.

In-Pipe Technology

The Company has valued this investment at nil value as at 30 June 2015. This methodology is the same as that applied in the Company's 2014 Annual Report.The Manager will revisit this valuation in the next reporting period, should In-Pipe's circumstances improve.

Bluewater Bio Holdings

The Company has valued this investment at nil value as at 30 June 2015, as it has done since 2012.

3. OTHER PAYABLES

	Unaudited 30 June 2015 €	Audited 31 December 2014 €
Administration fees	9,000	2,804
Audit fees	17,484	32,190
Tax advice	-	23,168
Other accrued expenses	48,359	7,627
	74,843	65,789

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.

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE SIX MONTHS ENDED 30 JUNE 2015

4. 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

30 June 2015	**Number of Ordinary Shares**	**€**
Ordinary shares at 1 January 2015	72,464,340	70,030,004
Ordinary shares outstanding at 30 June 2015	72,464,340	70,030,004

No ordinary shares were issued or repurchased by the Company during the period ended 30 June 2015.

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 ordinary shares were issued or repurchased by the Company during the year ended 31 December 2014.

5. 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.

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. Furthermore, Mr Lim was appointed a director of CHC during 2012.

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 period the Company paid €7,797 (30 June 2014: €13,768) for directors' and officers' liability policies for the Directors.

During the period the Company paid €355,402 in management fees to the former Investment Manager (30 June 2014: €398,029).

The following expenses have been paid by the Manager on behalf of the Company:

	30 June 2015	**30 June 2014**
	€	**€**
Investee management-related expenses	25,112	-

The final amount due in respect of fees and expenses payable to the date of termination of the Investment Manager's contract is the subject of further discussion between the Board and the Investment Manager.

Directors' Interests

As at the period end, one Director had the following beneficial interest in the Company:

30 June 2015 and 31 December 2014	**Number of Ordinary Shares**
Hasan Askari	62,500

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2015

6. COMPARATIVE FIGURES

Comparative figures used in these Interim Financial Statements are for the period from 1 January 2014 to 30 June 2014 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 as at 31 December 2014.

7. SUBSEQUENT EVENTS

There are no subsequent events that require disclosure in these financial statements.