



# Aqua Resources Fund

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Investing in water-related businesses

Interim results for the period ending 30 June 2011

*25 August 2011*

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# Agenda

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Overview  
Performance  
NAV analysis  
Portfolio review  
Investment activity  
Investment outlook  
Conclusion  
Appendices





<b>Summary</b>	<ul style="list-style-type: none"><li>• Approximately 93% of net assets invested</li><li>• Net Asset Value (“NAV”) per share of € 1.0321 at 30 June 2011</li><li>• Share price at €0.4425 at close on 30 June 2011</li></ul>
<b>Portfolio</b>	<ul style="list-style-type: none"><li>• Compact, actively managed</li><li>• Conservatively valued</li></ul>
<b>Performance</b>	<ul style="list-style-type: none"><li>• Overall good performance in difficult environment</li><li>• NAV declined 8.27% from 31 December 2010 due to movement in China Hydroelectric Corporation share price and FX movements</li><li>• Share price down 30.9% between 1 January 2011 and 30 June 2011</li></ul>
<b>Outlook</b>	<ul style="list-style-type: none"><li>• Portfolio performing well</li><li>• Sector fundamentals remain robust</li><li>• Board examining share price and discount arrangement options</li></ul>

# Performance - Financial highlights



Period ending 30 June	Unaudited net assets attributable to ordinary shareholders (€)	Unaudited NAV per Ordinary Share (€)	Ordinary Share price <sup>(1)</sup> (€)	Increase/ (Decrease) in NAV (€)
2009	67,906,359	0.9371	0.68	(1,373,788)*
2010	70,947,897	0.9791	0.58	3,041,538**
2011	74,788,638	1.0321	0.44	3,840,741***

\* For the six months from December 2008 to June 2009.

\*\* For the twelve months from June 2009 to June 2010.

\*\*\* For the twelve months from June 2010 to June 2011.

	6 months to 30 June 2011	1 year to 30 June 2011	2 years to 30 June 2011	Since Inception <sup>(4)</sup>
NAV increase/ (decrease) <sup>(2)</sup>	(8.2)%	5.4%	10.1%	6.7% <sup>(5)</sup>
Share price movement <sup>(3)</sup>	(30.9)%	(24.7)%	(35.3)%	(57.5)%
FTSE All-Share Index movement	1.1%	21.75%	42.57%	12.11%

Contributing factors to the decline of the Company's NAV during the period were:

- Decline of 43.8% in the share price of China Hydroelectric Corporation, resulting in a corresponding negative impact of 5.54% to the Company's NAV before foreign currency adjustments;
- Foreign exchange movements of 3.41%;
- Operating expenses of 1.49%.

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

# NAV analysis



Assets at unaudited fair value at period end <sup>(1)</sup>	2011		2010		2009	
	€ '000	%	€ '000	%	€ '000	%
	Listed equity	5,565	7.4%	12,113	17.1%	-
Unlisted equity	37,673	50.4%	24,561	34.6%	14,149	20.8%
Convertible bonds	25,765	34.5%	20,609	29.0%	-	0%
Warrants	455	0.6%	-	0%	-	0%
Cash <sup>(2)</sup>	<u>5,331</u>	<u>7.1%</u>	<u>13,665</u>	<u>19.3%</u>	<u>53,757</u>	<u>79.2%</u>
Net assets	74,789	100%	70,948	100%	67,906	100%

(1) 30 June

(2) Includes pre-paid expenses and interest receivables

## Portfolio review - Summary of current portfolio companies



Company	Date of investment	Sector	Audited fair value at 31/12/10 (€ '000)	Unaudited fair value at 30/06/11 (€ '000)	% of net assets at 30/06/11	Principal reason for change <sup>(1)</sup>
<b>Ranhill Water Technologies (Cayman) Ltd.</b>	March 2009 and Jan/Feb 2011	Water and wastewater operations and engineering	23,752	25,997	34.76%	New subscription + FX
<b>Bluewater Bio International</b>	2009 and 2010	Organic wastewater treatment process	11,785	11,196	14.97%	FX
<b>In-Pipe Technology, Inc.</b>	2009 and 2010	Wastewater pre-treatment technology	4,007	3,700	4.95%	FX
<b>China Hydroelectric Corporation</b>	October 2009	Hydropower	10,915	5,565	7.44%	Market price + FX
<b>Waterleau Group N.V.</b>	April 2010	Water and wastewater equipment and O&M provider	23,000	23,000	30.75%	No change
<b>Cash</b>			8,181	4,881	6.53%	RWT subscription + expenses
<b>Prepaid interest expenses and payables</b>			(104)	450	0.60%	
<b>Total</b>			81,536	74,789	100%	

(1) During the 6 months period to 30 June 2011.

# Portfolio review - Investments - Waterleau Group N.V.



**Sector:** Water, wastewater, solid waste, air treatment  
**Location:** Belgium with global footprint  
**Date of investment:** April 2010  
**Original investment:** €20 million  
**Aqua's share of total equity on conversion:** over 25%  
**Performance highlights:** Audited 2010 numbers

- Revenues: €63.5m
- EBITDA: €6.6m

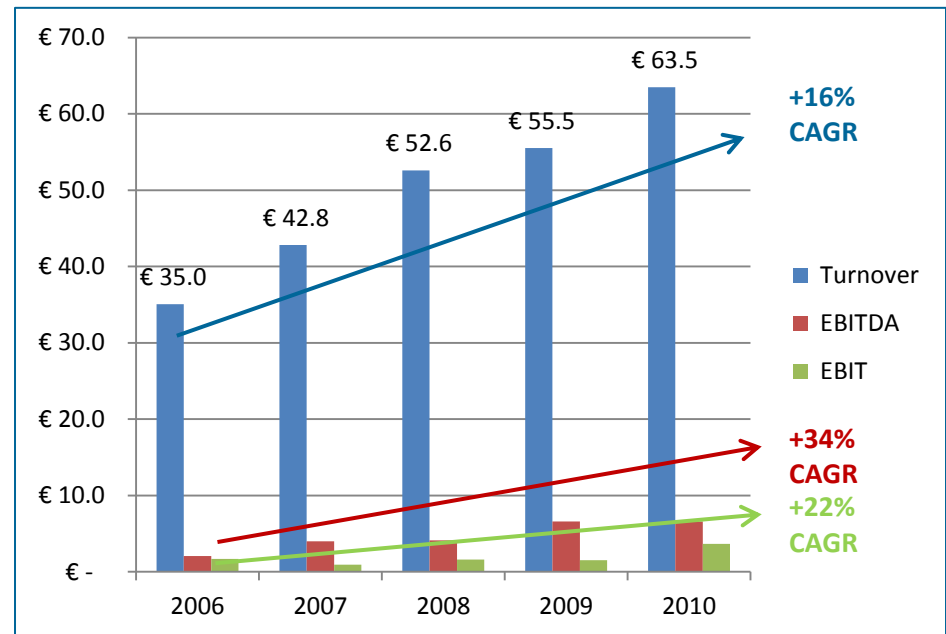
## Waterleau Group N.V. ("Waterleau")

### Business description

- Privately held global environmental technology, solutions and services company.
- Provides a wide range of solutions to industrial and municipal clients to help purify wastewater, produce renewable energy from wastewater and bio-waste.

### Investment case

- A global player with extensive successful track record in industrial and municipal wastewater treatment markets.
- One of the top 3 players globally in biological treatment ( in particular anaerobic).
- Expanding into water re-use in MENA, a double digit growth market.



(€ millions)

Source: Data provided by Waterleau.





## Performance during the period

- Solid first half despite slow down in MENA.
- Strong performance with industrial clients.
- Audited numbers for 2010:
  - Turnover: €63.5m
  - EBITDA: €6.6m

## Outlook

- Industrial market is delivering strong growth in 2011 so far, as customers are catching up with the delayed projects during 2009/2010 downturn.
- Services based (recurring revenue) stands to increase significantly as the company completes two major projects in Morocco and moves into the operation and maintenance part of these large contracts.
- Waterleau is considering expansion into the Americas, which will be a new growth market for the company.
- The company also is considering further expansion in South East Asia and India in particular in the bio-waste treatment area. The FourWinds team in HK is actively involved in supporting the company in those markets.

## Valuation methodology and exit strategy

- **Type:** 5-year convertible (starting April 2010)
- **Rights:** 2 Board seats, veto rights, information rights, convertible debt covenants
- **Potential exit strategy options(\*):**
  - Sale to a trade buyer or a financial investor looking for exposure to the fast growing pockets of the water treatment markets
  - IPO (on the basis of the expanding service based business model)

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

Source: Data provided by Waterleau

\* There is no guarantee that the proposed preferred exit strategies outlined above will be achieved; alternative exits may occur.

# Portfolio review - Investments - Ranhill Water Technologies (Cayman) Ltd



**Ranhill Water Technologies (Cayman) Ltd. ("RWT")**  
A Joint Venture with Ranhill Berhard Group

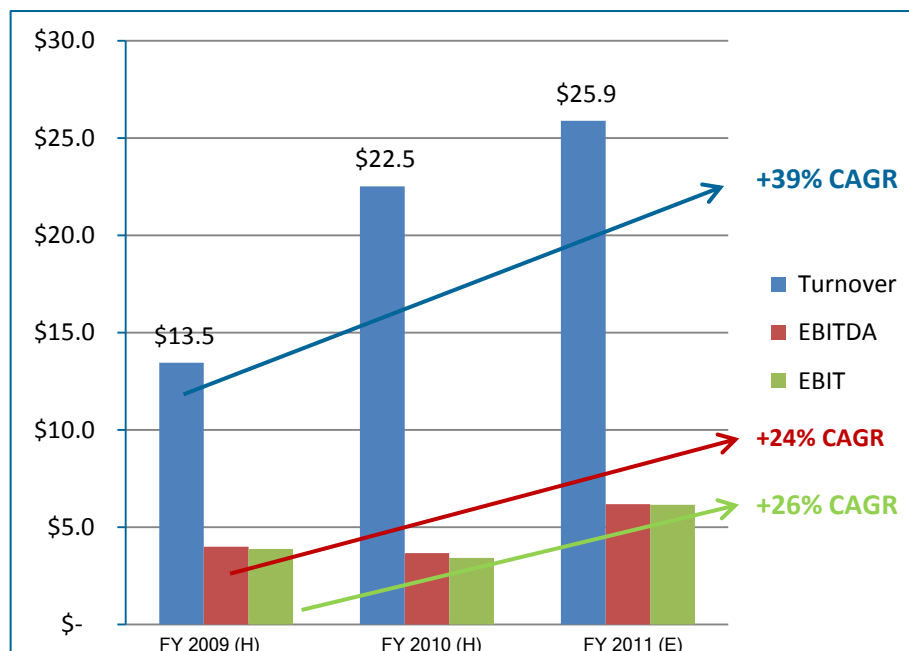
## Business description

- EPC(\*) contractor for water and wastewater projects and a developer, owner & operator of new water and wastewater projects in China and Thailand for the Ranhill Group.
- 5 BOT(\*) projects in China with total capacity of 240 MLD(\*) and 2 BOT(\*) projects in Thailand consisting of 5 operating plants.

## Investment case

- JV with a strong and experienced local partner.
- High growth emerging market with opportunities for consolidation and operational performance improvement in the second tier wastewater treatment municipal market.

**Sector:** Water and wastewater treatment  
**Location:** China and Thailand  
**Date of investments:** March 2009 and Jan./Feb. 2011  
**Original investment:** \$12.6 million  
**Follow on investment:** \$2.3m  
**Aqua's share of total equity:** 45.2% (including follow on investment)  
**Performance highlights:** FY 2011 estimates(\*\*)  
 Revenues: \$25.9m, EBITDA: \$6.2m, NI: \$5.0m



(i\$ m) Note FY 2009 (H), and FY 2010(H) are audited FY 2011(E) is estimate (\*\*)

Source: RWT's data for actual results, please see (\*\*) footnote regarding FY 2011 estimates

(\*) Definitions: EPC: Engineering Procurement and Construction; MLD: Million Liters per Day; BOT: Build-Operate Transfer

(\*\*) Aqua's estimates for the forecasted figures, there is no guarantee that these results will be achieved



## Performance during the period

- Audited numbers for financial year ending June 2010:
  - Revenues: \$22.5m
  - EBITDA: \$3.7m (16% margin)
  - NI: \$4.9m

## Outlook

- Estimates(\*) for FY ending June 2011:
  - Revenues: \$25.9m
  - EBITDA: \$6.2m (24% margin)
  - NI: \$5.0m
- RWT aims to complete the construction of 2 additional plants within FY ending June 2012. These plants are expected to come on stream in FY ending June 2013.
- Strong pipeline.
- Follow-on commitment of \$2.25 million subject to milestones.

## Valuation methodology and exit strategy

- Type:** Equity
- Seniority:** Pari pasu with the Ranhill Group
- Rights:** Board directorship, veto rights, information rights
- Potential exit strategy options(\*\*):** IPO

	Cost (€'000)	Unrealised value (€'000)	Total value (€'000)	Valuation methodology
<b>RWT</b>	11,055	14,942	25,997	30% discount to comparable multiples

Source: RWT's data for actual results, please see (\*) footnote regarding FY 2011 estimates

\* Aqua's estimates for the forecasted figures, there is no guarantee that these results will be achieved

\*\* There is no guarantee that the proposed preferred exit strategies outlined above will be achieved; alternative exits may occur.

# Portfolio review - Investments - In-Pipe Technology Inc.



In-Pipe Technology Inc. (“In-Pipe”)

**Sector:** Wastewater pre-treatment technology  
**Location:** USA  
**Date of investment:** August 2009 and August 2010  
**Original investment:** \$3 million  
**Follow on investment:** \$2 million  
**Aqua’s share of total equity:** 24% (incl. follow on investment and warrants)

**Performance highlights:**

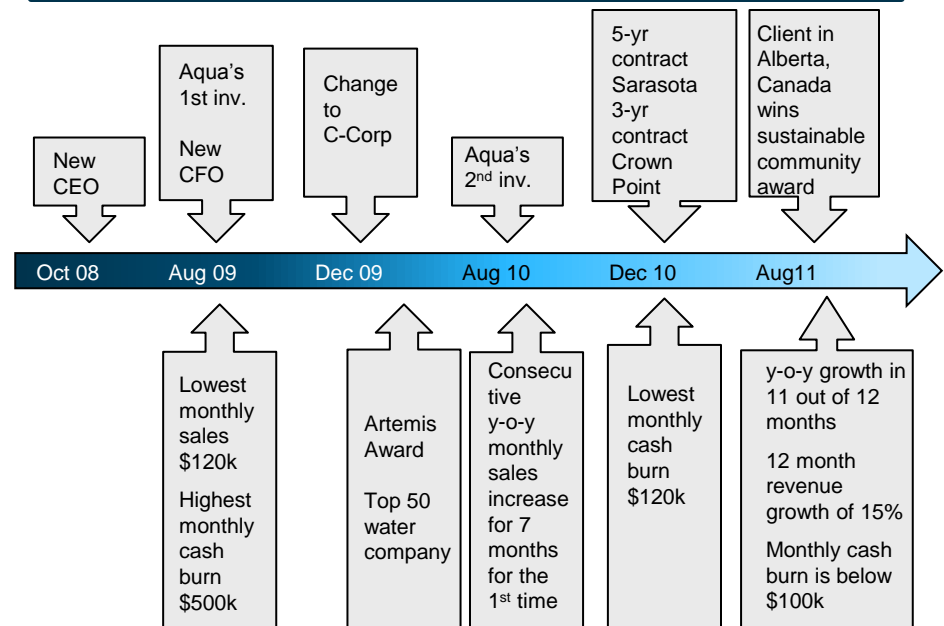
- Awarded \$1.75 million in new contracts in Q1 2011
- 2010 Revenues: \$1.7 million (audited)
- 2011 revenues forecasted by In-Pipe to increase by 20%(\*)

**Business description**

- Provider of engineered biological solutions for the pre-treatment of wastewater at strategic locations throughout the sewer collection system and at the wastewater treatment plant.
- Patented process is a fundamental shift and substantial improvement in the methods and economics of wastewater.

**Investment case**

- Service based business model.
- New contracts result in recurring revenues.
- Unique biological treatment business utilising existing underground infrastructure.
- Currently one of the few credible players in this area.



Source: In-Pipe data for actual results,

\* In-Pipe estimates, there is no guarantee that these results will be achieved



## Performance during the period

- Awarded \$1.75m in new contracts in Q1 2011.
- 2010 Revenues: \$1.7m (audited)
- H1 2011 versus H1 2010 (unaudited):
  - Revenues increased by 9%
  - Gross profit increased by 20% (gross margin improved by 5bp)
  - EBITDA increased by 34%
  - OpEx decreased by 13%
  - Cash burn improved by 40%

## Outlook(\*)

- 2011 revenues expected to increase by 20% compared to fiscal year 2010
- Developing strategic relationship with two major US service businesses
- Working with FWCM's team in Asia to look to expand businesses in Malaysia and China
- Expected to break even in 2012
- Small bridge finance may be needed to reach profitability

## Valuation methodology and exit strategy

- **Type:** Preferred equity with liquidation preference
- **Seniority:** Senior to all existing shareholders
- **Rights:** Board directorship, veto rights, information rights
- **Potential exit strategy options(\*\*):**
  - a sale to a trade buyer interested in a biological treatment service business, or
  - a sale to a financial buyer interested in a roll up technology strategy

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

Source: In-Pipe data for the actual results, please see (\*) footnote regarding FY 2011 outlook

\* In-Pipe's estimates for the forecasted figures, there is no guarantee that these results will be achieved.

\*\* There is no guarantee that the proposed preferred exit strategies outlined above will be achieved; alternative exits may occur.

# Portfolio review - Investments - Bluewater Bio International



Bluewater Bio International (“BBI”)

## Business description

- Wastewater treatment solutions business, providing a high performance, highly cost effective, proprietary aerobic biological process HYBACS<sup>(1)</sup>.
- Successfully treats highly contaminated wastewater.

## Investment case

- HYBACS is much more energy efficient than established complete processes.
- Strong growth potential in emerging markets, demonstrated by the recent breakthrough in Bahrain.

**Sector:** Organic wastewater treatment process

**Location:** UK (expanding in Middle East and Africa)

**Date of investment:** March 2009, May and August 2010

**Original investment:** £8.5 million

- £6 million in equity
- £2.5 million in debt (including £0.5m convertible loan)

**Aqua’s share of total equity:** 17% + debt

**Performance highlights:**

- Awarded \$20 million contract in Manama, Bahrain
- Acquisition of Filter Clear Group in share for share deal

## Filter Clear acquisition

BBI is in the process of negotiating the acquisition of the assets (including intellectual property) of Filter Clear Group, a UK technology company, payable entirely in shares of BBI, subject to Filter Clear achieving certain revenues milestones.

## Summary of the target

- 63 reference sites, a number of “blue chip” customers
- 50% gross margins
- Patented technology
- Revenues of around \$500,000 to \$1 million a year
- More cost effective and efficient (capex, weight and footprint) than competing deep bed sand filters and continuous filters





## Performance during the period

- On 7 June, execution of a \$20 million contract in Manama, Bahrain to upgrade the secondary water treatment plant, alleviating under-capacity problems.
- Negotiating acquisition of Filter Clear Group, a UK technology company, payable entirely in shares of BBI.

## Outlook

- More than 50% of the municipal wastewater in the emerging markets is not treated, major issue for future economic development, a high growth potential market.
- The company now has a major contract in Bahrain and can capitalise on this strong reference in the future to speed up its global development.
- The company is still pre-profit and will need further funds for growth in new markets.
- BBI is currently looking to raise a new significant finance round externally in the near future, which would provide a new external valuation benchmark.

## Valuation methodology and exit strategy

- **Type:** Equity and debt
- **Seniority:** Debt is senior to all existing shareholders
- **Rights:** Board directorship, veto rights, information rights
- **Potential exit strategy options(\*):**
  - a sale to a trade buyer interested in an advanced biological treatment technology business, or
  - a sale to a financial buyer interested in a roll up technology strategy

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

Source: BBI data.

\* There is no guarantee that the proposed preferred exit strategies outlined above will be achieved; alternative exits may occur.

# Portfolio review - Investments - China Hydroelectric Corporation



China Hydroelectric Corporation (“CHC”)

## Business description

- Fast-growing consolidator and operator of small hydropower plants in China, led by an international management team.
- Largest owner and operator of small hydroelectric power projects in China with 563.8MW installed capacity and a strong deal pipeline<sup>(\*)</sup>.

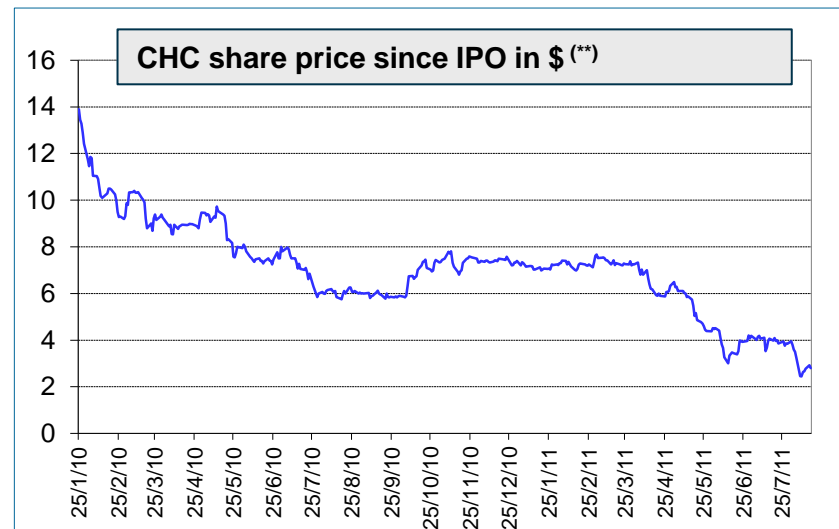
## Investment case

- Hydropower industry is key to China meeting its renewable energy target of 15% share of the country’s energy production by 2020<sup>(\*)</sup>.
- Small hydropower plants enjoy key advantages over larger plants:
  - More geographically remote locations with lower populations
  - Lower social and environmental impact
  - Shorter local authority approval processes and advantageous tax policies

**Sector:** Renewable Energy - small & medium size hydropower  
**Location:** China  
**Date of investment:** October 2009  
**Original investment:** \$20 million  
**Aqua’s share of total equity:** 4%

(in \$ millions)	2009	2010	vs. FY 2009	H1 2010	H1 2011	vs. H1 2010
<b>Revenues</b>	36.2	66.7	<b>84.3%</b>	38.3	32	<b>-16.4%</b>
<b>Gross Profit</b>	19	41.8	<b>120.0%</b>	27.2	16.5	<b>-39.3%</b>
<b>EBITDA</b>	22.8	42.8	<b>87.7%</b>	27.5	20	<b>-26.5%</b>
<b>EPS</b>	NA	0.16	<b>NA</b>	0.22	-0.09	<b>-140.9%</b>

Note: 2009 and 2010 figures are audited, 2011 figures are not audited



Source: CHC data and Capital IQ.

\* [www.cresp.org.cn](http://www.cresp.org.cn), National Development and Reform Commission. September, 2007.

\*\* CHC IPO on 25 January 2010 at \$14.80.





## Performance during the period

- Operational performance: below average hydrological conditions and a lower effective tariff resulting from a change in the contributions from lower tariff regions.
- Expected average utilisation rate is c. 38% annual, utilisation rate was 29% in H1 2011 versus 48% in H1 2010.
- Effective tariff of 0.29 RMB/Kwh in H1 2011 versus 0.35RMB/Kwh in H1 2010.
- Price performance: 43% drop in share price from 1 January 2011 to 30 June 2011.

## Outlook

- FY 2011 expected to remain challenging.
- Existing assets of CHC expected to deliver better performance assuming normal hydrological conditions (average annual revenues of \$76 million on the basis of existing capacity and normal hydrological conditions).
- Post-Japan's earthquake, greater emphasis on renewable energies including hydropower.
- China has 197 GW of hydropower generating capacity (23% of total energy generation).
- Government goal to build up to 120GW of additional hydropower in 2009-2015.
- \$10 million fund raise announced on 19 August 2011.

## Valuation methodology and exit strategy

- **Type:** Equity (listed on NYSE)
- **Potential exit strategy options(\*):** Sale of shares on NYSE

	Cost (€'000)	Unrealised value (€'000)	Total value (€'000)	Valuation methodology
<b>CHC</b>	13,479	(7,914)	5,565	NYSE share price

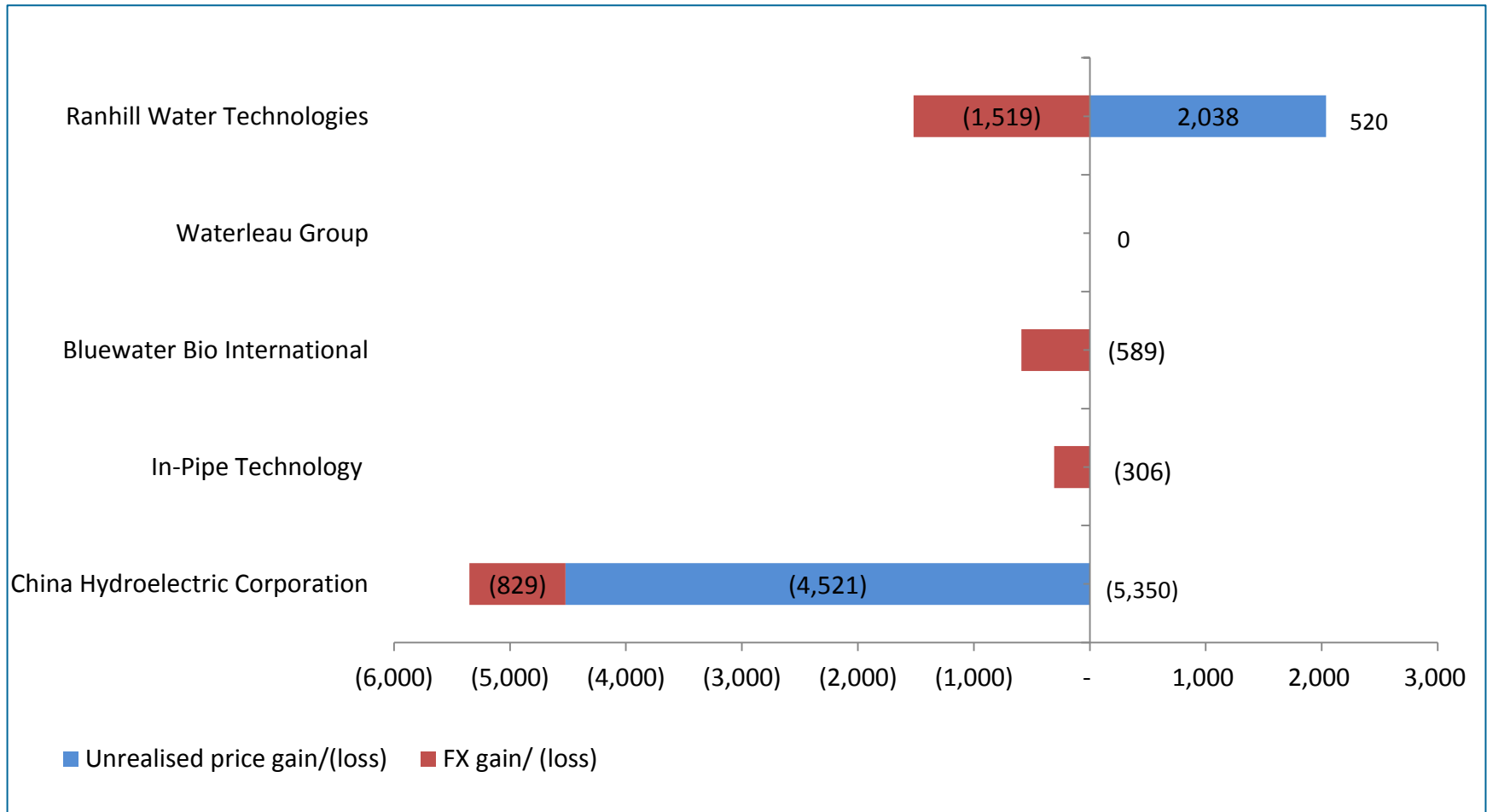
Source: CHC data.

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# Performance - Unrealised movements in investment portfolio for the period ended 30 June 2011 (in €'000) - not audited



## Net unrealised appreciation/ (depreciation) of investments in €'000 (\*)



\* 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.

## Investment activity - Investments made during the period



Company	Sector	Activity	Type	Cost	
<b>Further investments</b>	Ranhill Water Technologies	Water and wastewater operations and engineering	Design, Build and Operation of water and wastewater treatment facilities in the People's Republic of China. Follow on investment to allow RWT to acquire two wastewater treatment facilities in mainland China in regions which experience severe shortages of fresh water supplies.	Growth Capital	<b>\$2,325,000</b> (€ 1,726,000)
<b>Total investments made during the 6 months period to 30 June 2011</b>				<b>\$2,325,000</b> (€1,726,000)	

## Investment outlook - H2 2011

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- Focus of the team in the second half of 2011 is on continuing to actively manage the portfolio companies and building value through:
  - Further expansion of the underlying businesses in the high growth markets, including emerging markets (e.g. South East Asia, Middle East and Latin America) and also North America, which is gathering speed.
  - Expanding recurring revenues by developing services, such as operation and maintenance, alongside recurring revenues.
  
- General market outlook:
  - Markets continue to be unsettled by Eurozone and US debt worries and the potential swings in emerging market growth, for example China.
  - Industrial wastewater treatment markets are showing strong signs of recovery from a slowdown in 2009/2010 caused by the global financial crisis.
  - In municipal waste water treatment market, which is one of the key markets for a number of our portfolio companies, the cost of water treatment is becoming a major focus for clients, and seems to be driving the deployment of newer technologies, boding well for Waterleau, In-Pipe and Bluewater Bio strengths.
  - Water reuse is a much greater focus for the water treatment businesses than desalination, and our portfolio companies' technologies and solutions are well positioned to leverage their expansion.

## Conclusion

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- Total invested amount to date is approximately 93% of net assets
- Total committed amount to date is approximately 95% of net assets
- Unaudited 30 June 2011 NAV per share : €1.0321
- Net unaudited NAV 12 months performance (from 30 June 2010 to 30 June 2011): +5.4%
- One recent investment in Ranhill Water Technologies for US\$2.325 million (approximately €1.75 million) and an additional commitment of US\$2.25 million (approximately €1.73 million) to be completed by February 2012 subject to certain milestones
- 25 July 2011: appointment of Mr. Jonathan Hooley as a new Director and the Chairman of the Audit Committee
- The Board is in the process of considering discount management strategies

APPENDICES

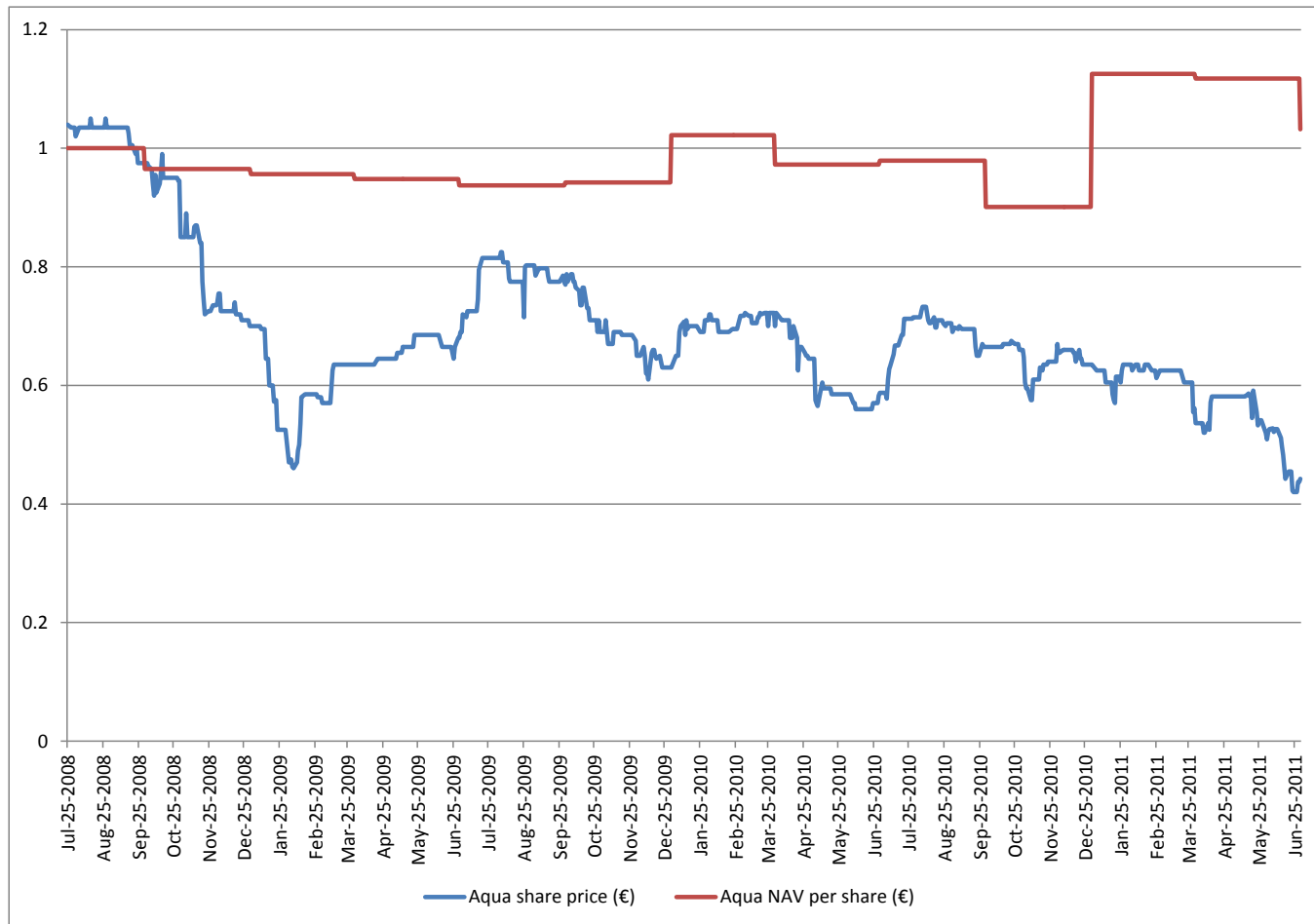
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# Appendices - Aqua share price since inception



Share price of Aqua Resources Fund versus Aqua's published NAV



Source: FWCM, Capital IQ, Aqua's published NAV (audited to 31 December 2009 and 2010)

## Appendices - Analysis of movements in NAV



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



# Appendices - H1 2011 unaudited results



## Investments at fair value at 30 June 2011

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



## Consolidated statement of operations for the period ended 30 June 2011

	Notes	Unaudited 30 June 2011 €	Unaudited 30 June 2010 €
<b>Investment Income</b>			
Interest income		215,000	479,967
Other income		597	1,730
<b>Total investment income</b>		<u>215,597</u>	<u>481,697</u>
<b>Operating Expenses</b>			
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
<b>Total operating expense</b>		<u>1,216,176</u>	<u>1,262,145</u>
<b>Net investment loss</b>		<u>(1,000,579)</u>	<u>(780,448)</u>
<b>Realised and unrealised loss from investments and foreign currency</b>			
Net realised and unrealised (loss)/gain from foreign currency		(21,049)	7,936
Net unrealised depreciation of investments		(5,725,476)	(2,334,071)
		<u>(5,746,525)</u>	<u>(2,326,135)</u>
<b>Decrease in net assets resulting from operations</b>		<u>(6,747,104)</u>	<u>(3,106,583)</u>
<b>Net investment loss per Ordinary Share (annualised):</b>			
Basic & diluted		(0.0138)	(0.0108)
<b>Net loss per Ordinary Share (annualised):</b>			
Basic & diluted		(0.0931)	(0.0429)
<b>Weighted average number of Ordinary Shares outstanding:</b>			
Basic & diluted		72,464,340	72,464,340



## Consolidated statement of assets and liabilities at 30 June 2011

	Notes	Unaudited 30 June 2011 €	Unaudited 30 June 2010 €
<b>Operations</b>			
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		<u>(5,725,476)</u>	<u>(2,334,071)</u>
<b>Net decrease in net assets resulting from operations</b>		<u>(6,747,104)</u>	<u>(3,106,583)</u>
<b>Share capital transactions</b>			
Issuance of capital		-	-
Redemption of capital		-	-
<b>Net increase in net assets resulting from share capital transactions</b>		<u>-</u>	<u>-</u>
<b>Net decrease in net assets</b>		(6,747,104)	(3,106,583)
<b>Net assets at beginning of the period</b>		81,535,743	74,054,480
<b>Net assets at end of the period</b>		<u>74,788,639</u>	<u>70,947,897</u>
<b>Net asset value per Ordinary Share</b>		<u>1.0321</u>	<u>0.9791</u>
<b>Number of Ordinary Shares issued and outstanding at end of the period</b>	4	<u>72,464,340</u>	<u>72,464,340</u>

# Appendices - Team



**Valerie Daoud Henderson**  
Head of Europe Environment Group and IC member

- 19 years private and public investment experience (private equity, hedge fund, proprietary trading, special situations).
- Built and launched several funds from scratch, managed over €500mm. Returned non-leveraged ROE net to investors of average 15%/yr over 10 years (98-07).
- Former partner at €2.5bn Boussard & Gavaudan AM.
- Between 2000 and 2005 launched and managed four hedge funds for IXIS and CPR (part of Credit Agricole).
- Eight years at Morgan Stanley in M&A and proprietary investments.
- Business school degree from ESSEC, Paris, France.
- **Board seats:** Waterleau Group NV, In-Pipe Technology Inc., Bluewater Bio Intl (Obs).



**Lydia Whyatt**  
MD and IC member

- 17 years private equity, VC and project finance investment experience with focus on waste and water.
- Managed €90m dedicated Cleantech fund, 10 investment, 3 exits (high IRR, fund returned profit).
- Kennet Venture Partners (\$280m), a number of high IRR exits, (fund returned profit overall).
- McKinsey & Co 96-99.
- Structured project finance for the City of Moscow's waste- processing plant.
- PhD in Physics from Moscow State University, MBA from RAIU, Diploma in Banking and Finance from LSE.
- **Board seats:** Waterleau Group NV, Monsal Holdings Ltd.



**Jui Kian Lim**  
Head of Asia Environment Group and IC member

- 17 years private equity, investment advisory, industrial M&A and project finance.
- Positions at Deutsche Bank, Veolia Water and JPMorgan Chase. Over US\$5 bn transactions in China, Korea, Japan, Southeast Asia, India and the Middle East.
- Ten years at Veolia Water building their Asian franchise via acquisitions, joint-ventures, privatizations and project financing transactions across the Asia-Pacific region: over US\$800 mm in municipal & industrial water/wastewater.
- Led Hyflux Water Trust IPO while at JPMorgan Chase in December 2007.
- MSc in Economics from LSE.
- **Board seats:** Ranhill Water Technologies, New Environmental Energy.



**Herman Cai**  
MD and IC member

- 16 years industry experience in the water sector (business development, operations and technology).
- Nine years at Veolia Water, business development and execution, management of the business in China. Investments in excess of US\$250mm in water and wastewater.
- Former business developer for EcoWater Systems, an industrial water and wastewater treatment company.
- BA in business admin from University of South Australia and post-graduate diploma in marketing from Chinese University of Hong Kong.
- **Board seats:** Ranhill Water Technologies.

# Appendices - Team's strategy

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<b>Small to middle market</b>	Focus on companies in the water sector with enterprise values <b>between €20 million and €250 million.</b>
<b>Global reach</b>	Uniquely positioned to capture industry knowledge in Europe and help with technology transfers in emerging markets, with a strong focus on Asia (mainland China and South East Asia) for the benefit of the Fund.
<b>Clear investment criteria</b>	Focus on companies with a strong track record and management. Proven technology offerings, service model businesses providing substantial cost savings to their clients, or operators with long-term and attractive operating contracts. Rigorous and commercial investment approach when evaluating all investment opportunities.
<b>Sector specialisation</b>	Focused expertise in the water value chain in order to select from among the best possible opportunities derived from proprietary research and through a network of relationships built over the years.
<b>Active portfolio management</b>	The team's senior professionals sit on the boards of a majority of its investments, allowing them to work very closely with the management of the underlying investments.
<b>Synergies</b>	Synergistic approach throughout the portfolio to grow in multiple geographic areas with a particular focus on Europe, Asia and Middle East and North Africa.
<b>Dedicated team</b>	Team of seasoned investment professionals specialised in the environmental sector with a particular focus on water, wastewater, resource recovery and sustainable resources solutions, as well as individuals dedicated to operations and risk management.

# Appendices - Tactical advantage

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## **Sector Focus**

- Team with dedicated focus on water and water related businesses
- Strong network of industry contacts
- Market profile allows first bite at new opportunities

## **Research based**

- Proactive, research based investment sourcing
- Enables optimal pricing and favourable investment terms
- Pre-empts competitive situations

## **Active management**

- Small portfolio allows constant interaction with companies and management
- Networks used for the benefit of portfolio companies
- Drives growth and helps guide management

## **Balanced Team**

- Strong team with well balanced skill sets
- Industry and technology expertise coupled with investment experience

# Contact Information

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