Regulatory Announcement

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Aqua Resources Fund Limited
30 April 2009

AQUA RESOURCES FUND LIMITED

FULL YEAR RESULTS FOR THE PERIOD FROM 12 JUNE 2008 (DATE OF INCORPORATION) TO 31 DECEMBER 2008

30 April 2009 *For immediate release*

Aqua Resources Fund Limited ("**Aqua**", the "**Company**" or the "**Fund**"), the closed-ended investment company managed by FourWinds Capital Management ("**FWCM**") and established to invest in global water opportunities, today issues its full year results for the period from 12 June 2008 (date of incorporation) to 31 December 2008.

HIGHLIGHTS

- Raised €62.1 million at IPO on the London Stock Exchange's Main Market in July 2008
- Issued an additional 10.4 million Ordinary Shares at a placing price of €1.00 in October 2008
- Net asset value per Ordinary Share of €0.9561 as at 31 December 2008
- Strengthened Environment Group with the opening of a Hong Kong office and senior level global appointments
- Announced first investment in November 2008 with agreement to invest US$12.6 million for a 45 per cent interest in Ranhill Water Technologies (Cayman) Limited (investment closed in March 2009)
- Since year end, the Company made a second investment of an aggregate of approximately €4.9 million for a 15 per cent holding in Bluewater Bio International

Kimberly Tara, Chief Executive Officer of FourWinds Capital Management, commented on the results: "We are exceptionally pleased with the progress Aqua has made in deploying the capital raised on the Main Market less than a year ago. The unprecedented economic conditions in which the Fund launched reinforce investors' appetite for robust investment propositions, such as Aqua, which can diversify risk across a very broad range of industries and geographies whilst maintaining a fundamental link to the core driver behind its investments. We remain confident that Aqua will continue to provide consistent returns for its investors going forward".

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Notes to Editors

About Aqua
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.

Aqua was incorporated as a closed-ended Guernsey registered investment company on 12 June 2008 and was admitted to listing on the Official List and to trading on the main market for listed securities of the London Stock Exchange on 24 July 2008.

Aqua is an Authorised Closed-ended investment scheme domiciled in Guernsey. As an existing closed-ended fund the Company is deemed to be granted an authorisation declaration in accordance with 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 on the same date as the Company obtained consent under the Control of Borrowing (Bailiwick of Guernsey) Ordinance 1959 to 1989.

www.aquaresourcesfund.com

For the period from 12 June 2008 (date of incorporation) to 31 December 2008

Introduction

It is my pleasure to report the results of Aqua Resources Fund Limited ("Aqua" or the "Company") for the period from 12 June 2008 to 31 December 2008.

The Company raised €62.1 million in a placing of ordinary shares ("Ordinary Shares") when it launched on 24 July 2008, at which time its Ordinary Shares were admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange Plc (the "London Stock Exchange") ("Admission"). The placing price was €1.00 per Ordinary Share and the opening net asset value per Ordinary Share was €0.9675, taking into consideration share issue costs. On 8 October 2008, the Company issued an additional 10.4 million Ordinary Shares at a placing price of €1.00 per Ordinary Share.

The Company was launched in the midst of what has turned into the worst recessionary conditions since 1945. Investors used to a decade of appreciating values, were faced with a sudden reversal of fortune across all asset classes. The alternative space - hedge funds, leveraged buy-outs or emerging markets - perceived by many analysts and investors as being immune to and insulated from market downturns or cyclical shifts in the real economy, were just as affected as the mainstream asset classes.

We believe that, in this challenging economic environment, investors should focus on long-term investments underpinned by genuine fundamentals. The water sector offers investors such an opportunity; a critical element of our existence with demonstrable growth characteristics and a spectrum of investment opportunities from basic utilities to recycling and industrial use.

Aqua is well positioned to take advantage of this unique long-term investment opportunity as it has a clear and focused mandate of investing in the water sector.

FourWinds Capital Management, the Company's investment manager (the "Manager"), has continued to build its team of investment professionals and analysts specialized in the environmental sector with a particular focus on water and water solutions, as well as individuals dedicated to operations and risk management. The Board of Directors of the Company (the "Board") is satisfied with the risk management and investment standards that the Manager has applied.

Net Asset Value

The Company's net asset value per Ordinary Share was €0.9561 as at 31 December 2008. No dividends have been announced, declared or paid in the period.

Board's Intentions

The Board is committed to investing the Company's resources as expeditiously as possible but is conscious of the over-riding need to seek out value and sustainable growth.

Outlook

Despite the challenging market environment, your Board and the Manager believe the Company is well positioned to provide healthy risk adjusted returns by way of water and water related investment exposure in a global and diversified portfolio.

I look forward to reporting on the Company's progress in the interim report later this year. In the meantime further information about the Company is available on its website at www.aquaresourcesfund.com.

Hasan Askari
Chairman
21 April 2009

For the period from 12 June 2008 (date of incorporation) to 31 December 2008

The Company's portfolio is managed by the Manager, FourWinds Capital Management.

The Manager is pleased to report that the net asset value per Ordinary Share of the Company as of 31 December 2008 was €0.9561.

In the current economic context, investors are seeking to protect their capital and tend to shift their attention to long term real assets. An ideal sector for this type of investment is water which has strong, sustainable growth characteristics and allows investors to diversify their risk across a range of investments which surround the supply, use and treatment of this precious commodity while targeting more specifically water treatment, reuse and recycling, energy efficiency and new infrastructure.

There has been much press attention lately focused on the simple fact that drinking water is a scarce commodity, it is becoming scarcer and that supplies of it are rarely where they are most needed. In March 2009, the UN released their three-year report at the water summit in Istanbul which concluded that water scarcity is not just an issue, it is a health and human urgency. Industry and agriculture demand ever increasing volumes of water and in increasingly pure forms. Additionally, the infrastructure that is needed to ensure that as many people as possible have access to as much fresh water as they need is either nonexistent in many parts of the third world, or is aged to the point of infirmity in most of the developed world. It is a well known statistic that London's Victorian water pipes, for example, leak away over 40 percent of the extensively treated water that is pumped through them.

2008 proved to be a very difficult year for some large water companies and it has been even harder for those listed on stock exchanges as their stock prices fell in sympathy with the broader financial markets. It is true that their activities slowed down and there have been a good number of reorganizations, including CFO and CEO departures at blue chip companies, which provoke unease with their investor base. Whilst the water utilities are, typically, fairly close to being pure play water investments and have very defensive qualities (the beta of UK water companies is typically below 0.8 against the FTSE 100 Index[1]) they suffer from being the focus of governments' efforts to continue to supply as much water as consumers need at a price those consumers can afford.

Nevertheless, the water sector is still in great demand. With the US stimulus package, it is expected that the US will spend several billions in water and water related investments, including US$4 billion for clean water State revolving fund grants, US$2 billion for safe drinking water capitalization grants and US$1 billion for the Bureau of Reclamation water and related resources, including inspection of canals in urbanized areas[2]. This stimulus package emphasizes the general lack of investment in infrastructure and lack of technology development in the water sector. This has in part been driven by the need to keep costs down - water utilities do not like to focus on research and development costs which may end up being written off. A further contributing factor has been that those countries which experience the worst water stress are either too poor to be able to develop their own technology to tackle the problem or are so rich and have access to such cheap energy they do not need to. For example, the prevailing desalination technology in the Middle East is thermal, which, to put it in its most primitive terms, is boiling sea water and collecting the steam to remove the salt. Those countries in the middle, such as the UK, where water stress is moderate and consumers are relatively wealthy typically make and mend the infrastructure they have and focus on juggling to keep supply constant and costs down.

Aqua is focusing on the one hand on operators and developers who require new capital for growth, and on the other hand on innovation with an aim to ensure that the industry becomes more efficient by providing consumers, whether individuals or industrials, with plentiful water without dramatic increases in cost. By investing across the water value chain, from providers of infrastructure and services, to industries and municipalities, to proponents of advanced wastewater treatment and technology which focuses on the removal of fat oil and grease from effluent in wastewater streams, Aqua can diversify risk across a very broad range of industries and geographies whilst maintaining a fundamental link to the core driver behind its investments. This approach seeks to ensure that investors make consistent, stable, enhanced returns.

Aqua announced its first commitment in November 2008 when it conditionally agreed to invest US$12.6 million for a 45 percent interest in Ranhill Water Technologies (Cayman) Ltd ("RWT Cayman"), a new company incorporated in the Cayman Islands. Ranhill Utilities Berhad ("RUBHD"), Ranhill Berhad's 70 percent owned water utility subsidiary, announced it would contribute its existing business of Ranhill Water Technologies Sdn Bhd and operations in the People's Republic of China and Thailand to RWT Cayman and be a 51.8 percent owner of RWT Cayman. Furthermore, the officers of RUBHD committed to invest US$880,000 for a 3.2 percent equity interest in RWT Cayman. The Ranhill Group's 2007 revenues were approximately US$425 million with net profits at approximately US$34 million. This first investment, which closed in March 2009, is a clear endorsement of Aqua's strategy to focus on the water sector and its ability to attract best in class water partners.

In addition, since the balance sheet date the Company has closed its second investment, in a two stage process. On 16 March 2009, the Company purchased shares representing approximately 7.8 percent of the fully diluted share capital of Bluewater Bio International ("**BBI**") from the Manager for a consideration of US$2.97 million (€2.30 million). On 20 April 2009, the Company acquired by subscription a further stake in BBI for a total consideration of approximately £2.3 million (€2.6 million), taking the Company's aggregate holding to approximately 15 percent of the enlarged fully diluted share capital of BBI. BBI focuses on selling its proprietary wastewater technology, HYBACS, to both the municipal treatment sector and to industrial consumers and polluters of water. The investment fits well with Aqua's strategy as it not only adds an attractive set of technologies focusing on wastewater treatment and water recycling, but also a very good geographic coverage with partnerships and clients in both Western and Eastern Europe as well as the Middle East. Furthermore BBI has moved towards signing reference plants and distribution contracts with high profile water players.

The Manager is actively looking to add attractive investment opportunities in the water space. Recent market conditions have presented opportunities for the Company to engage in discussions with key global sector players. As a result, the Manager is focused on further accessing partnerships with blue chip water companies which re-inforce the Company's credibility as a key private capital provider in the water space in 2009.

FourWinds Capital Management
21 April 2009

Investment Objective

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

Investment Policy

The Company is in the early stages of implementing its investment policy as set out below, having launched on 24 July 2008, and had not, as at 31 December 2008, invested in any assets or investments.

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

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

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

Diversification

The Company's portfolio of assets and investments from time to time (the "Portfolio") will be diversified by factors such as geography, water sector and investment type, structure and size. The Company may invest in companies and projects in both mature and emerging markets. There will be no predetermined limit per region, but for diversification purposes the Company will invest in at least three regions of the world.

Investments will be sought in a diverse range of water sectors. Once investment is substantially completed it is anticipated that no single investment, at the time of acquisition, may exceed 30 percent of the gross assets of the Company. For these purposes, where the Company invests in a portfolio of assets, each individual underlying asset shall be treated as a single investment and where the Company invests by means of a holding company, joint venture or similar investment or investment vehicle, each underlying asset shall be treated as a single investment.

In addition, in exceptional circumstances, the Board may authorise the acquisition of an investment or asset which exceeds the 30 percent limit and is up to 50 percent of gross assets, at the time of acquisition. Such authorisation may only be given in circumstances where the Board considers the acquisition to be of strategic importance to the Company in achieving its overall investment objective and the Manager has, at the time of acquisition, presented to the Board for approval a proposal for rebalancing the Portfolio to within the 30 percent limit as soon as practicable (and in any event within a period not exceeding 18 months) by means of further capital raisings, additional investments, disposals of part of investment or otherwise.

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

Gearing
Whilst the Articles of Association of the Company permit maximum borrowings of up to 30 percent of net asset value of the Company, the Company's policy is to ensure that its aggregate borrowings from time to time do not exceed a maximum of 20 percent of net asset value of the Company. Initially, the Directors intend to use this facility primarily for short term liquidity, to facilitate the operation of the Company's over-commitment policy, for working capital requirements and to fund share buybacks. However, borrowings may also be used for investment financing in certain cases and, if the Directors deem it prudent, the Company may borrow for longer term purposes.

General
It is the intention of the Directors, subject to market conditions, for the Company to be substantially invested or committed (i.e. 80 to 85 percent) in accordance with its investment policy within 12 to 18 months of Admission on 24 July 2008 and thereafter at all times, although the Manager may exercise its discretion to hold cash or cash equivalent instruments at any time as appropriate. Pending such investment the net proceeds of the initial placing of the Company's Ordinary Shares at Admission will be held in cash or fixed income securities (including, but not limited to, bank deposits, bonds or government issued treasury securities) for the purpose of protecting the Company's capital assets. Income earned from its investments will be reinvested by the Company in accordance with its investment policy, subject to working capital requirements.

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

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

The Company will comply with certain investment restrictions for so long as they remain requirements of the UK Listing Authority as set out below. The Directors do not currently intend to propose any material changes to the Company's investment objective and policy, save in the case of exceptional and unforeseen circumstances. As long as the Listing Rules so require, any material change to the investment policy of the Company will be made only with the approval of shareholders.

Investment restrictions
The Company will comply with the following investment restrictions for so long as they remain requirements of the UK Listing Authority:

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

- not more than 10 percent in aggregate of the value of the total assets of the Company at the time of Admission on 24 July 2008 may be invested in other listed closed ended investment funds except that this restriction shall not apply to investments in closed ended investment funds which themselves have published investment policies to invest no more than 15 percent of their total assets in other listed closed ended investment funds; and

- the Company will notify to a regulatory information service within five business days of the end of each quarter, a list of all investments in other listed closed ended investment funds, as at the last business day of that quarter, which themselves do not have stated investment policies to invest no more than 15 percent of their total assets in other listed closed ended investment funds.

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

- cross financing between the businesses forming part of its Portfolio including, for example, through the provision of undertakings or security for borrowings by such businesses for the benefit of another; and

- the operation of common treasury functions as between the Company and investee companies.

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

	Notes	**31 December 2008** **€**
Assets		
Cash		69,302,712
Interest receivable		2,338
Prepaid expenses		315,206
TOTAL ASSETS		69,620,256
Liabilities		
Directors' fees payable		4,601
Other payables	4	335,508
TOTAL LIABILITIES		340,109
NET ASSETS		69,280,147
Net Assets consist of:		
Ordinary Shares (no par value, authorised to issue unlimited number of Ordinary Shares, 72,464,340 of which were issued and outstanding)	5	70,030,004
Accumulated losses		(749,857)
		69,280,147
Net asset value per Ordinary Share		0.9561

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

The financial statements on pages 8 to 12 were approved by the Board of Directors on 28 April 2009 and signed on its behalf by:

Hasan Askari Timothy Betley
Director Director

	Notes	12 June 2008 to 31 December 2008 €
Operating Income		
Interest income		410,338
Total operating income		410,338
Operating Expenses		
Administrator fees		48,520
Audit & professional fees		115,876
Directors' fees	3	42,598
Organisational expenses		54,060
Due diligence expenses		269,191
Management fees	3	570,245
Miscellaneous expenses		49,017
Total operating expense		1,149,507
Net investment loss		(739,169)
Realised loss from foreign currency		
Net realised loss from foreign currency		(10,688)
		(10,688)
Decrease in net assets resulting from operations		(749,857)
Net investment loss per Ordinary Share (annualised):		
Basic & Diluted		(0.0185)
Net loss per Ordinary Share (annualised):		
Basic & Diluted		(0.0188)
Weighted Average Number of Ordinary Shares Outstanding:		
Basic & Diluted		67,524,340

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

	Notes	12 June 2008 to 31 December 2008 €
Operations		
Net operating loss		(739,169)
Net realized foreign currency loss		(10,688)
Net decrease in net assets resulting from operations		(749,857)
Share Capital transactions		
Issuance of capital		72,464,340
Offering costs		(2,434,336)
Net increase in net assets resulting from share capital transactions	5	70,030,004
Net increase in net assets		69,280,147
Net assets at beginning of period		-
Net assets at end of period		69,280,147
Net asset value per Ordinary Share		0.9561
Number of Ordinary Shares issued and outstanding at end of period	5	72,464,340

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

	12 June 2008 to 31 December 2008 €
Operating activities	
Decrease in net assets resulting from operations	(749,857)
Adjustment to reconcile decrease in net assets resulting from operations to net cash used in operating activities:	
Increase in interest receivables	(2,338)
Increase in prepaid expenses	(315,206)
Increase in other payables	340,109
Net cash used in operating activities	(727,292)
Financing activities	
Proceeds from Ordinary Shares issued	72,464,340
Offering costs	(2,434,336)
Net cash provided by financing activities	70,030,004
Net increase in cash	69,302,712
Cash at beginning of period	-
Cash at end of period	69,302,712

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

12 June 2008 to
31 December 2008

Per share data[1]	
Net asset value on issue	1.0000
Offering costs	(0.0361)
Net asset value after deducting offering costs	0.9639
Net investment loss	(0.0076)
Net realised foreign currency loss	(0.0002)
Total from investment operations	(0.0078)
Net asset value at end of period	0.9561
Ratios/supplemental data	
Per share market value at end of period	0.9561
Total return	(0.0096)
Total shareholder loss	(0.0439)
Number of Ordinary Shares outstanding at end of period	72,464,340
Weighted average number of Ordinary Shares	67,524,340
Net assets at end of period (in €)	69,280,147
Average net assets[2] (in €)	64,581,854
Ratio of operating expenses to average net assets[3]	(4.07%)
Ratio of net investment loss to average net assets[3]	(2.62%)

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

[1] Basic weighted average per share data

[2] Average net assets calculated using the quarterly net assets

[3] Ratios based on reporting periods of less than twelve month are annualized

1. ORGANISATION

Aqua Resources Fund Limited (the "Company" or "Aqua") was incorporated on 12 June 2008 as a closed-ended investment company with limited liability under The Companies (Guernsey) Law, 1994 (as amended).

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

FourWinds Capital Management has been appointed as the Manager of the Company with responsibility for the discretionary management of the Company's assets.

On 24 July 2008 the Company's Ordinary Shares were admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange under the ticker symbol "H2O" (Admission).

The Company's fiscal year end is 31 December.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- *Basis of Presentation*

The accompanying financial statements have been prepared in accordance with accounting principles generally acceptable in the United States of America ("US GAAP").

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

- *Valuation of Investments*

The investments of the Company will be carried at fair value in accordance with Statement of Financial Accounting Standards ("SFAS") No. 157 ("SFAS No. 157").

SFAS No. 157 provides a framework for measuring the fair value of assets and liabilities. SFAS No. 157 also provides guidance regarding a fair value hierarchy which prioritises information used to measure fair value and the effect of fair value measurements on earnings and provides for enhanced disclosures determined by the level within the hierarchy of information used in the valuation. SFAS No. 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value but does not expand the use of fair value in any new circumstances.

SFAS No. 157 defines fair value in terms of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The price used to measure the fair value is not adjusted for transaction costs while the cost basis of investments may include initial transaction costs. Under SFAS No. 157, the fair value measurement also assumes that the transaction to sell an asset occurs in the principal market for the asset or, in the absence of a principal market, the most advantageous market for the asset. The principal market is the market in which the reporting entity would sell or transfer the asset with the greatest volume and level of activity for the asset. In determining the principal market for an asset or liability under SFAS No. 157, it is assumed that the reporting entity has access to the market as of the measurement date. If no market for the asset exists or if the reporting entity does not have access to the principal market, the reporting entity should use a hypothetical market.

The Company adopted SFAS No. 157 as of 12 June 2008 (the date of incorporation). SFAS No. 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under SFAS No. 157 are described below:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The Company did not have any financial instruments to measure at fair value as of 31 December 2008.

- *Use of Estimates*

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. Actual results could differ from those estimates.

-
- *Cash*

Cash comprises bank balances with banks and financial institutions.

- *Interest Income*

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

- *Expenses*

Expenses are accounted for on an accruals basis.

- *Foreign Currency Translation*

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the date of the financial statements. Transactions in foreign currencies are translated at the rates of exchange prevailing at the time of the transaction. Exchange gains or losses are included in the Statement of Operations under net realised gain/(loss) and appreciation/(depreciation) of foreign currency.

- *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.

- *Consolidation*

Under the investment company rules and regulations pursuant to the American Institute of Certified Public Accountants ("AICPA") Audit and Accounting Guide for Investment Companies, investment management companies are precluded from consolidating any entity other than another investment company. 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. Investments in investment companies or funds will be recorded as investments in the accompanying financial statements and will not be consolidated. All intercompany accounts will be eliminated on consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Recent Accounting Pronouncements*

In May 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position No. FSP APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement). The standard applies to convertible debt instruments that may be settled in cash upon conversion including partial cash settlement. It provides that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the entity's non-convertible debt borrowing rate when interest cost is recognised in subsequent periods. APB 14-1 is effective for financial statements issued for fiscal years and interim periods beginning after 15 December 2008 with early adoption not permitted. The Company has not yet assessed the impact on future financial statements of adopting APB 14-1.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities ("SFAS No. 161"). The objective of SFAS No. 161 is to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. SFAS No. 161 improves transparency about the location and amounts of derivative instruments in an entity's financial statements; how derivative instruments and related hedged items are accounted for under SFAS No. 133; and how derivative instruments and related hedged items affect its financial position, financial performance, and cash flows.

SFAS No. 161 achieves these improvements by requiring disclosure of the fair values of derivative instruments and their gains and losses in a tabular format. It also provides more information about an entity's liquidity by requiring disclosure of derivative features that are credit risk-related. Finally, it requires cross-referencing within footnotes to enable financial statement users to locate important information about derivative instruments. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after 15 November 2008, with early application encouraged. The Company has not opted for an early adoption of SFAS No. 161. The Company has not yet assessed the impact of this standard on the financial statements.

In February 2008, the FASB issued FASB Staff Position FAS No. 140-3, Accounting for Transfers of Financial Assets and Repurchase Financing Transactions ("FSP FAS 140-3") which provides guidance on when assets purchased from a particular counterparty and financed through a repurchase agreement with the same counterparty are not considered part of the same arrangement for evaluation under SFAS No. 140. FSP FAS 140-3 assumes that the initial transfer of a financial asset and a repurchase financing are considered part of the same arrangement (linked transaction) unless all of the following criteria apply:

(1) the initial transfer and repurchase financing cannot be contractually contingent on one another;
(2) the repurchase financing entered into between the parties provides the initial transferor with full recourse to the transferee upon default and the repurchase price is fixed;

(3) the financial asset subject to the initial transfer and repurchase financing is readily obtainable in the marketplace and the transfer is
executed at market rates; and
(4) the repurchase agreement and financial asset do not mature simultaneously.

FSP FAS No. 140-3 is effective for financial statements issued for fiscal years and interim periods beginning after 15 November 2008, with early application not permitted. The Company has not yet assessed the impact on future financial statements of adopting FSP FAS No. 140-3.

In September 2008, the FASB issued FSP FAS No. 133-1 and FIN 45-4, Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161. The FSP requires enhanced disclosures by sellers of credit derivatives, including credit derivatives embedded in hybrid instruments. FSP FAS 133-1 and FIN 45-4 also amends FIN 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, to require additional disclosure about the current status of the payment/performance risk of a guarantee as of the date of the statement of financial position and excludes disclosures by sellers of credit derivative instruments that are covered under this FSP.

FSP FAS No. 133-1 and FIN 45-4 is intended to improve disclosures about credit derivatives by requiring more information about the potential adverse effects of changes in credit risk on the financial position, financial performance, and cash flows of the sellers of credit derivatives. The FSP is effective for financial statements issued for reporting periods ending after15 November 2008. Since FSP FAS No. 133-1 and FIN 45-4 only requires additional disclosures concerning credit derivatives and guarantees, the adoption of FSP FAS No. 133-1 and FIN 45-4 will not affect the Company's financial condition, results of operations or cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In October 2008, the FASB issued FSP FAS 157-3, Determining Fair Value of a Financial Asset in a Market That Is Not Active ("FSP FAS 157-3"). FSP FAS 157-3 clarified the application of SFAS No. 157, Fair Value Measurements in an inactive market. It provided guidance for determining the fair value of a financial asset when the market for that financial asset is inactive. FSP FAS 157-3 was effective upon issuance, including prior periods for which financial statements had not been issued. The implementation of this standard did not have an impact on the Company's financial position and results of operations.

3. SIGNIFICANT AGREEMENTS AND RELATED PARTIES

- *Manager*

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

In addition, the Manager is, in certain circumstances, entitled to a performance fee ("Performance Fee") in respect of each calculation period. The first calculation period was the period from Admission on 24 July 2008 to 31 December 2008 and, thereafter, the calculation periods shall be each financial period of the Company ("Calculation Period").

The Performance Fee is payable where the net asset value per Ordinary Share at the end of the relevant Calculation Period exceeds the benchmark net asset value per Ordinary Share, which is the figure equal to the High Water Mark net asset value per Ordinary Share (defined below) increased by 10 percent per annum (or, if the period since a Performance Fee was last paid is not twelve months, an amount equating to an annual compound rate of 10 percent). The High Water Mark net asset value per Ordinary Share is the net asset value per Ordinary Share at the end of the last Calculation Period in respect of which a Performance Fee was paid (or if no Performance Fee has been paid, the net asset value per Ordinary Share immediately following Admission).

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

The Base Fees expensed for the period from 21 July 2008 (the date of the Manager's appointment) to 31 December 2008 amounted to €570,245 and the Base Fees prepaid as at 31 December 2008 amount to €260,872. There was no Performance Fee paid or accrued as at 31 December 2008.

The Management Agreement between the Company and the Manager is for an initial fixed term of seven years and is terminable by either party giving to the other not less than 24 months' notice to expire on the seventh anniversary of Admission or on any two year interval after the initial seven year term. The Management Agreement may be terminated by the Company immediately in the event of a continuing material breach of the Management Agreement by the Manager or certain insolvency or regulatory events affecting the Manager.

- *Administrator*

The Administrator, HSBC Securities Services (Guernsey) Ltd, is paid fees for acting as Administrator of the Company on a sliding scale, based on the net asset value of the Company subject to a minimum quarterly fee of €25,000, or such other fees as may be agreed on normal commercial terms between the Administrator and the Company from time to time. The following scale is used for calculating the Administrator's fees:

€0 to €500,000,000	0.05% per annum
€500,000,001 to €1,000,000,000	0.04% per annum
€1,000,000,001 to €1,500,000,000	0.03% per annum
€1,500,000,001 and above	0.02% per annum

The fees are payable quarterly in arrears.

3. SIGNIFICANT AGREEMENTS AND RELATED PARTIES (CONTINUED)

The Administrator is also entitled to a transaction fee of €35 per transaction, a minimum termination fee of €5,000 in the event of termination or liquidation of the Company, and may be entitled to a minimum fee of €10,000 in the event of any future restructuring of the Company. The Administrator is also entitled to a corporate services management fee on a time charge basis, subject to a minimum of €2,000 per calendar month, a fee of €10,000 for the preparation of each set of financial statements and additional fees for any tax related services provided to the Company.

The Administrator's fees expensed for the period from 12 June 2008 to 31 December 2008 amounted to €48,520. The amount outstanding at 31 December 2008 was €29,616.

- *Directors' Remuneration and Expenses*

Director	Per annum fees entitlement (in £)	Fees paid during the period (in £)	No. of Ordinary Shares paid in satisfaction of fees[1]	Fees payable at the end of the period (in £)	Prepaid Directors Fees for 2009 (in £)
Hasan Askari	50,000	50,000	62,500	-	27,945
Andrea Rossi	15,000	15,000	18,750	-	8,383
Timothy Betley	20,000	10,000	12,500	4,411	5,589
Kimberly Tara	-	-	-	-	-

[1] Applies to first year fees only

The Company reserves the right to pay Hasan Askari's Directors' Fee in shares in respect of any subsequent years. The Chairman of the Audit and Management Engagement Committee, Timothy Betley, receives £5,000 for his services in this role in addition to his Directors' Fee of £15,000. Kimberly Tara does not receive any Directors' Fees. All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, Board or committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

Kimberly Tara has an interest in 3,985,000 Ordinary Shares of the Company which are owned by the Manager, of which she is a director and shareholder.

Placing Agreement
A placing agreement was entered into on 21 July 2008 between (i) the Company, (ii) the Manager and (iii) Landsbanki Securities (UK) Ltd ("Landsbanki") in respect of the placing of Ordinary Shares at the initial admission of the Company to the Official List of the UK Listing Authority (the "Placing") pursuant to which each of Landsbanki and the Manager agreed to use its reasonable endeavours to arrange for placees to subscribe for up to 500 million Ordinary Shares at a placing price of €1.00 per Ordinary Share. For its services in connection with the Placing, Landsbanki was entitled to a corporate finance fee of £125,000 and a sponsor's fee equivalent to 0.25 percent of the gross proceeds of the Placing. In addition, each of Landsbanki and the Manager were entitled to a commission of 2.5 percent of such part of the gross proceeds of the Placing as was represented by placees procured by each of them.

Landsbanki waived 100 percent of its corporate finance fee. Placing fees paid by the Company during the period to the Manager amounted to €260,000 and to Landsbanki amounted to €1,598,166.

4. OTHER PAYABLES

	2008
	€
Administration fees	29,616
Audit fees	36,506
Due diligence expense	255,914
Other accrued expenses	13,472
	335,508

5. SHAREHOLDERS' EQUITY

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

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 Association, the Company may purchase its own Ordinary Shares in accordance with the Companies (Purchase of Own Ordinary Shares) Ordinance, 1998. 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 Companies (Purchase of Own Ordinary Shares) (Treasury Shares) Ordinance 2006. Shares held in treasury do not carry the same rights as set out above in respect of Ordinary Shares.

At incorporation, 2 Ordinary Shares were subscribed for by the subscribers to the Memorandum of Association. On 24 July 2008 (the date of Admission), the Company issued a further 62,064,338 Ordinary Shares in its initial placing at a placing price of €1 per share. On 8 October 2008, the Company issued a further 10,400,000 Ordinary Shares at a placing price of €1 per share.

Issued capital

	Number of Ordinary Shares	
		€
Ordinary Shares issued at 12 June 2008	2	2
Issued during the period (on 24 July 2008 and on 8 October 2008)	72,464,338	72,464,338
Offering costs	-	(2,434,336)
Ordinary Shares issued and outstanding at 31 December 2008	72,464,340	70,030,004

6. SUBSEQUENT EVENTS

On 16 March 2009, the Company purchased 21,100,000 shares in BBI from the Manager, which is a related party of the Company pursuant to Listing Rules 15.5.4R and 11.1.4R by virtue of its being the Manager, a shareholder of the Company and an associate of Kimberly Tara (a Director of the Company), for a consideration of US$2.97 million (€2.30 million). The purchase constitutes a smaller related party transaction to which the provisions of the UKLA Listing Rule 11.1.10R apply and have been complied with. BDO Stoy Hayward LLP acted as sponsor to the Company in relation to this transaction. On 20 April 2009, the Company acquired by subscription a further stake in BBI (increasing the Company's aggregate holding to approximately 15 percent of the enlarged fully diluted share capital of BBI), for a total consideration of approximately £2.3million.

On 26 March 2009, the Company completed its investment in Ranhill Water Technologies (Cayman) Ltd for $12,555,000.

END

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