AQUA RESOURCES FUND LIMITED

Unaudited Condensed Interim Report and Consolidated Financial Statements

For the six months ended 30 June 2010

The Company is a Guernsey domiciled Authorised Closed-ended investment scheme pursuant to section 8 of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and rule 6.02 of the Authorised Closed-ended Investment Schemes Rules 2008.

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MANAGEMENT AND ADMINISTRATION

DIRECTORS:	Hasan Askari *(Chairman)** Andrea Rossi* Timothy Betley* Kimberly Tara *(all of whom are non executive)* ** independent directors*
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MANAGER AND PLACING AGENT:	FourWinds Capital Management Scotia Centre PO Box 268 George Town Grand Cayman KY1-1104 Cayman Islands
CORPORATE BROKER:	Cenkos Securities plc 6,7,8 Tokenhouse Yard London EC2R 7AS United Kingdom
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 PO Box 186 1 Le Marchant Street St. Peter Port Guernsey CI GY1 4HP
ADMINISTRATOR AND COMPANY SECRETARY:	HSBC Securities Services (Guernsey) Limited Arnold House St. Julian's Avenue St. Peter Port Guernsey CI GY1 3NF
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MANAGEMENT AND ADMINISTRATION (CONTINUED)

REGISTRAR:	Capita Registrars (Guernsey) Limited PO Box 627 Longue Hougue House St. Sampson Guernsey CI GY1 4PP
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Interim Management Report
for the six months ended 30 June 2010

Aqua Resources Fund Limited ("Aqua" or the "Company"), the Authorised Closed-ended investment scheme managed by FourWinds Capital Management ("FWCM" or the "Manager") and established to invest in global water opportunities, presents its unaudited financial results for the six months ended 30 June 2010 (the "Period").

HIGHLIGHTS

- €20 million subscription for five-year convertible bonds in Waterleau Group N.V. ("Waterleau").
- £500,000 (€570,525) subscription for a convertible bond in Bluewater Bio International ("BBI").
- At 30 June 2010, the Company had invested approximately 80% of its net assets.
- At 30 June 2010, the unaudited net asset value per ordinary share of the Company was €0.9791.

Kimberly Tara, Chief Executive Officer of FWCM, commented on the results: "Aqua continued to be extremely active in investing the portfolio throughout the Period, concluding the Period with approximately 80% of its net assets invested in a well balanced and diversified portfolio, in terms of both sector and geography. Looking ahead, we are seeking to deploy Aqua's remaining capital selectively in bolt-on investment opportunities as well as actively managing the portfolio, adding value to our existing investee companies. We remain confident that Aqua is well positioned to take advantage of the unique long-term investment opportunities in the water sector".

INTRODUCTION

The Company reports that the unaudited net asset value ("NAV") per ordinary share of the Company ("Ordinary Share") at 30 June 2010 was €0.9791 per share. At 30 June 2010, the Company had invested approximately 80% of its net assets and the balance was invested conservatively in cash, with no gearing.

The Board has been monitoring both the share price and the discount to the NAV at which the Ordinary Shares have been trading during the Period. The share price started the Period at €0.63 and recovered between January and March to a high of €0.7175 on 8 March 2010. Financial markets experienced extreme volatility particularly during the months of May and June, which negatively impacted markets and stocks across the board. Consequently, the Company's share price ended the Period at one of its lowest levels since inception of €0.5875, and on extremely low trading volume. Since the end of the Period, the share price has again recovered to levels reached at the beginning of the Period, and on stronger volumes. The Board will continue to monitor the share price and discount.

INVESTMENTS

On 25 February 2010, the Company announced that it had entered into an agreement to acquire five-year convertible bonds of Waterleau for a total cash consideration of €20 million. Completion of the investment occurred on 1 April 2010. Waterleau is a privately held global environmental technology, solutions and services company which provides a wide range of water, wastewater and solid waste and air treatment solutions for both industrial and municipal clients. Waterleau applies these technologies to purify wastewater and to produce renewable energy from wastewater and bio-waste. Incorporated in 2000, Waterleau had a turnover in excess of €50 million in 2009 and has enjoyed double digit revenues growth rates since inception. It currently employs 225 people across offices in Belgium, France, Morocco, Egypt, India, China and Brazil. Waterleau was recently awarded two major wastewater Build & Operate large capacity projects in Marrakech and Fes, Morocco. The proceeds of Aqua's subscription provides Waterleau with growth capital to invest alongside its clients in Build Own Operate Transfer wastewater projects, to make selective add-on acquisitions, and to further expand into new markets.

On 16 April 2010, the Company provided a liquidity facility to BBI by way of a convertible bond for a total cash consideration of £500,000 (€570,525). The convertible bond is repayable in cash at any time immediately upon notice from the Company or can be converted into equity at the option of the Company, at an agreed ratio. This facility was provided to fund BBI's manufacturing capabilities to deliver equipment to new clients (in South Africa and China) who are upgrading their wastewater treatment plant facilities with BBI's proprietary HYBACS technology.

Interim Management Report (continued)
for the six months ended 30 June 2010

SUMMARY OF PERFORMANCE

At 30 June 2010, the unaudited NAV per Ordinary Share of the Company was €0.9791, a decline of 4.19% from the 31 December 2009 NAV of € 1.0219 per Ordinary Share, and an increase of 0.7% from the 31 March 2010 NAV of €0.9724 per Ordinary Share.

The main contributing factors were:

- A decline in the share price of China Hydroelectric Corporation ("CHC"), resulting in a negative impact of 9.5% to the Company's NAV before foreign currency adjustments; and
- A 6.4% increase in the value of the Company's non-Euro denominated investments resulting from the depreciation of the Euro against the US Dollar and Pound Sterling over the Period. (At 30 June 2010, €1.00 = US$ 1.228 and £0.637; 31 December 2009, €1.00 = US$ 1.433 and £0.689)

The Manager continues to favour the strong business fundamentals of CHC, which gives the Company investment exposure to the Chinese renewable energy sector which the Manager considers to be a growing sector. The decline in CHC's share price can be explained by the following factors:

- The overall weakness in the Chinese equities market over the Period. During the Period, the Shanghai Composite Index declined by 26.1%[1] as a result of lower economic growth forecasts as well as tightening of bank lending in China.
- The low trading volume in the secondary market in CHC's shares since its IPO. At the IPO, CHC sold 6 million new American Depository Shares ("ADS") or 11.7% of the issued and outstanding ADSs in the company, resulting in a very limited free float available for secondary trading. The average number of ADSs traded from 25 January to 30 June 2010 was 73,500 or 0.1% of the total outstanding ADSs. All pre-IPO investors, including the Company, and CHC's founders entered into lockup agreements for 180 days post-IPO. The Manager expects liquidity in the stock to improve now that this lock-up period has expired, and to gather stronger institutional support over the next 12 months.

Operationally, CHC has performed well since its IPO and announced the following results for the first quarter (Q1) of 2010:

- Aggregate installed capacity increased by 39% to 376.6 MW compared to 271.0 MW in Q1 2009;
- Total revenues increased by 243% to US$15.8 million compared to US$4.6 million in Q1 2009;
- Adjusted EBITDA increased by 339% to US$10.1 million compared to US$2.3 million in Q1 2009.

SUBSEQUENT TRANSACTIONS

On 9 August 2010 Aqua announced that it had subscribed for £2.0 million (€2.4 million) of secured loan notes in BBI due 2012 ("Loan Notes") together with warrants to subscribe for up to 5,714,285 ordinary shares in the capital of BBI (approximately 2% of the fully diluted share capital of BBI). This investment was made alongside Ecofin Water & Power Opportunities Plc which have also subscribed for £2.0 million Loan Notes on the same terms as Aqua.

On 10 August 2010 Aqua announced that its wholly owned subsidiary, Aqua Resources (In-Pipe) Holdings Limited ("ARIHL") had agreed to exercise its right to acquire a further 8 % of the fully diluted share capital of In-Pipe Technology Company Inc ("In-Pipe"). Aqua announced its initial investment in In-Pipe on 7 August 2009. The transaction was structured in two tranches. In the first tranche, completed on 6 August 2009, ARIHL invested US$3.0 million (€2.09 million) in exchange for approximately 14% of the fully diluted share capital of In-Pipe. It was also granted a warrant to acquire further shares in In-Pipe up to a further 2% of the fully diluted share capital of In-Pipe (at 6 August 2009). This warrant was never exercised and has now been cancelled and replaced by a new warrant described below. In the second tranche, ARIHL acquired a further 8% of the fully diluted share capital of In-Pipe (at 9 August 2010) for approximately US$2.0 million (€1.51 million). As part of the second tranche, ARIHL was also issued a new warrant representing the right to purchase an additional 3% of the fully diluted share capital of In-Pipe (at 9 August 2010). If it exercises this new warrant, ARIHL will own approximately 24% of the fully diluted share capital of In-Pipe (at 9 August 2010).

[1] Google finance

Interim Management Report (continued)
for the six months ended 30 June 2010

OUTLOOK

Global economies have had varying success in stabilising their economic recovery. Asia has been showing the strongest signs of recovery. Meanwhile, Europe has demonstrated an unprecedented fragility, spreading over the entire zone and leaving traditional economies of the "Old Europe" shattered. The consequences are felt across a wide range of sectors, especially for those companies who rely heavily on these countries to generate sales. Interestingly however, water companies who are geographically diversified have been very resilient, and have benefited from their diversification into emerging markets. The Manager expects this trend to continue for the medium-term.

The underlying demand for greater access and availability of clean water, as well as for treatment of polluted water, across the various regions of the world remains strong despite the slow economic recovery in major parts of the world. A key issue remains the general lack of investment in infrastructure and lack of technology development in the water sector. This provides an excellent source of investment opportunities. According to Global Water Intelligence research[2], capital expenditure for the global water market is expected to grow from US$188 billion in 2010 to reach US$255 billion by 2015, generating a compounded annual growth rate of 6.3% over the next five years (which rate varies greatly from one geographic zone to another). There is still an urgent need to invest in water equipment and infrastructure. The countries which are not spending on water now are the ones which will have to increase their spending most rapidly in the future.

In the US, the economic stimulus programme[3] is expected to result in strong investment in the water industry[4] and is likely to continue over the next twelve months. The Clean Water State Revolving Fund and Drinking Water State Revolving Fund will receive a total of US$6 billion - of that total US$4 billion will be used to help communities with water quality and wastewater infrastructure needs and US$2 billion will be spent on drinking water infrastructure needs. This stimulus package emphasises the general lack of investment in infrastructure and lack of technology development in the water sector to date.

In Europe, growth is expected to be particularly strong in the new and prospective member states of the European Union ("EU") who are receiving substantial European aid to upgrade aging infrastructure. According to Global Water Intelligence research, compounded annual growth rates of over 10% are expected in these markets over the next 5 years. In Europe, growth continues to be driven predominantly by EU water regulation in the form of the Water Framework Directive which requires member states to meet its environmental objectives by 2015. This has driven new entrants from Eastern Europe to begin upgrading their water and wastewater infrastructure. We have also seen a focus in Western Europe on the development of technologies which efficiently meet the Water Framework Directive's stringent requirements.

In Asia, the Manager continues to see growth led by the need to address water scarcity and sanitation in India and China. Governments have played a major role in promoting further public-private partnerships as well as embarking on major public works. In China, the central government's 2011-2015 Five-Year Plan is expected to double the amount it is committing to environmental protection, including wastewater treatment, from US$219 billion to US$454 billion. The proposed figure represents approximately 1.5% of China's projected GDP over that period, and appears to be an acknowledgement of the growing scarcity of uncontaminated water in the country[5]. In India, significant urban renewal projects have been approved over the past year, with the value of Jawaharlal Nehru National Urban Renewal Mission project approvals having increased to US$10.7 billion in 2009 from US$5.9 billion in 2008 [6] Water supply, sewerage and drainage projects account for 76%[6] of all project approvals in 2009. Given the strong activity on the ground, the Manager expects a continued surge in orders in the areas of water supply, sewerage and drainage in the medium term.

In the Middle East and North Africa ("MENA") region, governments are giving a lot of attention to the downstream activities of the water chain, especially in distribution and wastewater treatment. This is on the back of large capital expenditure committed over the past 5 years in the region in providing treated water. To date, bids for a number of large wastewater projects have been announced, the most prominent one being the US$500 million, 250,000 m^3/day New Cairo wastewater treatment project. We have seen strong participation from both foreign and domestic players in this opportunity. The recent Dubai debt crisis had limited impact on the financing of this project, with financial close achieved in February 2010. Egypt has a further three wastewater projects on tender with a combined treatment capacity of 900,000 m^3/day. We see similar developments elsewhere in the MENA region to differing degrees of scale.

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[2] *Source: Water Technology Markets 2010*
[3] Source: American Recovery and Reinvestment Act of 2009—the $787.2 billion economic stimulus package proposed by President Barack Obama and passed by Congress in mid-February 2009
[4] Source: January 2010 water industry survey by ChangeWave
[5] Source: Global Water Intelligence, January 2010 issue
[6] Source: Macquarie Research Equities – India Infrastructure, 7 August 2009

Interim Management Report (continued)
for the six months ended 30 June 2010

PRINCIPAL RISKS & UNCERTAINTIES

In the second half of 2010, the Company expects to face challenges linked to the global macroeconomic environment and uncertainties linked to the pace of global economic recovery, additional government regulations in the water sector, currency risk and the possibility of insufficient investment opportunities offering value to shareholders, as well as potential microeconomic challenges linked to the Company's investments if such investments do not achieve the expected financial and operating results. As a result of its investment strategy, the Company is exposed to various risks including market risk, credit risk and liquidity risk.

a) Market Risk

Market risk is the risk that the value of the Company's investments will fluctuate due to changes in interest rates, currency rates and other market factors. Price risk embodies not only the potential for loss but also the potential for gain.

b) Credit Risk

Credit risk is represented by the possibility that counterparties or exchanges will not perform under the terms of contracts agreed to with the Company. Cash is held with HSBC Bank Plc. The Company continuously monitors the credit standing of its counterparties and does not expect any material losses.

c) Liquidity Risk

Liquidity risk is the risk that the Company may encounter as a result of its inability to realise its investments quickly at fair value.

RESULTS

The results for the Period are set out in the Condensed Interim Consolidated Statement of Operations on page 11.

NET ASSET VALUE

At 30 June 2010, the unaudited NAV per Ordinary Share was €0.9791.

DIVIDENDS

The Board is not proposing a dividend for the Period.

RELATED PARTIES

Kimberly Tara is a Director and is also a director and shareholder of the Manager. At 30 June 2010, Kimberly Tara had an interest in 3,685,000 (31 December 2009: 3,985,000) Ordinary Shares of the Company which are owned by the Manager.

During the Period the Company paid the Manager €752,493 in Management Fees and refunded expenses of €182,428 which were incurred by the Manager for due diligence and marketing activities.

Interim Management Report (continued)
for the six months ended 30 June 2010

RELATED PARTIES (continued)

The Directors' interests in the share capital of the Company at 30 June 2010 were:

	Number of Ordinary Shares
Hasan Askari	62,500
Andrea Rossi	18,750
Timothy Betley	12,500
Kimberly Tara*	3,685,000

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

RESPONSIBILITY STATEMENT

- To the best of the knowledge of the Directors, this Unaudited Condensed Interim Report and Consolidated Financial Statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and has been prepared in accordance with the accounting principles generally accepted in the United States of America.

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

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

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

Signed on behalf of the Board of Directors by:

Hasan Askari	Timothy Betley
Director	Director

26 August 2010

Condensed Interim Consolidated Statement of Assets and Liabilities

	Notes	Unaudited 30 June 2010 €	Audited 31 December 2009 €
Assets			
Investments at fair value (cost 2010: €51,883,826 and 2009: €31,313,024)	2	57,283,361	39,046,630
Cash		12,855,525	35,177,646
Interest receivable		479,967	-
Prepaid expenses		423,959	57,148
TOTAL ASSETS		71,042,812	74,281,424
Liabilities			
Other payables	3	94,915	226,944
TOTAL LIABILITIES		94,915	226,944
NET ASSETS		70,947,897	74,054,480
Net Assets consist of:			
Ordinary Shares (no par value, authorised to issue unlimited number of Ordinary Shares, of which 72,464,340 (2009: 72,464,340) were issued and outstanding)	4	70,030,004	70,030,004
Accumulated gains		917,893	4,024,476
		70,947,897	74,054,480
Net asset value per Ordinary Share		0.9791	1.0219

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

Condensed Interim Consolidated Schedule of Investments
At 30 June 2010

Investments	Nominal/ Shares/ Warrants	Fair Value €	% of NAV
INVESTMENTS AT FAIR VALUE			
Bonds			
Belgium (cost: €20,000,000)			
Waterleau Group N.V. Convertible Loan	20,000,000	20,000,000	28.19
Cayman Islands (cost: €570,525)			
Bluewater Bio International Convertible Loan	500,000	609,497	0.86
Total investments in bonds (cost: €20,570,525)		20,609,497	29.05
Companies			
Belgium (cost: €277)			
Waterleau Group N.V.	1	277	-
Cayman Islands (cost: €15,742,669)			
Bluewater Bio International	49,170,112	9,290,384	13.09
Ranhill Water Technologies (Cayman) Limited	12,555,000	12,826,774	18.08
United States of America (cost: €2,091,902)			
In-Pipe Technology Company Inc	284,900	2,443,193	3.44
Total investments in companies (cost: €17,834,848)		24,560,628	34.61
Listed Companies			
China (cost: €13,478,451)			
China Hydroelectric Corporation – American Depository Shares	1,980,538	12,113,234	17.07
Total investments in listed companies (cost: €13,478,451)		12,113,234	17.07
Warrants			
Cayman Islands (cost: €1)			
Bluewater Bio International – Part 1 Warrant 20/04/2011, Part 2 Warrant 31/03/13	1	1	-
Bluewater Bio International – Supplemental Warrant 25/09/2014	-	-	-
United States of America (cost: €1)			
In-Pipe Technology Company Inc – Warrants 06/08/2016	1	1	-
Total investments in warrants (cost: €2)		2	-
Total investments at fair value (cost: €51,883,826)		57,283,361	80.73

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

Condensed Interim Consolidated Schedule of Investments (continued)
At 31 December 2009

Investments	Shares/ Warrants	Fair Value €	% of NAV
INVESTMENTS AT FAIR VALUE			
Companies			
Cayman Islands (cost: €15,742,669)			
Bluewater Bio International	49,170,112	8,593,448	11.60
Ranhill Water Technologies (Cayman) Limited	12,555,000	10,989,391	14.84
China (cost: €13,478,451)			
China Hydroelectric Corporation – Series C Convertible Preferred Shares	20,356	17,370,573	23.46
United States of America (cost: €2,091,902)			
In-Pipe Technology Company Inc	284,900	2,093,216	2.83
Total investments in companies (cost: €31,313,022)		39,046,628	52.73
Warrants			
Cayman Islands (cost: €1)			
Bluewater Bio International – Part 1 Warrant 20/04/2011, Part 2 Warrant 31/03/13	1	1	-
Bluewater Bio International – Supplemental Warrant 25/09/2014	-	-	-
United States of America (cost: €1)			
In-Pipe Technology Company Inc – Warrants 06/08/2016	1	1	-
Total investments in warrants (cost: €2)		2	-
Total investments at fair value (cost: €31,313,024)		39,046,630	52.73

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

Condensed Interim Consolidated Statement of Operations
for the six months ended 30 June 2010

	Notes	Unaudited 30 June 2010 €	Unaudited 30 June 2009 €
Investment Income			
Interest income		479,967	-
Other income		1,730	-
Total investment income		481,697	-
Operating Expenses			
Administrator fees		49,589	55,178
Audit and professional fees		84,881	128,337
Brokerage fees		20,010	20,272
Directors' fees	5	49,598	47,618
Directors' expenses		29,989	22,938
Due diligence expenses		211,412	365,224
Management fees	5	752,493	693,891
Marketing expense		6,062	32,382
Miscellaneous expenses		58,111	34,968
Total operating expense		1,262,145	1,400,808
Net investment loss		(780,448)	(1,400,808)
Realised and unrealised gain/(loss) from investments and foreign currency			
Net realised gain/(loss) from foreign currency		7,936	(10,361)
Net unrealised (depreciation)/appreciation of investments		(2,334,071)	37,381
		(2,326,135)	27,020
Decrease in net assets resulting from operations		(3,106,583)	(1,373,788)
Net investment loss per Ordinary Share (annualised):			
Basic & diluted		(0.0108)	(0.0193)
Net loss per Ordinary Share (annualised):			
Basic & diluted		(0.0429)	(0.0190)
Weighted average number of Ordinary Shares outstanding:			
Basic & diluted		72,464,340	72,464,340

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

Condensed Interim Consolidated Statement of Changes in Net Assets
for the six months ended 30 June 2010

	Notes	Unaudited 30 June 2010 €	Unaudited 30 June 2009 €
Operations			
Net investment loss		(780,448)	(1,400,808)
Net realised foreign currency gain/(loss)		7,936	(10,361)
Net unrealised (depreciation)/appreciation of investments		(2,334,071)	37,381
Net decrease in net assets resulting from operations		(3,106,583)	(1,373,788)
Share capital transactions			
Issuance of capital		-	-
Redemption of capital		-	-
Net increase in net assets resulting from share capital transactions		-	-
Net increase in net assets		(3,106,583)	(1,373,788)
Net assets at beginning of the Period		74,054,480	69,280,147
Net assets at end of the Period		70,947,897	67,906,359
Net asset value per Ordinary Share		0.9791	0.9371
Number of Ordinary Shares issued and outstanding at end of the Period	4	72,464,340	72,464,340

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

Condensed Interim Consolidated Statement of Cash Flows
for the six months ended 30 June 2010

	Unaudited 30 June 2010 €	Unaudited 30 June 2009 €
Operating activities		
Decrease in net assets resulting from operations	(3,106,583)	(1,373,788)
Adjustment to reconcile decrease in net assets resulting from operations to net cash used in operating activities:		
Net unrealised depreciation/(appreciation) of investments	2,334,071	(37,381)
(Decrease)/increase in interest receivables	(479,967)	2,338
(Decrease)/increase in prepaid expenses	(366,811)	294,483
(Decrease)/increase in other payables	(132,029)	(241,064)
Net cash used in operating activities	(1,751,319)	(1,355,412)
Investment activities		
Purchase of investments	(20,570,802)	(14,111,926)
Net cash used in investment activities	(20,570,802)	(14,111,926)
Financing activities		
Issuance of capital	-	-
Redemption of capital	-	-
Net cash provided by financing activities	-	-
Net decrease in cash	(22,322,121)	(15,467,338)
Cash at beginning of the Period	35,177,646	69,302,712
Cash at end of the Period	12,855,525	53,835,374

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

Condensed Interim Consolidated Financial Highlights
for the six months ended 30 June 2010

	Unaudited 30 June 2010	Unaudited 30 June 2009
Per share data[1]		
Net asset value at beginning of the Period	1.0219	0.9561
Net investment loss	(0.0108)	(0.0193)
Net realised foreign currency gain/(loss)	0.0001	(0.0001)
Net unrealised (depreciation)/appreciation on investments	(0.0321)	0.0004
Total from investment operations	(0.0428)	(0.0190)
Net asset value at end of the Period	0.9791	0.9371
Ratios/supplemental data		
Per share market value at end of the Period	0.9791	0.9371
Total return	(4.19%)	(1.99%)
Number of Ordinary Shares outstanding at end of the Period	72,464,340	72,464,340
Weighted average number of Ordinary Shares	72,464,340	72,464,340
Net assets at end of the Period (in €)	70,947,897	67,906,359
Average net assetsT[2] (in €)	70,707,369	68,593,253
Ratio of operating expenses to average net assets[3]	(3.57%)	(4.08%)
Ratio of net investment loss to average net assets[3]	(2.21%)	(4.08%)

[1]Basic weighted average per share data
[2]Average net assets calculated using the quarterly net assets during the Period
[3]Ratios based on reporting periods of less than twelve months are annualised

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

Notes to the Condensed Interim Report and Consolidated Financial Statements for the six months ended 30 June 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
This Unaudited Condensed Interim Report and Consolidated Financial Statements ("Interim Financial Statements") have been prepared in accordance with accounting principles generally acceptable in the United States of America.

The Company applied the same policies and principles in preparing these Interim Financial Statements as were used for the 2009 Annual Report and Audited Consolidated Financial Statements.

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

Basis of Consolidation
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, 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).

Aqua Resources Asia Holdings Limited 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 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 at 30 June 2010 **Description**	**Total** **€**	**Quoted prices in active markets for identical assets (Level 1)** **€**	**Other market-based observable inputs (Level 2)** **€**	**Unobservable inputs (Level 3)** **€**
Bonds	20,609,497	-	-	20,609,497
Equities	36,673,862	12,113,234	-	24,560,628
Warrants	2	-	-	2
Total	57,283,361	12,113,234	-	45,170,127

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 2010. Under FAS No.157, all investments (other than CHC) are considered as Level III investments.

	Total **€**	**Equities** **€**	**Bonds** **€**	**Warrants** **€**
Opening balance 1 January 2010	39,046,630	39,046,628	-	2
Purchases of Investments	20,570,802	277	20,570,525	-
Change in net unrealised (depreciation)/appreciation	(2,334,071)	(2,373,043)	38,972	-
Transfer in/(out)	(12,113,234)	(12,113,234)	-	-
Closing balance 30 June 2010	45,170,127	24,560,628	20,609,497	2

Notes to the Condensed Interim Report and Consolidated Financial Statements (continued)
for the six months ended 30 June 2010

2. INVESTMENTS (continued)

	Total €	Equities €	Bonds €	Warrants €
Total unrealised gain at 30 June 2010	5,399,535	5,360,563	38,972	-

Under FAS No.157, all investments at 31 December 2009 were considered as Level III investments.

31 December 2009	Total €	Equities €	Bonds €	Warrants €
Opening balance 1 January 2009	-	-	-	-
Purchases of Investments	31,313,024	31,313,022	-	2
Change in net unrealised appreciation	7,733,606	7,733,606	-	-
Closing balance 31 December 2009	39,046,630	39,046,628	-	2
Total unrealised gains at 31 December 2009	7,733,606	7,733,606	-	-

Listed Investments (CHC) are stated at market value and are categorized as Level 1. All other investments are stated at net asset value as advised by the Manager. These investments are categorised as Level III as the net asset value is largely based on the Manager's estimation of fair value of unquoted portfolio companies. These estimates are inherently uncertain. When incorporating the valuation of Level III investments into the NAV, the Administrator relies on the valuations of these investments supplied by the Manager or the Company or any other third party and does not verify the validity of such valuations.

3. OTHER PAYABLES

	30 June 2010 €	31 December 2009 €
Accounting fees	10,000	9,410
Administrator fees	49,589	50,410
Audit fees	20,000	34,000
Directors' fees	-	14,945
Due diligence expenses	-	108,000
Other accrued expenses	15,326	10,179
	94,915	226,944

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.

Issued capital

30 June 2010	Number of Ordinary Shares	€
Ordinary Shares outstanding at 1 January 2010 and 30 June 2010	72,464,340	70,030,004

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

31 December 2009	Number of Ordinary Shares	€
Ordinary Shares outstanding at 1 January 2009 and 31 December 2009	72,464,340	70,030,004

Notes to the Condensed Interim Report and Consolidated Financial Statements (continued)
for the six months ended 30 June 2010

5. RELATED PARTIES

Kimberly Tara is a Director and is also a director and shareholder of the Manager. At 30 June 2009, Kimberly Tara had an interest in 3,685,000 (31 December 2009: 3,985,000) Ordinary Shares of the Company which are owned by the Manager. The decrease in Kimberly Tara's interest resulted from the transfer of 300,000 Ordinary Shares from the Manager to an employee of the Manager's group, as announced by the Company on 30 June 2010.

At the time of the Company's initial investments in BBI and Ranhill Water Technologies ("RWT"), Kimberly Tara became a director of each of those companies.

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

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

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

During the Period the Company paid €752,493 in Management Fees and refunded expenses of €182,428 which were incurred by the Manager for due diligence and marketing activities.

The Directors' interests in the share capital of the Company at 30 June 2010 were:

	Number of Ordinary Shares
Hasan Askari	62,500
Andrea Rossi	18,750
Timothy Betley	12,500
Kimberly Tara*	3,685,000

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

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

	30 June 2010	**30 June 2009**
	€	**€**
Due diligence expenses	176,366	365,224
Marketing expense	6,062	32,382
	182,428	397,606

6. COMPARATIVE FIGURES

Comparative figures used in these Interim Financial Statements are for the period from 1 January 2009 to 30 June 2009 for the Condensed Interim Consolidated Statement of Operations, the Condensed Interim Consolidated Statement of Changes in Net Assets, the Condensed Interim Consolidated Statement of Cash Flows and the Condensed Interim Consolidated Financial Highlights. The comparative figures used for the Condensed Interim Consolidated Statement of Assets and Liabilities and the Condensed Interim Consolidated Schedule of Investments are at the year ended 31 December 2009.

Notes to the Condensed Interim Report and Consolidated Financial Statements (continued)
for the six months ended 30 June 2010

7. SUBSEQUENT EVENTS

On 9 August 2010 Aqua announced that it had subscribed for £2.0 million (€2.4 million) of secured loan notes in BBI due 2012 ("Loan Notes") together with warrants to subscribe for up to 5,714,285 ordinary shares in the capital of BBI (approximately 2% of the fully diluted share capital of BBI). This investment was made alongside Ecofin Water & Power Opportunities Plc which have also subscribed for £2.0 million Loan Notes on the same terms as Aqua.

On 10 August 2010 Aqua announced that its wholly owned subsidiary, ARIHL had agreed to exercise its right to acquire a further 8% of the fully diluted share capital of In-Pipe. Aqua announced its initial investment in In-Pipe on 7 August 2009. The transaction was structured in two tranches. In the first tranche, completed on 6 August 2009, ARIHL invested US$3.0 million (€2.09 million) in exchange for approximately 14% of the fully diluted share capital of In-Pipe. It was also granted a warrant to acquire further shares in In-Pipe up to a further 2% of the fully diluted share capital of In-Pipe (at 6 August 2009). This warrant was never exercised and has now been cancelled and replaced by a new warrant described below. In the second tranche, ARIHL acquired a further 8% of the fully diluted share capital of In-Pipe (at 9 August 2010) for approximately US$2.0 million (€1.51 million). As part of the second tranche, ARIHL was also issued a new warrant representing the right to purchase an additional 3% of the fully diluted share capital of In-Pipe (at 9 August 2010). If it exercises this new warrant, ARIHL will own approximately 24% of the fully diluted share capital of In-Pipe (at 9 August 2010).