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Company Aqua Resources Fund Limited
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AQUA RESOURCES FUND LIMITED

HALF YEAR UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

28 August 2009

For immediate release

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, today issues its half year unaudited financial results for the six months ended 30 June 2009.

HIGHLIGHTS

- €4.9m invested in a two-stage transaction with Bluewater Bio International for a 15 per cent interest
- US\$12.6m investment in Ranhill Water Technologies for a 45 per cent interest
- As at 30 June 2009, the Company had invested approximately 21 per cent of its assets
- As at 30 June 2009, the Company's unaudited net asset value per Ordinary Share was €0.9371

Kimberly Tara, Chief Executive Officer of FourWinds Capital Management, commented on the results: "Aqua has made exceptional progress in deploying its capital, having invested approximately 21 per cent of its assets as at 30 June 2009. The underlying demand for greater access and availability of clean water as well as treatment of polluted water across the various regions of the world remains strong, despite current economic conditions, and we remain confident that Aqua will continue to benefit from strategic investments across the full value water chain, providing consistent returns for its investors going forward".

Further enquiries:

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Notes to Editors

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.

www.aquaresourcesfund.com

INTRODUCTION

The Company is pleased to report that the unaudited net asset value ("NAV") per ordinary share of the Company ("Ordinary Share") as of 30 June 2009 was €0.9371 per share. As at 30 June 2009, the Company had invested close to 21 percent of its total assets and the balance was invested conservatively in cash, with no gearing. As a result, this Half Yearly Unaudited Financial Report differs from the 2008 annual audited financial report, when the Company held only cash, and had made no investments.

The Board has been monitoring both the share price and the discount to the NAV at which the Ordinary Shares trade from time to time. At the beginning of the period under review, the share price declined but has subsequently recovered to nearly the same level as at 1 January 2009. The Board will continue to monitor the share price and discount and may, if it deems necessary, implement measures aimed to reduce the discount.

INVESTMENTS

On 16 March 2009, the Company invested €4.9m in a two-stage transaction in Bluewater Bio International ("BBI"). In the first stage, the Company purchased shares representing approximately 7.8 percent of the fully diluted share capital of BBI from the Manager for a consideration of US\$2.97 million. This was a related party transaction pursuant to UK Listing Authority Listing Rules ("Listing Rules") 15.5.4R and 11.1.4R by virtue of the Manager being the investment manager of the Company, a shareholder of the Company and an associate of Kimberly Tara (a Director of the Company). On 20 April 2009, the Company acquired, by subscription for new shares, a further stake in BBI for a total consideration of approximately £2.3 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 the Company's strategy as it not only adds an attractive set of technologies focusing on wastewater treatment and water recycling, but also a good geographic coverage with partnerships and clients in both Western and Eastern Europe as well as the Middle East. Furthermore BBI has moved towards establishing pilot plants and signing marketing contracts with key water sector players.

On 26 March 2009, the Company's wholly owned subsidiary, Robinson Investments Limited ("RIL"), completed an investment in Ranhill Water Technologies (Cayman) Limited ("RWT"), the international joint venture of the Ranhill Group established to invest in water and wastewater operations in China and Thailand. The Company invested a total cash consideration of US\$12.6 million in return for a 45 percent interest in RWT. Ranhill Utilities Berhad ("RUBHD"), Ranhill Berhad's 70 percent owned subsidiary, contributed its existing business of Ranhill Water Technologies Sdn. Bhd. and its operations in China and Thailand to RWT in return for a 51.8 percent stake in RWT. Furthermore, the officers of RUBHD invested US\$880,000 in return for a 3.2 percent equity interest in RWT. The Ranhill Group's 2008 revenues were approximately US\$545 million. This investment is a clear endorsement of Aqua's strategy to focus on the water sector and its ability to attract best in class water sector partners.

These first two transactions demonstrate the Company's commitment to addressing the growing problem of delivering clean water from surface sources.

SUBSEQUENT TRANSACTIONS

On 6 August 2009, Aqua Resources (In-Pipe) Holdings Limited ("ARIPH"), a wholly owned Guernsey subsidiary of the Company incorporated on 24 July 2009, entered into an agreement to invest up to US\$5 million in exchange for approximately 24 percent of the fully diluted share capital of In-Pipe Technology Company, LLC ("In-Pipe"), a limited liability company registered in the State of Illinois, USA. In-Pipe provides engineered biological solutions for the pre-treatment of wastewater at strategic locations throughout the sewer collection system and at the wastewater treatment plant. The transaction will be completed in two tranches. In the first tranche, completed on 6 August 2009, ARIPH invested US\$3 million in exchange for approximately 16 percent of the fully diluted share capital of In-Pipe. In the second tranche of the transaction, expected to occur on or before 6 August 2010, ARIPH has the right to acquire a further 8 percent of the fully diluted share capital of In-Pipe for an amount of US\$2 million, subject to the satisfaction of certain performance related conditions by In-Pipe.

OUTLOOK

Global economies have started to show initial signs of recovery. The Company is looking to further evidence of stabilisation in key global developed economies in the latter half of 2009. In Asia, the Asian Development Bank views most of the region's economies to have performed better during the current economic crisis than during the 1997/98 Asian financial crisis. China experienced first quarter growth of 6.1%, second quarter growth of 7-8%, and many economists expect China to provide the growth engine for global economic recovery.

The underlying demand for greater access and availability of clean water as well as treatment of polluted water across the various regions of the world remains strong despite the current economic crisis. A key issue remains the participation of the private sector in addressing these needs, in particular aging infrastructure. In the US stimulus package, it is expected that the US will spend several billions of dollars on water and water related investments, including US\$4 billion for clean water State revolving fund grants, US\$2 billion for safe drinking water capitalisation grants and US\$1 billion for the Bureau of Reclamation water and related resources, including inspection of canals in urbanized areas. This stimulus package emphasises the general lack of investment in infrastructure and lack of technology development in the water sector.

In Europe, growth is expected to be particularly strong in the new and prospective member states of the EU who are receiving substantial European aid to upgrade aging infrastructure. Compounded growth rates at over 10% are expected in these markets over the next 5 years.

The Company continues to see strong flows of investment opportunities globally from North America to Europe, the Middle East and North Africa (MENA) to Asia and is actively looking to add attractive investment opportunities into its portfolio. The ability to invest across the full water value chain, from providers of infrastructure, services and technology, coupled with a selected exposure to industries and/or municipalities across the world enables the Company to seek to capture growth opportunities across multiple regions.

PRINCIPAL RISKS & UNCERTAINTIES

In the second quarter of 2009, the Company will continue to face challenges linked to the pace of global economic recovery, involvement of government regulations in the water sector, currency risk and the possibility of insufficient investment opportunities offering value to shareholders.

RESULTS

The results for the period are set out in the Condensed Half-Yearly Statement of Operations on page 8.

NET ASSET VALUE

As at 30 June 2009, the Company's unaudited NAV per Ordinary Share was €0.9371.

DIVIDENDS

The Board is not proposing a dividend for the period.

RELATED PARTIES

Kimberly Tara is a director and shareholder of the Manager. The Company paid €693,891 in management fees to the Manager for the six months ended 30 June 2009.

As set out above, the first stage of the BBI transaction completed on 16 March 2009, pursuant to which the Company acquired 21,100,000 shares in BBI from the Manager, was a related party transaction.

To the best of the knowledge of the Directors:

This Half-Yearly Unaudited Financial Report 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
Director

Timothy Betley
Director

26 August 2009

Investments	Shares/ Warrants	Fair Value €	% of NAV
INVESTMENT AT FAIR VALUE			
Companies			
Cayman Islands			
Bluewater Bio International	39,492,693	5,191,366	7.64
Ranhill Water Technologies (Cayman) Limited	12,555,000	8,957,939	13.19
Total investments in companies (cost: €14,111,924)		14,149,305	20.83
Warrants			
Warrants - Bluewater Bio International	1	2	-
Total Investments at fair value (Cost: €14,111,926)		14,149,307	20.83

	30 June 2009	31 December 2008
	(Unaudited)	(Audited)
Notes	€	€
Assets		
Investments at fair value (cost €14,111,926)	14,149,307	-
Cash	53,835,374	69,302,712
Interest receivable	-	2,338
Prepaid expenses	20,723	315,206
TOTAL ASSETS	68,005,404	69,620,256
Liabilities		
Directors' fees payable	5,822	4,601
Other payables	93,223	335,508
	3	335,508

TOTAL LIABILITIES		99,045	340,109
		<hr/>	<hr/>
NET ASSETS		67,906,359	69,280,147
		<hr/>	<hr/>
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)			
	4	70,030,004	70,030,004
		(2,123,645)	(749,857)
Accumulated losses		<hr/>	<hr/>
		67,906,359	69,280,147
		<hr/>	<hr/>
Net asset value per Ordinary Share		0.9371	0.9561
		<hr/>	<hr/>

The accompanying notes form an integral part of the condensed half-yearly financial statements.

	1 January 2009 30 June 2009 (Unaudited) €	12 June 2008 to 31 December 2008 (Audited) €
Operating Income		
Interest income	-	410,338
Total operating income	<hr/>	<hr/>
	-	410,338
Operating Expenses		
Administrator fees	55,178	48,520
Audit & professional fees	128,337	115,876
Directors' fees	47,618	42,598
Organisational expenses	-	54,060
Due diligence expenses	104,133	269,191
Management fees	693,891	570,245
Transaction related costs	261,091	-
Miscellaneous expenses	110,560	49,017
Total operating expense	<hr/>	<hr/>
	1,400,808	1,149,507
Net investment loss	<hr/>	<hr/>
	(1,400,808)	(739,169)
Realised and unrealised (loss)/gain from		

investments and foreign currency		
Net realised loss on foreign currency	(10,361)	(10,688)
Net unrealised appreciation on investments	37,381	-
	<u>27,020</u>	<u>(10,688)</u>
Decrease in net assets resulting from operations	<u>(1,373,788)</u>	<u>(749,857)</u>
Net investment loss per Ordinary Share (annualised):		
Basic & Diluted	(0.0193)	(0.0185)
Net loss per Ordinary Share (annualised):		
Basic & Diluted	(0.0190)	(0.0188)
Weighted Average Number of Ordinary Shares Outstanding:		
Basic & Diluted	72,464,340	67,524,340

The accompanying notes form an integral part of the condensed half-yearly financial statements.

		1 January 2009 to 30 June 2009 (Unaudited)	12 June 2008 to 31 December 2008 (Audited)
	Notes	€	€
Operations			
Net operating loss		(1,400,808)	(739,169)
Net realised foreign currency loss		(10,361)	(10,688)
Net unrealised appreciation on investments		37,381	-
Net decrease in net assets resulting from operations		<u>(1,373,788)</u>	<u>(749,857)</u>
Share capital transactions			
Issuance of capital		-	72,464,340
Offering costs		-	(2,434,336)
Net increase in net assets resulting from share capital transactions	4	<u>-</u>	<u>70,030,004</u>
Net (decrease)/increase in net assets		(1,373,788)	69,280,147
Net assets at beginning of period		69,280,147	-
Net assets at end of period		<u>67,906,359</u>	<u>69,280,147</u>
Net asset value per Ordinary Share		<u>0.9371</u>	<u>0.9561</u>
Number of Ordinary Shares issued and outstanding at end of period	4	<u>72,464,340</u>	<u>72,464,340</u>

The accompanying notes form an integral part of the condensed half-yearly financial statements.

1 January 2009 to

12 June 2008 to

	30 June 2009 (Unaudited) €	31 December 2008 (Audited) €
Operating activities		
Decrease in net assets resulting from operations	(1,373,788)	(749,857)
Adjustment to reconcile decrease in net assets resulting from operations to net cash used in operating activities:		
Net unrealised appreciation on investments	(37,381)	-
Decrease/(increase) in interest receivables	2,338	(2,338)
Decrease/(increase) in prepaid expenses	294,483	(315,206)
(Decrease)/increase in other payables	(241,064)	340,109
Net cash used in operating activities	<u>(1,355,412)</u>	<u>(727,292)</u>
Investing activities		
Purchase of investments	<u>(14,111,926)</u>	-
Net cash used in investing activities	<u>(14,111,926)</u>	-
Financing activities		
Proceeds from Ordinary Shares issued	-	72,464,340
Offering costs	<u>-</u>	<u>(2,434,336)</u>
Net cash provided by financing activities	<u>-</u>	<u>70,030,004</u>
Net (decrease)/ increase in cash	(15,467,338)	69,302,712
Cash at beginning of period	<u>69,302,712</u>	-
Cash at end of period	<u>53,835,374</u>	<u>69,302,712</u>

The accompanying notes form an integral part of the condensed half-yearly financial statements.

	1 January 2009 to 30 June 2009	12 June 2008 to 31 December 2008
Per share data¹		
Net asset value at beginning of period	0.9561	1.0000
Offering costs	<u>-</u>	<u>(0.0361)</u>
Net asset value after deducting offering costs	0.9561	0.9639
Net operating loss	(0.0193)	(0.0076)
Net realised foreign currency loss	(0.0001)	(0.0002)
Net unrealised gain on investment	<u>0.0004</u>	<u>-</u>
Total from investment operations	<u>(0.0190)</u>	<u>(0.0078)</u>
Net asset value at end of period	<u>0.9371</u>	<u>0.9561</u>
Ratios/supplemental data		
Per share market value at end of period	<u>0.9371</u>	<u>0.9561</u>
Total return	<u>(0.0190)</u>	<u>(0.0096)</u>
Total shareholder loss	<u>(0.0190)</u>	<u>(0.0439)</u>
Number of Ordinary Shares outstanding at end of period	72,464,340	72,464,340
Weighted average number of Ordinary Shares	72,464,340	67,524,340
Net assets at end of period (in €)	67,906,359	69,280,147
Average net assets ² (in €)	68,593,253	64,581,854
Ratio of operating expenses to average net assets ³	(4.08%)	(4.07%)
Ratio of net investment loss to average net assets ³	(4.08%)	(2.62%)

The accompanying notes form an integral part of the condensed half yearly 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 months are annualized

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- *Basis of Presentation*

This Half-Yearly Unaudited Financial Report and the accompanying financial statements have been prepared in accordance with accounting principles generally acceptable in the United States of America. The Company was incorporated on 12 June 2008 and produced its first set of audited financial statements for the period from that date to 31 December 2008 ("2008 Report and Audited Financial Statements"). The Company made its first investment during the current financial period ended 30 June 2009.

The Company applied the same policies and principles in preparing this Half Yearly Unaudited Financial Report and the accompanying financial statements as were used for the 2008 Report and Audited Financial Statements

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

Under FAS No.157, all investments are considered as Level III investments.

	30 June 2009 (Unaudited)
	€
Fair value at 1 January 2009	-
Purchases	14,111,926
Net unrealised appreciation on investments	37,381
	<hr/>
Fair value at 30 June 2009	14,149,307
	<hr/>
Carrying value of investments at 30 June 2009	14,111,926

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 calculating the net asset value of the Company, the Administrator relies on the valuations of investments supplied by the Manager or the Company or any other third party and does not verify the validity of these valuations.

Warrant

As part of the transaction with Bluewater Bio International ("BBI") as further described in the Interim Management Report on page 3, the Company also acquired from BBI, for a nominal consideration of £1, a warrant to acquire further shares in BBI (the "Warrant"). The Warrant consists of two parts. The first part of the Warrant entitles the Company to acquire such further number of shares in BBI as is equal to 1.67 percent of BBI's issued ordinary shares as at the date of the Warrant and is exercisable at any time before 20 April 2011. The second part of the Warrant is only exercisable if the Company's shareholding in BBI is diluted by the exercise of certain other named warrants.

3. OTHER PAYABLES

	30 June 2009 (Unaudited)	31 December 2008 (Audited)
	€	€
Accounting fees	10,000	5,714
Administration fees	24,931	29,616
Audit fees	44,027	36,506
Due diligence expenses	-	255,914
Other accrued expenses	14,265	7,758
	<hr/>	<hr/>
	93,223	335,508

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 Euros.

Issued capital

**Number of
Ordinary
Shares**

**Number of
Ordinary
Shares**

	(Unaudited) June 2009	(Unaudited) June 2009	(Audited) 2008	(Audited) 2008
		€		€
Ordinary Shares issued at beginning of period	72,464,340	70,030,004	2	2
Issued during the period	-	-	72,464,338	72,464,338
Offering costs	-	-	-	(2,434,336)
Ordinary Shares issued and outstanding at end of period	<u>72,464,340</u>	<u>70,030,004</u>	<u>72,464,340</u>	<u>70,030,004</u>

5. RELATED PARTY TRANSACTIONS

Transactions with related parties are based on terms equivalent to those that prevail in an arm's length transaction.

	1 January 2009 to 30 June 2009 (Unaudited)	12 June 2008 to 31 December 2008 (Audited)
	€	€
Remuneration of directors	47,618	42,598
Management fees	693,891	570,245
Administration fees	55,178	48,520
	<u>796,687</u>	<u>661,363</u>

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

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 investment manager of the Company, 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).

6. COMPARATIVE FIGURES

Since the Company was incorporated on 12 June 2008 there are no comparative figures for the period from 1 January 2008 to 30 June 2008. Comparative figures used in these financial statements are for the period from 12 June 2008 (date of incorporation) to 31 December 2008 for the Statement of Operations, the Statement of Changes in Net Assets and the Statement of Cash Flows. Comparative figures for the Statement of Net Assets are as at 31 December 2008.

7. HALF YEARLY FINANCIAL REPORT AND STATEMENTS NOT AUDITED

This Half-Yearly Unaudited Financial Report and the accompanying financial statements have not been audited or reviewed by the Company's auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

8. SUBSEQUENT EVENTS

On 6 August 2009, Aqua Resources (In-Pipe) Holdings Limited ("ARIPH"), a wholly owned Guernsey subsidiary of the Company incorporated on 24 July 2009, entered into an agreement to invest up to US\$5 million in exchange for approximately 24 percent of the fully diluted share capital of In-Pipe Technology Company, LLC ("In-Pipe"), a limited liability company registered in the State of Illinois, USA. In-Pipe provides engineered biological solutions for the pre-treatment of wastewater at strategic locations throughout the sewer collection system and at the wastewater treatment plant. The transaction will be completed in two tranches. In the first tranche, completed on 6 August 2009, ARIPH invested US\$3 million in exchange for approximately 16 percent of the fully diluted share capital of In-Pipe. In the second tranche of the transaction, expected to occur on or before 6 August 2010, ARIPH has the right to acquire a further 8 percent of the fully diluted share capital of In-Pipe for an amount of US\$2 million, subject to the satisfaction of certain performance related conditions by In-Pipe.

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