
28 September 2010

**Watermark Global Plc
("Watermark" or the "Company")
Interim Results for the six months Ended 30 June 2010**

Watermark Global (WET:LSE), the AIM quoted company that focuses on the treatment of Acid Mine Drainage in South Africa announces its Interim Results today. No dividend has been declared.

- Continued to lobby the South African Government to support the Watermark solution to the imminent acid mine drainage issues
- Received £48,000 loan support from five mining companies during March 2010
- Raised £700,000 from UK & Australian institutions in May/June 2010 to allow the company to continue with actively promoting its solution
- Loss from ordinary activities for 6 months to end June was £420,000 (2009 loss: £432,000), a loss of 0.059p per share (2009 loss: 0.15p per share)

Results Summary

The loss from ordinary activities for the six month period ended 30 June 2009 was £ 420,000 a loss of 0.059p per share. This loss is inclusive of non-recurring development costs with respect to the water project in South Africa. The cash position of the Company at 30 June 2010 was approximately £760,000. The Directors are actively conserving cash as the Company awaits a decision from the South African Government.

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CHAIRMAN'S STATEMENT

The six month period under review has continued to be a somewhat frustrating one, although some positive signs are beginning to emerge from the Government. As our annual report stated, we have been in constant negotiation with the mines and the Government as to the best way to proceed with the treatment of Acid Mine Drainage both on a short term or interim as well as a longer term basis. We have found the Government is at least keen to do something about the problem, but so far it seems that implementing a detailed scheme still faces some difficulties.

To recap, at the end of 2009, we had approval for the Final Scoping Report from the Gauteng Department of Agriculture and Rural Development. We decided thereafter not to submit the Environmental Impact Assessment as it would have meant putting sensitive and proprietary intellectual property information into the public domain. Since then, we have been heavily engaged with the mines and the Government to create two solutions – a short term one involving the Western and Central Basins only, and alongside this a longer term solution based on a Public Private Partnership (PPP). The PPP, in which Watermark's subsidiary, Western Utilities Corporation (Pty.) Ltd would likely participate as Implementation Agent, would include the Eastern Basin as well. Until we see the detail of the Government's response to the suggestion of the mines, it will be impossible to determine with any accuracy the likely benefits that will accrue to Watermark. We remain convinced however that, having come this far with the process, we are best placed with the implementation of a solution and, accordingly, it will be worth waiting for the Government's proposals.

We fully understand your position as shareholders who have contacted the Company to inquire what, if anything, is happening. We can only repeat that what is occurring at the Government level is beyond our control. Unfortunately, we cannot speed up the process and we share your frustrations at the delays which we have experienced. It is in this context that Dirk Kotze, our Chief Financial Officer, has decided to leave Watermark and pursue other opportunities. Dirk has managed the company's finances professionally during his time with Watermark, which has not been an easy one. He was recently instrumental in arranging interim financing from the mines and then assisting with the placing in May/June 2010 in which we raised over £700,000. This will ensure we have sufficient funds to keep the Company operating until well into next year. He leaves with our thanks and good wishes for his future endeavours.

Thank you to all our shareholders for the continuing interest and support you have given Watermark.

Peter Marks
Chairman

Condensed Consolidated Statement of Comprehensive Income
For the period ending 30 June 2010

	Note	Six months ended	
		30/06/2010 £'000	30/06/2009 £'000
Continuing operations			
Revenue		20	37
Cost of sales		-	(10)
Gross profit		20	27
Investment revenue		1	6
Depreciation and amortisation expenses		(5)	(5)
Employee benefit expenses		-	(122)
Finance cost	4	(116)	-
Consulting expenses		(34)	(23)
Other expenses		(286)	(315)
Loss before tax		(420)	(432)
Income tax credit		-	-
Loss for the period from continuing operations		(420)	(432)
Other comprehensive income			
<i>Exchange differences on translating foreign operations</i>			
Exchange differences arising during the period		(122)	(13)
Total comprehensive loss for the period		(542)	(445)
Total comprehensive loss attributable to			
Owners of Watermark Global Plc		(542)	(445)
Loss per share			
<i>From continued operations</i>			
Basic	6	0.059p	0.15p
Fully diluted	6	0.059p	0.15p

Condensed Consolidated Statement of Financial Position
As at 30 June 2010

	Notes	30/06/2010 £'000	31/12/2009 £'000
Assets			
Non Current assets			
Intangible assets	7	2,991	2,779
Property, plant and equipment		13	17
Deferred tax		166	157
		3,170	2,953
Current assets			
Trade and other receivables		33	86
Cash and cash equivalents		760	278
		793	364
Total assets		3,963	3,317
Equity and liabilities			
Share capital		1,417	1,031
Share premium account	10	9,761	9,454
Share option reserve	10	1,420	1,420
Foreign exchange reserves	10	(122)	-
Retained earnings	10	(10,473)	(10,068)
Equity attributable to owners of the Company		2,003	1,837
Non-current liabilities			
Borrowings	8	1,543	893
Current liabilities			
Trade and other payables		417	587
Total liabilities		1,960	1,480
Total equity and liabilities		3,963	3,317

Approved by the Board on 27 September 2010

Signed on behalf of the Board of Directors

P Marks
Director

Condensed Consolidated Statement of Changes in Equity
For the period ended 30 June 2010

	Share Capital £'000	Share Premium £'000	Option Reserves £'000	Retained Earnings £'000	FX Reserves £'000	Attributable to Owners £'000	Total £'000
Balance 01/01/2009	353	8,054	1,418	(8,491)	50	1,384	1,384
Loss for the period	-	-	-	(432)	-	(432)	(432)
Other comprehensive income	-	-	-	-	(13)	(13)	(13)
Total comprehensive income for the period	353	8,054	1,418	(8,923)	37	939	939
Share placement	600	1,400	-	-	-	2,000	2,000
Issue of shares to staff and Directors	6	1	(10)	-	-	(3)	(3)
Issue of ordinary shares for raising fees	60	92	-	-	-	152	152
Balance 30/06/2009	1,019	9,547	1,408	(8,923)	37	3,088	3,088
Balance 01/01/2010	1,031	9,454	1,420	(10,068)	-	1,837	1,837
Loss for the period	-	-	-	(420)	-	(420)	(420)
Other comprehensive income	-	-	-	-	(122)	(122)	(122)
Total comprehensive income for the period	-	-	-	(420)	(122)	(542)	(542)
Share placement	368	307	-	-	-	675	675
Issue of ordinary shares for raising fees	18	-	-	15	-	33	33
Balance 30/06/2010	1,417	9,761	1,420	(10,473)	(122)	2,003	2,003

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value
Share premium	Amount subscribed for share capital in excess of nominal value, net of allowable expenses
Share option reserve	Reserve for shares granted but not exercised
Retained earnings	Cumulative net gains and losses recognised in the statement of comprehensive income
Foreign exchange reserves	Cumulative net gains and losses recognised on foreign currency transactions

Condensed Consolidated Statement of Cash Flows
For the period ended 30 June 2010

	Six Months ended	
	30/06/2010	30/06/2009
	£'000	£'000
Cash flows from operating activities		
Loss before taxation	(420)	(439)
Depreciation	5	5
Foreign exchange differences	36	(13)
Gain on disposal of assets	(1)	-
Expenses for equity settled share based payments	-	122
Expenses for equity settled commissions	33	-
Interest paid	116	-
Interest received	(1)	-
	<u>(232)</u>	<u>(325)</u>
Changes in working capital		
Decrease in trade and other receivables	52	520
(Decrease)/Increase in trade creditors and other payables	(170)	342
Net cash (used in) / from operating activities	<u>(350)</u>	<u>537</u>
Cash flows from investing activities		
Payments for property, plant and equipment and development costs	(213)	(1,438)
Proceeds from disposal of fixed assets	1	6
Interest received	1	6
Net cash used in investing activities	<u>(211)</u>	<u>(1,426)</u>
Cash flows from financing activities		
Proceeds from share placement	675	2,000
Proceeds from IDC Investment	435	-
Proceeds from Mine Loan Agreements	48	-
Interest paid	(116)	-
Net cash from financing activities	<u>1,042</u>	<u>2,000</u>
Net increase in cash and cash equivalents	481	1,111
Cash and cash equivalents brought forward	279	651
Cash and cash equivalents carried forward	<u>760</u>	<u>1,762</u>

Notes to the condensed consolidated financial statements
For the period ended 30 June 2010

1. Incorporation and principal activities

Country of incorporation

Watermark Global Plc was incorporated in the United Kingdom as a public limited company on 19 August 2005. Its registered office is 42, Queen Anne's Gate, London SW1H 9AP. The Company is domiciled in South Africa.

Principal activities

The principal activity of the Group during the period was that of commercialising process technologies, namely the process technology for the treatment of acid mine drainage. The principal activity of the Company was that of a holding Company.

2. Accounting policies

2.1 Statement of compliance

These financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information contained in this condensed set of financial statements in respect of the year ended 31 December 2009 has been extracted from the Annual Report and Accounts, which were approved by the Board of Directors on 28 June 2010 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified but did contain an emphasis of matter paragraph in respect of going concern and intangible assets, and did not contain any statement under Section 498 of the Companies Act 2006.

The half-yearly results for the current and comparative periods are unaudited. The auditors have carried out a review of this condensed set of financial statements for the six months ended 30 June 2010 and their report is set out on page 14.

This condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. This condensed set of financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2009 which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2009 as described in those annual financial statements.

2.2 Going Concern

The directors of the Company are of the opinion that the Company will continue to trade as a going concern for the next twelve months despite the delay in government approvals. With the share placement in May and June 2010 and the significant cost savings implemented, the company will be able to continue to service its debts and its running costs.

The condensed financial statements do not include the adjustments that would result if the company and group were unable to continue as a going concern.

Notes to the condensed consolidated financial statements (continued)
For the period ended 30 June 2010

3. Segmental Information

3.1 Segmental information for the period ended 30 June 2009

For management purposes, the Group is organised into two operating divisions; Corporate and Water Technology. These divisions are the basis on which the Group reports its primary segment information. This information also represents the geographical segments of the United Kingdom and South Africa.

	Corporate	Water Technology	
	United Kingdom	South Africa	Total
	£'000	£'000	£'000
Revenue			
External	-	37	37
Total revenue from continuing operations	-	37	37
Result			
Segment result from continuing operations	(349)	(89)	(438)
Finance income			6
Loss before tax			(432)
Income tax credit			-
			(432)

Other segment items included in the income statement:

	Corporate	Water Technology	
	United Kingdom	South Africa	Total
	£'000	£'000	£'000
Depreciation	-	5	5
Share based Employee Payments	122	-	122

Notes to the condensed consolidated financial statements (continued)
For the period ended 30 June 2010

3. Segmental Information (continued)

3.1 Segmental information for the period ended 30 June 2009 (continued)

Statement of Financial Position	Corporate United Kingdom £'000	Water Technology South Africa £'000	Consolidation Adjustments £'000	Total £'000
Segment assets	3,546	2,327	(1,870)	4,003
Segment liabilities	(102)	(2,683)	1,870	(915)
Net assets/(liabilities)	3,444	(356)	-	3,088

3.2 Segmental information for the period ended 30 June 2010

	Corporate United Kingdom £'000	Water Technology South Africa £'000	Total £'000
Revenue			
External	15	5	20
Total revenue from continuing operations	15	5	20
Result			
Segment result from continuing operations	(229)	(192)	(421)
Finance income			1
Loss before tax			(420)
Income tax credit			-
			(420)

Notes to the condensed consolidated financial statements (continued)
For the period ended 30 June 2010

3. Segmental Information (continued)

3.2 Segmental information for the period ended 30 June 2010 (continued)

Other segment items included in the income statement:

	Corporate	Water Technology	Total
	United Kingdom	South Africa	
	£'000	£'000	£'000
Depreciation	-	5	5
Share based payments for capital raising	33	-	33

	Corporate	Water Technology	Consolidation	
	United Kingdom	South Africa	Adjustments	Total
	£'000	£'000	£'000	£'000
Statement of Financial Position				
Segment assets	3,684	3,246	(2,897)	4,033
Segment liabilities	(145)	(4,782)	2,897	(2,030)
Net assets/(liabilities)	3,539	(1,536)	-	2,003

4. Finance cost

	Six months ended	
	30/06/2010	30/06/2009
	£'000	£'000
Interest on non-recourse loan (DBSA)	116	-
	116	-

Interest payable on the Development Bank of South Africa (“DBSA”) loan is based on a fixed contract rate of 25%. The loan of ZAR 10 million is a non-recourse loan based on the final implementation of the AMD project in South Africa. Should financial closure for the AMD project not be reached, the loan is written-off, alternatively if the project reaches financial closure, the DBSA has the right to fund up to 50% of the debt portion for the project, estimated at ZAR 1 billion.

Notes to the condensed consolidated financial statements (continued)
For the period ended 30 June 2010

5. Taxation

No provision has been made for income tax for the period under review.

6. Loss per share

Loss for the period under review attributable to shareholders is £420,429 (2009: £432,000). This is divided by the weighted average number of shares outstanding for the period calculated to be 707,056,799 (2009: 284,838,416) to give basic loss per share of 0.059p (2009: 0.15p loss)

The calculation of dilutive loss per share is based on the weighted average number of shares outstanding adjusted by dilutive share options. The group's share options are non-dilutive as the market price of the shares is below the exercise price. Consequently the diluted loss per share has been stated at the same figure as the loss per share.

7. Intangible assets

	£'000
Cost	
At 1 January 2010	2,778
Additions	213
At 30 June 2010	<u>2,991</u>
	£'000
Net book value	
31 December 2009	<u>2,778</u>
30 June 2010	<u><u>2,991</u></u>

Intangible assets relate to the development cost associated with the Definitive Feasibility Study (DFS) for the Group's AMD project in South Africa. WUC started with the development of the commercial scale plant through the development of a DFS that, amongst others, included the design and costing of the full scale plant, together with the Environmental Impact Assessment (EIA) and resource verification studies.

The Group's AMD project reached the final stages of development during the fourth quarter of 2009, with the DFS being completed by Golder Associates and the submission of the detailed Scoping Report for the EIA. Negotiations commenced with the authorities and with Rand Water for an off-take agreement and with respect to the operating and project model. Progress in this regard has been limited as the mining companies and the authorities have yet to agree on certain important issues pertaining to the project. The cost of the DFS is regarded as a development cost and as such has been capitalised.

Despite the uncertainty above, the directors consider it appropriate to carry these costs as an asset.

Notes to the condensed consolidated financial statements (continued)
For the period ended 30 June 2010

8. Other financial liabilities

Held at amortised cost	30/06/2010 £'000	31/12/2009 £'000
Development Bank of South Africa Limited	1,060	893
Industrial Development Corporation of South Africa	434	-
South African Mining Companies	49	-
	<u>1,543</u>	<u>893</u>

Development Bank of South Africa Limited

Security held: First ranking pledge and cession in security of the Borrower's shareholders claims in the Borrower; first ranking cession security of all the bank and investment accounts of the Borrower; first ranking pledge and cession of all debtors' balances and claims which the Borrower may have against third parties.

The interest rate is 25% per annum.

The repayment terms: Loan is repayable on the 5th anniversary of the commencement date or on the date of the subsequent financial close. Subsequent financial close means the date after which all conditions precedent stipulated in the legal agreements for the undertaken project have been fulfilled, deferred or waived. The undertaken project means the acid mine drainage treatment project to be implemented by the Borrower and/or the Sponsor as a result of the completion of the project. The creditor will forfeit the claim regarding the original loan and any interest accrued if at any stage the undertaken project is assessed as not feasible and all the development regarding the project is abandoned.

Industrial Development Corporation of South Africa

IDC has the right to participate in the equity of the Project up to 10% if the Project is implemented.

If one Party elects not to continue, all rights accrued to the non-continuing Party will lapse with the agreement and the non-continuing Party will forthwith settle all amounts owing and the contribution made by such Party will not be recoverable.

If both Parties decide not to continue with the implementation of the Project, neither of the Parties will be entitled to proceed with the Project or any part thereof for a period of 5 years from the date of such decision without first offering the other Party an opportunity to participate.

Notes to the condensed consolidated financial statements (continued)
For the period ended 30 June 2010

South African Mining Companies

As part of the development project for the treatment of AMD a number of mining companies in South Africa have agreed to support Western Utilities Corporation (PTY) Ltd until additional capital could be raised. The following companies made a contribution based on the terms set out below.

- Harmony Gold Mine (Pty) Ltd - £ 9,600
- West Wits Mining Ltd - £ 9,600
- Rand Uranium (Pty) Ltd - £ 9,600
- Central Rand Gold (Pty) Ltd - £ 9,600, and
- Mintails South Africa (Pty) Ltd - £ 9,600

The agreements were signed in March 2010. These loans bear interest at a rate of 8% per annum.

If the capital raising for the implementation of the long-term solution for AMD on the Witwatersrand is successful, the mines will have the opportunity either to convert the balance of the loan into equity in Western Utilities Corporation (Pty) Ltd or to demand repayment of the full amount of the loan or a combination of repayment and equity conversion. If the capital raising is not successful the mines will waive their rights to repayment and any ancillary rights they may have and in this sense the loan is a non-recourse loan.

9. Share capital

In May 2010, the Company completed a capital raising through placing of shares to UK and Australian institutions to raise £708,750 (257,727,273 ordinary shares at 0.275 pence). The placing was done in two tranches with the first tranche (101,850,000 ordinary shares at 0.275 pence) completed on the 28 May 2010. The second tranche of the placing was approved by shareholders at the Annual General Meeting held on the 30 June 2010.

10. Reserves

	Group foreign exchange reserve	Company and Group share option reserve	Company and Group share premium account	Group profit and loss account
	£'000	£'000	£'000	£'000
At 1 January 2009	50	1,418	8,054	(8,491)
Loss for the period	-	-	-	(1,728)
Exchange difference	(50)	-	-	-
New shares issued	-	-	1,400	151
Share based payments	-	2	-	-
At 31 December 2009	-	1,420	9,454	(10,068)
Loss for the period	-	-	-	(420)
Exchange difference	(122)	-	-	-
New shares issued	-	-	307	-
Share based payments	-	-	-	15
At 30 June 2010	(122)	1,420	9,761	(10,473)

Independent Auditors' Report on Review of Half-Yearly Financial Information

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2010 which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the comparative figures and associated notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

As disclosed in Note 2 the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Independent Auditors' Report on Review of Half-Yearly Financial Information (continued)

Emphases of matter – going concern and intangible assets

In forming our conclusion on the review of the condensed set of financial statements, which is not qualified, we have considered the adequacy of the disclosure made in Note 2 to the condensed set of financial statements concerning the Company and Group's ability to continue as a going concern. The going concern presumption may not be appropriate because its validity depends on the sufficiency of funding from share placements to meet the group's running costs for the next 12 months. These conditions, along with the other matters explained in Note 2 to the condensed set of financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company and group's ability to continue as a going concern. The condensed set of financial statements does not include the adjustments that would result if the Company and Group was unable to continue as a going concern.

We also draw attention to Note 7 to the condensed set of financial statements which describes the uncertainty for the Group awaiting government approval for its water treatment development project. The Intangible Asset of £2.99m represents capitalised development costs in relation to this project. If approval is not obtained and the project is not ultimately able to proceed as planned, then the developments costs will be impaired in value. The condensed set of financial statements does not include the adjustments that would result, if the Group was unable to successfully complete its project development.

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