

**UTILICO EMERGING MARKETS LIMITED**  
Report and accounts  
for the six months to 30 September 2013



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UEM/m/13

Managed by ICM Limited

**To provide long-term total return through a flexible investment policy that permits the Company to make investments predominantly in infrastructure, utility and related sectors, mainly in emerging markets.**

Two quarterly dividends of 1.525p each, representing an annualised yield of 3.5%.

Utilico Emerging Markets Limited's ("UEM") net asset value ("NAV") per ordinary share fell by 6.4% on a total return basis when adding back dividends, while the MSCI Emerging Markets Total Return Index fell by 8.6%.

Since inception UEM's average annual compound total return is 12.7%.

**UEM historic performance (total return)**

from 31 March 2010 to 30 September 2013



Source: Utilico Emerging Markets Limited and Bloomberg

	Half-year 30 September 2013	Half-year 30 September 2012	Annual 31 March 2013	% change March- September 2013
Total return <sup>(2)</sup>	(6.4%)	(0.4%)	20.5%	n/a
Annual compound total return (since inception) <sup>(3)</sup>	12.7%	11.4%	14.2%	n/a
Net asset value per ordinary share	189.28p	171.72p	205.49p	(7.9)
Ordinary share price	173.00p	159.00p	191.20p	(9.5)
Discount	(8.6%)	(7.4%)	(7.0%)	n/a
Earnings per ordinary share				
- Capital	(17.15p)	(4.13p)	30.71p	n/a
- Revenue	3.73p	3.37p	5.20p	10.7 <sup>(4)</sup>
Total	(13.42p)	(0.76p)	35.91p	n/a
Dividends per ordinary share				
- 1st Quarter	1.525p	1.375p	1.375p	10.9
- 2nd Quarter	1.525p <sup>(5)</sup>	1.375p	1.375p	10.9
- 3rd Quarter	-	-	1.525p	n/a
- 4th Quarter	-	-	1.525p	n/a
Total	-	-	5.800p	n/a
Equity holders' funds (£m)	403.6	370.1	442.9	(8.9)
Gross assets (£m) <sup>(6)</sup>	425.3	387.0	452.1	(5.9)
Ordinary shares bought back (£m)	3.9	-	-	n/a
Cash (£m)	9.5	2.7	2.6	265.4
Bank debt (£m)	(21.7)	(16.9)	(9.2)	135.9
Net debt (£m)	(12.2)	(14.2)	(6.6)	84.8
Net debt gearing on gross assets	2.9%	3.7%	1.5%	n/a
Management and administration fees and other expenses (£m)				
- excluding performance fee	1.9	1.6	3.4	18.8 <sup>(4)</sup>
- including performance fee	1.6	1.6	12.9	0.0 <sup>(4)</sup>
Ongoing charges figure <sup>(7)</sup>				
- excluding performance fee	0.8%	0.9%	0.8%	n/a
- including performance fee	0.8%	0.9%	3.2%	n/a

(1) Historical performance can be found on page 26

(2) Total return is calculated based on NAV per ordinary share return plus dividends reinvested from the payment date

(3) Annual compound total return based on diluted NAV per ordinary share return, plus dividends reinvested from the payment date and return on warrants converted on 2 August 2010

(4) Percentage change based on comparable six month period to 30 September 2012

(5) The quarterly dividend declared has not been included as a liability in the accounts

(6) Gross assets less liabilities excluding loans

(7) Expressed as a percentage of average net assets, ongoing charges comprise all operational, recurring costs that are payable by the Company or suffered within underlying investee funds, in the absence of any purchases or sales of investments

UEM's net asset value total return per ordinary share fell by 6.4% in the six months to 30 September 2013, while the MSCI Emerging Markets Total Return Index (GBP adjusted) fell by 8.6%. The decline in value of the Company has resulted in it dropping out of the FTSE 250 Index in its September 2013 review.

Since inception, UEM has achieved an average annual compound total return of 12.7% including the return on warrants converted on 2 August 2010.

A feature of the six months has been the currency weakness in emerging markets. UEM's top four markets, China, Brazil, Malaysia and the Philippines (74.4% of gross assets) saw currencies weaken by 6.1% (HKD), 15.1%, 10.9% and 12.1% respectively. Had exchange rates been unchanged, UEM's NAV based on its closing portfolio would be some 10% higher.

In addition, emerging market share prices were for the most part weak. Brazil, Thailand and the Philippines market indices were down 7.1%, 11.4% and 9.6% respectively, while China was up 2.5%.

UEM investee companies on the whole reported strong operational performances.

Revenue earnings per share ("EPS") increased by 10.7% to 3.73p. This has been driven by a strong increase in total income which rose by £1.0m to £9.8m, up 11.5%.

The Board has declared and paid a first quarterly dividend of 1.525p in September 2013 and is declaring a second quarterly dividend of 1.525p, payable on 13 December 2013. This amounts to a total dividend in the half year of 3.05p. This is covered 1.23x by the interim EPS and represents a yield of 3.5% on an annualised basis on the 30 September 2013 share price of 173.00p.

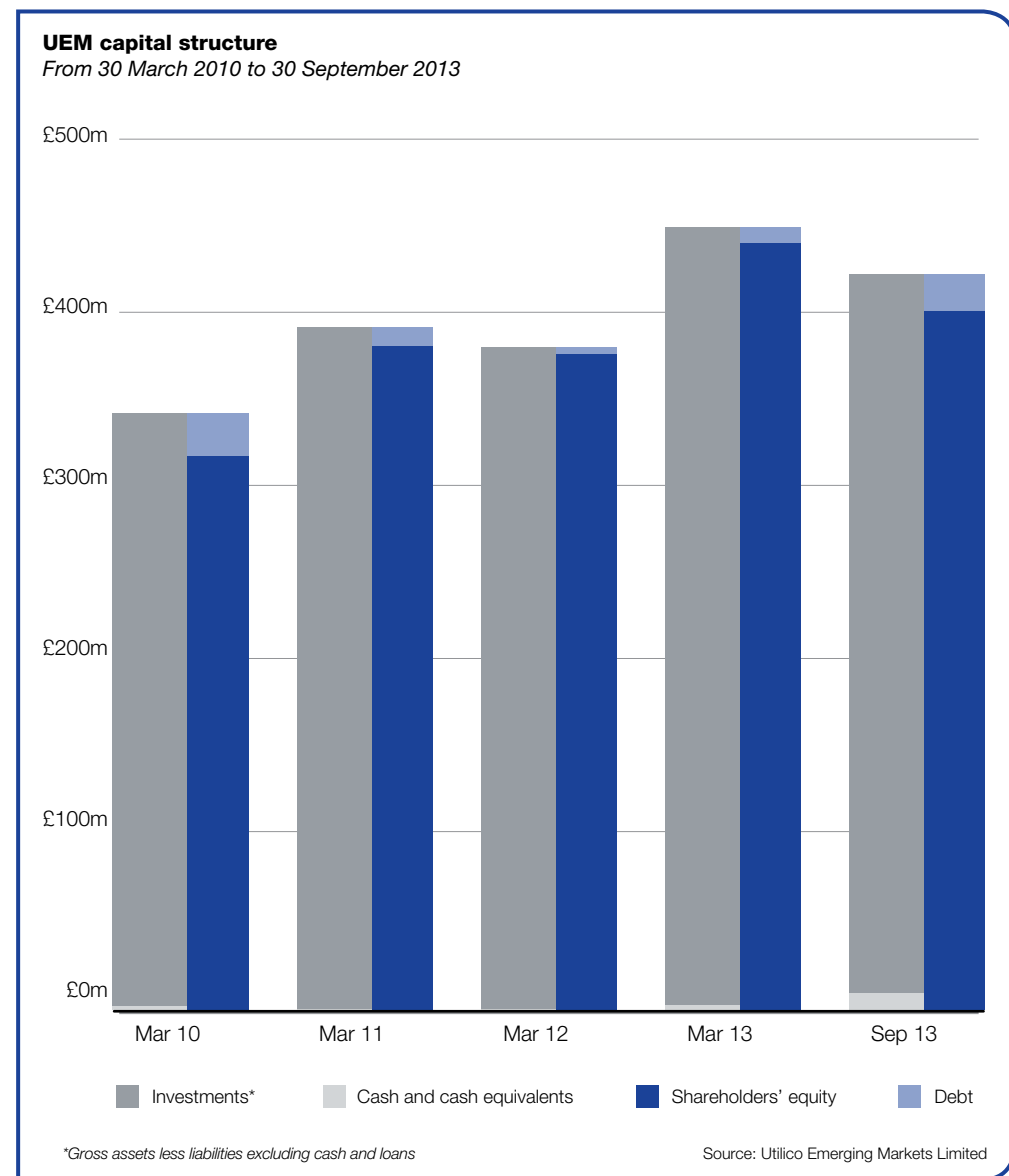
During the six months UEM bought back 2.3m ordinary shares at a total cost of £3.9m, or 172.00p per share. All these shares have been cancelled.

I am pleased to welcome Susan Hansen to the Board of UEM. Susan has a wealth of relevant experience and we all look forward to her contribution over the coming years.

**Outlook**

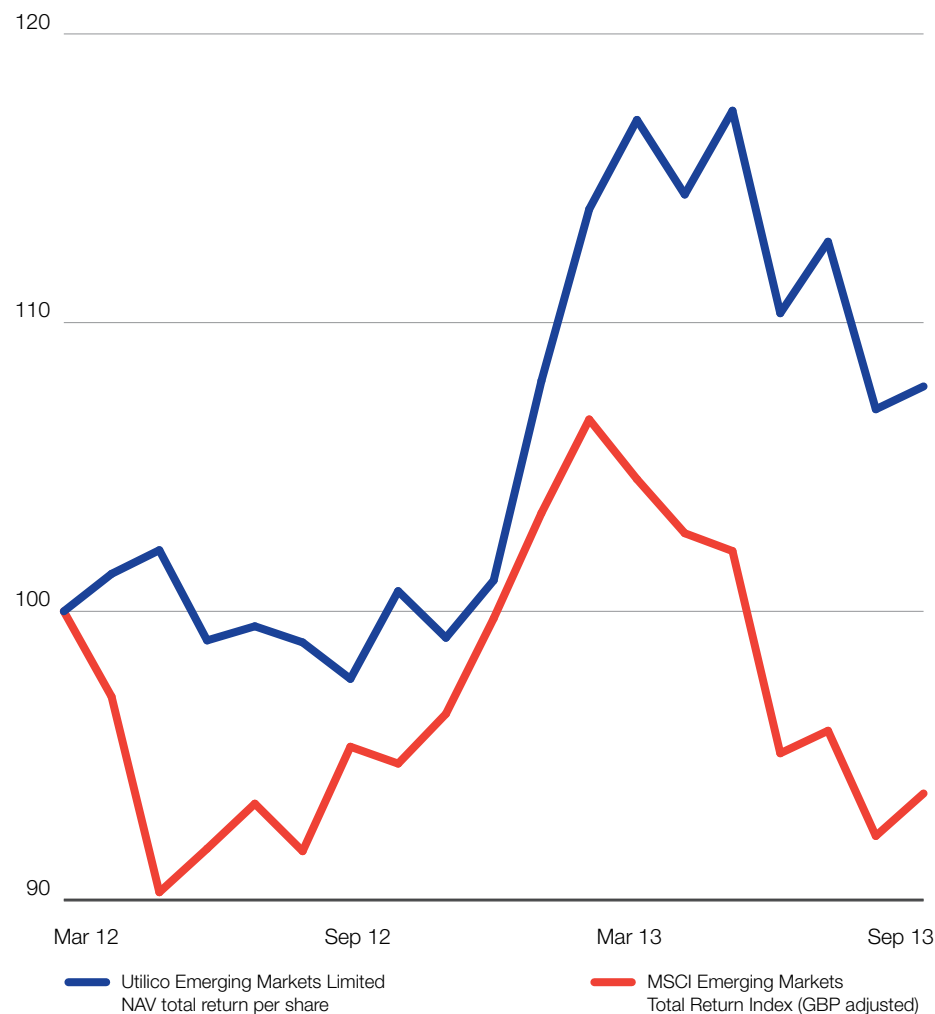
The world's stock markets appear to be recovering. We anticipate the recovery to be broadly based and to be stronger than expected in our sectors. This should benefit UEM, as we focus on stock selection and that investment strategy continues to work well.

**Alexander Zagoreos**  
Chairman  
19 November 2013



**Comparative performance\***

31 March 2012 to 30 September 2013



\*GBP adjusted and rebased to 100 at 31 March 2012

Source: Utilico Emerging Markets Limited and Bloomberg

The six months to 30 September 2013 have again been testing. The world's economies have moved towards a synchronised growth model which looks as if it could deliver strong earnings growth next year. However, the twists and turns to get there have unsettled investors. In overview there has been a strong move out of emerging market assets and into US equities. This has led to significant depreciation of emerging market exchange rates and some share price weakness. If the exchange rates behind UEM's closing portfolio had been those prevailing on 31 March 2013, UEM's assets would have been some 10% or £40m higher.

Against these weak emerging market conditions, UEM's portfolio held up reasonably well, with a negative total return NAV of 6.4%.

**PORTFOLIO**

UEM's gross assets in sterling terms decreased by 5.9% reflecting significant weakness in the wider markets, particularly currencies, and ended the half-year at £425.3m (March 2013: £452.1m).

Most investee companies reported particularly strong operational results in the six months and the portfolio is well positioned to deliver further positive operational results over the coming years.

The composition of the top 10 holdings has seen movement once again. In particular, **MyEG Services Berhad ("MYEG")** and **APT Satellite Holdings Ltd ("APT")** have risen to 6th and 10th respectively from 12th and 39th at the year end, both mainly as a result of strong share price appreciation. They have replaced Companhia de Saneamento de Minas Gerais and Santos Brasil Participacoes S.A. in the top ten.

**International Container Terminal Services, Inc. ("ICT")** reported strong operational results in the six months to June 2013. Two new container terminals have come on line in Pakistan and Indonesia, and contributed to the increase in earnings of 20.8% and

EBITDA of 26.2% for the six months to June 2013. With the development of a number of new terminals expected to come on line over the next few years in Mexico and Argentina and with the inclusion of the newly acquired Honduras terminal, the outlook for ICT remains good.

ICT's share price over the period to September 2013 was up 5.4%. We reduced UEM's holding in ICT by 11.9% realising £5.0m, as it exceeded 10.0% of the portfolio's gross assets. Notwithstanding this, ICT ended the six months as UEM's top holding, and we remain strong supporters of the company.

**Malaysia Airport Holdings Berhad ("MAHB")** reported a strong operational performance as well. Over the six month period to June 2013 passenger numbers and revenues grew 13.6% and 12.4% respectively. EBITDA for the six month period to June 2013 however was only up 2.3% given higher operating costs relating to the future opening of the new airport terminal KLIA2 at KL International Airport and the third runway.

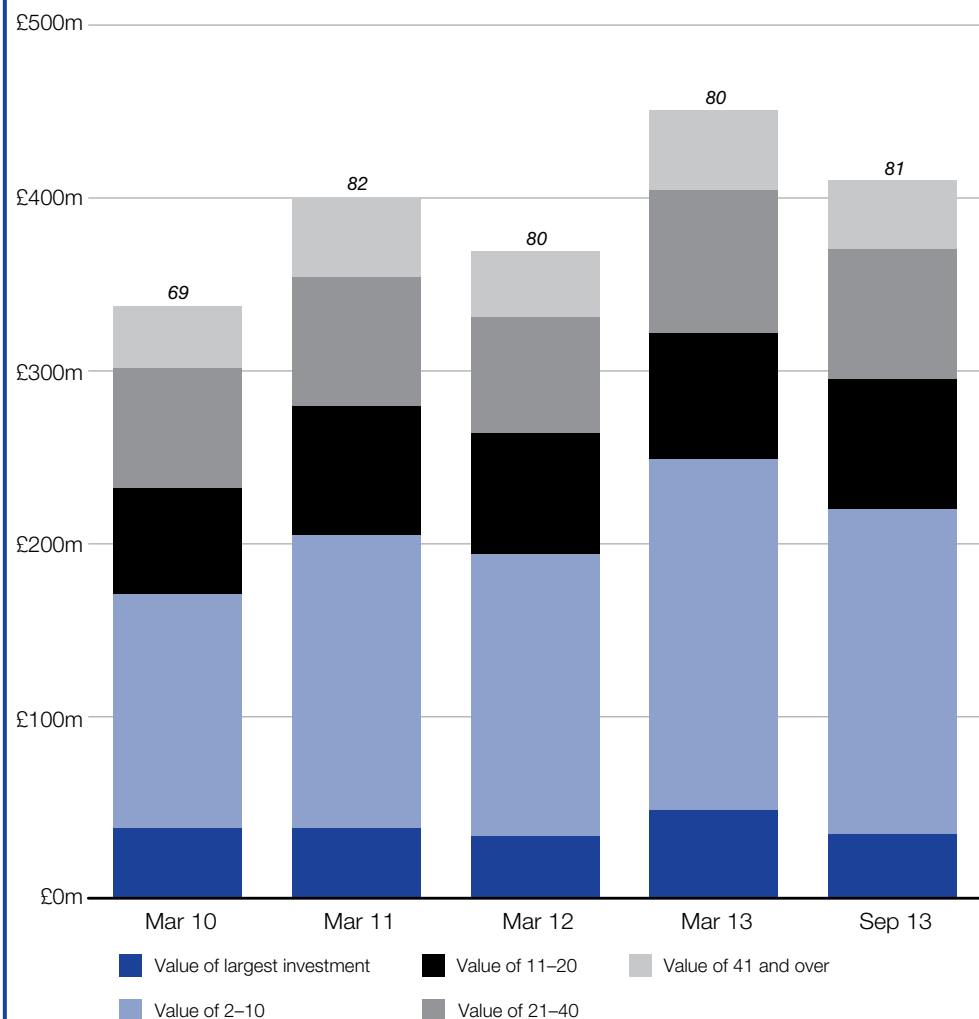
MAHB has made significant progress on the delivery of these projects, with the market now expecting both to be opened in May 2014.

The airlines using KLIA have seen significant changes which should result in increasing passenger numbers going forward. Malaysia Airlines has joined the One World Alliance. AirAsia has IPOed and has announced it will be increasing its fleet significantly, while confirming KLIA as a key hub for them. MAHB's marketing efforts have also attracted new foreign carriers which should underpin longer term growth. In addition, the government of Malaysia is investing heavily in "Visit Malaysia Year" for 2014, which resulted in a step change in the number of tourists the last time it was promoted.

We remain confident about MAHB's outlook and have invested a further £2.0m. MAHB shares rose 31.1% in the six months to September 2013.

**Portfolio progression and number of investments**

From 30 March 2010 to 30 September 2013



Source: Utilico Emerging Markets Limited

**Eastern Water Resources Development and Management PCL's ("Eastwater")**

underlying operations remain attractive, with reporting revenues up 8.1% and EBITDA up 8.7% in the six months to 30 June 2013. However, we were disappointed by the turn of events which saw CEO Praphant Asava-Aree, the chief architect of Eastwater's successes and a strong defender of minority rights, step down from the board.

Eastwater's share price performance has been weak, falling 14.7% over the six months to September 2013 and underperforming the SET (Thailand) Index by 3.8%. We believe this is in part as a result of Praphant's departure. UEM has reduced its shareholding in Eastwater by 8.6% in the six months to September 2013.

**Ocean Wilsons Holdings Limited ("Ocean Wilsons")**

was one of the few underperformers operationally in the six months. The performance of its major investment, Wilson Sons, was hindered by weaker Brazilian GDP and higher cost inflation. The port operations have continued to struggle with TEU (twenty-foot equivalent units) volumes being flat for the six months to June 2013.

By comparison the two value drivers of the business, the offshore and towage businesses, continue to perform well with net revenues increasing by 15.9% and 9.5% respectively. However, the overall result saw revenues only up by 3.1% and adjusted earnings down 32.1%. Wilson Sons' share price was down 8.2% for the period, reflecting weaker operational performance but also wider market concerns that Brazilian regulated companies may see their concessions tampered with by the Brazilian government.

Ocean Wilsons itself continues to trade at a 26.7% discount to the sum of its parts. The investment portfolio was valued at £233.5m at 30 June 2013.

Ocean Wilsons' share price for the six months to September 2013 was down 8.7%, reflective of the share price fall of its majority asset, Wilson Sons.

**China Gas Holdings Ltd ("China Gas")** has continued to deliver strong operational results. In the full year to 31 March 2013 China Gas reported gas sales volumes up 22.7%, EBITDA up 24.7%, and the company more than doubled its dividend. The outlook for growth in natural gas distribution in China remains positive, underpinned by central government policy.

China Gas' share price performed well and increased by 9.2% in the six months to September 2013, building on the significant price rise last year of 105.9%. We remain positive on China Gas' potential and have maintained our position over the six months.

**MyEG Services Berhad ("MYEG")** also reported impressive operational results in the half year. The company reported revenue and EBITDA growth in the year to June 2013 of 19.1% and 25.3% respectively. MYEG is a Malaysian IT services company, principally engaged in offering government services electronically. Key services include online payment of road tax and traffic fines, issuance and renewal of driving licences and administering driving theory testing on behalf of the Malaysian government.

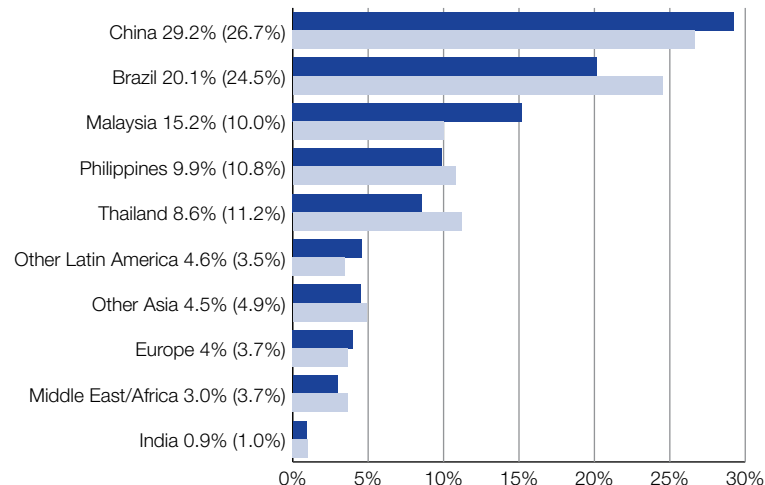
UEM has had a holding in MYEG for many years and increased its shareholding by 2.0% in the six months. MYEG's share price increased by 145.3% over the six months to September 2013.

**Asia Satellite Telecommunications Holdings Limited ("AsiaSat")**

performed well during the six months to September 2013. There was a 3.9% decline in revenues (due to a divestment) but an 8.8% increase in EBITDA for the six months to June 2013 compared to the prior year. Guidance for the rest of the year is conservative, but two new

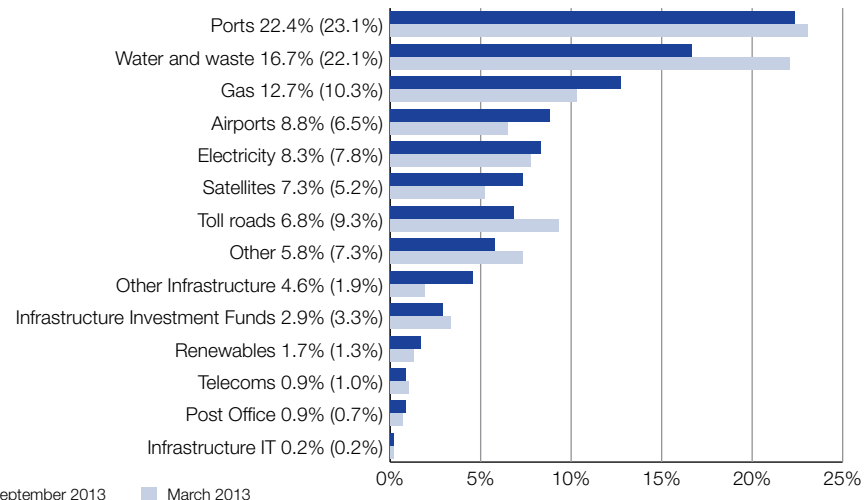
**Geographical split of investments**

As at 30 September 2013



**Sectoral split of investments**

As at 30 September 2013



■ September 2013 ■ March 2013

Figures in brackets 31 March 2013

Source: Utilico Emerging Markets Limited

satellites are due to be launched in the first half of 2014, which should drive revenue growth in the second half of next year.

AsiaSat's shares were up 2.1% and together with dividends of HK\$1.80 achieved a total return of 9.0% over the period to 30 September 2013. UEM has held its position through the period.

**Gasco S.A. ("Gasco")** reported impressive operational results. In its half year results to June 2013 Gasco reported EBITDA up 93.5% YoY and a near quadrupling of net income. A significant factor on these results was a one-off step change down in imported gas costs. Shareholders further benefitted from a more than doubling of dividends per share in the six months to 30 September 2013.

The share price of Gasco rose 21.6% in the six months to September 2013; UEM increased its shareholding by 15.2% over the period.

**Companhia de Concessões Rodoviárias S.A. ("CCR")** was another positive performer operationally in the period. CCR reported 4.1% growth in traffic volumes in the six months to June 2013 with EBITDA up 11.4% and net income up 25.0%. The company remains well placed to capitalise on a number of future concessions being auctioned, although it remains conservative in its bidding approach.

CCR's share price has declined by 15.5% over the six months to 30 September 2013 as investors are increasingly cautious on prospects after the Brazilian government deferred tariff increases in the face of widespread protests over inflation. UEM maintained its investment in CCR over the period.

**APT Satellite Holdings Limited ("APT")** had excellent results during the half year. As with AsiaSat, APT is a Hong Kong-based satellite operator. Traditionally its revenues have been significantly lower than those of AsiaSat despite similar, but aging, satellite infrastructure. A

new satellite launched in May 2012 has been transformative. Revenues in the six months to June 2013 were 39.0% higher than the prior year, EBITDA rose 47.1% and net income was up 116.5%. The share price has risen strongly and ended the period to 30 September 2013 at HK\$7.95, up 47.2%. UEM invested £4.5m over the period, increasing its holding by 141.2%.

**PORTFOLIO GENERAL**

Over the six months to 30 September 2013 UEM invested £46.7m and realised £53.4m from sales. In the top 10 UEM invested £8.7m in APT, Gasco and MAHB and realised £8.1m from ICT and Eastwater.

The amount invested in China has continued to increase within the portfolio, rising from 26.7% to 29.2% as a result of both new investments and share price rises. Brazil has decreased from 24.5% to 20.1% mainly as a result of a depreciation in the Brazilian Real but weaker share prices were a factor too. Malaysia has risen strongly from 10.0% to 15.2% mainly as a result of improved share prices.

Water and waste is down from 22.1% to 16.7% as a result of both Eastwater and Copasa's weaker share prices, weaker currencies and some sales. Gas increased from 10.3% to 12.7% mainly due to Gasco's and China Gas' share price performance. Airports rose from 6.5% to 8.8% mainly as a result of MAHB's share price improvement and investments.

**CURRENCY**

As we have noted, currencies have been a strong headwind against the portfolio and have also impacted income receipts. The Hong Kong Dollar, Brazilian Real, Malaysian Ringgit, Thai Baht and Philippine Peso declined by 6.1%, 15.1%, 10.9%, 12.2% and 12.1% respectively versus Sterling. If exchange rates had held constant over the six months UEM's NAV would have been some 10.0% higher. The exchange rate weakness held back the

dividend receipts relative to last year as dividends were converted at lower prevailing rates.

Looking forward it is difficult to foresee changes to the short term challenges for the emerging markets' currencies. In addition they are difficult to hedge and as such we have not hedged currencies.

#### MARKET HEDGING

There has been little change in the market hedged position over the six months. However, the continued performance of the US S&P Index has undermined the carrying value of the hedged position and resulted in a loss of £2.6m in the six months.

#### BANK DEBT

Net debt increased over the six months to £12.2m, up from £6.6m at the year end. Gross debt more than doubled from £9.2m to £21.7m. At the half year, gross debt was drawn £17.5m in UK Sterling and £4.2m in Euros.

UEM has a £50.0m facility with Scotiabank Europe plc which expires in February 2014.

#### CAPITAL RETURNS

Capital returns of minus £36.8m were recorded in the six months, mainly as a result of losses on

investments of £34.2m, which were principally attributed to currency weakness.

Taxation was positive £1.0m as a result of the reversal of tax accruals made in prior periods reflecting lower asset values over the six months.

The Capital EPS loss for the six months was 17.15p (2012: loss of 4.13p).

#### REVENUE RETURNS

Revenue income was up 10.7% at £9.8m (2012: £8.8m). This represents an average annualised portfolio yield of 4.7% (September 2012: 4.6%), although earnings have always been skewed to the first half year. Expenses were in line with last year. The net effect was an increase in profit before tax to £8.0m versus £7.3m last year. The Revenue EPS increased 10.7% to 3.73p (2012: 3.37p).

#### BUYBACKS

UEM bought back 2.3m ordinary shares during the period at an average cost per share of 172.00p and a total cost of £3.9m at an average discount of 10.5%. All these shares have been cancelled.

ICM Limited  
19 November 2013

30 Sep 2013	31 Mar 2013	Company	(Country) <sup>(1)</sup>	Fair value £'000s	% of total investments
1	(2)	<b>International Container Terminal Services, Inc.</b>	(Philippines)	37,144	8.9%
		Global container port operator			
2	(3)	<b>Malaysia Airport Holdings Berhad</b>	(Malaysia)	36,689	8.8%
		Airport operator			
3	(1)	<b>Eastern Water Resources Development and Management PCL</b>	(Thailand)	34,726	8.4%
		Water treatment and supply			
4	(4)	<b>Ocean Wilsons Holdings Limited</b>	(Brazil)	23,475	5.7%
		Port operator, provider of shipping services and worldwide investment fund			
5	(6)	<b>China Gas Holdings Ltd</b>	(China)	20,487	4.9%
		Gas distribution			
6	(-)	<b>MyEG Services Berhad</b>	(Malaysia)	18,998	4.6%
		IT Services			
7	(7)	<b>Asia Satellite Telecommunications Holdings Limited</b>	(China)	17,016	4.1%
		Satellite operator			
8	(10)	<b>Gasco S.A.</b>	(Chile)	14,879	3.5%
		Gas distribution			
9	(8)	<b>Companhia de Concessoes Rodoviaras S.A.</b>	(Brazil)	11,021	2.7%
		Toll road operator			
10	(-)	<b>APT Satellite Holdings Limited</b>	(Hong Kong)	10,335	2.5%
		Satellite operator			
		<b>Other investments</b>		190,317	45.9%
		<b>Total Portfolio</b>		415,087	100.0%

(1) The country shown is the location of the major part of the company's business

The Chairman's Statement on page 2 and the Investment Manager's Report on pages 5 to 10 give details of the important events which have occurred during the period and their impact on the financial statements.

#### Principal risks and uncertainties

The principal risks faced by the Group include:

- Inappropriate long-term investment strategy
- Inappropriate asset allocation
- Poor stock selection
- Excessive gearing
- Loss of management personnel

The Board reported on the principal risks and uncertainties faced by the Group and the way they are mitigated are described in more detail under the heading "Internal Controls and Management of Risk" in the Corporate Governance section of the Annual Report and Accounts for the year ended 31 March 2013. In the view of the Board, there have not been any changes to the fundamental nature of these risks since the previous report and these principal risks and uncertainties are equally applicable to the

remaining six months of the financial year as they were to the six months under review.

The Annual Report and Accounts is available on the Company's website, [www.uem.bm](http://www.uem.bm)

#### Related Party Transactions

Details of related party transactions in the six months to 30 September 2013 are set out in Note 12 to the Notes on the Accounts, and details of the fees paid to the Investment Manager are set out in Note 2 to the Notes on the Accounts.

Susan Hansen was appointed as a Director in the period under review; the current Directors of the Company are listed on page 25 of this Report. The basic Directors' fee was increased to £28,500 per annum and the Chairman's fee was increased to £39,500 per annum with effect from 1 April 2013. The Chairman of the Audit Committee receives an additional £8,000 per annum (a total of £36,500 per annum).

#### Directors' responsibility statement

The Disclosure and Transparency Rules of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements.

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the report for the six months to 30 September 2013 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and return of the Group;

- the interim management report, together with the Chairman's Statement and Investment Manager's Report, include a fair review of the information required by 4.2.7R and 4.2.8R of the Disclosure and Transparency Rules.

The half yearly financial report was approved by the Board on 19 November 2013 and the above responsibility statement was signed on its behalf by the Chairman,

**Alexander Zagoreos**  
For and on behalf of the Board



UNAUDITED CONDENSED GROUP  
STATEMENT OF COMPREHENSIVE INCOME

UTILICO EMERGING MARKETS LIMITED  
SIX MONTHS TO 30 SEPTEMBER 2013

Notes	Six months to 30 September 2013			Six months to 30 September 2012			Year to 31 March 2013			
	Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s	
	(Losses)/gains on investments	–	(34,150)	(34,150)	–	(6,050)	(6,050)	–	82,990	82,990
	Losses on derivative instruments	–	(2,601)	(2,601)	–	(2,209)	(2,209)	–	(5,240)	(5,240)
	Exchange (losses)/gains	(52)	(263)	(315)	(53)	(9)	(62)	86	(55)	31
	Investment and other income	9,855	–	9,855	8,844	–	8,844	13,945	–	13,945
	<b>Total income</b>	<b>9,803</b>	<b>(37,014)</b>	<b>(27,211)</b>	<b>8,791</b>	<b>(8,268)</b>	<b>523</b>	<b>14,031</b>	<b>77,695</b>	<b>91,726</b>
2	Management and administration fees	(463)	(558)	(1,021)	(420)	(683)	(1,103)	(853)	(10,927)	(11,780)
	Other expenses	(608)	(13)	(621)	(511)	(13)	(524)	(1,081)	(25)	(1,106)
	Profit/(loss) before finance costs and taxation	8,732	(37,585)	(28,853)	7,860	(8,964)	(1,104)	12,097	66,743	78,840
	Finance costs	(83)	(193)	(276)	(62)	(145)	(207)	(108)	(253)	(361)
	<b>Profit/(loss) before taxation</b>	<b>8,649</b>	<b>(37,778)</b>	<b>(29,129)</b>	<b>7,798</b>	<b>(9,109)</b>	<b>(1,311)</b>	<b>11,989</b>	<b>66,490</b>	<b>78,479</b>
3	Taxation	(651)	1,005	354	(528)	202	(326)	(789)	(287)	(1,076)
	<b>Profit/(loss) for the period</b>	<b>7,998</b>	<b>(36,773)</b>	<b>(28,775)</b>	<b>7,270</b>	<b>(8,907)</b>	<b>(1,637)</b>	<b>11,200</b>	<b>66,203</b>	<b>77,403</b>
4	<b>Earnings per ordinary share – pence</b>	<b>3.73</b>	<b>(17.15)</b>	<b>(13.42)</b>	<b>3.37</b>	<b>(4.13)</b>	<b>(0.76)</b>	<b>5.20</b>	<b>30.71</b>	<b>35.91</b>

The total column of this statement represents the Group's Condensed Income Statement and the Group's Condensed Statement of Comprehensive Income, prepared in accordance with IFRS.

The supplementary revenue and capital return columns are both prepared under guidance published by the Association of Investment Companies in the UK.

The Group does not have any income or expense that is not included in the profit/(loss) for the period, and therefore the 'profit/(loss) for the period' is also the 'total comprehensive income/(expense) for the period', as defined in International Accounting Standard 1 (revised).

All items in the above statement derive from continuing operations. There are no minority interests.

UNAUDITED CONDENSED GROUP STATEMENT  
OF CHANGES IN EQUITY

UTILICO EMERGING MARKETS LIMITED  
SIX MONTHS TO 30 SEPTEMBER 2013

Notes	for the six months to 30 September 2013	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Other non- distributable reserve £'000s	Retained earnings		Total £'000s
						Capital reserves £'000s	Revenue reserve £'000s	
	Balance at 31 March 2013	21,553	7,510	204,587	11,093	196,325	1,819	442,887
	(Loss)/profit for the period	-	-	-	-	(36,773)	7,998	(28,775)
5	Ordinary dividends paid	-	-	-	-	(3,287)	(3,252)	(6,539)
	Shares purchased by the Company	(229)	(3,714)	-	-	-	-	(3,943)
	<b>Balance at 30 September 2013</b>	<b>21,324</b>	<b>3,796</b>	<b>204,587</b>	<b>11,093</b>	<b>156,265</b>	<b>6,565</b>	<b>403,630</b>

Notes	for the six months to 30 September 2012	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Other non- distributable reserve £'000s	Retained earnings		Total £'000s
						Capital reserves £'000s	Revenue reserve £'000s	
	Balance at 31 March 2012	21,553	7,510	204,587	11,093	131,473	2,254	378,470
	(Loss)/profit for the period	-	-	-	-	(8,907)	7,270	(1,637)
5	Ordinary dividends paid	-	-	-	-	(1,352)	(5,383)	(6,735)
	Balance at 30 September 2012	21,553	7,510	204,587	11,093	121,214	4,141	370,098

Notes	for the year to 31 March 2013	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Other non- distributable reserve £'000s	Retained earnings		Total £'000s
						Capital reserves £'000s	Revenue reserve £'000s	
	Balance at 31 March 2012	21,553	7,510	204,587	11,093	131,473	2,254	378,470
	Profit for the year	-	-	-	-	66,203	11,200	77,403
5	Ordinary dividends paid	-	-	-	-	(1,351)	(11,635)	(12,986)
	Balance at 31 March 2013	21,553	7,510	204,587	11,093	196,325	1,819	442,887

UNAUDITED CONDENSED GROUP  
BALANCE SHEET

UTILICO EMERGING MARKETS LIMITED  
SIX MONTHS TO 30 SEPTEMBER 2013

Notes	30 September 2013 £'000s	30 September 2012 £'000s	31 March 2013 £'000s
<b>Non-current assets</b>			
6 Investments	415,087	373,208	455,901
<b>Current assets</b>			
Other receivables	1,795	6,683	2,105
7 Derivative financial instruments	3,668	7,386	4,702
Cash and cash equivalents	9,450	2,701	2,798
	<b>14,913</b>	16,770	9,605
<b>Current liabilities</b>			
Bank loans	(21,679)	–	(9,228)
Other payables	(3,030)	(834)	(10,723)
	<b>(24,709)</b>	(834)	(19,951)
<b>Net current (liabilities)/assets</b>	<b>(9,796)</b>	15,936	(10,346)
<b>Total assets less current liabilities</b>	<b>405,291</b>	389,144	445,555
<b>Non-current liabilities</b>			
Bank loans	–	(16,863)	–
Deferred tax	(1,661)	(2,183)	(2,668)
<b>Net assets</b>	<b>403,630</b>	370,098	442,887
<b>Equity attributable to equity holders</b>			
8 Ordinary share capital	21,324	21,553	21,553
Share premium account	3,796	7,510	7,510
Special reserve	204,587	204,587	204,587
Other non-distributable reserve	11,093	11,093	11,093
Capital reserves	156,265	121,214	196,325
Revenue reserve	6,565	4,141	1,819
<b>Total attributable to equity holders</b>	<b>403,630</b>	370,098	442,887
<b>Net asset value per ordinary share</b>			
9 Basic – pence	189.28	171.72	205.49

UNAUDITED CONDENSED GROUP  
STATEMENT OF CASH FLOWS

UTILICO EMERGING MARKETS LIMITED  
SIX MONTHS TO 30 SEPTEMBER 2013

Notes	Six months to 30 September 2013 £'000s	Six months to 30 September 2012 £'000s	Year to 31 March 2013 £'000s
10 Cash flows from operating activities	(2,200)	9,155	15,341
<b>Investing activities:</b>			
Purchases of investments	(44,500)	(51,648)	(95,099)
Sales of investments	53,487	45,963	97,240
Purchases of derivatives	(4,325)	(23,282)	(32,111)
Sales of derivatives	2,758	18,598	27,080
Cash flows from investing activities	7,420	(10,369)	(2,890)
Cash flows before financing activities	5,220	(1,214)	12,451
<b>Financing activities:</b>			
Ordinary dividends paid	(6,539)	(6,735)	(12,986)
Movements from loans	12,500	12,499	4,634
Cost of ordinary shares purchased	(3,943)	–	–
Cash flows from financing activities	2,018	5,764	(8,352)
Net movement in cash and cash equivalents	7,238	4,550	4,099
Cash and cash equivalents at the beginning of the period	2,569	(1,773)	(1,773)
Effect of movement in foreign exchange	(357)	(76)	243
<b>Cash and cash equivalents at the end of the period</b>	<b>9,450</b>	2,701	2,569
<b>Comprised of:</b>			
Cash	9,450	2,701	2,798
Bank overdraft	–	–	(229)
<b>Total</b>	<b>9,450</b>	2,701	2,569

**1. ACCOUNTING POLICIES**

The condensed group Accounts have been prepared in accordance with International Financial Reporting Standards ('IFRS'), IAS 34 'Interim Financial Reporting' and the accounting policies set out in the statutory accounts of the Group for the year ended 31 March 2013. The condensed consolidated Accounts do not include all of the information required for full annual accounts and should be read in conjunction with the consolidated Accounts of the Group for the year ended 31 March 2013, which were prepared under full IFRS requirements.

**2. MANAGEMENT AND ADMINISTRATION FEES**

ICM Limited ("ICM") provides investment management services to the Company for a fee of 0.5% per annum, payable quarterly in arrears. The agreement with ICM may be terminated upon six months' notice. The management fee is allocated 70% to capital return and 30% to revenue return. ICM also provides company secretarial services to the Company, with the Company paying one-third of the costs associated with this post.

In addition, ICM is entitled to a performance fee payable in respect of each financial year, equal to 15% of the amount of any outperformance in that period by equity funds attributable to shareholders of the post-tax yield on the FTSE Actuaries Government Securities UK Gilt 5 to 10 years Index, plus inflation (on the RPIX basis), plus two per cent.

Under the terms of the performance fee agreement, no future performance fee is payable until the net asset value exceeds the high watermark established at the last payment of the performance fee at 31 March 2013. The high watermark was 205.84p at 31 March 2013. For the period ended 30 September 2013 the attributable shareholders' funds were below the high watermark and therefore no performance fee has been accrued.

ICM was paid a performance fee in respect of the year ended 31 March 2013 of £9,531,000. Of this ICM received £4,798,000 in cash and 2,305,419 shares were purchased in the market at a cost to the Company of £4,517,000. The saving arising on buying the shares at a discount in the market was £216,000. This saving has been recognised in the Accounts for the period ended 30 September 2013.

F&C Management Limited ("FCM") provides accounting, dealing and administration services to the Company for a fixed fee of £210,000 per annum, payable monthly in arrears and is entitled to reimbursement of certain expenses incurred by it in connection with its duties. The agreement with FCM is terminable on six months' notice in writing.

**3. TAXATION**

The revenue return taxation charge of £651,000 (30 September 2012: £528,000 and 31 March 2013: £789,000) relates to overseas taxation. The capital return taxation income of £1,005,000 (30 September 2012: income of £202,000 and 31 March 2013: charge of £287,000) relates to capital gains on realised gains on sale of overseas investments and deferred tax in respect of capital gains tax on overseas unrealised investment gains that may be subject to taxation in future years. Profits for the period to 30 September 2013 are not subject to Bermuda tax.

**4. EARNINGS PER ORDINARY SHARE**

Earnings for the purpose of basic and diluted earnings per ordinary share is the profit attributable to ordinary shareholders.

The calculation of the basic and diluted earnings per ordinary share from continuing operations is based on the following data:

	Six months to 30 Sep 2013 £'000s	Six months to 30 Sep 2012 £'000s	Year to 31 Mar 2013 £'000s
Revenue	7,998	7,270	11,200
Capital	(36,773)	(8,907)	66,203
<b>Total</b>	<b>(28,775)</b>	<b>(1,637)</b>	<b>77,403</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares in issue during the period for basic earnings per share calculations	<b>214,376,607</b>	215,528,793	215,528,793

**5. DIVIDENDS**

	Record date	Payment date	Six months to 30 Sep 2013 £'000s	Six months to 30 Sep 2012 £'000s	Year to 31 Mar 2013 £'000s
2012 Final of 1.75p	22 Jun 12	06 Jul 12	–	3,772	3,772
2013 First quarterly interim of 1.375p	24 Aug 12	07 Sep 12	–	2,963	2,963
2013 Second quarterly interim of 1.375p	30 Nov 12	14 Dec 12	–	–	2,964
2013 Third quarterly interim of 1.525p	15 Feb 13	12 Mar 13	–	–	3,287
2013 Fourth quarterly interim of 1.525p	17 May 13	05 Jun 13	<b>3,287</b>	–	–
2014 First quarterly interim of 1.525p	09 Aug 13	05 Sep 13	<b>3,252</b>	–	–
			<b>6,539</b>	6,735	12,986

The Directors have declared a second quarterly dividend in respect of the year ending 31 March 2014 of 1.525p per ordinary share payable on 13 December 2013 to shareholders on the register at close of business on 29 November 2013. The total cost of the dividend, which has not been accrued in the results for the period to 30 September 2013, is £3,252,000 based on 213,243,793 ordinary shares in issue at the date of this report.

## 6. INVESTMENTS

	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s
Investments brought forward at 31 March 2013				
Cost	262,249	–	40,608	<b>302,857</b>
Gains/(losses)	183,770	–	(30,726)	<b>153,044</b>
Valuation	446,019	–	9,882	<b>455,901</b>
Movements in the period:				
Purchases at cost	46,715	–	–	<b>46,715</b>
Sales proceeds	(53,247)	–	(132)	<b>(53,379)</b>
Gains/(losses) on investments sold in the period	3,860	–	(204)	<b>3,656</b>
Losses on investments held at period end	(37,679)	–	(127)	<b>(37,806)</b>
Valuation at 30 September 2013	405,668	–	9,419	<b>415,087</b>
Analysed at 30 September 2013				
Cost	259,577	–	40,272	<b>299,849</b>
Gains/(losses)	146,091	–	(30,853)	<b>115,238</b>
Valuation	405,668	–	9,419	<b>415,087</b>

Level 1 includes investments listed on any recognised stock exchange or quoted on any secondary market.  
Level 3 includes investments in private companies or securities.

## 7. DERIVATIVE FINANCIAL INSTRUMENTS

All the following derivatives are classified as level 2.

	30 Sep 2013 current assets £'000s
Market options – USD	<b>3,668</b>

### Changes in derivatives

	30 Sep 2013 £'000s
Valuation brought forward	4,702
Purchases	4,325
Settlements	(2,758)
Losses	(2,601)
Valuation carried forward	<b>3,668</b>

Level 2 includes quoted prices for similar assets or liabilities, or indirectly observable inputs which exist for the duration of the period of investment.

## 8. ORDINARY SHARE CAPITAL

	Number	£'000s
Equity share capital:		
Ordinary shares of 10p each		
Authorised	1,350,010,000	135,001
	<b>Total shares in issue Number</b>	<b>Total shares in issue £'000s</b>
Balance at 31 March 2013	215,528,793	21,553
Shares purchased by the Company	(2,285,000)	(229)
<b>Balance at 30 September 2013</b>	<b>213,243,793</b>	<b>21,324</b>

### Ordinary shares

During the period 2,285,000 ordinary shares were purchased at a total cost of £3,943,000 and cancelled.

Since the period end no ordinary shares have been purchased.

## 9. NET ASSET VALUE PER ORDINARY SHARE

Net asset value per ordinary share is based on net assets at the period end of £403,630,000 (30 September 2012: £370,098,000 and 31 March 2013: £442,887,000) and on 213,243,793 ordinary shares in issue at the period end (30 September 2012: 215,528,793 and 31 March 2013: 215,528,793).

**10. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

	30 Sep 2013 £'000s	30 Sep 2012 £'000s	31 Mar 2013 £'000s
(Loss)/profit before taxation	(29,129)	(1,311)	78,479
Adjust for non-cash flow items:			
Losses/(gains) on investments	34,150	6,050	(82,990)
Losses on derivative financial instruments	2,601	2,209	5,240
Exchange losses/(gains)	315	62	(31)
Effective yield interest	(175)	(591)	(1,319)
Decrease/(increase) in accrued income	221	64	(168)
(Decrease)/increase in creditors	(9,469)	9	9,604
Decrease/(increase) in other debtors	17	(31)	(26)
Tax on overseas income	(727)	(652)	(841)
	<b>26,933</b>	<b>7,120</b>	<b>(70,531)</b>
Adjust for cash flow items not within Income Statement			
Taxation on capital gains	(4)	–	(26)
Net cash flows on margin accounts	–	3,346	7,419
	<b>(4)</b>	<b>3,346</b>	<b>7,393</b>
<b>Net cash flows from operating activities</b>	<b>(2,200)</b>	<b>9,155</b>	<b>15,341</b>

**11. OPERATING SEGMENTS**

The Directors are of the opinion that the Group and Company are engaged in a single segment of business of investing in equity and debt securities, issued by companies operating and generating revenue in emerging markets, and therefore no segmental reporting is provided.

**12. RELATED PARTY TRANSACTIONS**

Mrs Hansen was appointed as a Director of the Company on 23 September 2013. There have been no other changes in related party relationships and no significant changes to related party transactions since 31 March 2013.

**13. RESULTS**

The condensed set of financial statements, forming the half-year accounts, has been neither audited nor reviewed by the Company's auditors. The latest published accounts are for the year ended 31 March 2013; the report of the auditors thereon was unqualified. The condensed financial statements shown above for the year ended 31 March 2013 are an extract from those accounts.

**UTILICO EMERGING MARKETS LIMITED**

Company Registration Number: 36941  
www.uem.bm

**Directors**

**Alexander Zagoreos** (Chairman)  
**Kevin O'Connor** (Deputy Chairman)  
**Susan Hansen** (appointed 23 September 2013)  
**Garry Madeiros** OBE  
**Anthony Muh**

**Registered Office**

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Bermuda

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Bermuda  
UK telephone number 01372 271486

**Assistant Secretary**

BCB Charter Corporate Services Limited  
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43 Cedar Avenue  
Hamilton HM 12  
Bermuda

**Administrator**

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the Financial Conduct Authority

**UK Broker**

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Authorised and regulated in the UK by  
the Financial Conduct Authority

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**Legal Advisor to the Company (as to Bermuda law)**

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Bermuda

**Reporting Accountants and Registered Auditor**

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**Registrar**

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Telephone 0870 707 4040

**Depositary and CREST Agent**

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Bridgwater Road  
Bristol BS99 7NH

**Company Banker**

Scotiabank Europe PLC  
201 Bishopsgate, 6th Floor  
London EC2M 3NS

The Company's shares are traded on the Main Market of the London Stock Exchange.  
The Company's ordinary shares can be held in an ISA.

# HISTORICAL PERFORMANCE

UTILICO EMERGING MARKETS LIMITED  
SIX MONTHS TO 30 SEPTEMBER 2013

	30 September 2013	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008	31 March 2007	31 March 2006 <sup>(2)</sup>	20 July 2005 <sup>(3)</sup>	% change March-September 2013	Annual % change March 2012-March 2013
Total return <sup>(1)</sup>	(6.4%)	20.5%	3.1%	21.4%	44.0%	(28.9%)	16.3%	22.4%	18.2%	n/a	n/a	n/a
Annual compound total return (since inception) <sup>(4)</sup>	12.7%	14.2%	12.3%	13.8%	13.7%	5.9%	24.5%	28.4%	32.2%	n/a	n/a	n/a
Undiluted net asset value per ordinary share	189.28p	205.49p	175.60p	175.28p	157.33p	107.76p	168.39p	146.45p	119.48p	98.36p	(7.9)	17.0
Diluted net asset value per ordinary share	189.28p <sup>(5)</sup>	205.49p <sup>(5)</sup>	175.60p <sup>(5)</sup>	175.28p <sup>(5)</sup>	148.37p	106.51p	157.20p	138.80p	116.23p	98.36p <sup>(5)</sup>	(7.9)	17.0
Ordinary share price	173.00p	191.20p	164.00p	157.75p	132.00p	95.50p	153.75p	137.25p	126.00p	100.00p	(9.5)	16.6
(Discount)/premium <sup>(6)</sup>	(8.6%)	(7.0%)	(6.6%)	(10.0%)	(11.0%)	(10.3%)	(2.2%)	(1.1%)	8.4%	1.7%	n/a	n/a
Earnings per ordinary share (basic)												
– Capital	(17.15p)	30.71p	1.19p	25.63p	48.57p	(60.28p)	17.89p	34.19p	19.50p	n/a	n/a	2,480.7
– Revenue	3.73p	5.20p	4.12p	5.61p	4.67p	5.08p	5.24p	2.96p	1.62p	n/a	n/a	26.2
Total	(13.42p)	35.91p	5.31p	31.24p	53.24p	(55.20p)	23.13p	37.15p	21.12p	n/a	n/a	576.3
Dividends per ordinary share												
– 1st Quarter	1.525p	1.375p	–	–	–	–	–	–	–	n/a	10.9	n/a
– 2nd Quarter	1.525p <sup>(7)</sup>	1.375p	3.750p	3.750p	3.750p	4.000p	3.500p	2.000p	–	n/a	10.9	n/a
– 3rd Quarter	–	1.525p	–	–	–	–	–	–	–	n/a	n/a	n/a
– 4th Quarter	–	1.525p	1.750p	1.450p	1.050p	0.800p	1.300p	0.700p	1.500p	n/a	n/a	n/a
Total	–	5.800p	5.500p	5.200p	4.800p	4.800p	4.800p	2.700p	1.500p	n/a	n/a	5.5
Equity holders' funds (£m)	403.6	442.9	378.5	383.2	319.9	230.7	359.5 <sup>(8)</sup>	241.6 <sup>(9)</sup>	89.7	73.8	(8.9)	17.0
Gross assets (£m) <sup>(10)</sup>	425.3	452.1	382.9	393.4	344.5	272.5	441.3 <sup>(8)</sup>	288.6 <sup>(9)</sup>	107.2	73.8	(5.9)	18.1
Ordinary shares bought back (£m)	3.9	–	4.9	11.5	16.0	0.2	–	–	–	–	n/a	n/a
Cash/(overdraft) (£m)	9.5	2.6	(1.8)	(0.7)	2.0	24.1	11.9	19.9	1.2	–	265.4	n/a
Bank debt (£m)	(21.7)	(9.2)	(4.4)	(10.2)	(24.7)	(41.8)	(79.9)	(45.0)	(17.5)	–	135.9	109.1
Net debt (£m)	(12.2)	(6.6)	(6.2)	(10.9)	(22.7)	(17.7)	(68.0)	(25.1)	(16.3)	–	84.8	6.5
Net debt gearing on gross assets	2.9%	1.5%	1.6%	2.8%	6.6%	6.5%	15.5%	8.8%	15.2%	–	n/a	n/a
Management and administration fees (£m)												
– excluding performance fee	1.9	3.4	3.9	3.1	2.5	2.7	3.1	2.1	0.8	–	n/a	(12.8)
– including performance fee	1.6	12.9	3.6	9.6	2.5	2.7	6.5	9.2	3.0	–	n/a	258.3
Ongoing charges figure <sup>(11)</sup>												
– excluding performance fee	0.8%	0.8%	0.9%	0.8%	0.8%	0.7%	0.8%	0.9%	0.9%	n/a	n/a	n/a
– including performance fee	0.8%	3.2%	0.9%	2.5%	0.8%	0.7%	1.7%	4.0%	3.4%	n/a	n/a	n/a

(1) Total return is calculated based on diluted NAV per share return plus dividends reinvested from the payment date

(2) Period from 9 June 2005, the date of incorporation of the Company to 31 March 2006

(3) Date of admission to trading on Alternative Investment Market

(4) Annual compound total return based on diluted NAV per ordinary share return, plus dividends reinvested from the payment date and return on warrants converted on 2 August 2010

(5) There was no dilution

(6) Based on diluted net asset value

(7) The quarterly dividend has not been included as a liability in the accounts

(8) Includes the £85.0m fund raising in December 2007

(9) Includes the £100.0m fund raising in May 2006

(10) Gross assets less liabilities excluding loans

(11) Expressed as a percentage of average net assets, ongoing charges comprise all operational, recurring costs that are payable by the Company or suffered within underlying investee funds, in the absence of any purchases or sales of investments