

**Utilico Emerging Markets Limited
Interim Management Statement
30 December 2012**

Quarterly Management Review

Utilico Emerging Markets Limited (“UEM”) published its interim report and accounts for the period to 30 September 2012 on 20 November 2012. UEM has published monthly fact sheets on its website: www.uem.bm.

Set out below is the interim management statement (“IMS”) for the period from 1 October to 31 December 2012 containing information that covers this period, and up to the date of publication of this IMS.

Background

Globally, market confidence remained weak in the last quarter of 2012.

During November, President Obama was re-elected as US President and Xi Jinping was selected as China’s new leader.

The markets’ attention in December was firmly fixed on the US, as the “Fiscal Cliff” deadline approached. In the end, a partial deal was secured just after the year end deadline on January 1st, but before the financial markets opened for 2013. Whilst immediate tax hikes (for most) and spending cuts were averted, there is still considerable political uncertainty in Washington as Federal budget cuts and the raising of the debt ceiling will both need to be agreed in the coming months. This seemed to divert attention from an increasingly weak European economic outlook.

In the emerging markets, economists seem to be turning increasingly bullish on China’s prospects for 2013. Q4 2012 GDP data showed that the economy grew 7.9% compared to a year earlier, up from a 7.4% gain reported for Q3 2012. A recovery in Chinese growth should be a positive for both its Asian neighbours and also for commodity producing nations, such as Brazil.

Brazil relaxed capital controls after the Real hit 3-year lows against the US Dollar at the end of November. The Brazilian currency strengthened 3.8% against the US Dollar during December, recovering most of the weakness seen earlier in the quarter.

Performance

UEM’s net asset value cum income total return was up 4.3% over the three months. This was a solid performance broadly inline with the MSCI Emerging Markets Total Return Index (Sterling adjusted) which was up 4.9%.

Dividends

The second quarterly dividend of 1.375p was paid on 14th December 2012 to shareholders on the register at 30 November 2012.

Today the Board has declared a third quarterly dividend of 1.525p per share, which will be paid on 12 March 2013 to shareholders on the register on 15 February 2013.

Portfolio

UEM’s gross assets less current liabilities (excluding debt) at the beginning of the period under review were £387.0m and increased by £4.9m to £391.9m at the end of December 2012. Ordinary shareholders funds increased by £12.7m to £382.8m.

Nine of the ten largest holdings have remained the same over the three months although there have been changes in the weightings. The new entry to the top ten was Gasco SA, which replaced Tractebel Energia.





Gasco SA is a Chilean listed holding company with majority stakes in a number of natural gas and LPG distribution companies in Chile, Argentina and Colombia.

China Gas Holdings rose 43.2% during the quarter, taking it from 9th to 6th in the portfolio. Other gainers included Gasco SA, up 16.4%; Asiasat, up 7.6%; CCR, up 6.0%; and International Container Terminals, up 5.1%.

Four stocks of the top ten stocks posted share price declines, of which the most significant were a 6.3% decline in Malaysia Airports and a 5.1% decline in COPASA.

Bank debt

During the period under review UEM reduced its bank debt from £12.2m to £9.1m. The bank debt was drawn £5.0m in Sterling and £4.1m in Euros.

Derivatives

UEM continues to hold S&P500 Index put options which, as at 31 December 2012 had a market value of £8.3m.

Share price and NAV

UEM's share price increased from 159.00p at 30 September 2012 to 164.30p at 31 December 2012, an increase of 3.3%. UEM's discount to NAV was unchanged compared to 30 September 2012 at 7.4% at 31 December 2012.

Outlook

The investment environment remains challenging and is likely to remain so. A great deal of uncertainty still surrounds the US and the Eurozone. However, UEM and emerging markets generally continue to outpace the major developed markets in terms of growth and we are positive on the portfolio's long term prospects.



Capital Structure	31 December 2012	30 September 2012
Gross assets less current liabilities	£391.9m	£389.1m
Bank debt	£9.1m	£16.9m
Other debt	£0.0m	£2.1m
Shareholders' funds (ordinary shares)	£382.8m	£370.1m
Net debt gearing on gross assets	2.3%	5.1%
Ordinary Shares	31 December 2012	30 September 2012
NAV (cum income)	177.48p	171.72p
Share price	164.30p	159.00p
Discount to undiluted NAV	7.4%	7.4%
Shares in issue	215,528,793	215,528,793

Sectoral Split of Investments	31 December 2012	30 September 2012
Ports	23.1%	23.1%
Water & Waste	22.3%	25.0%
Toll Roads	10.6%	10.3%
Gas	9.1%	7.4%
Electricity	8.6%	8.5%
Other	7.2%	6.0%
Airports	6.5%	7.6%
Satellites	4.7%	4.3%
Infrastructure Investment Funds	3.4%	3.3%
Other Infrastructure	2.0%	2.0%
Telecoms	1.0%	1.1%
Renewables	0.8%	0.9%
Post Office	0.6%	0.4%
Infrastructure IT	0.1%	0.1%
	100%	100%

Geographical Split of Investments		
Brazil	26.1%	26.8%
China	26.0%	23.8%
Thailand	10.7%	11.8%
Malaysia	10.3%	10.4%
Philippines	9.6%	10.0%
Other Asia	3.9%	3.7%
Other Latin America	3.4%	3.7%
Eastern Europe	3.4%	4.3%
Middle East/Africa	3.1%	2.0%
India	2.7%	2.7%
North America/Other	0.8%	0.8%
	100%	100%



Top 10 Holdings as % of Gross Assets		31 December 2012	30 September 2012
1	Eastern Water Resources PCL	10.4%	11.3%
2	International Container Terminal Services Inc.	8.6%	8.2%
3	Malaysia Airport Holdings Bhd	6.3%	6.3%
4	Ocean Wilsons Holdings Limited	5.8%	5.9%
5	Companhia de Saneamento de Minas Gerais (COPASA)	5.1%	5.4%
6	China Gas Holdings Ltd	3.8%	2.7%
7	Asia Satellite Telecommunications Holdings Ltd	3.7%	3.4%
8	Companhia de Concessoes do Rodoviaras S.A. (CCR)	3.4%	3.3%
9	Santos Brasil Participacoes S.A	3.0%	3.0%
10	Gasco SA	2.3%	2.1%

Enquiries

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