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UEM/Int/12

UTILICO

UTILICO EMERGING MARKETS LIMITED

Report and accounts for the six months to 30 September 2012

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 1.375p each, representing an annualised yield of 3.5%.

Utilico Emerging Markets Limited's ("UEM") net asset value per ordinary share performed well in difficult markets achieving a loss of 0.4% on a total return basis when adding back dividends.

Since inception UEM's average annual compound total return is 11.4%.

UEM historic performance (total return)
from 31 March 2009 to 30 September 2012

Source: Utilico Emerging Markets Limited and Bloomberg

	Half-year 30 September 2012	Half-year 30 September 2011	Annual 31 March 2012	Half-year change % 2012
Total return[2]	(0.4%)	(11.9%)	3.1%	n/a
Annual compound total return (since inception)	11.4%	10.6%	12.3%	n/a
Net asset value per ordinary share	171.72p	152.83p	175.60p	(2.2)
Ordinary share price	159.00p	137.00p	164.00p	(3.0)
Discount	(7.4%)	(10.4%)	(6.6%)	n/a
Earnings per ordinary share (basic)				
– Capital	(4.13p)	(24.21p)	1.19p	n/a
– Revenue	3.37p	3.05p	4.12p	10.5[3]
– Total	(0.76p)	(21.16p)	5.31p	n/a
Dividends per ordinary share				
– 1st Quarter	1.375p	–	–	n/a
– 2nd Quarter	1.375p[4]	3.75p	3.75p	n/a
– 3rd Quarter	–	–	–	n/a
– 4th Quarter	–	–	1.75p	n/a
– Total	–	–	5.50p	n/a
Equity holders' funds (£m)	370.1	329.4	378.5	(2.2)
Gross assets (£m)[5]	387.0	341.6	382.9	1.1
Cash/ (overdraft) (£m)	2.7	2.6	(1.8)	n/a
Bank debt (£m)	(16.9)	(12.2)	(4.4)	284.1
Net cash/(debt) (£m)	(14.2)	(9.6)	(6.2)	129.0
Net debt gearing on gross assets	3.7%	2.8%	1.6%	n/a
Management and administration fees (£m)[6]	1.6	2.0	3.9	20.0[3]
Ongoing charges figure[7]	0.9%	1.0%	0.9%	n/a

(1) Historical performance can be found on page 25
(2) Total return is calculated based on NAV per share return plus dividends reinvested from the payment date
(3) Percentage change based on comparable six-month period to 30 September 2011
(4) The dividend declared has not been included as a liability in these accounts
(5) Gross assets less liabilities excluding loans
(6) Excluding performance fee, including other expenses
(7) Expressed as a % 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 ("NAV") per ordinary share has performed well in difficult markets with a loss of 0.4% on a total return basis, compared to the MSCI Emerging Markets Total Return Index (GBP adjusted) which fell by 2.6%.

Since inception, UEM has achieved an average annual compound total return of 11.4%. This is a creditable performance in the wider markets and underlines the strength of the opportunity for investors in the emerging markets.

Looking at the emerging markets in which UEM invests, Brazilian and Chinese main indices were down 8.3% and 7.8% over the six months. On top of this, Brazil reduced its interest rates significantly and as a result, the Brazilian Real to Sterling weakened substantially, down 12.4%. This presented significant headwinds to investors in these markets.

It is pleasing to see the revenue earnings per share ("EPS") at 3.37p, up 10.5% compared to the six months to 30 September 2011. In part, this is due to reduced expenses compared to last year, which included £0.3m cost of migration to the main market (£0.5m over the full year).

As set out in the annual report to 31 March 2012, the Company is able to declare dividends from capital. Last year's dividends of 5.50p were 74.9% covered by the EPS of 4.12p. Further, the Board decided last year to declare quarterly dividends going forward. To date, the Board has declared and paid a first quarterly dividend of 1.375p in September 2012 and will be paying a second quarterly dividend of 1.375p in December 2012, making a total for the half year of 2.75p. This is covered 1.23x by the interim EPS. On an annualised basis the two quarterly dividends are equal to a 3.5% yield on the 30 September 2012 share price of 159.00p.

During the six months UEM did not buy back any ordinary shares as the discount had narrowed since joining the FTSE 250 Index.

At the end of September 2012 UEM had drawn £16.9m of its £50.0m bank facility. This increased to £25.0m subsequent to the period end, as the Company invested ahead of expected good underlying company results, borne out of the firmer markets seen in October 2012. The Company has been selling into this strength towards the end of October and early November and reducing debt to £4.0m today.

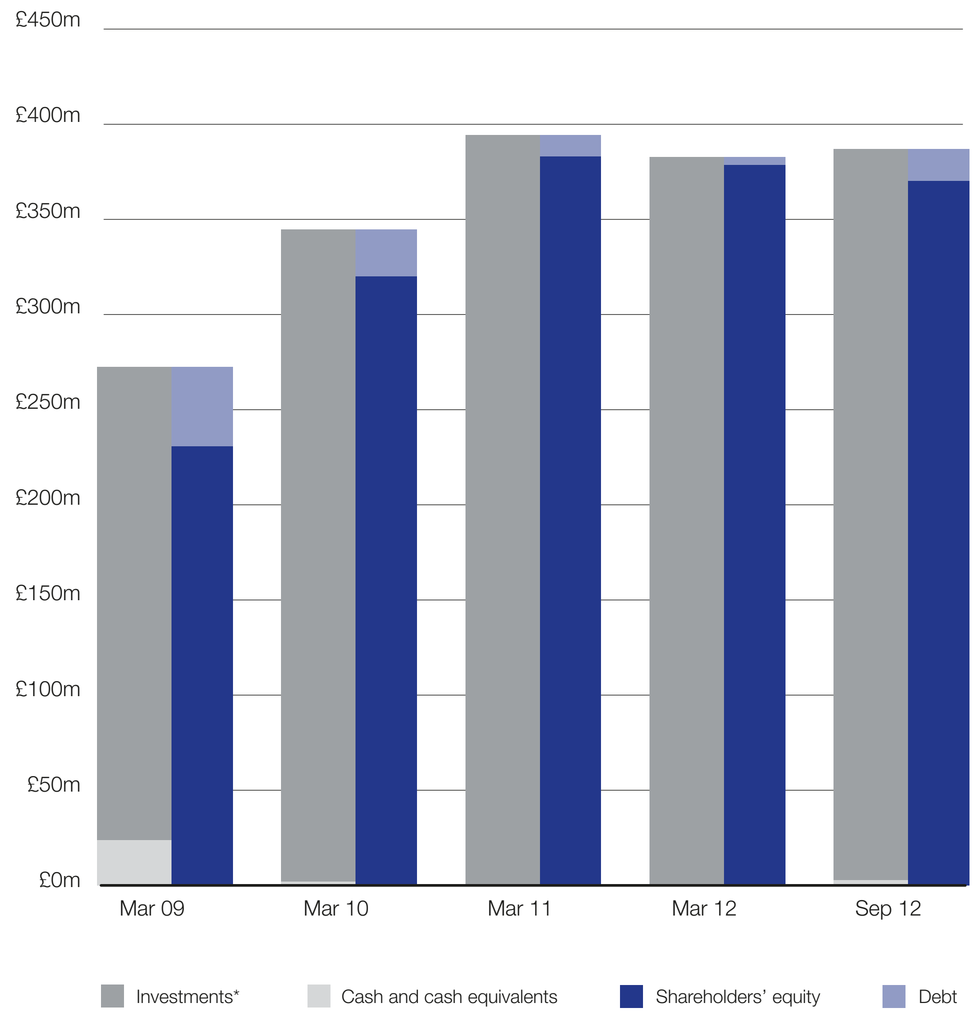
After the year end, the Board conducted a review of audit services and decided to tender them for the upcoming financial year. Following the tender process, KPMG Audit plc was appointed as auditor of UEM.

Outlook

The emerging economies are looking stronger as lower interest rates in Brazil and policy responses in China gain some traction. We expect further progress over the next six months. It is good to see most emerging economies' GDP growth rates remain in positive territory. We are about stock selection and that process is working well for investors.

Alexander Zagoreos
Chairman
20 November 2012

UEM capital structure
From 30 March 2009 to 30 September 2012

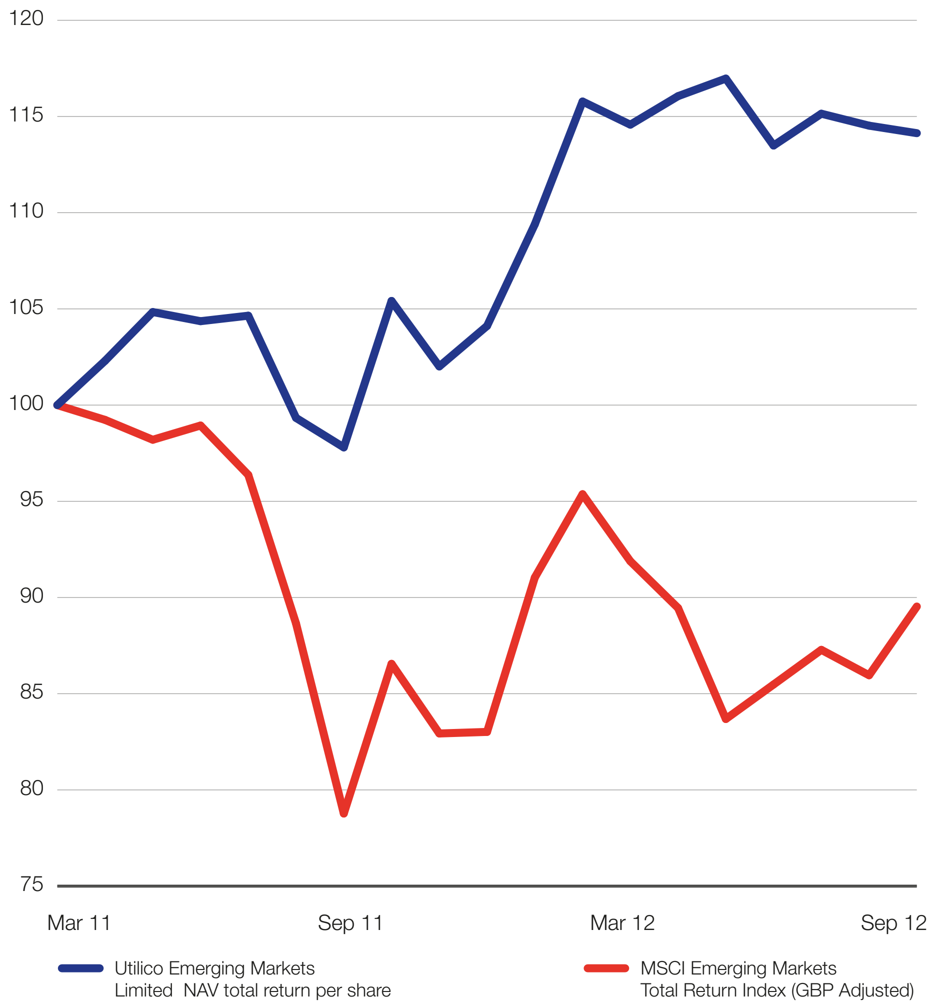


*gross assets less liabilities excluding cash and loans.

Source: Utilico Emerging Markets Limited

Comparative performance*

31 March 2011 to 30 September 2012



*GBP adjusted and rebased to 100 at 31 March 2011

Source: Utilico Emerging Markets Limited and Bloomberg

The six months to 30 September 2012 have been testing, with conflicting economic news. The overarching backdrop has been a consistent deterioration in economic outlook as measured by GDP. The world's governments have responded to this in a number of ways including quantitative easing in the West. The emerging economies have been stronger than those of the developed world and policy responses have been focused on reducing interest rates; reducing banking capital requirements; privatisations; and intervention. Against this background most emerging markets have been weak, currencies have deteriorated and certain sectors have been unsettled. Overall the MSCI Emerging Markets Total Return Index (GBP adjusted) is down 2.6%.

UEM's portfolio has reflected all the above stresses. In particular, UEM was impacted by the Chinese intervention into the toll road sector and by the Brazilian government's recent intervention in the power sector. In this demanding environment UEM's total return NAV held up well, registering a small loss of 0.4% over the six months. Over the last 18 months UEM's total return NAV is up 2.7%, outperforming the MSCI Emerging Markets Total Return Index (GBP adjusted) which is down 10.6%.

PORTFOLIO

UEM's gross assets increased by 1.1% from £382.9m to £387.0m reflecting, in the main, increased net debt from £6.2m to £14.2m.

The composition of the top ten holdings has again seen some movement. Infrastructure India plc which was 10th at the year end is now out of the top ten and China Gas Holdings Ltd is a new entrant at 9th, pushing Tractebel Energia S.A. into 10th.

▸ Eastern Water Resources PCL ("Eastern Water")

Eastern Water's share price is up 78.5%, an impressive performance, reflecting both recovery from the recent devastating floods in Thailand and also real progress in both pricing and operational performance. In the half year to June 2012, Eastern Water reported revenues up 12.3%, net profit up 40.6% and overall effective tariff increases of 9.5%. As a result of this significant share price increase UEM has been selling down.

▸ International Container Terminal Services Inc. ("ICT")

ICT continues to deliver strong results. The privatisation process being followed by the Philippine government has energised the Philippine economy and together with tariff increases in Manila and new port acquisitions across its international portfolio, ICT has delivered good results. In the first half year to June 2012, gross revenues were up 8.1% on the back of an 8.6% increase in container throughput. Net income was up 17.1% due to the growth in volumes and reduced financing charges. ICT's shares were up 8.3% in the six months. UEM has sold into this strength reducing its holding by nearly 20%.

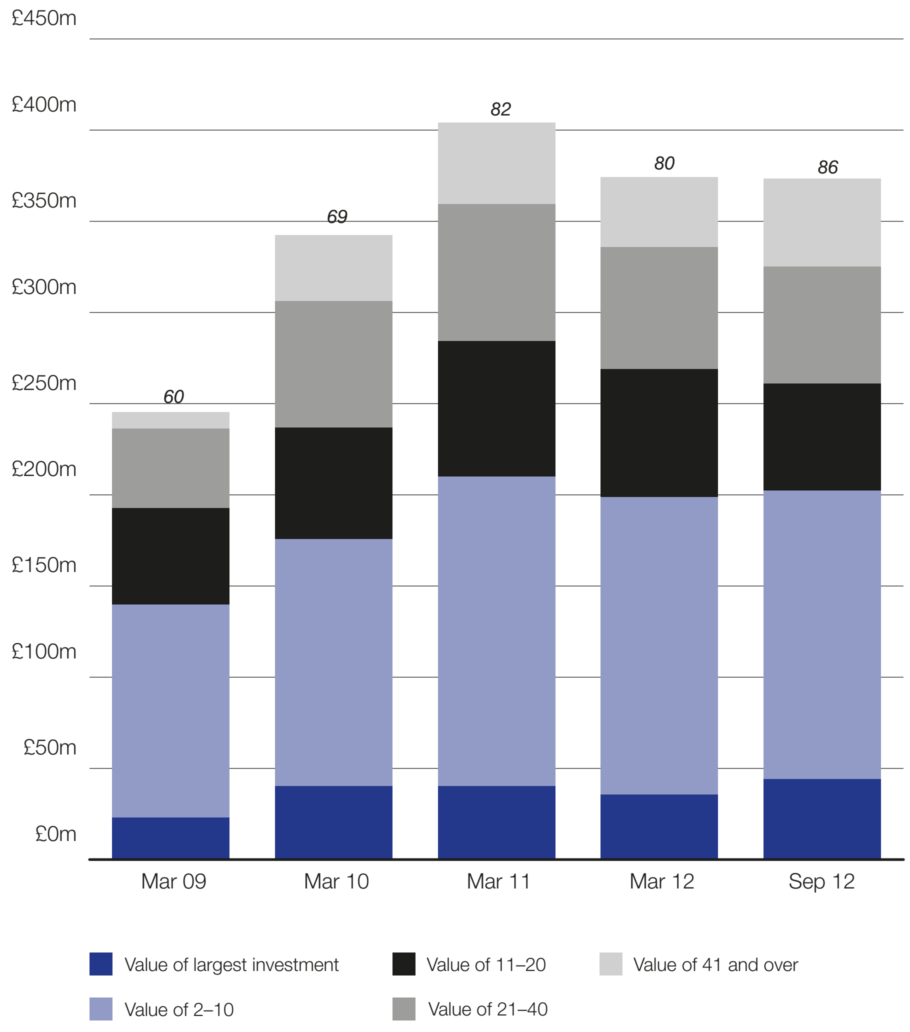
▸ Malaysia Airport Holdings Berhad ("MAHB")

MAHB has made progress over the last six months operationally. However, the main focus of both the management and the markets has been on the delivery of the new airport terminal, runway and office buildings. Not unexpectedly the shares have been weak and ended the six months down 7.1%. While we were sellers last year at higher levels, we remain firm holders. As MAHB delivers the new terminal and is able to extract the operational performance from this considerable investment, UEM will look for a stronger share price performance. In the nine months to 30 September 2012, MAHB has reported revenues up 14.3% and EBITDA up 6.5%.

▸ Ocean Wilsons Holdings Limited ("Ocean Wilsons")

Ocean Wilsons has been disappointing, with the share price down 17.1% to £9.70 in the six months ending 30 September 2012. The decision to sell

Portfolio progression and number of investments
From 30 March 2009 to 30 September 2012



Source: Utilico Emerging Markets Limited

32.4% of our holding in the first six months of last year at an average of £14.30 has worked well. Ocean Wilsons is well placed to participate both in the Brazilian offshore oil and gas industry and in the recovery in the world's economies. We would prefer to see better performance from their investment portfolio. At current valuations Ocean Wilsons is attractive. Reversing out the 58.3% it holds in Wilson & Sons, a Brazilian listed port operator, the investment portfolio is, in effect, valued at zero. We have recently added to our position on weakness.

▸ Companhia de Saneamento de Minas Gerais ("Copasa")

Copasa has reported revenues up 8.0% on stronger sewage sales but a decline of 14.0% of net profits, due to higher interest costs, reflecting the increased leverage. Its share price has weakened by 3.3%, reflecting wider weakness in the Brazilian markets. UEM has held its position through the six months.

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

AsiaSat has performed well in the six months, both in terms of its operations and its share price. The shares ended the six months at HK$22.00, up 15.8%. An offer of HK$23.50 from AsiaSat's two main shareholders lapsed in the six months under review, as it was rejected by the majority of the minority shareholders. For the six months to June 2012, underlying revenues and EBITDA were little changed compared to a year earlier but net profit was up 7.6% and the interim dividend was raised by 50%. We remain positive about AsiaSat's potential and its significant undervaluation. UEM has held its position through the six months.

▸ Companhia de Concessoes Rodoviarias S.A. ("CCR")

CCR has performed well and its share price is up 23.5% over the six months. Revenues for the six months to June 2012 increased by 12.7% with EBITDA up 15.7% and net income up 51.7%. UEM added to its holding in CCR during the period.

▸ Santos Brasil Participacoes S.A. ("Santos")

Santos has performed very well at an operational level and has stood out against the wider economy. It is a well-placed, well-managed Brazilian port operator in the Port of Santos and is the gateway for Sao Paulo, Brazil's commercial capital. For the nine months to 30 September 2012, gross revenues were up 16.6%, driven by a 12.8% increase in units handled within the ports. Notwithstanding this strong performance, the shares were down 9.8% over the six months as a result of wider concerns and market weakness in Brazil. Again UEM added modestly to its position over the six months.

▸ China Gas Holdings Ltd ("China Gas")

China Gas has been a good performer over the six months. China Gas is a major distribution company, with over 160 city gas projects, connecting 7.2m households to its network. In the year to March 2012 its revenues grew by 19.4% and EBITDA by 30.6%, driven by piped gas volume growth of 25.0%. Its share price has, in part, reflected this progress and is up 13.4%. UEM added to its holding on weakness over the six months.

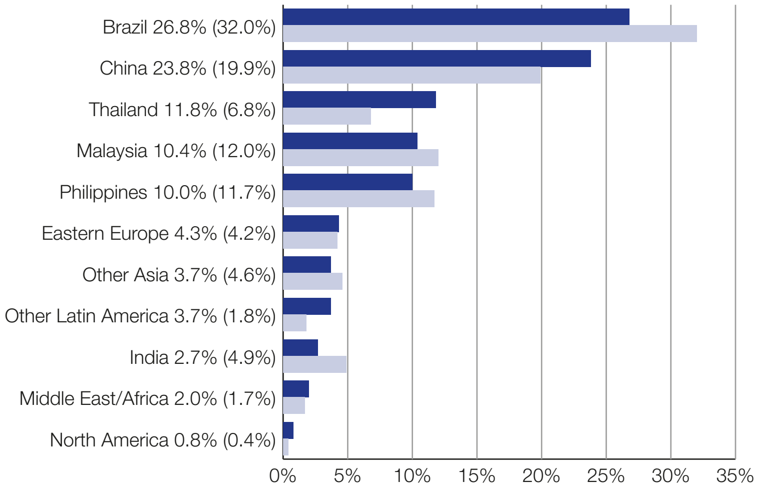
▸ Tractebel Energia S.A. ("Tractebel")

Tractebel has been disappointing. The shares ended down 12.7% at US$15.60 (UEM holds American Depository Receipts). This weakness reflects the Brazilian government's intervention in the wider power generation market. In overview the markets' expectation was that concessions would be extended on commercial terms including an adequate terminal value. However, the Brazilian government enacted MP579 which significantly impairs the value of the concession holders. Operators can either choose to allow their concessions to expire and revert to the state for a token amount or licenses can be renewed but with much lower tariffs which only compensate operational costs (ie no equity return). This resulted in significant mark downs

UTILICO EMERGING MARKETS LIMITED
SIX MONTHS TO 30 SEPTEMBER 2012

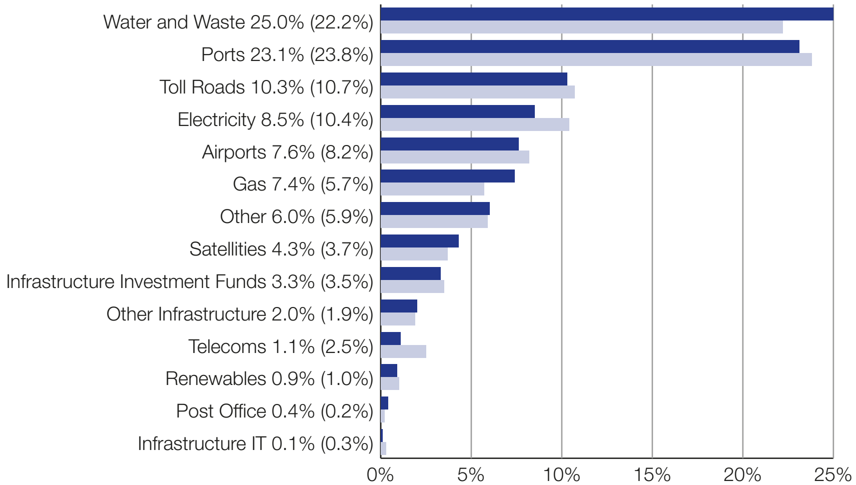
Geographical split of investments

As at 30 September 2012



Sectoral split of investments

As at 30 September 2012



September 2012 March 2012

Source: Utilico Emerging Markets Limited
Figures in brackets 31 March 2012

in share prices. Tractebel was caught up in this. The Brazilian government's motivation in this was to reduce energy prices by 80% and it is likely to achieve this in the short term. But the impact on investors will no doubt push up the risk free rate of return and as such the cost of capital. This will in our view undo much of the respect for Anel (the Brazilian regulator) who was well regarded. UEM reduced its holding by 7% and reinvested into other opportunities with less exposure to the ruling.

▸ Infrastructure India plc ("IIP")

IIP has been a poor performer, with its share price down 61.3% to 26.75p over the six months. Having participated in the repositioning of IIP and supported the change in management to Guggenheim, shareholders have been rewarded with poor management. IIP effectively ran out of cash twice and needed emergency funding. Guggenheim facilitated this both times, at a significant cost to other shareholders. In the process our investment has been significantly impacted. The shares today trade at 25.0p versus a rescue rights price of 33.0p. At 25.0p the shares stand at a 60.0% discount to their NAV. IIP has fallen from 10th to 23rd in the portfolio.

Portfolio General

Over the six months we invested £47.4m and realised £42.8m from sales. In the top ten we realised a net £9.6m or 4.9%.

Over the six months Brazil has reduced from 32.0% to 26.8% due to realisations and weakness in the power generation positions and China increased from 19.9% to 23.8% due to performance and further investment. Thailand nearly doubled to 11.8% from 6.8%, driven by Eastern Water.

Water and Waste increased to 25.0% from 22.2% helped by Eastern Water. Electricity reduced due to the impact of Brazil power generation.

Currency

Currency has continued to be a headwind. The Brazilian Real was down 12.4% adding to last year's reduction of 11.8%. The Indian Rupee was down 4.9% against Sterling, from its high in March 2012.

Market Hedging

There has been little change in the market hedging position over the six months to 30 September 2012. While we are concerned that the underlying fundamental challenges faced by the developed world economies are unresolved, it has been difficult to hedge these risks. Given we have invested in this position and the uncertainties are in sharper focus, UEM will maintain its hedge in the short term.

Bank Debt

Net debt increased from £6.2m at 31 March 2012 to £14.2m as at 30 September 2012. This was drawn £3.5m in Sterling, £3.7m in US Dollars and £7.0m in Euros, with £2.7m of cash and cash equivalents. Since the end of the half year the bank debt peaked at £25.0m as a result of investments and has now reduced to £4.0m as a number of positions were sold into the firming markets. UEM has a £50.0m facility with Scotiabank Europe plc.

Revenue returns

Revenue income was in line with the previous half year at £8.8m. This represents an average portfolio yield of some 4.7% on an annualised basis. However, "Other expenses" are down significantly, as the one off migration costs associated with moving to the main market of the London Stock Exchange are not repeated. Further, the finance costs are significantly lower due to lower borrowings through the period. Taxation remains unchanged.

The net effect of the maintained earnings versus lower costs, saw the revenue return profit increase by £0.7m or 10.3% to £7.3m.

In turn the EPS increased by 10.5% to 3.37p. This is pleasing in difficult times.

The ongoing charges figure reduced to 0.9%. UEM has consistently focused on this aspect, as high costs undermine long term returns.

Capital Returns

The portfolio losses of £6.1m and losses on derivatives of £2.2m reflect in part weakness in the emerging markets and strength in the US markets.

Management fees in the period to 30 September 2011 were reduced by a gain arising on the settlement of the performance fee for the year to 31 March 2011, which was settled in part by buying shares in the market at a discount, giving rise to a gain of £270,000. Adding this back the management fees at the interim stage are largely unchanged. The finance costs were down and taxation was also marginally down. The net effect of all the above is capital return losses of £8.9m. This translated into a loss per share of 4.13p.

Buybacks

The Company did not buy back any shares in the six months under review.

ICM Limited
20 November 2012

30 Sep 2012	31 Mar 2012	**Company** *Country*	Fair value £'000s	% of total investments
1	*(4)*	**Eastern Water Resources PCL** *(Thailand)* Water treatment and supply	44,081	11.8%
2	*(1)*	**International Container Terminal Services, Inc.** *(Philippines)* Global container port operator	32,124	8.6%
3	*(2)*	**Malaysia Airport Holdings Berhad** *(Malaysia)* Airport operator	24,748	6.6%
4	*(3)*	**Ocean Wilsons Holdings Limited** *(Brazil)* Port operator, provider of shipping services and investment fund	23,078	6.2%
5	*(5)*	**Companhia de Saneamento de Minas Gerais** *(Brazil)* Water treatment and supply	21,111	5.6%
6	*(7)*	**Asia Satellite Telecommunications (Holdings) Limited** *(China)* Satellite operator	13,130	3.5%
7	*(8)*	**Companhia de Concessoes Rodoviarias S.A.** *(Brazil)* Toll road operator	12,756	3.4%
8	*(6)*	**Santos Brasil Participacoes S.A.** *(Brazil)* Port operator	11,819	3.2%
9	–	**China Gas Holdings Ltd** *(China)* Gas distribution	10,361	2.8%
10	(9)	**Tractebel Energia S.A** *(Brazil)* Electricity generation	9,245	2.5%
		Other investments	170,755	45.8%
		Total Portfolio	373,208	100.0%

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 Company include:

- Inappropriate long-term investment strategy
- Inappropriate asset allocation
- Excessive gearing
- Loss of management personnel.

The Board reported on the principal risks and uncertainties faced by the Company 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 2012. 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 published on the Company's website, www.uem.bm

Related Party Transactions

There has been no change in related party relationships and no significant changes to related party transactions post 31 March 2012. Details of the fees paid to the Investment Manager are set out in note 2 to the Notes to the Accounts.

There has been no change in the Directors in the period under review; the current Directors of the Company are listed on page 24 of this Report. The Directors continue to receive their remuneration in the form of shares in the Company.

UTILICO EMERGING MARKETS LIMITED
SIX MONTHS TO 30 SEPTEMBER 2012

The Disclosure and Transparency Rules ("DTR") 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:

i) the condensed set of financial statements contained within the report for the six months to 30 September 2012 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; and

ii) 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 DTR.

The half yearly financial report was approved by the Board on 20 November 2012 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

Notes		Six months to 30 September 2012 Revenue return £'000s	Six months to 30 September 2012 Capital return £'000s	Six months to 30 September 2012 Total return £'000s	Six months to 30 September 2011 Revenue return £'000s	Six months to 30 September 2011 Capital return £'000s	Six months to 30 September 2011 Total return £'000s	Year to 31 March 2012 Revenue return £'000s	Year to 31 March 2012 Capital return £'000s	Year to 31 March 2012 Total return £'000s
	(Losses)/gains on investments	–	(6,050)	(6,050)	–	(51,855)	(51,855)	–	9,404	9,404
	(Losses)/gains on derivative instruments	–	(2,209)	(2,209)	–	617	617	–	(3,248)	(3,248)
	Exchange losses	(53)	(9)	(62)	–	(215)	(215)	–	(475)	(475)
	Investment and other income	8,844	–	8,844	8,805	–	8,805	12,710	–	12,710
	Total income	8,791	(8,268)	523	8,805	(51,453)	(42,648)	12,710	5,681	18,391
2	Management and administration fees	(420)	(683)	(1,103)	(401)	(420)	(821)	(777)	(1,049)	(1,826)
	Other expenses	(511)	(13)	(524)	(930)	(12)	(942)	(1,758)	(29)	(1,787)
	Profit/(loss) before finance costs and taxation	7,860	(8,964)	(1,104)	7,474	(51,885)	(44,411)	10,175	4,603	14,778
	Finance costs	(62)	(145)	(207)	(304)	(710)	(1,014)	(560)	(1,307)	(1,867)
	Profit/(loss) before taxation	7,798	(9,109)	(1,311)	7,170	(52,595)	(45,425)	9,615	3,296	12,911
3	Taxation	(528)	202	(326)	(580)	312	(268)	(723)	(729)	(1,452)
	Profit/(loss) for the period	7,270	(8,907)	(1,637)	6,590	(52,283)	(45,693)	8,892	2,567	11,459
4	**Earnings per ordinary share - pence**	3.37	(4.13)	(0.76)	3.05	(24.21)	(21.16)	4.12	1.19	5.31

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

The supplementary revenue return 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 for the year and therefore the 'profit for the year' is also the 'total comprehensive income for the year', as defined in International Accounting Standard 1 (revised).

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the Company. There are no non-controlling interests.

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: Capital reserves £'000s	Retained earnings: Revenue reserve £'000s	Total £'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 six months to 30 September 2011	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Other non-distributable reserve £'000s	Retained earnings: Capital reserves £'000s	Retained earnings: Revenue reserve £'000s	Total £'000s
	Balance at 31 March 2011	21,860	12,136	204,587	11,093	128,906	4,569	383,151
	(Loss)/profit for the period	–	–	–	–	(52,283)	6,590	(45,693)
5	Ordinary dividend paid	–	–	–	–	–	(3,125)	(3,125)
	Shares and warrants purchased by the Company	(307)	(4,626)	–	–	–	–	(4,933)
	Balance at 30 September 2011	21,553	7,510	204,587	11,093	76,623	8,034	329,400

Notes	for the year to 31 March 2012	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Other non-distributable reserve £'000s	Retained earnings: Capital reserves £'000s	Retained earnings: Revenue reserve £'000s	Total £'000s
	Balance at 31 March 2011	21,860	12,136	204,587	11,093	128,906	4,569	383,151
	Profit for the year	–	–	–	–	2,567	8,892	11,459
5	Ordinary dividends paid	–	–	–	–	–	(11,207)	(11,207)
	Shares and warrants purchased by the Company	(307)	(4,626)	–	–	–	–	(4,933)
	Balance at 31 March 2012	21,553	7,510	204,587	11,093	131,473	2,254	378,470

UNAUDITED CONDENSED GROUP BALANCE SHEET

Notes		30 September 2012 £'000s	30 September 2011 £'000s	31 March 2012 £'000s
	Non-current assets			
	Investments	**373,208**	337,705	374,169
	Current assets			
	Other receivables	**6,683**	6,155	9,641
	Derivative financial instruments	**7,386**	–	6,836
	Cash and cash equivalents	**2,701**	4,189	387
		16,770	10,344	16,864
	Current liabilities			
	Bank loans	**–**	(12,197)	–
	Other payables	**(834)**	(4,142)	(3,849)
	Derivative financial instruments	**–**	(746)	(1,925)
		(834)	(17,085)	(5,774)
	Net current assets/(liabilities)	**15,936**	(6,741)	11,090
	Total assets less current liabilities	**389,144**	330,964	385,259
	Non-current liabilities			
	Bank loans	**(16,863)**	–	(4,381)
	Deferred tax	**(2,183)**	(1,564)	(2,408)
	Net assets	**370,098**	329,400	378,470
	Equity attributable to equity holders			
6	Ordinary share capital	**21,553**	21,553	21,553
	Share premium account	**7,510**	7,510	7,510
	Special reserve	**204,587**	204,587	204,587
	Other non-distributable reserve	**11,093**	11,093	11,093
	Capital reserves	**121,214**	76,623	131,473
	Revenue reserve	**4,141**	8,034	2,254
	Total attributable to equity holders	**370,098**	329,400	378,470
	Net asset value per ordinary share			
7	Basic - pence	**171.72**	152.83	175.60

UNAUDITED CONDENSED GROUP STATEMENT OF CASH FLOWS

Notes		Six months to 30 September 2012 £'000s	Six months to 30 September 2011 £'000s	Year to 31 March 2012 £'000s
8	Cash flows from operating activities	**(1,214)**	9,609	21,435
	Cash flows from investing activities	**–**	–	–
	Cash flows before financing activities	**(1,214)**	9,609	21,435
	Financing activities:			
	Ordinary dividends paid	**(6,735)**	(3,125)	(11,207)
	Movements from loans	**12,499**	1,452	(6,058)
	Cost of ordinary shares purchased	**–**	(4,933)	(4,933)
	Cash flows from financing activities	**5,764**	(6,606)	(22,198)
	Net movement in cash and cash equivalents	**4,550**	3,003	(763)
	Cash and cash equivalents at the beginning of the period	**(1,773)**	(742)	(742)
	Effect of movement in foreign exchange	**(76)**	297	(268)
	Cash and cash equivalents at the end of the period	**2,701**	2,558	(1,773)
	Comprised of:			
	Cash	**2,701**	4,189	387
	Bank overdraft	**–**	(1,631)	(2,160)
	Total	**2,701**	2,558	(1,773)

UTILICO EMERGING MARKETS LIMITED
SIX MONTHS TO 30 SEPTEMBER 2012

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 2012. 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 2012, 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 period, 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.

When applicable, half of the performance fee is payable in cash and half in ordinary shares of the Company, based on the diluted NAV per share at the year end. The full performance fee is payable to ICM as soon as practicable following the year end date in order to reduce the risk to the Company of material movements in the price of ordinary shares between the year end date and the date of payment. Any subsequent adjustment to the fee arising out of the audit process will be paid to or recouped from ICM in cash within 7 days of the publication of the Report and Accounts. For the year to 31 March 2013, a performance fee will be paid if the Company's NAV total return outperforms its performance hurdle. Assuming a 7.00% benchmark rate, and no capital events, the NAV (including dividends paid during the year) would need to exceed 187.89p at 31 March 2013 for a performance fee to be payable. The net asset value must also exceed the high watermark established when the performance fee was last paid (at 31 March 2011), adjusted for capital events and dividends paid since that date. The high watermark, as adjusted, was 170.29p at 31 March 2012. For the period ended 30 September 2012 the attributable shareholders' funds were below the high watermark and therefore no performance fee has been accrued.

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 £528,000 (30 September 2011: £580,000 and 31 March 2012: £723,000) relates to overseas taxation. The capital return taxation income of £202,000 (30 September 2011: income of £312,000 and 31 March 2012: charge of £729,000) relates to Brazilian overseas investment taxation, 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 2012 are not subject to Bermuda tax.

4. EARNINGS PER ORDINARY SHARE

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

	Six months to 30 Sep 2012 £'000s	Six months to 30 Sep 2011 £'000s	Year to 31 Mar 2012 £'000s
Revenue	**7,270**	6,590	8,892
Capital	**(8,907)**	(52,283)	2,567
Total	**(1,637)**	(45,693)	11,459
	Number	Number	Number
Weighted average number of ordinary shares in issue during the period for basic earnings per share calculations	**215,528,793**	215,991,319	215,760,056

5. DIVIDENDS

	Record date	Payment date	**Six months to 30 Sep 2012 £'000s**	Six months to 30 Sep 2011 £'000s	Year to 31 Mar 2012 £'000s
2011 Final of 1.45p	01 Jul 11	15 Jul 11	**–**	3,125	3,125
2012 Interim of 3.75p	02 Dec 11	16 Dec 11	**–**	8,082	8,082
2012 Final of 1.75p	22 Jun 12	06 Jul 12	**3,772**	–	–
2013 First quarterly Interim of 1.375p	24 Aug 12	07 Sep 12	**2,963**	–	–
			6,735	11,207	11,207

The Directors have declared a second quarterly interim dividend in respect of the year to 31 March 2013 of 1.375p per ordinary share payable on 14 December 2012 to shareholders on the register at close of business on 30 November 2012. The total cost of this dividend, which has not been accrued in the results for the six months to 30 September 2012, is £2,963,000 based on 215,528,793 ordinary shares in issue at the date of this report.

6. ORDINARY SHARE CAPITAL

	Authorised number	£'000s	Issued and fully paid Number	£'000s
Equity share capital:				
Unissued ordinary shares of 10p	67,219,100	27,524	–	–
Issued ordinary shares of 10p each				
Balance at 31 March 2012 and 30 September 2012	1,074,767,809	107,477	215,528,793	21,553
Balance at 31 March 2012 and 30 September 2012	**1,141,986,909**	**135,001**	**215,528,793**	**21,553**

Ordinary shares

No ordinary shares have been bought back since the end of the period under review.

7. NET ASSET VALUE PER ORDINARY SHARE

Net asset value per ordinary share is based on net assets at the period end of £370,098,000 (30 September 2011: £329,400,000 and 31 March 2012: £378,470,000) and on 215,528,793 ordinary shares in issue at the period end (30 September 2011: 215,528,793 and 31 March 2012: 215,528,793).

8. RECONCILIATION OF LOSS BEFORE TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	30 Sep 2012 £'000s	30 Sep 2011 £'000s	31 Mar 2012 £'000s
Profit before taxation	**(1,311)**	(45,425)	12,911
Adjust for non-cash flow items:			
Losses/(gains) on investments	**6,050**	51,855	(9,404)
Losses/(gains) on derivative financial instruments	**2,209**	(617)	3,248
Exchange losses	**62**	215	475
Effective yield interest	**(591)**	(119)	(585)
Decrease in accrued income	**64**	1,082	1,158
Increase/(decrease) in creditors	**9**	(6,089)	(6,407)
Increase in other debtors	**(31)**	(6)	(31)
Tax on overseas income	**(652)**	(688)	(787)
	7,120	45,633	(12,333)
Adjust for cash flow items not within Income Statement			
Taxation on capital gains	**–**	(145)	(449)
Overseas investment tax	**–**	(118)	(149)
Net cash flows on investments	**(5,685)**	9,684	38,418
Net cash flows on derivative financial instruments	**(4,684)**	(20)	(9,543)
Net cash flows on margin accounts	**3,346**	–	(7,420)
	(7,023)	9,401	20,857
Net cash flows from operating activities	**(1,214)**	9,609	21,435

9. 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.

10. 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 2012; the report of the auditors thereon was unqualified. The condensed financial statements shown above for the year ended 31 March 2012 are an extract from those accounts.

UTILICO EMERGING MARKETS LIMITED
Company Registration Number: 36941
www.uem.bm

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Kevin O'Connor (Deputy Chairman)
Garry Madeiros OBE
Anthony Muh

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The Company is listed on the main market for listed securities of the London Stock Exchange.
The Company currently operates a Dividend Reinvestment Plan. Please contact the Registrar for an application form if you wish to participate.

	30 September 2012	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008	31 March 2007	31 March 2006[(2)]	20 July 2005[(3)]	Half-year change % 2012	Change % 2012/11	Change % 2011/10	Change % 2010/09	Change % 2009/08	Change % 2008/07	Change % 2007/06	Change % 2006/05
Total return[(1)]	(0.4%)	3.1%	21.4%	44.0%	(28.9%)	16.3%	22.4%	18.2%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Annual compound total return (since inception)	11.4%	12.3%	13.8%	13.7%	5.9%	24.5%	28.4%	32.2%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Undiluted net asset value per ordinary share	171.72p	175.60p	175.28p	157.33p	107.76p	168.39p	146.45p	119.48p	98.36p	(2.2)	0.2	11.4	46.0	(36.0)	15.0	22.6	21.5
Diluted net asset value per ordinary share	171.72p	175.60p	175.28p	148.37p	106.51p	157.20p	138.80p	116.23p	98.36p[(4)]	(2.2)	0.2	18.1	39.3	(32.2)	13.3	19.4	18.2
Ordinary share price	159.00p	164.00p	157.75p	132.00p	95.50p	153.75p	137.25p	126.00p	100.00p	(3.0)	4.0	19.5	38.2	(37.9)	12.0	8.9	26.0
(Discount)/premium[(4)]	(7.4%)	(6.6%)	(10.0%)	(11.0%)	(10.3%)	(2.2%)	(1.1%)	8.4%	1.7%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Earnings per ordinary share (basic)																	
– Capital	(4.13p)	1.19p	25.63p	48.57p	(60.28p)	17.89p	34.19p	19.50p	n/a	n/a	(95.4)	(47.2)	n/a	n/a	(47.7)	75.3	n/a
– Revenue	3.37p	4.12p	5.61p	4.67p	5.08p	5.24p	2.96p	1.62p	n/a	n/a	(26.6)	20.1	(8.1)	(3.1)	77.0	82.7	n/a
– Total	(0.76p)	5.31p	31.24p	53.24p	(55.20p)	23.13p	37.15p	21.12p	n/a	n/a	(83.0)	(41.3)	n/a	n/a	(37.7)	75.9	n/a
Dividends per ordinary share																	
– 1st Quarter	1.375p	–	–	–	–	–	–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
– 2nd Quarter	1.375p[(5)]	3.75p	3.75p	3.75p	4.00p	3.50p	2.00p	–	n/a	n/a	–	–	(6.3)	14.3	75.0	n/a	n/a
– 3rd Quarter	–	–	–	–	–	–	–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
– 4th Quarter	–	1.75p	1.45p	1.05p	0.80p	1.30p	0.70p	1.50p	n/a	n/a	n/a	38.1	31.3	(38.5)	85.7	(53.3)	n.a
– Total	–	5.50p	5.20p	4.80p	4.80p	4.80p	2.70p	1.50p	n/a	n/a	5.8	8.3	–	–	77.8	80.0	n/a
Equity holders' funds (£m)	370.1	378.5	383.2	319.9	230.7	359.5[(7)]	241.6[(6)]	89.7	73.8	(2.2)	(1.2)	19.8	38.7	(35.8)	48.8	169.4	n/a
Gross assets (£m)[(8)]	387.0	382.9	393.4	344.5	272.5	441.3[(7)]	288.6[(6)]	107.2	73.8	1.1	(2.7)	14.2	26.4	(38.3)	52.9	169.2	n/a
Cash/(overdraft) (£m)	2.7	(1.8)	(0.7)	2.0	24.1	11.9	19.9	1.2	–	n/a	n/a	n/a	(91.7)	102.5	(40.2)	n/a	n/a
Bank debt (£m)	(16.9)	(4.4)	(10.2)	(24.7)	(41.8)	(79.9)	(45.0)	(17.5)	–	284.1	(56.9)	(58.7)	(40.9)	(47.7)	77.5	157.2	n/a
Net debt (£m)	(14.2)	(6.2)	(10.9)	(22.7)	(17.7)	(68.0)	(25.1)	(16.3)	–	129.0	(43.1)	(52.0)	28.2	(74.0)	170.9	54.0	n/a
Net debt gearing on gross assets	3.7%	1.6%	2.8%	6.6%	6.5%	15.5%	8.8%	15.2%	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Management and administration fees (£m)																	
– excluding performance fee	1.6	3.9	3.1	2.5	2.7	3.1	2.1	0.8	–	n/a	25.8	24.0	(7.4)	(12.9)	47.6	n/a	n/a
– including performance fee	1.6	3.6	9.6	2.5	2.7	6.5	9.2	3.0	–	n/a	–	n/a	n/a	n/a	n/a	n/a	n/a
Ongoing Charges figure[(9)]																	
– excluding performance fee	0.9%	0.9%	0.8%	0.8%	0.7%	0.8%	0.9%	0.9%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
– including performance fee	0.9%	0.9%	2.5%	0.8%	0.7%	1.7%	4.0%	3.4%	n/a	n/a	n/a	n/a	n/a	n/a	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) Based on diluted net asset value
(5) The dividend declared has not been included as a liability in these accounts
(6) Includes the £100.0m fund raising in May 2006
(7) Includes the £85.0m fund raising in December 2007
(8) Gross assets less liabilities excluding loans
(9) Expressed as a % 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