

**UTILICO EMERGING MARKETS LIMITED**  
Report and accounts  
for the six months to 30 September 2009

**To provide long-term capital appreciation by investing predominantly in infrastructure, utility and related sectors mainly in emerging markets.**

The six months to 30 September 2009 have seen one of the strongest recoveries in world equity markets since the Second World War. Whilst a recovery was expected, its strength and breadth has been surprising. UEM's portfolio has benefited from this and the undiluted NAV per ordinary share has risen from 107.76p to 140.35p, a gain of 30.2%.

#### UEM historic performance

From 20 July 2005 to 30 September 2009



Source: Utilico Emerging Markets Limited

	Half-year 30 Sep 09	Half-year 30 Sep 08	Annual 31 Mar 09	Half-year change % 2009
Undiluted net asset value per ordinary share	140.35p	133.37p	107.76p	30.2
Diluted net asset value per ordinary share	133.82p	127.98p	106.51p	25.6
Ordinary share price	124.50p	117.25p	95.50p	30.4
(Discount)/Premium <sup>(2)</sup>	(7.0%)	(8.4%)	(10.3%)	n/a
Earnings per ordinary share (basic)				
– Capital	30.04p	(37.79p)	(60.28p)	n/a
– Revenue	3.26p	4.18p	5.08p	(22.0)
– Total	33.30p	(33.61p)	(55.20p)	n/a
Dividends per ordinary share				
– Interim	3.75p <sup>(3)</sup>	4.00p	4.00p	(6.3)
– Final	n/a	n/a	0.80p	n/a
– Total	n/a	n/a	4.80p	n/a
Equity holders' funds (£m)	299.0	285.5	230.7	29.6
Gross assets (£m) <sup>(4)</sup>	299.0	368.3	272.5	9.7
Cash (£m)	18.9	4.5	24.1	(21.6)
Bank debt (£m)	–	82.8	41.8	(100.0)
Net (debt)/cash (£m)	18.9	(78.3)	(17.7)	n/a
Net debt gearing on gross assets	n/a	21.3%	6.5%	n/a
Management and administration fees (£m) <sup>(5)</sup>	1.2	1.5	2.7	n/a
Total expense ratio <sup>(6)</sup>	0.8%	0.8%	0.7%	n/a

(1) Historical performance can be found on pages 26 and 27.

(2) Based on diluted net asset value.

(3) The dividend declared has not been included as a liability in these accounts.

(4) Gross assets less liabilities excluding loans.

(5) Including other expenses.

(6) Annualised management and administration fees over average gross assets.

The six months to 30 September 2009 have seen one of the strongest recoveries in world equity markets since the Second World War. Whilst a recovery was expected, its strength and breadth has been surprising. Utilico Emerging Market Limited's ("UEM") portfolio has benefited from this and the undiluted net asset value ("NAV") per ordinary share has risen from 107.76p to 140.35p, a gain of 30.2%.

Throughout the six months, the Investment Manager has remained market neutral and as a result fully invested. While the drivers of the improvement in asset values are well understood and expected, concern remains over the downside risk. In order to better control risk, the Investment Manager has continued to maintain only a modest exposure to the higher risk economies of Eastern Europe. In addition debt has been reduced over the six months to nil from £41.8m at the start of the half year.

This has been a challenging environment for investors. All markets have moved substantially. The Bovespa (Brazilian Stock Exchange main index) improved by 50.3%, the Hang Seng Index by 54.4% and the Kuala Lumpur Composite Index by 37.8%. Currencies have remained volatile. The Brazilian Real to Sterling exchange rate improved by 17.6% but the Sterling to US Dollar exchange rate fell by 10.4%. Commodities have moved as well with oil rising by 42.2% to \$70.61 over the six months.

These markets have been driven by a swing away from the US Dollar and its perceived safe haven nature and into higher risk and reward assets. In particular, investors have driven up values in commodities, mining companies and financials. UEM's asset focus on utilities and infrastructure assets have lagged behind the markets as investors have focused on higher risk and reward investments.

As anticipated, UEM's earnings have fallen primarily as a result of the decreased leverage. The cost of gearing (interest) is 70% capitalised to the capital account allowing the increased income on a geared basis to fall through to the earnings per ordinary share ("EPS"). The interim EPS of 3.26p represents 78.0% of the comparable period's EPS. The Board recognises that a number of shareholders attach significant value to the dividends paid by UEM and has therefore utilised the revenue reserves brought forward and declared an interim dividend of 3.75p (prior year 4.00p).

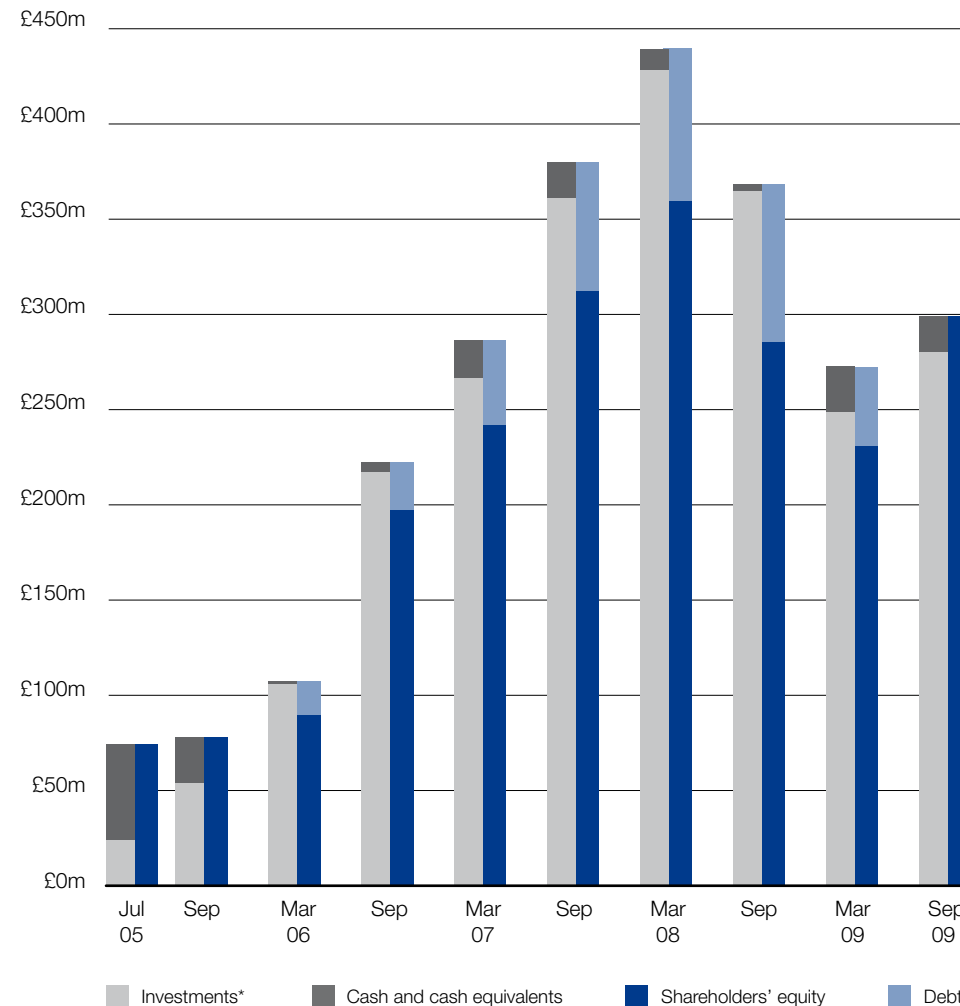
The Investment Manager has continued to monitor the share price discount and bought back 1,150,000 ordinary shares during the six months at an average price of 112.28p, with discounts ranging from 10.4% to 10.5% at the time of purchase. UEM's ordinary share price ended the half year at 124.50p a discount of 7.0% to the diluted NAV per share.

**OUTLOOK**

The sense that the worst is over still remains. Recovery has returned to a number of markets and we continue to be cautiously optimistic over the long term, whilst over the short term we believe set backs are likely to occur. The end of supportive measures will in itself re-introduce stresses and the markets' reaction to this is difficult to determine. Overall we remain confident about the outlook for emerging markets.

Alexander Zagoreos  
Chairman  
December 2009

**UEM capital structure**  
From 20 July 2005 to 30 September 2009



\*gross assets less liabilities excluding cash and loans.

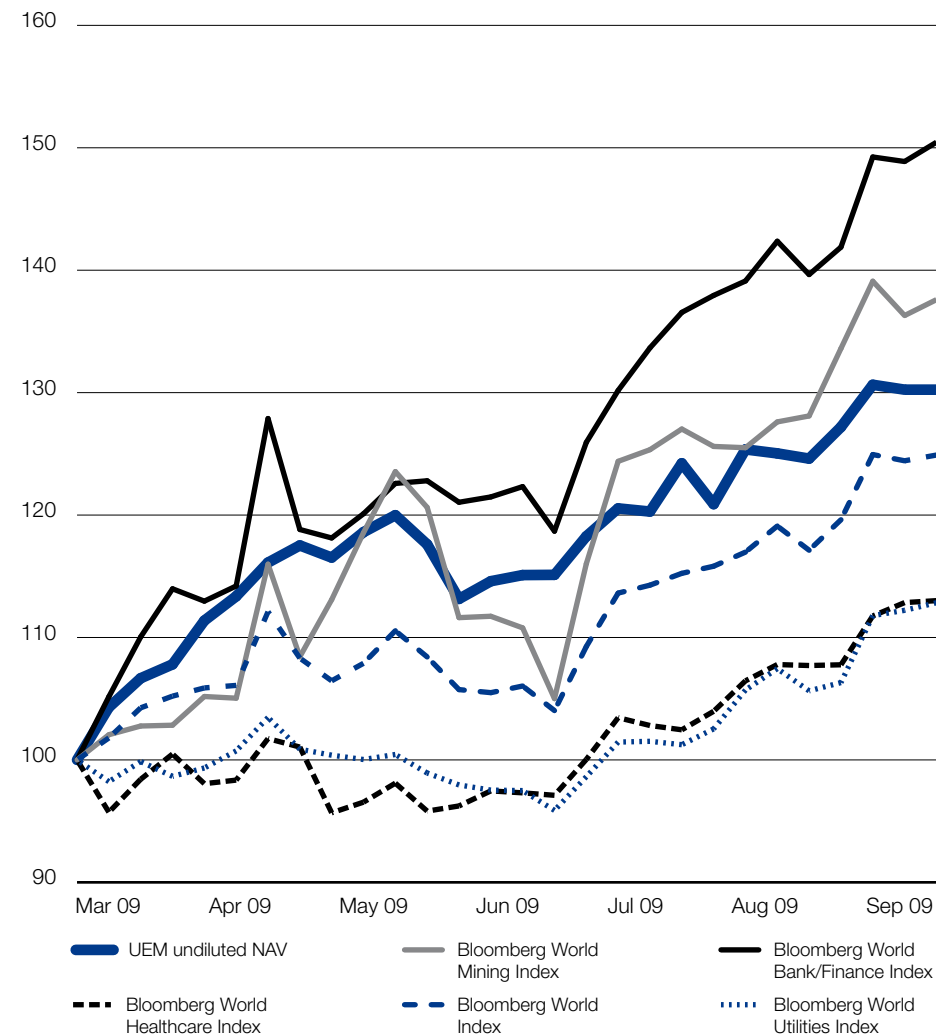
Source: Utilico Emerging Markets Limited

	March 09 to Sep 09 % change	Price earnings ratio 2009
Bloomberg World Index	24.9%	18.2x
Bloomberg World Utilities Index	12.8%	13.5x
<b>Utilities Underperformance</b>	<b>(12.1%)</b>	<b>(25.8%)</b>
Hang Seng Index	54.4%	17.5x
Hang Seng Utilities Index	9.9%	17.5x
<b>Utilities Underperformance</b>	<b>(44.4%)</b>	<b>0.0%</b>
Bovespa Index	50.3%	16.9x
Bovespa Electric Energy Index	33.5%	10.0x
<b>Utilities Underperformance</b>	<b>(16.9%)</b>	<b>(40.8%)</b>
FTSE All-Share Index	32.8%	14.5x
FTSE All-Share Utilities Index	9.7%	10.9x
<b>Utilities Underperformance</b>	<b>(23.1%)</b>	<b>(24.8%)</b>
S&P500 Index	32.5%	17.6x
S&P500 Utilities Index	14.2%	12.7x
<b>Utilities Underperformance</b>	<b>(18.3%)</b>	<b>(27.8%)</b>

Source: Bloomberg

**Bloomberg Indices Performance\***

From 31 March 2009 to 30 September 2009



\*rebased to 100 at 31 March 2009

Source: Bloomberg

The six months to 30 September 2009 have seen a continued recovery in asset values. A key feature of this recovery has been the appreciation of most asset classes, commodities, equities and more recently property. This has been driven by an exit from the US Dollar (resulting in its weakness) into higher risk assets. The flow of capital has moved both exchange rates and asset values, and as a consequence emerging markets have benefited strongly.

The impact on UEM has been positive. The undiluted cum income NAV per share rose from 107.76p to 140.35p. Adding back the final dividend of 0.80p, the total return was 31.0%. Taking into account dividends paid, the average compound annual return since UEM's launch in August 2005 has been 11.8%.

UEM's performance over the six months has lagged behind the wider emerging markets. The key driver of this is the underperformance of the infrastructure and utility markets. Set out on page 4 is a selection of indices showing both the total index performance and the performance of its respective utility component index. In each case, it can be seen that utility sectors have underperformed in the six months, in both emerging and developed markets as investors focus on more cyclical sectors in order to take advantage of the economic recovery. This has left the utility sector at discounts to the wider markets. Investors in mining, commodities and financials have achieved much better returns than investors in the healthcare, infrastructure and utilities sectors, as can be seen on the graph on page 5.

**PORTFOLIO**

UEM's gross assets increased to £299.0m from £272.5m arising from a gain on investments of £69.1m offset in the main by debt reduction. The top ten investments have seen further changes over the

six months. POS Malaysia ("POSM") and Comanche are no longer in the top ten. POSM reduced as a result of a substantial realisation, whereas the value of Comanche was written down. They were replaced by Companhia Saneamento de Basico do Estado de Sao Paulo ("SABESP") and Xiniao Gas Holdings Limited ("Xiniao Gas").

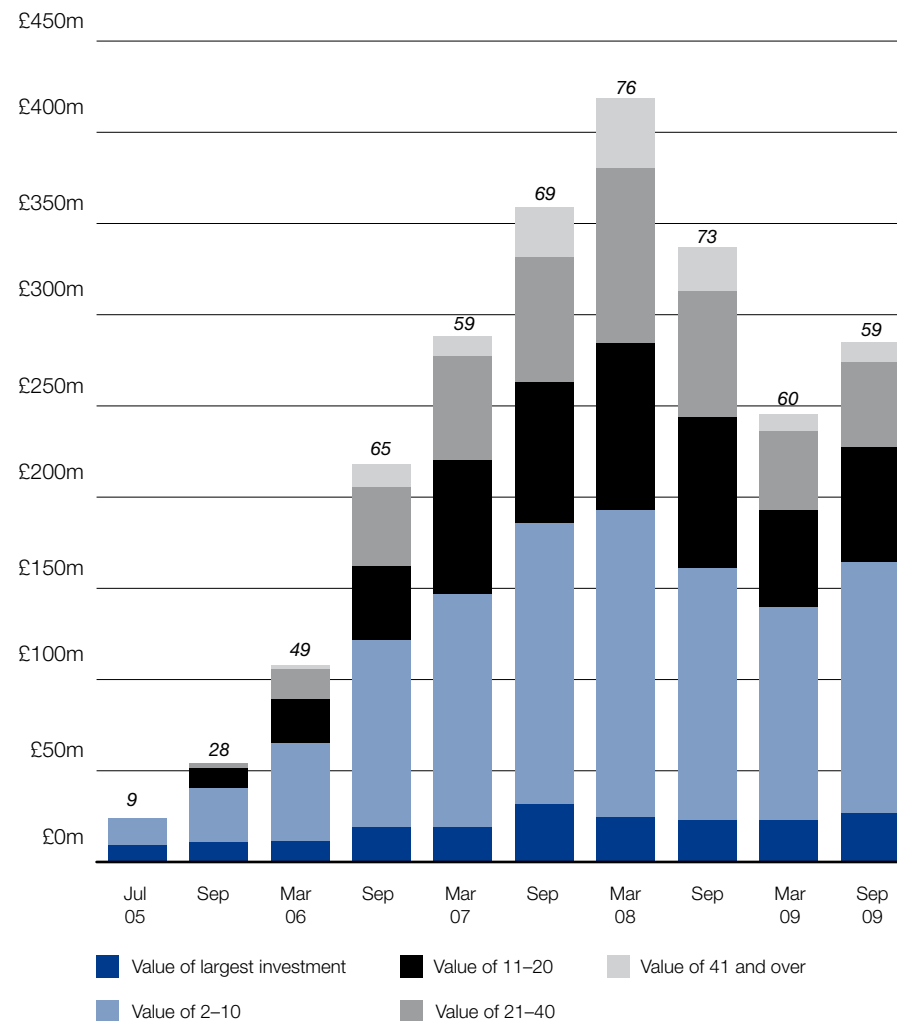
The majority of UEM's investee companies performed well in very challenging operating conditions in the six months to 30 September 2009. All companies within UEM's ten largest holdings have December year ends and have reported results to June 2009. Within the top ten, Malaysia Airport Holdings Berhad's ("Malaysia Airports") share price rose by 38.6% to MYR3.45 over the six months. Malaysia Airports reported encouraging results for its half year given the weak operating environment with revenues flat, earnings before interest, tax, depreciation and amortisation ("EBITDA") up 8.7% and dividends per share ("DPS") up 5.4%. Passenger numbers increased by 8.6% in the first half of 2009.

Ocean Wilsons Holdings Limited's share price rose 52.4% in the six months. While its revenues for the first half were down 11.9%, reflecting the weak US Dollar. EBITDA was up 18.8% and the interim dividend declared remained the same as the previous year.

Companhia Saneamento de Minas Gerais's ("COPASA") share price was up over the six months by 57.6%. Its reported net revenue and EBITDA for the first half of 2009 were up 9.9% and 15.8% respectively. However results would have been even better had there not been a delay in the tariff increase whilst a new regulatory body was being set up. Copasa has declared dividends of 0.67c in the first half up 6.0% on the previous year.

**Portfolio progression and number of investments**

From 20 July 2005 to 30 September 2009



Source: Utilico Emerging Markets Limited

Puncak Niaga Holdings Berhad's ("Puncak") share price increased by 9.5% in the six months. Its reported revenue rose 32.7% and EBITDA 90.0%. Dividends were maintained at 10sen per share. We continue to expect a bid for Puncak's assets from the Federal Government given their stated public position of seeking to nationalise Malaysia's water assets, with private companies being reduced to operators only.

International Container Terminal Services Incorporated's ("ICT") share price recovered strongly, up by 83.3% over the six months to June 2009. While revenues for the first half were down 16.9% and EBITDA was down 12.6%, the business is now recovering from the low point earlier this year. ICT declared a dividend up 14.3% on the prior year.

AES Tiete SA ("AES") continues to perform well. The share price rose by 17.0% over the six months. Revenue in the first half was up 7.8% and EBITDA improved by 10.6%. AES continues to declare all its earnings as dividends, which rose 22.0%.

SABESP's share price rose 32.2% in the six months to June 2009. While revenue for the first half rose by 7.3%, normalised EBITDA increased by 6.3% when exceptional non recurring employee redundancy costs are added back. The dividend was reduced by 1.5%. SABESP has been a long term investment for UEM and was ranked 11th at the 31 March 2009 year end.

Eastern Water Resources PCL's share price rose 42.1%. Reported interim revenues to June 2009 rose 11.8% and EBITDA rose 19.6%. The company's volumes have seen a sharp recovery during 2009.

Companhia de Gas de Sao Paulo's ("COMGAS") share price rose 9.3%. Reported interim revenues to June 2009 rose 9.0% due to increased gas prices,

however the decline in gas sales volumes resulted in their EBITDA falling 14.6%. DPS reduced 33.3% given the fall in earnings.

Xiniao Gas is a new entrant into the top ten. The company deals in gas sales and distribution in the Republic of China. It serves a connectable population of 41.5 million people with 13.5m possible customer connections. Connected customers increased to 4.2m at 30 June 2009, up 27.0% on the previous year. Xiniao Gas has seen a very strong share price performance, up 97.4% over the six months. At the interim stage to June 2009 reported revenues were up 13.5%, earnings were up 30.4% and DPS increased by 32.0%.

UEM invested £24.1m in the half year with nearly all of this outside the top ten. Disposals amounted to £53.9m and include £10.7m from POSM, £2.9m from Malaysia Airport, £3.2m from Puncak, £1.0m from SABESP and £2.1m from Xiniao Gas.

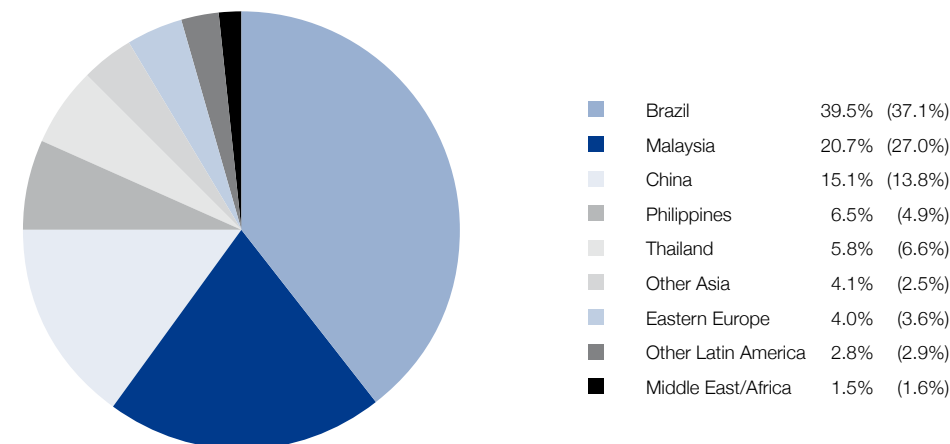
The decision to reduce the investment in POSM was strategic. While the opportunities for POSM are significant we are concerned about the political will to support the necessary restructuring, which at its heart requires an increase in the postal rates. We reduced our holding by 70.1% to £4.0m.

The above activity resulted in movements both geographically and by sector. As a result of the POSM disposal, UEM's exposure to Malaysia reduced from 27.0% to 20.7% and UEM's exposure to the postal sector reduced from 6.2% to 1.4%

Ports increased mainly as a result of a recovery by the investments held at the start of the half year. Renewable energy reduced from 8.4% to 5.2% as a result of the revaluation of Comanche.

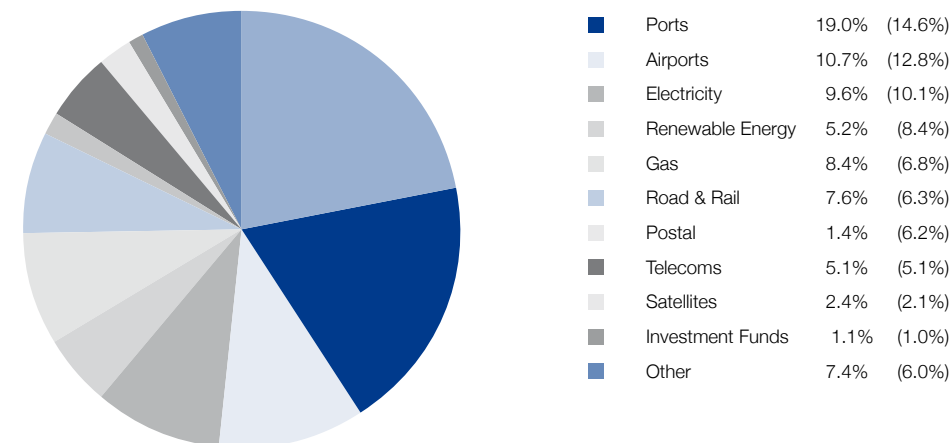
### Geographical split of investments

As at 30 September 2009



### Sectoral split of investments

As at 30 September 2009



Source: Utilico Emerging Markets Limited  
Figures in brackets 31 March 2009

The portfolio concentration remained broadly consistent over the six months. The top ten accounted for 57.7% (56.9% at year end) and the top twenty accounted for 79.9% (78.6% at year end).

### MARKET HEDGING

The strength of the markets' recovery has resulted in the market hedging strategy being reduced. We have maintained, throughout this recovery, some protection against the downside risk of a sharp correction. This has resulted in losses of £2.9m on the position. While we remain confident over the longer term we remain concerned about a sharp correction at some point. Our intention is to maintain as best we can a degree of market protection.

### BANK DEBT

UEM reduced the usage of the HBOS facility from £41.8m to nil over the six months. UEM has a £50.0m bank facility with HBOS. Utilisation will depend on market conditions at the time.

At 30 September 2009, there was net cash of £18.9m. The main contributor to this cash was £10.7m from POSM and £2.9m from the Malaysia Airport disposals which both completed in late September 2009. Since the period end this cash has been reinvested and £5.0m has been drawn down from the facility.

### REVENUE RETURN

As anticipated, revenue returns were lower mainly as a result of reduced gearing. Total income was £9.2m down £2.0m on the prior period. Management and administration fees reduced to £0.3m for the six months versus prior half year £0.4m, as a result of reduced gross assets. Other expenses were in line with the prior period. The TER at 0.8% is slightly above last year's 0.7%.

Finance costs have reduced as a result of debt reducing over the six months to 30 September 2009.

Taxation has risen as a result of taxable income received in Brazil.

The profit for the six months on the revenue account reduced by £2.0m, reflecting the fall in total income of £2.0m. As a result EPS fell 22.0% to 3.26p.

### CAPITAL RETURN

The portfolio gains on investment of £69.1m reversed the losses incurred in the first half of last year. As explained above, the losses on derivatives continued as a result of a continuing erosion of the hedge positions resulting in a loss of £2.9m (£3.1m loss for 2008). There were exchange gains of £1.6m in the six months reversing some of the losses of £8.6m incurred last year.

Management and administration fees reduced due to the fall in gross assets and finance costs fell as a result of debt reductions over the six months.

Taxation increased as a result of accrued capital gains on the Brazilian investment portfolio.

The profit for the six months on the Capital account is £64.2m reflected in the main the total income of £67.7m.

### CURRENT TRADING

We are encouraged by the recent operational performance within our investments. Results to date reflect a continuing recovery in activity. Markets are continuing to recover.

30 Sep 2009	31 Mar 2009	Company (Country)	Fair value £'000s	% of total investments
1	(1)	<b>Malaysia Airport Holdings Berhad</b> (Malaysia) Airport operator	26,769	9.4%
2	(4)	<b>Ocean Wilsons Holdings Limited</b> (Brazil) Ports operator, provider of shipping services and investment fund	23,990	8.4%
3	(6)	<b>Companhia de Saneamento de Minas Gerais</b> (Brazil) Water treatment and supply company	20,337	7.1%
4	(2)	<b>Puncak Niaga Holdings Berhad</b> (Malaysia) Water treatment and supply company	16,201	5.7%
5	(9)	<b>International Container Terminal Services, Inc.</b> (Philippines) Global container port operator	15,401	5.4%
6	(7)	<b>AES Tiete S.A</b> (Brazil) Electricity generator	14,747	5.2%
7	(-)	<b>Companhia de Saneamento do Estado de Sao Paulo</b> (Brazil) Water treatment and supply company	12,169	4.3%
8	(10)	<b>Eastern Water Resources PCL</b> (Thailand) Water treatment and supply company	11,884	4.2%
9	(8)	<b>Companhia de Gas de Sao Paulo S.A</b> (Brazil) Gas distribution company	11,475	4.0%
10	(-)	<b>Xiniao Gas Holdings Limited</b> (China) Gas distribution company	11,420	4.0%
<b>Other investments</b>			120,396	42.3%
<b>Total Portfolio</b>			284,789	100.0%

The principal risk faced by the Group is the failure to maintain its objective of capital appreciation and that the NAV does not rise over the longer term. The risks which might give rise to this can be categorised as investment and strategy, manager, gearing, operational and financial.

These risks 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 Group's Annual Report for the year ended 31 March 2009. The Group's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remaining six months of the Group's financial year.

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

The Directors confirm that to the best of our knowledge:

- i) the condensed set of financial statements has been prepared in accordance with the 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;
- ii) the Chairman's Statement (constituting the interim management report) includes a fair review of the important events that have occurred in the six months to 30 September 2009 and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- iii) the Interim Report includes a fair review of the material related party transactions that have taken place in the six months to 30 September 2009 and that have materially affected the financial position or performance of the Group during the period, and any changes in the related party transactions described in the last Annual Report that could do so.

The current Directors of the Company are listed on page 25 of this Report.

Approved by the Board on 2 December 2009  
and signed on its behalf by  
**Alexander Zagoreos**  
Chairman



Notes	6 months to 30 September 2009			6 months to 30 September 2008			Year to 31 March 2009		
	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
	–	69,078	69,078	–	(67,360)	(67,360)	–	(102,012)	(102,012)
	–	(2,946)	(2,946)	–	(3,103)	(3,103)	–	(4,201)	(4,201)
	–	1,562	1,562	–	(8,646)	(8,646)	–	(20,055)	(20,055)
	9,157	–	9,157	11,150	–	11,150	14,267	–	14,267
	<b>9,157</b>	<b>67,694</b>	<b>76,851</b>	<b>11,150</b>	<b>(79,109)</b>	<b>(67,959)</b>	<b>14,267</b>	<b>(126,268)</b>	<b>(112,001)</b>
	(261)	–	(261)	–	–	–	–	–	–
2	(315)	(490)	(805)	(421)	(712)	(1,133)	(727)	(1,181)	(1,908)
	(393)	(6)	(399)	(397)	(3)	(400)	(762)	(24)	(786)
	<b>8,188</b>	<b>67,198</b>	<b>75,386</b>	<b>10,332</b>	<b>(79,824)</b>	<b>(69,492)</b>	<b>12,778</b>	<b>(127,473)</b>	<b>(114,695)</b>
	(498)	(1,163)	(1,661)	(773)	(1,804)	(2,577)	(1,381)	(3,222)	(4,603)
	<b>7,690</b>	<b>66,035</b>	<b>73,725</b>	<b>9,559</b>	<b>(81,628)</b>	<b>(72,069)</b>	<b>11,397</b>	<b>(130,695)</b>	<b>(119,298)</b>
3	(724)	(1,808)	(2,532)	(630)	884	254	(544)	1,774	1,230
	<b>6,966</b>	<b>64,227</b>	<b>71,193</b>	<b>8,929</b>	<b>(80,744)</b>	<b>(71,815)</b>	<b>10,853</b>	<b>(128,921)</b>	<b>(118,068)</b>
4	<b>3.26</b>	<b>30.04</b>	<b>33.30</b>	<b>4.18</b>	<b>(37.79)</b>	<b>(33.61)</b>	<b>5.08</b>	<b>(60.28)</b>	<b>(55.20)</b>
4	<b>3.19</b>	<b>29.44</b>	<b>32.63</b>	<b>3.93</b>	<b>n/a</b>	<b>n/a</b>	<b>4.91</b>	<b>n/a</b>	<b>n/a</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 for the period, and therefore the 'profit for the period' is also the 'total comprehensive income for the period', 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 minority interests.

Notes	for the six months to 30 September 2009	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Warrant reserve £'000s	S share reserve £'000s	Other non- distributable reserve £'000s	Retained earnings		Total £'000s
								Capital reserves £'000s	Revenue reserve £'000s	
	Balance at 31 March 2009	21,412	56	219,500	8,897	9,285	319	(31,451)	2,715	230,733
	Profit for the period	–	–	–	–	–	–	64,227	6,966	71,193
5	Ordinary dividend paid	–	–	–	–	–	–	–	(1,711)	(1,711)
7	Conversion of warrants and S shares	6	55	–	(5)	(44)	49	–	–	61
	Ordinary shares repurchased by the Company	(115)	(111)	(1,069)	–	–	–	–	–	(1,295)
	<b>Balance at 30 September 2009</b>	<b>21,303</b>	<b>–</b>	<b>218,431</b>	<b>8,892</b>	<b>9,241</b>	<b>368</b>	<b>32,776</b>	<b>7,970</b>	<b>298,981</b>

Notes	for the six months to 30 September 2008	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Warrant reserve £'000s	S share reserve £'000s	Other non- distributable reserve £'000s	Retained earnings		Total £'000s
								Capital reserves £'000s	Revenue reserve £'000s	
	Balance at 31 March 2008	21,351	219,008	–	9,048	9,350	103	97,470	3,200	359,530
	(Loss)/profit for the period	–	–	–	–	–	–	(80,744)	8,929	(71,815)
	Ordinary dividend paid	–	–	–	–	–	–	–	(2,776)	(2,776)
7	Conversion of warrants and S shares	55	498	–	(151)	(10)	161	–	–	553
	Balance at 30 September 2008	21,406	219,506	–	8,897	9,340	264	16,726	9,353	285,492

Notes	for the year to 31 March 2009	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Warrant reserve £'000s	S share reserve £'000s	Other non- distributable reserve £'000s	Retained earnings		Total £'000s
								Capital reserves £'000s	Revenue reserve £'000s	
	Balance at 31 March 2008	21,351	219,008	–	9,048	9,350	103	97,470	3,200	359,530
	(Loss)/profit for the year	–	–	–	–	–	–	(128,921)	10,853	(118,068)
	Ordinary dividends paid	–	–	–	–	–	–	–	(11,338)	(11,338)
7	Conversion of warrants and S shares	61	548	–	(151)	(65)	216	–	–	609
	Transfer to special reserve	–	(219,500)	219,500	–	–	–	–	–	–
	Balance at 31 March 2009	21,412	56	219,500	8,897	9,285	319	(31,451)	2,715	230,733

Notes	30 September 2009 £'000s	30 September 2008 £'000s	31 March 2009 £'000s
<b>Non current assets</b>			
Investments	284,789	337,133	245,511
<b>Current assets</b>			
Other receivables	2,049	4,182	3,084
Derivative financial instruments	1,691	65,419	12,090
6 Cash and cash equivalents	18,869	4,495	24,058
	22,609	74,096	39,232
<b>Current liabilities</b>			
Bank loans	–	(31,044)	–
Other payables	(3,301)	(4,514)	(2,270)
Derivative financial instruments	(3,368)	(37,461)	(9,930)
	(6,669)	(73,019)	(12,200)
<b>Net current assets</b>	15,940	1,077	27,032
<b>Total assets less current liabilities</b>	300,729	338,210	272,543
<b>Non-current liabilities</b>			
Bank loans	–	(51,741)	(41,810)
Deferred tax	(1,748)	(977)	–
<b>Net assets</b>	298,981	285,492	230,733
<b>Equity attributable to equity holders</b>			
7 Ordinary share capital	21,303	21,406	21,412
Share premium account	–	219,506	56
Special reserve	218,431	–	219,500
Warrant reserve	8,892	8,897	8,897
S share reserve	9,241	9,340	9,285
Other non-distributable reserve	368	264	319
Capital reserves	32,776	16,726	(31,451)
Revenue reserve	7,970	9,353	2,715
<b>Total attributable to equity holders</b>	298,981	285,492	230,733
<b>Net asset value per ordinary share</b>			
8 Basic – pence	140.35	133.37	107.76
8 Diluted – pence	133.82	127.98	106.51

Notes	Six months to 30 September 2009 £'000s	Six months to 30 September 2008 £'000s	Year to 31 March 2009 £'000s
9 Cash flows from operating activities	38,004	616	81,058
Cash flows from investing activities	–	–	–
Cash flows before financing activities	38,004	616	81,058
<b>Financing activities</b>			
Ordinary dividends paid	(1,711)	(2,776)	(11,338)
Movements from borrowings	(40,474)	(5,506)	(58,271)
Proceeds from warrants exercised	17	544	545
Proceeds from S shares exercised	44	10	64
Cost of share buy back	(1,295)	–	–
Movements from issue of ordinary share capital	–	(15)	–
Cash flows from financing activities	(43,419)	(7,743)	(69,000)
Net (decrease)/increase in cash and cash equivalents	(5,415)	(7,127)	12,058
Cash and cash equivalents at the beginning of the period	24,058	11,876	11,876
Effect of movement in foreign exchange	226	(254)	124
<b>Cash and cash equivalents at the end of the period</b>	18,869	4,495	24,058

**1. ACCOUNTING POLICIES**

The condensed group financial statements 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 2009, apart from presentational changes required by IAS 1 'Presentation of Financial Statements (Amendment)' and disclosures as provided in note 10 required by IFRS 8 'Operating Segments'. Both IAS 1 (Amendment) and IFRS 8 became effective for accounting periods commencing 1 January 2009. The condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2009, which were prepared under full IFRS requirements.

**2. MANAGEMENT AND ADMINISTRATION FEES**

Ingot Capital Management Pty 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.

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 percent.

Half of the performance fee is payable in cash and half in ordinary shares of the Company, based on the audited 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. Under the terms of the performance fee agreement, no performance fee is payable unless the adjusted equity funds exceeds a high water mark. Such high water mark is calculated as being the adjusted equity funds as at the previous period end in respect of which a performance fee was paid, as adjusted for subsequent capital events. The high water mark brought forward at the start of the financial year to March 2010 was £360.1m.

For the period ended 30 September 2009 the attributable shareholders' funds were below the high watermark and therefore no performance fee has been accrued in the accounts. The final amount payable is dependent upon the the performance of the Company in the year to 31 March 2010.

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

**3. TAXATION**

The revenue return taxation charge of £724,000 (30 September 2008: £630,000 and 31 March 2009: £544,000) relates to overseas taxation. The capital return taxation charge of £1,808,000 (30 September 2008: income of £884,000 and 31 March 2009: income of £1,774,000) 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 2009 are not subject to Bermuda tax.

**4. EARNINGS PER 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 2009 £'000s	Six months to 30 Sep 2008 £'000s	Year to 31 Mar 2009 £'000s
Revenue	6,966	8,929	10,853
Capital	64,227	(80,744)	(128,921)
<b>Total</b>	<b>71,193</b>	<b>(71,815)</b>	<b>(118,068)</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>213,819,879</b>	213,688,587	213,872,653

**Diluted earnings per ordinary share**

Diluted earnings per share have been calculated in accordance with IAS 33 "Earnings per share", under which the Company's outstanding warrants and S shares are considered dilutive only if the exercise price is lower than the average market price of the ordinary shares during the period. The dilution is calculated by reference to the additional number of ordinary shares which warrant holders and S shareholders would have received on exercise as compared with the number of ordinary shares which the subscription proceeds would have purchased in the open market. The exercise rights of warrants and S shares are described in note 7.

	Six months to 30 Sep 2009 £'000s	Six months to 30 Sep 2008 £'000s	Year to 31 Mar 2009 £'000s
Weighted average number of shares in issue during the period for basic earnings per share calculations	<b>213,819,879</b>	213,688,587	213,872,653
Dilutive potential shares – Warrants	<b>3,376,815</b>	10,558,808	5,654,048
Dilutive potential shares – S shares	<b>962,242</b>	3,039,395	1,618,011
<b>Weighted average number of shares for diluted earnings per share calculations</b>	<b>218,158,936</b>	227,266,790	221,144,712

**5. DIVIDENDS**

The final dividend of 0.80p in respect of the year ended 31 March 2009 was paid on 3 July 2009 to shareholders on the register at 19 June 2009.

The Directors have declared an interim dividend in respect of the period ended 30 September 2009 of 3.75p per ordinary share payable on 31 December 2009 to shareholders on the register at close of business on 11 December 2009.

**6. CASH AND CASH EQUIVALENTS**

	30 Sep 2009	30 Sep 2008	31 Mar 2009
	£'000s	£'000s	£'000s
Cash at bank	16,900	389	24,058
Cash in margin accounts	1,969	4,106	–
	<b>18,869</b>	4,495	24,058

**7. ORDINARY SHARE CAPITAL**

	Authorised number	£'000s	Issued and fully paid	
			Number	£'000s
Equity share capital:				
Ordinary shares of 10p each				
Balance at 31 March 2009	1,350,009,078	135,001	214,117,040	21,412
Purchase of ordinary shares			(1,150,000)	(115)
Issued during the period			61,473	6
<b>Balance at 30 September 2009</b>	<b>1,350,009,078</b>	<b>135,001</b>	<b>213,028,513</b>	<b>21,303</b>

**Ordinary shares**

During the period 1,150,000 ordinary shares were purchased for cancellation at a cost of £1,295,000. 17,638 ordinary shares were issued pursuant to the exercise of warrants and 43,835 were issued pursuant to the exercise of S shares.

Since the period end no further ordinary shares have been issued or purchased for cancellation.

**Warrants**

At 30 September 2009 31,974,763 were in issue (31 March 2009: 31,992,401). On 7 August 2009, 17,638 warrants were exercised.

Holder's have the right to subscribe for one ordinary share per warrant at £1 in cash on 31 January or on 31 July in 2010.

**S Shares**

At 30 September 2009 9,111,386 were in issue (31 March 2009: 9,155,221). On 7 August 2009, 43,835 S shares were exercised.

Holder's have the right to subscribe for one ordinary share per S share at £1 in cash on 31 January or on 31 July in 2010. The authorised number of S shares is 9,219,100 of 0.001p each. The S shares do not carry the right to any dividend nor any right to receive notice or attend and vote at any general meeting of the Company.

**8. NET ASSET VALUE PER ORDINARY SHARE**

- (a) Net asset value per ordinary share is based on net assets at the period end of £298,981,000 (30 September 2008: £285,492,000 and 31 March 2009: £230,733,000) and on 213,028,513 ordinary shares in issue at the period end (30 September 2008: 214,061,736 and 31 March 2009: 214,117,040).
- (b) Diluted net asset value per ordinary share is based on net assets at the period end and assumes the receipt of proceeds arising from the exercise of 31,974,763 (30 September 2008: 31,993,475 and 31 March 2009: 31,992,401) warrants outstanding at £1 per warrant and the exercise of 9,111,386 (30 September 2008: 9,209,451 and 31 March 2009: 9,155,221) S shares outstanding at £1 per S share.

	30 Sep 2009	30 Sep 2008	31 Mar 2009
	Number	Number	Number
Ordinary shares in issue at the period end	213,028,513	214,061,736	214,117,040
Ordinary shares created on exercise of all warrants	31,974,763	31,993,475	31,992,401
Ordinary shares created on exercise of all S shares	9,111,386	9,209,451	9,155,221
Number of ordinary shares for diluted calculation	<b>254,114,662</b>	255,264,662	255,264,662
Attributable net assets – £'000s	<b>340,067</b>	326,695	271,881
Diluted net asset value per ordinary share – pence	<b>133.82</b>	127.98	106.51

**9. RECONCILIATION OF LOSS BEFORE TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	30 Sep 2009 £'000s	30 Sep 2008 £'000s	31 Mar 2009 £'000s
Profit/(loss) before taxation	73,725	(72,069)	(119,298)
Adjust for non-cash flow items:			
(Gains)/losses on investments	(69,078)	67,360	102,012
Losses on derivative financial instruments	2,946	3,103	4,201
Exchange (gains)/losses	(1,562)	8,646	20,055
Stock interest	-	-	(331)
Effective yield interest	-	(61)	(61)
Increase/(decrease) in accrued income	757	(816)	(339)
Decrease/(increase) in creditors	84	(2,372)	(2,727)
Increase/(decrease) in other debtors	1	(3)	(5)
Tax on overseas income	(739)	(497)	(533)
	(67,591)	75,360	122,272
Adjust for cash flow items not within Income Statement			
Taxation on capital gains	30	(40)	(230)
Net cash flows on investments	30,949	6,524	62,774
Net cash flows on derivatives	891	(9,159)	15,540
	31,870	(2,675)	78,084
<b>Net cash flows from operating activities</b>	<b>38,004</b>	<b>616</b>	<b>81,058</b>

**10. BUSINESS AND GEOGRAPHICAL SEGMENTS**

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

**11. RELATED PARTY TRANSACTIONS**

There have been no significant changes to related party transactions post 31 March 2009.

**12. 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 2009; the report of the auditors thereon was unqualified. The condensed financial statements shown above for the year ended 31 March 2009 are an extract from those accounts.

By order of the Board

F&C Management Limited, Secretary

Exchange House, Primrose Street, London EC2A 2NY

2 December 2009

**UTILICO EMERGING MARKETS LIMITED  
COMPANY REGISTRATION NUMBER: 36941**

[www.uem.bm](http://www.uem.bm)

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**Kevin O'Connor** (Deputy Chairman)  
**Charles Jillings** (Executive)  
**Garry Madeiros**  
**Garth Milne**

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**Company Secretary and Administrator**

**F&C Management Limited**

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Authorised and regulated in the UK by the Financial Services Authority

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**Custodian**

**JPMorgan Chase Bank**

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**Registrar**

**Computershare Investor Services (Channel Islands) Ltd**

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Channel Islands

**Depository and CREST Agent**

**Computershare Investor Services PLC**

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Bristol BS99 7NH

The Company is quoted on AIM, and listed on the Bermuda Stock Exchange and the Channel Islands Stock Exchange. The Company's ordinary shares and S shares can be held in an ISA. The warrants are not eligible for inclusion in an ISA.

The Company currently operates a Dividend Reinvestment Plan. Please contact the Registrars for an application form if you wish to participate.

	Half-year 30 September 2009	31 March 2009	31 March 2008	31 March 2007	31 March 2006 <sup>(1)</sup>	20 July 2005 <sup>(2)</sup>	Half-year change % 2009	Change % 2009/08	Change % 2008/07	Change % 2007/06	Change % 2006/05
Undiluted net asset value per ordinary share	140.35p	107.76p	168.39p	146.45p	119.48p	98.36p	30.2	(36.0)	15.0	22.6	21.5
Diluted net asset value per ordinary share	133.82p	106.51p	157.20p	138.80p	116.23p	98.36p <sup>(3)</sup>	25.6	(32.2)	13.3	19.4	18.2
Ordinary share price	124.50p	95.50p	153.75p	137.25p	126.00p	100.00p	30.4	(37.9)	12.0	8.9	26.0
(Discount)/Premium <sup>(4)</sup>	(7.0%)	(10.3%)	(2.2%)	(1.1%)	8.4%	1.7%	n/a	n/a	n/a	n/a	n/a
Earnings per ordinary share (basic)											
– Capital	30.04p	(60.28p)	17.89p	34.19p	19.50p	n/a	n/a	n/a	(47.7)	75.3	n/a
– Revenue	3.26p	5.08p	5.24p	2.96p	1.62p	n/a	n/a	(3.1)	77.0	82.7	n/a
– Total	33.30p	(55.20p)	23.13p	37.15p	21.12p	n/a	n/a	n/a	(37.7)	75.9	n/a
Dividends per ordinary share											
– Interim	3.75p <sup>(5)</sup>	4.00p	3.50p	2.00p	–	n/a	(6.3)	14.3	75.0	n/a	n/a
– Final	n/a	0.80p	1.30p	0.70p	1.50p	n/a	n/a	(38.5)	85.7	(53.3)	n/a
– Total	n/a	4.80p	4.80p	2.70p	1.50p	n/a	n/a	–	77.8	80.0	n/a
Equity holders' funds (£m)	299.0	230.7	359.5 <sup>(7)</sup>	241.6 <sup>(6)</sup>	89.7	73.8	29.6	(35.8)	48.8	169.4	n/a
Gross assets (£m) <sup>(8)</sup>	299.0	272.5	439.4 <sup>(7)</sup>	286.6 <sup>(6)</sup>	107.2	73.8	9.7	(38.0)	53.3	167.4	n/a
Cash (£m)	18.9	24.1	11.9	19.9	1.2	–	(21.6)	102.5	n/a	n/a	n/a
Bank debt (£m)	–	41.8	79.9	45.0	17.5	–	(100.0)	(47.7)	77.5	157.2	n/a
Net (debt)/cash (£m)	18.9	(17.7)	(68.0)	(25.1)	(16.3)	–	n/a	(74.0)	170.9	54.1	n/a
Net debt gearing on gross assets	n/a	6.5%	15.5%	8.8%	15.2%	–	n/a	n/a	n/a	n/a	n/a
Management and administration fees (£m) <sup>(9)</sup>	1.2	2.7	3.1	2.1	0.8	n/a	n/a	(12.9)	47.6%	n/a	n/a
Total expense ratio <sup>(10)</sup>	0.8%	0.7%	0.8%	0.9%	0.9%	n/a	n/a	n/a	n/a	n/a	n/a

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

(2) Date of admission to trading on Alternative Investment Market.

(3) There was no dilution.

(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) Excluding performance fee, including other expenses.

(10) Annualised Management and administration fees over monthly average gross assets.

