UK Contact
PO Box 208
Epsom Surrey
KT18 7YF

Telephone: +44 (0)1372 271486

www.uem.limited

UEM/Int/16

UTILICO
Emerging Markets Limited

REPORT AND ACCOUNTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2016

MANAGED BY ICM

OBJECTIVE OF THE COMPANY

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.

Utilico Emerging Markets Limited's ("UEM") net asset value ("NAV") total return per ordinary share was positive at 13.3% in the six months to 30 September 2016.

Since inception in 2005, UEM has achieved a NAV annual compound total return of 11.9%.

HISTORIC NAV AND SHARE PRICE PERFORMANCE (pence)*
from September 2011 to September 2016

*Rebased to 100 at 30 September 2011

Source: ICM

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GROUP PERFORMANCE SUMMARY[1]

	Half-year 30 Sep 2016	Half-year 30 Sep 2015	Annual 31 Mar 2016	% change Mar-Sep 2016
Total return[2] (%)	**13.3**	(12.8)	(0.5)	n/a
Annual compound total return (since inception)[3]	**11.9**	10.7	11.4	n/a
Diluted NAV per ordinary share (pence)	**226.23**	179.92	202.52	11.7
Ordinary share price (pence)	**206.75**	157.75	178.50	15.8
Discount (%)	**(8.6)**	(12.3)	(11.9)	n/a
Subscription share price (pence)	**21.63**	n/a	17.25	25.4
Earnings per ordinary share (diluted) (pence)				
– Capital	**26.35**	(34.01)	(5.50)	177.5[4]
– Revenue	**5.10**	7.34	8.23	(30.5)[4]
Total	**31.45**	(26.67)	2.73	217.9[4]
Dividends per ordinary share (pence)	**3.25[5]**	3.15	6.40	3.2[4]
Equity holders' funds (£m)	**503.2**	383.7	436.6	15.3
Gross assets[6] (£m)	**522.8**	401.7	455.2	14.9
Ordinary shares bought back (£m)	**–**	–	3.0	n/a
Cash (£m)	**16.7**	3.0	12.6	32.5
Bank debt (£m)	**(19.7)**	(18.1)	(18.7)	5.3
Net debt (£m)	**(3.0)**	(15.1)	(6.1)	(50.8)
Net debt gearing on gross assets (%)	**0.6**	3.8	1.3	n/a
Management fee and other expenses (£m)				
– excluding performance fee	**2.4**	2.2	4.5	9.1[4]
– including performance fee	**8.1**	2.2	4.5	268.2[4]
Ongoing charges figure[7] (%)				
– excluding performance fee	**1.0**	1.0	1.1	n/a
– including performance fee	**2.2**	1.0	1.1	n/a

(1) Historical performance can be found on page 36
(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 exercised on 2 August 2010
(4) Percentage change based on comparable six month period to 30 September 2015
(5) The second 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

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In my first Chairman's report I am pleased to report that over the six months UEM achieved a positive total return of 13.3%. Whilst below the MSCI Emerging Markets Total Return Index's positive 19.8%, GBP adjusted, for the period, UEM remains ahead of this benchmark index since inception in 2005 at 186.2%, versus the MSCI Emerging Markets Total Return, GBP adjusted, of 177.0%.

The combination of robust underlying share prices and relative strengthening of emerging market currencies has resulted in a strong performance in UEM's investments. The impact of the Brexit vote and consequent negative effect on Sterling, has been positive for UK domestic emerging market investors, including UK UEM shareholders.

UEM's portfolio remains largely unchanged as it continues to focus on listed companies which are predominantly offering long-term growth, who are profitable and are paying dividends. Notwithstanding the strong recent performance, valuations remain attractive as growth in profitability has often outpaced share price appreciation in the investee companies. With encouraging underlying investee company prospects, the opportunity in the emerging markets utility and infrastructure sectors remains undimmed.

Emerging market economies have sustained relatively robust growth. China's economy expanded by 6.7% in the first three quarters of 2016. Local ASEAN economies have benefitted from China's continued growth. The Philippines' GDP grew by 7.0%. India's economy is a major beneficiary of lower inflation and stronger energy prices, with GDP up by 7.1%. Brazil remains a laggard, with its economy still mired in a recession and the International Monetary Fund ("IMF") is now forecasting GDP growth in Brazil of negative 3.3% for 2016.

Revenue income decreased by 27.2% during the six months to 30 September 2016, as a result of the prior year benefitting from Asia Satellite Telecommunications Holdings Limited ("Asiasat") distributing a significant portion of its revenue reserves by way of a special dividend, with UEM receiving £7.4m. Excluding the impact of Asiasat's special dividend in both six month periods, revenue income increased by 23.8%. This reflects a combination of dividend increases by investee companies due to growth in profitability, the increased weighting in higher-dividend paying investments such as in Romania, as well as Sterling weakness.

Ongoing charges, excluding the performance fee, were 1.0% and, as a result of the strong NAV, were 2.2%, including the accrued performance fee. Earnings per share ("EPS") for the six months of 5.10p comfortably cover the dividends of 3.25p in respect of this period. The cumulative retained revenue reserves increased to £14.6m (31 March 2016 £10.5m), equivalent to 6.8p per share. In view of this the Directors propose to increase the quarterly dividends to 1.70p in the second half of the year. For the year to 31 March 2017 this will result in a dividend of 6.65p, an increase of 3.9%.

Our share price discount to NAV remained stubbornly high during the period, despite both the good relative performance and the dividend yield offered by UEM shares of 3.2%. However, it is pleasing to see the discount narrow as at 30 September 2016 to 8.6%. The Board keeps the discount under constant review and manages a buyback investment policy at over a 10% discount. Since inception, the Company has bought back 27.8m shares at a cost of £39.3m. Each buyback is an investment decision made by the Investment Managers at the time, in conjunction with other investment opportunities.

In September 2015 UEM announced a one-for-five bonus issue of subscription shares exercisable at 183.00p per share. On 31 August 2016, 3.5m subscription shares were exercised, raising £6.3m for UEM.

Alex Zagoreos retired from the Board on 20 September 2016. As incoming Chairman, I sincerely thank Alex for his strong leadership and contribution to the Board of UEM since its inception in 2005. He has left an enviable track record for us to follow and leaves the Company well positioned to address the challenges and opportunities of an emerging markets fund.

I am delighted to report that shareholders strongly supported the Company's continuation vote at the AGM. A further continuation vote will be put to shareholders in 2021.

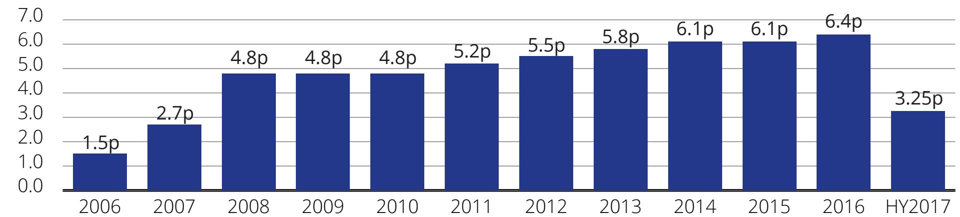
OUTLOOK

The recent US presidential election and the Brexit vote earlier this year have significantly increased uncertainties in the outlook for world markets including the emerging markets. Depending on the policies pursued by the USA and UK and their trading partners, the outcomes could have positive or negative implications for emerging markets. We do expect the US President to pursue strong domestic infrastructure investment which should be positive for commodities and emerging markets. However, we are cautious about protectionist policies which might be adopted. The implications of these policy decisions could significantly impact the global economy and financial markets in general and the exchange and interest rates in particular.

Against this background UEM's bottom up portfolio of essential services and infrastructure companies are expected to remain resilient at a domestic level and offer continuing growth.

John Rennocks
Chairman
16 November 2016

DIVIDENDS PER ORDINARY SHARE (pence)
from 2006 to September 2016



Source: ICM

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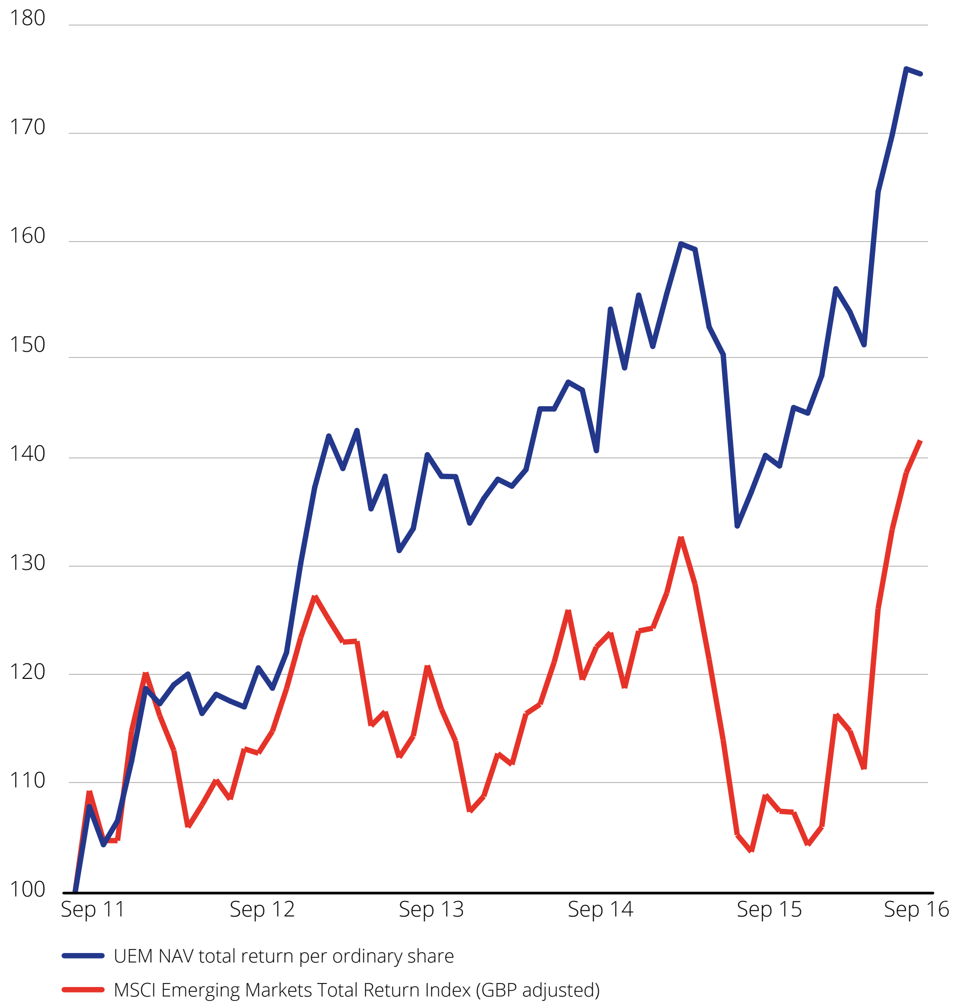
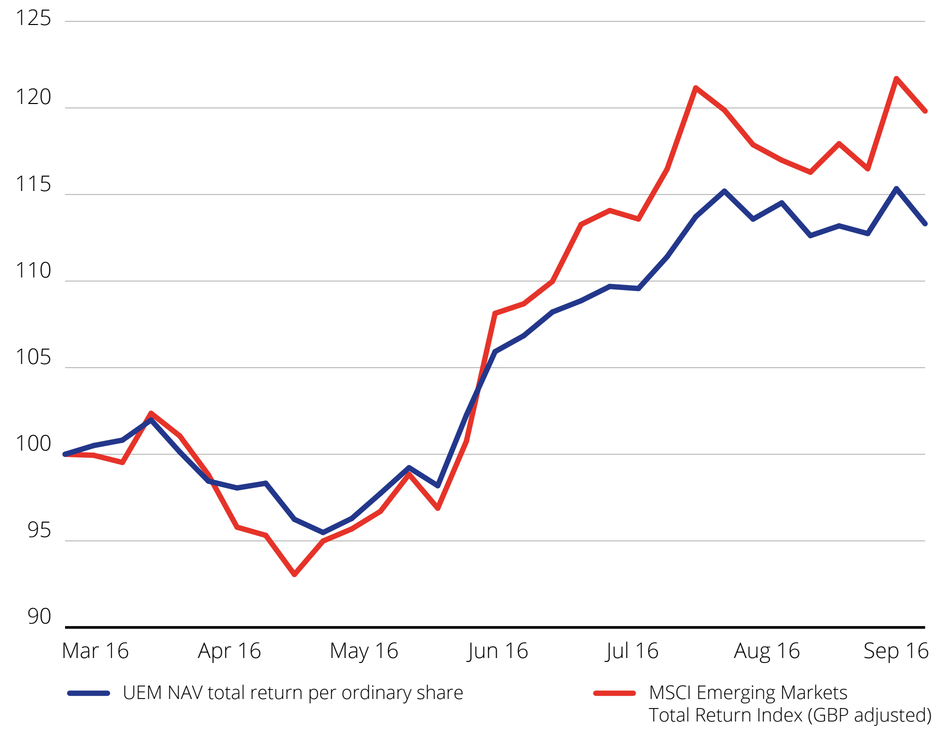
TOTAL RETURN COMPARATIVE PERFORMANCE*
from September 2011 to September 2016



*Rebased to 100 at 30 September 2011

Source:ICM

TOTAL RETURN SIX MONTHS COMPARATIVE PERFORMANCE*
from 31 March 2016 to 30 September 2016



*Rebased to 100 at 31 March 2016

Source: ICM

FORWARD-LOOKING STATEMENTS

This interim report may contain forward-looking statements with respect to the financial condition, results of operations and business of UEM. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current views and on information known to them at the date of this report. Nothing in this interim report should be construed as a profit forecast.

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The combination of robust underlying share prices and relative strengthening of emerging market currencies has resulted in a strong performance in UEM's investments. For the six months to 30 September 2016 UEM reported NAV total return of 13.3%.

UEM's portfolio remained largely unchanged as it continued to focus on listed companies which are predominantly offering long-term growth, are profitable and paying dividends. Notwithstanding the strong recent performance, valuations remain attractive as growth in profitability has often outpaced share price appreciation in the investee companies. The encouraging underlying investee company prospects means the opportunity in the emerging markets utility and infrastructure sectors remains undimmed.

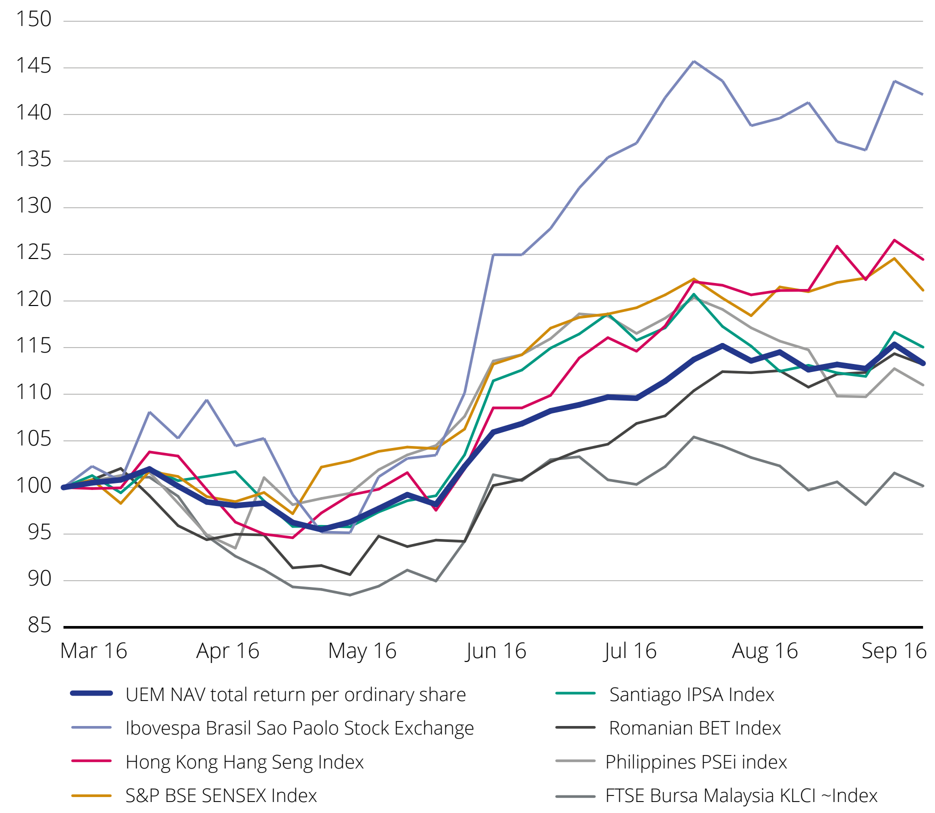
Over the past six months the global economy has continued to stagnate, with the IMF recently downgrading global growth forecasts for 2016 to 3.1%. Advanced economies present a subdued outlook, a position undermined further by the UK's referendum vote in June in favour of leaving the EU. This has put additional downward pressure on interest rates and monetary policy in many advanced economies is expected to remain accommodative for longer. After over seven years of UK base interest rates at 0.5%, the interest rate was cut to a new record low of 0.25% in August 2016, with the Monetary Policy Committee indicating that there was scope to cut this further if needed. Meanwhile expectations for a series of interest rate increases by the US Federal Reserve at the start of the year have been pushed back, with just one increase now forecast in December 2016. Eurozone growth and inflation remain weak and unemployment high.

While not immune to the negative effects of a low-growth, low-inflation environment, emerging market economies have sustained relatively robust growth. China has managed this through fiscal stimulus and rapid credit expansion, enabling its economy to expand by 6.7% in the first three quarters of 2016. However, concerns linger over the sustainability of this growth and its impact on asset prices, notably real estate. Local ASEAN economies have benefitted from China's resilience, with particularly strong growth in The Philippines where GDP grew by 7.0%. In addition, India's economy was a major beneficiary of lower inflation and energy prices, with GDP up by 7.1%. By comparison, Brazil remains a laggard, with its economy still mired in a recession. Having seen its economy shrink by 3.8% in 2015, this has continued through the first half of the year, with the IMF forecasting GDP growth of negative 3.3% for 2016.

Against this backdrop, financial market sentiment towards emerging market economies in the six months to 30 September 2016 has improved, with a broad-based recovery in stock markets and commodity prices and several emerging market indices achieving 12-month highs during the period. Almost all of the main emerging markets in which UEM invests have risen over the past six months in local currency terms. The Ibovespa Brasil Sao Paulo Stock Exchange, Hang Seng, Philippine PSEi and Romanian BET Indices were up by 16.6%, 12.1%, 5.1% and 3.0% respectively. The main decliner was the FTSE Bursa Malaysia KLCI which fell by 3.8%.

Concurrently, the shock Brexit vote in the UK has led to rapid depreciation of Sterling against practically all major and emerging markets currencies. In the six months to 30 September 2016 the Brazilian Real, Hong Kong Dollar, Romanian Leu, Philippine Peso and Malaysian Ringgitt were up 20.7%, 10.7%, 9.6%, 5.1% and 4.4% respectively.

COMPARATIVE SIX MONTHS PERFORMANCE*
from 31 March 2016 to 30 September 2016



*GBP adjusted and rebased to 100 at 31 March 2016

Source: ICM and Bloomberg

PORTFOLIO

UEM's gross assets (less liabilities excluding loans) increased from £455.2m to £522.8m over the six months to 30 September 2016.

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The constituents of the top twenty investments saw two changes with the Brazilian rail-based logistics operator Rumo Logistica Operadora Multimodal S.A. ("Rumo") and Mexican airport concessionaire Grupo Aeroportuario del Centro Norte, S.A.B. de C.V. ("OMA") replacing Gasco S.A. ("Gasco") and The Egyptian Satellite Company ("Nilesat"). UEM has exited Gasco in its entirety following a demerger of its two main business lines and the subsequent tender offer for both operations by their respective parent companies. Nilesat has dropped out of the top twenty due to relative underperformance.

The top twenty total, as a percentage of the portfolio, decreased slightly from 67.2% to 65.0% in the six months to 30 September 2016. Unlisted investments accounted for 3.0% of the total portfolio as at 30 September 2016, broadly unchanged over the period. The number of investments reduced from 86 to 84.

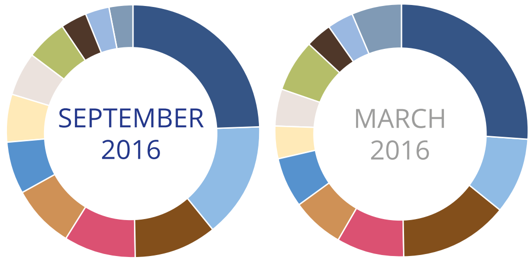
China (including Hong Kong) remains UEM's largest country investment, although its weighting has reduced in the past six months from 26.3% to 24.6% of the portfolio. This reflects a mix of relative performance, realisations, additional investment and currency fluctuations. UEM is predominantly invested in China through the Hong Kong Stock Exchange, where the Hang Seng Index rose by 24.5% in Sterling terms.

UEM's top twenty holdings include six investments in China, being the same six companies as at 31 March 2016. These are reviewed below.

China Gas Holdings Limited ("China Gas") remained UEM's second largest holding, with the shares appreciating by 7.7% in the six months to 30 September 2016. China Gas continued to deliver good results in its financial year ended March 2016, reporting 14.8m customer connections, up by 16.7% on the previous year and piped gas volume growth of 9.9%. While the weaker economic environment and lack of competitiveness in gas pricing against fuel oil impacted industrial demand, residential demand remained buoyant, up by 15.3%. At the same time, LPG consumption increased by 28.6%. From a financial perspective, tariff cuts and lower LPG prices offset the volume growth such that group revenues fell by 8.0%, but with corresponding declines in input prices, adjusted EBITDA increased by 2.4% and normalised earnings per share were up by 0.9%. The dividend per share increased by 20.5% in the year to 31 March 2016. In the six months ended 30 September 2016 there was no change in UEM's shareholding in China Gas.

APT Satellite Holdings Limited ("APT") is UEM's sixth largest holding. The company's new satellite, APStar 9, entered service in December 2015 replacing a satellite rented from a third party. The saving in rental costs resulted in a 9.2% increase in EBITDA for the six months to June 2016, despite only a modest 0.9% increase in revenues. However, net profit was down by 15.1% due to the additional depreciation related to the new satellite. Interim dividends per share were unchanged on last year. During the period under review, APT entered into a joint venture with Chinese investors to develop China's first high throughput broadband satellite, which the consortium aims to launch in late 2018 or early 2019. APT will contribute RMB600m (US$90m) to the venture, taking a 30% stake. APT's share price declined by 12.6% during the period under review and there was no change in UEM's shareholding in the company.

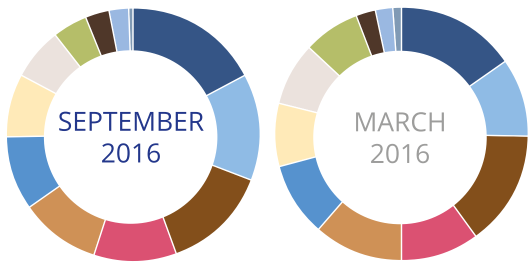
GEOGRAPHICAL SPLIT OF INVESTMENTS



COUNTRY	% OF TOTAL SEP 2016	% OF TOTAL MAR 2016
China	24.6	26.3
Brazil	14.7	9.8
Malaysia	10.6	13.7
Romania	9.0	8.8
Middle East/Africa	8.2	6.6
The Philippines	6.7	6.3
Other Latin America	6.0	4.2
India	5.5	4.6
Thailand	5.5	6.8
Other Europe	3.2	3.2
Other Asia	3.1	3.5
Chile	2.9	6.2

Source: ICM

SECTOR SPLIT OF INVESTMENTS



SECTOR	% OF TOTAL SEP 2016	% OF TOTAL MAR 2016
Electricity	20.5	16.3
Gas	17.3	18.7
Ports	14.3	12.3
Airports	12.1	13.1
Water and waste	8.8	9.7
Satellites	7.7	9.4
Other	5.7	7.2
Toll roads	4.8	3.9
Other Infrastructure	3.1	4.7
Telecoms	3.0	2.2
Infrastructure Investment Funds	1.9	2.2
Renewables	0.8	0.3

Source: ICM

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China Resources Gas Group Ltd ("CR Gas") was UEM's eleventh largest holding as at 30 September 2016, one place lower than as at 31 March 2016, notwithstanding a 19.9% rise in the share price. This performance was in part driven by very good interim results to 30 June 2016, at which point CR Gas had 224 city gas concessions and 25.0m customer connections, up by 14.0% year-on-year. Natural gas volumes grew by 9.5%, again being led by residential demand which was up by 12.4%. Similar to China Gas, tariff cuts offset revenue growth from gas sales, but strong income from connections limited the impact such that group revenue fell by just 1.2%. With lower input costs and expanded margins, particularly on residential sales, adjusted EBITDA grew by 21.3% and normalised earnings per share were up by 25.1%. The interim dividend per share was increased by 50.0%. In the six months ended 30 September 2016 UEM increased its position in CR Gas by 0.7%.

Yuexiu Transport Infrastructure Limited ("Yuexiu") continues to benefit from the recent acquisition of Suiyuenan Expressway, which resulted in a 28.8% increase in average daily traffic (16.0% excluding the acquisition). This saw revenues for the six months to 30 June 2016 increase by 32.4%, with adjusted EBITDA up by 37.4% and normalised net income up by 13.8%. Interim dividends per share increased by 8.3%. In the period under review Yuexiu's share price increased by 1.5% and UEM increased its position in the company by 36.1%.

Shanghai International Airport Co Ltd ("SHIA") continues to capitalise on the burgeoning tourist industry in China, driven by rising incomes and the popularity of low cost carriers. In the six months to 30 June 2016, SHIA saw an increase of 10.5% in total passengers, driven by a 16.5% increase in international passengers and a 9.6% increase in domestic passengers. This contributed to a 9.8% increase in total revenues, a 7.6% increase in EBITDA and net income was up by 9.0%. In the six months ended 30 September 2016 SHIA's share price declined by 13.1% and UEM increased its position in the company by 9.5%.

Asiasat reported results similar in nature to APT Satellite, with revenues up by a modest 1.4% for the interim period to 30 June 2016. EBITDA increased by 0.9% but there was a drop in net profits of 16.7% due to increased depreciation on new satellites as well as higher interest charges after last year's special dividend distribution. After the exceptionally large dividend distribution last year, Asiasat has not paid a dividend this year. Asiasat's share price marginally decreased by 0.6% in the period and there was no change in UEM's shareholding in the company.

Brazil has replaced Malaysia as UEM's second-largest country investment, increasing from 9.8% to 14.7% of the portfolio. This was driven primarily by strong stock performance and currency appreciation, in addition to both new investments and further investment in existing positions. In the six months to 30 September 2016 the Ibovespa Brasil Sao Paulo Index has been exceptionally strong, increasing by 42.1% in Sterling terms.

Ocean Wilsons Holdings Limited ("Ocean Wilsons") is UEM's fourth largest investment. Over the six-month period to 30 June 2016, Ocean Wilsons delivered a resilient operational performance despite the tough macro-economic environment. Its export-driven port terminals, Rio Grande and Salvador, saw container volumes increase by 4.5% while towage manoeuvres fell by 4.8% on the back of a weaker oil and gas market in Brazil. This operational performance failed to translate into top line growth due to currency fluctuations. Ocean Wilsons reports in US Dolllar and on an average half-year basis the Brazilian Real depreciated by 25% against the US Dollar, resulting in revenues falling by 20.2%. EBITDA over the period decreased by 13.4%. The investment portfolio over the period saw a 2.3% decline in value. Interim dividends per share were unchanged on last year. In the period under review Ocean Wilsons' share price appreciated by 32.4% and there was no change in UEM's shareholding in the company.

Alupar Investimento S.A. ("Alupar") has moved into the top ten following UEM's participation in a rights issue and Alupar's strong share price performance. In its six month results to 30 June 2016 Alupar reported robust results, with energy generation up by 56.2% following the commissioning of the Energia dos Ventos wind farm. This growth was partly offset by lower effective tariffs and combined with inflation adjustments to its electricity transmission assets, group revenue increased by 8.1%. Adjusted EBITDA grew by 6.9%, but normalised earnings declined by 3.4% and dividends per share were reduced by 35% as the company sought to preserve cash ahead of the next round of transmission auctions. The government has now improved the terms of these auctions, which are expected to bolster Alupar's long-term growth prospects. In the six months to 30 September 2016 UEM increased its shareholding in Alupar by 20.7% and the share price increased by 8.5%.

Rumo is a new investment for UEM, following participation in its R$2.6bn (US$800m) capital fund raising in April 2016 and further subsequent investment. Rumo is a railway concession operator in Brazil which delivered strong operational results over the six months to 30 June 2016. Northern operations, which consist of all railway operations, transhipment and port elevations in the area of Mahla Norte and Mahla Paulista saw revenues increase by 28.6%, driven by volumes which were up by 14.5%. The Southern railway operation underperformed with volumes down by 14% and revenues down by 3.9% during the same period. Combined group revenues for the period grew by 17.0%, with EBITDA up by 19.0%. However net income turned negative due to the higher financing and depreciation costs as a result of increased capital spending to improve network efficiency. Since the placing at R$2.50, Rumo's share price has increased by 150.0%.

Malaysia is UEM's third largest country investment, although declining from 13.7% to 10.6% of the portfolio during the period. This is mainly due to disinvestment, with the majority of underlying investments delivering positive share price performances. Being a commodity driven economy, the lower oil prices impacted Malaysia and its market has been a relative laggard versus emerging market peers. In the six months to 30 September 2016 the FTSE Bursa Malaysia KLCI Index in Sterling terms increased marginally by 0.2%.

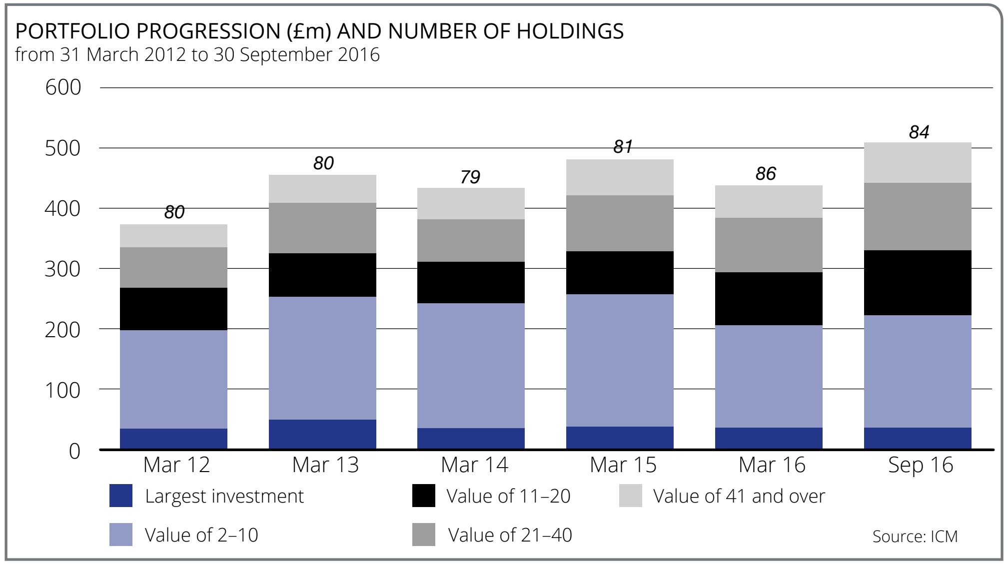
Malaysia Airport Holdings Berhad ("MAHB") remained UEM's largest holding for the six months ended 30 September 2016. During the six months to 30 June 2016, MAHB saw an improvement in its performance, with passenger growth at 4.0% finally exhibiting signs of recovery after the negative impact of the 2014 tragedies affected growth in 2015. Total revenues for the interim period to 30 June 2016 increased by 10.1%, as passenger growth was complemented by the opening of KLIA2 terminal in May 2014, boosting retail spend per passenger. Strong operating leverage saw EBITDA increase by 50.8% and reported net income grew by 106.9%. Interim dividends remained flat. Unfortunately since September, MAHB's 100% owned Turkish subsidiary has seen passenger growth wane on the back of terrorist attacks and the failed coup d'état. MAHB's share price declined by 3.7% during the period under review and UEM's shareholding in the company was reduced by 0.6%.

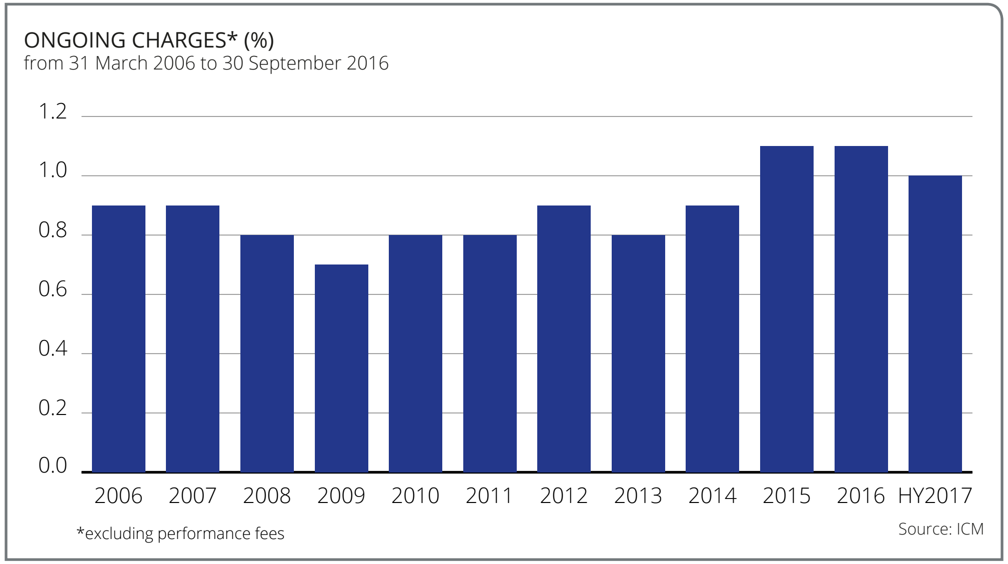
MyEG Services Berhad ("MyEG") continued to demonstrate exceptionally strong growth, principally driven by its foreign worker permit renewal service. This follows an extension of its scope to register previously undocumented workers during an amnesty on illegal employees. The company also benefitted from the consolidation of Cardbiz, a provider of card terminals and card payment related services, in which MyEG now holds a majority stake. Revenues for its financial year to 30 June 2016 were up by 94.3%, EBITDA grew by 108.3% and reported net profit rose by 105.5%. Dividends per share were almost doubled. The company has proposed another 1 for 2 share split to be effected in early 2017. MyEG's share price has gained 7.0% in the six month period to 30 September 2016. UEM continued to take profits on the position, reducing the holding by 31.7%, with MyEG declining to ninth position in the portfolio as a result.

Romania continues to be UEM's fourth largest country investment, up from 8.8% to 9.0% of the portfolio. This is mainly due to additional investment, with mixed performance by the larger holdings notwithstanding the outstanding dividends paid by these investments. Against a backdrop of a weak European market, the Romanian economy has been a standout performer, with annualised GDP growth amounting to 6.0% in June 2016. This is being driven by a combination of lower inflation and both monetary and fiscal easing, stimulating domestic consumption. In the six months to 30 September 2016 the BET Index increased by 13.2% in Sterling terms.

Transelectrica S.A. ("Transelectrica") was UEM's eighth largest position at period end. In its interim results to 30 June 2016, billed energy volumes transmitted by the network increased by 0.8%, while effective tariffs fell by 9.1%. This reduction in tariffs was implemented in July 2015 to claw back over-recovery of profits in the previous regulatory year and resulted in group revenues, excluding balancing market services, falling by 8.5%. High operating leverage and additional provisions saw this decline exacerbated at the EBITDA and normalised earnings levels, which fell by 16.5% and 32.3% respectively. An additional 9.0% tariff cut was implemented from 1 July 2016, of which about two-thirds related to claw-back of profits above the regulatory allowance. In this period Transelectrica paid a dividend equal to a 9.1% yield on the 31 March 2016 share price. In the six months to 30 September 2016 Transelectrica's share price rose by 0.3% and UEM increased its position in the company by 10.5%.

Transgaz S.A. ("Transgaz") moved up two places to tenth position in UEM's portfolio in the period under review, on the back of share price performance and additional investment. In the six months to 30 June 2016 domestic gas volumes transmitted reduced by 9.4%, which was partly offset by effective tariff increases of





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5.3%. Combined with growth in international gas transit and the accrual of historical penalty fees, group revenues increased by 5.2%. However, grid losses doubled on last year due to local temperatures and an increased weighting of renewables in the energy matrix, which combined with higher provisions resulted in EBITDA declining by 8.7% and normalised earnings falling by 12.4%. Transgaz paid a dividend equal to a 10.3% yield on the 31 March 2016 share price. In the six months to 30 September 2016 Transgaz's share price appreciated by 14.2% and UEM increased its position in the company by 11.4%.

Conpet S.A. ("Conpet") reported steady results in the six months to 30 June 2016. Transported oil volumes increased by 1.2%, driven predominantly by oil imports which were up by 11.6% but this was offset by a 6.3% drop in domestic oil transport. With a slight drop in effective tariffs, group revenues declined by 0.5%, though EBITDA firmed slightly by 0.9% and normalised net income grew by 5.6%. Disappointingly, the Romanian State voted against a proposed special dividend which was set to return part of the significant cash position accruing on Conpet's balance sheet. In the six months ended 30 September 2016 Conpet's share price fell by 12.4% and UEM increased its position in the company by 8.3%.

The Philippines represents UEM's fifth largest country investment, advancing modestly from 6.3% to 6.7% of the total portfolio. This has been driven by relative performance of UEM's major investments in The Philippines, whose economy and markets have been remarkably resilient following the appointment of President Duterte in June 2016. In the six months to 30 September 2016 the PSEi Index in Sterling terms increased by 11.0%.

International Container Terminal Services, Inc. ("ICT") rose from sixth position to become UEM's third largest holding, following strong share price performance. ICT's US Dollar based results to 30 June 2016 were mixed with revenue flat over the period due to foreign exchange effects and the comparable period benefitting from substantial storage income following the Manilla truck ban. These figures do not fully reflect the improvement seen in container volumes which grew by 9.7%, with EMEA growth at 15.3% and Asia at 11.2%. This growth was driven by ICT's new terminal in Iraq and also reflects the impact of new shipping line customers. Stringent cost control measures are now evident, with EBITDA up by 7.1%, though higher financing costs resulted in normalised net income falling by 15.5%. In the six months to 30 September 2016 there was no change in UEM's shareholding in ICT, whose share price rose by 15.2%.

Metro Pacific Investments Corporation ("Metro Pacific") reported good results in the six months to 30 June 2016. All its major business lines saw robust growth, with traffic volume at its toll road division up by 23.0%, energy sales at Meralco up by 11.1% and water volume at Maynilad up by 3.8%. Combining these results delivered group revenue growth of 23.5%. Adjusted EBITDA increased by 26.8% and normalised net income grew by 25.5%. Interim dividends were kept flat. In the six months ended 30 September 2016, Metro Pacific's share price increased by 21.2% and there was no change in UEM's shareholding.

Other Asia, including India and Thailand, declined as a percentage of UEM's total portfolio over the past six months from 14.9% to 14.1%. This reflects a combination of disinvestment and relative underperformance partly offset by additional investment. UEM's main investments in the region are in India and Thailand, with additional exposure in Vietnam and Indonesia.

Eastern Water Resources Development and Management PCL ("Eastwater") was UEM's third largest holding as at 31 March 2016 and as at 30 September 2016 had dropped to fifth position on the back of a weak share price and continued realisations. Poor water availability and lacklustre industrial activity impacted demand in its six month results to 30 June 2016, with raw water volumes falling by 6.4%. By comparison, tap water demand has remained strong, boosted by the consolidation of Egcom Tara, with volumes up by 18.6%. While there have been no tariff increases for raw water since 2014, the tap water division sustained Eastwater's financials, with group revenues and EBITDA up by 0.4% and 0.8% respectively. Normalised earnings per share fell by 4.4% and the interim dividends per share were cut by 9.1%. In the six months to 30 September 2016 UEM decreased its position in Eastwater by 9.8% and the share price fell by 9.3%.

SJVN Limited ("SJVN") delivered good results in its financial year ended 31 March 2016. This followed the full year contribution from its new Rampur hydro plant and strong hydrology. Energy generation grew by 14.9%, driving revenue growth of 12.5% on the previous period, which had been boosted by arrears collection. Adjusted EBITDA grew by 11.0% and normalised net income increased by 3.0%. Dividends per share increased by 4.8%. In the six months ended 30 September 2016 SJVN's share price rose slightly by 0.7% and UEM increased its position in the company by 26.3%.

Other Latin America, including Chile, has fallen as a percentage of UEM's portfolio over the past six months, from 10.4% to 8.9%. This primarily reflects the tendering of our Gasco shareholding, partly offset by a combination of investment and relative performance. Aside from Chile, UEM's main investments in the region are in Mexico, with smaller investments in Colombia and Argentina.

Engie Energia Chile S.A. ("E-CL") reported results for the six months to 30 June 2016 which reflected the impact of indexation of regulated tariffs to commodity prices. While total energy sales grew by 1.5%, effective tariffs declined by 11.2% which, combined with lower gas distribution sales, resulted in US Dollar based revenues falling by 17.3%. With declining input costs, adjusted EBITDA fell by 11.1% and normalised net income fell by 13.4%. E-CL announced a special dividend following the sale of a 50% stake in its TEN project. In the six months ended 30 September 2016 E-CL's share price decreased by 5.4% and UEM increased its position in the company by 32.9%.

OMA is a new position in the top twenty and is a Mexican airport operator managing 13 international airports in nine states of central and northern Mexico. The company is benefitting from the robust growth being witnessed in the Mexican air transportation sector, as the domestic market has relatively low penetration and is only now starting to compete with luxury long-distance buses, helped by the low jet fuel prices. In the six months to 30 June 2016 OMA experienced passenger growth of 9.1% which was complemented by higher tariffs over the period to deliver revenue growth of 24.0%. Combined with operational leverage and good cost control, EBITDA increased by 34.7% and net income grew by 41.0%. In the six months to 30 September 2016 OMA's share price rose by 15.3% and UEM increased its shareholding in the company by 15.3%.

PORTFOLIO GENERAL

Investment activity increased during the six months to 30 September 2016, primarily reflecting some significant realisations and new investments, including Gasco and Rumo respectively. In the period under review investment purchases totalled £70.1m, up by 31.4% on the comparable period last year. The largest investment purchases in the top 20 include £4.4m in Rumo, £3.3m in Yuexiu and £2.9m in Alupar.

Realisations in the period totalled £67.4m, up by 3.0% on last year. The largest realisation was £16.8m from the tenders of Gas Natural Chile and Gasco. Other realisations include £6.8m from MyEG and £2.6m from Eastwater.

Changes in the geographic and sector splits reflect the combination of relative market performance, currency fluctuations, investments and realisations, as discussed above. The main sector changes have been an increase in electricity from 16.3% to 20.5% and ports from 12.3% to 14.3%, with satellites decreasing from 9.4% to 7.7%.

BANK DEBT

Bank debt increased from £18.7m to £19.7m over the six months to 30 September 2016, reflecting net investment in the portfolio and was drawn in £9.4m and HK$104m. The £50.0m multicurrency revolving facility with Scotiabank Europe was extended for a further two years to 27 April 2018.

MARKET HEDGING

UEM held net derivatives contracts of £1.3m as at 30 September 2016, down from £3.3m as at 31 March 2016. The good performance of the US S&P Index has continued to undermine the carrying value of the position and resulted in a loss of £3.8m over the six months, reversing the gains of last year. UEM ended the period with a net 600 S&P 500 put contracts at an average strike price of 2050 versus the market S&P Index at 2168, giving UEM US$94.8m protection against any fall in the S&P Index below this level.

REVENUE RETURN

Revenue income decreased by 27.2% from £17.9m to £13.0m during the six months to 30 September 2016, primarily due to the prior year period benefitting from Asiasat distributing a significant portion of its revenue reserves by way of a special dividend with UEM having received £7.4m. Excluding the impact of the Asiasat dividend in both six month periods, revenue income increased by 23.8%. This reflects a combination of dividend increases by investee companies due to growth in profitability, the increased weighting in higher-dividend paying investments, as well as Sterling's weakness.

Management fee and other expenses were broadly unchanged on the prior year at £1.3m. Meanwhile finance costs increased to £85,000 from £57,000, in part reflecting currency fluctuations.

The net outcome is a decrease in revenue return from £15.7m to £10.9m, a decline of 30.4% on the comparable six months in the prior financial year. On a fully diluted basis the revenue EPS were 5.10p versus prior year of 7.34p.

The cumulative retained revenue reserves as at 30 September 2016 were £14.6m, equivalent to 6.8p per share.

CAPITAL RETURN

The portfolio gained £68.7m in the six months to 30 September 2016, reflecting good performance by UEM's investments in robust markets and the strengthening of emerging markets currencies against Sterling. This was partly offset by derivative and exchange losses of £4.2m.

Management and administration fees increased from £1.0m to £6.7m in the period to 30 September 2016. This primarily reflects a performance fee accrual of £5.7m as at 30 September 2016, with underlying fees broadly unchanged on the comparable period last year. As outlined above finance costs increased to £0.2m from £0.1m. Tax expenses increased to £1.3m, reflecting increased deferred taxation as the level of unrealised capital gains in several of UEM's Brazilian holdings grew substantially.

The outcome of the above for the six months is a gain on the capital account of £56.2m, versus a prior period loss of £72.5m. Capital EPS were 26.35p versus prior year loss of 34.01p.

OTHER

In the six months under review, the Company issued and allotted 3.5m ordinary shares following the exercise of rights by subscription shareholders at 183.00p per ordinary share. As at period end there were 39.1m subscription shares in issue.

Charles Jillings
ICM Investment Management Limited and ICM Limited
16 November 2016

TWENTY LARGEST HOLDINGS

30 Sep 2016	*31 Mar 2016*	**Company** *(Country)*	Fair value £'000s	% of total investments
1	*(1)*	**Malaysia Airport Holdings Berhad** *(Malaysia)* Airport operator	37,651	7.4%
2	*(2)*	**China Gas Holdings Limited** *(China)* Gas distribution	31,539	6.2%
3	*(6)*	**International Container Terminal Services, Inc.** *(The Philippines)* Global container port operator	24,304	4.8%
4	*(7)*	**Ocean Wilsons Holdings Limited** *(Brazil)* Port operator, provider of shipping services and worldwide investment fund	24,216	4.7%
5	*(3)*	**Eastern Water Resources Development and Management PCL** *(Thailand)* Water treatment and supply	22,369	4.4%
6	*(4)*	**APT Satellite Holdings Limited** *(Hong Kong)* Satellite operator	20,147	3.9%
7	*(11)*	**Alupar Investimento S.A.** *(Brazil)* Electricity generation and transmission	16,763	3.3%
8	*(9)*	**Transelectrica S.A.** *(Romania)* Electricity transmission	16,372	3.2%
9	*(5)*	**MyEG Services Berhad** *(Malaysia)* IT services	15,763	3.1%
10	*(12)*	**Transgaz S.A.** *(Romania)* Gas transmission	14,540	2.8%
11	(10)	**China Resources Gas Group Ltd** *(China)* Gas distribution	14,298	2.8%
12	*(15)*	**Yuexiu Transport Infrastructure Limited** *(China)* Toll roads operator	12,765	2.5%
13	–	**Rumo Logistica Operadora Multimodal S.A.** *(Brazil)* Rail-based logistics operator	11,961	2.3%
14	*(16)*	**SJVN Limited** *(India)* Electricity generation	11,217	2.2%
15	*(13)*	**Shanghai International Airport Co Ltd** *(China)* Airport operator	10,728	2.1%
16	*(14)*	**Conpet S.A.** *(Romania)* Crude oil transmission	10,484	2.1%
17	*(20)*	**Engie Energia Chile S.A.** *(Chile)* Electricity generation and transmission	10,066	2.0%
18	*(18)*	**Metro Pacific Investments Corporation** *(The Philippines)* Infrastructure investment holding	9,774	1.9%
19	–	**Grupo Aeroportuario del Centro Norte, S.A.B. de C.V.** *(Mexico)* Airport operator	8,570	1.7%
20	*(19)*	**Asia Satellite Telecommunications Holdings Limited** *(Hong Kong)* Satellite operator	7,962	1.6%
		Other investments	178,576	35.0%
		Total Portfolio	510,065	100.0%

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The Chairman's Statement on page 2 and the Investment Managers' Report on page 6 give details of the important events which have occurred during the period and their impact on the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Most of UEM's principal risks and uncertainties are market related and are similar to those of other investment companies investing mainly in listed equities in emerging markets.

The principal risks and uncertainties were described in more detail under the heading "Principal Risks and Risk Mitigation" within the Strategic Report and Business Review section of the Annual Report and Accounts for the year ended 31 March 2016 and have not changed materially since the date of that report.

The principal risks faced by UEM include not achieving long-term total returns for its shareholders, the adverse impact gearing could have, the sudden withdrawal of the bank facility, loss of key management and losses due to inadequate controls of third party service providers.

The Annual Report and Accounts is available on the Company's website, www.uem.limited

RELATED PARTY TRANSACTIONS

Details of related party transactions in the six months to 30 September 2016 are set out in Note 12 to the accounts and details of the fees paid to the Investment Managers are set out in Note 2 to the accounts.

Directors' fees were increased with effect from 1 April 2016 to:
Chairman £43,000 per annum
Chair of Audit Committee £40,000 per annum
Directors £31,800 per annum

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with Chapter 4 of the Disclosure Guidance and Transparency Rules, the Directors confirm that to the best of their knowledge:

- The condensed set of financial statements contained within the report for the six months to 30 September 2016 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 half-yearly financial report, together with the Chairman's Statement and Investment Managers' Report, includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the financial statements as required by DTR 4.2.7R;
- The Directors' statement of principal risks and uncertainties above is a fair review of the principal risks and uncertainties for the remainder of the year as required by DTR 4.2.7R; and
- The half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year as required by DTR 4.2.8R.

On behalf of the Board
John Rennocks
Chairman
16 November 2016

UNAUDITED CONDENSED GROUP INCOME STATEMENT

Notes		Six months to 30 September 2016			Six months to 30 September 2015			Year to 31 March 2016		
		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
	Gains/(losses) on investments	**–**	**68,663**	**68,663**	–	(75,434)	(75,434)	–	(8,213)	(8,213)
	(Losses)/gains on derivative instruments	**–**	**(3,793)**	**(3,793)**	–	3,936	3,936	–	(896)	(896)
	Exchange gains/(losses)	**345**	**(437)**	**(92)**	(183)	(337)	(520)	(136)	(404)	(540)
	Investment and other income	**12,655**	**–**	**12,655**	18,051	–	18,051	21,418	–	21,418
	Total income	**13,000**	**64,433**	**77,433**	17,868	(71,835)	(53,967)	21,282	(9,513)	11,769
2	Management and administration fees	**(598)**	**(6,743)**	**(7,341)**	(571)	(951)	(1,522)	(1,102)	(1,870)	(2,972)
	Other expenses	**(749)**	**(11)**	**(760)**	(711)	(14)	(725)	(1,496)	(19)	(1,515)
	Profit/(loss) before finance costs and taxation	**11,653**	**57,679**	**69,332**	16,586	(72,800)	(56,214)	18,684	(11,402)	7,282
	Finance costs	**(85)**	**(197)**	**(282)**	(57)	(133)	(190)	(118)	(274)	(392)
	Profit/(loss) before taxation	**11,568**	**57,482**	**69,050**	16,529	(72,933)	(56,404)	18,566	(11,676)	6,890
3	Taxation	**(679)**	**(1,251)**	**(1,930)**	(875)	397	(478)	(1,056)	(24)	(1,080)
	Profit/(loss) for the period	**10,889**	**56,231**	**67,120**	15,654	(72,536)	(56,882)	17,510	(11,700)	5,810
4	**Earnings per ordinary share (basic) - pence**	**5.14**	**26.53**	**31.67**	7.34	(34.01)	(26.67)	8.23	(5.50)	2.73
4	**Earnings per ordinary share (diluted) - pence**	**5.10**	**26.35**	**31.45**	7.34	(34.01)	(26.67)	8.23	(5.50)	2.73

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. All income is attributable to the equity holders of the Company. There are no minority interests.

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UNAUDITED CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

Notes	for the six months to 30 September 2016	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 2016	**21,146**	**771**	**204,587**	**11,093**	**188,428**	**10,537**	**436,562**
	Profit for the period	**–**	**–**	**–**	**–**	**56,231**	**10,889**	**67,120**
5	Ordinary dividends paid	**–**	**–**	**–**	**–**	**–**	**(6,872)**	**(6,872)**
	Shares issued on exercise of subscription share rights	**347**	**5,993**	**–**	**–**	**–**	**–**	**6,340**
	Balance at 30 September 2016	**21,493**	**6,764**	**204,587**	**11,093**	**244,659**	**14,554**	**503,150**

Notes	for the six months to 30 September 2015	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 2015	21,324	3,796	204,587	11,093	203,380	3,181	447,361
	(Loss)/profit for the period	–	–	–	–	(72,536)	15,654	(56,882)
5	Ordinary dividends paid	–	–	–	–	(3,252)	(3,252)	(6,504)
	Issue cost of subscription shares	–	(300)	–	–	–	–	(300)
	Balance at 30 September 2015	21,324	3,496	204,587	11,093	127,592	15,583	383,675

Notes	for the year to 31 March 2016	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 2015	21,324	3,796	204,587	11,093	203,380	3,181	447,361
	(Loss)/profit for the year	–	–	–	–	(11,700)	17,510	5,810
5	Ordinary dividends paid	–	–	–	–	(3,252)	(10,154)	(13,406)
	Issue cost of subscription shares	–	(299)	–	–	–	–	(299)
	Shares purchased by the Company	(182)	(2,800)	–	–	–	–	(2,982)
	Shares issued on exercise of subscription share rights	4	74	–	–	–	–	78
	Balance at 31 March 2016	21,146	771	204,587	11,093	188,428	10,537	436,562

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UNAUDITED CONDENSED GROUP BALANCE SHEET

Notes		30 September 2016 £'000s	30 September 2015 £'000s	31 March 2016 £'000s
	Non-current assets			
6	Investments	**510,065**	393,792	438,639
	Current assets			
	Other receivables	**3,375**	817	2,686
7	Derivative financial instruments	**1,323**	8,961	3,636
	Cash and cash equivalents	**16,693**	3,014	12,609
		21,391	12,792	18,931
	Current liabilities			
	Bank loans	**–**	(18,055)	(18,657)
	Other payables	**(7,350)**	(1,330)	(1,787)
	Derivative financial instruments	**–**	(3,524)	(300)
		(7,350)	(22,909)	(20,744)
	Net current assets/(liabilities)	**14,041**	(10,117)	(1,813)
	Total assets less current liabilities	**524,106**	383,675	436,826
	Non-current liabilities			
	Bank loans	**(19,675)**	–	–
	Deferred tax	**(1,281)**	–	(264)
	Net assets	**503,150**	383,675	436,562
	Equity attributable to equity holders			
8	Ordinary share capital	**21,493**	21,324	21,146
	Share premium account	**6,764**	3,496	771
	Special reserve	**204,587**	204,587	204,587
	Other non-distributable reserve	**11,093**	11,093	11,093
	Capital reserves	**244,659**	127,592	188,428
	Revenue reserve	**14,554**	15,583	10,537
	Total attributable to equity holders	**503,150**	383,675	436,562
9	**Net asset value per ordinary share**			
	Basic – pence	**234.10**	179.92	206.45
	Diluted – pence	**226.23**	179.92	202.52

UNAUDITED CONDENSED GROUP STATEMENT OF CASH FLOWS

Notes		Six months to 30 September 2016 £'000s	Six months to 30 September 2015 £'000s	Year to 31 March 2016 £'000s
10	Cash flows from operating activities	**8,734**	11,486	12,048
	Investing activities:			
	Purchases of investments	**(70,314)**	(55,319)	(97,303)
	Sales of investments	**67,058**	67,476	130,611
	Purchases of derivatives	**(3,234)**	(3,899)	(14,912)
	Sales of derivatives	**1,454**	3,713	11,995
	Cash flows from investing activities	**(5,036)**	11,971	30,391
	Cash flows before financing activities	**3,698**	23,457	42,439
	Financing activities			
	Ordinary dividends paid	**(6,872)**	(6,504)	(13,406)
	Movements from loans	**55**	(13,700)	(14,133)
	Cost of ordinary shares purchased	**–**	–	(2,982)
	Proceeds from issue of shares	**6,340**	–	78
	Issue cost of subscription shares	**–**	(136)	(299)
	Cash flows from financing activities	**(477)**	(20,340)	(30,742)
	Net movement in cash and cash equivalents	**3,221**	3,117	11,697
	Cash and cash equivalents at the beginning of the period	**12,609**	526	526
	Effect of movement in foreign exchange	**863**	(629)	386
	Cash and cash equivalents at the end of the period	**16,693**	3,014	12,609
	Comprised of:			
	Cash	**16,693**	3,014	12,609
	Bank overdraft	**–**	–	–
	Total	**16,693**	3,014	12,609

1. ACCOUNTING POLICIES

The Company is an investment company incorporated in Bermuda and traded on the London Stock Exchange. The unaudited 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 2016. The condensed consolidated group 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 2016, which were prepared under full IFRS requirements.

The group Accounts comprise the results of the Company and its subsidiaries, Utilico Emerging Markets (Mauritius) and Global Equity Risk Protection Limited.

2. MANAGEMENT AND ADMINISTRATION FEES

The Company has appointed ICM Investment Management Limited ("ICMIM") as its Alternative Investment Fund Manager and Company Secretary and joint portfolio manager with ICM Limited ("ICM"), for which they are entitled to a management fee, a performance fee and a company secretarial fee. The aggregate fees payable by the Company are apportioned between the joint portfolio managers as agreed by them.

The relationship between ICMIM and ICM is compliant with the requirements of the EU Alternative Investment Fund Managers Directive and also such other requirements applicable to ICMIM by virtue of its regulation by the Financial Conduct Authority.

The annual management fee is 0.65% per annum of net assets, payable quarterly in arrears. The management fee is allocated 70% to capital return and 30% to revenue return. ICMIM also provides company secretarial services to the Company, with the Company paying one-third of the costs associated with this post. The investment management agreement may be terminated upon six months' notice.

In addition, the Investment Managers are 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 higher of (i) the post-tax yield on the FTSE Actuaries Government Securities UK Gilt 5 to 10 years Index, plus inflation (on the RPIX basis), plus 2%; and (ii) 8%. The maximum amount of a performance fee payable in respect of any financial year is 1.85% of the average net assets of the Company and any performance fee in excess of this cap is written off. The net asset value ("NAV") must also exceed the high watermark established when the performance fee was last paid (at 31 March 2015), adjusted for capital events and dividends paid since that date. The high watermark was 209.79p as at 31 March 2015. For the period ended 30 September 2016 a performance fee of £5,682,000 has been accrued.

ICM Limited owns 100% of ICM Corporate Services (Pty) Ltd, making ICM Corporate Services a related party to UEM. ICM Corporate Services (Pty) Ltd provides administration services to UEM (Mauritius) for a fee of US$24,000 per annum and to GERP for a fee of £15,000 per annum. The agreements are terminable upon one month's notice in writing.

F&C Management Limited ("FCM") provides accounting, dealing and administration services to the Company for a fixed fee of £220,000 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 £679,000 (30 September 2015: £875,000 and 31 March 2016: £1,056,000) relates to overseas taxation. The capital return taxation expense of £1,251,000 (30 September 2015: income of £397,000 and 31 March 2015: expense of £24,000) 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 year are subject to nil rate 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.

Diluted revenue return has been calculated in accordance with IAS 33, under which the Company's outstanding subscription 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 subscription shareholders would have received on exercise as compared to the number of ordinary shares which the subscription proceeds would have purchased in the open market. 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 2016 £'000s	Six months to 30 Sep 2015 £'000s	Year to 31 Mar 2016 £'000s
Revenue return	**10,889**	15,654	17,510
Capital return	**56,231**	(72,536)	(11,700)
Total return	**67,120**	(56,882)	5,810
	Number	Number	Number
Weighted average number of ordinary shares in issue during the period for basic earnings per share calculations	**211,916,881**	213,243,793	212,871,538
	Number	Number	Number
Weighted average number of ordinary shares in issue during the period for diluted earnings per share calculations	**213,426,747**	213,249,092	212,871,538

5. DIVIDENDS

	Record date	Payment date	**Six months to 30 Sep 2016 £'000s**	Six months to 30 Sep 2015 £'000s	Year to 31 Mar 2016 £'000s
2015 Fourth quarterly interim of 1.525p	15 May 15	09 Jun 15	**–**	3,252	3,252
2016 First quarterly interim of 1.525p	14 Aug 15	02 Sep 15	**–**	3,252	3,252
2016 Second quarterly interim of 1.625p	27 Nov 15	15 Dec 15	**–**	–	3,463
2016 Third quarterly interim of 1.625p	19 Feb 16	07 Mar 16	**–**	–	3,439
2016 Fourth quarterly interim of 1.625p	03 Jun 16	20 Jun 16	**3,436**	–	–
2017 First quarterly interim of 1.625p	26 Aug 16	21 Sep 16	**3,436**	–	–
			6,872	6,504	13,406

The Directors have declared a second quarterly dividend in respect of the year ended 31 March 2017 of 1.625p per ordinary share payable on 16 December 2016 to shareholders on the register at close of business on 2 December 2016. The total cost of the dividend, which has not been accrued in the results for the period to 30 September 2016, is £3,443,000 based on 211,905,415 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 2016				
Cost	288,743	12,234	41,246	**342,223**
Gains/(losses)	122,179	1,273	(27,036)	**96,416**
Valuation	410,922	13,507	14,210	**438,639**
Movements in the period:				
Purchases at cost	58,490	11,355	290	**70,135**
Transfer to level 2*	(38,608)	38,608	–	**–**
Sales proceeds	(63,586)	(3,786)	–	**(67,372)**
Gains/(losses) on investments sold in the period	15,028	421	(196)	**15,253**
Gains on investments held at period end	49,811	2,369	1,230	**53,410**
Valuation at 30 September 2016	432,057	62,474	15,534	**510,065**
Analysed at 30 September 2016				
Cost	259,106	59,794	41,340	**360,240**
Gains/(losses)	172,951	2,680	(25,806)	**149,825**
Valuation	432,057	62,474	15,534	**510,065**

*Transfer from level 1 to level 2 due to holdings in investee companies being thinly traded.

Level 1 includes investments listed on any recognised stock exchange or quoted on any secondary market.
Level 2 includes holdings in investee companies that are thinly traded.
Level 3 includes investments in private companies or securities.

7. DERIVATIVE FINANCIAL INSTRUMENTS

	30 Sep 2016 £'000s	30 Sep 2015 £'000s	31 Mar 2016 £'000s
Current assets			
Forward exchange contracts - level 2	**97**	–	–
S&P options - US$ - level 1	**1,226**	8,961	3,636
	1,323	8,961	3,636
Current liabilities			
S&P options - US$ - level 1	**–**	(3,524)	(300)
Net current assets	**1,323**	5,437	3,336

Changes in derivatives	**30 Sep 2016 £'000s**	30 Sep 2015 £'000s	31 Mar 2016 £'000s
Valuation brought forward	**3,336**	1,315	1,315
Purchases	**3,234**	3,899	14,912
Settlements	**(1,454)**	(3,713)	(11,995)
(Losses)/gains	**(3,793)**	3,936	(896)
Valuation carried forward	**1,323**	5,437	3,336

8. ORDINARY SHARE CAPITAL

	Number	Authorised £'000s
Equity share capital:		
Ordinary shares of 10p		
Authorised	1,350,010,000	135,001
Subscription shares of 0.005p		
Authorised	80,000,000	4

	Total ordinary shares in issue Number	Total ordinary shares in issue £'000s
Balance at 31 March 2016	211,462,599	21,146
Issued on exercise of subscription share rights	3,463,903	347
Balance at 30 September 2016	214,926,502	21,493

Ordinary shares

Since the end of the period under review, the Company purchased for cancellation 3,021,087 ordinary shares at a cost of £6,287,000.

Subscription shares

As at 31 March 2016, 42,605,893 subscription shares were in issue. On 31 August 2016, holders of 3,463,903 subscription shares exercised their right to subscribe for ordinary shares and as at 30 September 2016, 39,141,990 subscription shares were in issue.

Holders of subscription shares have the right to subscribe for one ordinary share per subscription share at a price of £1.83 payable in cash. The subscription rights can be exercised on 28 February 2017, 31 August 2017 or on the final date of 28 February 2018.

Subscription shares rank equally with each other and do not carry the right to receive any dividends from the Company or to attend and/or vote at general meetings of the Company (although the subscription shareholders have the right to vote in certain circumstances where a variation of the subscription share rights is proposed). Ordinary shares arising on the exercise of the subscription shares will rank pari passu with the ordinary shares currently in issue except they will not rank for any dividend declared or paid on the ordinary shares by reference to a record date prior to the relevant subscription date.

9. NET ASSET VALUE PER ORDINARY SHARE

(a) Net asset value per ordinary share is based on net assets at the period end of £503,150,000 (30 September 2015: £383,675,000 and 31 March 2016: £436,562,000) and on 214,926,502 ordinary shares in issue at the period end (30 September 2015: 213,243,793 and 31 March 2016: 211,462,599).

(b) Diluted net asset value per ordinary share is based on net assets at the period end and assuming the receipt of proceeds arising from the exercise of 39,141,990 subscription shares in issue at a price of £1.83 per ordinary share issued (30 September 2015: 42,648,610 and 31 March 2016: 42,605,893).

	30 Sep 2016 Number	30 Sep 2015 Number	31 Mar 2016 Number
Ordinary shares in issue at the period end	**214,926,502**	213,243,793	211,462,599
Ordinary shares created on exercise of all subscription shares	**39,141,990**	42,648,610	42,605,893
Number of ordinary shares for diluted calculation	**254,068,492**	255,892,403	254,068,492
Attributable net assets – £'000s	**574,780**	461,722	514,531

There was no dilution of net assets per ordinary share as at 30 September 2015.

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

	30 Sep 2016 £'000s	30 Sep 2015 £'000s	31 Mar 2016 £'000s
Profit/(loss) before taxation	**69,050**	(56,404)	6,890
Adjust for non-cash flow items:			
(Gains)/losses on investments	**(68,663)**	75,434	8,213
Losses/(gains) on derivative financial instruments	**3,793**	(3,936)	896
Exchange losses	**92**	520	540
Effective yield interest	**(3)**	(23)	(11)
(Increase)/decrease in accrued income	**(352)**	522	311
Increase/(decrease) in creditors	**5,753**	(2,924)	(2,986)
Increase in other debtors	**(13)**	(232)	(11)
Tax on overseas income	**(690)**	(935)	(1,101)
	(60,083)	68,426	5,851
Adjust for cash flow items not within Income Statement			
Taxation on capital gains	**(233)**	(536)	(693)
Net cash flows from operating activities	**8,734**	11,486	12,048

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, debt and other securities, issued by companies operating and generating revenue in emerging markets and therefore no segmental reporting is provided.

UNAUDITED NOTES TO THE ACCOUNTS (CONTINUED)

12. RELATED PARTY TRANSACTIONS

There have been no changes in related party relationships and no significant changes to related party transactions since 31 March 2016.

13. RESULTS

The condensed set of financial statements, forming the half-year accounts, has been neither audited nor reviewed by the Company's auditor. The latest published accounts are for the year ended 31 March 2016; the report of the auditors thereon was unqualified. The condensed financial statements shown above for the year ended 31 March 2016 are an extract from those accounts.

14. GOING CONCERN

The financial statements have been prepared on a going concern basis. The Company's assets consist mainly of equity shares in listed companies and in most circumstances are realisable within a short timescale. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

As at the period end, the Company had a £50m secured multicurrency loan facility with Scotiabank Europe PLC, expiring on 27 April 2018.

COMPANY INFORMATION

Utilico Emerging Markets Limited
Report & Accounts for
the six months to 30 September 2016

DIRECTORS
John Rennocks (Chairman)
Garth Milne (Deputy Chairman)
Susan Hansen
Garry Madeiros OBE
Anthony Muh

REGISTERED OFFICE
34 Bermudiana Road, Hamilton HM 11
Bermuda
Company Registration Number: 36941

AIFM, JOINT PORTFOLIO MANAGER AND SECRETARY
ICM Investment Management Limited
PO Box 208, Epsom Surrey KT18 7YF

Telephone +44 (0)1372 271486

Authorised and regulated in the UK by
the Financial Conduct Authority

JOINT PORTFOLIO MANAGER
ICM Limited
34 Bermudiana Road, Hamilton HM 11
Bermuda

ASSISTANT SECRETARY
BCB Charter Corporate Services Limited
34 Bermudiana Road, Hamilton HM 11
Bermuda

ADMINISTRATOR
F&C Management Limited (trading as BMO GAM)
Exchange House, Primrose Street
London EC2A 2NY

Authorised and regulated in the UK by
the Financial Conduct Authority

BROKER
Stockdale Securities Limited
Beaufort House, 15 St Botolph Street
London EC3A 7BB

Authorised and regulated in the UK by
the Financial Conduct Authority

PUBLIC RELATIONS
Bell Pottinger
6th Floor Holborn Gate
330 High Holborn
London WC1V 7QD

Telephone +44 (0)20 3772 2562

LEGAL ADVISOR TO THE COMPANY (as to English law)
Norton Rose Fulbright LLP
3 More London Riverside, London SE1 2AQ

LEGAL ADVISOR TO THE COMPANY (as to Bermuda law)
Appleby (Bermuda) Limited
Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

REPORTING ACCOUNTANTS AND REGISTERED AUDITOR
KPMG LLP
15 Canada Square, London E14 5GL

Member of the Institute of Chartered Accountants
in England and Wales

DEPOSITARY SERVICES PROVIDER
J.P. Morgan Europe Limited
25 Bank Street, Canary Wharf, London E14 5JP

Authorised and regulated in the UK by
the Financial Conduct Authority

CUSTODIANS
JPMorgan Chase Bank N.A.
JPMorgan House, Grenville Street
St Helier, Jersey JE4 8QH

Bermuda Commercial Bank Limited
34 Bermudiana Road, Hamilton HM 11
Bermuda

REGISTRAR
Computershare Investor Services (Bermuda) Ltd
5 Reid Street, Hamilton HM 11
Bermuda

Telephone +44 (0)370 707 4040

REGISTRAR TO THE DEPOSITARY INTERESTS AND CREST AGENT
Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol BS13 6ZY

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

Utilico Emerging Markets Limited
Report & Accounts for
the six months to 30 September 2016

	30 Sep 2016	31 Mar 2016	31 Mar 2015	31 Mar 2014	31 Mar 2013	31 Mar 2012	31 Mar 2011	31 Mar 2010	31 Mar 2009	31 Mar 2008	31 Mar 2007	31 Mar 2006[2]
Total return[1] (annual) (%)	13.3	(0.5)	12.2	(3.4)	20.5	3.1	21.4	44.0	(28.9)	16.3	22.4	18.2
Annual compound total return (since inception)[3] (%)	11.9	11.4	12.4	12.4	14.2	13.5	15.1	12.6	5.6	21.5	24.5	27.1
Undiluted NAV per ordinary share (pence)	234.10	206.45	209.79	192.38	205.49	175.60	175.28	157.33	107.76	168.39	146.45	119.48
Diluted NAV per ordinary share (pence)	226.23	202.52	209.79[4]	192.38[4]	205.49[4]	175.60[4]	175.28[4]	148.37	106.51	157.20	138.80	116.23
Ordinary share price (pence)	206.75	178.50	188.50	180.00	191.20	164.00	157.75	132.00	95.50	153.75	137.25	126.00
(Discount)/premium[5] (%)	(8.6)	(11.9)	(10.1)	(6.4)	(7.0)	(6.6)	(10.0)	(11.0)	(10.3)	(2.2)	(1.1)	8.4
Earnings per ordinary share (diluted)												
– Capital (pence)	26.35	(5.50)	18.53	(12.13)	30.71	1.19	25.63	48.57	(60.28)	17.89	34.19	19.50
– Revenue (pence)	5.10	8.23	4.98	4.80	5.20	4.12	5.61	4.67	5.08	5.24	2.96	1.62
Total (pence)	31.45	2.73	23.51	(7.33)	35.91	5.31	31.24	53.24	(55.20)	23.13	37.15	21.12
Dividends per ordinary share (pence)	3.25[6]	6.40	6.10	6.10	5.80	5.50	5.20	4.80	4.80	4.80	2.70	1.50
Equity holders' funds (£m)	503.2	436.6	447.4	410.2	442.9	378.5	383.2	319.9	230.7	359.5[8]	241.6[7]	89.7
Gross assets[9] (£m)	522.8	455.2	479.2	433.4	452.1	382.9	393.4	344.5	272.5	441.3[8]	288.6[7]	107.2
Ordinary shares bought back (£m)	–	3.0	–	3.9	–	4.9	11.5	16.0	0.2	–	–	–
Cash/(overdraft) (£m)	16.7	12.6	0.5	(0.9)	2.6	(1.8)	(0.7)	2.0	24.1	11.9	19.9	1.2
Bank debt (£m)	(19.7)	(18.7)	(31.9)	(23.1)	(9.2)	(4.4)	(10.2)	(24.7)	(41.8)	(79.9)	(45.0)	(17.5)
Net debt (£m)	(3.0)	(6.1)	(31.4)	(24.0)	(6.6)	(6.2)	(10.9)	(22.7)	(17.7)	(68.0)	(25.1)	(16.3)
Net debt gearing on gross assets (%)	0.6	1.3	6.6	5.5	1.5	1.6	2.8	6.6	6.5	15.5	8.8	15.2
Management and administration fees and other expenses (£m)												
– excluding performance fee	2.4	4.5	4.6	3.7	3.4	3.9	3.1	2.5	2.7	3.1	2.1	0.8
– including performance fee	8.1	4.5	7.7	3.7	12.9	3.6	9.6	2.5	2.7	6.5	9.2	3.0
Ongoing charges figure[10] (%)												
– excluding performance fee	1.0	1.1	1.1	0.9	0.8	0.9	0.8	0.8	0.7	0.8	0.9	0.9
– including performance fee	2.2	1.1	1.8	0.9	3.2	0.9	2.5	0.8	0.7	1.7	4.0	3.4

(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) 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) There was no dilution
(5) Based on diluted NAV
(6) The second quarterly dividend has not been included as a liability in the accounts
(7) Includes the £100.0m fund raising in May 2006
(8) Includes the £85.0m fund raising in December 2007
(9) Gross assets less liabilities excluding loans
(10) 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