



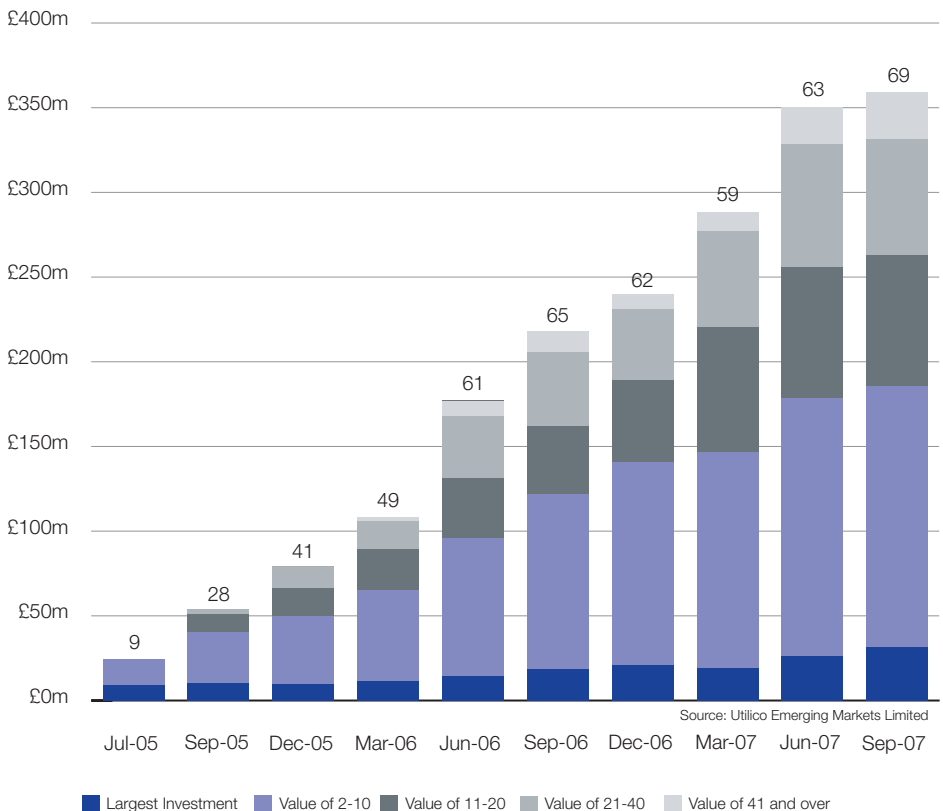
UTILICO EMERGING MARKETS LIMITED
Report and accounts
for the six months to 30 September 2007

OBJECTIVE OF THE COMPANY

To provide long term capital appreciation by investing predominantly in infrastructure, utility and related companies in emerging markets.

UEM recorded a profit for the six months of £69.7m, equating to earnings of 42.13p per share. The NAV per share increased by 28.2% in the six months. UEM has delivered an annual compound return of 36.0% since inception.

Portfolio progression & number of investments
from 20 July 2005 to 30 September 2007



SUMMARY OF UNAUDITED RESULTS

UTILICO EMERGING MARKETS LIMITED
SIX MONTHS TO 30 SEPTEMBER 2007

	Half year 30 Sep 07	Annual 31 Mar 07	Annual 31 Mar 06 ⁽¹⁾	20 Jul 05 ⁽²⁾	Half Year change % 07	Annual change % 07/06	Annual change % 06/05
Undiluted net asset value per ordinary share	187.80p	146.45p	119.48p	98.36p	28.2	22.6	21.5
Diluted net asset value per ordinary share	173.43p	138.80p	116.23p	98.36p ⁽⁴⁾	24.9	19.4	18.2
Ordinary share price (Discount)/Premium ⁽⁵⁾	173.50p –%	137.25p (1.1%)	126.00p 8.4%	100.00p 1.7%	26.4	8.9	26.0
Earnings per ordinary share (basic)							
– Capital	38.55p	34.19p	19.50p	n/a	n/a	75.3	n/a
– Revenue	3.58p	2.96p	1.62p	n/a	n/a	82.7	n/a
– Total	42.13p	37.15p	21.12p	n/a	n/a	75.9	n/a
Dividends per ordinary share (basic)							
– Interim declared (2007 paid)	3.50p	2.00p	–	n/a	75.0	80.0	n/a
– Final	n/a	0.70p ⁽⁶⁾	1.50p	n/a	n/a		
– Total	n/a	2.70p	1.50p	n/a	n/a	80.0	n/a
Equity holders' funds (£m)	312.4	241.6	89.7	73.8	29.3	169.3 ⁽⁸⁾	21.5
Gross assets (£m) ⁽⁷⁾	379.7	288.6	107.2	73.8	31.6		
Bank debt (£m)	64.2	45.0	17.5	–	42.7	157.1	n/a
Gearing on gross assets	16.9%	15.6%	16.3%	–			
Management and administration fees ⁽⁸⁾	1.3	2.0	0.7	n/a	n/a	n/a	n/a
Total expense ratio ⁽⁹⁾	0.8%	0.9%	0.9%	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) Includes the £100.0m fund raising in May 2006

(4) There is no dilution

(5) Based on diluted net asset value

(6) The dividends declared have not been included as a liability in these accounts

(7) Gross assets less current liabilities excluding loans

(8) Excluding performance fee, including other expenses

(9) Management and administration fees over monthly average gross assets

Once again the first six months of UEM's year have been testing times for emerging markets investors so I am pleased to report UEM has performed well. The NAV per ordinary share rose from 146.45p to 187.80p after paying a final dividend of 0.70p for the year ended 31 March 2007. This represents a gain of 28.2%. The average annual compound return per ordinary share since inception stood at 36.0% at the end of the half-year.

In common with previous periods, the portfolio has outperformed the MSCI EMF (Sterling adjusted) index. The MSCI gained 24.9% for the six months versus 28.2% for UEM. Over the last twelve months UEM has seen its NAV per ordinary share gain 56.8% versus the MSCI which gained 42.3%. Over this period UEM underperformed the MSCI in only two of the last twelve months.

During the six months UEM increased its bank facility with Halifax Bank of Scotland ("HBOS") to £80.0m. As at 30 September 2007, £64.2m of this facility was drawn, all in US dollars. As a result gearing has increased to 16.9% from 15.6%.

The managers continue to utilise contracts for difference and have increased the gross position to £25.3m (£14.4m at 31 March 2007) against which £14.4m was held as collateral.

The managers have continued to increase the absolute level of market protection by investing in S&P 500 index put options and put option spreads. As at 30 September 2007 there were no short put options as these had expired the week before and total market protection at that date was £200.0m. Since period end the put option spreads have been completed and the current net equity protection is £105.0m equivalent to 25.0% of the gross assets (31 March – £78.4m or 25.0% of the gross assets).

The revenue and expenses were broadly in line with the manager's expectations. The revenue return per share was negatively impacted by the increased costs associated with the increased borrowings taken on by UEM. Offsetting this was the change in accounting policy to capitalise 70.0% of finance costs and management fees. The resultant revenue earnings per share was

3.58p per ordinary share, up 49.8% on the same period last year. The board has declared an interim dividend of 3.50p.

The managers continue to keep a firm control on costs. The annualised management and administration costs were 0.8% for the six months, marginally lower than previous periods.

The market price of the ordinary shares increased by 26.4% to 173.50p as at 30 September 2007. This represents a small premium to the diluted NAV per ordinary share of 173.43p. We continue to see strong shareholder support for UEM.

On 6 November 2007 we announced our intention to raise up to £100.0m by way of a placing and open offer of C shares and subscription shares. Further we are seeking a listing on the Channel Islands Stock Exchange which will enable UK PEP and ISA holders to invest in the company for the first time. We expect to post a circular to shareholders and warrant holders, seeking the approval of the C share issue, towards the end of November.

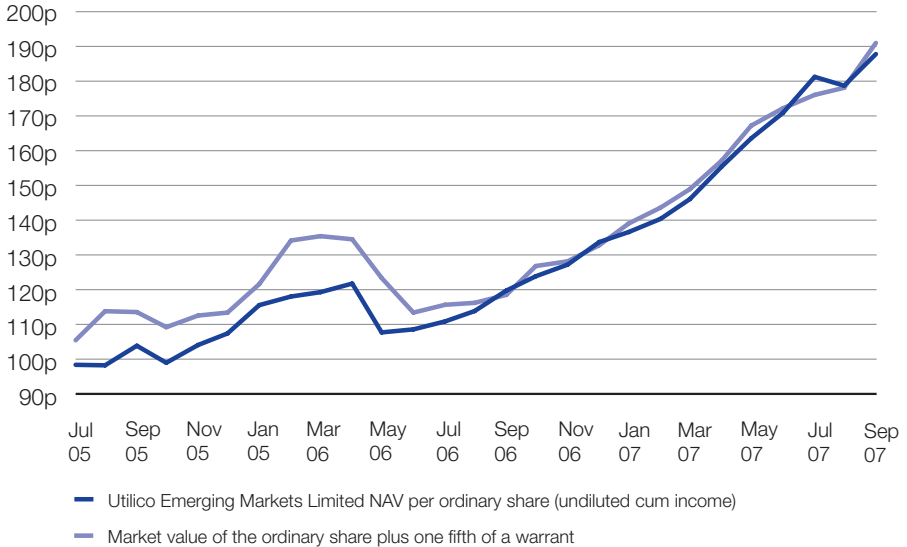
Looking forward the conflicting forces on the market and contrasting outlooks coupled with the range of issues facing the markets are expected to result in continued volatility.

We continue to believe the world's economic activity will retreat from the high growth levels seen over the last twelve months, but we still anticipate sound economic progress from emerging markets. Furthermore, we believe the long term growth prospects for infrastructure, utility and related companies within emerging markets are strong and UEM's portfolio remains well positioned to benefit from this progress.



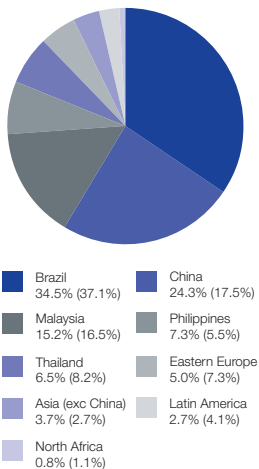
Alexander Zagoreos
November 2007

NAV per ordinary share performance
from 20 July 2005 to 30 September 2007

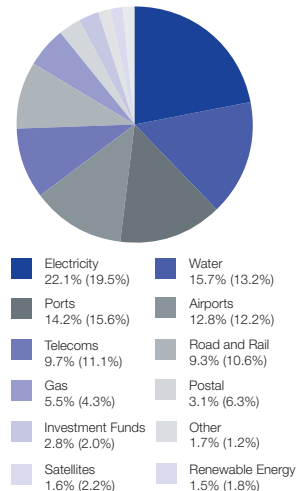


Source: Utilico Emerging Markets Limited

Geographical split of investments
as at 30 September 2007



Sectoral split of investments
as at 30 September 2007



Percentages in brackets as at 31 March 2007
Source: Utilico Emerging Markets Limited

UEM has continued to report strong growth over the past six months with shareholders' funds increasing from £241.6m to £312.4m an increase of 29.3%. Over the period investments of £75.6m were made with disposals totaling £55.8m.

Since inception UEM has seen its undiluted NAV per ordinary share increase by 90.9% equivalent to a compound annual return, including dividends, of 36.0%.

Portfolio Review

The evolution of the portfolio has continued over the period with the number of investments increasing from 59 to 69 and we continue to identify an increasing pool of investable companies. As a result of this deepening of the portfolio, the Top 20 holdings now account for 70.2% of the portfolio, down from 73.9%.

Since 31 March 2007, within the Top 10 we have seen Datang International Power Generation ("Datang") and Saneamento Basico do Estado de Sao Paulo ("SABESP") rise to numbers 1 and 2 respectively as a result of strong performance over the period with Datang's share price increasing by 147.1% and SABESP by 46.2%.

Other stocks within the Top 10 which performed well were International Container Terminal Services up 32.7%, Puncak Niaga up 35.4% and Beijing Capital International Airport up 108.5%. This resulted in these stocks rising to positions 4, 6 and 7 respectively.

Malaysia Airports ("MAHB") was the sole new entrant to the Top 10 increasing to position 10 due to a combination of strong performance and sustained investment over the period. MAHB replaced POS Malaysia Services ("POSM") which dropped out of the Top 10 as a result of the capital repayment of 1.5 Ringgit per share received in August, equivalent to 33.0% of the share price at the time of the repayment. This followed the capital restructuring of the company announced earlier in the year.

Four Top 10 stocks moved down in the portfolio over the period namely, Companhia de Concessoes Rodoviaras ("CCR"), Ocean Wilsons Holdings, Companhia de Gas de Sao Paulo ("Comgas") and AES Tiete declining to numbers 3, 5, 8 and 9 respectively. The position in CCR was reduced over the period while Ocean Wilsons, Comgas and AES Tiete declined on a relative performance basis despite producing positive absolute returns over the period.

During the six months the sectoral split has seen electricity remain the largest sector increasing from 19.5% to 22.1%. Water has moved up to the second largest sector exposure increasing from 13.2% to 15.7% and Ports has declined from 15.6% to 14.2% to become the third largest sector exposure. In the interests of greater disclosure, the Other sector classification has been further subdivided into Postal, Investment Funds and Renewable Energy. In addition Satellites has been separated out from the Telecoms sector.

The geographical split has seen small declines in the proportion invested in Brazil and Malaysia although they remain two of the top three country exposures.

The largest increase in country exposures was China, which increased from 17.5% in March to 24.3% at the end of September as a result of the sharp increase in the Chinese stockmarket.

The other main increase in country exposures is the Philippines which, due to a combination of net investment and market gains, has increased sufficiently to be disclosed separately with 7.3% invested at the end of September.

Balance Sheet

Over the six month period UEM increased the amount of bank debt by £19.2m from £45.0m at 30 March 2007 to £64.2m at 30 September 2007. All of the debt remains drawn in US Dollars in order to partially hedge UEM from a fall in the

US currency as a result of UEM's US dollar linked holdings.

Over the period UEM has also increased the usage of Contracts for Difference ("CFD's") from £14.4m at 30 March 2007 to £25.3m at 30 September 2007. This has effectively added a further £10.8m of net debt giving UEM a gearing level of 19.8% at 30 September 2007 based on gross assets (less current liabilities excluding loans) of £379.7m.

Hedging

The managers have continued to increase the absolute level of market protection by investing in S&P 500 index put options and put option spreads. As at 30 September 2007 there were no short put options as these had expired the week before and total market protection at that date was £200.0m. Since period end the put option spreads have been completed and the current net equity protection is £105.0m equivalent to 25.0% of the gross assets (31 March – £78.4m or 25.0% of the gross assets).

Revenue Return

Investment and other income was £7.9m for the six months. Over the past twelve months this has amounted to £11.3m and represents an average gross yield of 3.8%. This was marginally behind the expected yield of 4.0% as a result of the strong asset performance. Management, administration and other expenses rose by 19.4% compared to the previous six months reflecting in the main the increase in shareholders funds which rose 29.3%.

Starting with the current period, 70.0% of annual management fees and finance costs are charged to capital. However, the total management fees and administrative expenses, excluding the performance fee, but including that element of these costs charged to the capital accounts were £1.3m. This represents an annualised cost of 0.8%.

Finance costs including those charged to capital, increased to £2.6m, reflecting increased bank borrowings coupled with higher interest rates. Taxation of £0.4m reflects, in the main, withholding tax in certain jurisdictions on dividend declarations.

Revenue profit for the period was £5.9m and represents a revenue return of basic earnings per share of 3.58p. The Board has declared an interim dividend of 3.50p per ordinary share.

Looking forward we expect the portfolio's gross dividend yield to remain approximately 4.0% and annual costs to remain below 1.0%. However, we continue to expect that income generation will be weighted towards the first half of the financial year.

Capital Return

The total capital income over the period was £77.6. This included investment gains of £70.0m, gains on derivative instruments of £5.7m and exchange rate gains of £1.8m with UEM gaining from the appreciation of the Brazilian Real and the Philippine Peso. Performance fees, management fees, finance costs and capital gains tax reduced this gain to £63.8m for a capital return in the six months of 38.55p per ordinary share. The accrued performance fee was £9.2m as at 30 September 2007 reflecting the strong asset gains for shareholders.

Outlook

We remain convinced of the attractions of infrastructure and utility assets in emerging markets. Our investee companies continue to report strong organic growth resulting in rising earnings and increasing dividend payments.

TEN LARGEST HOLDINGS OF THE COMPANY⁽¹⁾

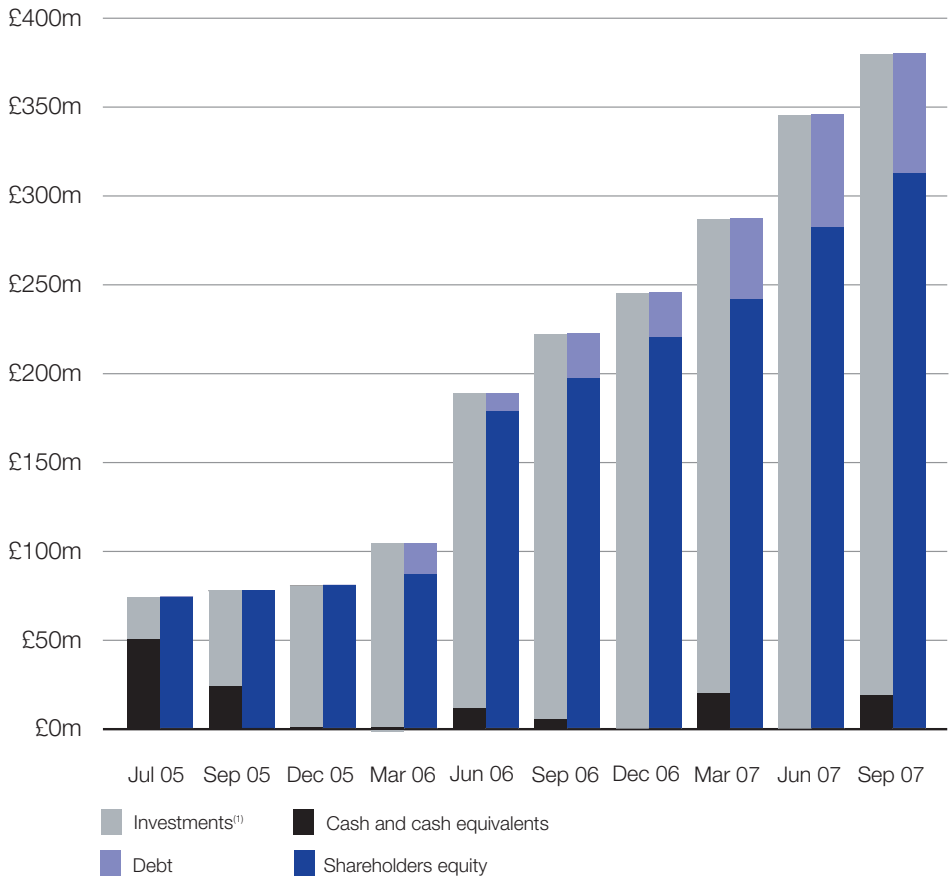
UTILICO EMERGING MARKETS LIMITED
SIX MONTHS TO 30 SEPTEMBER 2007

30 Sep 2007	31 Mar 2007	Company (country)	Number of shares held	Class of shares held	Fair value £'000s	% of total investments
1	(5)	Datang International Power Generation Co Ltd (<i>China</i>) Electricity generator	8,900,000	H ordinary*	31,750	8.8%
2	(4)	Companhia de Saneamento Basico do Estado de Sao Paulo (SABESP) (<i>Brazil</i>) Water and sewerage company	922,700	Ordinary (ADR)	22,368	6.2%
3	(1)	Companhia de Concessoes Rodoviaras (CCR) (<i>Brazil</i>) Toll road operator	2,215,800	Ordinary	21,646	6.0%
4	(6)	International Container Terminal Services Inc. (<i>Philippines</i>) Port operator	51,931,400	Ordinary	20,652	5.8%
5	(2)	Ocean Wilsons Holdings Limited (<i>Brazil</i>) Ports operator and provider of shipping services	2,326,511	Ordinary	18,728	5.2%
6	(9)	Puncak Niaga Holdings Berhad (<i>Malaysia</i>) Water and sewerage company	29,914,350	Ordinary	18,529	5.2%
7	(10)	Beijing Capital International Airport Company Ltd (<i>China</i>) Airport operator	17,143,000	Ordinary	17,525	4.9%
8	(7)	Companhia de Gas de Sao Paulo (<i>Brazil</i>) Gas distribution company	72,729,500	Ordinary	16,365	4.6%
9	(8)	AES Tiete S.A. (<i>Brazil</i>) Electricity generator	602,530,000	Ordinary	14,667	4.1%
10	–	Malaysia Airport Holdings Berhad (<i>Malaysia</i>) Airport operator	33,926,900	Ordinary	13,928	3.9%
		Other investments			187,715	52.3%
		Total investments including CFD's			383,873	
		Less CFD's			(25,275)	(7.0%)
		Total Investments			358,598	100.0%

(1) Includes shares held directly and through CFD's

*In addition the company held 15,840,000 convertible loan notes

Capital Structure
from 20 July 2005 to 30 September 2007



⁽¹⁾includes current assets and non current liabilities excluding loans

Source: Utilico Emerging Markets Limited

6 months to 30 September 2007

Notes	Revenue return £000s	Capital return £000s	Total return £000s
Gains and losses on investments	–	70,025	70,025
Gains and losses on derivative instruments	–	5,721	5,721
Exchange gains and losses	–	1,836	1,836
Investment and other income	7,859	–	7,859
Total income	7,859	77,582	85,441
2 Management and administration fees	(351)	(10,360)	(10,711)
Other expenses	(437)	(26)	(463)
Profit before finance costs and taxation	7,071	67,196	74,267
Finance costs	(776)	(1,811)	(2,587)
Profit before tax	6,295	65,385	71,680
3 Taxation	(375)	(1,621)	(1,996)
Profit for the period	5,920	63,764	69,684
4 Earnings per share (basic) – pence	3.58	38.55	42.13
4 Earnings per share (diluted) – pence	3.35	36.04	39.39

The total column of this statement represents the Company's Income Statement, 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.

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the Company.

6 months to 30 September 2006

Year to 31 March 2007

Revenue return £000s	Capital return £000s	Total return £000s	Revenue return £000s	Capital return £000s	Total return £000s
-	6,372	6,372	-	58,094	58,094
-	8	8	-	2,450	2,450
-	1,052	1,052	-	1,830	1,830
4,994	-	4,994	8,457	-	8,457
4,994	7,432	12,426	8,457	62,374	70,831
(541)	85	(456)	(1,275)	(7,102)	(8,377)
(315)	(97)	(412)	(709)	(77)	(786)
4,138	7,420	11,558	6,473	55,195	61,668
(399)	-	(399)	(1,417)	-	(1,417)
3,739	7,420	11,159	5,056	55,195	60,251
(303)	(945)	(1,248)	(488)	(2,421)	(2,909)
3,436	6,475	9,911	4,568	52,774	57,342
2.39	4.49	6.88	2.96	34.19	37.15
2.33	4.40	6.73	2.87	33.14	36.01

UNAUDITED STATEMENT OF CHANGES IN EQUITY

UTILICO EMERGING MARKETS LIMITED
SIX MONTHS TO 30 SEPTEMBER 2007

Notes

	Ordinary share capital £'000s	Share premium account £'000s
Balance at 31 March 2007	16,498	147,194
Profit for the period	–	–
5 Ordinary dividend paid	–	–
7 Issue of ordinary share capital and warrants	135	2,074
Balance at 30 September 2007	16,633	149,268

	Ordinary share capital £'000s	Share premium account £'000s
Balance at 31 March 2006	7,507	62,284
Profit for the period	–	–
Ordinary dividend paid	–	–
Issue of ordinary share capital and warrants	8,955	85,984
Cost of issuing ordinary share capital	–	(1,398)
Balance at 30 September 2006	16,462	146,870

	Ordinary share capital £'000s	Share premium account £'000s
Balance at 31 March 2006	7,507	62,284
Profit for the period	–	–
Ordinary dividends paid	–	–
Issue of ordinary share capital and warrants	8,991	86,308
Cost of issuing ordinary share capital	–	(1,398)
Balance at 31 March 2007	16,498	147,194

for the 6 months to 30 September 2007

Warrant reserve £'000s	Non- distributable reserve £'000s	Retained earnings		Total £'000s
		Capital reserve £'000s	Revenue reserve £'000s	
9,050	101	67,408	1,365	241,616
-	-	63,764	5,920	69,684
-	-	-	(1,155)	(1,155)
-	-	-	-	2,209
9,050	101	131,172	6,130	312,354

for the 6 months to 30 September 2006

Warrant reserve £'000s	Non- distributable reserve £'000s	Retained earnings		Total £'000s
		Capital reserve £'000s	Revenue reserve £'000s	
4,050	1	14,634	1,215	89,691
-	-	6,475	3,436	9,911
-	-	-	(1,126)	(1,126)
5,100	-	-	-	100,039
-	-	-	-	(1,398)
9,150	1	21,109	3,525	197,117

for the year to 31 March 2007

Warrant reserve £'000s	Non- distributable reserve £'000s	Retained earnings		Total £'000s
		Capital reserve £'000s	Revenue reserve £'000s	
4,050	1	14,634	1,215	89,691
-	-	52,774	4,568	57,342
-	-	-	(4,418)	(4,418)
5,000	100	-	-	100,399
-	-	-	-	(1,398)
9,050	101	67,408	1,365	241,616

UNAUDITED BALANCE SHEET

UTILICO EMERGING MARKETS LIMITED
SIX MONTHS TO 30 SEPTEMBER 2007

Notes	30 September 2007 £000s	30 September 2006 £000s	31 March 2007 £000s	
	Non current assets			
	Investments	358,598	218,075	273,708
	Current assets			
	Other receivables	1,934	965	2,229
	Derivative financial instruments	12,787	2,035	7,605
6	Cash and cash equivalents	18,979	5,365	19,904
	33,700	8,365	29,738	
	Current liabilities			
	Bank loans	(19,751)	(25,338)	(20,000)
	Derivative financial instruments	(709)	(426)	(482)
	Other payables	(11,859)	(2,614)	(14,335)
	(32,319)	(28,378)	(34,817)	
	Net current assets/(liabilities)	1,381	(20,013)	(5,079)
	Total assets less current liabilities	359,979	198,062	268,629
	Non current liabilities			
	Bank loans	(44,440)	–	(25,014)
	Deferred tax	(3,185)	(945)	(1,999)
	Net assets	312,354	197,117	241,616
	Equity attributable to equity holders			
7	Ordinary share capital	16,633	16,462	16,498
	Share premium account	149,268	146,870	147,194
	Warrant reserve	9,050	9,150	9,050
	Non-distributable reserve	101	1	101
	Capital reserves	131,172	21,109	67,408
	Revenue reserve	6,130	3,525	1,365
	Total attributable to equity holders	312,354	197,117	241,616
	Net asset value per ordinary share			
8	Basic – pence	187.80	119.74	146.45
8	Diluted – pence	173.43	116.45	138.80

UNAUDITED CASH FLOW STATEMENT

UTILICO EMERGING MARKETS LIMITED
SIX MONTHS TO 30 SEPTEMBER 2007

	6 months to 30 September 2007 £000s	6 months to 30 September 2006 £000s	Year to 31 March 2007 £000s
9 Cash flows from operating activities	(20,784)	(102,224)	(105,201)
Cash flows from investing activities	–	–	–
Cash flows before financing activities	(20,784)	(102,224)	(105,201)
Financing activities			
Equity dividends paid	(1,155)	(1,126)	(4,418)
Proceeds from borrowings	20,654	8,930	29,839
Proceeds from warrants exercised	1	1	361
Proceeds from issue of ordinary share capital	–	98,614	98,608
Cash flows from financing activities	19,500	106,419	124,390
Net increase/(decrease) in cash and cash equivalents	(1,284)	4,195	19,189
Cash and cash equivalents at the beginning of the period	19,904	1,238	1,238
Effect of movement in foreign exchange	359	(68)	(523)
Cash and cash equivalents at the end of the period	18,979	5,365	19,904

1 ACCOUNTING POLICIES

As previously announced, with effect from 1 April 2007, the management fee and finance costs are allocated 70% to capital return and 30% to revenue return. Previously these costs were fully charged to revenue return. As recommended by the Statement of Recommended Practice Finance Statements of Investment Trust Companies issued in the UK by the Association of Investment Companies in December 2005, prior period figures have not been restated. Had this policy been in place for the previous periods the basic earnings per share on the revenue return would have been 2.79p for period ended 30 September 2006 and 4.08p for year ended 31 March 2007 and the capital return would have been 4.09p for period ended 30 September 2006 and 33.07p for year ended 31 March 2007. The basic earnings per share on the total return remains the same at 6.88p for period ended 30 September 2006 and 37.15p for year ended 31 March 2007.

The interim financial statements have been prepared on the basis of the accounting policies set out in the Company's financial statements at 31 March 2007 and in accordance with IAS 34.

2 MANAGEMENT AND ADMINISTRATION FEES

Ingot Capital Management Pty Ltd ("ICM") provides investment management services 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 (see note 1 above).

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 compared to the post-tax yield on the FTSE Actuaries Government Securities UK Gilt 5 to 10 years Index, plus inflation (on the RPIX basis), plus two per cent. The accrued performance fee of £9,195,000 (£nil accrued at 30 September 2006 and £7,187,000 accrued at 31 March 2007) is in respect of the year to 31 March 2008. The final amount payable is dependent upon the performance of the Company in the year to 31 March 2008 and may therefore be greater or less than the fee accrued at 30 September 2007.

The performance fee is paid half in cash and half in ordinary shares. The number of shares to be allotted to ICM is based on the diluted Net Asset Value at 31 March. The ordinary shares are subsequently either purchased in the market at or below the fully diluted net asset value at 31 March or issued at the fully diluted net asset value if ICM is unable to purchase these shares in the market. In the event that the ordinary shares increase in value between 31 March and the date on which they are purchased or issued, the Company incurs an additional cost. In the event the shares fall in value during this period there will be a corresponding gain to the Company. Included in the period to 30 September 2007 was a cost of £606,000 relating to year ended 31 March 2007 (in the period to 30 September 2006 and the year to 31 March 2007 was a gain of £85,000 relating to year ended 31 March 2006).

F&C Management Limited ("FCM") provides accounting, secretarial, dealing and administration services to the Company for a fixed fee of £210,000 per annum (prior to 1 July 2007 : £235,000), 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 £375,000 (30 September 2006: £303,000 and 31 March 2007: £488,000) relates to overseas taxation. The capital return taxation charge of £1,621,000 (30 September 2006: £945,000 and 31 March 2007: £2,421,000) 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 2007 are not subject to Bermuda tax.

4 EARNINGS PER SHARE

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

Earnings for the purpose of basic and diluted earnings per share being net profit attributable to equity holders

	6 months to 30 Sep 2007	6 months to 30 Sep 2006	Year to 31 Mar 2007
	£000s	£000s	£000s
Revenue	5,920	3,436	4,568
Capital	63,764	6,475	52,774
Total	69,684	9,911	57,342
	Number	Number	Number
Weighted average number of shares in issue during the period for basic earnings per share calculations	165,399,420	144,060,243	154,365,003

Diluted earnings per share

Diluted revenue return has been calculated in accordance with IAS33, under which the Company's outstanding warrants are considered dilutive only if the exercise price is lower than the average market price of the shares during the period. The dilution is calculated by reference to the additional number of shares which warrant holders would have received on exercise as compared with the number of shares which the subscription proceeds would have purchased in the open market.

	6 months to 30 Sep 2007	6 months to 30 Sep 2006	Year to 31 Mar 2007
	Number	Number	Number
Weighted average number of shares in issue during the period for basic earnings per share calculations	165,399,420	144,060,243	154,365,003
Dilutive potential shares	11,492,957	3,308,344	4,868,838
Weighted average number of shares for diluted earnings per share calculations	176,892,377	147,368,587	159,233,841

5 DIVIDENDS

The final dividend of 0.70p in respect of the year ended 31 March 2007 was paid on 29 June 2007 to shareholders on the register at 15 June 2007.

The Directors have declared an interim dividend in respect of the period ended 30 September 2007 of 3.50p per ordinary share payable on 14 December 2007 to shareholders on the register at close of business on 30 November 2007.

The total cost of the dividend, which has not been accrued in the results for the period ended 30 September 2007, is £5,822,000 based on 166,344,339 shares in issue at the date of this report.

6 CASH AND CASH EQUIVALENTS

	30 Sep 2007	30 Sep 2006	31 Mar 2007
	£'000s	£'000s	£'000s
Cash at bank	4,498	5,264	9,627
Cash in margin accounts	14,481	101	10,277
	18,979	5,365	19,904

7 ORDINARY SHARE CAPITAL

	Authorised		Issued and fully paid	
	Number	£'000s	Number	£'000s
Equity share capital:				
Ordinary shares of 10p each				
Balance at 31 March 2007	750,000,000	75,000	164,983,407	16,498
Issued during the period			1,342,843	135
Balance at 30 September 2007	750,000,000	75,000	166,326,250	16,633

Ordinary shares

40,061 ordinary shares were issued during the period in order to satisfy Directors' fee payments, 1,301,992 were issued in order to satisfy the performance fee payment to the investment manager and 790 were issued on the exercise of warrants.

Since the period end a further 18,089 ordinary shares have been issued to satisfy Directors fee payments.

Warrants

At 30 September 2007 32,542,518 were in issue (31 March 2007: 32,543,308). On 31 July 2007, 790 warrants were exercised.

Holders have the right to subscribe for one ordinary share per warrant at 100p in cash on 31 January or 31 July in any of the years 2008 to 2010 (inclusive).

8 NET ASSET VALUE PER SHARE

- (a) Net asset value per ordinary share is based on net assets at the period end of £312,354,000 (30 September 2006: £197,117,000 and 31 March 2007: £241,616,000) and on 166,326,250 ordinary shares in issue at the period end (30 September 2006: 164,623,573 and 31 March 2007: 164,983,407).
- (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 warrants outstanding at £1 per warrant.

	30 Sep 2007	30 Sep 2006	31 Mar 2007
	Number	Number	Number
Ordinary shares in issue at the period end	166,326,250	164,623,573	164,983,407
Ordinary shares created on exercise of all warrants	32,542,518	32,903,142	32,543,308
Number of ordinary shares for diluted calculation	198,868,768	197,526,715	197,526,715
Attributable net assets – £'000s	344,897	230,020	274,159
Diluted net asset value per ordinary share - pence	173.43	116.45	138.80

9 RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	30 Sep 2007	30 Sep 2006	31 Mar 2007
	£'000s	£'000s	£'000s
Profit before taxation	71,680	11,159	60,251
Adjust for non-cash flow items:			
Gains and losses on investments	(70,025)	(6,372)	(58,094)
Gains and losses on derivative financial instruments	(5,721)	(8)	(2,450)
Exchange gains/(losses)	(1,836)	(1,052)	(1,830)
Effective yield interest	(162)	(227)	(460)
Directors' remuneration paid in shares	60	38	38
Performance fee paid in shares	2,148	–	–
Increase in accrued income	376	(34)	(835)
Increase in creditors	1,882	(1,976)	5,514
Increase in other debtors	84	(14)	(507)
Tax on overseas income	(860)	(295)	(894)
	(74,054)	(9,940)	(59,518)
Adjust for cash flow items not within Income Statement			
Net cash flows on investments	(19,174)	(102,547)	(101,982)
Net cash flows on derivatives	764	(896)	(3,952)
	(18,410)	(103,443)	(105,934)
Net cash flows from operating activities	(20,784)	(102,224)	(105,201)

10 BUSINESS AND GEOGRAPHICAL SEGMENTS

The Directors are of the opinion that the Company 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 2007.

12 RESULTS

The results for the six months to 30 September 2007 and the six months to 30 September 2006, are unaudited. The latest published accounts are for the year ended 31 March 2007; the report of the auditors thereon was unqualified. The abridged financial statements shown above for the year ended 31 March 2007 are an extract from those accounts.

By order of the Board
F&C Management Limited, Secretary
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19 November 2007

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

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