

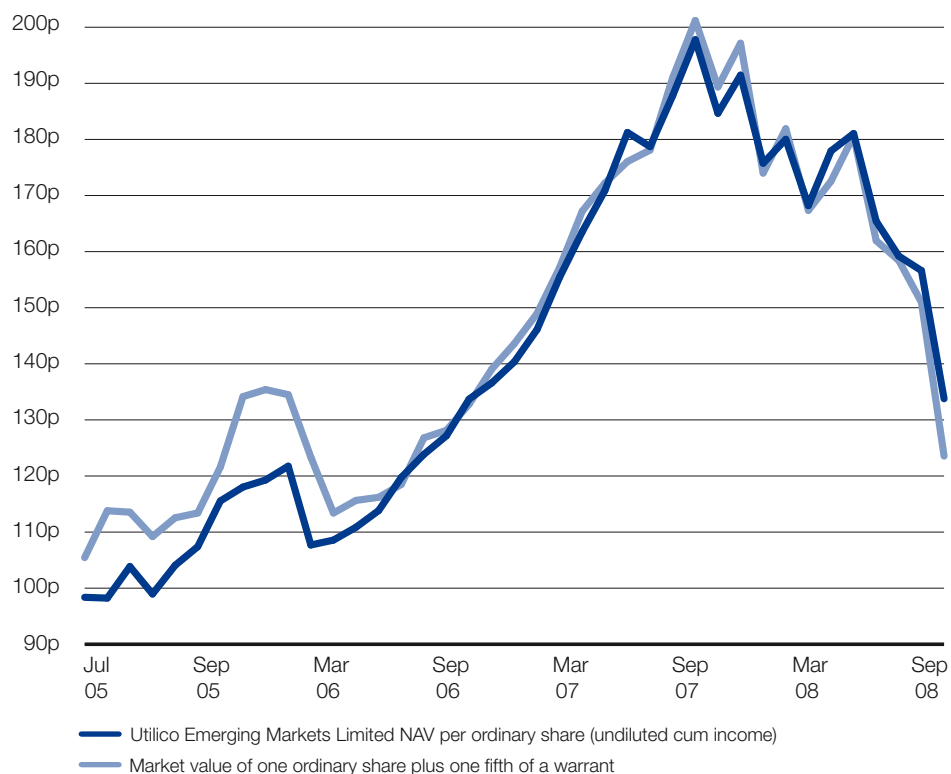
UTILICO EMERGING MARKETS LIMITED
Report and accounts
for the six months to 30 September 2008

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

The first six months have been extremely testing. While UEM's investments have continued to record good operational progress, their share prices have inevitably fallen with the equity markets. UEM's diluted NAV per share ended down 18.6%. UEM's revenue EPS remained strong at 4.19p, an increase of 17.0%.

UEM historic performance

From 20 July 2005 to 30 September 2008



Source: Utilico Emerging Markets Limited

	Half-year 30 Sep 08	Half-year 30 Sep 07	Annual 31 Mar 08	Half-year change % 2008
Undiluted net asset value per ordinary share	133.37p	187.80p	168.39p	(20.8)
Diluted net asset value per ordinary share	127.98p	173.43p	157.20p	(18.6)
Ordinary share price	117.25p	173.50p	153.75p	(23.7)
(Discount)/Premium ⁽²⁾	(8.4%)	–%	(2.2%)	n/a
Earnings per ordinary share (basic)				
– Capital	(37.80p)	38.55p	17.89p	n/a
– Revenue	4.19p	3.58p	5.24p	17.0%
– Total	(33.61p)	42.13p	23.13p	n/a
Dividends per ordinary share (basic)				
– Interim	4.00p ⁽³⁾	3.50p	3.50p	14.3%
– Final	n/a	n/a	1.30p	n/a
– Total	n/a	n/a	4.80p	n/a
Equity holders' funds (£m)	285.5	312.4	359.5	(20.6)
Gross assets (£m) ⁽⁴⁾	368.3	379.7	439.4	(16.2)
Bank debt (£m)	82.8	64.2	79.9	3.6
Gearing on gross assets ⁽⁴⁾	22.5%	16.9%	18.2%	n/a
Management and administration fees (£m) ⁽⁵⁾	1.5	1.3	3.1	n/a
Total expense ratio ⁽⁶⁾	0.8%	0.8%	0.8%	n/a

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

(2) Based on diluted net asset value.

(3) Dividend proposed subject to approval to convert share premium account to a new distributable reserve.

(4) Gross assets less liabilities excluding loans.

(5) Excluding performance fee, including other expenses.

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

The first six months have been extremely testing, and have seen sustained selling of equities, a reduction in valuations, an increase in premia attached to emerging markets and a flight to quality and away from risk. While UEM's investments have continued to record good operational progress, their share prices have inevitably fallen with the equity markets. The MSCI Emerging Markets (Sterling adjusted) Index ended the six months down 20.6% and UEM's cum income diluted NAV per share ended down 18.6% at 127.98p per share.

The markets have displayed two key features: rising volatility with corrections happening in days rather than months with imbalances driven to the extreme quickly and aggressively, together with the emergence of a concerted drive by investors to deleverage which on some days resembled panic. UEM's portfolio has been impacted by this process as has UEM's own share price at times.

During the six months to September 2008 UEM remained fully invested. The bank facility of £80.0m was fully drawn, all in US Dollars. Cash on hand was modest and reflected working capital balances together with cash held against contracts for difference ("CFD") positions.

Gross assets declined by 16.2%, a frustration for the managers as the majority of investments have once again delivered positive earnings growth and declared rising dividends. This has enabled UEM to increase its revenue earnings per share by 17.0% to 4.19p.

Instinctively this is a good time to invest in our sector, however the instability will mean the manager's focus will need to balance the instinct to invest against the imperative to preserve capital.

As outlined in the full year results, the net index put option positions were moved to a market neutral position. The long dated put contracts being offset by short dated put contracts. In hindsight this reduced the inherent protection against sharp market falls and thus the benefit to the Company of holding the long dated contracts.

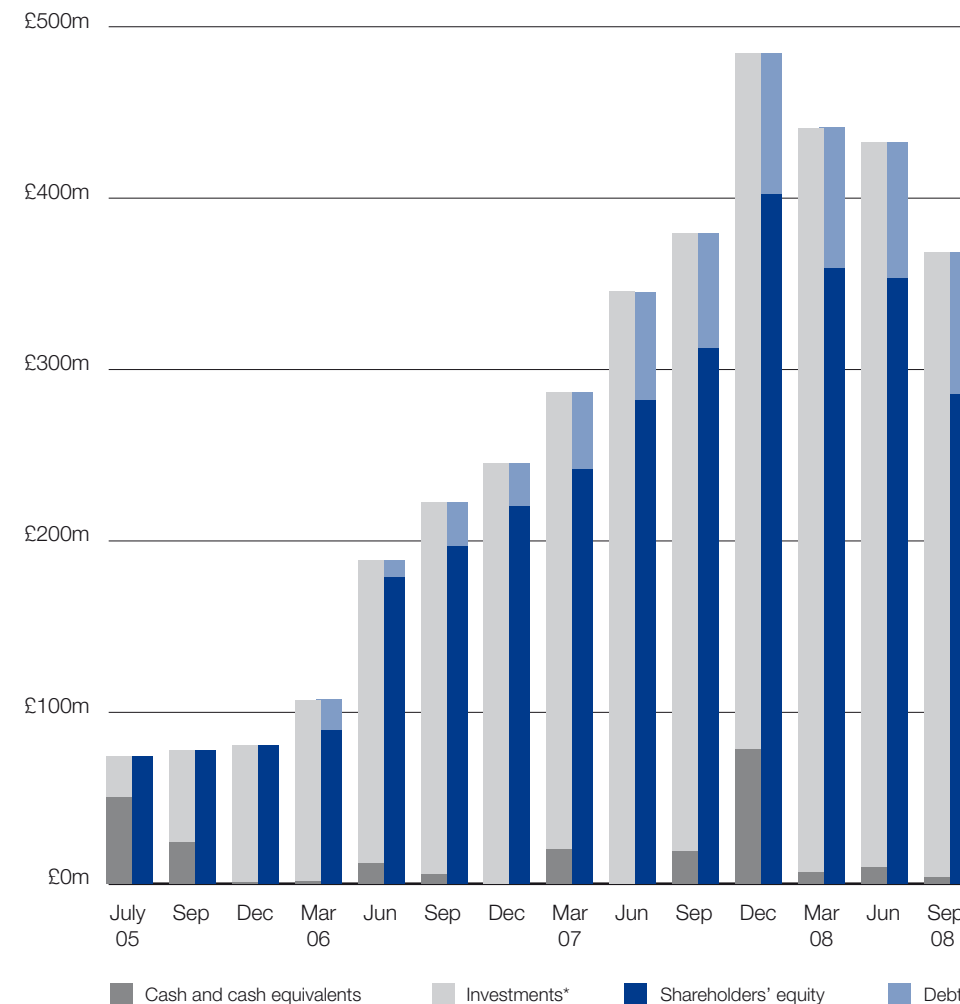
Exchange losses arose as a result of a strengthening of the borrowing currency, the US Dollar. This reflects a flight to the US Dollar as the deleveraging process accelerated.

The total expense ratio ("TER") at 0.8% remains a positive feature of UEM's profile and is consistent with previous years. Low costs enable the Company to substantially pass through the income stream generated by the portfolio. Of the £11.1m gross income stream arising from the portfolio the Board proposes to pay out, after expenses and deductions, 77.1% as an interim dividend.

Finance costs have remained the same as the first half of last year at £2.6m or some 6.9% on an annualised basis of the average debt.

Given the volatility in worldwide equity markets the Company is seeking shareholder approval to convert its share premium account of £219.5m to a new special distributable reserve. The Board is proposing this as Bermuda law does not permit the payment of a dividend unless assets are greater than the combination of liabilities, issued share capital and share premium. A notice of Special General Meeting to be held on 5 January 2009 accompanies this interim report.

UEM capital structure
From 20 July 2005 to 30 September 2008



*current assets less liabilities excluding loans

Source: Utilico Emerging Markets Limited

Subject to this resolution being passed it is the Board's intention to declare an interim dividend of 4.00p per share, on or around 6 January 2009 (3.50p in 2007 and 2.00p in 2006). This represents an increase of 14.3%.

It is intended that any dividends declared on the ordinary shares will be paid only out of the net income received from the investment portfolio and any accumulated revenue reserves. The new distributable special reserve created by the reduction of the share premium account will not be used to pay dividends except with the prior sanction of an extraordinary resolution of both the Warrant holders and the S Shareholders in accordance with the rights attaching to the Warrants and the S Shares.

UEM's share price has reflected the stresses of the wider market and ended the period at a discount of 8.4%. As fellow shareholders with some 2.2m shares held by the members of the Board, we are disappointed in this event. However, we continue to see new long term shareholders on the register and believe this is the right way to ensure a balanced committed shareholder base.

Trading since the half year

The deleveraging process has gained momentum in the second half and was reflected in aggressive redemptions in open ended investment and hedge funds in October as markets plunged. This resulted in two outcomes for UEM in October. First, the matched put option positions were stranded by the retreating markets. They had embedded value but offered little ongoing protection. Second, the debt as a percentage of assets increased mainly as a

result of declining asset values but also as a result of a rising US Dollar, the debt was denominated in US Dollars at the half-year.

In response to the above, the Investment Manager sold the matched put positions. This, together with portfolio realisations, reduced the debt from £82.8m to £40.8m. Currently UEM has put positions which offer downside protection and the flexibility to reduce debt further if needed.

Outlook

The outlook for equity markets is difficult to determine given the events during September and October 2008. In the real economy, inflation is receding (for now), to be replaced by deepening concerns over the credit markets and the impacts of a sharp downturn on the wider economy. The dearth of credit in the developed markets has stalled those markets and will result in a deepening recession until those credit markets are reopened. The outcome and depth of the recession will depend on the ability of the world's governmental institutions to intervene effectively and restore confidence.

The equity markets are focused on the impact of the wider economy but also on concerns over a rising and persistent deleveraging.

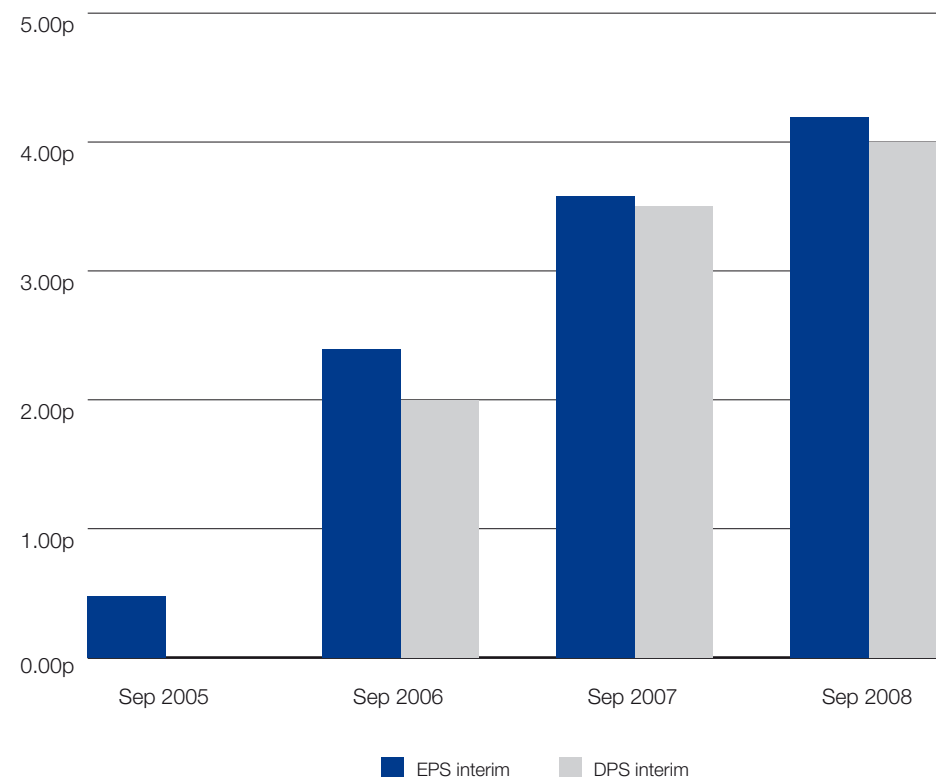
Alexander Zagoreos
Chairman
December 2008

The majority of investments have once again delivered positive earnings growth.

The revenue earnings per share increased by 17.0% to 4.19p.

It is the intention to declare an interim dividend of 4.00p per share.

UEM interim revenue earnings per share and dividend per share



Source: Utilico Emerging Markets Limited

As noted in the Chairman's statement, UEM's interim period to 30 September 2008 has been a difficult one. During the first half we maintained a fully drawn and fully invested position on the basis that we continued to see progress being made by UEM's investments combined with the fact that UEM benefitted from a significant index put position and gearing was modest. Following market deterioration in September and faced with turmoil in October we took the decision to reduce the absolute put position and halve UEM's debt by the end of October 2008. This has been completed.

In the first half, UEM's cum income diluted NAV per share fell in line with markets in general to 127.98p, down 18.6%. The MSCI Emerging Markets (Sterling adjusted) index lost 20.6% over this period.

Portfolio

Over the six months investments made (not including investments in GERP, a segregated account company where all the S&P500 index options are held) were £26.6m and realisations were £36.2m. The portfolio retreated from £441.4m on 31 March to £367.3m at 30 September recording a loss of £71.4m. While in line with the markets this has been disappointing. Much of the decline has been a result of deleveraging and most listed investments have been marked lower.

Amongst the top ten we have seen some movement in the composition. AES Tiete ("AES") (8th at the year end), Datang International Power (9th at the year end) and Eastern Water Resources (10th at the year end) all dropped out of the top ten. AES and Datang both fell as a result of disposals and also as a result of a decline in their share prices. Eastern Water

remains in the portfolio, but its share price decline of 15.6% reduced it to 11th in value.

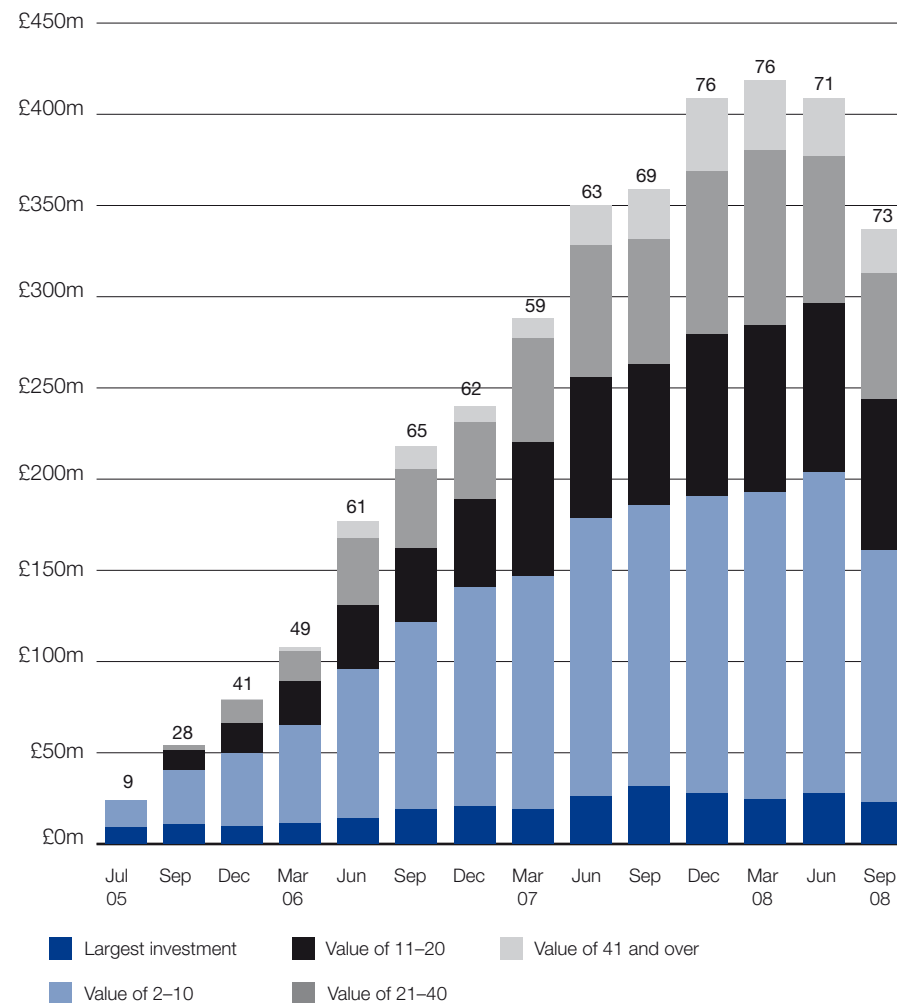
The replacements in the top ten were Comanche Clean Energy, POS Malaysia and Companhia de Concessoes de Rodovias ("CCR"). Both POS Malaysia and CCR have been in the top ten before, and their relative share price resilience has seen them once again emerge as top ten holdings. POS Malaysia dropped out of the top ten last half year as a result of a special 1.5 Ringgit per share dividend. To see them re-emerge as a top ten holding without further investment is pleasing.

Comanche Clean Energy is a producer of ethanol and biodiesel in Brazil. It produces ethanol from sugar cane, which is then used as fuel for vehicles, either on its own or blended with petrol. All new cars sold in Brazil can run on ethanol, and sugar cane remains the lowest cost method of producing it. Comanche is a young company and we are encouraged by its development.

Amongst the top ten holdings we have seen continuation in good performance in line with our expectations. We have again looked at EBITDA as reported for each of the top ten as a yardstick. Seven out of the top ten have reported increased EBITDA for the first half of 2008. These include Companhia de Gas de Sao Paulo ("Comgas"), Malaysia Airport Holdings, Ocean Wilsons Holdings Limited, International Container Terminal Services and CCR, with increases of 13.5%, 15.2%, 30.5%, 49.2%, and 16.3% respectively. Comanche is a very young company in its first years of operations with no appropriate EBITDA comparisons and POS

Portfolio progression and number of investments (excluding GERP)

From 20 July 2005 to 30 September 2008



Source: Utilico Emerging Markets Limited

Malaysia Berhad reported reduced EBITDA due to higher costs despite reporting increased revenues.

Equest Balkan Properties ("EBP") is excluded as it is an expanding property company to which EBITDA is not an appropriate measure. Following a strategic review of EBP, Charles Jillings has been appointed Chairman and the company is firmly focused on asset realisations and return of capital to its shareholders.

The portfolio concentration remained broadly consistent with the year end. The top ten accounted for 43.9% (43.8% at the year end) and the top twenty accounted for 66.4% (66.0% at the year end).

The geographic split has remained largely unchanged. Brazil is still the largest exposure at 33.3%, marginally up from 31.5% at the full year. Again on a sectoral basis, there has been little change with water remaining the largest at 16.7%, down from 17.0% at the full year.

Bank Debt

The bank debt remained constant over the six months to 30 September 2008. All the debt was drawn in US Dollars. As a result of Sterling falling in value against the US Dollar the Sterling liability increased over the period. However, as noted above, bank debt has been halved since the period end. Further, the bank debt profile has now been split between the US Dollar and Sterling. On the US Dollar element, UEM currently benefits from Sterling calls/US Dollar puts at 1.50 and 1.60.

Cash reduced from £11.2m to £3.6m both as a result of portfolio investment reducing cash

on hand from £5.8m to £0.4m and of further reductions in the CFD positions reducing the need for cash collateral from £5.4m to £3.2m.

Gearing increased as a result of the portfolio retreat such that it stood at 22.5% at the half year, up from 18.2% at 31 March 2008. As at 31 October 2008 after the debt reduction, the gearing stood at 17.3%.

Market Index Put Options

As noted in the full year results, the S&P 500 index option hedge was moved closer to a market neutral position. As a result there was both embedded value in the spread between the long positions bought and the short positions sold and there was an ability to roll the short positions to extract value while the markets moved sideways. This strategy neutralised the hedge against sharp corrections. GERP's value at 31 March 2008 was £27.4m. In the six months to 30 September 2008 GERP invested £6.8m, reporting an investment loss of £4.0m. At 30 September 2008 GERP's value was £30.2m. This loss is included in investment gains and losses.

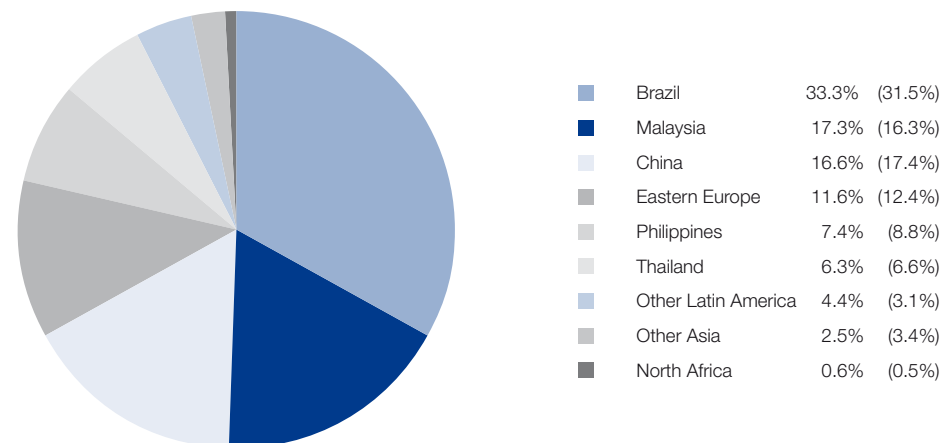
Since the period end the matched index put positions have been realised and used to reduce bank debt. Currently UEM has 1,175 S&P 500 Index put options at an average strike price of 885 which offer downside protection and the flexibility to reduce debt further if needed.

Other Hedging

UEM has maintained its interest rate fix on the US Dollar. As at 30 September 2008, this interest rate swap was valued at a negative £1.9m.

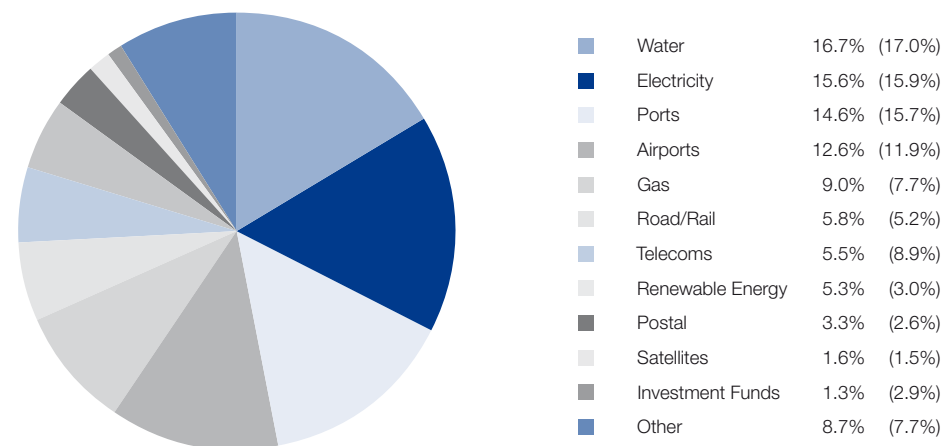
Geographical split of investments

As at 30 September 2008



Sectoral split of investments

As at 30 September 2008



Source: Utilico Emerging Markets Limited
Figures in brackets 31 March 2008

Revenue Return

The revenue return has once again been strong. Total income of £11.1m is substantially ahead of the prior period income of £7.9m, in part due to increased capital following the £85.0m C share issue in December 2007 but also due to rising earnings and dividends paid from the investment portfolio. This performance underlines the strength of the investment portfolio.

The fees and expenses are in line with the prior half year at £0.8m. Finance costs are again in line with the prior half year at £0.8m. Taxation has risen as a result of rising income.

Earnings per share was 4.19p, up 17.0% over the prior period and underlines the strength of the portfolio.

Looking forward it is difficult to be certain about the underlying investment portfolio's level of performance or dividend payment. However, results to date are encouraging.

It is worth noting that UEM's investments are predominantly listed, have operational assets, are profitable and are paying dividends. These companies are trading at relatively low valuations in relation to their profit.

Capital Return

The total capital income loss was £79.1m for the six months. This includes exchange rate losses of £8.5m, mostly made up of losses on our US Dollar loans between June and September 2008. Fees, expenses and finance costs (not including the accrued performance fee) were in line with

the six months to 30 September 2007. Taxation is a positive of £0.9m as a result of the reversal of accrued taxation on capital gains which have now been eroded by the portfolio losses. The loss per share as a result was 37.80p.

Outlook

The outlook for equity markets is difficult to determine given the events during September and October 2008. We continue to believe our portfolio of utility and infrastructure assets remains attractive. We also continue to believe the nature of our investments being predominately operational, profitable and paying dividends will be rewarding over the long term. We believe the reduced debt and market hedge will give us the flexibility to withstand further market volatility. We believe the emerging markets we are invested in offer a balance of risk and reward which is attractive. We remain optimistic over the long term.

30 Sep 2008	31 Mar 2008	Company (country)	Number of shares held	Class of shares held	Fair value £'000s	% of total investments & derivatives
1	(1)	Companhia de Gas de Sao Paulo S.A. (Brazil) Gas distribution company	1,902,320	Ordinary	22,682	6.2%
2	(3)	Malaysia Airport Holdings Berhad (Malaysia) Airport operator	48,189,300	Ordinary	20,497	5.5%
3	(2)	Ocean Wilsons Holdings Limited (Brazil) Ports operator and provider of shipping services	2,981,761	Ordinary	19,680	5.4%
4	(4)	Equest Balkan Properties plc (Bulgaria and Romania) Property investment company	31,360,483	Ordinary	19,130	5.2%
5	(7)	Puncak Niaga Holdings Berhad (Malaysia) Water and sewerage company	34,095,950	Ordinary	16,170	4.4%
6	(6)	International Container Terminals (Philippines) Global container port operator	53,656,400	Ordinary	15,995	4.4%
7	-	Comanche Clean Energy (Brazil) Biofuels production company	2,109,857	Ordinary ⁽¹⁾	12,934	3.5%
8	(5)	Saneamento Basico do Estado de Sao Paulo S.A. (SABESP) (Brazil) Water and sewerage company	784,700	Ordinary (ADR)	12,428	3.4%
9	-	POS Malaysia Berhad (Malaysia) Post operators	37,344,900	Ordinary	10,955	3.0%
10	-	Companhia de Concessoes Rodoviaras (CCR) (Brazil) Toll road operator	1,470,100	Ordinary	10,587	2.9%
					208,432	56.7%
					369,490	
					(2,178)	(0.6%)
Total Investments					367,312	100.0%

(1) In addition UEM holds secured loans, convertible loans and warrants.

The principal risk faced by the Company is that it fails to produce the capital appreciation stated as its objective, and the NAV does not rise over the longer-term. The risks which might give rise to this can be categorised as investment and strategy, manager, gearing, operational and financial. A main risk specific to the Company is the loss of its offshore tax status.

These risks and the way they are mitigated are described in more detail under the heading Internal Controls and Management of Risk in the Corporate Governance section of the Company's Annual Report for the year ended 31 March 2008. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remaining six months of the Company's financial year.

The Directors confirm that to the best of our knowledge:

- i) the condensed set of financial statements has been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and return of the Company;
- ii) the Chairman's Statement (constituting the interim management report) includes a fair review of the important events that have occurred in the six months to 30 September 2008 and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- iii) the Interim Report includes a fair review of the material related parties transactions that have taken place in the six months to 30 September 2008 and that have materially affected the financial position or performance of the Company during the period, and any changes in the related party transactions described in the last Annual Report that could do so.

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

Approved by the Board on 4 December 2008
and signed on its behalf by
Alexander Zagoreos
Chairman

Notes	6 months to 30 September 2008			6 months to 30 September 2007			Year to 31 March 2008		
	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
	–	(71,368)	(71,368)	–	70,025	70,025	–	23,504	23,504
	–	711	711	–	5,721	5,721	–	15,245	15,245
	–	(8,484)	(8,484)	–	1,836	1,836	–	808	808
	11,145	–	11,145	7,859	–	7,859	12,780	–	12,780
	11,145	(79,141)	(67,996)	7,859	77,582	85,441	12,780	39,557	52,337
2	(421)	(712)	(1,133)	(351)	(10,360)	(10,711)	(802)	(4,743)	(5,545)
	(366)	(3)	(369)	(437)	(26)	(463)	(852)	(55)	(907)
	10,358	(79,856)	(69,498)	7,071	67,196	74,267	11,126	34,759	45,885
	(771)	(1,800)	(2,571)	(776)	(1,811)	(2,587)	(1,676)	(3,912)	(5,588)
	9,587	(81,656)	(72,069)	6,295	65,385	71,680	9,450	30,847	40,297
3	(630)	884	254	(375)	(1,621)	(1,996)	(636)	(787)	(1,423)
	8,957	(80,772)	(71,815)	5,920	63,764	69,684	8,814	30,060	38,874
4	4.19	(37.80)	(33.61)	3.58	38.55	42.13	5.24	17.89	23.13
4	3.94	n/a	n/a	3.35	36.04	39.39	4.88	16.64	21.52

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.

for the six months to 30 September 2008	Ordinary share capital £'000s	Share premium account £'000s	Warrant reserve £'000s	S share reserve £'000s	Non-distributable reserve £'000s	Retained earnings		Total £'000s
						Capital reserves £'000s	Revenue reserve £'000s	
Balance at 31 March 2008	21,351	219,008	9,048	9,350	103	97,468	3,202	359,530
(Loss)/profit for the period	-	-	-	-	-	(80,772)	8,957	(71,815)
Ordinary dividend paid	-	-	-	-	-	-	(2,776)	(2,776)
Conversion of S shares and warrants	55	498	(151)	(10)	161	-	-	553
Balance at 30 September 2008	21,406	219,506	8,897	9,340	264	16,696	9,383	285,492

for the six months to 30 September 2007	Ordinary share capital £'000s	Share premium account £'000s	Warrant reserve £'000s	S share reserve £'000s	Non-distributable reserve £'000s	Retained earnings		Total £'000s
						Capital reserves £'000s	Revenue reserve £'000s	
Balance at 31 March 2007	16,498	147,194	9,050	-	101	67,408	1,365	241,616
Profit for the period	-	-	-	-	-	63,764	5,920	69,684
Ordinary dividend paid	-	-	-	-	-	-	(1,155)	(1,155)
Issue of ordinary shares and warrants	135	2,074	-	-	-	-	-	2,209
Balance at 30 September 2007	16,633	149,268	9,050	-	101	131,172	6,130	312,354

for the year to 31 March 2008	Ordinary share capital £'000s	Share premium account £'000s	Warrant reserve £'000s	S share reserve £'000s	Non-distributable reserve £'000s	Retained earnings		Total £'000s
						Capital reserves £'000s	Revenue reserve £'000s	
Balance at 31 March 2007	16,498	147,194	9,050	-	101	67,408	1,365	241,616
Profit for the year	-	-	-	-	-	30,060	8,814	38,874
Ordinary dividends paid	-	-	-	-	-	-	(6,977)	(6,977)
Issue of ordinary shares, S shares and warrants	4,853	73,074	(2)	9,350	2	-	-	87,277
Cost of issuing ordinary shares	-	(1,260)	-	-	-	-	-	(1,260)
Balance at 31 March 2008	21,351	219,008	9,048	9,350	103	97,468	3,202	359,530

Notes	30 September 2008 £'000s	30 September 2007 £'000s	31 March 2008 £'000s	
	Non current assets			
	Investments	367,312	358,598	441,360
	Current assets			
	Other receivables	4,182	1,934	3,171
	Derivative financial instruments	–	12,787	458
6	Cash and cash equivalents	3,564	18,979	11,236
		7,746	33,700	14,865
	Current liabilities			
	Bank loans	(31,044)	(19,751)	(29,962)
	Other payables	(3,778)	(11,859)	(11,732)
	Derivative financial instruments	(2,026)	(709)	(3,163)
		(36,848)	(32,319)	(44,857)
	Net current (liabilities)/assets	(29,102)	1,381	(29,992)
	Total assets less current liabilities	338,210	359,979	411,368
	Non current liabilities			
	Bank loans	(51,741)	(44,440)	(49,937)
	Deferred tax	(977)	(3,185)	(1,901)
	Net assets	285,492	312,354	359,530
	Equity attributable to equity holders			
7	Ordinary share capital	21,406	16,633	21,351
	Share premium account	219,506	149,268	219,008
	Warrant reserve	8,897	9,050	9,048
	S share reserve	9,340	–	9,350
	Non-distributable reserve	264	101	103
	Capital reserves	16,696	131,172	97,468
	Revenue reserve	9,383	6,130	3,202
	Total attributable to equity holders	285,492	312,354	359,530
	Net asset value per ordinary share			
8	Basic – pence	133.37	187.80	168.39
8	Diluted – pence	127.98	173.43	157.20

Notes	Six months to 30 September 2008 £'000s	Six months to 30 September 2007 £'000s	Year to 31 March 2008 £'000s	
9	Cash flows from operating activities	164	(20,784)	(121,146)
	Cash flows from investing activities	–	–	–
	Cash flows before financing activities	164	(20,784)	(121,146)
	Financing activities			
	Ordinary dividends paid	(2,776)	(1,155)	(6,977)
	Movements from borrowings	(5,506)	20,654	35,626
	Proceeds from warrants exercised	544	1	6
	Proceeds from S shares exercised	10	–	–
	Movements from issue of ordinary share capital	(15)	–	83,756
	Cash flows from financing activities	(7,743)	19,500	112,411
	Net decrease in cash and cash equivalents	(7,579)	(1,284)	(8,735)
	Cash and cash equivalents at the beginning of the period	11,236	19,904	19,904
	Effect of movement in foreign exchange	(93)	359	67
	Cash and cash equivalents at the end of the period	3,564	18,979	11,236

1. ACCOUNTING POLICIES

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 2008.

2. MANAGEMENT AND ADMINISTRATION FEES

Ingot Capital Management Pty Limited (ICM) is appointed as Investment Manager for which it is entitled to an 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.

In addition, ICM is entitled to a performance fee payable in respect of each financial period, equal to 15% of the amount of any outperformance in that period by equity funds attributable to shareholders of the post-tax yield on the FTSE Actuaries Government Securities UK Gilt 5 to 10 years Index, plus inflation (on the RPIX basis), plus two per cent. Half of the performance fee is payable in cash and half in ordinary shares of the Company, based on the audited diluted NAV per share at the year end. The full performance fee is payable to ICM as soon as practicable following the year end date in order to reduce the risk to the Company of material movements in the price of ordinary shares between the year end date and the date of payment. Any subsequent adjustment to the fee arising out of the audit process will be paid to or recouped from ICM in cash within 7 days of the publication of the Report and Accounts.

Under the terms of the performance fee agreement, no performance fee is payable until the net asset value exceeds the opening adjusted equity funds of £395.7m at 31 March 2008.

At 30 September 2008 a performance fee has not been accrued (£9,195,000 accrued at 30 September 2007 and £2,771,000 at 31 March 2008). The final amount payable is dependent upon the performance of the Company in the year to 31 March 2009.

On 22 April 2008, based upon an unaudited fee of £2,763,000 for the year to 31 March 2008, ICM was awarded 879,912 shares for half the fee (based upon the fully diluted NAV of those shares at 31 March 2008). These shares were purchased in the market place on 24 April 2008 at a cost of £1,356,000, a saving of £25,000 to the Company which is recognised in the Accounts for the period ended 30 September 2008.

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. In respect of the year to 31 March 2008, FCM also received a £10,000 fee in respect of the issue of the C shares of the Company charged to share premium. The Agreement with FCM is terminable on three months' notice in writing.

3. TAXATION

The revenue return taxation charge of £630,000 (30 September 2007: £375,000 and 31 March 2008: £636,000) relates to overseas taxation. The capital return taxation income of £884,000 (30 September 2007: charge of £1,621,000 and 31 March 2008: charge of £787,000) 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. At 30 September 2008, due to market movement the deferred tax accrual has decreased from 31 March 2008 creating an income in the capital return. Profits for the period to 30 September 2008 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

	Six months to 30 Sep 2008 £'000s	Six months to 30 Sep 2007 £'000s	Year to 31 Mar 2008 £'000s
Revenue	8,957	5,920	8,814
Capital	(80,772)	63,764	30,060
Total	(71,815)	69,684	38,874
	Number	Number	Number
Weighted average number of shares in issue during the period for basic earnings per share calculations	213,668,587	165,399,420	168,065,113

Diluted earnings per ordinary share

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

	Six months to 30 Sep 2008 £'000s	Six months to 30 Sep 2007 £'000s	Year to 31 Mar 2008 £'000s
Weighted average number of shares in issue during the period for basic earnings per share calculations	213,668,587	165,399,420	168,065,113
Dilutive potential shares	13,598,203	11,492,957	12,605,987
Weighted average number of shares for diluted earnings per share calculations	227,266,790	176,892,377	180,671,100

5. DIVIDENDS

The final dividend of 1.30p in respect of the year ended 31 March 2008 was paid on 4 July 2008 to shareholders on the register at 20 June 2008.

Subject to the resolution being passed by shareholders, to convert the share premium account of the Company to a new distributable reserve, at a Special General Meeting to be held on 5 January 2009, the Board intends to declare an interim dividend in respect of the period ended 30 September 2008 of 4.00p per ordinary share on or around 6 January 2009.

The total cost of the dividend, which has not been accrued in the results for the period ended 30 September 2008, is £8,562,000 based on 214,061,736 shares in issue at the date of this report.

6. CASH AND CASH EQUIVALENTS

	30 Sep 2008 £'000s	30 Sep 2007 £'000s	31 Mar 2008 £'000s
Cash at bank	369	4,498	5,805
Cash in margin accounts	3,195	14,481	5,431
	3,564	18,979	11,236

7. ORDINARY SHARE CAPITAL

	Authorised number	Issued and fully paid		
		£'000s	Number	£'000s
Equity share capital:				
Ordinary shares of 10p each				
Balance at 31 March 2008	1,350,009,078	135,001	213,508,303	21,351
Issued during the period			553,433	55
Balance at 30 September 2008	1,350,009,078	135,001	214,061,736	21,406

Ordinary shares

543,784 ordinary shares were issued on the exercise of warrants and 9,649 were issued on exercise of S shares.

Since the period end no further ordinary shares have been issued.

Warrants

Holders have the right to subscribe for one ordinary share per warrant at £1 in cash on 31 January or on 31 July in any of the years 2009 to 2010 (inclusive).

At 30 September 2008 31,993,475 were in issue (31 March 2008: 32,537,259). On 8 August 2008, 543,784 warrants were exercised.

S Shares

Holders have the right to subscribe for one ordinary share per S share at £1 in cash on 31 January or on 31 July in any of the years 2009 to 2010 (inclusive). The authorised number of S shares is 9,219,100 of 0.001p each. The S shares do not carry the right to any dividend nor any right to receive notice or attend and vote at any general meeting of the Company.

At 30 September 2008 9,209,451 were in issue (31 March 2008: 9,219,100). On 8 August 2008, 9,649 S shares were exercised.

8. NET ASSET VALUE PER SHARE

(a) Net asset value per ordinary share is based on net assets at the period end of £285,492,000 (30 September 2007: £312,354,000 and 31 March 2008: £359,530,000) and on 214,061,736 ordinary shares in issue at the period end (30 September 2007: 166,326,250 and 31 March 2008: 213,508,303).

(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 and S shares outstanding at £1 per warrant .

	30 Sep 2008 Number	30 Sep 2007 Number	31 Mar 2008 Number
Ordinary shares in issue at the period end	214,061,736	166,326,250	213,508,303
Ordinary shares created on exercise of all warrants	31,993,475	32,542,518	32,537,259
Ordinary shares created on exercise of all S shares	9,209,451	–	9,219,100
Number of ordinary shares for diluted calculation	255,264,662	198,868,768	255,264,662
Attributable net assets – £'000s	326,695	344,897	401,287
Diluted net asset value per ordinary share – pence	127.98	173.43	157.20

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

	30 Sep 2008 £'000s	30 Sep 2007 £'000s	31 Mar 2008 £'000s
(Loss)/profit before taxation	(72,069)	71,680	40,297
Adjust for non-cash flow items:			
Gains and losses on investments	71,368	(70,025)	(23,504)
Gains and losses on derivative financial instruments	(711)	(5,721)	(15,245)
Exchange gains/(losses)	8,484	(1,836)	(808)
Effective yield interest	(61)	(162)	(223)
Directors' remuneration paid in shares	–	60	122
Performance fee paid in shares	–	2,148	2,148
(Increase)/decrease in accrued income	(816)	376	83
(Decrease)/increase in creditors	(3,108)	1,882	(3,969)
(Increase)/decrease in other debtors	(3)	84	(7)
Tax on overseas income	(537)	(860)	(1,467)
	74,616	(74,054)	(42,870)
Adjust for cash flow items not within Income Statement			
Net cash flows on investments	(270)	(19,174)	(143,646)
Net cash flows on derivatives	(2,113)	764	25,073
	(2,383)	(18,410)	(118,573)
Net cash flows from operating activities	164	(20,784)	(121,146)

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 2008.

12. RESULTS

The condensed set of financial statements, forming the half-year accounts, has been neither audited nor reviewed by the Company's auditors. The latest published accounts are for the year ended 31 March 2008; the report of the auditors thereon was unqualified. The condensed financial statements shown above for the year ended 31 March 2008 are an extract from those accounts.

By order of the Board

F&C Management Limited, Secretary

Exchange House, Primrose Street, London EC2A 2NY

4 December 2008

UTILICO EMERGING MARKETS LIMITED
COMPANY REGISTRATION NUMBER: 36941
www.uem.bm

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Charles Jillings (Executive)

Garth Milne

Garry Madeiros

Kevin O'Connor (Deputy Chairman)

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

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

	Half-year 30 Sep 08	Annual 31 Mar 08	Annual 31 Mar 07	Annual 31 Mar 06 ⁽¹⁾	Annual 31 Mar 05 ⁽²⁾	Half-year change % 08	Annual change % 08/07	Annual change % 07/06	Annual change % 06/05
Undiluted net asset value per ordinary share	133.37p	168.39p	146.45p	119.48p	98.36p	(20.8)	15.0	22.6	21.5
Diluted net asset value per ordinary share	127.98p	157.20p	138.80p	116.23p	98.36p ⁽³⁾	(18.6)	13.3	19.4	18.2
Ordinary share price	117.25p	153.75p	137.25p	126.00p	100.00p	(23.7)	12.0	8.9	26.0
(Discount)/Premium ⁽⁴⁾	(8.4%)	(2.2%)	(1.1%)	8.4%	1.7%	n/a			
Earnings per ordinary share (basic)									
– Capital	(37.80p)	17.89p	34.19p	19.50p	n/a	n/a	(47.7)	75.3	n/a
– Revenue	4.19p	5.24p	2.96p	1.62p	n/a	n/a	77.0	82.7	n/a
– Total	(33.61p)	23.13p	37.15p	21.12p	n/a	n/a	(37.7)	75.9	n/a
Dividends per ordinary share (basic)									
– Interim	4.00p ⁽⁵⁾	3.50p	2.00p	–	n/a	n/a	75.0	n/a	n/a
– Final	n/a	1.30p	0.70p	1.50p	n/a	n/a	85.7	(53.3)	n/a
– Total	n/a	4.80p	2.70p	1.50p	n/a	n/a	77.8	80.0	n/a
Equity holders' funds (£m)	285.5	359.5 ⁽⁷⁾	241.6 ⁽⁶⁾	89.7	73.8	(20.6)	48.8	169.4	21.5
Gross assets (£m) ⁽⁸⁾	368.3	439.4 ⁽⁷⁾	286.6 ⁽⁶⁾	107.2	73.8	(16.2)	53.3	169.2	45.3
Bank debt (£m)	82.8	79.9	45.0	17.5	–	3.6	77.5	157.2	n/a
Gearing on gross assets ⁽⁹⁾	22.5%	18.2%	15.7%	16.3%	–	n/a	n/a	n/a	n/a
Management and administration fees (£m) ⁽⁹⁾	1.5	3.1	2.1	0.8	n/a	n/a	47.6	n/a	n/a
Total expense ratio ⁽¹⁰⁾	0.8%	0.8%	0.9%	0.9%	n/a	n/a	n/a	n/a	n/a

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

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

(3) There is no dilution.

(4) Based on diluted net asset value.

(5) Dividend proposed subject to approval to convert share premium account to a new distributable reserve.

(6) Includes £100.0m fund raising in May 2006.

(7) Includes £85.0m fund raising in December 2007.

(8) Gross assets less liabilities excluding loans.

(9) Excluding performance fee, including other expenses.

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

