

TEMPLETON EMERGING MARKETS INCOME FUND
Form 40-17F2
October 11, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-17F-2

CERTIFICATE OF ACCOUNTING OF SECURITIES AND SIMILAR
INVESTMENTS IN THE CUSTODY OF
MANAGEMENT INVESTMENT COMPANIES

PURSUANT TO RULE N-17F-2 [17 CFR 270.17f-2]

1. Investment Company Act File Number: 811 -07866
Date Examination completed: August 24, 2017

2. State Identification Number:

| | | | | | |
|----|----|----|-------------|----|----|
| AL | AK | AZ | AR | CA | CO |
| CT | DE | DC | FL | GA | HI |
| ID | IL | IN | IA | KS | KY |
| LA | ME | MD | MA | MI | MN |
| MS | MO | MT | NE | NV | NH |
| NJ | NM | NY | NC | ND | OH |
| OK | OR | PA | RI | SC | SD |
| TN | TX | UT | VT | VA | WA |
| WV | WI | WY | PUERTO RICO | | |

3. Exact name of investment company as specified in registration statement:

Templeton Emerging Markets Income Fund

4. Address of principal executive office: (number, street, city, state, zip code)

300 S.E. 2nd Street, Fort Lauderdale, FL 33301-1923

[PWC LOGO]

Report of Independent Accountants

To the Board of Trustees of

Franklin Limited Duration Income Trust
Templeton Global Investment Trust
Franklin Real Estate Securities Trust
Franklin Strategic Series
Franklin High Income Trust
Franklin U.S Government Money Fund
Franklin Templeton Money Fund Trust
Institutional Fiduciary Trust
Franklin Global Trust
Franklin Gold and Precious Metals Fund
Franklin Universal Trust
Templeton China World Fund
Templeton Emerging Markets Fund
Templeton Emerging Markets Income Fund
Templeton Funds
Templeton Global Income Fund
Templeton Global Smaller Companies Fund
Templeton Income Trust
Franklin Custodian Funds
Franklin Strategic Mortgage Portfolio
Franklin Investors Securities Trust
Franklin Templeton Global Trust
Franklin Templeton International Trust
Franklin Value Investors Trust
Templeton Developing Markets Trust
Franklin Fund Allocator Series
Franklin Templeton Variable Insurance Products Trust
Templeton Institutional Funds
Franklin ETF Trust
Franklin Managed Trust

and the Board of Directors of

Templeton Growth Fund, Inc.
Templeton Dragon Fund, Inc.
Templeton Global Opportunities Trust

PricewaterhouseCoopers LLP, PricewaterhouseCoopers Center, 300 Madison Avenue,
New York, NY 10017 T: (646) 471 3000, F: (813) 286 6000, www.pwc.com/us

We have examined management's assertion, included in the accompanying Management Statement Regarding Compliance with Certain Provisions of the Investment Company Act of 1940, that each of the Funds listed in Attachment I (hereafter referred to as the "Funds") complied with the requirements of subsections (b) and (c) of Rule 17f-2 under the Investment Company Act of 1940 ("the Act") as of August 31, 2016. The Funds' management is responsible for its assertion and the Company's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Funds' compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects, and, accordingly, included examining, on a test basis, evidence about the Funds' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. Included among our procedures were the following tests performed as of August 31, 2016, and with respect to agreement of security purchases and sales, for the period from May 31, 2016 (the date of our last examinations), through August 31, 2016 for each of the Funds:

- Without prior notice to management, confirmation of all securities held by Franklin Templeton Investors Services, Inc., transfer agent, as they pertain to the security positions owned by the Funds and held in book entry form.
- Reconciliation of such security positions to the books and records of the Funds.
- Agreement of 55 security purchases and 55 security sales, since our last report, from the books and records of the Funds to the records of the transfer agent.

We believe that our examination provides, and that the evidence we obtained is sufficient and appropriate to provide, a reasonable basis for our opinion. Our examination does not provide a legal determination on the Funds' compliance with specified requirements.

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form 40-17F2

In our opinion, management's assertion that the Funds complied with the requirements of subsections (b) and (c) of Rule 17f-2 of the Investment Company Act of 1940 as of August 31, 2016 with respect to securities reflected in the investment accounts of the Funds is fairly stated, in all material respects.

This report is intended solely for the information and use of management and the Board of Directors and Trustees of the Funds and the Securities and Exchange Commission and is not intended to be and should not be used by anyone other than these specified parties.

/s/PRICEWATERHOUSECOOPERS, LLP

August 24, 2017

**Management Statement Regarding Compliance with Certain
Provisions of the Investment Company Act of 1940**

We, as members of management of the Franklin Templeton Funds indicated in Attachment I (the "Funds"), are responsible for complying with the requirements of subsections (b) and (c) of Rule 17f-2, "Custody of Investments by Registered Management Investment Companies," of the Investment Company Act of 1940. We are also responsible for establishing and maintaining effective internal controls over compliance with those requirements. We have performed an evaluation of the Funds' compliance with the requirements of subsection (b) of Rule 17f-2, as interpreted in Franklin Investors Securities Trust SEC No-Action Letter (publicly available September 24, 1992), and subsection (c) of Rule 17f-2 of the Investment Company Act of 1940, as of August 31, , 2016, and for the periods indicated in Attachment I.

Based on this evaluation, we assert that the Funds were in compliance with the requirements of subsection (b) of Rule 17f-2, as interpreted in Franklin Investors Securities Trust SEC No-Action Letter (publicly available September 24, 1992), and subsection (c) of Rule 17f-2 of the Investment Company Act of 1940, as of August 31, 2016, and for the periods indicated in Attachment I, with respect to securities reflected in the investment accounts of the Funds.

By:

/s/GASTON GARDEY

Gaston Gardey

Chief Financial Officer and Chief Accounting Officer

Franklin Funds Board

Date August 24, 2017

/s/ROBERT G. KUBILIS

Robert G. Kubilis

Chief Financial Officer and Chief Accounting Officer

Templeton, New Jersey and Alternative Strategies Funds Board

Date August 24, 2017

/s/MATTHEW T. HINKLE

Matthew T. Hinkle

Chief Executive Officer - Finance and Administration

Date August 24, 2017

| <i>Fund</i> | <i>Period</i> |
|--|--------------------------------|
| <i>Franklin Limited Duration Income Trust</i> | June 1, 2016 - August 31, 2016 |
| <i>Templeton Global Investment Trust:</i> | |
| Templeton Emerging Markets Balanced Fund | June 1, 2016 - August 31, 2016 |
| Templeton Emerging Markets Small Cap Fund | June 1, 2016 - August 31, 2016 |
| Templeton Frontier Markets Fund | June 1, 2016 - August 31, 2016 |
| Templeton Global Balanced Fund | June 1, 2016 - August 31, 2016 |
| <i>Franklin Real Estate Securities Trust:</i> | |
| Franklin Real Estate Securities Fund | June 1, 2016 - August 31, 2016 |
| <i>Franklin Strategic Series:</i> | |
| Franklin Biotechnology Discovery Fund | June 1, 2016 - August 31, 2016 |
| Franklin Flex Cap Growth Fund | June 1, 2016 - August 31, 2016 |
| Franklin Flexible Alpha Bond Fund | June 1, 2016 - August 31, 2016 |
| Franklin Focused Core Equity Fund | June 1, 2016 - August 31, 2016 |
| Franklin Global Government Bond Fund | June 1, 2016 - August 31, 2016 |
| Franklin Growth Opportunities Fund | June 1, 2016 - August 31, 2016 |
| Franklin Natural Resources Fund | June 1, 2016 - August 31, 2016 |
| Franklin Small Cap Growth Fund | June 1, 2016 - August 31, 2016 |
| Franklin Small-Mid Cap Growth Fund | June 1, 2016 - August 31, 2016 |
| Franklin Strategic Income Fund | June 1, 2016 - August 31, 2016 |
| <i>Franklin High Income Trust:</i> | |
| Franklin High Income Fund | June 1, 2016 - August 31, 2016 |
| <i>Franklin U.S. Government Money Fund</i> | June 1, 2016 - August 31, 2016 |
| <i>Franklin Templeton Money Fund Trust:</i> | |
| Franklin Templeton U.S. Government Money Fund | June 1, 2016 - August 31, 2016 |
| <i>Institutional Fiduciary Trust:</i> | |
| Money Market Portfolio | June 1, 2016 - August 31, 2016 |
| <i>Franklin Global Trust:</i> | |
| Franklin Emerging Market Debt Opportunities Fund | June 1, 2016 - August 31, 2016 |
| Franklin International Growth Fund | June 1, 2016 - August 31, 2016 |
| <i>Franklin Gold and Precious Metals Fund</i> | June 1, 2016 - August 31, 2016 |

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form 40-17F2

| | |
|---|--------------------------------|
| Franklin Universal Trust | June 1, 2016 - August 31, 2016 |
| Templeton China World Fund | June 1, 2016 - August 31, 2016 |
| Templeton Emerging Markets Fund | June 1, 2016 - August 31, 2016 |
| Templeton Emerging Markets Income Fund | June 1, 2016 - August 31, 2016 |
| Templeton Funds: | |
| Templeton Foreign Fund | June 1, 2016 - August 31, 2016 |
| Templeton World Fund | June 1, 2016 - August 31, 2016 |
| Templeton Global Income Fund | June 1, 2016 - August 31, 2016 |
| Templeton Global Smaller Companies Fund | June 1, 2016 - August 31, 2016 |
| Templeton Growth Fund, Inc. | June 1, 2016 - August 31, 2016 |
| Templeton Income Trust: | |
| Templeton Emerging Markets Bond Fund | June 1, 2016 - August 31, 2016 |
| Templeton Global Bond Fund | June 1, 2016 - August 31, 2016 |
| Templeton Global Total Return Fund | June 1, 2016 - August 31, 2016 |
| Templeton International Bond Fund | June 1, 2016 - August 31, 2016 |
| Franklin Custodian Funds: | |
| Franklin DynaTech Fund | June 1, 2016 - August 31, 2016 |
| Franklin Growth Fund | June 1, 2016 - August 31, 2016 |
| Franklin Income Fund | June 1, 2016 - August 31, 2016 |
| Franklin U.S. Government Securities Fund | June 1, 2016 - August 31, 2016 |
| Franklin Utilities Fund | June 1, 2016 - August 31, 2016 |
| Franklin Strategic Mortgage Portfolio | June 1, 2016 - August 31, 2016 |
| Franklin Investors Securities Trust: | |
| Franklin Adjustable U.S. Government Securities Fund | June 1, 2016 - August 31, 2016 |
| Franklin Balanced Fund | June 1, 2016 - August 31, 2016 |
| Franklin Convertible Securities Fund | June 1, 2016 - August 31, 2016 |
| Franklin Equity Income Fund | June 1, 2016 - August 31, 2016 |
| Franklin Floating Rate Daily Access Fund | June 1, 2016 - August 31, 2016 |
| Franklin Low Duration Total Return Fund | June 1, 2016 - August 31, 2016 |
| Franklin Real Return Fund | June 1, 2016 - August 31, 2016 |
| Franklin Total Return Fund | June 1, 2016 - August 31, 2016 |
| Franklin Templeton Global Trust: | |

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form 40-17F2

Templeton Global Currency Fund

(formerly known as "Templeton Hard
Currency Fund")

June 1, 2016 - August 31, 2016

Franklin Templeton International Trust:

Franklin India Growth Fund

June 1, 2016 - August 31, 2016

Franklin Value Investors Trust:

Franklin Balance Sheet Investment
Fund

June 1, 2016 - August 31, 2016

Franklin MicroCap Value Fund

June 1, 2016 - August 31, 2016

Franklin MidCap Value Fund

June 1, 2016 - August 31, 2016

sales

rates^{3,4}
sales
price²

H.Samuel

\$81.4m
£
62
10.8%
1.9%
3.3%
6.9%

Ernest Jones⁵

\$73.2m
£
276
6.7%
(1.8)%
(0.7)%
5.7%

UK division

\$154.6m
£
99
8.8%
0.1%
1.4%
5.3%

1. The average unit selling price² for H.Samuel was \$100, for Ernest Jones was \$447 and for the UK division was \$161.

2. Excludes the charm bracelet category, a product with an average unit selling price considerably lower, and a multiple

purchase and frequency of purchase much greater, than product historically sold by the division.

3. Non-GAAP measure, see Note 3.

4. The exchange translation impact on the total sales of H.Samuel was 8.9%, and for Ernest Jones was 8.5%.

5. Includes stores selling under the Leslie Davis nameplate.

In the 26 weeks ended July 30, 2011, the UK division's sales were \$303.9 million (26 weeks ended July 31, 2010: \$284.9 million), up \$19.0 million or 6.7%. Sales were down 0.6% at constant exchange rates; non-GAAP measure, see Note 3. Same store sales increased by 0.8%, compared to a decline of 0.4% in the 26 weeks ended July 31, 2010. See Table 7 below for further analysis of sales.

| | Sales | Average unit selling price ^{1,2} | Total sales | Change from previous year | | |
|---------------------------|----------|---|-------------|---|------------------|---|
| | | | | Sales at constant exchange rates ^{3,4} | Same store sales | Average unit selling price ² |
| H.Samuel | \$160.9m | £61 | 8.7% | 1.3% | 3.0% | 7.0% |
| Ernest Jones ⁵ | \$143.0m | £277 | 4.4% | (2.7)% | (1.6)% | 7.8% |
| UK division | \$303.9m | £98 | 6.7% | (0.6)% | 0.8% | 6.5% |

1. The average unit selling price² for H.Samuel was \$99, for Ernest Jones was \$449 and for the UK division was \$159.

2. Excludes the charm bracelet category, a product with an average unit selling price considerably lower, and a multiple purchase and frequency of purchase much greater, than product historically sold by the division.

3. Non-GAAP measure, see Note 3.

4. The exchange translation impact on the total sales of H.Samuel was 7.4%, and for Ernest Jones was 7.1%.

5. Includes stores selling under the Leslie Davis nameplate.

Stores opened and closed in the 26 weeks ended July 30, 2011, together with planned changes for the balance of Fiscal 2012, are set out in Table 8 below.

| | H.Samuel | Ernest Jones ¹ | Total | Annual Net Space Change |
|-------------------|----------|---------------------------|-------|-------------------------|
| January 29, 2011 | 338 | 202 | 540 | (2)% |
| Opened | - | - | - | |
| Closed | (2) | (2) | (4) | |
| July 30, 2011 | 336 | 200 | 536 | |
| Openings, planned | 72 | 2 | 9 | |
| Closures, planned | (6) | (4) | (10) | |
| January 28, 2012 | 337 | 198 | 535 | 0% |

1. Includes stores selling under the Leslie Davis nameplate.

2. Includes one Ernest Jones store to be rebranded as H.Samuel.

| | | |
|------------|---|---------------------|
| Enquiries: | Tim Jackson, Investor Relations Director, Signet Jewelers | +1 (441) 296 5872 |
| Press: | Alecia Pulman, ICR, Inc. | +1 (203) 682 8224 |
| | Jonathan Glass, Brunswick | +44 (0)20 7404 5959 |

Signet operated 1,850 specialty retail jewelry stores at July 30, 2011, these included 1,314 stores in the US, where its store concepts include "Kay Jewelers", "Jared The Galleria Of Jewelry" and a number of regional names. At the same

date, Signet also operated 536 stores in the UK, where its store concepts are "H.Samuel," "Ernest Jones," and "Leslie Davis". Further information on Signet is available at www.signetjewelers.com. See also www.kay.com, www.jared.com, www.hsamuel.co.uk, and www.ernestjones.co.uk

Investor Relations Program Details

Goldman Sachs Consumer Conference, New York

Signet will be taking part in the Goldman Sachs Consumer Conference in New York on Thursday, September 8, 2011. Present will be Mike Barnes, Chief Executive Officer, and Ron Ristau, Chief Financial Officer. A link to the question and answer session, which is scheduled for 1:30 p.m. Eastern Time, will be available on www.signetjewelers.com.

Citi Consumer Conference, London, UK

Signet will be attending the Citi Consumer Conference, in London, UK on Tuesday, September 13, 2011. Present will be Tim Jackson, Investor Relations Director.

IR Day and Store Visits, New York

Signet will be hosting an IR Day and store visits for professional investors in New York on Tuesday, October 4, 2011. Details will be available on www.signetjewelers.com.

Third Quarter Results

The Third Quarter results for the 13 weeks ending October 29, 2011 are expected to be announced on Tuesday, November 22, 2011.

This release contains statements which are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, based upon management's beliefs and expectations as well as on assumptions made by and data currently available to management, appear in a number of places throughout this release and include statements regarding, among other things, Signet's results of operation, financial condition, liquidity, prospects, priorities, growth, strategies and the industry in which Signet operates. The use of the words "expects," "intends," "anticipates," "estimates," "predicts," "believes," "should," "potential," "may," "forecast," "objective," "plan," or "target," and other similar expressions are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to a number of risks and uncertainties, including but not limited to general economic conditions, the merchandising, pricing and inventory policies followed by Signet, the reputation of Signet and its brands, the level of competition in the jewelry sector, the cost and availability of diamonds, gold and other precious metals, regulations relating to consumer credit, seasonality of Signet's business, financial market risks, deterioration in consumers' financial condition, exchange rate fluctuations, changes in consumer attitudes regarding jewelry, management of social, ethical and environmental risks, inadequacy in and disruptions to internal controls and systems, changes in assumptions used in making accounting estimates relating to items such as extended service plans and pensions, and risks relating to Signet being a Bermuda corporation.

For a discussion of these and other risks and uncertainties which could cause actual results to differ materially, see the "Risk Factors" section of Signet's Fiscal 2011 Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on March 30, 2011. Actual results may differ materially from those anticipated in such forward-looking statements. Signet undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances, except as required by law.

Condensed Consolidated Income Statements
(Unaudited)

Report of Independent Accountants

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form 40-17F2

| | 13 weeks ended | | 26 weeks ended | |
|--|------------------|------------------|------------------|------------------|
| | July 30, 2011 | July 31, 2010 | July 30, 2011 | July 31, 2010 |
| | \$ million | \$ million | \$ million | \$ million |
| Sales | 797.6 | 719.7 | 1,684.9 | 1,525.1 |
| Cost of sales | (502.8) | (482.5) | (1,040.4) | (994.3) |
| Gross margin | 294.8 | 237.2 | 644.5 | 530.8 |
| Selling, general & administrative expenses | (224.5) | (203.7) | (488.3) | (442.2) |
| Other operating income, net | 32.0 | 27.2 | 64.8 | 54.9 |
| Operating income, net | 102.3 | 60.7 | 221.0 | 143.5 |
| Interest expense, net | (2.5) | (6.0) | (3.4) | (14.7) |
| Income before income taxes | 99.8 | 54.7 | 217.6 | 128.8 |
| Income taxes | (33.5) | (16.0) | (75.9) | (39.8) |
| Net income | 66.3 | 38.7 | 141.7 | 89.0 |
| Earnings per share - basic | \$0.77 | \$0.45 | \$1.64 | \$1.04 |
| - diluted | \$0.76 | \$0.45 | \$1.63 | \$1.03 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Balance Sheets
(Unaudited)

| | July 30, 2011 | January 29, 2011 | July 31, 2010 |
|---------------------------|------------------|------------------------|------------------|
| | \$ million | \$ million | \$ million |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | 440.2 | 302.1 | 485.4 |
| Accounts receivable, net | 906.8 | 935.9 | 797.2 |
| Other receivables | 29.4 | 38.2 | 25.3 |
| Other current assets | 91.5 | 79.2 | 67.5 |

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form 40-17F2

| | | | |
|---|---------|---------|---------|
| Deferred tax assets | 1.6 | 2.7 | 1.8 |
| Inventories | 1,202.8 | 1,184.2 | 1,126.2 |
| | | | |
| Total current assets | 2,672.3 | 2,542.3 | 2,503.4 |
| | | | |
| Non-current assets: | | | |
| Property, plant and equipment, net of accumulated depreciation of \$648.3 million, \$614.4 million and \$595.7 million, respectively | 343.3 | 351.5 | 362.1 |
| Other intangible assets, net of accumulated amortization of \$36.0 million, \$31.3 million, and \$27.2 million, respectively | 31.5 | 27.5 | 24.6 |
| Other assets | 62.5 | 59.7 | 57.2 |
| Deferred tax assets | 107.9 | 86.0 | 114.9 |
| Retirement benefit asset | 30.0 | 22.8 | 1.1 |
| | | | |
| Total assets | 3,247.5 | 3,089.8 | 3,063.3 |
| | | | |
| Liabilities and shareholders' equity | | | |
| | | | |
| Current liabilities: | | | |
| Loans and overdrafts | 13.1 | 31.0 | 24.9 |
| Accounts payable | 137.5 | 125.9 | 114.7 |
| Accrued expenses and other current liabilities | 244.2 | 292.4 | 241.9 |
| Deferred revenue | 135.9 | 146.0 | 129.0 |
| Deferred tax liabilities | 105.3 | 77.1 | 78.5 |
| Income taxes payable | 44.7 | 38.6 | 34.2 |
| | | | |
| Total current liabilities | 680.7 | 711.0 | 623.2 |
| | | | |
| Non-current liabilities: | | | |
| Long-term debt | - | - | 229.1 |
| Other liabilities | 88.1 | 86.6 | 76.9 |
| Deferred revenue | 359.5 | 353.2 | 342.7 |
| | | | |
| Total liabilities | 1,128.3 | 1,150.8 | 1,271.9 |
| | | | |
| Shareholders' equity: | | | |
| Common shares of \$0.18 par value: authorized 500 million shares, 86.9 million shares issued and outstanding (January 29, 2011: 86.2 million) | 15.5 | 15.5 | 15.4 |

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form 40-17F2

shares issued and outstanding; July 31, 2010: 85.7 million

shares issued

and outstanding)

| | | | |
|--|---------|---------|---------|
| Additional paid-in capital | 210.8 | 196.8 | 174.8 |
| Other reserves | 235.2 | 235.2 | 235.2 |
| Treasury shares | - | - | - |
| Retained earnings | 1,804.0 | 1,662.3 | 1,550.9 |
| Accumulated other comprehensive loss | (146.3) | (170.8) | (184.9) |
| Total shareholders' equity | 2,119.2 | 1,939.0 | 1,791.4 |
| Total liabilities and shareholders' equity | 3,247.5 | 3,089.8 | 3,063.3 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

| | 13 weeks ended | | 26 weeks ended | |
|---|------------------|------------------|------------------|------------------|
| | July 30, 2011 | July 31, 2010 | July 30, 2011 | July 31, 2010 |
| | \$ million | \$ million | \$ million | \$ million |
| Cash flows from operating activities: | | | | |
| Net income | 66.3 | 38.7 | 141.7 | 89.0 |
| Adjustments to reconcile net income to cash provided by operating activities: | | | | |
| Depreciation of property, plant and equipment | 20.2 | 21.1 | 40.6 | 43.5 |
| Amortization of other intangible assets | 2.3 | 2.0 | 4.4 | 4.0 |
| Pension | (2.9) | (1.9) | (5.6) | (3.8) |
| Share-based compensation | 4.3 | 2.2 | 7.0 | 4.5 |
| Deferred taxation | (1.9) | (1.6) | (2.4) | 3.7 |
| Facility amendment fee amortization and charges | 1.4 | 0.3 | 1.6 | 2.6 |
| Other non-cash movements | (0.4) | (1.0) | (0.5) | (1.7) |
| Gain on disposal of property, plant and equipment | - | (0.9) | - | (0.9) |
| Changes in operating assets and liabilities: | | | | |
| (Increase)/decrease in accounts receivable | (2.7) | 4.6 | 29.3 | 59.7 |
| (Increase)/decrease in other receivables and other assets | (5.8) | 0.2 | 6.1 | 2.5 |
| Decrease/(increase) in other current assets | 0.3 | (1.4) | 8.4 | 8.1 |
| Decrease/(increase) in inventories | 17.8 | 1.4 | (6.5) | 40.3 |
| (Decrease)/increase in accounts payable | (7.1) | 9.6 | 10.8 | 48.1 |
| Increase/(decrease) in accrued expenses and other liabilities | 1.5 | 1.9 | (45.8) | (31.7) |
| Decrease in deferred revenue | (7.5) | (6.7) | (4.0) | (3.9) |
| Increase/(decrease) in income taxes payable | 1.4 | 0.6 | 6.1 | (10.5) |

Edgar Filing: TEMPLETON EMERGING MARKETS INCOME FUND - Form 40-17F2

| | | | | |
|--|--------|--------|--------|--------|
| Effect of exchange rate changes on currency swaps | (0.4) | 1.3 | 0.9 | 1.1 |
| Net cash provided by operating activities | 86.8 | 70.4 | 192.1 | 254.6 |
| Investing activities | | | | |
| Purchase of property, plant and equipment | (21.3) | (6.9) | (30.1) | (11.6) |
| Purchase of other intangible assets | (4.1) | (2.9) | (8.2) | (4.5) |
| Proceeds from sale of property, plant and equipment | - | 1.7 | - | 1.7 |
| Net cash used in investing activities | (25.4) | (8.1) | (38.3) | (14.4) |
| Financing activities: | | | | |
| Proceeds from issue of common shares | 0.4 | 0.2 | 4.4 | 1.0 |
| Credit facility fees paid | (1.4) | - | (1.6) | (1.0) |
| Repayment of short-term borrowings | (14.3) | (22.4) | (18.3) | (19.3) |
| Repayment of long-term debt | - | - | - | (50.9) |
| Net cash used in financing activities | (15.3) | (22.2) | (15.5) | (70.2) |
| Effect of exchange rate changes on cash and cash equivalents | - | (1.8) | (0.2) | (0.8) |
| Cash and cash equivalents at beginning of period | 394.1 | 447.1 | 302.1 | 316.2 |
| Increase in cash and cash equivalents | 46.1 | 40.1 | 138.3 | 170.0 |
| Cash and cash equivalents at end of period | 440.2 | 485.4 | 440.2 | 485.4 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Basis of preparation

Signet Jewelers Limited (the "Company") and its subsidiaries (collectively, "Signet") is a leading retailer of jewelry, watches and associated services. Signet manages its business as two geographical segments, being the United States of America (the "US") and the United Kingdom (the "UK"). The US division operates retail stores under brands including Kay Jewelers, Jared The Galleria Of Jewelry and various regional brands, while the UK division's retail stores operate under brands including H.Samuel and Ernest Jones.

These condensed consolidated financial statements included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of

America ("US GAAP") have been condensed or omitted from this report, as is permitted by such rules and regulations. In the opinion of management, the accompanying condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair presentation of the results for the interim periods. It is suggested that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes included in Signet's Annual Report on Form 10-K for the year ended January 29, 2011.

Correction of immaterial error

During the third quarter of Fiscal 2011, Signet changed its accounting for extended service plans. Previously, revenue from the sale of extended service plans was deferred, net of direct costs arising from the sale, and was recognized in proportion to the historical actual claims incurred. Signet has conducted a review of the claims cost patterns, including estimates of future claims costs expected to be incurred, and concluded that the deferral period required extension and that claims cost is a more appropriate basis for revenue recognition than the number of claims incurred. In addition, Signet now defers all revenues and recognizes direct costs in proportion to the revenue recognized. These changes are in accordance with ASC 605-20-25. The impact resulted in an overstatement of extended service plan revenue and an understatement of deferred revenue. These plans are only sold by the US division and therefore only affect the US segment reporting.

Signet evaluated the effects individually and in the aggregate and determined that its prior period financial statements were not materially misstated. However, Signet determined that the cumulative effect of adjusting this in the third quarter of Fiscal 2011 would be material to the Fiscal 2011 financial statements. Therefore, Signet adjusted the affected prior periods and presented the results in this quarterly report.

As a result of applying this correction, the following condensed consolidated financial statements were impacted as follows:

Impact on Condensed Consolidated Balance Sheets

| | July 31, 2010 | |
|--|---------------|--------------|
| | \$ million | |
| | Amounts | |
| | previously | |
| | reported | As corrected |
| Assets | | |
| Current assets: | | |
| Other current assets | 49.4 | 67.5 |
| Total current assets | 2,485.3 | 2,503.4 |
| Non-current assets: | | |
| Other assets | 9.8 | 57.2 |
| Deferred tax assets | 55.7 | 114.9 |
| Total assets | 2,938.6 | 3,063.3 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Deferred revenue | 108.8 | 129.0 |
| Total current liabilities | 603.0 | 623.2 |
| Non-current liabilities: | | |
| Deferred revenue | 140.5 | 342.7 |
| Total liabilities | 1,049.5 | 1,271.9 |
| Total shareholders' equity | 1,889.1 | 1,791.4 |
| Total liabilities and shareholders' equity | 2,938.6 | 3,063.3 |

| Impact on Condensed Consolidated Income Statements | 13 weeks ended | | 26 weeks ended | |
|--|-----------------------------|--------------|-----------------------------|--------------|
| | July 31, 2010 | | July 31, 2010 | |
| | \$ million | | \$ million | |
| | Amounts previously reported | As corrected | Amounts previously reported | As corrected |
| Sales | 722.8 | 719.7 | 1,532.8 | 1,525.1 |
| Cost of sales | (483.0) | (482.5) | (996.7) | (994.3) |
| Gross margin | 239.8 | 237.2 | 536.1 | 530.8 |
| Operating income | 63.3 | 60.7 | 148.8 | 143.5 |
| Income before income taxes | 57.3 | 54.7 | 134.1 | 128.8 |
| Income taxes | (16.6) | (16.0) | (41.4) | (39.8) |
| Net income | 40.7 | 38.7 | 92.7 | 89.0 |
| Earnings per share - basic | \$0.47 | \$0.45 | \$1.08 | \$1.04 |
| - diluted | \$0.47 | \$0.45 | \$1.07 | \$1.03 |

| Impact on Condensed Consolidated Statements of Cash Flows | 13 weeks ended | | 26 weeks ended | |
|---|-----------------------------|--------------|-----------------------------|--------------|
| | July 31, 2010 | | July 31, 2010 | |
| | \$ million | | \$ million | |
| | Amounts previously reported | As corrected | Amounts previously reported | As corrected |
| Cash flows from operating activities: | | | | |
| Net income | 40.7 | 38.7 | 92.7 | 89.0 |
| Adjustments to reconcile net income to cash provided by operating activities: | | | | |
| Deferred taxation | (3.8) | (1.6) | 2.5 | 3.7 |
| Changes in operating assets and liabilities: | | | | |
| Decrease in other current assets | 0.5 | 0.2 | 4.2 | 2.5 |
| (Increase)/decrease in other current assets | (1.2) | (1.4) | 8.8 | 8.1 |
| Decrease in deferred revenue | (9.8) | (6.7) | (11.6) | (3.9) |
| Increase/(decrease) in income taxes payable | 3.4 | 0.6 | (7.7) | (10.5) |
| Net cash provided by operating activities | 70.4 | 70.4 | 254.6 | 254.6 |

2. Foreign currency translation

The exchange rates used in these condensed consolidated financial statements for the translation of UK pound sterling transactions and balances into US dollars are follows:

26 weeks ended 52 weeks ended 26 weeks ended
July 30, 2011 January 29, 2011 July 31, 2010

| | | | |
|---------------------------------|------|-------|------|
| Income statement (average rate) | 1.62 | 1.551 | 1.51 |
| Balance sheet (period end rate) | 1.64 | 1.59 | 1.57 |

1. Not meaningful to these financial statements as the 52 week income statement is not presented.

The year-to-date average exchange rate is used to prepare the income statement for the 26 weeks ended July 30, 2011 and is calculated from the weekly average exchange rates weighted by sales of the UK division. The income statement for the 13 weeks ended July 30, 2011 is calculated as the difference between the income statement for the 26 weeks ended July 30, 2011 and the previously reported income statement for the 13 weeks ended April 30, 2011. Therefore, the second quarter's income statement includes the impact of the change in the year-to-date exchange rates between these quarter ends.

3. Non-GAAP measures and other information

Income statement as a percentage of sales

A number of non-GAAP measures are used by management to analyze and manage the performance of the business, and the required disclosures for these non-GAAP measures are given below. Management does not, nor does it suggest investors should, consider such non-GAAP measures in isolation from, or in substitute for, financial information prepared in accordance with US GAAP.

| | 13 weeks ended | | 26 weeks ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | July 30, 2011 % | July 31, 2010 % | July 30, 2011 % | July 31, 2010 % |
| Sales | 100.0 | 100.0 | 100.0 | 100.0 |
| Cost of sales | (63.0) | (67.0) | (61.7) | (65.2) |
| Gross margin | 37.0 | 33.0 | 38.3 | 34.8 |
| Selling, general & administrative expenses | (28.2) | (28.3) | (29.0) | (29.0) |
| Other operating income, net | 4.0 | 3.8 | 3.8 | 3.6 |
| Operating income, net | 12.8 | 8.5 | 13.1 | 9.4 |
| Interest expense, net | (0.3) | (0.9) | (0.2) | (1.0) |
| Income before income taxes | 12.5 | 7.6 | 12.9 | 8.4 |
| Income taxes | (4.2) | (2.2) | (4.5) | (2.6) |

| | | | | |
|------------|-----|-----|-----|-----|
| Net income | 8.3 | 5.4 | 8.4 | 5.8 |
|------------|-----|-----|-----|-----|

Income statement at constant exchange rates

Movements in the US dollar to pound sterling exchange rate have an impact on Signet's results. The UK division is managed in pounds sterling as sales and costs are incurred in that currency and its results are then translated into US dollars for external reporting purposes. Management believes it assists in understanding the performance of Signet and its UK division if constant currency figures are given. This is particularly so in periods when exchange rates are volatile. The constant currency amounts are calculated by retranslating the prior year figures using the current year's exchange rate. Management considers it useful to exclude the impact of movements in the pound sterling to US dollar exchange rate to analyze and explain changes and trends in Signet's sales and costs.

a) Second quarter Fiscal 2012 percentage change in results at constant exchange rates

| | 13 weeks ended July 30, 2011 \$ million | 13 weeks ended July 31, 2010 \$ million | Change % | Impact of exchange rate movement \$ million | 13 weeks ended July 31, 2010 at constant exchange rates (non-GAAP) \$ million | Change at constant exchange rates (non-GAAP) % |
|--|---|---|----------|---|---|---|
| US | 643.0 | 577.7 | 11.3% | - | 577.7 | 11.3% |
| UK | 154.6 | 142.0 | 8.8% | 12.4 | 154.4 | 0.1% |
| Sales | 797.6 | 719.7 | 10.8% | 12.4 | 732.1 | 9.0% |
| Cost of sales | (502.8) | (482.5) | 4.2% | (8.9) | (491.4) | 2.3% |
| Gross margin | 294.8 | 237.2 | 24.3% | 3.5 | 240.7 | 22.5% |
| Selling, general and administrative expenses | (224.5) | (203.7) | 10.2% | (3.5) | (207.2) | 8.3% |
| Other operating income, net | 32.0 | 27.2 | 17.6% | - | 27.2 | 17.6% |
| Operating income, net | 102.3 | 60.7 | 68.5% | - | 60.7 | 68.5% |
| Interest expense, net | (2.5) | (6.0) | 58.3% | - | (6.0) | 58.3% |
| Income before income taxes | 99.8 | 54.7 | 82.4% | - | 54.7 | 82.4% |
| Income taxes | (33.5) | (16.0) | 109.4% | - | (16.0) | 109.4% |
| Net income | 66.3 | 38.7 | 71.3% | - | 38.7 | 71.3% |
| Earnings per share - basic | \$0.77 | \$0.45 | 71.1% | - | \$0.45 | 71.1% |
| Earnings per share - diluted | \$0.76 | \$0.45 | 68.9% | - | \$0.45 | 68.9% |
| Operating income/(loss), net | | | | | | |
| US | 104.4 | 60.7 | 72.0% | - | 60.7 | 72.0% |
| UK | 2.8 | 4.7 | (40.4)% | 0.3 | 5.0 | (44.0)% |
| Unallocated | (4.9) | (4.7) | 4.3% | (0.3) | (5.0) | (2.0)% |
| Operating income, net | 102.3 | 60.7 | 68.5% | - | 60.7 | 68.5% |

b) Year to date Fiscal 2012 percentage change in results at constant exchange rates

| | 26 weeks ended July 30, 2011 \$ million | 26 weeks ended July 31, 2010 \$ million | Change % | Impact of exchange rate movement \$ million | 26 weeks ended July 31, 2010 at constant exchange rates (non-GAAP) \$ million | Change at constant exchange rates (non-GAAP) % |
|--|---|---|----------|---|---|---|
| US | 1,381.0 | 1,240.2 | 11.4% | - | 1,240.2 | 11.4 % |
| UK | 303.9 | 284.9 | 6.7% | 20.8 | 305.7 | (0.6)% |
| Sales | 1,684.9 | 1,525.1 | 10.5% | 20.8 | 1,545.9 | 9.0% |
| Cost of sales | (1,040.4) | (994.3) | 4.6% | (15.1) | (1,009.4) | 3.1% |
| Gross margin | 644.5 | 530.8 | 21.4% | 5.7 | 536.5 | 20.1% |
| Selling, general and administrative expenses | (488.3) | (442.2) | 10.4% | (6.1) | (448.3) | 8.9% |
| Other operating income, net | 64.8 | 54.9 | 18.0% | - | 54.9 | 18.0% |
| Operating income, net | 221.0 | 143.5 | 54.0% | (0.4) | 143.1 | 54.4% |
| Interest expense, net | (3.4) | (14.7) | 76.9% | - | (14.7) | 76.9% |
| Income before income taxes | 217.6 | 128.8 | 68.9% | (0.4) | 128.4 | 69.5% |
| Income taxes | (75.9) | (39.8) | 90.7% | 0.1 | (39.7) | 91.2% |
| Net income | 141.7 | 89.0 | 59.2% | (0.3) | 88.7 | 59.8% |
| Earnings per share - basic | \$1.64 | \$1.04 | 57.7% | - | \$1.04 | 57.7% |
| Earnings per share - diluted | \$1.63 | \$1.03 | 58.3% | - | \$1.03 | 58.3% |
| Operating income/(loss), net | | | | | | |
| US | 230.6 | 149.1 | 54.7% | - | 149.1 | 54.7% |
| UK | 2.6 | 3.3 | (21.2)% | 0.2 | 3.5 | (25.7)% |
| Unallocated | (12.2) | (8.9) | 37.1% | (0.6) | (9.5) | 28.4% |
| Operating income, net | 221.0 | 143.5 | 54.0% | (0.4) | 143.1 | 54.4% |

c) Net cash

Net cash is a non-GAAP measure defined as cash and cash equivalents less the total of loans, overdrafts and long term debt. Management considers that it is helpful in providing an understanding of the indebtedness of the business.

| | July 30, 2011 \$ million | January 29, 2011 \$ million | July 31, 2010 \$ million |
|----------------------|-----------------------------|-----------------------------------|--------------------------------|
| Long-term debt | - | - | (229.1) |
| Loans and overdrafts | (13.1) | (31.0) | (24.9) |
| | (13.1) | (31.0) | (254.0) |

| | | | |
|---------------------------|-------|-------|-------|
| Cash and cash equivalents | 440.2 | 302.1 | 485.4 |
| Net cash | 427.1 | 271.1 | 231.4 |

d) Free cash flow

Free cash flow is a non-GAAP measure defined as the net cash provided by operating activities less net cash flows used in investing activities. Management considers that it is helpful in understanding how the business is generating cash from its operating and investing activities that can be used to meet the financing needs of the business. Free cash flow does not represent the residual cash flow available for discretionary expenditure.

| | 13 weeks ended | | 26 weeks ended | |
|---|--------------------------------|--------------------------------|--------------------------------|-----------------------------|
| | July 30, 2011 \$ million | July 31, 2010 \$ million | July 30, 2011 \$ million | July 31, 2010 \$ million |
| Net cash provided by operating activities | 86.8 | 70.4 | 192.1 | 254.6 |
| Net cash flows used in investing activities | (25.4) | (8.1) | (38.3) | (14.4) |
| Free cash flow | 61.4 | 62.3 | 153.8 | 240.2 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SIGNET JEWELERS LIMITED

Date: August 25, 2011

By: / s/ Ronald Ristau

Ronald Ristau
Chief Financial Officer