UTILICO

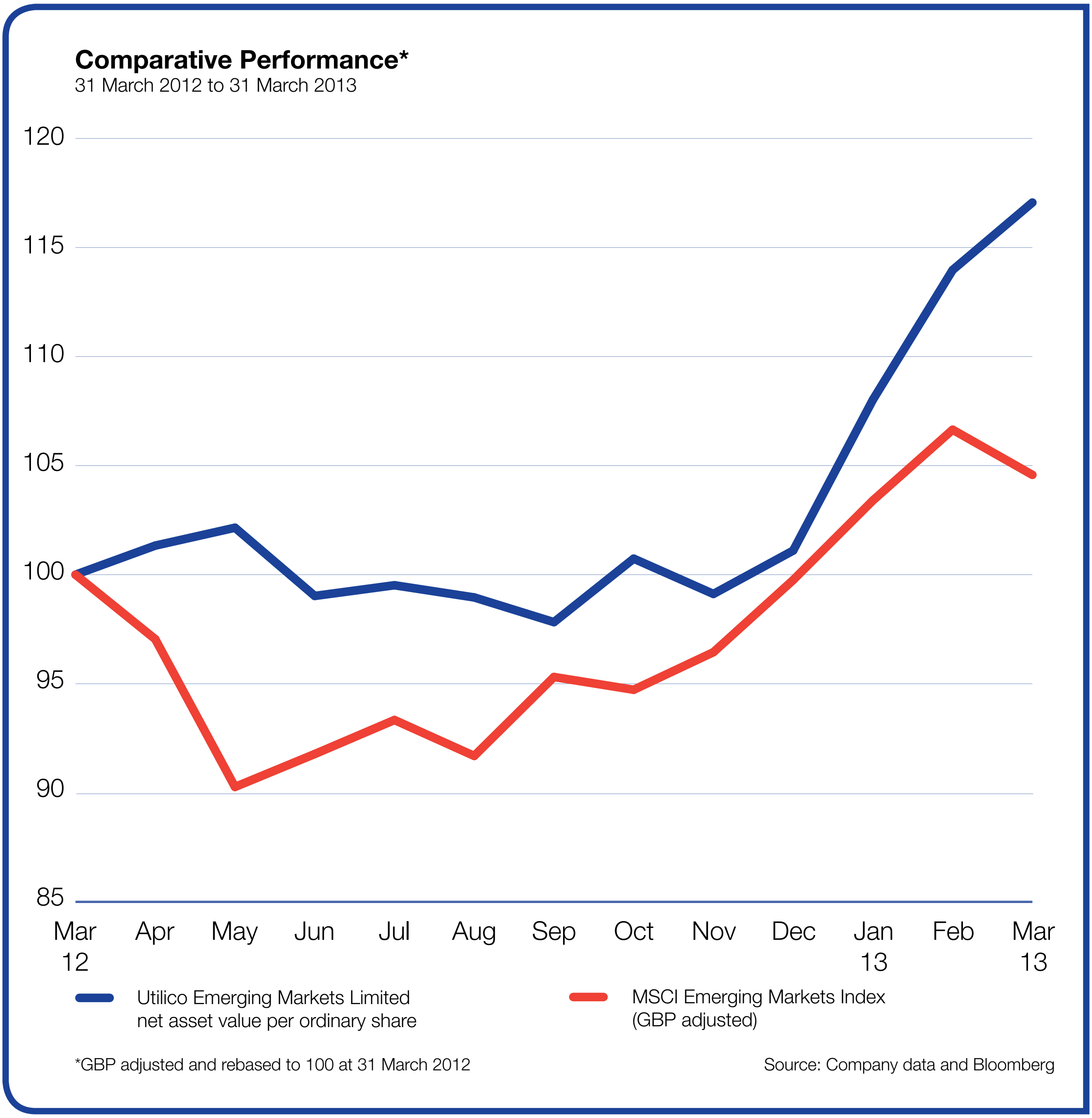
UTILICO EMERGING MARKETS LIMITED

Report and Accounts 2013

Managed by ICM Limited

FINANCIAL HIGHLIGHTS – YEAR TO 31 MARCH 2013

- Revenue earnings per ordinary share of 5.20p
- Net asset value of 205.49p per ordinary share
- Net asset value total return equal to 20.5%
- Dividends per ordinary share of 5.80p, up 5.5%
- Dividends per ordinary share represent a yield of 3.0% on ordinary share price
- Share price increase of 27.20p, up 16.6% to 191.20p



- Cumulative revenue earnings per ordinary share of 34.50p
- Cumulative capital earnings per ordinary share of 117.40p
- Total return per ordinary share of 151.90p
- Average annual compound total return since inception of 14.2%
- Gross assets under management of £452.1m
- Average ongoing charges figure since inception of 0.8%*

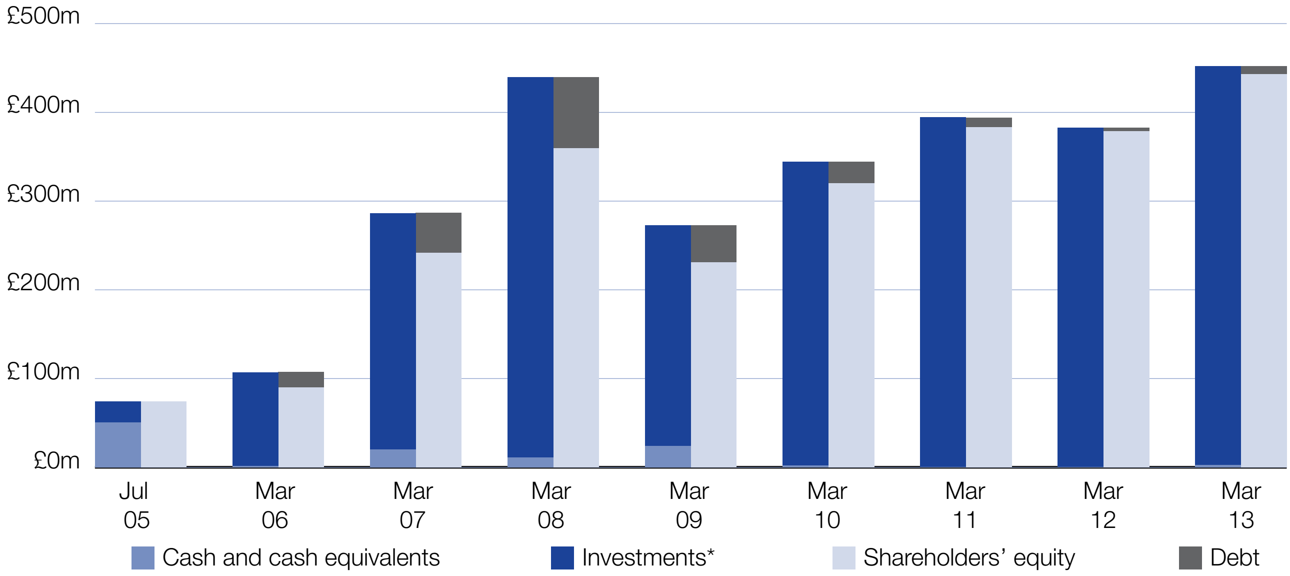
* excluding performance fees

*Rebased to 100 at 20 July 2005
**Includes returns on warrants converted on 2 August 2010

Source: Utilico Emerging Markets Limited

PORTFOLIO PROGRESSION

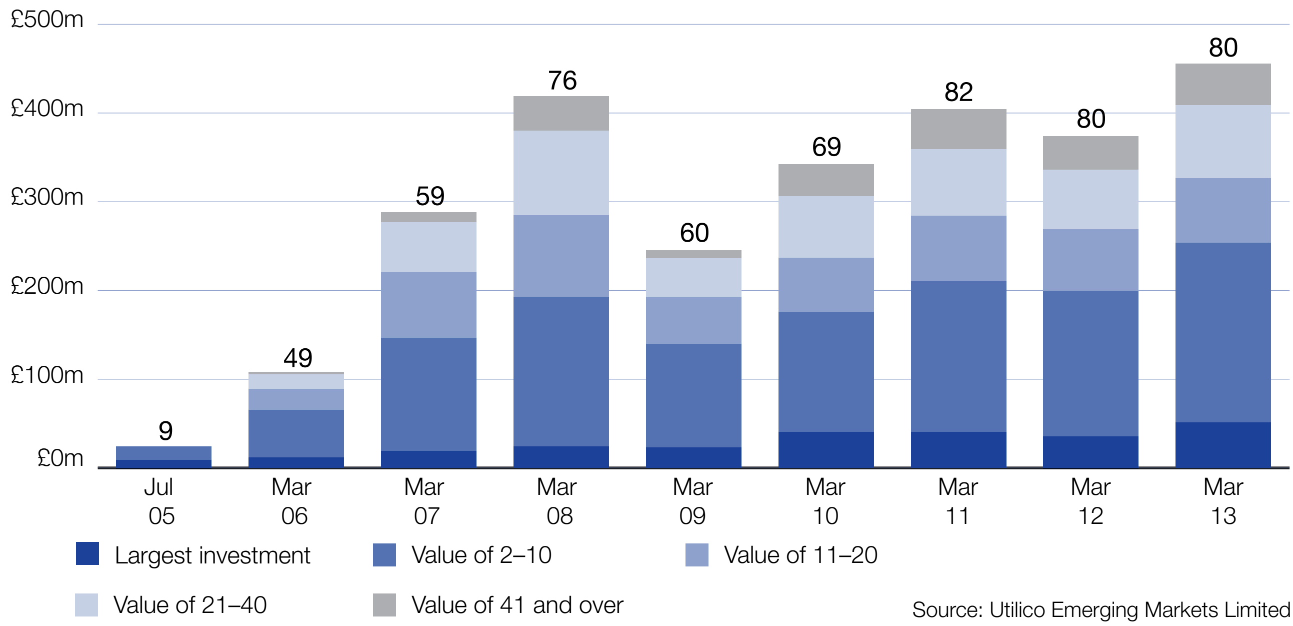
Utilico Emerging Markets Limited portfolio progression and capital structure
(From 20 July 2005 to 31 March 2013)



*gross assets less liabilities excluding cash and loans

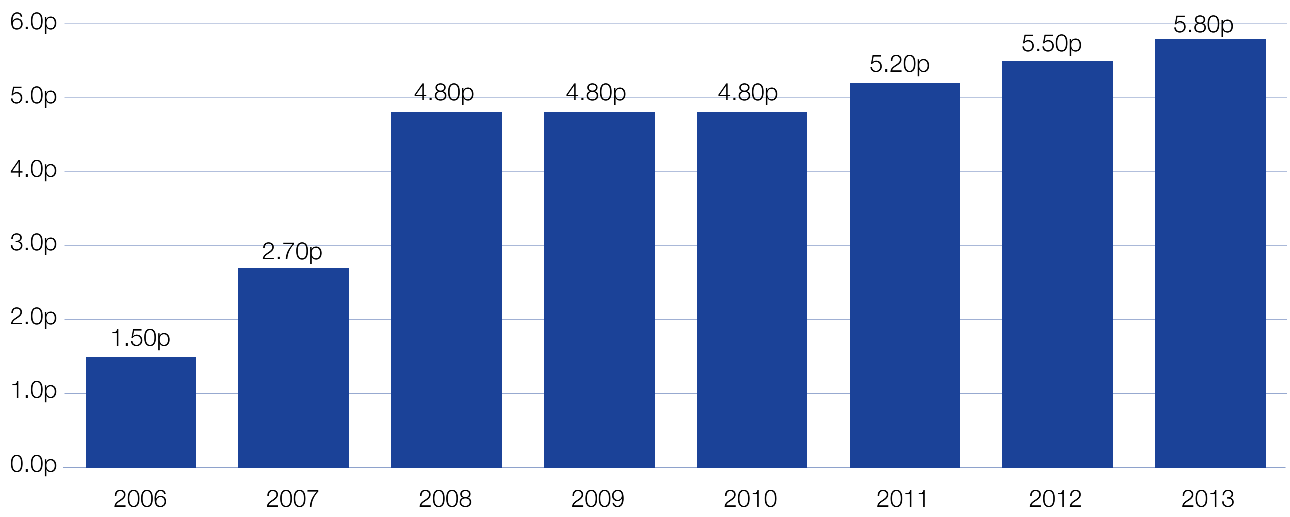
Source: Utilico Emerging Markets Limited

Utilico Emerging Markets Limited portfolio progression and number of companies
(From 20 July 2005 to 31 March 2013)



Source: Utilico Emerging Markets Limited

Utilico Emerging Markets Limited dividend per ordinary share
From July 2006 to March 2013



Source: Utilico Emerging Markets Limited

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FINANCIAL CALENDAR

Quarterly dividends, payable in	**September, December, March and June**
Annual General Meeting	**23 September 2013**
Half year September 2013 announcement	**November 2013**

GROUP PERFORMANCE SUMMARY

	31 March 2013	31 March 2012	Change % 2013/2012
Total return[1] (annual)	20.5%	3.1%	n/a
Annual compound total return (since inception)[2]	14.2%	13.5%	n/a
Net asset value per ordinary share	205.49p	175.60p	17.0
Ordinary share price	191.20p	164.00p	16.6
Discount	(7.0%)	(6.6%)	n/a
Earnings per ordinary share			
– Capital	30.71p	1.19p	2,480.7
– Revenue	5.20p	4.12p	26.2
Total	35.91p	5.31p	576.3
Dividends per ordinary share			
– 1st Quarter	1.375p	–	n/a
– 2nd Quarter	1.375p	3.750p	n/a
– 3rd Quarter	1.525p	–	n/a
– 4th Quarter[3]	1.525p	1.750p	n/a
Total	5.800p	5.500p	5.5
Equity holders' funds (£m)	442.9	378.5	17.0
Gross assets (£m)[4]	452.1	382.9	18.1
Ordinary shares bought back (£m)	–	4.9	n/a
Cash/(overdraft) (£m)	2.6	(1.8)	n/a
Bank debt (£m)	(9.2)	(4.4)	109.1
Net debt (£m)	(6.6)	(6.2)	6.5
Net debt gearing on gross assets	1.5%	1.6%	n/a
Management and administration fees and other expenses (£m)			
– excluding performance fee	3.4	3.9	(12.8)
– including performance fee	12.9	3.6	258.3
Ongoing charges figure[5]			
– excluding performance fee	0.8%	0.9%	n/a
– including performance fee	3.2%	0.9%	n/a

(1) Total return is calculated based on NAV per ordinary share return plus dividends reinvested from the payment date

(2) Annual total return based on diluted NAV per ordinary share return, plus dividends reinvested from the payment date and return on warrants converted on 2 August 2010

(3) The fourth quarterly dividend (2012, final) declared on 24 April 2013 and paid on 5 June 2013 has not been included as a liability in the accounts

(4) Gross assets less liabilities excluding loans

(5) Expressed as percentage of average net assets, ongoing charges comprise all operational, recurring costs that are payable by the Company or suffered within underlying investee funds, in the absence of any purchases or sales of investments

The Company's investment objective is to provide long-term total return through a flexible investment policy that permits it to make investments predominantly in infrastructure, utility and related sectors, mainly in emerging markets.

The Company seeks to minimise risk by investing mainly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure, communications or companies with a unique product or market position.

The Company's investment policy is flexible and permits it to make investments, predominantly in infrastructure, utility and related sectors, mainly in emerging markets including (but not limited to) water, sewerage, waste, electricity, gas, telecommunications, ports, airports, service companies, rail, roads, any business with essential service and/or monopolistic characteristics and in any new infrastructure or utilities which may arise mainly in emerging markets. The Company may also invest in businesses which supply services to, or otherwise support, the infrastructure, utilities and related sectors.

The Company focuses on the undeveloped and developing markets of Asia, Latin America, Emerging Europe and Africa but has flexibility to invest in markets world-wide. The Company generally seeks to invest in emerging market countries where the Directors believe there are positive investment attributes such as political stability, economic development, an acceptable legal framework and an encouraging attitude to foreign investment.

The Company has the flexibility to invest in shares, bonds, convertibles and other types of securities, including non-investment grade bonds and to invest in unlisted securities. The Company may also use derivative instruments such as American Depository Receipts ("ADR") promissory notes, contracts for difference ("CFD"), financial futures, call and put options, and warrants for the purpose of efficient portfolio management.

The Company may, from time to time, actively seek to protect the Company's portfolio and balance sheet from major corrections. This would include foreign currency hedges, interest rate hedges, stock market index put and call options, and similar instruments.

Utilico Emerging Markets Limited ("UEM") seeks to identify and invest in undervalued investments in the fast growing infrastructure and utility sectors mainly in emerging markets. The Company aims to identify securities where underlying values and growth prospects are not reflected in the market price. This is often as a result of strong growth drivers, but can include changes in regulation, technology, market motivation, potential for financial engineering, competition or shareholder indifference.

The Company seeks to minimise risk by investing mainly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure, communications or companies with a unique product or market position. Most investee companies are asset backed, have good cash flows and offer good dividend yields. UEM generally seeks to invest in companies with strong management who have the potential to grow their business and who have an appreciation of and ability to manage risk.

UEM believes it is generally appropriate to support investee companies with their capital requirements while at the same time maintaining an active and constructive shareholder approach, including encouraging the optimisation of capital structures and business efficiencies. The investment team maintains regular contact with investee companies and UEM is often among its investee companies' largest international shareholders.

The Company aims to maximise value for shareholders by holding a relatively concentrated portfolio of securities and invests through instruments appropriate to the particular situation. UEM is prepared to hold investments in unlisted securities when the attractiveness of the investment justifies the risks and lower liquidity associated with unlisted investments.

UEM's net asset value total return per ordinary share was 20.5% in the year to 31 March 2013. This is significantly ahead of the MSCI Emerging Markets Total Return (GBP adjusted) of 7.6%.

The emerging markets are forecast to continue to grow over the coming year. The Investment Manager expects to be able to continue to identify attractive investment opportunities in the utility and infrastructure sectors.

I am very pleased to report that Utilico Emerging Markets Limited's ("UEM" or the "Company") net asset value ("NAV") total return per ordinary share was 20.5% in the year to 31 March 2013. This is significantly ahead of the MSCI Emerging Markets Total Return Index (GBP adjusted) which was up 7.6%.

Since inception UEM has reported a positive return in seven out of eight years and the average annual compound total return per ordinary share was 14.2% including the return on warrants converted on 2 August 2010.

This strong NAV performance record has been acknowledged by recent industry awards. UEM won Investment Week's Emerging Markets category Investment Company of the year at the 2012 awards and in June 2013 won the Money Observer Best Emerging Markets Trust Award. Credit for this performance goes to ICM Limited, our Investment Manager, and their team led by Charles Jillings.

The revenue earnings per ordinary share ("EPS") improved substantially over the prior period which was impacted by several one-off costs. This resulted in the revenue EPS increasing to 5.20p from 4.12p.

The management and administration fees payable to the Investment Manager for the year increased mainly as a result of the performance fee of £9.5m.

As a Bermuda company, UEM is able to distribute both capital and income returns as dividends. The Board has declared four quarterly dividends amounting to 5.80p versus 5.50p last year, an increase of 5.5%. The final quarterly dividend of 1.525p was paid from UEM's capital reserves. UEM has a Dividend Reinvestment Plan ("DRIP") which shareholders can elect to join. Further details are available on the Company's website.

The share price discount remained at similar levels to last year so UEM did not buy back any ordinary shares during the year to 31 March 2013.

As you may be aware there are several regulatory changes impending which will impact on UEM, the two most significant being the Alternative Investment Fund Managers Directive ("AIFMD") and US Foreign Account Tax Compliance Act ("FATCA"). In order to comply with these regulatory requirements, changes will need to be made by UEM and/or its service providers. On AIFMD the key decision is who should act as alternative investment fund manager of the Company for the purposes of AIFMD, UEM itself or its external investment manager, ICM. UEM and ICM are both taking advice in this regard. FATCA is a US led regulatory requirement introduced to reduce US tax avoidance. The penalty for non-compliance with the US regulations is the imposition of a 30% withholding tax on any US source payments, which in our case would include some of our South American investments, which we might buy through American Depositary Receipts. In order to meet this requirement, UEM will need to collect information on its shareholders. In this regard a resolution will be proposed at the Annual General Meeting to amend UEM's Byelaws so that it has the right to request information from its shareholders to enable UEM to meet this new regulatory requirement.

OUTLOOK

There are currently a number of challenges for global stock markets, the most significant being the potential impact from the normalising of Quantitative Easing. The emerging markets' economies have been resilient during the Quantitative Easing cycle and are forecast to continue to grow over the coming year. The Investment Manager expects to be able to continue to identify attractive investment opportunities in the utility and infrastructure sectors in these markets.

Alexander Zagoreos
Chairman
20 June 2013

UEM's investment focus continues to be on the listed markets in companies which for the most part are established, profitable and paying a dividend. This is reflected in the total revenue income of £13.9m which was up 9.7% on the prior year and represents a return on the opening investment portfolio of 3.7%.

UEM's long-term performance since inception in 2005 has resulted in an average annual compound total return of 13.3%, including dividends reinvested.

The year to 31 March 2013 has been challenging but rewarding. Equity markets overall were divergent and this was certainly the case in the emerging economies. The Brazilian Bovespa was down 12.6% as its economy weakened while the Philippine PSEi gained 34.1% as its economy continued to respond to economic reforms. In the developed markets the US looks to be improving, the UK is stabilising, whilst Europe continues to face significant challenges. Japan has embarked on significant Quantitative Easing ("QE"). The response from most major developed economy governments is still interventionist and QE remains the preferred policy response. There have been a number of changes in governments across countries to which we are exposed, including China.

UEM has performed well in this challenging environment with the net asset value per ordinary share ("NAV") achieving a total return of 20.5%, significantly ahead of the MSCI Emerging Markets Total Return Index (GBP adjusted) which was up 7.6%.

The investment team has continued to travel extensively and the knowledge gained has resulted in good country and sector decisions and stock selection. During the year members of the management team visited China, Brazil, Mexico, Indonesia, Malaysia, Thailand, Hong Kong, Singapore, Philippines, Romania, Lithuania and Ukraine.

UEM's investment focus continues to be on the listed markets in companies which for the most part are established and profitable. The majority of these companies are dividend paying and this is reflected in the total revenue income of £13.9m, which was up 9.7% on the prior year and represents a return on the opening investment portfolio of 3.7%.

PORTFOLIO

UEM's gross assets (less liabilities excluding loans) increased from £382.9m to £452.1m over the twelve months to 31 March 2013.

The top ten investments have seen some change, with two new entrants, China Gas Holdings ("China Gas") and Gasco. The two companies that have dropped out of the top ten but still remain portfolio investments are Infrastructure India ("IIP") and Tractebel Energia ("Tractebel").

China Gas' share price increased by 105.9% over the period under review, reflecting its underlying operational performance and a re-rating by the market. China Gas owns and operates natural gas and liquefied petroleum gas ("LPG") infrastructure assets throughout China. With 172 city gas concessions it is well positioned to deliver rapid growth due to China's shift in energy mix towards natural gas. Being a relatively cheap and clean fuel, the natural gas market is benefitting from a combination of positive economics and supportive political policy.

In the six months to end-September 2012 this growth was evident, with China Gas' piped gas volume increasing by 27.6%, and connections up by 18.1%. At the group level this growth was diluted by the LPG business, which is in a highly competitive, declining market. Nonetheless, group turnover increased by 8.3% and normalised net profit grew by 94.1%; the company also announced a maiden interim dividend.

In December 2011 a consortium consisting of China Petroleum & Chemical Corporation ("Sinopec") and ENN Energy Holdings made an offer for China Gas at HK$3.50 per share. This was rejected by the China Gas Board. In October 2012 the bidding consortium withdrew its offer and Sinopec instead entered into a strategic cooperation agreement to expand China Gas' natural gas and LPG operations. In the months following this announcement China Gas' shares were significantly re-rated, reaching HK$7.74 as of end-March 2013.

UEM has been invested in China Gas since 2009, and we increased our investment in this company modestly during the year.

Gasco also operates in the natural gas and LPG markets, but its assets are focused on Chile, Colombia and Argentina. While the company's history stretches back over 150 years in the gas markets, it is a relatively under researched company owing to the low free float. Grupo CGE, an integrated electricity and gas company, owns 56.6% of Gasco, and another 21.2% is closely held by three Chilean families. UEM holds 1.1% of Gasco, a position which was acquired at the start of 2012 with further additional investments made through the year.

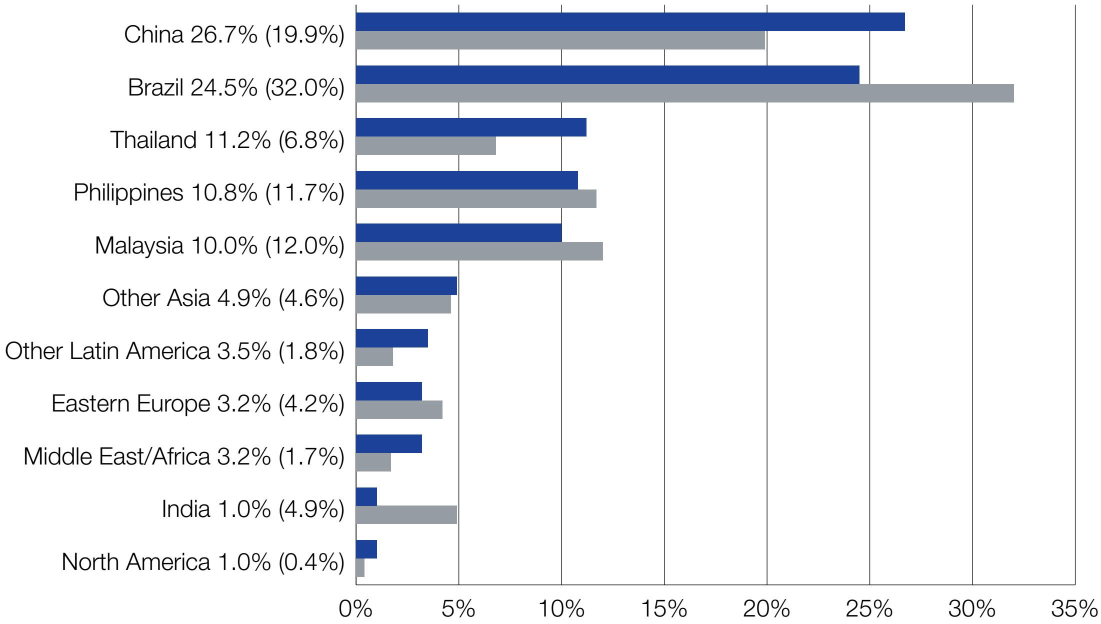
Gasco holds several natural gas assets, the most significant of which is its 51.8% stake in Metrogas, the city gas distribution company in Santiago.

With little domestic growth in the LPG market, Gasco recently expanded its LPG operations in Colombia through the acquisition of a 70%-owned subsidiary. It has a 23% market share in Colombia, which is a more fragmented market than Chile (where Gasco has a 27% market share). This relatively new operation offers good growth potential over and above Gasco's Chilean business.

One of the key attractions of Gasco is that it is operating in an unregulated market and has recently seen its liquefied natural gas ("LNG") import pricing rebased from Brent oil-linked to much cheaper Henry Hub-linked. This is a significant development, dramatically reducing the cost of gas to the company and customers alike. We believe this bodes well for future volume growth and margins at Gasco, and is evident in its financial results to 31 December 2012 with revenue growth

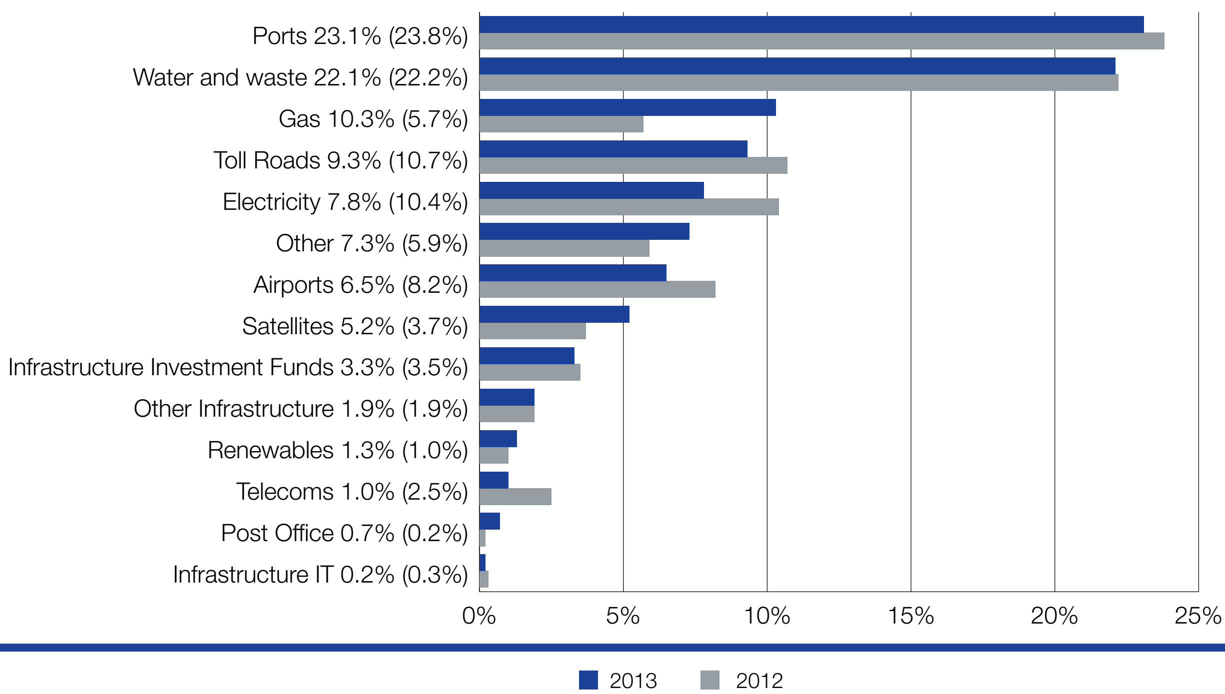
Geographical split of investments

as at 31 March 2013



Sectoral split of investments

as at 31 March 2013



Figures in brackets are as at 31 March 2012

Source: Utilico Emerging Markets Limited

of 11.1% and EBITDA growth of 39.1%. Gasco pays dividends six times a year and the outlook for 2013 looks promising as the first two dividends are 75% higher than last year. In the year to 31 March 2013 Gasco's share price increased by 39.5%.

China is now our biggest country investment at 26.7%, up from 19.9%. This is mainly driven by investment performance by China Gas (noted above), Asia Satellite Telecommunications Holdings ("AsiaSat"), and others.

AsiaSat had a strong share price performance over the period, with the share price increasing by 47.4%. At the beginning of the period, an offer was made for the shares by the majority owners at HK$22.00 (later revised to HK$23.50), which was rejected by the minority shareholders.

The bid highlighted the underlying value in the stock, which had been relatively under-researched and the share price continued to appreciate, even after the bid had been rejected, ending the period at HK$28.22. This was despite underlying growth for the year being weak, after three years of strong gains, primarily due to capacity constraints. Two new satellites are due to be launched in 2014, and the incremental capacity that they will provide should result in strong demand.

We have been critical in the past of AsiaSat's inefficient balance sheet structure (high cash balances, no debt) and low dividend payouts. We are encouraged by the company's decision to pay a special dividend of HK$1.00 and an increased final dividend of HK$0.80 in June 2013. These payments together represent a return of around one-third of the company's cash balances to shareholders.

Brazil country investments have reduced to 24.5% from 32.0% last year. This is mainly as a result of realisations but also weaker market performance.

Ocean Wilsons Holdings' ("Ocean Wilsons") share price declined by 11.5% in the year. However, it remains attractive on valuation grounds. The operating company, Wilson Sons, continues to lead the Brazilian towage market (>50% market share) and to enjoy a successful offshore joint-venture with Ultratug. However, the port operations have struggled with Rio Grande posting a 0.5% decline in throughput for 2012 and Salvador only managing 3.9% growth. Wilson Sons' share price has reflected this weakness by falling 5.0% in the year. Our belief that the holding company is undervalued is strengthened when the US$237.7m investment portfolio held by Ocean Wilsons is taken into account.

Companhia de Saneamento de Minas Gerais ("Copasa") share price increased by 15.9% in the year to 31 March 2013. Copasa continued to deliver steady operational progress in the full year to December 2012, with water and wastewater treatment volumes growing by 2.7% and 6.4% respectively. With wastewater treatment attracting increased weightings and thereby higher effective tariffs, group revenue growth of 10.3% outpaced volume growth. However increased operating costs, mostly relating to the additional investments that Copasa has made in its network, meant that underlying net profits declined by 11.1%.

Companhia de Concessoes Rodoviarias' ("CCR") share price jumped 38.9% during the year. The company, which manages eight toll road concessions in Brazil, has continued to apply its operational expertise in areas such as ferry transportation, airports and urban mobility. We believe the management can deliver on these often higher return projects. This was reflected by the expansion in EBITDA margin to 64.3%, allowing the company to continue paying out a high level of dividends to shareholders.

Santos Brasil Participacoes ("Santos") shares were down 7.6% reflecting uncertainties over the regulatory environment for ports in Brazil, together with rising concerns over competition. Santos continued to deliver good operational results during 2012 driven by Tecon Santos. The terminal handled 1.1m Twenty Foot Equivalent Units, or TEU, an increase of 13.6% and further asserted itself as the destination of choice within Santos, São Paulo. Net profit for the year was up 9.6%.

Our **Thailand** country exposure has increased from 6.8% to 11.2%, principally driven by UEM's biggest investment, Eastern Water Resources Development and Management PCL ("Eastwater"). This makes Thailand our third biggest country investment just ahead of the Philippines and Malaysia.

Eastwater's share price performance was exceptional, up 101.3% in the year to 31 March 2013. This was underpinned by Eastwater's 2012 results which were excellent, with revenues up 12.6% driven by raw water volume growth of 6.6% and the implementation of the first tariff increases in three years. This resulted in EBITDA increasing by 9.6% and normalised earnings by 22.9%. With further tariff increases set to be implemented in 2013 and 2014, and volume growth underpinned by robust domestic economic activity, the operational outlook looks positive.

Post period-end we were disappointed to note that CEO Praphant Asava-Aree, the chief architect of Eastwater's successes and a strong defender of minority rights, has stepped down from the board of directors. We have made, and continue to make, strong representations to the board to protect our rights and sustain the financial strength of Eastwater. In the year to March 2013 we reduced our holding in Eastwater by 11.0% to bring it back under 10.0% of UEM's portfolio at that time.

The **Philippines** is our fourth biggest country investment at 10.8%, marginally down on last year's 11.7%. Much of this reduction has come from investment realisations in the Philippines, including from International Container Terminal Services ("ICT").

ICT's share price rose by 42.0% in the year and hit a record high of PHP100.5 on 10 May 2013. The company announced its full year 2012 revenue and profit figures, both up 9.7%. ICT has added six new terminals during the past two years and we continue to support the company as it executes on improving operational efficiency at these (typically) brownfield ports. President Enrique K. Razon recently confirmed management are looking at potential opportunities in Myanmar, Cambodia and Vietnam.

Malaysia is our fifth largest country exposure but it reduced in the year to 10.0% from 12.0% last year as a result of investment realisations and lower stock market performance as the elections in May 2013 started to take centre stage in investors' considerations. It has been pleasing to see the strong positive jump in the markets on the outcome of the elections. Most of our investments have responded positively.

Malaysia Airports Holdings' ("Malaysia Airports") share price was down 0.5% in the year as shareholders' attention was focused on the company's ability to complete the new terminal and runway on time and on budget. While there have been both delays and cost overruns, Malaysia Airports is expected to perform strongly in 2013 as it delivers on the opening of KLIA2, the world's first dedicated low cost carrier hub, which will house Air Asia and Malindo. Notably Air Asia is to rebase its Singapore slots to KLIA2. Legacy airlines have recently announced their return to the main terminal building, such as Air France (returning after 30 years), Turkish Airlines and Philippines Airlines (both returning after 10 years).

Investment activity has remained high but in line with last year. We invested £90.7m (2012: £84.7m) and realised £92.0m (2012: £123.0m) from sales. In the top ten we invested £1.3m in Malaysia Airports, £1.5m in Ocean Wilsons, £0.5m in China Gas, £0.25m in CCR, £0.25m in Santos and £2.0m in Gasco. Realisations in the top ten were £4.5m from Eastwater, £7.2m from ICT, £2.3m from Malaysia Airports and £0.6m from Ocean Wilsons.

Changes in the geographic split have reflected the realisations plus relative market performance. As a result, Brazil has moved down significantly and China has risen significantly.

Sectoral changes have also reflected the realisations and investment performance, with gas up strongly and electricity down.

CURRENCY

Currency remains a feature for UEM. However, in the year under review it was benign.

BANK DEBT

Bank debt has remained modest with net debt increasing from £6.2m to £6.6m over the twelve months. The Scotiabank facility expires next year. We will seek to extend the facility later this year.

REVENUE RETURN

Revenue income increased by 9.4% from £12.7m to £13.9m. This reflects a yield on the opening investment portfolio of 3.7%. We expect further improvements in revenue income in the coming year.

The normal management and administrative fees were largely unchanged. However, other expenses reduced as one-off cost items last year were not repeated.

Finance costs this year are lower mainly as an historic interest rate swap agreement matured in March 2012 and in part to lower bank borrowings over the year compared to the prior year. Taxation remained broadly in line with last year.

The net impact of the increased income and lower costs is a much improved profitability of £11.2m up from £8.9m, or up 26.0% on last year.

CAPITAL RETURN

The portfolio gains in the year of £83.0m reflect the strong stock selection and is a pleasing outcome. The loss on derivative instruments, of £5.2m, arose from the strong equity markets which eroded the value of the put option positions.

Management and administrative fees were much higher as a result of the £9.4m performance fee.

Finance costs were lower due to the interest rate swap agreement maturing in March 2012 and to lower usage of bank debt and taxation was lower due to fewer realisations from taxable positions.

The net effect of the above was a profit for the year on a capital return of £66.2m, up from £2.6m last year.

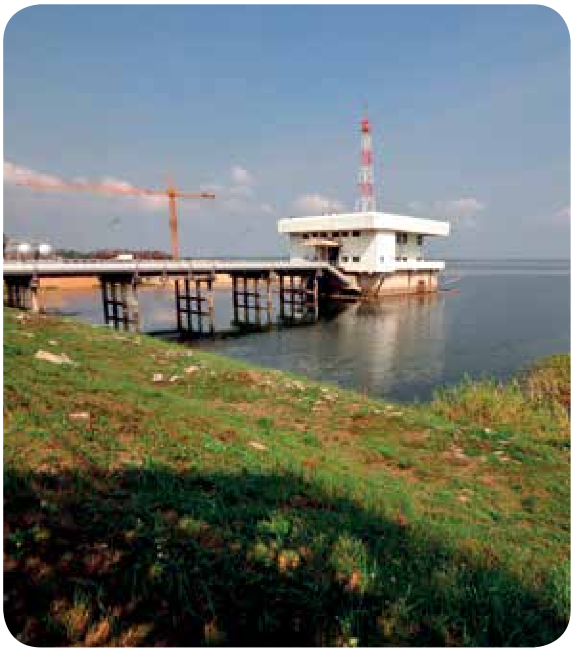
ICM Limited
Investment Manager
20 June 2013

TEN LARGEST HOLDINGS

At 31 March 2013

This Year	*Last Year*	**Company** *(Country)* Description	Fair Value £'000s	% of total investments
1	*(4)*	**Eastern Water Resources Development and Management PCL** *(Thailand)* Water treatment and supply	51,069	11.2%
2	*(1)*	**International Container Terminal Services, Inc.** *(Philippines)* Global container port operator	45,494	10.0%
3	*(2)*	**Malaysia Airport Holdings Berhad** *(Malaysia)* Airport operator	29,498	6.5%
4	*(3)*	**Ocean Wilsons Holdings Limited** *(Brazil)* Port operator, provider of shipping services and worldwide investment fund	25,673	5.6%
5	*(5)*	**Companhia de Saneamento de Minas Gerais** *(Brazil)* Water treatment and supply	23,992	5.3%
6	*(–)*	**China Gas Holdings Ltd** *(China)* Gas distribution	19,981	4.4%
7	*(7)*	**Asia Satellite Telecommunications Holdings Limited** *(China)* Satellite operator	17,749	3.9%
8	*(8)*	**Companhia de Concessoes Rodoviarias S.A.** *(Brazil)* Toll road operator	15,355	3.4%
9	*(6)*	**Santos Brasil Participacoes S.A.** *(Brazil)* Port operator	12,962	2.8%
10	*(–)*	**Gasco S.A.** *(Chile)* Gas distribution	12,086	2.6%
		Other investments	202,042	44.3%
		Total Portfolio	455,901	100.0%

The value of the ten largest holdings represents 55.7% (2012: 53.2%) of the Group's total investments. The country shown is the location of the major part of the company's business. The value of convertible securities represents 1.8% (2012: 2.5%) of the Group's portfolio and the value of fixed income securities represents 2.1% (2012: 2.3%) of the Group's portfolio. The total number of companies included in the portfolio is 80 (2012: 80).



Eastern Water Resources Development and Management PCL (Thailand)

www.eastwater.com

Market Cap £565m

"Eastwater" operates the main water pipeline systems which supply untreated water (so called "raw water") to Thailand's industrialised Eastern Seaboard. In addition the company has a treated water supply business which operates water treatment and supply concessions in nine separate areas. In their financial year to December 2012 raw water volumes grew by 6.6%, driven by strong domestic economic activity. After three years of tariffs being kept flat, Eastwater increased its rates across all customers, implementing an effective increase of 8.8%. This had a significant positive impact on revenues and profitability, with group turnover growing by 12.6%, EBITDA by 9.6%, and normalised earnings by 22.9% in 2012. Given the high levels of near-term capital investment, dividend growth was more measured at 4.8%. In the year to March 2013, Eastwater's share price increased by 101.3%.

International Container Terminal Services Inc. (Philippines)

www.ICTSI.com

Market Cap £2,502m

"ICT" is an expanding Philippines-based port operator. ICT acquires, develops, manages and operates container terminals. Its current portfolio consists of 25 ports located in the Philippines and 14 countries worldwide. The company's strategy is to focus primarily on small to medium sized brownfield terminals (0.5m to 1.5m Twenty Foot Equivalent, or TEU) where the extensive civil infrastructure is already in place allowing it to utilise management expertise in order to rapidly increase port throughput. During 2012, the company handled 5.6m TEU, an increase of 7.5%. This volume increase, together with tariff rate adjustments and the consolidation of new terminals, saw gross revenue rise 9.7%. The company continues to seek opportunities for growth and in February 2013 won the 30-year concession for Puerto Cortes in Honduras. Over the period the share price rose 42.0%.

Malaysia Airports Holdings Berhad (Malaysia)

www.malaysiaairports.com.my

Market Cap £1,558m

"Malaysia Airports" operates 39 (out of 40) airports in Malaysia, including the flagship KL International Airport (KLIA), as well as airports in India, Turkey and Cambodia. During 2012, 67.2 million passengers passed through its airports, a 5% increase. Underlying revenue, excluding construction fees, rose 11.8% on the back of passenger growth and the implemented new fare rates. Strong fundamentals are in place to drive the company forward, such as the expansion of local carriers, Malaysia Airlines' entry into Oneworld Alliance and services recently commenced by Malindo Air, Air France and Turkish Airlines. The coming year will be key for the company as it plans the world's largest dedicated low cost carrier hub (KLIA2). Over the year the share price decreased by 0.5%.

Ocean Wilsons Holdings Limited (Brazil)

www.oceanwilsons.bm

Market Cap £368m

"Ocean Wilsons" is a Bermuda holding company listed on the London and Bermuda Stock Exchanges. The company owns a 58.3% controlling stake in Wilson Sons, a listed Brazilian maritime services provider, as well as a managed investment portfolio valued at US$237.7m as at 31 December 2012. Wilson Sons operates a broad span of maritime support services from port operations (Tecon Rio Grande and Tecon Salvador) to ship building. It is also a leader in the Brazilian towage market (with over 50% market share) and has developed a joint venture to provide offshore maritime support services to platforms in the lucrative oil & gas industry. Net income rose 26.6% in the year. The performance of the investment portfolio was modest at 3.6%. A final dividend of 38.0 cents was declared, bringing the total for the year to 42.0 cents, and representing an increase of 27.3%. Over the period the share price decreased by 11.5%.

Companhia de Saneamento de Minas Gerais (Brazil)

www.copasa.com.br

Market Cap £1,920m

"Copasa" is a water and sewerage company serving the state of Minas Gerais, Brazil's second most populated state. Copasa supplies a population of 14.1m with clean water, and provides wastewater treatment and disposal for 8.8m people. In their financial year to December 2012, water and wastewater treatment volumes grew by 2.7% and 6.4% respectively. Water tariffs remained broadly flat, though sewage tariffs continue to benefit from higher weighting as roll-out targets continue to be met, as shown by an effective tariff increase of 17.9%. The combination of volume and effective tariff growth resulted in group turnover increasing by 10.3% in 2012, although cost inflation eroded some of this such that EBITDA increased by 5.7%. Ongoing investment in the network has meant that depreciation and interest costs are increasing, which resulted in normalised earnings falling by 11.1%. Dividends were very modestly increased on the previous year. In the year to March 2013 Copasa's share price increased by 15.9%.

China Gas Holdings Ltd (China)

www.chinagasholdings.com.hk

Market Cap £3,113m

"China Gas" owns and operates natural gas and liquefied petroleum gas ("LPG") infrastructure, including city gas pipelines, gas storage and transmission facilities, and gas refilling stations. As of 30 November 2012 China Gas had secured 172 city gas concessions, 9 long-distance natural gas pipeline projects, 153 compressed natural gas ("CNG") refilling stations and 50 LPG distribution projects throughout China. Its city gas concessions cover a connectable population of over 20m households, of which only 40% were connected as of 30 September 2012. Over 80% of its natural gas volumes are sold to commercial and industrial customers. Demand for natural gas in China is growing at a remarkable rate, being a relatively cheap and clean source of energy. In the six months to 30 September 2012 China Gas reported total piped gas volume growth of 27.6%, while LPG sales volumes declined 1.5%. The strong volume growth resulted in group revenues increasing by 8.3%, EBITDA by 14.8%, and normalised earnings by 94.1%. In the year to March 2013, China Gas Holdings' share price increased by 105.9%.

Asia Satellite Telecommunications Holdings Ltd (China)

www.asiasat.com

Market Cap £928m

"AsiaSat" is an owner and operator of telecommunications satellites. The company has four satellites, broadcasting over 500 television and radio channels to over 50 countries in the Asia-Pacific region. In recent years, the company has seen strong demand for its services, particularly from India, where changes in regulation have driven exponential growth in pay-tv subscribers.

Underlying revenue growth in 2012 was lower than in recent years, with the company relatively capacity constrained until two new satellites are launched in 2014.

The company declared a substantially increased dividend of HK$1.92, of which HK$1.80 will be paid in June.

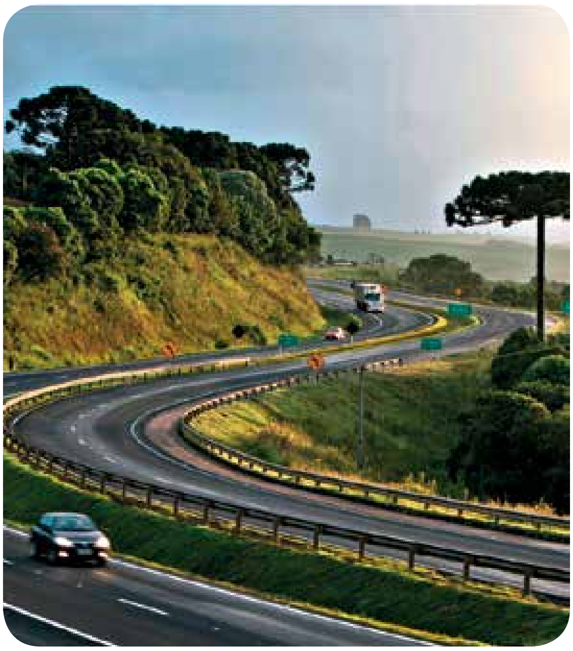
During the year, a bid for shares at HK$22.00 (later revised to HK$23.50), was categorically rejected by minority shareholders. The shares ended the year at HK$28.22, substantially above the rejected bid price. The gain for the year to March was 48.5%.

Companhia de Concessoes Rodoviarias S.A. (Brazil)

www.groupccr.com

Market Cap £11,186m

"CCR" is a toll road operating company responsible for 2,437 kilometres of Brazil's national highway system. The company currently operates a portfolio of eight toll road concessions – which is likely to be added to during 2013 as the company bids on forthcoming tenders such as BR-040 and BR-116. In addition, the past twelve months has seen the company continue to diversify its infrastructure interests to include ferry operations, airports and light railway. The company is committed to doubling EBITDA by 2016. Net income for 2012 rose 30.9% and the company proposed a special dividend distribution resulting in a payout ratio to shareholders of 89.5%. Over the period the share price has increased by 38.9%.



Santos Brasil Participacoes S.A. (Brazil)

www.santosbrasil.com

Market Cap £1,321m

"Santos" operates the largest port terminal in South America, Tecon Santos, in São Paulo, with a current record 57.7% share of throughput. In addition to container handling and warehousing, Santos also provides logistics services to customers and operates one of Brazil's largest vehicle terminals, the TEV. The company also operates two other ports Imbituba and Vila do Conde. For the year ended 31 December 2012 the group handled 1.14m Twenty Foot Equivalent Unit, or TEU, an increase of 13.6% on the previous year. This resulted in an impressive 50.5% EBITDA margin in the port terminals business. The government is expected to renew the Santos concession, possibly for another 25 years. Over the period the share price decreased by 7.6%.

Gasco S.A. (Chile)

www.gasco.cl

Market Cap £1,127m

Gasco owns and operates natural gas and liquefied petroleum gas ("LPG") infrastructure in Chile, Colombia and Argentina. Its main assets are a 51.8% stake in Metrogas, the city gas operator in Santiago with 472k customers and a 5,125km pipe network, and a 20% stake in GNL Quintero, the largest liquefied natural gas ("LNG") regasification terminal in the country. As well as operating other smaller concessions in Chile, Gasco also retains a 51% stake in Gasmar, which has the largest private LPG marine terminal in Chile. Gasco's 100%-owned LPG distribution business has an estimated 27% market share in Chile and 23% in Colombia. 2012 saw the re-alignment of Quintero's LNG import contract from Brent-linked to Henry Hub-linked. This saw a substantial reduction in the cost of Metrogas' gas sales, such that even though volumes sold increased modestly by 2.2%, Metrogas' EBITDA increased by 44.7% in its financial year to 31 December 2012. Combined with growth in the LPG business, in the year to 31 December 2012 Gasco reported revenues up 11.1%, EBITDA growth of 39.1%, and normalised earnings growth of 13.4%. In the year to March 2013 Gasco's share price increased by 39.5%.

INVESTMENT TEAM

INVESTMENT POLICY

The Directors are responsible for the determination of the Company's investment policy and have overall responsibility for the Company's day-to-day activities. The Company has, however, entered into an Investment Management Agreement with ICM Limited ("ICM") under which ICM provides investment management services including portfolio monitoring and research to the Company.

ICM is primarily responsible for the investment portfolio in conjunction with advice received from Mr Charles Jillings, as an employee of the Company.

ICM represented by Duncan Saville

Duncan Saville, aged 56, a chartered accountant, is a director of UEM's Investment Manager, ICM Limited. He is currently a director of two listed companies and a number of unlisted companies and of Global Equity Risk Protection Limited. He was formerly a non-executive director of Utilico Investment Trust plc and is an experienced director having previously been a non-executive director in both the water and airport sectors.

Charles Jillings

Charles Jillings, aged 57, stood down from the Board in March 2012 but continues to be an employee of the Company. He is responsible for the day-to-day running of the Company and the investment portfolio in conjunction with the Investment Manager. Mr Jillings qualified as a chartered accountant and previously worked in corporate finance at Hill Samuel for 10 years. He has been a director of a number of listed companies and he is a director of East Balkan Properties plc, Global Equity Risk Protection Limited and Vix Technology Pty Limited.

Assisting them are:

Jacqueline Broers

Jacqueline Broers, aged 33, has been involved in the running of UEM since September 2010. Prior to joining the investment team, Mrs Broers worked in the Corporate Finance team at Lehman Brothers/Nomura. Mrs Broers is a qualified chartered accountant.

Jonathan Groocock

Jonathan Groocock, aged 35, has been involved in the running of UEM since February 2011. Prior to joining the investment team Mr Groocock was an equity research analyst at Investec and is a CFA charterholder.

Mark Lebbell

Mark Lebbell, aged 41, has been involved in the running of UEM since its inception and before that was involved with Utilico Investment Trust plc and The Special Utilities Investment Trust PLC since 2000. Mr Lebbell is an associate member of the Institute of Electrical Engineering and Technology.

Ross Wilding

Ross Wilding has been involved in the running of UEM since November 2012. Prior to joining the investment team Mr Wilding completed his MBA at Kellogg School of Management, Chicago, and before that he was an investment analyst at Optima Financial. He is a CFA charterholder.

Company Secretary, ICM Limited

Amanda Marsh, aged 57, a chartered secretary, joined the team in March 2012 and carries out the company secretarial duties of the Company and Utilico Investments Limited. Miss Marsh has spent most of her career looking after closed end investment companies, most recently heading the former Merrill Lynch Investment Management investment trust company secretarial team until her departure in 2005.

Mr Jillings, Mrs Broers, Mr Groocock, Mr Lebbell and Miss Marsh are employees of UEM and of ICM Investment Research Ltd, a wholly-owned subsidiary of ICM Limited.

DIRECTORS

Mr Alexander Zagoreos (Chairman)†

Mr Zagoreos, aged 75 and appointed in June 2005, was educated at Columbia University and was awarded a BA, MBA and Masters degree in International Affairs. He is Chairman of the Company and the Company's Management Engagement Committee. He is senior adviser of Lazard Asset Management, where he was formerly responsible for emerging market products and closed-end investment companies. He has over 40 years of investment experience. He is currently chairman of Alpha Andromeda Trust and Taiwan Opportunities Fund and a director of The World Trust Fund and ProBank (Athens) and formerly manager of Lazard Emerging World Investors LP, and is on the boards of a number of investment companies and charitable organisations.

Mr Garry Madeiros OBE†

Mr Madeiros, aged 63 and appointed in June 2007, was formerly president and Chief Executive Officer of BELCO Holdings Limited (now named Ascendant Group Limited) and Bermuda Electric Light Company Limited. He is a director of BF&M Limited and BF&M Life Insurance Company. He is a Chartered Accountant, Chairman of the Company's Audit Committee and he has served on a number of corporate, community and Government boards. He is a Justice of the Peace and a fellow of the Bermuda Institute of Chartered Accountants.

Mr Anthony Muh†

Mr Muh, aged 49 and appointed in October 2010, is an investment professional with more than 25 years' experience in the investment management industry. He is an executive director of Morrison & Co. He previously headed up the Asia Pacific operations of the UK's largest closed-end listed investment company, Alliance Trust PLC. He is the immediate past Chairman and a Fellow of the Hong Kong Securities Institute and a member of the Asia Advisory Board for Euromoney Institutional Investor Plc and is a member of the New Zealand Business Advisory Board to the New Zealand Chamber of Commerce in Hong Kong.

Mr Kevin O'Connor (Deputy Chairman)†

Mr O'Connor, aged 72 and appointed in June 2005, was formerly the chairman of Infratil Limited, a New Zealand based specialist investor in international infrastructure and utility assets. He is Chairman of the Company's Remuneration Committee. Previously he had a 35 year career in investment banking and stock broking with Daysh Renouf & Co and O'Connor Grieve & Co amongst others. He was a member of the New Zealand Takeovers Panel for 15 years. He is involved with a number of charitable bodies.

† Independent Director

All Directors are Members of the Audit Committee, Management Engagement Committee and Remuneration Committee, although the Chairman does not have a vote on the Audit Committee.

The Directors present their report and the financial statements of the Company and Group for the year ended 31 March 2013. The Corporate Governance Statement is incorporated by reference into this Report of the Directors.

Status of the Company

The Company is a Bermuda exempted closed end investment company with company registration number 36941. The Company's ordinary shares were admitted to a premium listing on the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange on 14 October 2011. It was admitted to the FTSE 250 Index and to the FTSE 350 Index with effect from 18 June 2012. It is a member of the Association of Investment Companies ("AIC") in the UK.

The Company has a subsidiary in Mauritius, Utilico Emerging Markets (Mauritius) ("UEM Mauritius"), to facilitate direct investments in India.

The Company holds shares in a segregated account in Global Equity Risk Protection Limited ("GERP"), an unquoted Bermuda segregated accounts company incorporated on 4 May 2006. This account, which is structured as the Bermuda law equivalent of a protected cell, exists for the sole purpose of carrying out derivative transactions on behalf of the Company. In accordance with the IASB's interpretation in SIC-12, the segregated account in GERP is classified as a special purpose entity of the Company and its financial results are included within the accounts of the Group.

Details of the subsidiary company and the special purpose entity are given in note 10 to the accounts.

The Company's shares are eligible for inclusion in the stocks and shares component of an Individual Savings Account.

Revenue and Dividends

The results for the year are set out in the attached accounts.

The Company commenced paying quarterly dividends in the year under review. The Company has paid quarterly dividends of 1.375p per ordinary share on 7 September 2012, 1.375p per ordinary share on 14 December 2012, 1.525p per ordinary share on 12 March 2013, and 1.525p per ordinary share on 5 June 2013.

Investment Policy

The Company's investment objective is to provide long-term total return by investing predominantly in infrastructure, utility and related sectors (including other investment companies investing in those companies), mainly in emerging markets. The Company's investment policy is flexible and its investments include (but are not limited to) water, sewerage, waste, electricity, gas, telecommunications, ports, airports, service companies, rail, roads, any business with essential service or monopolistic characteristics and in any new infrastructure or utilities which may arise mainly in emerging markets. The Company may also invest in businesses which supply services to, or otherwise support, the infrastructure, utilities and related sectors.

The Company focuses on the under-developed and developing markets of Asia, Latin America, Emerging Europe and Africa but has the flexibility to invest in markets worldwide. The Company generally seeks to invest in emerging market countries where the Directors believe that there are attributes such as political stability, economic development, an acceptable legal framework and an encouraging attitude to foreign investment.

The Board and Investment Manager review the risk profile of the Company every six months. Agreed risk parameters are established and compliance is reviewed at the quarterly board meetings.

There will be no material change to the Company's investment policy without prior shareholder approval.

Performance

In the year to 31 March 2013 the net asset value total return per ordinary share of the Group was 20.5% compared with a total return of 7.6% by the MSCI Emerging Markets Index (GBP adjusted) over the same period. The Chairman's Statement and the Investment Manager's Report include a review of developments during the year together with information on investment activity within the portfolio and an assessment of future development.

Borrowings

The Company may, from time to time, use bank borrowings for short-term liquidity purposes. In addition, the Directors may gear the Company by borrowing on a longer term basis for investment purposes.

Borrowings at the time of draw down must not result in gearing (being total borrowings measured against gross assets) exceeding 25%. Borrowings will be drawn down in Sterling, US Dollars or any currency for which there is a corresponding asset within the portfolio (at the time of drawing down the value drawn must not exceed the value of the corresponding asset in the portfolio).

At the year end, the Company had borrowings of around £9.2 million drawn down under the £50 million secured multicurrency revolving facility with Scotiabank Europe PLC. Further details of this loan facility are included in note 13 to the accounts.

Investment restrictions

Unquoted investments

Unquoted and untraded investments (excluding GERP and UEM Mauritius) must not exceed 10% of the gross assets at the time the investment is made.

Single investment

No single investment may exceed 20% of the gross assets at the time of investment. Investments other than in infrastructure, utility and related companies (including GERP and UEM Mauritius) are limited in total to 20% of the gross assets.

Single country

Investments in a single country must not exceed 50% of gross assets at the time of investment.

Investment in other funds

Not more than 10% in aggregate of the value of the total assets of the Company at the time the investment is made will be invested in closed-end investment funds which are listed on the Official Listing maintained by the Financial Conduct Authority (except to the extent that those investment funds have stated investment policies to invest no more than 15% of their total assets in other investment funds which are listed on the Official List); the Company shall not invest more than 15% in aggregate value of the total assets of the Company at the time the investment is made in such funds.

Hedging

The Investment Manager may follow a policy of actively hedging the market and balance sheet risks faced by UEM.

A review of the investment portfolio, borrowings and hedging is included in the Investment Manager's Report within this annual report and accounts.

Regulatory and competitive environment

The Company is a closed-end investment company and is obliged to comply with Bermuda law, the rules of the UK Listing Authority and International Financial Reporting Standards ("IFRS"). The financial statements are also presented, where relevant, in compliance with the Statement of Recommended Practice (SORP) for Investment Trusts issued by the AIC in January 2009. The Company is exempt from taxation, except insofar as it is withheld from income received and capital gains taxes in some jurisdictions. Under Bermuda law, the Company may not distribute income or capital reserves by way of a dividend unless, after distribution of the dividend, the realisable value of the Company's assets would be greater than the aggregate of its liabilities and its issued share capital and share premium account.

In addition to annual and interim accounts published under these rules, the Company announces net asset values daily via the London Stock Exchange's Regulatory News Service and provides more detailed statistical information on a monthly basis on its website and to the AIC in order to allow investors and brokers to review its performance. The Company also reports to shareholders on performance against the investment objective, Directors' dealings in the shares of the Company, corporate governance, investment activities and share buybacks. The Company publishes an Interim Management Statement based on its performance at the end of the first and third quarters of its financial year.

The accounting policies of the Company are detailed in note 1 to the accounts on pages 41 to 43.

Key performance indicators

The key performance indicators ('KPIs') used to determine the progress and performance of the Group over time, and which are comparable to those reported by other companies with similar investment objectives, are set out below:

- Net asset value total return relative to the MSCI Emerging Markets Index
- Share price
- Discount on net asset value
- Revenue earnings
- Ongoing charges figure

While some elements of performance against KPIs are beyond management control, they provide measures of the Group's absolute and relative performance and are therefore monitored by the Board on a regular basis.

31 March	2013	2012
Net asset value total return	20.5%	3.1%
MSCI Emerging Markets Index total return (GBP adjusted)	7.6%	(8.2)%
Share price	191.20p	164.00p
Discount to net asset value	7.0%	6.6%
Percentage of issued shares bought back during the year (based on opening share capital)	–	1.4%
Revenue earnings per ordinary share	5.20p	4.12p
Ongoing charges figure – excluding performance fee	0.8%	0.9%

Discount on net asset value: The Board monitors the premium/discount at which the Company's shares trade in relation to the assets. The shares traded at an average discount of 7.1% to NAV in the year to 31 March 2013, with the discount at the year-end being 7.0%. The Board and Investment Manager closely monitor both movements in the Company's share price and significant dealing in the shares. In order to avoid substantial overhangs or shortages of shares in the market the Board asks shareholders to approve resolutions which allow for the buyback of shares and their issuance which can assist in the management of the discount.

Earnings and dividend per ordinary share: The Directors' objective is to maintain or increase the dividend. The Board and the Investment Manager attaches great importance to maintaining earnings per ordinary share. The Board has the flexibility to pay dividends from capital reserves.

Principal Risks and Risk Mitigation

The Board carefully considers the Company's principal risks and seeks to mitigate these risks through continual and regular review, policy setting, compliance with and enforcement of contractual obligations and active communication with the Investment Manager and the Company's Administrator (F&C Management Limited ("F&C" or "the Administrator")).

The Board applies the principles and recommendations of the UK Code on Corporate Governance and the AIC's Code on Corporate Governance as described on page 26. The Company's internal controls are described in more detail on pages 29 and 30. Through these procedures, and in accordance with Internal Control: Revised Guidance for Directors on the Combined Code (the "FRC guidance") the Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Company and has regularly reviewed the effectiveness of the internal control systems for the year. This process has been in place throughout the year under review and to the date hereof and will continue to be regularly reviewed by the Board going forward.

The Company's assets consist mainly of listed and quoted securities and its principal risks are therefore market related or currency related. A more detailed explanation of these risks and the way this is managed are contained in note 26 to the accounts. Other risks faced by the Group include the following:

External: any events or developments which can affect the general level of share prices including, for instance, terrorism, disease, inflation or deflation, economic recessions and movements in interest rates;

Key Staff: loss by the management of key staff could affect investment returns. The quality of the management team is a crucial factor in delivering good performance. There are training and development programs in place for employees and the recruitment and remuneration package has been developed in order to retain key staff;

Strategy: an inappropriate investment strategy including country and sector allocation, stock selection and the use of gearing could all lead to poor returns to shareholders. The Board regularly reviews strategy in relation to a range of issues including the balance between quoted and unquoted stocks, the allocation of assets between geographic regions and industrial sectors and gearing. Periodically the Board holds a separate meeting devoted to strategy, the most recent one being held in June 2013;

Regulatory: breach of regulatory rules could lead to suspension of the Company's London Stock Exchange listing, financial penalties or a qualified audit report. The Company Secretary, working closely with the Administrator, monitors the Company's compliance with the Listing Rules of the Financial Conduct Authority and compliance with the principal rules is reviewed by the Directors at each Board Meeting; any concerns are discussed with the Company's financial and legal advisers;

Operational: failure of the Investment Manager's or the Administrator's systems, or those of third party providers, could lead to an inability to provide accurate reporting. The Board reviews operational issues at each Board Meeting and the Audit Committee receives reports on the operation of internal controls, as explained in more detail within Internal Controls on pages 29 and 30;

Financial: inadequate controls by the Investment Manager or Administrator or third party service providers could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations. The Board reviews financial reports in detail at each Board Meeting; and

Banking: a breach of the Company's loan covenants might lead to funding being summarily withdrawn. The Board reviews compliance with the banking covenants at each Board meeting.

Directors

The Company's Board of Directors is responsible for overall stewardship of the Company, including corporate strategy, corporate governance, risk and controls assessment, overall investment policy and gearing limits. Details of the Directors can be found on page 18.

Both Mr Anthony Muh and Mr Kevin O'Connor will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election (Resolutions 4 and 5).

The Board has considered the re-election of Mr Muh and Mr O'Connor and has reviewed the composition of the Board as a whole and borne in mind the need for a proper balance of skills and experience. Following an appraisal of the performance of the two Directors, the Board believes that these Directors should be put forward for re-election. The Board feels that both Directors make a valuable contribution based on their individual skills, knowledge and experience. They have commitment to their roles and the Board believes that their re-election would be in the best interests of the Company.

Each Director has signed a letter of appointment setting out the terms of their engagement as a Director, but does not have a service agreement with the Company.

Directors' Remuneration and Shareholdings

The Directors' Remuneration Report, which can be found on page 31, contains detailed information on the remuneration arrangements for Directors of the Company. Shareholders will be asked to approve the Directors' Remuneration Report at the Annual General Meeting (Resolution 3). The Directors' remuneration is not conditional upon the resolution being passed.

The Directors who held office at the year end and their interests in the ordinary shares of the Company as at the year-end are set out below:

	2013 Ordinary Shares	2012 Ordinary Shares
A E Zagoreos	**450,502**	433,147
G A Madeiros	**176,306**	160,322
A Y T Muh	**37,339**	24,781
K J O'Connor	**486,211**	473,653

Since the year end, the Chairman and Directors have acquired further ordinary shares in the Company in respect of their fees for the quarter ended 31 March 2013: Mr Zagoreos, 4,923 shares; Mr Madeiros, 4,534 shares; Mr Muh, 3,562 shares; and Mr O'Connor, 3,562 shares.

Management

The Company has an investment management agreement dated 19 March 2012 (the "Agreement") with ICM Limited, pursuant to which ICM as Investment Manager provides investment management services including portfolio monitoring and research to the Company and is entitled to receive a fee equal to 0.5% per annum of the Company's gross assets after deducting current liabilities (excluding borrowings incurred for investment purposes), payable quarterly in arrears. The Investment Manager is reimbursed for one-third of the costs of employing a company secretary and its reasonable out of pocket expenses, including travel and related costs. The Agreement may be terminated by either party by giving not less than six months' notice in writing (or such lesser notice period as agreed by both parties).

The Investment Manager may also become entitled to a performance-related fee, details of which can be found in note 3 to the accounts.

Under the terms of the Agreement, ICM is obliged to provide the services of individuals to act as employees of the Company and to provide a company secretary. The remuneration paid to the employees is paid on behalf of the Company and deducted from ICM's management fee.

The Directors review the activities of the Investment Manager on an on-going basis. In addition, the Management Engagement Committee carries out a formal annual review of the investment strategy, process and performance. Following confirmation by the Management Engagement Committee that it was satisfied with the Investment Manager's performance and with the way the Company was currently being managed, it is the Board's opinion that the continuing appointment of ICM as Investment Manager on the agreed terms is in the interests of shareholders as a whole.

Administration

The Company and the Investment Manager entered into a new administration agreement with F&C Management Limited (the "Administrator") on 19 March 2012, under which the Administrator agreed to continue to provide dealing, financial and general administrative services to the Company for a fee, payable monthly in arrears, of £210,000 per annum. The Administrator and any of its delegates are also entitled to reimbursement of certain expenses incurred by it in connection with its duties. The Company or the Administrator may terminate this agreement upon six months' notice in writing.

Share Capital

As at 31 March and 20 June 2013 the issued share capital of the Company and the total voting rights were 215,528,793 ordinary shares of 10p each. Full details of changes to the Company's authorised and issued share capital during the year can be found in note 18 to the accounts.

At the last AGM, the Company was granted authority to make market purchases of up to 14.99% of its ordinary shares. No shares were bought back during the year under review.

Substantial Share Interests

As at 20 June 2013, the Company had received notification of the following holdings of voting rights:

	Number of Ordinary Shares held	% held
Utilico Investments Limited	58,206,603	27.0%
F&C Asset Management plc clients, including	20,362,478	9.4%
Foreign & Colonial Investment Trust plc	15,411,661	7.1%
Lazard Asset Management LLC	17,576,125	8.1%
Investec Wealth & Investment Limited	15,083,578	6.9%
Rathbone Stockbrokers	10,728,364	5.0%

Social, environmental and ethical policy

The Company has no full-time employees and has limited direct impact on the environment. The Company aims to conduct itself responsibly, ethically and fairly and has sought to ensure that ICM's management of the portfolio of investments takes account of social, environmental and ethical factors where appropriate.

Stewardship

ICM seeks to invest in companies that are well managed; corporate governance in some of the countries in which the Company invests is not always as established as in the developed economies. ICM encourages companies that it invests in to follow best practice in corporate governance.

The Company is a member of the Asian Corporate Governance Association, which seeks the implementation of effective corporate governance in Asia.

The exercise of voting rights attached to shares held by the Company lies with ICM. Its Stewardship and Voting policy is included on the Company's website (under Other Documents in the Investor Relations folder). ICM will vote in favour of all resolutions at general meetings, unless it sees clear investment reasons for doing otherwise.

Duration of the Company

The Company's Bye-Laws provide for a continuation vote to be put to shareholders at the annual general meeting to be held in 2016 and at every fifth annual general meeting thereafter. If that resolution is not passed at any such meeting, the Directors will be required to formulate proposals to put to shareholders to wind-up, reorganise or reconstruct the Company.

Tender Facility

At the Directors' discretion, the Company can operate a Tender Facility subject to certain limitations. The Tender Facility is not expected to be made available in circumstances where the annual compound growth rate of the Company's Gross Assets exceeds 10% or where the Company's performance exceeds the benchmark index by 15% or more in the relevant period. The maximum number of ordinary shares which may be tendered pursuant to the Tender Facility in any financial year will be limited to 12.5% of the ordinary shares in issue at the commencement of the relevant financial year, with any excess tender requests being scaled back pro-rata.

The Tender Facility has not been operated to date.

Dividend Reinvestment Scheme

The Company currently operates a Dividend Reinvestment Plan. If shareholders wish to participate further details are available on the Company's website www.uem.bm.

Individual Savings Account (ISA)

The Company's ordinary shares are eligible for inclusion in an ISA.

Policy on Payment of Suppliers

The Company's principal suppliers are the Investment Manager and the Administrator. The Investment Manager is paid management fees quarterly in arrears in accordance with the terms of the Agreement. The Administrator is paid monthly in arrears. Investment creditors are settled in accordance with the terms and conditions of the relevant markets in which they operate. Other suppliers are paid in accordance with the individual payment terms agreed with each supplier. The Company has signed up to the UK's Prompt Payment Code.

Auditors

KPMG Audit Plc was appointed as the Company's auditor on 20 September 2012 in place of Grant Thornton UK LLP, following a formal tender process described in more detail in the corporate governance section on page 28 of this report. KPMG Audit Plc undertook the interim review and has conducted the audit of the Company's financial statements and controls for the year ended 31 March 2013. KPMG Audit Plc has advised that it has instigated an orderly wind down of its business, with future audit work being transferred to its parent entity, KPMG LLP. The Board has decided to put KPMG LLP forward to be appointed as auditor and a resolution concerning its appointment will be put to the Annual General Meeting (Resolution 6).

The auditor provides some non-audit services to the Company, the details of which are set out in note 4 to the accounts.

Going Concern

The Directors believe that it is appropriate to adopt the going concern basis in preparing the accounts as the Company has adequate resources to continue in operation for the foreseeable future and its assets consist mainly of securities that are readily realisable.

The £50m multicurrency loan facility with Scotiabank Europe PLC expires on 23 February 2014. Drawdowns under the facility have been, and are likely to remain, modest. The Company will either extend or replace the facility or repay the outstanding debt when due from portfolio realisations.

Relations with Shareholders

The Company welcomes the views of shareholders and places great importance on communication with shareholders. The Investment Manager holds meetings with the Company's largest shareholders and reports back to the Board on these meetings. The Chairman and other Directors are available to discuss any concerns with shareholders if required.

Annual General Meeting

The Company's Annual General Meeting ("AGM") will be held on 23 September 2013. The notice of meeting is set out on page 63. The following information to be discussed at the forthcoming Annual General Meeting is important and requires your immediate attention. If you are in doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents, including the form of proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Resolution 8 Authority for the Company to purchase its own shares

The Directors' authority to buy back shares was renewed at last year's AGM and will expire at the end of the AGM in 2013.

Although no shares were bought back during the year, the Directors are proposing to renew the authority at the forthcoming AGM, and are seeking authority to purchase in the market up to 32,307,766 ordinary shares (equivalent to approximately 14.99% of the issued ordinary shares as at the date of this Report) as set out in Resolution 8 in the Notice of AGM. This authority, unless it is varied, revoked or renewed, will expire at the conclusion of the Company's AGM in 2014.

Any purchases will be made at prices below the prevailing net asset value per ordinary share. The maximum price that can be paid is the higher of: (a) 105% of the average of the mid-market quotations of the ordinary shares for the five business days immediately before the date of purchase; and (b) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. Any ordinary shares purchased by the Company may be held in treasury or cancelled.

Any purchases are regarded as investment decisions. It is proposed that any purchase of shares would be funded from the Company's own cash resources or, if appropriate, from short-term borrowings.

The Board intends to seek a renewal of such authority at subsequent Annual General Meetings.

Resolution 9 Disapplication of pre-emption rights

The Company's Bye-laws provide that, unless otherwise determined by a special resolution, the Company is not able to allot ordinary shares for cash without offering them to existing Shareholders first in proportion to their shareholdings. Resolution 9 will grant the Company authority to dis-apply these pre-emption rights in respect of up to £2,155,287 of relevant securities in the Group (equivalent to 21,552,870 ordinary shares of 10p each, representing 10% of its ordinary shares in issue as at 20 June 2013). This will allow the Company flexibility to issue further ordinary shares for cash without conducting a rights issue or other pre-emptive offer in circumstances where the Directors believe it may be advantageous to shareholders to do so. Any such issues would only be made at prices greater than net asset value and would therefore increase the assets underlying each share. The issue proceeds would be available for investment in line with the Company's investment policy.

Resolution 9 will require the approval of a 75% majority of votes cast in respect of it.

Resolution 10 Amendment of Bye-laws

This resolution is being proposed in connection with the possible application to the Company of the US Foreign Account Tax Compliance Act ("FATCA"). The Company will constitute a "foreign financial institution" for FATCA purposes which means that if it is in receipt of any income which has a US source (and this is widely defined), the payer of such income will be required to withhold US tax at rates of up to 30 per cent. unless the Company is FATCA-compliant. The requirements of compliance will depend on whether Bermuda enters into an Intergovernmental Agreement (an "IGA") with the USA and the terms of any such IGA but will certainly involve the Company being required to have information relating to the identity of its shareholders so that it can satisfy the necessary disclosure obligations required for FATCA compliance. The proposed amendment of the Bye-laws is to insert a new Bye-law which will enable the Board to require any shareholder to provide the

Company with information it requires in order to comply with FATCA or any similar laws or regulations to which the Company may be subject enacted from time to time by any other jurisdiction. In the event that the shareholder fails to provide the relevant information within the prescribed time period (not being less than 28 days) the Board will be entitled to exercise its existing discretion under Bye-law 39 to require the defaulting shareholder to sell its shares in the Company.

Recommendation

The Board considers the resolutions to be proposed at the Annual General Meeting to be in the best interests of the Group and its shareholders as a whole. Accordingly, the Directors recommend that shareholders should vote in favour of the resolutions to be proposed at the AGM.

By order of the Board
ICM Limited, Secretary
20 June 2013

This Corporate Governance statement is incorporated by reference into the Report of the Directors.

Introduction

Bermuda does not have its own corporate governance code. As a Bermuda incorporated company with a premium listing on the Official List, the Company is required to comply with the UK Corporate Governance Code issued by the Financial Reporting Council. The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

Compliance with the AIC Code

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below. The UK Corporate Governance Code includes provisions relating to:

- The role of the chief executive
- Executive directors' remuneration
- The need for an internal audit function

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of Utilico Emerging Markets Limited, being a Bermuda incorporated investment company, with an external investment manager. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors or internal operations. The Company has therefore not reported further in respect of these provisions.

In view of the requirement of the Bye-Laws that all Directors retire by rotation, the Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by the AIC Code. In addition, the Board has considered provision B.7.2 in the UK Corporate Governance Code issued by the Financial Reporting Council published in June 2010 recommending that all directors of FTSE 350 companies should be subject to annual re-election. The Board believes that the current election system, with each Director being re-elected to the Board at least every three years or re-elected annually if they have served more than nine years, is sufficient, as there could be risks in respect of continuity and stability on the Board with annual re-elections. Any non-independent director would be subject to annual re-election.

The Company does not have a Nomination Committee.

Bye-Laws

The Company's Bye-Laws may only be amended by shareholders at a general meeting.

The Board

The Directors' biographical details on page 18 of this report demonstrate the wide range of skills and experience that the Directors bring to the Board. The Directors have each signed a letter of appointment to formalise in writing the terms of their engagement as independent Directors. Copies of these letters are available for inspection at the Company's registered office (see page 65) during normal business hours and will also be available at the Annual General Meeting.

As mentioned above, one third of the Board, rounded up, is subject to retirement by rotation each year. In addition, all Directors are required to submit themselves for re-election at least every three years, with Directors who have served for more than nine years submitting themselves for re-election annually.

There is no chief executive position within the Company, as day-to-day management of the Company's affairs has been delegated to the Investment Manager.

The Board consists solely of non-executive Directors. Mr Zagoreos is the Chairman of the Board of Directors and has been throughout the year and is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. Given the size and composition of the Board it is not felt necessary to appoint a Senior Independent Director. All of the Directors, including the Chairman, are considered by the Board to be independent of the Company's Investment Manager; each of these Directors is independent in character and judgement, and there are no relationships, or circumstances which the Board considers likely to affect the judgement of the independent Directors.

The Board, with only four Directors, operates without a Nomination Committee. The Directors recognise the value of progressive refreshing of, and succession planning for, company boards. The Directors regularly review the structure of the Board, including the balance of expertise and skills brought by individual Directors. The Board also seeks to have Directors in different jurisdictions who understand the key influences on businesses in their area, whether they are economic, political, regulatory or other issues. On the issue of diversity, any new appointment would be made based on the skills and experience that the individual would bring to the Board, regardless of gender. The Board is of the view that length of service does not necessarily compromise the independence or contribution of directors of an investment company, where continuity and experience can add significantly to the strength of the Board. This is supported by the views on independence expressed in the AIC Code. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. The Board has put in place a policy whereby Directors who have served for nine years or more will be subject to annual re-election.

Under the Company's Bye-Laws, the number of Directors on the Board may not exceed ten.

Appointments of new Directors will be made on a formalised basis with the Chairman agreeing in conjunction with his colleagues a job specification and other relevant selection criteria, and the methods of recruitment (where appropriate using an external recruitment agency), selection and appointment. The potential Director would meet with Board members prior to formal appointment. An induction process will be undertaken with new appointees to the Board being given a full briefing on the workings and processes of the Company and the management of the Company by the Chairman, the Investment Manager, the Secretary and other appropriate persons. They will also be issued with a Directors' Handbook, which details relevant information on the Company, and other key documentation. All appointments are subject to subsequent confirmation by shareholders in general meetings. There were no new appointments during the year.

The AIC Code provides that the Board should undertake a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors. In order to review its effectiveness, the Board carries out a process of formal self-appraisal, based upon a series of questionnaires. The Directors consider how the Board functions as a whole and also reviews the individual performance of its members and their independence of the Investment Manager. This process is conducted by the Chairman reviewing individually with each of the Directors their performance, contribution and commitment to the Company and the possible further development of skills. In addition, the Deputy Chairman reviews the performance of the Chairman with the other independent Directors, taking into account the views of the Investment Manager and of Mr Jillings. The relevant points arising from these meetings are then reported to, and discussed by, the Board as a whole. This process has been carried out in respect of the year under review and will be conducted on an annual basis. The Board confirms that the performance of each of the Directors continues to be effective and demonstrates commitment to the role and recommends to shareholders the approval of Resolutions 4 and 5 contained in the Notice of AGM in relation to those Directors seeking re-election, being Mr Muh and Mr O'Connor.

It is not felt appropriate currently to employ the services of, or to incur the additional expense of, an external third party to conduct the evaluation process as an appropriate process is in place; this will, however, be kept under review.

It is the responsibility of the Board to ensure that there is effective stewardship of the Company's affairs. Strategic issues and all operational matters of a material nature are determined by the Board. A formal schedule of matters reserved for the decision of the Board has been adopted. In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information. The Board meets at least quarterly and at each meeting reviews investment performance as well as other high-level management information including financial reports and reports of a strategic nature. It monitors compliance with the Company's objectives and is directly responsible for investment strategy and approving asset allocation and gearing. Additional Board and Committee meetings are held on an ad hoc basis to consider particular issues as they arise.

The quorum for any Board meeting is two Directors, however attendance by all Directors at each meeting is strongly encouraged. A committee of the Board (of any one Director) is constituted to deal with any matters between scheduled Board meetings. The following table sets out the number of meetings (including Committee meetings) held during the year under review and the number of meetings attended by each Director.

	Board	BCtee	AC	MEC	RC
No. of meetings	4	4	2	1	1
A E Zagoreos	4	1	2	1	1
G A Madeiros	4	2	2	1	1
A Y T Muh	4	–	2	1	1
K J O'Connor	4	1	2	1	1

BCtee = Board Committee; AC = Audit Committee; MEC = Management Engagement Committee; RC = Remuneration Committee.

The Board has established a procedure whereby Directors wishing to do so in the furtherance of their duties may take independent professional advice or training at the Company's expense. No such advice was taken during the year under review.

ICM Limited, as Company Secretary, is responsible to the Board, inter alia, for ensuring that Board and Committee procedures are followed and applicable regulations are complied with. The Board has direct access to the advice and services of the nominated representative of the Company Secretary.

During the year, the Board has maintained appropriate Directors' and Officers' liability insurance cover.

Management and administration

The Company has an investment management agreement with ICM to provide portfolio monitoring, research and other investment management services and company secretarial services to the Company. Under the terms of this agreement, ICM provides the services of employees as detailed on page 17 of this report.

The provision of accounting, dealing and administration services has been delegated to the Administrator, F&C Management Limited.

The terms of the Investment Management and Administration Agreements are set out in note 3 to the accounts.

The operation of custodial services has been delegated to JPMorgan Chase Bank and Bermuda Commercial Bank Limited.

Auditor

In keeping with FRC guidance, the Board decided to tender for the provision of audit services immediately after the sign-off of last year's annual report. Grant Thornton, the incumbent auditor, was invited to re-tender.

Four firms of auditors, based in the UK but with offices or representation in Bermuda and South Africa, were invited to tender for the provision of audit services to the Group. Following a review of their presentations, three firms, including Grant Thornton, were invited to attend an interview with the Chairman of the Company's Audit Committee and representatives of the Investment Manager and of the Administrator. Following these interviews, the Board decided to recommend KPMG Audit Plc ("KPMG") for appointment as auditor to the Company and its subsidiary companies for the year ending 31 March 2013, including the interim review as at 30 September 2012. Grant Thornton confirmed that there were no issues relating to the audit that it wished to bring to the attention of shareholders.

KPMG Audit Plc has advised that responsibility for future audits will be transferred to its parent entity, KPMG LLP.

Audit Committee

The Board has appointed an Audit Committee. The Audit Committee, which is chaired by Mr G A Madeiros, a chartered accountant, operates within written terms of reference clearly setting out its authority and duties. Copies of the terms of reference are available on the Company's website at www.uem.bm.

The Audit Committee is comprised of Directors who are considered by the Board to be independent of management and will meet at least three times a year (2012/13: two meetings). It is considered that there is a range of recent and relevant financial experience amongst the members of the Audit Committee. The Chairman of the Board attends the Audit Committee meetings but does not have a vote.

The duties of the Audit Committee in discharging its responsibilities include reviewing the annual and interim accounts, the system of internal controls and the terms of appointment of the auditor together with their remuneration. It also ensures that auditor objectivity and independence is safeguarded in the provision of non-audit services by the auditor. It provides a forum through which the auditor may report to the Board of Directors. The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor, with particular regard to non-audit fees. Non-audit fees paid to KPMG amounted to £4,000 for the year ended 31 March 2013 (2012: Grant Thornton, £37,000) and related to the review of the interim accounts; more details are included in note 4 to the accounts. Notwithstanding such services, the Audit Committee considered KPMG were independent of the Group and that the provision of such non-audit services was not a threat to the objectivity and independence of the conduct of the audit.

Specifically, the Audit Committee considered, monitored and reviewed the following matters throughout the year:

- The statutory audit of the annual and consolidated accounts and the half-yearly accounts;
- The accounting policies of the Company;
- The effectiveness of the audit process and independence and objectivity of KPMG, their remuneration and terms of engagement;
- The engagement of KPMG to supply non-audit services;
- The implications of proposed new accounting standards and regulatory changes;
- The need for the Company to have its own internal audit function;
- The receipt of AAF reports or their equivalent from the Company's custodians and a due diligence report from the Company's share registrars;
- The effectiveness of the Company's internal control environment;
- The performance of the Company's third party service providers and administrators, including their list of approved counterparties, and the fees payable to those providers; and
- The Committee's terms of reference.

A "whistle blowing" policy has been put into place for employees of the Investment Manager (including the part-time employees of the Company), under which they may, in confidence, raise concerns about any possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company. This policy will be reviewed from time to time by the Audit Committee. The Audit Committee will also review the "whistle blowing" policy that has been put into place by F&C Management Limited as Administrator of the Company for use by its staff. The Company operates a "zero tolerance" policy with regard to bribery, as does its Investment Manager and the Administrator.

The Audit Committee has access to the internal audit, risk and compliance director of the Administrator and to the Administrator's group audit committee.

The Board retains ultimate responsibility for all aspects relating to the annual and interim accounts and other significant published financial information.

The Audit Committee has direct access to the auditor, KPMG. The auditor attends the Audit Committee meeting to review the annual results and provide a comprehensive review of the audit of the Group. The Audit Committee also has the opportunity to meet with the auditor without management being present.

The Audit Committee has reviewed the audit plan and findings of the work carried out by KPMG for the audit of the annual accounts and discussed any issues with the Investment Manager and Administrator. On the basis of this and their experience in reviewing the affairs of the Group, the Audit Committee has assessed and is satisfied with the effectiveness of the external audit. The Audit Committee has taken into account the standing, experience and tenure of the audit partner, the nature and level of services provided and has received confirmation that the auditor has complied with all relevant and professional regulatory and independence standards. The Audit Committee considers KPMG to be independent of the Group, the Investment Manager and the Administrator in all respects.

The Audit Committee has reviewed the work undertaken by KPMG during the year; a resolution concerning the appointment of KPMG LLP as auditor to the Company and Group will be proposed at the Annual General Meeting.

Management Engagement Committee

The Board has appointed a Management Engagement Committee, chaired by Mr A E Zagoreos, which operates within written terms of reference clearly setting out its authority and duties. Copies of the terms of reference are available on the Company's website.

The Management Engagement Committee is comprised of the independent Directors of the Company and will meet at least once a year. The Management Engagement Committee will review annually the performance of, and fee paid to, the Investment Manager and the Administrator for the services provided under their respective agreements.

Internal Controls and Management of Risk

The Board has overall responsibility for the Company's systems of internal controls and for reviewing their effectiveness and ensuring that the risk management and control processes are embedded in day-to-day operations. These controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained and the financial information used within the business and for publication is reliable. Typical areas of risk material to investment companies in general, and which have been identified and are monitored as part of the control process, include excessive gearing, inappropriate long-term investment strategy, asset allocation and loss of management personnel.

Control of the risks identified, covering financial, operational, compliance and overall risk management, is exercised by the Board through regular reports provided by the Investment Manager on investment performance, performance attribution and other management issues. The Board has agreed with the Investment Manager the investment policy and restrictions under which the Investment Manager operates and the Investment Manager reports on compliance with this at every meeting. The Board also receives quarterly control reports from the Administrator and the Investment Manager that provide details of any known internal control failures. These reports incorporate a risk table that identifies the key risks to which the Company is exposed and the controls in place to mitigate them. These include risks for which the monitoring has been delegated to third party providers as well as those risks that are not directly the responsibility of the Investment Manager or the Administrator.

It is the Investment Manager's role to monitor and manage the Company's exposure to the risks associated with GERP and UEM Mauritius. The Board receives quarterly reports from the Investment Manager on investment performance in GERP and UEM Mauritius and the controls operated in respect of investments and cash are reviewed at each Audit Committee meeting.

The Administrator produces an annual report on policies and procedures in operation in respect of Investment Trust Fund Accounting in accordance with AAF (AAF 01/06) issued by the Institute of Chartered Accountants in England and Wales for its clients. This sets out the control policies and procedures with respect to the duties carried out by the Administrator on the Company's behalf. The effectiveness of these controls is monitored by the Administrator's group audit and risk and compliance committee, which receives regular reports from the Administrator's internal audit and risk and compliance departments. The Company's Audit Committee has received and reviewed the Statement for the year ended 31 December 2012, together with a report from the Administrator's group audit and risk and compliance committee on the effectiveness of the internal controls maintained on behalf of the Company.

The systems of internal controls are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement, loss or fraud.

In common with most investment companies, the Company does not have an internal audit function. All of the Company's management functions are delegated to the Investment Manager and Administrator, whose controls are monitored by the Board and which include audit and risk assessment. It is therefore felt that there is no need for the Company to have its own internal audit function. However, this will be reviewed annually by the Audit Committee. Action will be taken to remedy any significant failings or weakness identified from the review of the effectiveness of the internal control system.

Remuneration Committee

The Company's Remuneration Committee is comprised of all of the independent Directors and is chaired by Mr K J O'Connor. It operates within written terms of reference setting out its authority and duties. Copies of the terms of reference are available on the Company's website.

The Remuneration Committee is responsible for reviewing and making recommendations to the Board in respect of the fees of Directors. Full details of the remuneration for individual Directors are set out in the Directors' Remuneration Report on page 31.

Investor Relations

Communication with shareholders is given a high priority. The Company's annual report and accounts, containing a detailed review of performance and the investment portfolio, is sent to all shareholders. At the half year stage, an interim report, containing updated information in a more abbreviated form, is also sent to all shareholders. Updated information, including details of the current portfolio and a commentary (updated monthly) is also available on the Company's website.

Details of the Company's ten largest investments are published monthly and in this report; a full list of investments is not published.

Shareholders wishing to communicate with the Chairman, the Deputy Chairman or other members of the Board may do so by writing to the Company Secretary at PO Box 208, Epsom, Surrey, KT18 7YF.

The Annual General Meeting is to be held in Greece, and shareholders who attend the meeting have an opportunity to question the Chairman and the Board, as well as the Investment Manager. The Chairman ensures that all Directors are made aware of the issues and concerns raised by shareholders. The Chairman and the Deputy Chairman are also available at other times to discuss governance and strategy and to understand shareholders' issues and concerns. Proxy voting figures are announced to shareholders at the Annual General Meeting.

Corporate Governance, Socially Responsible Investment and Voting Policy

The Company has developed a policy on corporate governance, socially responsible investment and voting. The Company believes that the interests of its shareholders are served by investing in companies that adopt best practice in corporate governance and social responsibility. Where the Investment Manager becomes aware that best practice in corporate governance and social responsibility is not followed, the Company will encourage changes towards this goal.

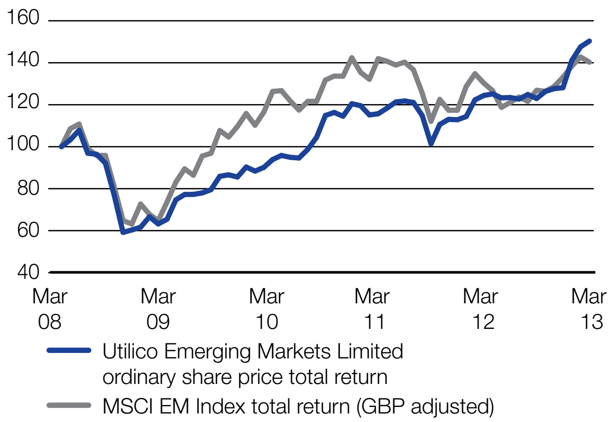
It is the Company's policy to exercise its voting rights at shareholder meetings of investee companies. The Company supports the boards of investee companies with its vote unless it sees clear investment reasons for doing otherwise.

Remuneration Committee

The Board has appointed a Remuneration Committee to review and make recommendations to the Board on the remuneration of the Directors. The Remuneration Committee comprises the independent Directors of the Company and meets annually or more frequently as required.

The performance of the Company over the last five years, as illustrated by its share price total return, is set out below.

UEM share price total return
From 31 March 2008 to 31 March 2013
(rebased to 100 at 31 March 2008)



Source: Utilico Emerging Markets Limited

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested.

The Company's Bye-laws limit the aggregate fees payable to the Directors to a total of £200,000 per annum. This does not include any sums paid to Directors that are not classed as remuneration, e.g. expense reimbursements. Subject to this overall limit, it is the Company's policy to determine the remuneration of the Directors having regard to the level of fees payable to non-executive directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company's affairs.

Directors receive their remuneration in the form of shares in the Company. Further details on the calculation of the number of shares due to each Director are given in note 1(j) to the accounts.

All of the Directors are considered to be independent of the Investment Manager. None of the Directors has a service agreement, but each has signed a letter of appointment setting out the terms of their engagement as independent Directors.

Mr C D O Jillings stood down as a Director of the Company on 1 March 2012; he remains an employee of the Company.

The fees paid to the Chairman and other Directors were last increased with effect from 1 April 2011. In the year under review, the Chairman was entitled to a fee of £38,000 and the other Directors to a fee of £27,500, both on an annualised basis. The Chairman of the Audit Committee, Mr G A Madeiros, receives an additional £7,500 per annum. The Board has agreed that additional fees may be paid to the Directors for services over and above those normally required as non-executives; no such payments were made in the year under review.

No element of the Directors' remuneration is performance-related.

No Director past or present has any entitlement to pensions, other benefits in kind or any other non-cash benefit. The Company has not awarded any share options or long-term performance incentives to any of the Directors.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

Remuneration for Qualifying Services

Director	2013 Shares purchased(2)	2013 Entitlement(1) £'000s	2012 Shares purchased(2)	2012 Entitlement(1) £'000s
A E Zagoreos (Chairman)	**22,278**	**38.0**	24,849	38.0
C D O Jillings(3)	**–**	**–**	16,579	25.2
G A Madeiros(4)	**20,158**	**35.0**	22,887	35.0
A Y T Muh	**16,120**	**27.5**	16,934(5)	27.5
K J O'Connor (Deputy Chairman)	**16,120**	**27.5**	17,982	27.5
Total		**128.0**		153.2

(1) The Directors' entitlement to fees is calculated quarterly in arrears as set out in note 1(j) on page 43.
(2) All the shares were purchased in the market, as set out in note 1(j) on page 43.
(3) Mr C D O Jillings resigned as a Director of the Company on 1 March 2012.
(4) Mr G A Madeiros' fee includes entitlement of £7,500 (2012: £7,500) for being Chairman of the Audit Committee.
(5) Adjusted to take account of an overpayment of fees in the year of appointment.

The information in the above table has been audited (see the Independent Auditor's Report on page 34).

Since the year end the Remuneration Committee carried out a review of fee rates which took account of the following factors:

- the absolute performance of the Company over the two-year period 1 April 2011 to 31 March 2013;

- a comparison with peer group investment companies;
- available independent reports on remuneration of the boards and non-executive directors of UK investment trusts and other companies; and
- specific matters in respect of the responsibilities and time committed to the Company's business, of the Chairman, Deputy Chairman, Directors and Chairman of the Audit Committee.

In the light of these factors, the Board agreed the Remuneration Committee's recommendation that the basic Directors' fee should be increased to £28,500 with effect from 1 April 2013, representing an increase of 3.6% over the previous level of fees. The Board also agreed the Remuneration Committee's recommendation that the Chairman of the Audit Committee should receive an additional £8,000 per annum (a total of £36,500 per annum) and that the Chairman's fee be increased to £39,500 per annum. No other changes were made.

By order of the Board
Alexander Zagoreos, Chairman
20 June 2013

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable Bermuda law and IFRSs, as adopted by the European Union.

The Directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with IFRS. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

To the best of the knowledge of the Directors: (i) the accounts which have been prepared in accordance with IFRS, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company, its Mauritian subsidiary, and its special purpose entity included in the consolidation; (ii) the Chairman's Statement and Investment Manager's report includes a fair review of the development and performance of the Company and the Report of the Directors contains a description of the principal risks and uncertainties that the Group and Company faces. The financial risks are also provided in note 26 to the accounts.

Insofar as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Annual Report and accounts are published on the Company's website, www.uem.bm, the maintenance and integrity of which is the responsibility of the Company. The work carried out by the auditor does not involve consideration of the maintenance and integrity of the website and accordingly, the auditor accepts no responsibility for any changes that have occurred in the financial statements since they were originally presented on the website. Visitors to the website need to be aware that the legislation governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

Approved by the Board on 20 June 2013 and signed on its behalf by:

Alexander Zagoreos
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UTILICO EMERGING MARKETS LIMITED

We have audited the financial statements of Utilico Emerging Markets Limited (the "Company") for the year ended 31 March 2013 which comprise the Group and Parent Company Statement of Comprehensive Income, the Group and Parent Company Balance Sheet, the Group and Parent Company Statement of Changes in Equity, the Group and Parent Company Cash Flow Statement and the related notes on pages 41 to 62 within this Financial Statements Report. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the EU and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the UK Companies Act 2006 as if they were to apply to the Company.

In addition to our audit of the financial statements, the Directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the Directors have decided to prepare (in addition to that required to be prepared) as if the Company were required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the UK Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Section 90(2) of the Companies Act 1981 of Bermuda and, in respect of the opinion in relation to the Directors' Remuneration Report, and reporting as if the Company were required to comply with the Listing Rules applicable to companies incorporated in the UK, on terms that have been agreed. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and, in respect of the opinion in relation to the Directors' Remuneration Report, those matters that we have agreed to state to them in our report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Statement of Responsibilities set out on page 33 of this Financial Statements Report, the Directors are responsible for the preparation of Group and Parent Company financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Parent Company's circumstances and have been consistently applied and adequately disclosed; and the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Report and Accounts 2013 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 March 2013, and of the profit of the Group and Parent Company for the year then ended; and
- the Group and Parent Company financial statements have been prepared in accordance with IFRS as adopted by the EU.

Opinion on other matter under the terms of our engagement

In our opinion the part of the Directors' Remuneration Report which we were engaged to audit has been properly prepared in accordance with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the UK Companies Act 2006, as if those requirements were to apply to the Company.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Listing Rules we are required to review:

- the part of the Corporate Governance Statement on page 26 in the Corporate Governance Report relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.
- the Directors' Statement of Responsibilities, set out on page 33 of the Financial Statements Report, in relation to going concern; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

Gareth Horner
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square London E14 5GL
20 June 2013

GROUP STATEMENT OF COMPREHENSIVE INCOME

Notes	for the year to 31 March	2013 Revenue return £'000s	2013 Capital return £'000s	2013 Total return £'000s	2012 Revenue return £'000s	2012 Capital return £'000s	2012 Total return £'000s
9	Gains on investments	–	82,990	82,990	–	9,404	9,404
12	Losses on derivative instruments	–	(5,240)	(5,240)	–	(3,248)	(3,248)
	Exchange gains/(losses)	86	(55)	31	–	(475)	(475)
2	Investment and other income	13,945	–	13,945	12,710	–	12,710
	Total income	14,031	77,695	91,726	12,710	5,681	18,391
3	Management and administration fees	(853)	(10,927)	(11,780)	(777)	(1,049)	(1,826)
4	Other expenses	(1,081)	(25)	(1,106)	(1,758)	(29)	(1,787)
	Profit before finance costs and taxation	12,097	66,743	78,840	10,175	4,603	14,778
5	Finance costs	(108)	(253)	(361)	(560)	(1,307)	(1,867)
	Profit before taxation	11,989	66,490	78,479	9,615	3,296	12,911
6	Taxation	(789)	(287)	(1,076)	(723)	(729)	(1,452)
	Profit for the year	11,200	66,203	77,403	8,892	2,567	11,459
7	**Earnings per ordinary share – pence**	5.20	30.71	35.91	4.12	1.19	5.31

The total column of this statement represents the Group's Income Statement and the Group's Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies in the UK.

The Group does not have any income or expense that is not included in the profit for the year, and therefore the 'profit for the year' is also the 'total comprehensive income for the year', as defined in *International Accounting Standard 1* (revised).

All items in the above statement derive from continuing operations.

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

COMPANY STATEMENT OF COMPREHENSIVE INCOME

Notes	for the year to 31 March	2013 Revenue return £'000s	2013 Capital return £'000s	2013 Total return £'000s	2012 Revenue return £'000s	2012 Capital return £'000s	2012 Total return £'000s
9	Gains on investments	**–**	**77,664**	**77,664**	–	4,445	4,445
12	Gains on derivative instruments	**–**	**–**	**–**	–	1,437	1,437
	Exchange gains/(losses)	**86**	**(14)**	**72**	–	(273)	(273)
2	Investment and other income	**13,945**	**–**	**13,945**	12,710	–	12,710
	Total income	**14,031**	**77,650**	**91,681**	12,710	5,609	18,319
3	Management and administration fees	**(853)**	**(10,927)**	**(11,780)**	(777)	(1,049)	(1,826)
4	Other expenses	**(1,036)**	**(25)**	**(1,061)**	(1,686)	(29)	(1,715)
	Profit before finance costs and taxation	**12,142**	**66,698**	**78,840**	10,247	4,531	14,778
5	Finance costs	**(108)**	**(253)**	**(361)**	(560)	(1,307)	(1,867)
	Profit before taxation	**12,034**	**66,445**	**78,479**	9,687	3,224	12,911
6	Taxation	**(789)**	**(287)**	**(1,076)**	(723)	(729)	(1,452)
	Profit for the year	**11,245**	**66,158**	**77,403**	8,964	2,495	11,459
7	**Earnings per ordinary share – pence**	**5.22**	**30.69**	**35.91**	4.15	1.16	5.31

The total column of this statement represents the Company's Income Statement and the Company's Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies in the UK.

The Company does not have any income or expense that is not included in the profit for the year, and therefore the 'profit for the year' is also the 'total comprehensive income for the year', as defined in International Accounting Standard 1 (revised).

All items in the above statement derive from continuing operations.

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

GROUP STATEMENT OF CHANGES IN EQUITY

for the year to 31 March 2013

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Other non-distributable reserve £'000s	Retained earnings: Capital reserves £'000s	Retained earnings: Revenue reserve £'000s	Total £'000s
	Balance at 31 March 2012	21,553	7,510	204,587	11,093	131,473	2,254	378,470
	Profit for the year	–	–	–	–	66,203	11,200	77,403
8	Ordinary dividends paid	–	–	–	–	(1,351)	(11,635)	(12,986)
	Balance at 31 March 2013	**21,553**	**7,510**	**204,587**	**11,093**	**196,325**	**1,819**	**442,887**

for the year to 31 March 2012

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Other non-distributable reserve £'000s	Retained earnings: Capital reserves £'000s	Retained earnings: Revenue reserve £'000s	Total £'000s
	Balance at 31 March 2011	21,860	12,136	204,587	11,093	128,906	4,569	383,151
	Profit for the year	–	–	–	–	2,567	8,892	11,459
8	Ordinary dividends paid	–	–	–	–	–	(11,207)	(11,207)
	Shares purchased by the Company	(307)	(4,626)	–	–	–	–	(4,933)
	Balance at 31 March 2012	21,553	7,510	204,587	11,093	131,473	2,254	378,470

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year to 31 March 2013

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Other non-distributable reserve £'000s	Retained earnings: Capital reserves £'000s	Retained earnings: Revenue reserve £'000s	Total £'000s
	Balance at 31 March 2012	21,553	7,510	204,587	11,093	131,307	2,420	378,470
	Profit for the year	–	–	–	–	66,158	11,245	77,403
8	Ordinary dividends paid	–	–	–	–	(1,351)	(11,635)	(12,986)
	Balance at 31 March 2013	**21,553**	**7,510**	**204,587**	**11,093**	**196,114**	**2,030**	**442,887**

for the year to 31 March 2012

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Other non-distributable reserve £'000s	Retained earnings: Capital reserves £'000s	Retained earnings: Revenue reserve £'000s	Total £'000s
	Balance at 31 March 2011	21,860	12,136	204,587	11,093	128,812	4,663	383,151
	Profit for the year	–	–	–	–	2,495	8,964	11,459
8	Ordinary dividends paid	–	–	–	–	–	(11,207)	(11,207)
	Shares purchased by the Company	(307)	(4,626)	–	–	–	–	(4,933)
	Balance at 31 March 2012	21,553	7,510	204,587	11,093	131,307	2,420	378,470

BALANCE SHEETS

		GROUP		COMPANY	
Notes	at 31 March	2013 £'000s	2012 £'000s	2013 £'000s	2012 £'000s
	Non-current assets				
9	Investments	**455,901**	374,169	**460,948**	386,636
	Current assets				
11	Other receivables	**2,105**	9,641	**2,103**	2,221
12	Derivative financial instruments	**4,702**	6,836	**–**	–
	Cash and cash equivalents	**2,798**	387	**2,430**	226
		9,605	16,864	**4,533**	2,447
	Current liabilities				
13	Bank loans	**(9,228)**	–	**(9,228)**	–
14	Other payables	**(10,723)**	(3,849)	**(10,698)**	(3,824)
12	Derivative financial instruments	**–**	(1,925)	**–**	–
		(19,951)	(5,774)	**(19,926)**	(3,824)
	Net current (liabilities)/assets	**(10,346)**	11,090	**(15,393)**	(1,377)
	Total assets less current liabilities	**445,555**	385,259	**445,555**	385,259
	Non-current liabilities				
15	Bank loans	**–**	(4,381)	**–**	(4,381)
16	Deferred tax	**(2,668)**	(2,408)	**(2,668)**	(2,408)
	Net assets	**442,887**	378,470	**442,887**	378,470
	Equity attributable to equity holders				
18	Ordinary share capital	**21,553**	21,553	**21,553**	21,553
19	Share premium account	**7,510**	7,510	**7,510**	7,510
20	Special reserve	**204,587**	204,587	**204,587**	204,587
21	Other non-distributable reserve	**11,093**	11,093	**11,093**	11,093
22	Capital reserves	**196,325**	131,473	**196,114**	131,307
22	Revenue reserve	**1,819**	2,254	**2,030**	2,420
	Total attributable to equity holders	**442,887**	378,470	**442,887**	378,470
23	**Net asset value per ordinary share**				
	Basic – pence	**205.49**	175.60	**205.49**	175.60

Approved by the Board on 20 June 2013 and signed on its behalf by

Alexander Zagoreos
Chairman

Garry Madeiros
Director

STATEMENTS OF CASH FLOWS

Notes	for the year to 31 March	GROUP 2013 £'000s	GROUP 2012 £'000s	COMPANY 2013 £'000s	COMPANY 2012 £'000s
24	Cash flows from operating activities	**15,341**	(7,440)	**7,968**	28
	Investing activities:				
	Purchases of investments	**(95,099)**	(83,691)	**(95,150)**	(101,047)
	Sales of investments	**97,240**	122,109	**99,384**	122,109
	Purchases of derivatives	**(32,111)**	(27,805)	**–**	–
	Sales of derivatives	**27,080**	18,262	**–**	–
	Cash flows from investing activities	**(2,890)**	28,875	**4,234**	21,062
	Cash flows before financing activities	**12,451**	21,435	**12,202**	21,090
	Financing activities:				
	Ordinary dividends paid	**(12,986)**	(11,207)	**(12,986)**	(11,207)
	Movements from loans	**4,634**	(6,058)	**4,634**	(6,058)
	Cost of ordinary shares purchased	**–**	(4,933)	**–**	(4,933)
	Cash flows from financing activities	**(8,352)**	(22,198)	**(8,352)**	(22,198)
	Net movement in cash and cash equivalents	**4,099**	(763)	**3,850**	(1,108)
	Cash and cash equivalents at the beginning of the year	**(1,773)**	(742)	**(1,934)**	(761)
	Effect of movement in foreign exchange	**243**	(268)	**285**	(65)
	Cash and cash equivalents at the end of the year	**2,569**	(1,773)	**2,201**	(1,934)
	Comprised of:				
	Cash	**2,798**	387	**2,430**	226
	Bank overdraft	**(229)**	(2,160)	**(229)**	(2,160)
	Total	**2,569**	(1,773)	**2,201**	(1,934)

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The Company is an investment company incorporated in Bermuda with a primary quotation on the London Stock Exchange.

The consolidated accounts for the year ended 31 March 2013 comprise the results of the Company, its subsidiary, Utilico Emerging Markets (Mauritius) and of the segregated account underlying the 'B' shares of Global Equity Risk Protection Limited ("GERP"), a special purpose entity ("SPE") incorporated in Bermuda (together referred to as the "Group"). Details of Utilico Emerging Markets (Mauritius) and GERP are included in note 10 to the accounts. The SPE has a reporting year end of 30 June which is non-concurrent with that of UEM. GERP's financial results included within the consolidated accounts are those for the year to 31 March 2013.

(a) Basis of accounting

The accounts have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the IASB, and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect, and to the extent that they have been adopted by the European Union.

The accounts have been prepared on a historical cost basis, except for the measurement at fair value of investments and derivative financial instruments.

Where presentational recommendations set out in the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP"), issued in the UK by the Association of Investment Companies ("AIC") in January 2009, do not conflict with the requirements of IFRS, the Directors have prepared the accounts on a basis consistent with the recommendations of the SORP, in the belief that this will aid comparison with similar investment companies incorporated in the United Kingdom.

In accordance with the SORP, the Statement of Comprehensive Income has been analysed between a Revenue return (dealing with items of a revenue nature) and a Capital return (relating to items of a capital nature). Revenue returns include, but are not limited to, dividend income, operating expenses, finance costs and taxation (insofar as they are not allocated to capital, as described in notes 1(h) and 1((i) below). Net revenue returns are allocated via the revenue return to the Revenue Reserve.

Capital returns include, but are not limited to profits and losses on the disposal and the valuation of non-current investments, derivative instruments and on cash and borrowings, operating costs and finance costs (insofar as they are not allocated to revenue as described in note 1(i) below). Net capital returns are allocated via the capital return to Capital Reserves.

Dividends on ordinary shares may be paid out of Revenue Reserve and Capital Reserves.

At the date of authorisation of these accounts, the following standards and interpretations have not been applied in these accounts since they were in issue but not yet effective:

International Accounting Standards (IAS/IFRS)	Effective date for accounting periods starting on or after
IFRS 13 Fair Value Measurement	01 January 2013
IAS 28 (Revised), Investments in Associates and Joint Ventures	01 January 2013

The Directors have chosen not to adopt these standards and interpretations early as they do not anticipate that they would have a material impact on the Company's accounts in the period of initial application. The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the valuation of unlisted investments, details of which are set out in accounting policy 1(d).

(b) Basis of consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Associated undertakings held as part of the investment portfolio (see 1(d) below and note 9) are, in accordance with IAS 28, Investments in Associates, not accounted for in the Group accounts using the equity method of accounting, but are carried at fair value through profit or loss and accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

1. ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

Financial Instruments include fixed asset investments, derivative assets and liabilities, and long-term debt instruments. Accounting Standards recognise a hierarchy of fair value measurements for Financial Instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of Instruments depends on the lowest significant applicable input, as follows:

Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Included within this category are investments listed on any recognised stock exchange or quoted on any secondary market.

Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such Instruments would be those for which the quoted price has been recently suspended, forward exchange contracts and certain other derivative instruments.

Level 3 – External inputs are unobservable. Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar Instrument. Included in Level 3 are investments in private companies or securities, whether invested in directly or through pooled Private Equity vehicles.

(d) Valuation of investments and derivative instruments

Investment purchases and sales are accounted for on the trade date, inclusive of transaction costs. Investments used for efficient portfolio management are classified as being at fair value through profit or loss. As the Company's business is investing in financial assets with a view to profiting from their total return in the form of dividends, interest or increases in fair value, its investments are designated as being at fair value through profit or loss on initial recognition. Derivatives comprising forward exchange contracts, options and credit default swaps are accounted for as a financial asset/liability at fair value through profit or loss and are classified as held for trading. The Company manages and evaluates the performance of these investments and derivatives on a fair value basis in accordance with its investment strategy, and information about the Company is provided internally on this basis to the Company's Directors and key management personnel. Gains and losses on investments and on derivatives are analysed within the Statement of Comprehensive Income as capital return. Quoted investments are shown at fair value using market bid prices. The fair value of unquoted investments is determined by the Board. In exercising their judgement over the value of these investments, the Board uses valuation techniques which take into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values, earnings and other relevant factors. Traded options and similar derivative instruments are valued at open market prices.

(e) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and short term deposits with an original maturity of three months or less.

(f) Debt Instruments

The Company's debt instruments include short-term and long-term bank borrowings and overdrafts, initially measured at fair value and subsequently measured at amortised cost using the effective interest method. No debt instruments held during the year required hierarchical classification.

(g) Foreign currency

The functional and reporting currency is pounds sterling because that is the currency of the primary economic environment in which the Company operates. Foreign currency assets and liabilities are expressed in sterling at rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated at the rates of exchange ruling at the dates of those transactions. Exchange profits and losses on currency balances are credited or charged to the Statement of Comprehensive Income and analysed as capital or revenue as appropriate. Forward foreign exchange contracts are valued in accordance with quoted market rates.

1. ACCOUNTING POLICIES (CONTINUED)

(h) Other income

Dividends receivable are analysed as revenue return within the Statement of Comprehensive Income (except where, in the opinion of the Directors, their nature indicates they should be recognised as capital return) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is allocated as revenue in the Statement of Comprehensive Income. Any excess in the value of the shares received over the amount of the cash dividend foregone is allocated as capital in the Statement of Comprehensive Income. Interest on debt securities is accrued on a time basis using the effective interest method. Bank and short-term deposit interest is recognised on an accruals basis.

(i) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the Statement of Comprehensive Income and analysed under revenue return except as stated below:

– the management fee and finance costs are allocated 70% to capital return and 30% to revenue return.

– expenses incidental to the acquisition or disposal of Investments are allocated to capital return.

– performance related management fees (calculated under the terms of the Investment Management Agreement) which are allocated to the capital return.

(j) Directors' fees

Directors' fees are charged quarterly through the revenue column of the Statement of Comprehensive Income. The fee entitlement of each Director is satisfied in ordinary shares of the Company, purchased in the market on behalf of, or issued to, each Director as soon as possible after each quarter end. The number of ordinary shares allocated is determined by dividing the entitlement by the lower of the market value and the fully diluted net asset value on the date of allocation.

(k) Finance costs

Finance costs are accounted for using the effective interest method, recognised through the Statement of Comprehensive Income.

(l) Dividends payable

Dividends paid by the Company are accounted for in the period in which the Company is liable to pay them and are reflected in the Statement of Changes in Equity.

(m) Special reserve

The Special reserve is a reserve used to purchase the Company's own shares, in accordance with the Companies Act 1981 of Bermuda, as amended, and with the Bye-laws of the Company.

(n) Capital reserves

The following items are accounted for through the Statement of Comprehensive Income as capital returns and transferred to capital reserves:

Capital reserve – arising on investments sold

– gains and losses on disposal of investments and derivative instruments
– exchange differences of a capital nature
– expenses allocated in accordance with note 1(i)

Capital reserve – arising on investments held

– increases and decreases in the valuation of investments and derivative instruments held at the year end.

2. INVESTMENT AND OTHER INCOME

Group and Company	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
Investment income:						
Overseas dividends	**11,602**	**–**	**11,602**	11,015	–	11,015
Overseas and UK interest	**2,332**	**–**	**2,332**	1,691	–	1,691
	13,934	**–**	**13,934**	12,706	–	12,706
Other income						
Interest on cash and short-term deposits	**11**	**–**	**11**	4	–	4
Total income	**13,945**	**–**	**13,945**	12,710	–	12,710

3. MANAGEMENT AND ADMINISTRATION FEES

Group and Company	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
Payable to:						
ICM Limited ("ICM") – management fee	**599**	**1,396**	**1,995**	566	1,320	1,886
ICM – administration fees	**44**	**–**	**44**	1	–	1
ICM – performance fee in respect of relevant year	**–**	**9,531**	**9,531**	–	–	–
– performance fee adjustment in respect of prior period	**–**	**–**	**–**	–	(271)	(271)
F&C Management Limited – administration fee	**210**	**–**	**210**	210	–	210
	853	**10,927**	**11,780**	777	1,049	1,826

ICM Limited ("ICM") provides investment management services to the Company for a fee of 0.5% per annum, payable quarterly in arrears. The Agreement with ICM may be terminated upon six months notice. The management fee is allocated 70% to capital return and 30% to revenue return. ICM also provides company secretarial services to the Company, with the Company paying one-third of the costs associated with this post.

Included within the management fees of £1,995,000 (2012: £1,886,000) paid to ICM is £79,000 (2012: £78,000) salary and PAYE costs relating to employees of the Company. These costs were deducted from the management fee payable by the Company to ICM. The average number of employees of the Company in the year was five.

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.

When applicable, half of the performance fee is payable in cash and half in ordinary shares of the Company ("Performance Shares"), based on the diluted NAV per ordinary share at the year end. ICM will purchase the Performance Shares in the market at a price equal to or below the fully diluted Net Asset Value per ordinary share at the time of purchase. If ICM is unable to purchase some or all of the Performance Shares in the market at or below the Net Asset Value per ordinary share, the Company will issue to ICM, shares at Net Asset Value equivalent to any shortfall. 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 future performance fee is payable until the net asset value exceeds the high watermark established at the last payment of the performance fee at 31 March 2011. The high watermark as adjusted was 170.29p at 31 March 2012.

On 10 April 2013, the performance fee due to ICM in respect of the year ended 31 March 2013 was estimated to be £9,467,000. ICM received £4,734,000 of this fee in cash on that date. The remaining balance of £4,733,000 was settled through the purchase, based on the estimated net asset value of the Company at 31 March 2013, of 2,305,419 ordinary shares of the Company in the market. The cost of those shares to the Company, was £4,517,000. A further £64,000 is payable in cash to ICM, in final settlement of the full audited performance fee due of £9,531,000.

3. MANAGEMENT AND ADMINISTRATIVE FEES (CONTINUED)

Based upon an unaudited fee of £6,415,000 for the year to 31 March 2011, ICM was awarded 1,831,559 ordinary shares for half the fee (based upon the fully diluted NAV of those shares at 31 March 2011). These shares were purchased in the market place on 5 April 2011 at a cost of £2,936,000, a saving of £271,000 to the Group which was recognised in the Accounts for the year ended 31 March 2012.

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

4. OTHER EXPENSES

Group	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
Auditor's remuneration:						
for audit services	40	–	40	37	–	37
for other services*	4	–	4	37	–	37
Migration costs to list on the London Stock Exchange	–	–	–	456	–	456
Custody fees	241	–	241	196	–	196
Directors' fees for services to the Company (see Directors' Remuneration Report on page 31)	128	–	128	153	–	153
Directors' travel expenses	156	–	156	154	–	154
Professional fees	46	–	46	153	–	153
Other travel costs	71	–	71	149	–	149
Sundry expenses	395	25	420	423	29	452
	1,081	25	1,106	1,758	29	1,787

Company	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
Auditor's remuneration:						
for audit services	30	–	30	31	–	31
for other services*	4	–	4	37	–	37
Migration costs to list on the London Stock Exchange	–	–	–	456	–	456
Custody fees	241	–	241	196	–	196
Directors' fees for services to the Company (see Directors' Remuneration Report on page 31)	128	–	128	153	–	153
Directors' travel expenses	156	–	156	154	–	154
Professional fees	46	–	46	153	–	153
Other travel costs	71	–	71	149	–	149
Sundry expenses	360	25	385	357	29	386
	1,036	25	1,061	1,686	29	1,715

* Total Auditor's remuneration for other services amounts to £4,000 and was for reviewing the interim accounts (2012: £37,000 and was for reviewing the interim accounts and services for listing on the London Stock Exchange).

5. FINANCE COSTS

Group and Company	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
On loans and bank overdrafts	**108**	**253**	**361**	560	1,307	1,867

Finance costs are allocated 70% to capital return and 30% to revenue return (see note 1(i)).

6. TAXATION

Group and Company	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
Overseas taxation	**789**	**–**	**789**	723	–	723
Brazilian overseas investment taxation	**–**	**–**	**–**	–	149	149
Brazilian capital gains tax on sale of overseas investments	**–**	**27**	**27**	–	449	449
Total current taxation	**789**	**27**	**816**	723	598	1,321
Deferred tax (see note 16)	**–**	**260**	**260**	–	131	131
	789	**287**	**1,076**	723	729	1,452

Profits for the year are not subject to nil rate Bermuda tax.

Deferred tax in the capital account is in respect of capital gains tax on overseas investment holding gains that will be will taxed in future years.

7. EARNINGS PER ORDINARY SHARE

Earnings for the purpose of earnings per ordinary share is the profit for the year attributable to ordinary shareholders.

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

	Group 2013 £'000s	Group 2012 £'000s	Company 2013 £'000s	Company 2012 £'000s
Revenue	**11,200**	8,892	**11,245**	8,964
Capital	**66,203**	2,567	**66,158**	2,495
Total	**77,403**	11,459	**77,403**	11,459
Weighted average number of shares in issue during the year for basic earnings per ordinary share calculations	**215,528,793**	215,760,056	**215,528,793**	215,760,056

8. DIVIDENDS

Group and Company	Record date	Payment date	Revenue £'000s	Capital £'000s	2013 £'000s	Revenue £'000s	Capital £'000s	2012 £'000s
2011 Final of 1.45p	01 Jul 2011	15 Jul 2011	**–**	**–**	**–**	3,125	–	3,125
2012 Interim of 3.75p	02 Dec 2011	16 Dec 2011	**–**	**–**	**–**	8,082	–	8,082
2012 Final of 1.75p	22 Jun 2012	06 Jul 2012	**2,421**	**1,351**	**3,772**	–	–	–
2013 First quarterly interim of 1.375p	24 Aug 2012	07 Sep 2012	**2,963**	**–**	**2,963**	–	–	–
2013 Second quarterly interim of 1.375p	30 Nov 2012	14 Dec 2012	**2,964**	**–**	**2,964**	–	–	–
2013 Third quarterly interim of 1.525p	15 Feb 2013	12 Mar 2013	**3,287**	**–**	**3,287**	–	–	–
			11,635	**1,351**	**12,986**	11,207	–	11,207

The Directors have paid a fourth quarterly dividend in respect of the year ended 31 March 2013 of 1.525p per ordinary share on 5 June 2013 to shareholders on the register at close of business on 17 May 2013. The total cost of the dividend, which has not been accrued in the results for the year to 21 March 2013, was £3,287,000.

9. INVESTMENTS

Group	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2013 Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2012 Total £'000s
Investments brought forward								
Cost	273,489	–	17,644	291,133	271,560	–	19,939	291,499
Gains/(losses)	94,210	–	(11,174)	83,036	119,029	–	(7,502)	111,527
Valuation	367,699	–	6,470	374,169	390,589	–	12,437	403,026
Movements in the year:								
Purchases at cost	88,420	–	2,299	90,719	87,009	–	(2,295)	84,714
Transfer to level 3*	(2,103)	–	2,103	–	–	–	–	–
Sales proceeds	(91,675)	–	(302)	(91,977)	(122,975)	–	–	(122,975)
Gains/(losses) on investments sold in the year	14,778	–	(1,796)	12,982	37,895	–	–	37,895
Gains/(losses) on investments held at year end	68,900	–	1,108	70,008	(24,819)	–	(3,672)	(28,491)
Valuation at 31 March	446,019	–	9,882	455,901	367,699	–	6,470	374,169
Analysed at 31 March								
Cost	262,249	–	40,608	302,857	273,489	–	17,644	291,133
Gains/(losses)	183,770	–	(30,726)	153,044	94,210	–	(11,174)	83,036
Valuation	446,019	–	9,882	455,901	367,699	–	6,470	374,169

Company	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2013 Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2012 Total £'000s
Investments brought forward								
Cost	273,489	31,286	17,644	322,419	271,560	13,932	19,939	305,431
Gains/(losses)	94,210	(18,819)	(11,174)	64,217	119,029	(13,860)	(7,502)	97,667
Valuation	367,699	12,467	6,470	386,636	390,589	72	12,437	403,098
Movements in the year:								
Purchases at cost	88,167	5,218	2,299	95,684	87,009	17,354	(2,295)	102,068
Transfer to level 3*	(2,103)	–	2,103	–	–	–	–	–
Sales proceeds	(91,467)	(7,267)	(302)	(99,036)	(122,975)	–	–	(122,975)
Gains/(losses) on investments sold in the year	14,823	–	(1,796)	13,027	37,895	–	–	37,895
Gains/(losses) on investments held at year end	68,900	(5,371)	1,108	64,637	(24,819)	(4,959)	(3,672)	(33,450)
Valuation at 31 March	446,019	5,047	9,882	460,948	367,699	12,467	6,470	386,636
Analysed at 31 March								
Cost	262,249	29,237	40,608	332,094	273,489	31,286	17,644	322,419
Gains/(losses)	183,770	(24,190)	(30,726)	128,854	94,210	(18,819)	(11,174)	64,217
Valuation	446,019	5,047	9,882	460,948	367,699	12,467	6,470	386,636

* Transfer due to delisting of investee company.

Level 1 includes investments listed on any recognised stock exchange or quoted on any secondary market.

Level 2 includes investments in GERP and Utilico Emerging Markets (Mauritius).

Level 3 includes investments in private companies or securities.

9. INVESTMENTS (CONTINUED)

	Group		Company	
Gains on investments held at fair value	**2013 £'000s**	2012 £'000s	**2013 £'000s**	2012 £'000s
Gains on investments sold	**12,982**	37,895	**13,027**	37,895
Gains on investments held	**70,008**	(28,491)	**64,637**	(33,450)
Total gains on investments	**82,990**	9,404	**77,664**	4,445

Associated undertakings

The Company had the following associated undertakings at 31 March 2013:

	East Balkan Properties plc
Country of incorporation	Isle of Man
Country of listing	Unlisted
Country of operations	Bulgaria
Number of ordinary shares held	37,360,483
Percentage of ordinary shares held	26.69%

	€'000s
Income from associate undertaking included in the revenue account of the Group	–
Value of interest in associated undertakings included in the balance sheet of the Group	2,650
Gross assets	73,331(1)
Gross liabilities	20,248(1)
Gross revenues	3,921(1)
Net loss before tax	(2,245)(1)
Share of losses before tax	(599)(1)
Share of taxation charge	–(1)
Share of retained loss	(606)(1)
Share of net assets	14,168(1)

(1) Based on the latest published accounts of East Balkan Properties plc for the year to 31 December 2012.

Transactions with associated undertakings

East Balkan Properties plc

There were no transactions in the year.

Significant interests

In addition to the above, the Group and Company have a holding of 3% or more of any class of share capital of the following investments, which are material in the context of the Accounts:

Company	**Country of registration and incorporation**	**Class of instruments held**	**2013 % of class of instruments held**	2012 % of class of instruments held
Eastern Water Resources PCL	Thailand	Ordinary shares	**9.0**	10.2
Ocean Wilsons Holdings Limited	Bermuda	Ordinary shares	**7.0**	6.7

10. SUBSIDIARY UNDERTAKING AND SPECIAL PURPOSE ENTITY

Company	Country of operation, registration and incorporation	Number and class of shares held	Holdings and voting rights %
Utilico Emerging Markets (Mauritius)	**Mauritius**	**677,635**	100

The subsidiary was incorporated, and commenced trading, on 6 September 2011 to carry on business as an investment company.

The Company holds 3,920 Class B shares linked to a segregated account in Global Equity Risk Protection Limited ("GERP"), an unquoted Bermuda segregated accounts company incorporated on 4 May 2006. The segregated account, which is structured as the Bermuda law equivalent of a protected cell, exists for the sole purpose of carrying out derivative transactions on behalf of the Company. The holding represents 100% of the issued Class B shares that have no voting rights.

Under the IASB's interpretation SIC-12 the segregated account in GERP, represented by the Class B shares, is classified as a special purpose entity of the Company and its financial results are included within the accounts of the Group (see note 1(b)).

11. OTHER RECEIVABLES

	Group		Company	
	2013 £'000s	2012 £'000s	**2013 £'000s**	2012 £'000s
Sales for future settlement	**518**	865	**518**	865
Margin accounts	**2**	7,420	**–**	–
Accrued income	**1,480**	1,259	**1,480**	1,259
Prepayments and other debtors	**105**	97	**105**	97
	2,105	9,641	**2,103**	2,221

The Directors consider that the carrying values of other receivables are approximately their fair value.

12. DERIVATIVE FINANCIAL INSTRUMENTS

All the following derivatives are classified as level 2 as defined in note 1(c).

Group	Current assets £'000s	Current liabilities £'000s	2013 Net current assets/ (liabilities) £'000s	Current assets £'000s	Current liabilities £'000s	2012 Net current assets/ (liabilities) £'000s
Market options – USD	**4,702**	**–**	**4,702**	6,836	(1,925)	4,911

Company	Current assets £'000s	Current liabilities £'000s	2013 Net current assets/ (liabilities) £'000s	Current assets £'000s	Current liabilities £'000s	2012 Net current assets/ (liabilities) £'000s
Market options – USD	**–**	**–**	**–**	–	–	–

Changes in derivatives

	Group 2013 £'000s	Group 2012 £'000s	Company 2013 £'000s	Company 2012 £'000s
Valuation brought forward	**4,911**	(1,384)	**–**	(1,437)
Purchases	**32,111**	27,805	**–**	–
Settlements	**(27,080)**	(18,262)	**–**	–
Gains and losses	**(5,240)**	(3,248)	**–**	1,437
Valuation at 31 March	**4,702**	4,911	**–**	–

13. BANK LOANS – CURRENT LIABILITY

Group and Company	2013 £'000s	2012 £'000s
€5.0million repayable February 2014	**4,228**	–
£5.0 million repayable February 2014	**5,000**	–
	9,228	–

The Company has a committed senior secured multicurrency revolving facility of £50,000,000 with Scotiabank Europe PLC, secured over the Company's assets, expiring on 23 February 2014 (2012: same). Commissions are charged on any undrawn amounts at commercial rates. The terms of the loan facility, including those related to accelerated repayment and costs of repayment, are typical of those normally found in facilities of this nature.

14. OTHER PAYABLES

	Group 2013 £'000s	Group 2012 £'000s	Company 2013 £'000s	Company 2012 £'000s
Purchases for future settlement	**128**	913	**128**	913
Bank overdraft	**229**	2,160	**229**	2,160
Accrued finance costs	**46**	24	**46**	24
Accrued expenses	**10,320**	752	**10,295**	727
	10,723	3,849	**10,698**	3,824

15. BANK LOANS – NON-CURRENT LIABILITY

Group and Company	2013 £'000s	2012 £'000s
US$4.0million repayable February 2014	–	2,503
US$3.0million repayable February 2014	–	1,878
	–	4,381

16. DEFERRED TAX

Group and Company	2013 £'000s	2012 £'000s
Balance brought forward	**2,408**	2,277
Increase in provision for Brazilian tax on capital gains	**260**	131
Balance carried forward	**2,668**	2,408

Provision is made for deferred tax in respect of capital gains tax on chargeable investment holding gains in Brazil, at a rate of 15% (2012: same).

17. OPERATING SEGMENTS

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

18. ORDINARY SHARE CAPITAL

2013	**Authorised Number**	**£'000s**	**Issued and fully paid Number**	**£'000s**
Equity share capital				
Unissued ordinary shares of 10p	**275,242,191**	**27,524**	**–**	**–**
Issued ordinary shares of 10p each	**1,074,767,809**	**107,477**	**215,528,793**	**21,553**
Balance at 31 March 2013	**1,350,010,000**	**135,001**	**215,528,793**	**21,553**

2012	Authorised Number	£'000s	Issued and fully paid Number	£'000s
Equity share capital				
Unissued ordinary shares of 50p, 0.5p and 0.1p	67,219,100	27,524	–	–
Issued ordinary shares of 10p each				
Balance at 31 March 2011	1,074,767,809	107,477	218,597,234	21,860
Purchased for cancellation	–	–	(3,068,441)	(307)
Balance at 31 March 2012	1,141,986,909	135,001	215,528,793	21,553

Ordinary shares

Pursuant to the passing of the ordinary resolution at the Annual General Meeting of the Company on 18 September 2012, the 55,000,000 unissued ordinary shares of par value GBP 0.50 were subdivided into 275,000,000 ordinary shares of par value GBP 0.10 each; the 3,000,000 unissued ordinary shares of par value GBP0.005 were consolidated into 150,000 ordinary shares of par value GBP 0.10 each; and the 9,219,100 unissued ordinary shares of par value GBP0.001 were consolidated into 92,191 ordinary shares of par value GBP 0.10 each.

Since the year end no ordinary shares have been purchased.

19. SHARE PREMIUM ACCOUNT

Group and Company	2013 £'000s	2012 £'000s
Balance brought forward	**7,510**	12,136
Purchase of ordinary shares	**–**	(4,626)
Balance carried forward	**7,510**	7,510

This is a non-distributable reserve arising on the issue of share capital.

20. SPECIAL RESERVE

Group and Company	2013 £'000s	2012 £'000s
Balance brought forward and carried forward	**204,587**	204,587

21. OTHER NON-DISTRIBUTABLE RESERVE

Group and Company	2013 £'000s	2012 £'000s
Balance brought forward and carried forward	**11,093**	11,093

22. OTHER RESERVES

2013 Group	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Capital reserves total £'000s	Revenue reserve £'000s
Gains on investments sold	**12,982**	**–**	**12,982**	**–**
Gains on investments held	**–**	**70,008**	**70,008**	**–**
Losses on derivative financial instruments sold	**(1,759)**	**–**	**(1,759)**	**–**
Losses on derivative financial instruments held	**–**	**(3,481)**	**(3,481)**	**–**
Exchange losses	**(55)**	**–**	**(55)**	**–**
Management fee (see note 3)	**(1,396)**	**–**	**(1,396)**	**–**
Performance fee (see note 3)	**(9,531)**	**–**	**(9,531)**	**–**
Finance costs (see note 5)	**(253)**	**–**	**(253)**	**–**
Other capital charges	**(25)**	**–**	**(25)**	**–**
Taxation (see note 6)	**(287)**	**–**	**(287)**	**–**
Revenue profit for the year	**–**	**–**	**–**	**11,200**
Total profit in current year	**(324)**	**66,527**	**66,203**	**11,200**
Dividends paid in the year	**(1,351)**	**–**	**(1,351)**	**(11,635)**
Balance at 31 March 2012	**52,630**	**78,843**	**131,473**	**2,254**
Balance at 31 March 2013	**50,955**	**145,370**	**196,325**	**1,819**

2012 Group	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Capital reserves total £'000s	Revenue reserve £'000s
Gains on investments sold	37,895	–	37,895	–
Losses on investments held	–	(28,491)	(28,491)	–
Losses on derivative financial instruments sold	(1,337)	–	(1,337)	–
Losses on derivative financial instruments held	–	(1,911)	(1,911)	–
Exchange losses	(475)	–	(475)	–
Management fee (see note 3)	(1,320)	–	(1,320)	–
Performance fee (see note 3)	271	–	271	–
Finance costs (see note 5)	(1,307)	–	(1,307)	–
Other capital charges	(29)	–	(29)	–
Taxation (see note 6)	(729)	–	(729)	–
Revenue profit for the year	–	–	–	8,892
Total profit in current year	32,969	(30,402)	2,567	8,892
Dividends paid in the year	–	–	–	(11,207)
Balance at 31 March 2011	19,661	109,245	128,906	4,569
Balance at 31 March 2012	52,630	78,843	131,473	2,254

22. OTHER RESERVES (CONTINUED)

2013

Company	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Capital reserves total £'000s	Revenue reserve £'000s
Gains on investments sold	13,027	–	13,027	–
Gains on investments held	–	64,637	64,637	–
Exchange losses	(14)	–	(14)	–
Management fee (see note 3)	(1,396)	–	(1,396)	–
Performance fee (see note 3)	(9,531)	–	(9,531)	–
Finance costs (see note 5)	(253)	–	(253)	–
Other capital charges	(25)	–	(25)	–
Taxation (see note 6)	(287)	–	(287)	–
Revenue profit for the year	–	–	–	11,245
Total profit in current year	1,521	64,637	66,158	11,245
Dividends paid in the year	(1,351)	–	(1,351)	(11,635)
Balance at 31 March 2012	67,090	64,217	131,307	2,420
Balance at 31 March 2013	**67,260**	**128,854**	**196,114**	**2,030**

2012

Company	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Capital reserves total £'000s	Revenue reserve £'000s
Gains on investments sold	37,895	–	37,895	–
Losses on investments held	–	(33,450)	(33,450)	–
Gains on derivative financial instruments matured	(1)	1,438	1,437	–
Exchange losses	(273)	–	(273)	–
Management fee (see note 3)	(1,320)	–	(1,320)	–
Performance fee (see note 3)	271	–	271	–
Finance costs (see note 5)	(1,307)	–	(1,307)	–
Other capital charges	(29)	–	(29)	–
Taxation (see note 6)	(729)	–	(729)	–
Revenue profit for the year	–	–	–	8,964
Total profit in current year	34,507	(32,012)	2,495	8,964
Dividends paid in the year	–	–	–	(11,207)
Balance at 31 March 2011	32,583	96,229	128,812	4,663
Balance at 31 March 2012	67,090	64,217	131,307	2,420

Group and Company

Included within the capital reserve movement for the year is £2,090,000 (2012: £40,000) of dividend receipts recognised as capital in nature, £187,000 (2012: £205,000) of transaction costs of purchases of investments and £214,000 (2012: £437,000) of transaction costs on sale of investments.

23. NET ASSET VALUE PER ORDINARY SHARE

Group and Company

Net asset value per ordinary share is based on net assets at the year end of £442,887,000 (2012: £378,470,000) and on 215,528,793 (2012: 215,528,793) ordinary shares in issue at the year end.

24. RECONCILIATION OF TOTAL RETURN BEFORE TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Group		Company	
	2013 £'000s	2012 £'000s	**2013 £'000s**	2012 £'000s
Profit before taxation	**78,479**	12,911	**78,479**	12,911
Adjust for non-cash flow items:				
Gains on investments	**(82,990)**	(9,404)	**(77,664)**	(4,445)
Losses/(gains) on derivative financial instruments	**5,240**	3,248	**–**	(1,437)
Exchange (gains)/losses	**(31)**	475	**(72)**	273
Effective yield	**(1,319)**	(585)	**(1,319)**	(585)
(Increase)/decrease in accrued income	**(168)**	1,158	**(168)**	1,158
Increase/(decrease) in creditors	**9,604**	(6,407)	**9,605**	(6,431)
Increase in other debtors	**(26)**	(31)	**(26)**	(31)
Tax on overseas income	**(841)**	(787)	**(841)**	(787)
	(70,531)	(12,333)	**(70,485)**	(12,285)
Adjust for cash flow items not within Statement of Comprehensive Income:				
Taxation on capital gains	**(26)**	(449)	**(26)**	(449)
Overseas investment taxation	**–**	(149)	**–**	(149)
Cash flows on margin accounts	**7,419**	(7,420)	**–**	–
	7,393	(8,018)	**(26)**	(598)
Net cash flows from operating activities	**15,341**	(7,440)	**7,968**	28

25. RELATED PARTY TRANSACTIONS

During the year the Company made payments to GERP, its special purpose entity, of £4.9m and received £7.3m (2012: made payments of £18.1m and received £0.9m) in settlement of investment transactions. The Company made payments to Utilico Emerging Markets (Mauritius), its subsidiary, of £0.3m (2012: £0.2m) for the settlement of the issue of ordinary shares.

On consolidation, transactions between the Company, its special purpose entity and its subsidiary have been eliminated. The following are considered related parties of the Group: the associates of the Group set out under note 9, being East Balkan Properties plc (2012: same); the Board of UEM and ICM.

There were no transactions between the above associates and the Company other than investments in the ordinary course of UEM's business. As detailed in the Directors' Remuneration Report on page 31, the Board received aggregate remuneration of £128,000 (2012: £153,200) included within "Other expenses" for services as Directors. At the year end £32,000 (2012: £32,000) remained outstanding to the Directors. In addition to their fees, the Directors received dividends totalling £67,000 (2012: £93,000) during the year under review in respect of their shareholdings in the Company. There were no further transactions with the Board during the year.

There were no transactions with ICM or ICM Investment Research Limited, a wholly owned subsidiary of ICM, other than investment management, company secretarial costs and performance fees as set out in note 3, and reimbursed expenses included within note 4 of £174,000 (2012: £164,000). At the year end £10,048,000 (2012: £442,000) remained outstanding to ICM. At 31 March 2013 ICM held 1,526,559 UEM ordinary shares (2012: 1,526,559 UEM ordinary shares). As detailed in Note 3, subsequent to the year end, ICM purchased 2,305,419 UEM ordinary shares in the market as part consideration of the performance fee payable; it transferred 384,236 of these shares to Mr Charles Jillings. On 15 May 2013, ICM sold in the open market 1,526,559 UEM ordinary shares at a price of 196.00p per ordinary share, receiving £3.0m. ICM remains interested in 1,921,183 UEM ordinary shares.

26. FINANCIAL RISK MANAGEMENT

The Group's investment policy is to provide long-term total return appreciation by investing predominantly in infrastructure, utility and related sectors mainly in emerging markets. The Group seeks to meet its investment policy by investing principally in a diversified portfolio of both listed and unlisted companies. Derivative instruments may be used for purposes of hedging the underlying portfolio of investments. The Company has the power to take out both short and long-term borrowings. In pursuing the investment policy, the Group is exposed to financial risks which could result in a reduction of either or both of the value of the net assets and the profits available for distribution by way of dividend. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit and counterparty risk. The Board of Directors, together with the Investment Manager, is responsible for the Group's risk management. The Directors' policies and processes for managing the financial risks are set out in (a),(b) and (c) below. The Company's underlying risks include the risks within its subsidiary and GERP and therefore only the Group risks are analysed below. The Accounting policies which govern the reported Balance Sheet carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 1 to the accounts. The policies are in compliance with International Financial Reporting Standards as adopted by the European Union and best practice, and include the valuation of financial assets and liabilities at fair value. The Company does not make use of hedge accounting rules.

(a) Market risks

The fair value of equity and other financial securities held in the Group's portfolio and derivative financial instruments fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues, including the market perception of future risks. The Board sets policies for managing these risks within the Group's investment policy and meets regularly to review full, timely and relevant information on investment performance and financial results. The Investment Manager assesses exposure to market risks when making each investment decision and monitors on-going market risk within the portfolio of investments and derivatives. The Group's other assets and liabilities may be denominated in currencies other than sterling and may also be exposed to interest rate risks. The Investment Manager and the Board regularly monitor these risks. The Group does not normally hold significant cash balances. Borrowings are limited to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the Group's exposure to future changes in exchange rates. Gearing may be short or long-term, in Sterling and foreign currencies, and enables the Group to take a long-term view of the countries and markets in which it is invested without having to be concerned about short-term volatility. Income earned in foreign currencies is converted to Sterling on receipt. The Board regularly monitors the effects on net revenue of interest earned on deposits and paid on gearing.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency exposure

The principal currencies to which the Group was exposed during the year are set out below. The exchange rates applying against Sterling at 31 March, and the average rates during the year, were as follows:

	2013	**Average**	2012
BRL – Brazilian Real	**3.0617**	**3.1676**	2.9148
CNY – Chinese Yuan	**9.4361**	**9.9365**	10.0627
MYR – Malaysian Ringgit	**4.7019**	**4.8878**	4.8947
PHP – Philippine Peso	**61.9680**	**65.8955**	68.5994
THB – Thai Baht	**44.4678**	**48.6139**	49.2906
USD – United States Dollar	**1.5185**	**1.5816**	1.5978

The Group's assets and liabilities at 31 March (shown at fair value, except derivatives at gross exposure value), by currency based on the country of primary operations, are shown below:

2013	**BRL £'000s**	**CNY £'000s**	**GBP £'000s**	**MYR £'000s**	**PHP £'000s**	**THB £'000s**	**USD £'000s**	**Other £'000s**	**Total £'000s**
Other receivables	**405**	**12**	**106**	**264**	**10**	**–**	**1,272**	**36**	**2,105**
Derivative financial instruments – assets	**–**	**–**	**–**	**–**	**–**	**–**	**101,748**	**–**	**101,748**
Cash and cash equivalents – assets	**206**	**–**	**38**	**–**	**–**	**–**	**1,824**	**730**	**2,798**
Short term unsecured loans	**–**	**–**	**(5,000)**	**–**	**–**	**–**	**–**	**(4,228)**	**(9,228)**
Other payables	**(2)**	**–**	**(10,478)**	**–**	**–**	**–**	**(14)**	**(229)**	**(10,723)**
Net monetary assets/(liabilities)	**609**	**12**	**(15,334)**	**264**	**10**	**–**	**104,830**	**(3,691)**	**86,700**
Investments	**111,999**	**121,672**	**–**	**45,362**	**49,502**	**50,753**	**4,381**	**72,232**	**455,901**
Deferred tax	**(2,668)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,668)**
Net exposures	**109,940**	**121,684**	**(15,334)**	**45,626**	**49,512**	**50,753**	**109,211**	**68,541**	**539,933**
Percentage of net exposures	**20.4%**	**22.4%**	**(2.8)%**	**8.5%**	**9.2%**	**9.4%**	**20.2%**	**12.7%**	**100.0%**

2012	BRL £'000s	CNY £'000s	GBP £'000s	MYR £'000s	PHP £'000s	THB £'000s	USD £'000s	Other £'000s	Total £'000s
Other receivables	1,895	78	97	–	7	–	7,420	144	9,641
Derivative financial instruments – assets	–	–	–	–	–	–	73,228	–	73,228
Cash and cash equivalents – assets	–	–	146	–	–	–	223	18	387
Other payables	–	–	(753)	–	–	–	(2,183)	(913)	(3,849)
Derivative financial instruments – liabilities	–	–	–	–	–	–	(58,833)	–	(58,833)
Long term unsecured loans	–	–	–	–	–	–	(4,381)	–	(4,381)
Net monetary assets/(liabilities)	1,895	78	(510)	–	7	–	15,474	(751)	16,193
Investments	119,673	74,338	–	45,056	43,669	25,601	1,565	64,267	374,169
Deferred tax	(2,408)	–	–	–	–	–	–	–	(2,408)
Net exposures	119,160	74,416	(510)	45,056	43,676	25,601	17,039	63,516	387,954
Percentage of net exposures	30.7%	19.2%	(0.1)%	11.6%	11.2%	6.6%	4.4%	16.4%	100.0%

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Based on the financial assets and liabilities held, and exchange rates applying, at each Balance Sheet date, a weakening or strengthening of Sterling against each of these currencies by 10% would have had the following approximate effect on annualised income after tax and on net asset value (NAV) per ordinary share:

Weakening of Sterling	BRL £'000s	CNY £'000s	MYR £'000s	PHP £'000s	THB £'000s	2013 USD £'000s	BRL £'000s	CNY £'000s	MYR £'000s	PHP £'000s	THB £'000s	2012 USD £'000s
Statement of Comprehensive Income return after tax												
Revenue return	470	305	120	35	169	(4)	614	156	129	44	45	(4)
Capital return	12,099	13,519	5,070	5,500	5,639	12,134	13,126	8,260	5,006	4,852	2,844	1,893
Total return	12,569	13,824	5,190	5,535	5,808	12,130	13,740	8,416	5,135	4,896	2,889	1,889
NAV per ordinary share												
Basic – pence	5.83	6.41	2.41	2.57	2.69	5.63	6.37	3.90	2.38	2.27	1.34	0.88

Strengthening of Sterling	BRL £'000s	CNY £'000s	MYR £'000s	PHP £'000s	THB £'000s	2013 USD £'000s	BRL £'000s	CNY £'000s	MYR £'000s	PHP £'000s	THB £'000s	2012 USD £'000s
Statement of Comprehensive Income return after tax												
Revenue return	(470)	(305)	(120)	(35)	(169)	4	(614)	(156)	(129)	(44)	(45)	4
Capital return	(12,099)	(13,519)	(5,070)	(5,500)	(5,639)	(12,134)	(13,126)	(8,260)	(5,006)	(4,852)	(2,844)	(1,893)
Total return	(12,569)	(13,824)	(5,190)	(5,535)	(5,808)	(12,130)	(13,740)	(8,416)	(5,135)	(4,896)	(2,889)	(1,889)
NAV per ordinary share												
Basic – pence	(5.83)	(6.41)	(2.41)	(2.57)	(2.69)	(5.63)	(6.37)	(3.90)	(2.38)	(2.27)	(1.34)	(0.88)

These analyses are broadly representative of the Group's activities during the current and prior year as a whole, although the level of the Group's exposure to currencies fluctuates in accordance with the investment and risk management processes.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate exposure

The exposure of the financial assets and liabilities to interest rate risks at 31 March is shown below:

			2013			2012
	Within one year £'000s	**More than one year £'000s**	**Total £'000s**	Within one year £'000s	More than one year £'000s	Total £'000s
Exposure to floating rates						
– Cash	**2,798**	**–**	**2,798**	387	–	387
– Bank overdrafts	**(229)**	**–**	**(229)**	(2,160)	–	(2,160)
– Loans	**(9,228)**	**–**	**(9,228)**	–	(4,381)	(4,381)
	(6,659)	**–**	**(6,659)**	(1,773)	(4,381)	(6,154)
Net exposures						
– At year end	**(6,659)**	**–**	**(6,659)**	(1,773)	(4,381)	(6,154)
– Maximum in year	**8,500**	**(9,280)**	**(780)**	5,774	–	5,774
– Minimum in year	**1,378**	**(19,839)**	**(18,461)**	(14,050)	–	(14,050)

	Exposure to floating interest rates £'000s	**Fixed interest rates £'000s**	**Total £'000s**	Exposure to floating interest rates £'000s	Fixed interest rates £'000s	Total £'000s
Net exposures						
– Maximum in year	**(780)**	**–**	**(780)**	5,774	–	5,774
– Minimum in year	**(18,461)**	**–**	**(18,461)**	5,782	(19,832)	(14,050)

Exposures vary throughout the year as a consequence of changes in the make-up of the net assets of the Group arising out of the investment and risk management processes. Interest received on cash balances or paid on overdrafts and loans is at ruling market rates. The Group's total returns and net assets are sensitive to changes in interest rates on cash and borrowings. Based on the financial assets and liabilities held, and the interest rates pertaining at each Balance Sheet date, a decrease or increase in market interest rates by 2% would have had the following approximate effects on the Statement of Comprehensive Income revenue and capital returns after tax and on the NAV per ordinary share.

		2013		2012
	Increase in rate £'000s	**Decrease in rate £'000s**	Increase in rate £'000s	Decrease in rate £'000s
Revenue return	**(4)**	**4**	(37)	n/a*
Capital return	**(129)**	**129**	(86)	–
Total return	**(133)**	**133**	(123)	n/a*
NAV per ordinary share				
Basic – pence	**(0.06)**	**0.06**	–	–

* Interest rates on cash balances were negligible at 31 March 2012.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Other market risk exposures

The portfolio of investments, valued at £455,901,000 at 31 March 2013 (2012: £374,169,000) is exposed to market price changes. The Group enters into currency and index options in managing its exposure to other market risks. The Investment Manager assesses these exposures at the time of making each investment decision. The Board reviews overall exposures at each meeting against indices and other relevant information. An analysis of the portfolio by country and major industrial sector is set out in the Investment Manager's Report on page 8. The Investment Manager has operated a strategic market position via the purchase and sale of equity index put and call options, principally on the S&P500 Index. The level of the position is kept under constant review, and will depend upon several factors including the relative performance of markets, the price of options as compared to the market, and the Investment Manager's view of likely future volatility and market movements. As at 31 March 2013 UEM's net position was 1,100 S&P put options. The total position was valued at £4.7m at year end. The exposure on the Group's options at 31 March was as follows:

	2013 £'000s	2012 £'000s
Current assets		
Put index options	**101,748**	73,228
Current liabilities		
Put index options	**–**	8,137
Call index options	**–**	50,696
	–	58,833

Based on the portfolio of investments at each balance sheet date, and assuming other factors remain constant, a decrease or increase in the fair values of the portfolio by 20% would have had the following approximate effects on the Statement of Comprehensive Income Capital Return after tax and on the net asset value (NAV) per ordinary share:

		2013		2012
	Increase in value £'000s	**Decrease in value £'000s**	Increase in value £'000s	Decrease in value £'000s
Statement of Comprehensive Income capital return	**87,820**	**(88,512)**	71,244	(72,425)
NAV per ordinary share				
Basic – pence	**40.75**	**(41.07)**	33.06	(33.60)

(b) Liquidity risk exposure

The Group is required to raise funds to meet commitments associated with financial instruments. These funds may be raised either through the realisation of assets or through increased borrowing. The risk of the Group not having sufficient liquidity at any time is not considered by the Board to be significant, given: the number of quoted investments held in the Group's portfolio (80 at 31 March 2013); the liquid nature of the portfolio of investments; the industrial and geographical diversity of the portfolio (see charts on page 8); and the existence of the loan facility agreement expiring on 23 February 2014. Drawdowns under the facility have been and are likely to remain modest. The Company will either extend or replace the facility or repay the outstanding debt when due from portfolio realisations.

Cash balances are held with reputable banks.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Investment Manager reviews liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting. The Group has loan facilities of £50m as set out in note 13. The remaining contractual maturities of the financial liabilities at 31 March, based on the earliest date on which payment can be required, were as follows:

2013	**Three months or less £'000s**	**More than three months but less than one year £'000s**	**More than one year £'000s**	**Total £'000s**
Other payables	**10,723**	**–**	**–**	**10,723**
Bank loans	**–**	**9,228**	**–**	**9,228**
	10,723	**9,228**	**–**	**19,951**

2012	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Other payables	3,849	–	–	3,849
Derivative financial instruments	58,833	–	–	58,833
Bank loans	–	–	4,395	4,395
	62,682	–	4,395	67,077

(c) Credit risk and counterparty exposure

The Group is exposed to potential failure by counterparties to deliver securities for which the Group has paid, or to pay for securities which the Group has delivered. The Board approves all counterparties used in such transactions, which must be settled on a basis of delivery against payment (except where local market conditions do not permit). A list of pre-approved counterparties is maintained and regularly reviewed by the Administrator and the Board. Broker counterparties are selected based on a combination of criteria, including credit rating, balance sheet strength and membership of a relevant regulatory body. The rate of default in the past has been negligible. Cash and deposits are held with reputable banks.

The Company has an on-going contract with its custodians for the provision of custody services. The contracts are reviewed regularly. Details of securities held in custody on behalf of the Company are received and reconciled monthly. To the extent that ICM and F&C Management Limited (FCM) carry out duties (or cause similar duties to be carried out by third parties) on the Company's behalf, the Company is exposed to counterparty risk. The Board assesses this risk continuously through regular meetings with management and internal auditors of FCM.

In summary, compared to the amounts included in the balance sheet, the maximum exposure to credit risk at 31 March was as follows:

Current assets	**31 March £'000s**	**2013 Maximum exposure in the year £'000s**	31 March £'000s	2012 Maximum exposure in the year £'000s
Cash at bank	**2,798**	**8,989**	387	8,232
Financial assets through profit or loss – derivatives (put options and call options)	**101,748**	**113,010**	14,395	47,889

None of the Group's financial assets is past due or impaired.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair values of financial assets and liabilities

The assets and liabilities of the Group are, in the opinion of the Directors, reflected in the Balance Sheet at fair value, or at a reasonable approximation thereof. Borrowings under loan facilities do not have a value materially different from their capital repayment amount. Borrowings in foreign currencies are converted into Sterling at exchange rates ruling at each valuation date.

Unquoted investments are valued based on professional assumptions and advice that is not wholly supported by prices from current market transactions or by observable market data. The Directors make use of recognised valuation techniques and may take account of recent arms' length transactions in the same or similar investments.

The Directors regularly review the principles applied by the Investment Manager to those valuations to ensure they comply with the Group's accounting policies and with fair value principles.

(e) Capital risk management

The investment policy of the Group is stated as being to provide shareholders with long term capital appreciation by investing predominantly in infrastructure, utility and related sectors mainly in emerging markets. The capital of the Group comprises ordinary share capital and reserves equivalent to the net assets of the Group. In pursuing the long-term investment policy, the Board has a responsibility for ensuring the Group's ability to continue as a going concern. It must therefore maintain an optimal capital structure through varying market conditions. This involves the ability to: issue and buy back share capital within limits set by the shareholders in general meeting; borrow monies in the short and long term (up to a limit of 25% of gross assets); and pay dividends to shareholders out of reserves. Changes to ordinary share capital are set out in note 18. Dividend payments are set out in note 8. Loans are set out in notes 13 and 15.

Notice is hereby given that the 2013 Annual General Meeting of Utilico Emerging Markets Limited will be held at Hilton Athens, 46 Vassilissis Sofias Avenue, Athens, 11528, Greece on Monday, 23 September 2013 at 12.00 noon for the following purposes:

To consider, and if thought fit, pass the following resolutions:

ORDINARY BUSINESS:

1. To confirm the Minutes of the last General Meeting.
2. To receive and adopt the Directors' report and auditor's report and the accounts for the year ended 31 March 2013.
3. To approve the Directors' Remuneration Report for the year ended 31 March 2013.
4. To re-elect Mr A Muh as a Director.
5. To re-elect Mr K J O'Connor as a Director.
6. To appoint KPMG LLP as auditor of the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
7. To authorise the Directors to determine the auditor's remuneration.

SPECIAL BUSINESS:

8. That in substitution for the Company's existing authority to make market purchases of ordinary shares of 10p in the Company ("Ordinary Shares"), the Company be and it is generally and unconditionally authorised to make market purchases of Ordinary Shares, provided that:
   (a) the maximum number of Shares hereby authorised to be purchased is 32,307,766 (being the equivalent of 14.99% of the issued Ordinary Shares as at the date of this notice);
   (b) the minimum price which may be paid for an Ordinary Share shall be 10p;
   (c) the maximum price (exclusive of expenses payable by the Company) which may be paid for an Ordinary Share shall be the higher of:
   (i) 105% of the average of the middle market quotations of the Ordinary Shares in the Company for the five business days prior to the date on which such shares are contracted to be purchased; and
   (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out;
   (d) such purchases shall be made in accordance with the Bermuda Companies Act;
   (e) unless renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting in 2014 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after the expiration of such authority.
9. **As a Special Resolution:** That, the Company may issue Relevant Securities (as defined in the Bye-Laws) representing up to 21,552,870 Ordinary Shares, equivalent to approximately 10% of the total number of Ordinary Shares in issue as at the date of this notice, provided that such disapplication shall expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting by Special Resolution (as defined in the Bye-Laws)) at the earlier of the conclusion of the annual general meeting to be held in 2014 or 18 months from the date of this resolution but so that this power shall enable the Company to make such offers or agreements before such expiry which would or might otherwise require Relevant Securities to be issued after such expiry and the Directors may issue Relevant Securities in pursuance of such offer or agreement as if such expiry had not occurred.
10. **As an Ordinary Resolution:** That the Company's Bye-laws be amended by the insertion of the following new Bye-law 33.3:
    "33.3 In addition to the right of the Board to serve notice on any Shareholder pursuant to Bye-law 33.1, the Board may serve notice on any Shareholder requiring that Shareholder to promptly provide the Company with any information, representations, certificates or forms relating to such Shareholder (or its direct or indirect owners or account holders) that the Board determines from time to time are necessary or appropriate for the Company to:
    (a) satisfy any account or payee identification, documentation or other diligence requirements and any reporting requirements imposed under sections 1471 to 1474 of the United States Internal Revenue Code of 1986 Treasury Regulations made thereunder and any agreement relating thereto (including, any amendments, modification, consolidation, re-enactment or replacement

thereof made from time to time) (" FATCA") or the requirements of any similar laws or regulations to which the Company may be subject enacted from time to time by any other jurisdiction ("Similar Laws"); or

(b) avoid or reduce any tax otherwise imposed by FATCA or Similar Laws (including any withholding upon any payments to such Shareholder by the Company); or

(c) permit the Company to enter into, comply with, or prevent a default under or termination of, an agreement of the type described in section 1471(b) of the US Internal Revenue Code of 1986 or under Similar Laws.

If any Shareholder (a "Defaulting Shareholder") is in default of supplying to the Company the information referred to above within the prescribed period (which shall not be less than 28 days after the service of the notice), the continued holding of shares in the Company by the Defaulting Shareholder shall be deemed to cause or be likely to cause the Company and/or its Shareholders a pecuniary and material disadvantage for the purposes of Bye-law 39 and the Board may, in its discretion, require the Defaulting Shareholder to transfer its shares in accordance with Bye-law 39."

By order of the Board
ICM Limited, Secretary
20 June 2013

NOTES

(1) Only the holders of ordinary shares registered on the register of members of the Company at 10:00 am (BST) on 20 September 2013 shall be entitled to attend and vote or to be represented at the meeting in respect of the shares registered in their name at that time. Changes to entries on the register after 10:00 am (BST) on 20 September 2013 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

(2) A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.

(3) The return of a form of proxy will not preclude a member from attending the meeting and voting in person if he/she wishes to do so. To be valid, a form of proxy for use at the meeting and the power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be deposited with the Company's registrars, Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 10:00 am (BST) on 20 September 2013. In view of this requirement, investors holding shares in the Company through a depository interest should ensure that Forms of Instruction are returned to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 4:00 pm (BST) on 19 September 2013.

(4) The register of Directors' holdings is available for inspection at the registered office of the Company during normal business hours on any weekday and will be available at the place of the meeting from 15 minutes prior to the commencement of the meeting until the conclusion thereof.

(5) No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Company's Bye-laws. The letters of appointment are available for inspection at the Company's registered office and at the annual general meeting.

(6) The fourth quarterly dividend of 1.525p per ordinary share in respect of the year ended 31 March 2013 was paid on 5 June 2013 to the relevant holders on the register at the close of business on 17 May 2013.

Utilico Emerging Markets Limited

Company Registration Number: 36941
www.uem.bm

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Alexander Zagoreos (Chairman)
Kevin O'Connor (Deputy Chairman)
Garry Madeiros OBE
Anthony Muh

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The Company's shares are traded on the Main Market of the London Stock Exchange.
The Company's ordinary shares can be held in an ISA.

NOTES

	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008	31 March 2007	31 March 2006 (2)	20 July 2005 (3)	Change % 2013/12	Change % 2012/11	Change % 2011/10	Change % 2010/09	Change % 2009/08	Change % 2008/07	Change % 2007/06	Change % 2006/05
Total return(1) (Annual)	20.5%	3.1%	21.4%	44.0%	(28.9%)	16.3%	22.4%	18.2%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Annual compound total return (since inception)(4)	14.2%	13.5%	15.1%	12.6%	5.6%	21.5%	24.5%	27.1%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Undiluted net asset value per ordinary share	205.49p	175.60p	175.28p	157.33p	107.76p	168.39p	146.45p	119.48p	98.36p	17.0	0.2	11.4	46.0	(36.0)	15.0	22.6	21.5
Diluted net asset value per ordinary share	205.49p(5)	175.60p(5)	175.28p(5)	148.37p	106.51p	157.20p	138.80p	116.23p	98.36p(5)	17.0	0.2	18.1	39.3	(32.2)	13.3	19.4	18.2
Ordinary share price	191.20p	164.00p	157.75p	132.00p	95.50p	153.75p	137.25p	126.00p	100.00p	16.6	4.0	19.5	38.2	(37.9)	12.0	8.9	26.0
(Discount)/premium(6)	(7.0%)	(6.6%)	(10.0%)	(11.0%)	(10.3%)	(2.2%)	(1.1%)	8.4%	1.7%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Earnings per ordinary share (basic)																	
– Capital	30.71p	1.19p	25.63p	48.57p	(60.28p)	17.89p	34.19p	19.50p	n/a	2,480.7	(95.4)	(47.2)	n/a	n/a	(47.7)	75.3	n/a
– Revenue	5.20p	4.12p	5.61p	4.67p	5.08p	5.24p	2.96p	1.62p	n/a	26.2	(26.6)	20.1	(8.1)	(3.1)	77.0	82.7	n/a
Total	35.91p	5.31p	31.24p	53.24p	(55.20p)	23.13p	37.15p	21.12p	n/a	576.3	(83.0)	(41.3)	n/a	n/a	(37.7)	75.9	n/a
Dividends per ordinary share																	
– 1st Quarter	1.375p	–	–	–	–	–	–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
– 2nd Quarter	1.375p	3.750p	3.750p	3.750p	4.000p	3.500p	2.000p	–	n/a	n/a	–	–	(6.3)	14.3	75.0	n/a	n/a
– 3rd Quarter	1.525p	–	–	–	–	–	–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
– 4th Quarter(7)	1.525p	1.750p	1.450p	1.050p	0.800p	1.300p	0.700p	1.500p	n/a	n/a	–	38.1	31.3	(38.5)	85.7	(53.3)	n/a
Total	5.800p	5.500p	5.200p	4.800p	4.800p	4.800p	2.700p	1.500p	n/a	5.5	5.8	8.3	–	–	77.8	80.0	n/a
Equity holders' funds (£m)	442.9	378.5	383.2	319.9	230.7	359.5(9)	241.6(8)	89.7	73.8	17.0	(1.2)	19.8	38.7	(35.8)	48.8	169.4	n/a
Gross assets (£m)(10)	452.1	382.9	393.4	344.5	272.5	441.3(9)	288.6(8)	107.2	73.8	18.1	(2.7)	14.2	26.4	(38.0)	53.3	169.2	n/a
Ordinary shares bought back (£m)	–	4.9	11.5	16.0	0.2	–	–	–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cash/(overdraft) (£m)	2.6	(1.8)	(0.7)	2.0	24.1	11.9	19.9	1.2	–	n/a	n/a	n/a	(11.2)	102.5	n/a	n/a	n/a
Bank debt (£m)	(9.2)	(4.4)	(10.2)	(24.7)	(41.8)	(79.9)	(45.0)	(17.5)	–	109.1	(56.9)	(58.7)	(0.7)	(47.7)	77.5	157.2	n/a
Net debt (£m)	(6.6)	(6.2)	(10.9)	(22.7)	(17.7)	(68.0)	(25.1)	(16.3)	–	6.5	(43.1)	(52.0)	28.2	(74.0)	170.9	54.0	n/a
Net debt gearing on gross assets	1.5%	1.6%	2.8%	6.6%	6.5%	15.5%	8.8%	15.2%	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Management and administration fees and other expenses (£m)																	
– excluding performance fee	3.4	3.9	3.1	2.5	2.7	3.1	2.1	0.8	–	(12.8)	25.8	24.0	(7.4)	(12.9)	47.6%	n/a	n/a
– including performance fee	12.9	3.6	9.6	2.5	2.7	6.5	9.2	3.0	–	258.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ongoing charges figure(11)																	
– excluding performance fee	0.8%	0.9%	0.8%	0.8%	0.7%	0.8%	0.9%	0.9%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
– including performance fee	3.2%	0.9%	2.5%	0.8%	0.7%	1.7%	4.0%	3.4%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

(1) Total return is calculated based on diluted NAV per ordinary share return plus dividends reinvested from the payment date

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

(3) Date of admission to trading on Alternative Investment Market; migrated to Main Market in October 2011

(4) Annual total return is calculated based on diluted NAV per ordinary share plus dividends reinvested from the payment date and return on warrants converted at 2 August 2010

(5) There was no dilution

(6) Based on diluted net asset value

(7) The dividends have not been included as a liability in the accounts

(8) Includes the £100.0m fund raising in May 2006

(9) Includes the £85.0m fund raising in December 2007

(10) Gross assets less liabilities excluding loans

(11) Expressed as percentage of average net assets, ongoing charges comprise all operational, recurring costs that are payable by the Company or suffered within underlying investee funds, in the absence of any purchases or sales of investments

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