UTILICO

UTILICO EMERGING MARKETS LIMITED

Report and Accounts 2010

Ingot Capital Management Pty Ltd

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

UEM's fully diluted net asset value per share continued the recovery started last year and ended the year at 148.37p, up 39.3%. UEM's long-term performance since inception in 2005 has resulted in an average annual compound return of 12.4%, including dividends paid.

CONTENTS

FINANCIAL CALENDAR

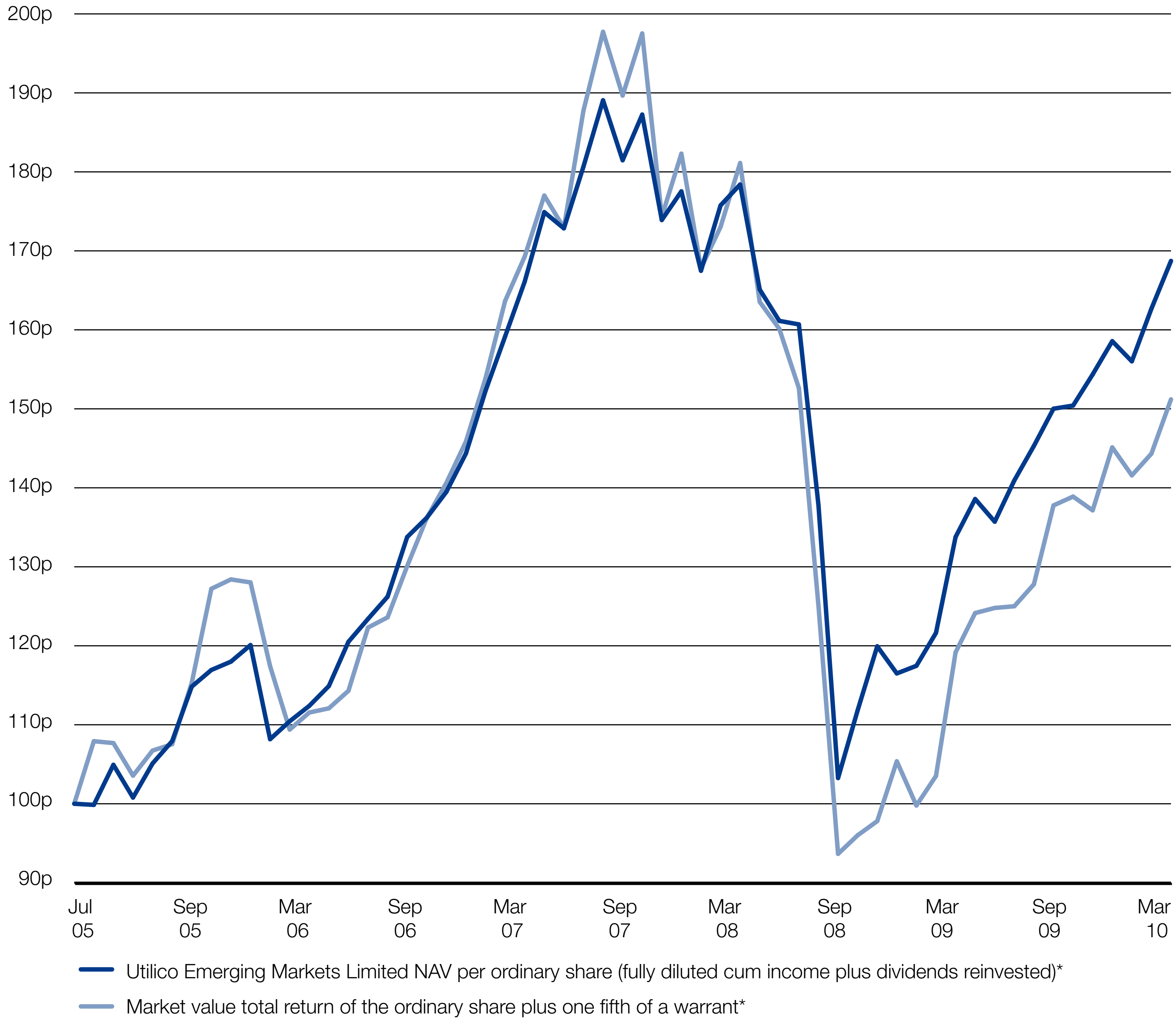
Ordinary shares ex-dividend	16 June 2010
Dividend payment	2 July 2010
AGM	30 August 2010
Half year September 2010 announcement	December 2010

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

FINANCIAL HIGHLIGHTS

- Diluted net asset value increased to 148.37p, up 39.3%
- Gains on the investment portfolio of £112.5m
- Dividends per ordinary share maintained at 4.80p (final 1.05p)
- Bank debt reduced to £24.7m
- Group revenue account earnings per ordinary share of 4.67p
- Final dividend represents a yield of 3.6%

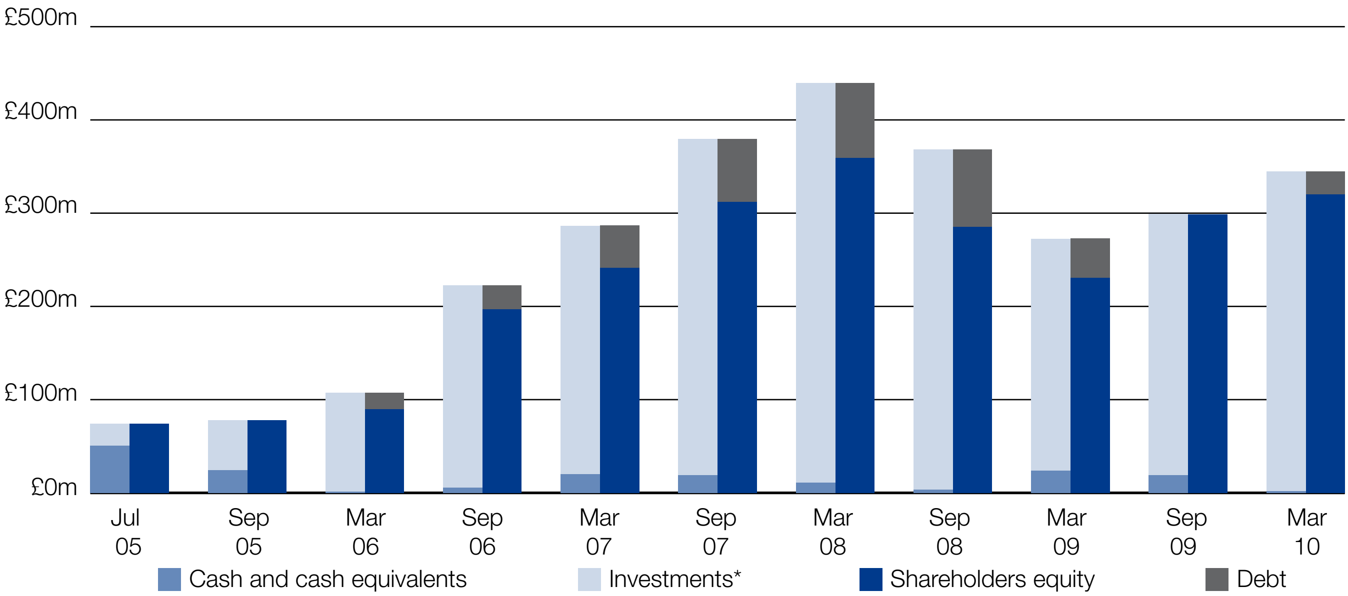
UEM ordinary share plus one fifth of a warrant and NAV performance
From 20 July 2005 to 31 March 2010



*Rebased to 100 at 20 July 2005

Source: Utilico Emerging Markets Limited

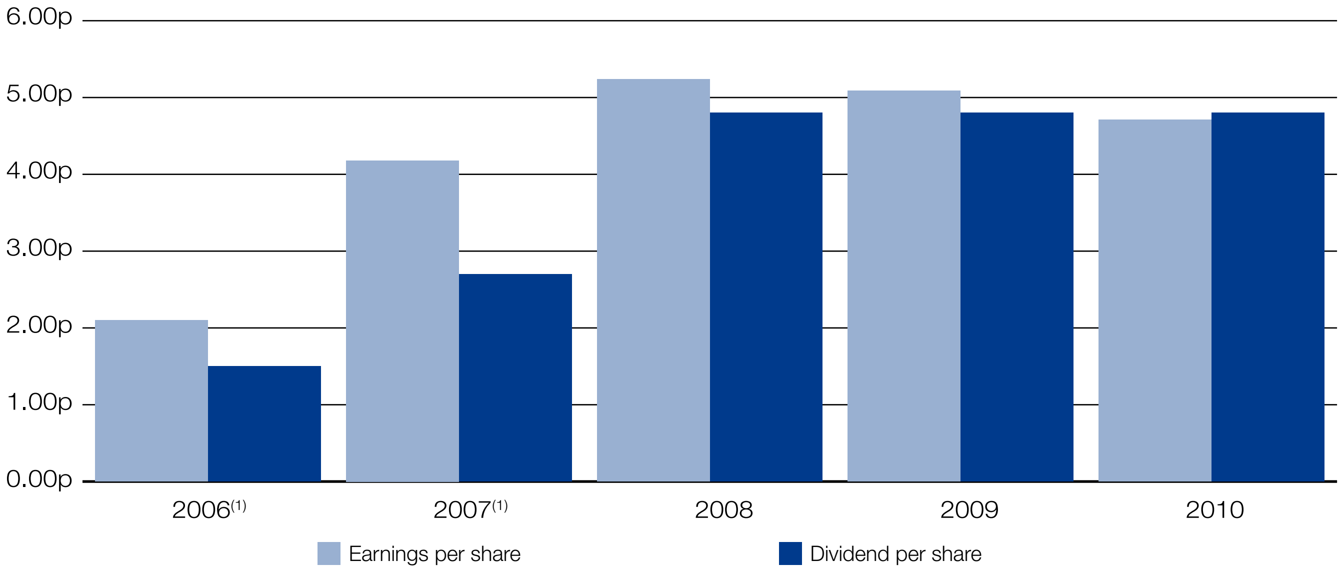
UEM portfolio progression and capital structure
(From 20 July 2005 to 31 March 2010)



**gross assets less liabilities excluding cash and loans*

Source: Utilico Emerging Markets Limited

Dividend per share & Revenue Earnings per share



(1) EPS re-stated to assume current accounting policy in respect of splitting management fees and finance costs between revenue and capital.

Source: Utilico Emerging Markets Limited

GROUP PERFORMANCE SUMMARY

	31 March 2010	31 March 2009	Change %
Undiluted net asset value per ordinary share	**157.33p**	107.76p	46.0
Diluted net asset value per ordinary share	**148.37p**	106.51p	39.3
Ordinary share price	**132.00p**	95.50p	38.2
(Discount)/premium(1)	**(11.0%)**	(10.3%)	n/a
Warrant and S share price	**30.50p**	11.50p	165.2
Earnings per ordinary share (basic)			
– Capital	**48.57p**	(60.28p)	n/a
– Revenue	**4.67p**	5.08p	(8.1)
– Total	**53.24p**	(55.20p)	n/a
Dividends per ordinary share			
– Interim	**3.75p**	4.00p	(6.3)
– Final	**1.05(2)**	0.80p	31.3
– Total	**4.80p**	4.80p	–
Equity holders' funds (£m)	**319.9**	230.7	38.7
Gross assets (£m)(3)	**344.5**	272.5	26.4
Cash (£m)	**2.0**	24.1	(91.7)
Bank debt (£m)	**(24.7)**	(41.8)	(40.9)
Net debt (£m)	**(22.7)**	(17.7)	28.2
Net debt gearing on gross assets	**6.6%**	6.5%	n/a
Management and administration fees (£m)(4)	**2.5**	2.7	(7.4)
Total expense ratio(5)	**0.8%**	0.7%	n/a

(1) Based on diluted net asset value
(2) The dividend declared has not been included as a liability in these accounts (see note 9 to the accounts)
(3) Gross assets less liabilities excluding loans
(4) Excluding performance fee, including other expenses
(5) Management and administration fees over monthly average gross assets

UEM seeks to invest in undervalued investments in the infrastructure and utility sectors mainly in emerging markets.

The Company looks to minimise risk by investing predominantly in companies and sectors displaying the characteristics of essential services or monopolies.

The Company's investing policy is flexible and permits it to make investments predominantly in infrastructure, utility and related sectors, including (but not limited to) water, sewerage, waste, electricity, gas, telecommunications, ports, airports, services 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 underdeveloped 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 managers 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 contracts for difference ("CFD"), financial futures, call and put options and warrants.

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

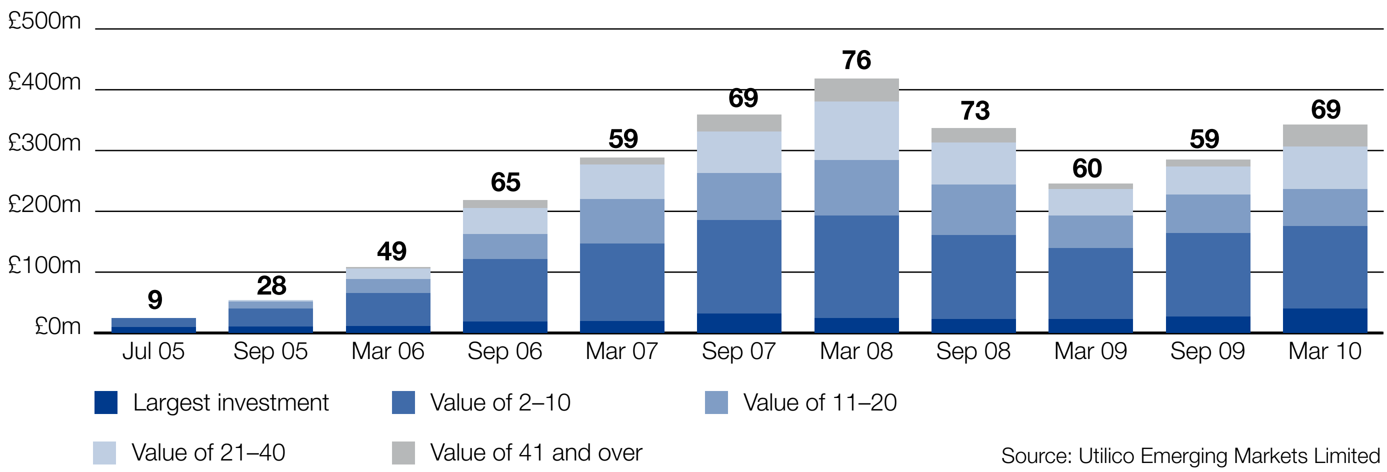
UEM seeks to identify and invest in undervalued investments in the fast growing infrastructure and utility sectors mainly in emerging markets. The Company aims to identify securities where underlying values and growth prospects are not reflected in the market price. This is often as a result of strong 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 predominantly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure 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 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. Investment may be through equity, debt securities and derivative instruments such as CFDs, warrants and options. 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.

Portfolio progression and number of companies
From 20 July 2005 to 31 March 2010



Source: Utilico Emerging Markets Limited

UEM's fully diluted NAV continued the recovery started last year and ended the year at 148.37p up 39.3%.

We remain optimistic about the long-term performance of the emerging markets. However, bull markets are susceptible to correction and we will remain alert to the issues in sovereign debt markets, especially in Europe.

I am pleased to report that Utilico Emerging Markets Limited's ("UEM") fully diluted net asset value ("NAV") continued the recovery started last year and ended the year at 148.37p, up 39.3% and well above the low point of 93.00p on 28 October 2008. The year to 31 March 2010 saw the emerging equity markets recover strongly as gross domestic product ("GDP") growth within the emerging markets gained traction and the equity markets regained their confidence.

The strength and breadth of the recovery has continued to be surprising. As this recovery has gained momentum in the second half of the year our confidence has grown in the corporate recovery and market valuations. Corporate profitability has expanded sharply on the back of tighter cost controls and improved productivity combined with real GDP growth in the emerging markets. While we firmly believe the recovery in a number of markets is well grounded, the world's economies are developing a three stage recovery. The emerging markets have, for the main part, recovered and are facing concerns over asset bubbles and inflation. The developed markets can be divided between commodity based economies like Canada and Australia, who are experiencing strong recoveries and Europe and the USA weighed down by sovereign debt, a weak recovery, rising debt, unemployment and low confidence.

The utilities sector continues to find little support within the investment community. This is best illustrated in the Index Performance set out on page 12. As can be seen the Bloomberg World Utilities Index was up 23.4% versus the Bloomberg World Index which was up 49.0%. Nearly all markets reflect this bias to an extent. In the emerging markets the MSCI Emerging Markets Utilities Index was up 45.9% (sterling adjusted) as compared to the MSCI Emerging Markets Index which was up 66.9% (sterling adjusted). Against this background the performance of UEM's fully diluted NAV has been respectable at 39.3%.

While there were concerns over the ability to maintain last year's dividends, the recovery in earnings in the second half has been strong. The earnings per share ("EPS") for the full year was 4.67p versus 5.08p last year. Given this outcome the Board has declared a final dividend of 1.05p resulting in a maintained total dividend for the year of 4.80p representing a dividend yield of 3.6%.

In order to pay these dividends, which exceed the revenue earned during the year, we will draw £135,000 from retained earnings brought forward (based on the number of shares in issue at the date of the report).

As markets have recovered there has been a growing shift to wider discounts in the closed end fund sector. UEM has been caught up in this and has seen its discount widen. Against this, the Investment Manager has bought back 12.6m ordinary shares at an average price of 126.98p as an investment opportunity. However, the discount has failed to narrow as shareholders are increasingly concerned about market valuations and are seeking comfort from wider discounts.

The focus on a strong revenue return and a low total expense ratio, including the capitalisation of 70% of the management and finance costs, continues to enable the Company to maintain an attractive dividend payout to shareholders. In light of this focus, the Board has considered it appropriate to amend the terms of the high watermark, as set out in the performance fee calculation within the investment management agreement, to take account of dividends paid following the period in respect of which a performance fee was last paid. This change removes the anomaly that higher levels of dividends reduce the ability of the investment manager to earn a performance fee. Further details of the performance fee are set out in note 4 of the report and accounts.

The final exercise date for UEM's warrants and S shares is 2 August 2010. These are exercisable at 100.0p and are in the money compared to the current share price of 132.25p (as at 7 June 2010). There are 29.1m warrants and 8.6m S shares outstanding which will result in £37.7m being received by UEM, should they be exercised in full.

Outlook

We remain optimistic about the long-term performance of the emerging markets. The key drivers of economic growth and the emergence of a growing middle class are central to this view. We believe that the emerging markets will continue to offer attractive valuations and investment opportunities.

Clearly, we must be vigilant to the issues facing the sovereign debt markets. They have the ability to severely disrupt the operation of the world's debt markets and capital flows. While these issues are painful for a number of countries, we do not see them materially disrupting the emerging markets' long-term growth.

However, markets are susceptible to correction and we will remain alert to the issues in sovereign debt markets, especially in Europe.

Alexander Zagoreos
Chairman
June 2010

The 12 months to 31 March 2010 have been positive with most asset classes reversing the severe peak-to-trough conditions of the previous year.

UEM's long-term performance since inception in 2005 has resulted in an average annual compound return of 12.4%, including dividends paid.

The twelve months to 31 March 2010 have been positive with most asset classes reversing the severe peak to trough conditions of the prior year. The emerging markets led by China have seen a strong expansion of their GDP resulting in a strong demand for commodities and currencies. The major developed economies have needed unprecedented support in the form of continued quantitative easing throughout the year and the maintenance of abnormally low interest rates. These factors have combined to see a flow of capital away from fixed interest investments and into higher risk assets, especially the emerging markets.

UEM has benefited from this positive trend and seen its fully diluted NAV rise by 39.3% to 148.37p.

UEM's long term performance since inception in 2005 has resulted in an average annual compound return of 12.4%, including dividends paid.

Portfolio

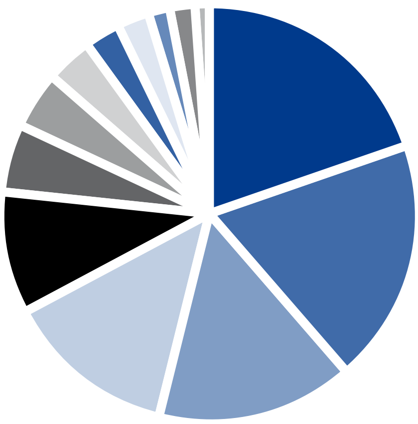
UEM's portfolio has increased to £342.5m at 31 March 2010, up £97.0m from £245.5m at 31 March 2009. There has been a significant level of investment activity in the year with gross purchases of £99.6m and gross disposals of £115.2m.

The top ten investments have changed over the year with Comanche Clean Energy ("Comanche") (3rd last year), POS Malaysia ("POSM") (5th last year), and Companhia de Gas de Sao Paulo ("Comgas") (8th last year) no longer in the top ten. They were replaced by Companhia de Concessoes Rodoviarias ("CCR") (8th), Sichuan Expressway ("Sichuan") (9th), Xinao Gas Holdings (10th).

Comanche has been written down as a result of its poor operating performance. The Company invested heavily in its asset base, however it has been unable to take full advantage of its position due to severe working capital constraints. As at 31 March 2010, the investment stood at £4.7m, down from £16.5m last year.

POSM fell out of the top ten due to a realisation of 75% of our holding. We were increasingly convinced that the long awaited tariff increase would not come through. Without this it was difficult to see the required major changes being delivered. It has been very frustrating to see the tariff increase come through after the year end. The shares have risen strongly and we have reduced our holding further into strength after the year-end.

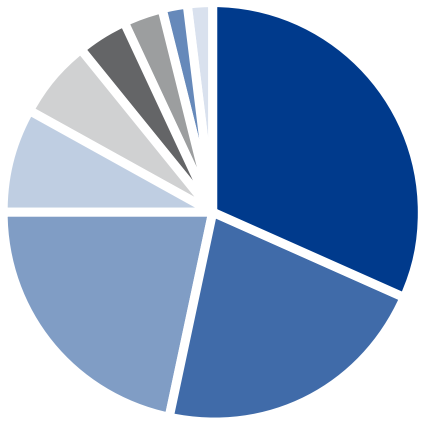
Sectoral split of investments
as at 31 March 2010



- Ports – 19.8% (14.6%)
- Water & waste – 19.0% (20.6%)
- Toll Roads – 15.2% (6.3%)
- Airports – 13.4% (12.8%)
- Electricity – 9.6% (10.1%)
- Gas – 5.3% (6.8%)
- Telecoms – 4.2% (5.1%)
- Other – 3.7% (4.5%)
- Renewables – 2.8% (8.4%)
- Satellites – 2.4% (2.1%)
- Other Infrastructure – 1.8% (1.5%)
- Infrastructure Investment Funds – 1.7% (1.0%)
- Post Office – 1.1% (6.2%)

Source: Utilico Emerging Markets Limited

Geographical split of investments
as at 31 March 2010



- Brazil – 31.7% (37.1%)
- Malaysia – 21.8% (27.0%)
- China – 21.6% (13.8%)
- Philippines – 8.0% (4.9%)
- Thailand – 6.3% (6.6%)
- Other Asia – 3.9% (2.5%)
- Eastern Europe – 3.0% (3.6%)
- Middle East/Africa – 1.9% (1.6%)
- Other Latin America – 1.8% (2.9%)

Percentages in brackets as at 31 March 2009

Comgas reduced as a result of significant realisations. While we continue to like Comgas it did not warrant its position in the top ten.

CCR has previously been in the top ten. The company has had a strong performance driven by returns on its asset base and increasing investment opportunities. CCR is expected to benefit in the medium term from the 2014 Football World Cup being held in Brazil and the Olympic Games awarded to Rio de Janeiro for 2016. CCR's shares rose 89.4% over the year.

We significantly increased our investment in Sichuan during the year. We are increasingly convinced the toll road sector in China offers attractive long-term growth especially in the inland provinces. We invested £4.6m in Sichuan in addition to the £0.5m invested last year. At year end this had risen in value to £9.3m. Its share price rose 217.2% during the year.

Xinao Gas has risen strongly in the year and as a result is included in the top ten. Its results were ahead of expectations and in response its share price rose 154.4% in the year. We reduced our holding by £6.2m into strength.

We noted in earlier years that our reason for investing in Malaysia was that it offered the opportunity for growth plus structural change. This remains our view and this has been reinforced by the strong political leadership of the current government and in particular the Prime Minister, Najib Tun Razak.

Last year Malaysia Airport Holdings Berhad ("MAHB") benefited from restructuring and moved up to the top of our portfolio. This year it has extended its gains as the restructuring delivers results. Its share price rose 93.6% in the year. We sold 10.0% of our position during the year, amounting to £4.4m.

Puncak Niaga Holdings Berhad ("Puncak") remains frustrating. Malaysia at the federal level has declared its intent to restructure the water industry, taking ownership of water networks while employing the private sector to operate those assets. This is sensible but the delay in its implementation is causing concern. Puncak was the only position in the top ten to see its share price decline in the year, down 10.6%. During the year we sold £3.2m into strength.

Brazil remains a long term investment conviction. While the election later this year will take attention away from the economy we continue to believe Brazil's long term outlook is strong. This is underpinned by the very significant economic activity around the offshore oil exploration, the robust commodity prices, the award of the Olympic Games and the 2014 World Cup which should see a significant investment in infrastructure in Rio de Janeiro and Sao Paulo.

Ocean Wilsons Holdings Ltd ("Ocean Wilsons") has remained our second largest holding with a share price gain of 73.6%. Their largest investment, Wilson Sons, is benefiting from increased offshore oil activity. However, Ocean Wilsons as a whole continues to fall well short of its full value based on a sum of the parts, with the discount to NAV standing at 51.0% at 31 December 2009. We are less than convinced of the merits of maintaining Ocean Wilsons' corporate structure and will continue to push for change and the demerger of Wilson Sons.

AES Tiete SA ("AES") offers a defensive outlook. This "mature" company continues to deliver good results and dividend growth. It paid out dividends equal to 13.0% of its opening share price and its shares ended the year up 9.7%.

Companhia de Saneamento de Minas Gerais ("Copasa") continues to offer steady growth. Its progress this year was held back by a disappointing tariff increase, ascribed by the market to difficulties in an election year. Not withstanding this, the shares rose 32.3% in the year. We have reduced our holding by a net £3.7m (32.5%) in the year.

International Container Terminal Services Inc ("ICT") has made substantial progress. During the year the share price rose 93.8% and it has extended this strong run post the year end. The recovery in container volumes is gaining momentum and driving companies such as ICT forward strongly.

Eastern Water Resources has reported progress in the year and its outlook is promising. Its share price has risen 69.2%.

A key thrust of our investment approach over the year has been to build up the investments in toll roads. This combined with a strong performance by the existing toll road investments has seen this sector increase in value. Toll roads offer us exposure to rising economic activity and increased car ownership in the emerging countries and also offer protection against inflation via index-linked tariffs.

As a result of this activity we have seen significant movement in UEM's sector and geographic split. Brazil remains top at 31.7% but has reduced from 37.1%. Malaysia has just held onto the number two spot at 21.8% (27.0%), China has risen to 21.6% (13.8%), and the Philippines has almost doubled to 8.0%.

On a sector basis ports is now our biggest sector at 19.8% (14.6%), toll roads have increased to 15.2% (6.3%) and renewables has reduced to 2.8% (8.4%). water and waste, our second largest sector at 19.0% (20.6%) has largely stood still as a result of realisations.

UEM has four unlisted and untraded investments, which account for 3.4% of the portfolio down from 9.3% last year, largely due to the write down of Comanche Clean Energy.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Market Hedging

The role of market hedging in our portfolio has reduced as markets have risen. We have held some modest hedging in place, but its maintenance is difficult. The losses of £4.4m are a reflection of the costs of hedging in this environment.

Over the four years to 31 March 2010 the hedging strategy has delivered a cumulative profit of £9.1m. This gain reflects the ability of the Investment Manager to make money through a hedge position during a rising market.

We will keep the hedging strategy under constant review.

Bank Debt

UEM started the year with bank debt of £41.8m and reduced this to nil by 30 September 2009. In the second half we utilised our remaining facility of £25.0m to both invest in the portfolio and to buy back shares. The facility was drawn £20.0m in Sterling and £5.0m in US Dollars at 31 March 2010. The interest rate on the facility is LIBOR plus 1.5% and it matures in March 2012.

Cash at the start of the year was £24.1m which reduced to £18.9m on 30 September 2009 and has reduced further to £2.0m at 31 March 2010. This reflects investments in the second half as confidence in the markets recovery has grown.

Revenue Return

The revenue return remains a key feature of UEM. Total revenue income earned was £13.7m versus £14.3m last year. This is a pleasing outcome, given the economic slowdown going into the year to 31 March 2010 and the weakness in the first half.

Fees and expenses were lower and we continue to maintain focus on the Company's costs. Finance costs reduced as a result of lower bank debt.

Taxation has increased and we will look at ways to reduce this cost going forward.

The resultant revenue return for the year decreased to £10.0m down 8.3% on the £10.9m last year. The EPS reduced by 8.1% to 4.67p.

Capital Return

The gains on the investment portfolio of £112.5m more than offset the losses last year of £102.0m. This was a very pleasing outcome. The loss in derivatives of £4.4m was expected given that rising markets should result in a loss in the hedge position put in place to protect against falling markets.

The exchange gains of £1.5m represent gains on bank and other financial instruments. Exchange gains on positions held in the portfolio are included in the investment gains.

Management and administration fees were lower due to a lower level of gross assets over the year and we remain focused on this aspect of the Company's costs. Finance costs fell by 16.7% to £2.7m, reflecting the lower debt levels during the year.

Taxation has risen from a positive £1.7m last year to a cost of £2.3m this year. This arises in the main from capital gains tax in Brazil. We will focus in the coming year on neutralising this cost where possible.

The net result is a gain on the capital account of £103.6m versus a loss of £128.9m last year.

Share Buy Backs

We have bought back 12.6m ordinary shares in the year at a cost of £16.0m and an average price of 126.98p. We continue to believe that buybacks are an investment decision. Evidence in the wider market suggests it has modest impact on the discount. We will strive to ensure there is a liquid market for UEM's shares where possible.

Current Trading

Not only did most of our investments report strongly improved performances during 2009, but this has also continued into the first quarter of 2010. This underpins our belief that well managed corporates will benefit from rising economic activity in China, India and Brazil, reinforced by an improving US economy.

We continue to believe that the emerging economies will offer strong growth in the current environment, with China recording growth of over 10%, that the US will surprise on the upside and that Europe will disappoint. Commodity based economies will benefit in this environment. As ever currencies will be tested as they try to rebalance market confidence. The next twelve months are going to see a testing of the expectation that quantitative easing can end without any significant economic impact; that sovereign debt can be re-financed; and that asset bubbles can be contained.

TEN LARGEST HOLDINGS

At 31 March 2010

This Year	*Last Year*	**Company** *(Country)* Description	Fair Value £'000s	% of total investments
1	*(1)*	**Malaysia Airport Holdings Berhad** *(Malaysia)* Airport operator	40,247	11.8
2	*(4)*	**Ocean Wilsons Holdings Limited** *(Brazil)* Ports operator, provider of shipping services and investment fund	27,483	8.0
3	*(9)*	**International Container Terminal Services, Inc.** *(Philippines)* Ports operator	18,003	5.3
4	*(10)*	**Eastern Water Resources PCL** *(Thailand)* Water treatment and supply company	15,494	4.5
5	*(2)*	**Puncak Niaga Holdings Berhad** *(Malaysia)* Water treatment and supply company	14,885	4.3
6	*(7)*	**AES Tiete S.A.** *(Brazil)* Electricity generator	14,512	4.2
7	*(6)*	**Companhia de Saneamento de Minas Gerais** *(Brazil)* Water treatment and supply company	14,049	4.1
8	*(–)*	**Companhia de Concessoes Rodoviarias** *(Brazil)* Toll road operator	12,935	3.8
9	*(–)*	**Sichuan Expressway Co. Limited** *(China)* Toll road operator	9,313	2.7
10	*(–)*	**Xinao Gas Holdings Limited** *(China)* Gas distribution company	8,847	2.6
		Other investments	166,683	48.7
		Total Portfolio	342,451	100.0

The value of the ten largest holdings represents 51.3% of the Group's total investments. The country shown is the location of the major part of the company's business. The value of the convertible securities represents 1.0% (2009: 6.5%) of the Group's portfolio and the value of fixed income securities represents 2.4% (2009: 1.4%) of the Group's portfolio. The total number of companies included in the portfolio is 69 (2009: 60)

REVIEW OF THE TEN LARGEST HOLDINGS

Malaysia Airport Holdings Berhad (Malaysia)
www.malaysiaairports.com.my

"MAHB" is the only civilian operator of airports in Malaysia and operates 37 airports in the country including Kuala Lumpur International Airport (KLIA). Growth will be driven by air traffic growth particularly in the low cost travel market once the new low cost carrier terminal (LCCT) is completed by the end of 2011. MAHB has targeted an expansion of its retail offering having recently completed its 'Retail Optimisation Plan' ('ROP') at the airport to increase its number of outlets. They plan to expand their overseas investments having currently obtained exposure to India and Turkey where travel dynamics will create a significant increase in air traffic growth. The 2009 results saw revenue increase 8.2% with passenger traffic increasing 8.2% to 51.3m. Net profit increased by 23.6% whilst the company maintained a minimum dividend payout of 50.0% of earnings. Over the year the share price has increased by 93.6%.

Ocean Wilsons Holdings Limited (Brazil)
www.oceanwilsons.bm

"Ocean Wilsons" is a Bermuda company with a 58.25% stake in Wilson Sons, based in Brazil, providing port and shipping services. The remainder of the business is in investment holdings. The company is listed on the London and Bermuda Stock Exchanges. Wilson Sons operates two container terminals in Brazil, Tecon Rio Grande and Tecon Salvador, and is the country's largest provider of vessel towage services. During 2009 revenue decreased by 4.1% but core operating profit increased by 9.2% due to cost control measures. In addition the investment portfolio recorded a profit of US$34.3m compared to a loss in 2008 of US$59.5m. The dividend was increased by 40.0% to US$0.42 per ordinary share. During the year the share price has increased by 73.6%.

International Container Terminal Services Inc. (Philippines)
www.ICTSI.com

"ICT" manages and operates container terminals in the Philippines and throughout the world. As well as its operation in Manila, ICT also manages ports in Brazil, Poland, Madagascar, China, Ecuador and Syria. The company's strategy is to focus on small to medium sized terminals where the expensive civil infrastructure has already been put in place which allows ICT to utilise their management expertise and increase port throughput. During 2009, core revenue decreased 9.8% whilst net income decreased 14.5% as volumes dropped 4.8% over the year. Since the start of 2010, the group has had a strong rebound in volumes and has made several attractive investments in Brazil and Argentina, to maintain its growth profile for the long term. Over the period the share price has increased by 93.8%.

Eastern Water Resources PCL (Thailand)
www.eastwater.co.th

"Eastern Water" operates the main water pipeline systems to Thailand's industrialised Eastern Seaboard. These systems supply untreated water (so called "raw water"). In addition, the company has built up a treated water supply business which now operates water treatment and supply concessions in nine separate areas. In their financial year to December 2009, raw water volumes fell by 1.3% as a result of the difficult economic situation experienced during the year. However, despite the economic backdrop, the company managed to implement tariff increases in the early part of the year which, together with a 7.3% increase in sales volumes of treated water, enabled the company to report a 20.1% increase in turnover and a 26.8% increase in normalised earnings. As the company operates outside of Bangkok, the recent political disturbances have had no effect on its business, with the company recording strong growth of 13.6% in raw water volumes in the first three months of 2010. In UEM's year to March 2010, Eastern Water's share price increased by 69.2%.

Puncak Niaga Holdings Berhad (Malaysia)
www.puncakniaga.com.my

"Puncak" is a water treatment and supply company serving the state of Selangor in Malaysia. Their assets were formerly owned and operated by the State Government, and Puncak, having received the concession in 2005, is focused on reducing leakage and ensuring greater access to water for the population of over 7 million people within their service area. Last year, we reported that the Malaysian Government had taken steps to initiate a restructuring of the Malaysian water industry. The intended structure would be for the Government to own and finance the assets themselves, thus benefiting from the Government's lower cost of capital than the private sector. In turn, the Government would grant operating licenses to private companies thus benefiting from private sector expertise. Unfortunately, this process is taking far longer than originally anticipated, a result of which is that a 37% scheduled tariff increase for Puncak, which should have taken place in January 2009, has not actually been implemented, although the company has been accruing revenue in their records at the higher rate. Puncak has now rejected two separate bids to sell their assets back to the Government, as the company thought the offers did not reflect the investment and risks which have gone into building up their asset base. As a result of the company accruing revenue at the new higher tariff rate, with a corresponding compensation receivable from the Government, Puncak's results were much improved in 2009, with an increase in revenue of 33.2%, and an increase in earnings from MYR21.6m to MYR142.6m. However, the continuing uncertainty over the company's future has weighed on the share price again, with a fall of 10.6%.

AES Tiete S.A (Brazil)
www.aestiete.com.br

AES Tiete operates 10 hydro electricity generation plants within the state of Sao Paulo, Brazil, with a total generation capacity of 2,651 MW. AES Tiete is a mature company representing a defensive earnings and dividend stream for UEM, selling its power output to the local electricity distribution company at index linked prices, together with strong cash flows and a conservatively financed balance sheet. During 2009 these defensive qualities allowed the company to record an increase of 12.7% in net earnings, despite the difficult economic situation. AES Tiete's share price increased by 9.7% during UEM's year to March 2010.

Companhia de Saneamento de Minas Gerais (Brazil)
www.copasa.com.br

"Copasa" is a water and sewerage company serving the state of Minas Gerais in Brazil, this being Brazil's second most populated state. Copasa supplies a population of 12.7m people with clean water, and provides waste water treatment and disposal for a population of 7.5m people. One of Copasa's main growth areas is the provision of sewage treatment in areas where there is no effective sewage treatment, or the treatment is still being carried out by a public authority. In the year to December 2009, Copasa increased its clean water client base by 3.3% and its waste water client base by 13.1%. Unfortunately, 2009 saw a year of regulatory uncertainty within the State of Minas Gerais, which delayed a revision to Copasa's tariffs while a new regulatory body for water was established, and Copasa's tariffs were finally increased in February 2010. However, as a result of this continued business growth, and consequent increase in efficiency, Copasa managed to increase its 2009 revenues by 6.9% and normalised net income by 5.2%, despite the absence of a tariff increase. Copasa's share price increased by 32.3% in the year to March 2010.

Companhia de Concessoes Rodoviarias (Brazil)
www.groupccr.com

"CCR" is Brazil's largest private toll road operating company. It manages 1571km of the country's highways which represents 13.0% of the country's privatised toll roads but with a 41.0% share of revenue volumes. It currently manages seven concessions in the states of Sao Paulo, Rio de Janeiro and Parana with additional investments including the management and operation of a subway contract for the Sao Paulo Metro. During 2009, core revenue increased 13.3% driven by a 17.1% increase in traffic, revenue growth being below traffic growth due to a deterioration in revenue mix between cars and commercial vehicles. Net income decreased 11.1% due to increased depreciation and interest costs from new investments. The dividend was increased by 3.0% and represented a 96.5% payout of earnings. Going forward, improving economic growth in Brazil coupled with rising traffic growth will drive CCR's revenue and profits. Over the year the share price has increased by 89.4%.

Sichuan Expressway Co. Limited (China)
www.cygs.com

"Sichuan" currently manages 380km of roads in the Sichuan Province, Western China, largely in the form of Chengyu Expressway and Chengya Expressway. It also owns 60% of Chengbei Expressway and 25% of Chengdu Airport Expressway. The company has benefited enormously from a major re-construction of the region following the earthquake and heavy snow storms a few years ago. It is also a beneficiary of the government's plan to shift investments further inland in China which has led to rapid GDP growth well above China's overall GDP even during the last year. During 2009, core revenue increased 16.7% driven by a strong increase in traffic on their major roads of between 10–30%. Net income increased 39.7% whilst the dividend payout represented a 65% payout of earnings. This growth was supported by a surge in auto sales in the Sichuan province of 40% in 2009, the second highest in the country. The first quarter of 2010 saw Sichuan achieve revenue growth of 22.1% and net profit increased by 67.4% as traffic remained robust. Over the period the share price has increased by 217.2%.

Xinao Gas
www.xinaogas.com

Xinao Gas ("Xinao") distributes and supplies gas to industrial and residential clients in China, serving a connectable population within their concession areas of over 40 million people, and having almost 5 million customer connections. Natural Gas represents only a modest part of China's overall energy consumption, with China using at present a similar volume of natural gas to the UK, for example. However, new domestic Chinese gas discoveries coupled with improving internal gas transportation infrastructure should ensure that natural gas continues to enjoy rapid growth in China given its environmental and cost advantages. During 2009, Xinao increased its sales of piped gas by 14.0% while increasing the number of client connections by 25.7%. In addition Xinao expanded its pipeline network by 12.3%. Given its position in a rapidly expanding market, Xinao has enjoyed excellent recent results, and 2009 was no exception with a 26.9% increase in net earnings. During the year to March 2010 Xinao's share price increased by 154.4%.

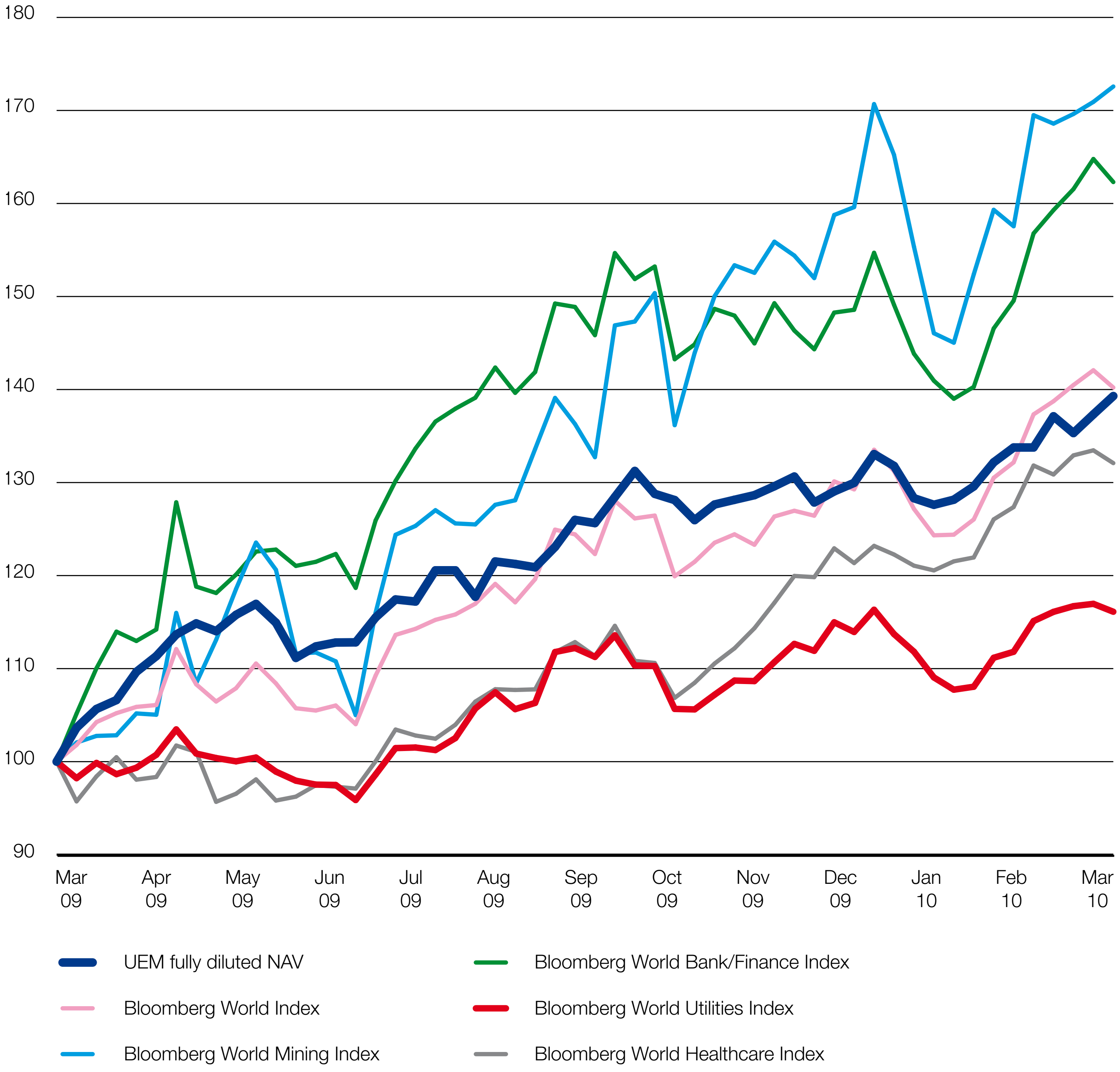
Index Performance

	Mar 09 to Mar 10 change	Price earnings ratio*	Dividend Yield
Bloomberg World Index	49.0%	22.8x	2.5%
Bloomberg World Utilities Index	23.4%	13.5x	4.3%
Utilities Underperformance	(25.6%)	(40.8%)	
Hang Seng Index	56.4%	16.0x	3.2%
Hang Seng Utilities Index	12.7%	17.7x	3.6%
Utilities Underperformance	(43.7%)	10.6%	
Bovespa Index	71.9%	17.3x	3.7%
Bovespa Electric Energy Index	44.7%	11.0x	9.5%
Utilities Underperformance	(27.2%)	(36.4%)	
FTSE All-Share Index	46.7%	20.4x	3.6%
FTSE All-Share Utilities Index	18.2%	14.7x	5.8%
Utilities Underperformance	(28.5%)	(27.9%)	
S&P500 Index	46.6%	18.7x	2.0%
S&P500 Utilities Index	15.6%	12.9x	4.7%
Utilities Underperformance	(31.0%)	(31.0%)	
MSCI Emerging Market Index (GBP adjusted)	66.9%	17.8x	2.4%
MSCI Emerging Markets Utilities Index (GBP adjusted)	45.9%	21.7x	3.8%
Utilities Underperformance	(21.0%)	21.9%	

*as at 20 April 2010

Source: Bloomberg

Bloomberg Indices Performance*
31 March 2009 to 31 March 2010



**GBP adjusted and rebased to 100 at 31 March 2009*

Source: Bloomberg

INVESTMENT TEAM

The Investment Manager Ingot Capital Management Pty Limited ("ICM") through its main representative, Mr Duncan Saville, is primarily responsible for the investment portfolio in conjunction with advice received from Mr C D O Jillings, a Director of the Company.

Investment Manager Ingot Capital Management Pty Limited represented by Mr Duncan Saville

Mr Saville, aged 53, is a director of UEM's investment manager, Ingot Capital Management Pty Limited ("ICM"). He is a chartered accountant. He is a non-executive director of Infratil Limited and Vix-ERG Limited and was formerly a non-executive director of Utilico Investment Trust plc, The Special Utilities Investment Trust PLC, East Surrey Holdings plc, Dee Valley Group plc, Glasgow Prestwick International Airport Limited and Wellington International Airport Limited.

Mr Charles Jillings (Director)

Mr Jillings, aged 54, is a Director 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 is qualified as a chartered accountant and previously worked in corporate finance at Hill Samuel for 10 years. He set up The Analysis & Research Company Limited in 1995 and has been a director of a number of listed companies. He is a director of Equest Balkan Properties plc (former Chairman) and Global Equity Risk Protection Limited. He was also until recently a director of Newtel Limited.

Assisting them are a team of eight, including:

Mr James Smith

Mr Smith, aged 37, has been involved in the running of UEM and Utilico Limited since their inception and before that with Utilico Investment Trust plc and The Special Utilities Investment Trust PLC since 1999. Mr Smith is a barrister and a member of the Institute of Chartered Accountants in England and Wales.

Mr Mark Lebbell

Mr Lebbell, aged 38, has been involved in the running of UEM and Utilico Limited since their inception and before that 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.

Mr Ittan Ali

Mr Ali, aged 38, has been employed by The Analysis and Research Company since March 2008 and was previously employed at TRW Investment Management as a Pan European fund manager. Prior to that he was employed for six years as a fund manager with Majedie Investments plc. Mr Ali is an associate of the UK Society of Investment Professionals.

Investment Manager

The Company has an Investment Management Agreement with ICM under which ICM provides investment management services including portfolio monitoring and research to the Company. ICM holds an Australian Financial Service License.

Mr Alexander Zagoreos (Chairman)†*

Mr Zagoreos, aged 72 and appointed in June 2005, was educated at Columbia University and was awarded an MBA, BA 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 a director of The World Trust Fund, chairman of The Egypt Trust and formerly manager of Lazard Emerging World Investors LP., and is on the boards of a number of investment companies and charitable organisations.

Mr Charles Jillings

Mr Jillings, aged 54 and appointed in June 2005, is qualified as a chartered accountant and previously worked in corporate finance at Hill Samuel for 10 years. He set up The Analysis & Research Company Limited in 1995 and has been a director of a number of listed companies. He is a director of Equest Balkan Properties plc (former Chairman) and Global Equity Risk Protection Limited. He was also until recently a director of Newtel Limited.

Mr Garry Madeiros†*

Mr Madeiros, aged 60, and appointed in June 2007, was formerly president and Chief Executive Officer of BELCO Holdings 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. His is a Justice of the Peace and a fellow of the Bermuda Institute of Chartered Accountants.

Mr Garth Milne†*

Mr Milne, aged 67 and appointed in June 2005, was formerly head of the investment funds division at UBS Warburg, having originally set up the team at Laing and Cruickshank. He has been involved in investment trusts in the UK for over 30 years and has been a director of several investment companies. He is a director of INVESCO Perpetual UK Smaller Companies Trust Plc, Real Estate Opportunities Limited and is non-executive chairman of Westhouse (Holdings) Limited (formerly SovGEM Limited).

Mr Kevin O'Connor (Deputy Chairman)†*

Mr O'Connor, aged 69 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 is a member of the New Zealand Takeovers Panel, Chairman of the Nikau Foundation, a trustee of the Catholic Foundation of Wellington as well as being involved with a number of other charitable bodies.

† Independent Director

* Member of the Audit Committee, Management Engagement Committee and Remuneration Committee

REPORT OF THE DIRECTORS

The Directors present their report and the financial statements of the Company and Group for the year ended 31 March 2010.

Status of the Company

The Company is a Bermuda exempted, closed ended investment company with company registration number 36941. The Company is quoted on AIM and listed on the Bermuda Stock Exchange and Channel Islands Stock Exchange. It is a member of the Association of Investment Companies ("AIC") in the UK.

The accounting policies of the Company are detailed in Note 1 to the Accounts on pages 33 to 36.

The Company holds shares in a segregated account in 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 special purpose entity and the interests of this company are given in note 11 to the Accounts.

Revenue and Dividends

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

The Company paid an interim dividend of 3.75p per ordinary share on 31 December 2009. The Directors have declared a final dividend of 1.05p per ordinary share, payable on 2 July 2010 to ordinary shareholders on the register as at the close of business on 18 June 2010.

Investing Policy

The Company's investing policy is to provide long-term capital appreciation by investing predominantly in infrastructure, utility and related sectors (including other investment companies investing in those companies) mainly in emerging markets. The Company's investing policy is flexible and permits it to make investments predominantly in infrastructure, utility and related sectors, including (but 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 undeveloped 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 investing policy without prior shareholder approval.

Borrowings

Borrowings at the time of draw down must not result in gearing (being total borrowings measured against gross assets) exceeding 25.0%. 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).

Unquoted investments

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

Single investment

No single investment may exceed 20.0% of the gross assets at the time of investment. Investments other than in infrastructure, utility and related companies (including GERP) are limited in total to 20.0% of the gross assets. Investments in a single country must not exceed 50.0% of the gross assets at the time the investment is made.

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 these accounts.

Review of the Business

A review of the business is given in the Chairman's Statement on page 5 and in the Investment Manager's Report on pages 6 to 8.

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 investing policy and gearing limits. Details of the Directors can be found on page 15.

Mr G A Madeiros will retire at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election (Resolution 4).

Mr C D O Jillings was appointed as a Director on 14 June 2005 under a service agreement of that date. Details of the service agreement can be found in the Directors' Remuneration Report on page 25. Mr Jillings retires annually, and will do so at the forthcoming Annual General Meeting (Resolution 5).

Mr G P D Milne will retire at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election (Resolution 6).

The Board has considered the re-election of Mr G A Madeiros, Mr C D O Jillings and Mr G P D Milne. Following an appraisal of their performance, the Board believes that these Directors should be put forward for re-election. The Board feels that the 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 interests of the Company.

Each non-executive 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 Shareholding

The Directors' Remuneration Report, which can be found on page 25, 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 each class of share of the Company as at the year end are set out in Table A at the bottom of the page.

On 7 April 2010, the Directors received ordinary shares purchased in the market in satisfaction of their fee entitlements. As at the date of this report, the beneficial interests of the Directors in the securities of the Company are as set out in Table B below:

TABLE B	Ordinary Shares	Warrants	S Shares
A E Zagoreos	385,395	–	5,423
C D O Jillings	112,918	293,093	10,846
G A Madeiros	116,168	–	–
G P D Milne	506,933	86,239	–
K J O'Connor	439,312	59,668	5,423

Management

The Company has an investment management agreement dated 14 July 2005 (the "Agreement") with Ingot Capital Management Pty Limited (the "Investment Manager" or "ICM"). The 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 will also be reimbursed its reasonable out of pocket expenses, including travel and related costs. The Investment Management 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 4 to the accounts.

Under the terms of the Agreement, ICM is obliged to provide the services of a Director approved by the Company and also provides the services of two further individuals to act as employees of the Company. These employees, who act under the supervision of Mr C D O Jillings, may be employed by Utilico Limited, another investment company managed by ICM. The remuneration paid to the employees is paid on behalf of the Company and deducted from ICM's management fee.

TABLE A	2010			2009		
	Ordinary Shares	Warrants	S Shares	Ordinary Shares	Warrants	S Shares
A E Zagoreos	378,898	–	5,423	349,714	–	5,423
C D O Jillings	108,278	293,093	10,846	902,447	293,093	10,846
G A Madeiros	110,135	–	–	73,555	–	8,134
G P D Milne	502,293	86,239	–	480,412	86,239	–
K J O'Connor	434,672	59,668	5,423	475,741	74,668	5,423

The Directors review the activities of the Investment Manager on an ongoing basis. In addition, the Management Engagement Committee carries out a formal annual review of the investment strategy, process and performance. Such a review was carried out in respect of the year under review. The Management Engagement Committee reported that it was satisfied with the performance and with the way the Company was currently being managed. Based on this assessment, 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 also have an administration agreement with F&C Management Limited (the "Administrator"), dated 14 July 2005, under which the Administrator provides company secretarial, 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 three months' notice in writing.

Share Capital

Full details of changes to the Company's authorised and issued share capital during the year can be found in note 19 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. During the year under review 12,575,000 ordinary shares were bought back for cancellation.

The final exercise date for both the 2010 warrants and S shares will be 2 August 2010 and a reminder letter addressed to both Warrantholders and S shareholders accompanies this report.

Substantial Share Interests

As at 9 June 2010, the following holdings, representing 3% or more of the issued share capital, had been notified to the Company.

	Number of Ordinary Shares held	% held
Utilico Limited	51,783,424	25.47%
F&C Asset Management plc	21,125,452	10.39%
Rensburg Sheppards Investment Management Limited	16,939,569	8.33%
Rathbone Brothers PLC	10,728,364	5.28%
J O Hambro Investment Management Ltd	8,861,315	4.36%
Smith & Williamson Holdings Ltd	8,211,029	4.04%
Sarasin Investment Management Limited	7,380,200	3.63%

Duration of the Company

Although the Company does not have a fixed life, the Directors consider it desirable to give shareholders the periodic opportunity to review the future of the Company. At the annual general meeting of the Company to be held in 2012, a resolution will be proposed that the Company should continue as presently constituted. If that resolution is not passed, the Directors will be required to formulate proposals to put to shareholders to wind-up, reorganise or reconstruct the Company.

Regular Tender Facility

The Company operates an annual Tender Facility subject to certain limitations and the Directors exercising their discretion to operate the Tender Facility. 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 you wish to participate please contact the Registrars (details found under Company Information) for an application form.

Individual Savings Account (ISA)

The Company's ordinary shares and S shares are eligible for inclusion in an ISA, the warrants are not eligible for inclusion in an ISA.

Risk Control

A summary of the risk control measures taken by the Board is set out in the Corporate Governance section on page 23.

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 ongoing 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.

Policy on Payment of Suppliers

The Company's principal suppliers are the Investment Manager and the Administrator. The Investment Manager is paid 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.

Auditors

The Auditors have indicated their willingness to continue in office and a resolution concerning their reappointment and authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The auditors provide some non-audit services to the Company, the details of which are set out in note 5 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.

Special Business at the Annual General Meeting

Shareholders will find on page 57 the Notice of the forthcoming Annual General Meeting of the Company to be held on 30 August 2010 at 12.00 noon. In addition to the ordinary business of the meeting, resolution number 9 is to be proposed as special business.

Authority for the Company to Purchase its Own Shares (Resolution 9)

Resolution 9 authorises the Company to purchase in the market initially up to a maximum of 30,476,591 ordinary shares (equivalent to approximately 14.99% of the issued ordinary shares as at the date of this Report). This authority will expire on 28 February 2012 unless it is varied, revoked or renewed prior to that date at the Company's Annual General Meeting in 2011 or at any other general meeting by ordinary resolution. Any purchases will be made at prices below the prevailing net asset value of an ordinary share where the Directors believe such purchases would result in an increase in the net asset value per share of the remaining shares and to assist in narrowing any discount to net asset value per ordinary share at which such shares may trade. The maximum price to be paid will be no more than 5% above the average of the mid-market values of the ordinary shares for the five business days immediately before the date of purchase. Any ordinary shares purchased by the Company will be held in Treasury or cancelled.

The Directors consider that it would be advantageous to shareholders for the Company to have the authority to make such purchases as and when it considers the timing to be favourable. However, use of this authority, if given, will ultimately depend upon market conditions and the Board's judgement of its likely effectiveness in increasing net asset values and/or reducing the discount.

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.

By order of the Board
F&C Management Limited, Secretary
9 June 2010

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable Bermuda law and IFRSs as adopted by the European Union.

The Directors are required to prepare accounts for each financial year which present fairly the financial position, financial performance and cash flows of the Group and of the Company for that year. In preparing the accounts the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRSs have been followed, subject to any material departure disclosed and explained in the Accounts; 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 disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Accounts comply with Bermuda law. 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, the Accounts give a true and fair view of the assets, liabilities, financial position and profit of the Company and its special purpose entity included in the consolidation, and the Corporate Governance Statement includes a description of the principle risks and uncertainties that the Group and Company faces. The financial risks are also provided in Note 29 to the Accounts.

Insofar as the Directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are 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 Auditors does not involve consideration of the maintenance and integrity of the website and accordingly, the Auditors accept no responsibility for any changes that have occurred in the Accounts 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 9 June 2010 and signed on its behalf by:

Alexander Zagoreos
Chairman

Bermuda does not have its own corporate governance code and, as a Bermuda incorporated company, the Company is not required to comply with the UK Combined Code on Corporate Governance issued by the Financial Reporting Council (the "Combined Code") available at website www.frc.org.uk. However, it is the Company's policy to comply with best practice on good corporate governance and maintain the same level of governance as UK listed investment companies.

The Board has considered the principles set out in the UK Combined Code and the AIC Code of Corporate Governance (the "AIC Code"). Except as disclosed below, the Company complied throughout the year with the recommendations of the AIC Code and the relevant provisions of the Combined Code.

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 provision A.7.2 of the UK Combined Code and Principle 3 of the AIC Code. However, the Bye-Laws require all Directors to retire every three years and the Board has agreed that each Director will be subject to annual re-election after the completion of nine years of service.

The Company does not have its own internal audit function (further explanation on this appears on page 23 of this report) and, as explained below, there is no Nomination Committee.

The Board

The Directors' biographical details on page 15 of this report demonstrate the wide range of skills and experience that the Directors bring to the Board. The non-executive Directors have each signed a letter of appointment to formalise in writing the terms of their engagement as non-executive Directors, and a service agreement is in place with Mr C D O Jillings which has no fixed end date and is terminable on six months' notice. Copies of these letters and the service agreement are available for inspection at the Company's registered office (see page 58) during normal business hours and will also be available at the Annual General Meeting.

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.

The Board, with only five Directors, operates without a Nomination Committee. The Directors recognise the value of progressive refreshing of, and succession planning for, company boards. The Directors will regularly review the structure of the Board, including the balance of expertise and skills brought by individual Directors. 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.

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 will meet with the 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.

The Combined 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. The Directors consider how the Board functions as a whole and also reviews the individual performance of its members. 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 non-executive Directors, taking into account the views of Mr C D O 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. It is currently not felt appropriate 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 investing policy 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. 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. The telephonic Board meetings were held on short notice to consider various matters, including the issue of shares arising from the exercise of warrants and S shares and the issue of shares to satisfy Directors' fee payments.

	Board	TBd	AC	MEC	RC
No of meetings	**4**	**2**	**2**	**1**	**1**
A E Zagoreos	4	2	2	1	1
C D O Jillings*	3	1	2	1	1
G A Madeiros	4	2	2	1	1
G P D Milne	4	–	2	1	1
K J O'Connor	4	2	2	1	1

TBd = Telephonic Board
AC = Audit Committee
MEC = Management Engagement Committee
RC = Remuneration Committee

* CDO Jillings invited to attend the AC, MEC and RC at the Committee's invitation.

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.

The Board has direct access to the advice and services of the Company Secretary, F&C Management Limited, which is responsible for ensuring that Board and Committee procedures are followed and applicable regulations are complied with.

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

Management and administration

The Company has a Management Agreement with Ingot Capital Management Pty Limited (the "Investment Manager" or "ICM"), which provides portfolio monitoring, research and other investment management services to the Company. Under the terms of this Agreement, ICM provides the services of a Director of the Company and two employees as detailed on page 14 of this report.

The provision of accounting and company secretarial services have been delegated to the Administrator, F&C Management Limited.

The terms of the Investment Management and Administration Agreements are set out in note 4 to the accounts.

Audit Committee

The Board has appointed an Audit Committee. The Audit Committee, which is chaired by Mr G A Madeiros, 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 twice a year. It is considered that there is a range of recent and relevant financial experience amongst the members of the Audit Committee.

The primary role of the Audit Committee is to review the Company's accounting policies, the contents of the financial statements, the adequacy and scope of the external audit and compliance with regulatory and financial reporting requirements. In addition, it also reviews the provision of non-audit services by the external auditor, the risks to which the Company is exposed and the controls in place to mitigate those risks.

A "whistle blowing" policy has been put into place for 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 Audit Committee has access to the internal audit, risk and compliance director of the Administrator and to the Administrator's group audit committee, and reports its findings to the Board.

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

Auditors

The Audit Committee has direct access to the auditors, Grant Thornton UK LLP. The auditors attend the Audit Committee meeting to review the annual results and provide a comprehensive review of the audit of the Company. The Audit Committee also has the opportunity to meet with the auditors without management being present.

The Audit Committee, together with Mr C D O Jillings, has reviewed the audit plan and findings of the work carried out by Grant Thornton UK LLP for the audit of the annual Accounts. On the basis of this and their experience in auditing the affairs of the Company, 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 auditors have complied with all relevant and professional regulatory and independence standards. The Audit Committee considers Grant Thornton UK LLP to be independent of the Group, the Investment Manager and the Administrator in all respects.

The Audit Committee has also reviewed the provision of non-audit services by the auditors. In the year under review, non-audit fees amounted to £7,000. It is considered that the non-audit fees are non-material and that the services provided are cost effective and in no way impede the independence of the auditors.

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 non-executive Directors of the Company and will meet at least once a year. The Management Engagement Committee will annually review the performance of, and fee paid to, the Investment Manager for the services provided under the Investment Management Agreement, together with the fee and other terms of that Agreement.

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 investing policy and restrictions under which the Investment Manager operates and Mr C D O Jillings 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 Mr C D O Jillings or the Administrator.

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

In addition, the Administrator produces an annual Report of Internal Corporate Governance to the standards of the Assurance reports on internal controls of service organisations made available to third parties (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 compliance committee, which receives regular reports from the Administrator's audit and risk department. The Company's Audit Committee has received and reviewed the Statement for the year ended 31 December 2009, together with a report from the Administrator's group audit 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 and which includes audit and risk assessment whose controls are monitored by the Board. 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 clearly 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 the terms of the service agreement with, and the salary paid to, Mr C D O Jillings. It will also make recommendations to the Board in respect of the fees of Directors. Full details of the remuneration for individual Directors is set out in the Directors' Remuneration Report on page 25.

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.

Shareholders wishing to communicate with the Chairman, the Deputy Chairman (who acts as Senior Independent Director) or other members of the Board may do so by writing to the Company at its registered office address, which can be found on page 58.

All shareholders are invited to attend the Annual General Meeting, at which shareholders will be given an opportunity to question the Chairman and the Board. The Chairman and the Deputy Chairman are also available to meet with the Company's institutional shareholders between such meetings. 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.

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

Remuneration Committee

The Board has appointed a Remuneration Committee to review and make recommendations to the Board on the remuneration of the Directors and the conditions of service of Mr C D O Jillings. The Remuneration Committee comprises the non-executive Directors of the Company and meets annually or more frequently as required.

Under the Investment Management Agreement with Ingot Capital Management Pty Limited (the "Investment Manager"), the Investment Manager is required to procure for the Company the services of an individual approved by the Company to act as a Director. This Director, Mr C D O Jillings, receives the same Directors' fees as is at the relevant time paid to the non-executive Directors of the Company (excluding the Chairman). Any additional remuneration to Mr C D O Jillings will be paid by the Investment Manager.

The Company's Bye-laws limit the aggregate fees payable to the Directors to a total of £200,000 per annum. 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.

Mr C D O Jillings has a service agreement with the Company which has no fixed end date and is terminable upon six months' notice. None of the non-executive Directors has a service agreement, but each has signed a letter of appointment setting out the terms of their engagement as non-executive Directors. The Remuneration Committee concluded, following a review, that the Directors' fees for the forthcoming year should remain unchanged.

In the year under review, the Chairman was entitled to a fee of £35,000 and the other Directors to a fee of £25,000, both on an annualised basis. The Chairman of the Audit Committee, Mr G A Madeiros, received an additional £7,500 per annum.

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 Directors.

Remuneration for Qualifying Services

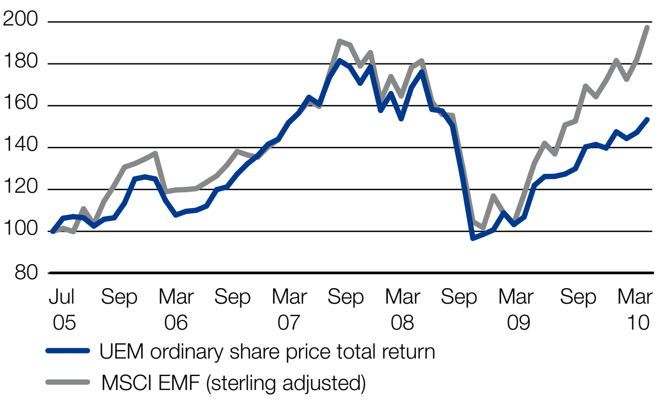
Director	2010 Entitlement and receipt £'000s	2009 Entitlement(1) £'000s	2009 Fees receipt £'000s
A E Zagoreos (Chairman)	**35**	35	32
C D O Jillings	**25**	25	22
G A Madeiros(2)	**33**	33	29
G P D Milne	**25**	25	22
K J O'Connor	**25**	25	22
Total	**143**	143	127

(1) The Directors' entitlement to fees is calculated quarterly in arrears as set out in note 1(j) on page 35. During the period prior to quarter ended 31 March 2009, the cost of buying ordinary shares was significantly below the fully diluted net asset value at the date of purchase. Accordingly, the Directors' emolument expense of £127,000 (purchase of 83,868 ordinary shares) is lower than their calculated entitlement of £143,000.

(2) Mr G A Madeiros's fee includes entitlement of £7,500 (2009: £7,500) for being Chairman of the Audit Committee.

The information in the above table has been audited (see the Independent Auditor's Report on page 26).

UEM share price total return
From 20 July 2005 to 31 March 2010
(rebased to 100 at 20 July 2005)



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.

By order of the Board
F&C Management Limited, Secretary
9 June 2010

REPORT OF THE INDEPENDENT AUDITOR

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

We have audited the accounts of Utilico Emerging Markets Limited for the year ended 31 March 2010, which comprise the Group and Utilico Emerging Markets Limited ("Parent Company") statements of comprehensive income, the Group and Parent Company statements of changes in equity, the Group and Parent Company balance sheets, the Group and Parent Company statements of cash flows and notes 1 to 29. The financial reporting framework that has been applied in the preparation of the Group and Parent Company accounts is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In addition to our audit of the accounts, the Directors of Utilico Emerging Markets Limited have engaged us to report as to whether:

(1) the Group and Parent Company accounts have been properly prepared in accordance with the Companies Act 1981 of Bermuda; and

(2) the information in the Directors' Remuneration Report, described as having been audited, has been properly prepared in accordance with the United Kingdom Companies Act 2006, as if those requirements were to apply to Utilico Emerging Markets Limited.

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. 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 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 Auditors

As explained more fully in the Directors' Statement of Responsibilities set out on page 20, the Directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the accounts.

Opinion on accounts

In our opinion:

- the accounts give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2010 and of the Group's and of the Parent Company's profit for the year then ended; and
- the Group and Parent Company's accounts have been properly prepared in accordance with IFRS as adopted by the European Union.

Opinion on other matters

In our opinion:

- the Group and Parent Company accounts have been properly prepared in accordance with the Bermuda Companies Act 1981; and
- the part of the Directors' Remuneration Report, which we were engaged to audit, has been properly prepared in accordance with the United Kingdom Companies Act 2006, as if those requirements were to apply to Utilico Emerging Markets Limited.

Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
London
9 June 2010

GROUP STATEMENT OF COMPREHENSIVE INCOME

Notes	for the year to 31 March	Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s
				2010			2009
10	Gains and losses on investments	**–**	**112,515**	**112,515**	–	(102,012)	(102,012)
13	Gains and losses on derivative instruments	**–**	**(4,426)**	**(4,426)**	–	(4,201)	(4,201)
	Exchange gains and losses	**–**	**1,544**	**1,544**	–	(20,055)	(20,055)
2	Investment and other income	**13,671**	**–**	**13,671**	14,267	–	14,267
	Total income	**13,671**	**109,633**	**123,304**	14,267	(126,268)	(112,001)
3	Income not receivable	**(261)**	**–**	**(261)**	–	–	–
4	Management and administration fees	**(654)**	**(1,037)**	**(1,691)**	(727)	(1,181)	(1,908)
5	Other expenses	**(788)**	**(22)**	**(810)**	(762)	(24)	(786)
	Profit/(loss) before finance costs and taxation	**11,968**	**108,574**	**120,542**	12,778	(127,473)	(114,695)
6	Finance costs	**(1,150)**	**(2,683)**	**(3,833)**	(1,381)	(3,222)	(4,603)
	Profit/(loss) before taxation	**10,818**	**105,891**	**116,709**	11,397	(130,695)	(119,298)
7	Taxation	**(866)**	**(2,331)**	**(3,197)**	(544)	1,774	1,230
	Profit/(loss) for the year	**9,952**	**103,560**	**113,512**	10,853	(128,921)	(118,068)
8	**Earnings per ordinary share (basic) – pence**	**4.67**	**48.57**	**53.24**	5.08	(60.28)	(55.20)
8	**Earnings per ordinary share (diluted) – pence**	**4.53**	**47.13**	**51.66**	4.91	n/a	n/a

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			2010			2009
		Revenue return £'000s	**Capital return £'000s**	**Total return £'000s**	Revenue return £'000s	Capital return £'000s	Total return £'000s
10	Gains and losses on investments	**–**	**105,824**	**105,824**	–	(104,364)	(104,364)
13	Gains and losses on derivative instruments	**–**	**2,243**	**2,243**	–	(2,171)	(2,171)
	Exchange gains and losses	**–**	**1,529**	**1,529**	–	(19,774)	(19,774)
2	Investment and other income	**13,671**	**–**	**13,671**	14,261	–	14,261
	Total income	**13,671**	**109,596**	**123,267**	14,261	(126,309)	(112,048)
3	Income not receivable	**(261)**	**–**	**(261)**	–	–	–
4	Management and administration fees	**(654)**	**(1,037)**	**(1,691)**	(727)	(1,181)	(1,908)
5	Other expenses	**(751)**	**(22)**	**(773)**	(725)	(24)	(749)
	Profit/(loss) before finance costs and taxation	**12,005**	**108,537**	**120,542**	12,809	(127,514)	(114,705)
6	Finance costs	**(1,150)**	**(2,683)**	**(3,833)**	(1,378)	(3,215)	(4,593)
	Profit/(loss) before taxation	**10,855**	**105,854**	**116,709**	11,431	(130,729)	(119,298)
7	Taxation	**(866)**	**(2,331)**	**(3,197)**	(544)	1,774	1,230
	Profit/(loss) for the year	**9,989**	**103,523**	**113,512**	10,887	(128,955)	(118,068)
8	**Earnings per ordinary share (basic) – pence**	**4.68**	**48.56**	**53.24**	5.09	(60.29)	(55.20)
8	**Earnings per ordinary share (diluted) – pence**	**4.54**	**47.12**	**51.66**	4.92	n/a	n/a

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 2010

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Warrant reserve £'000s	S share reserve £'000s	Other non-distributable reserve £'000s	Retained earnings: Capital reserves £'000s	Retained earnings: Revenue reserve £'000s	Total £'000s
	Balance at 31 March 2009	21,412	56	219,500	8,897	9,285	319	(31,451)	2,715	230,733
	Profit for the year	–	–	–	–	–	–	103,560	9,952	113,512
9	Ordinary dividends paid	–	–	–	–	–	–	–	(9,700)	(9,700)
	Conversion of warrants and S shares	177	1,594	–	(423)	(252)	675	–	–	1,771
	Shares and warrants purchased by the Company	(1,258)	(1,650)	(13,106)	(385)	(304)	–	269	–	(16,434)
	Balance at 31 March 2010	**20,331**	**–**	**206,394**	**8,089**	**8,729**	**994**	**72,378**	**2,967**	**319,882**

for the year to 31 March 2009

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Warrant reserve £'000s	S share reserve £'000s	Other non-distributable reserve £'000s	Retained earnings: Capital reserves £'000s	Retained earnings: Revenue reserve £'000s	Total £'000s
	Balance at 31 March 2008	21,351	219,008	–	9,048	9,350	103	97,470	3,200	359,530
	(Loss)/profit for the year	–	–	–	–	–	–	(128,921)	10,853	(118,068)
9	Ordinary dividends paid	–	–	–	–	–	–	–	(11,338)	(11,338)
	Conversion of warrants and S shares	61	548	–	(151)	(65)	216	–	–	609
	Transfer to special reserve	–	(219,500)	219,500	–	–	–	–	–	–
	Balance at 31 March 2009	21,412	56	219,500	8,897	9,285	319	(31,451)	2,715	230,733

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year to 31 March 2010

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Warrant reserve £'000s	S share reserve £'000s	Other non-distributable reserve £'000s	Retained earnings: Capital reserves £'000s	Retained earnings: Revenue reserve £'000s	Total £'000s
	Balance at 31 March 2009	21,412	56	219,500	8,897	9,285	319	(31,487)	2,751	230,733
	Profit for the year	–	–	–	–	–	–	103,523	9,989	113,512
9	Ordinary dividends paid	–	–	–	–	–	–	–	(9,700)	(9,700)
	Conversion of warrants and S shares	177	1,594	–	(423)	(252)	675	–	–	1,771
	Shares and warrants purchased by the Company	(1,258)	(1,650)	(13,106)	(385)	(304)	–	269	–	(16,434)
	Balance at 31 March 2010	**20,331**	**–**	**206,394**	**8,089**	**8,729**	**994**	**72,305**	**3,040**	**319,882**

for the year to 31 March 2009

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Warrant reserve £'000s	S share reserve £'000s	Other non-distributable reserve £'000s	Retained earnings: Capital reserves £'000s	Retained earnings: Revenue reserve £'000s	Total £'000s
	Balance at 31 March 2008	21,351	219,008	–	9,048	9,350	103	97,468	3,202	359,530
	(Loss)/profit for the year	–	–	–	–	–	–	(128,955)	10,887	(118,068)
9	Ordinary dividends paid	–	–	–	–	–	–	–	(11,338)	(11,338)
	Conversion of warrants and S shares	61	548	–	(151)	(65)	216	–	–	609
	Transfer to special reserve	–	(219,500)	219,500	–	–	–	–	–	–
	Balance at 31 March 2009	21,412	56	219,500	8,897	9,285	319	(31,487)	2,751	230,733

BALANCE SHEETS

Notes	at 31 March	GROUP 2010 £'000s	GROUP 2009 £'000s	COMPANY 2010 £'000s	COMPANY 2009 £'000s
	Non-current assets				
10	Investments	**342,451**	245,511	**344,540**	252,689
	Current assets				
12	Other receivables	**5,408**	3,084	**5,406**	3,084
13	Derivative financial instruments	**1,969**	12,090	**–**	–
14	Cash and cash equivalents	**1,974**	24,058	**1,854**	23,770
		9,351	39,232	**7,260**	26,854
	Current liabilities				
15	Other payables	**(3,085)**	(2,270)	**(3,083)**	(2,242)
13	Derivative financial instruments	**(2,515)**	(9,930)	**(2,515)**	(4,758)
		(5,600)	(12,200)	**(5,598)**	(7,000)
	Net current assets	**3,751**	27,032	**1,662**	19,854
	Total assets less current liabilities	**346,202**	272,543	**346,202**	272,543
	Non-current liabilities				
16	Bank loans	**(24,659)**	(41,810)	**(24,659)**	(41,810)
17	Deferred tax	**(1,661)**	–	**(1,661)**	–
	Net assets	**319,882**	230,733	**319,882**	230,733
	Equity attributable to equity holders				
19	Ordinary share capital	**20,331**	21,412	**20,331**	21,412
20	Share premium account	**–**	56	**–**	56
21	Special reserve	**206,394**	219,500	**206,394**	219,500
22	Warrant reserve	**8,089**	8,897	**8,089**	8,897
23	S share reserve	**8,729**	9,285	**8,729**	9,285
24	Other non-distributable reserve	**994**	319	**994**	319
25	Capital reserves	**72,378**	(31,451)	**72,305**	(31,487)
25	Revenue reserve	**2,967**	2,715	**3,040**	2,751
	Total attributable to equity holders	**319,882**	230,733	**319,882**	230,733
26	**Net asset value per ordinary share**				
	Basic – pence	**157.33**	107.76	**157.33**	107.76
	Diluted – pence	**148.37**	106.51	**148.37**	106.51

Approved by the Board on 9 June 2010 and signed on its behalf by

Alexander Zagoreos

Charles Jillings

STATEMENTS OF CASH FLOWS

Notes	for the year to 31 March	GROUP 2010 £'000s	GROUP 2009 £'000s	COMPANY 2010 £'000s	COMPANY 2009 £'000s
27	Cash flows from operating activities	**17,886**	81,058	**18,069**	81,129
	Cash flows from investing activities	**–**	–	**–**	–
	Cash flows before financing activities	**17,886**	81,058	**18,069**	81,129
	Financing activities:				
	Ordinary dividends paid	**(9,700)**	(11,338)	**(9,700)**	(11,338)
	Movements from loans	**(16,341)**	(58,271)	**(16,341)**	(58,271)
	Proceeds from warrants converted	**1,522**	545	**1,522**	545
	Proceeds from S shares converted	**249**	64	**249**	64
	Cost of ordinary shares purchased	**(16,014)**	–	**(16,014)**	–
	Cost of warrants purchased	**(330)**	–	**(330)**	–
	Cost of S shares purchased	**(90)**	–	**(90)**	–
	Cash flows from financing activities	**(40,704)**	(69,000)	**(40,704)**	(69,000)
	Net movement in cash and cash equivalents	**(22,818)**	12,058	**(22,635)**	12,129
	Cash and cash equivalents at the beginning of the year	**24,058**	11,876	**23,770**	11,236
	Effect of movement in foreign exchange	**734**	124	**719**	405
	Cash and cash equivalents at the end of the year	**1,974**	24,058	**1,854**	23,770

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The Company is an investment company incorporated in Bermuda with a primary quotation on the Alternative Investment Market in London.

The consolidated Accounts for the year ended 31 March 2010 comprise the results of the Company 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 GERP are included in note 11 to the Accounts. The SPE has a reporting year end of 30 June which is concurrent with that of GERP, a company that is not controlled by UEM.

(a) Basis of accounting

The Accounts have been prepared 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, out of which dividends are paid.

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 may not be distributed by way of a dividend and are allocated via the capital return to 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 9 Financial Instruments: Classification and Measurement. This standard has not yet been adopted by the EU.	1 January 2013
Amendments to IAS 3 and 27 – Business Combinations	1 July 2009
Amendments to IAS 24 – Related Party Disclosures	1 January 2011

The Directors have chosen not to early adopt these standards and interpretations 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. Associate undertakings held as part of the investment portfolio (see 1(d) below) 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 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 that do not qualify for hedge accounting 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, cash in margin accounts 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, measured at fair value through profit or loss. 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 income 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 rate 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.

With effect from the quarter ended 31 March 2009, 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. Prior to that quarter, the number of ordinary shares allocated was determined by dividing the entitlement by the fully diluted net asset value at the quarter end date.

(k) Finance costs

Finance costs are accounted for on an effective yield basis, 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

1. ACCOUNTING POLICIES (CONTINUED)

(o) Warrant reserve

The imputed net proceeds on initial issue of warrants, based on the market value of the warrants on the first day of listing, were transferred out of share premium account to the warrant reserve. On conversion, or cancellation, the imputed net proceeds are transferred to a separate non-distributable reserve.

(p) S share reserve

The imputed net proceeds on initial issue of S shares, based on the market value of the subscription shares on the first day of listing, were transferred out of share premium account to the S share reserve. On conversion, or cancellation, the imputed net proceeds are transferred to a separate non-distributable reserve.

2. INVESTMENT AND OTHER INCOME

Group	Revenue £'000s	Capital £'000s	2010 Total £'000s	Revenue £'000s	Capital £'000s	2009 Total £'000s
Investment income:						
Overseas dividends	**13,430**	**–**	**13,430**	12,858	–	12,858
Overseas and UK interest	**224**	**–**	**224**	1,264	–	1,264
	13,654	**–**	**13,654**	14,122	–	14,122
Other income						
Interest on cash and short-term deposits	**17**	**–**	**17**	145	–	145
Total income	**13,671**	**–**	**13,671**	14,267	–	14,267

Company	Revenue £'000s	Capital £'000s	2010 Total £'000s	Revenue £'000s	Capital £'000s	2009 Total £'000s
Investment income:						
Overseas dividends	**13,430**	**–**	**13,430**	12,858	–	12,858
Overseas and UK interest	**224**	**–**	**224**	1,264	–	1,264
	13,654	**–**	**13,654**	14,122	–	14,122
Other income						
Interest on cash and short-term deposits	**17**	**–**	**17**	139	–	139
Total income	**13,671**	**–**	**13,671**	14,261	–	14,261

3. INCOME NOT RECEIVABLE

Group and Company	Revenue £'000s	Capital £'000s	2010 Total £'000s	Revenue £'000s	Capital £'000s	2009 Total £'000s
Accrued interest not to be received	**261**	**–**	**261**	–	–	–

4. MANAGEMENT AND ADMINISTRATION FEES

Group and Company	**Revenue £'000s**	**Capital £'000s**	**2010 Total £'000s**	Revenue £'000s	Capital £'000s	2009 Total £'000s
Payable to:						
Ingot Capital Management Pty Limited ("ICM") – management fee	**444**	**1,037**	**1,481**	517	1,206	1,723
ICM – performance fee adjustment in respect of prior period	**–**	**–**	**–**	–	(25)	(25)
F&C Management Limited – administration fee	**210**	**–**	**210**	210	–	210
	654	**1,037**	**1,691**	727	1,181	1,908

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 (see note 1(i)).

Included within the fees of £1,481,000 (2009: £1,723,000) paid to ICM is £80,000 (2009: £93,000) salary and PAYE costs relating to full time 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 three.

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 percent.

Half of the performance fee is payable in cash and half in ordinary shares of the Company, based on the audited diluted NAV per share at the year end. The full performance fee is payable to ICM as soon as practicable following the year end date in order to reduce the risk to the Company of material movements in the price of ordinary shares between the year end date and the date of payment. Any subsequent adjustment to the fee arising out of the audit process will be paid to or recouped from ICM in cash within 7 days of the publication of the Report and Accounts. Under the terms of the performance fee agreement, no 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 2008. The high watermark adjusted for capital events and dividends paid following the period in respect of which a performance fee was last paid is £345.8m at 31 March 2010.

For the year ended 31 March 2010 the attributable shareholders' funds were below the high watermark and therefore no performance fee is payable.

F&C Management Limited ("FCM") provides accounting, secretarial, 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 three months' notice in writing.

5. OTHER EXPENSES

Group	Revenue £'000s	Capital £'000s	2010 Total £'000s	Revenue £'000s	Capital £'000s	2009 Total £'000s
Auditors' remuneration:						
for audit services	**32**	**–**	**32**	32	–	32
for other services*	**7**	**–**	**7**	4	–	4
Directors' fees:						
fees for services to the Company (see Directors' Remuneration Report on page 25)	**143**	**–**	**143**	127	–	127
Other	**606**	**22**	**628**	599	24	623
	788	**22**	**810**	762	24	786

Company	Revenue £'000s	Capital £'000s	2010 Total £'000s	Revenue £'000s	Capital £'000s	2009 Total £'000s
Auditors' remuneration:						
for audit services	**30**	**–**	**30**	30	–	30
for other services*	**7**	**–**	**7**	4	–	4
Directors' fees:						
fees for services to the Company (see Directors' Remuneration Report on page 25)	**143**	**–**	**143**	127	–	127
Other	**571**	**22**	**593**	564	24	588
	751	**22**	**773**	725	24	749

* Total Auditors' remuneration for other services amounts to £7,000 and was for reviewing interim accounts and offshore status (2009: £4,000 was for reviewing interim accounts and performance fee). Auditors' remuneration in respect of the Special Purpose Entity for audit services amounts to £2,000 (2009: £2,000).

6. FINANCE COSTS

Group	Revenue £'000s	Capital £'000s	2010 Total £'000s	Revenue £'000s	Capital £'000s	2009 Total £'000s
On loans and overdrafts:						
Loans and overdrafts repayable within 1 year	**571**	**1,333**	**1,904**	456	1,064	1,520
Loans and overdrafts repayable between 2 and 5 years	**579**	**1,350**	**1,929**	903	2,107	3,010
Finance costs on Contract for Differences	**–**	**–**	**–**	22	51	73
	1,150	**2,683**	**3,833**	1,381	3,222	4,603

Company	Revenue £'000s	Capital £'000s	2010 Total £'000s	Revenue £'000s	Capital £'000s	2009 Total £'000s
On loans and overdrafts:						
Loans and overdrafts repayable within 1 year	**571**	**1,333**	**1,904**	453	1,057	1,510
Loans and overdrafts repayable between 2 and 5 years	**579**	**1,350**	**1,929**	903	2,107	3,010
Finance costs on Contract for Differences	**–**	**–**	**–**	22	51	73
	1,150	**2,683**	**3,833**	1,378	3,215	4,593

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

7. TAXATION

Group and Company	2010 Revenue £'000s	2010 Capital £'000s	2010 Total £'000s	2009 Revenue £'000s	2009 Capital £'000s	2009 Total £'000s
Overseas taxation	**866**	**–**	**866**	544	–	544
Overseas investment taxation	**–**	**148**	**148**			
Capital gains tax on sale of overseas investments	**–**	**522**	**522**	–	127	127
Total current taxation	**866**	**670**	**1,536**	544	127	671
Deferred tax (see note 17)	**–**	**1,661**	**1,661**	–	(1,901)	(1,901)
	866	**2,331**	**3,197**	544	(1,774)	(1,230)

Profits for the year are not subject to 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.

8. EARNINGS PER SHARE

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

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

	Group 2010 £'000s	Group 2009 £'000s	Company 2010 £'000s	Company 2009 £'000s
Revenue	**9,952**	10,853	**9,989**	10,887
Capital	**103,560**	(128,921)	**103,523**	(128,955)
Total	**113,512**	(118,068)	**113,512**	(118,068)
Weighted average number of shares in issue during the year for basic earnings per share calculations	**213,193,027**	213,872,653	**213,193,027**	213,872,653

Diluted earnings per share

Group and Company

Diluted earnings per share have been calculated in accordance with IAS 33 "Earnings per share", under which the Company's outstanding warrants and S shares are considered dilutive only if the conversion price is lower than the average market price of the ordinary shares during the year. The dilution is calculated by reference to the additional number of ordinary shares which warrantholders and S shareholders would have received on conversion as compared with the number of ordinary shares which the subscription proceeds would have purchased in the open market. The conversion rights of warrants and S shares are described in note 19. There was no dilution of capital return or total return for the year ended 31 March 2009.

	2010 Number	2009 Number
Weighted average number of ordinary shares in issue during the year for basic earnings per share calculations	**213,193,027**	213,872,653
Dilutive potential shares – Warrants	**5,028,609**	5,654,048
Dilutive potential shares – S shares	**1,487,935**	1,618,011
Weighted average number of ordinary shares for diluted earnings per share calculations	**219,709,571**	221,144,712

9. DIVIDENDS

Group and Company	Record date	Payment date	**2010 £'000s**	2009 £'000s
2008 Final of 1.30p	20 June 2008	04 July 2008	**–**	2,776
2009 Interim of 4.00p	16 January 2009	30 January 2009	**–**	8,562
2009 Final of 0.80p	19 June 2009	03 July 2009	**1,711**	–
2010 Interim of 3.75p	11 December 2009	31 December 2009	**7,989**	–
			9,700	11,338

The Directors have declared a final dividend in respect of the year ended 31 March 2010 of 1.05p payable on 2 July 2010 to all ordinary shareholders on the register at close of business on 18 June 2010.

10. INVESTMENTS

Group	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	**Total £'000s**
Investments brought forward				
Cost	263,062	–	12,632	**275,694**
(Losses)/gains	(37,535)	–	7,352	**(30,183)**
Valuation brought forward	225,527	–	19,984	**245,511**
Movements in the year:				
Purchases at cost	95,917	–	3,738	**99,655**
Sales proceeds	(115,230)	–	–	**(115,230)**
Gains on investments sold in the year	13,142	–	–	**13,142**
Gains/(losses) on investments held at year end	111,284	–	(11,911)	**99,373**
Valuation at 31 March 2010	330,640	–	11,811	**342,451**
Analysed at 31 March 2010				
Cost	256,891	–	16,370	**273,261**
Gains/(losses)	73,749	–	(4,559)	**69,190**
Valuation	330,640	–	11,811	**342,451**

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

Level 2 includes investments for which the quoted price has been suspended, forward exchange contracts and other derivative instruments.

Level 3 includes investments in private companies.

10. INVESTMENTS (CONTINUED)

Company	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	**Total £'000s**
Investments brought forward				
Cost	263,062	7,772	12,632	**283,466**
(Losses)/gains	(37,535)	(594)	7,352	**(30,777)**
Valuation brought forward	225,527	7,178	19,984	**252,689**
Movements in the year:				
Purchases at cost	95,917	1,602	3,738	**101,257**
Sales proceeds	(115,230)	–	–	**(115,230)**
Gains on investments sold in the year	13,142	–	–	**13,142**
Gains/(losses) on investments held at year end	111,284	(6,691)	(11,911)	**92,682**
Valuation at 31 March 2010	330,640	2,089	11,811	**344,540**
Analysed at 31 March 2010				
Cost	256,891	9,374	16,370	**282,635**
Gains/(losses)	73,749	(7,285)	(4,559)	**61,905**
Valuation	330,640	2,089	11,811	**344,540**

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

Level 2 includes investments for which the quoted price has been suspended, forward exchange contracts and other derivative instruments.

Level 3 includes investments in private companies.

	Group		Company	
Gains/(losses) on investments held at fair value	**2010 £'000s**	2009 £'000s	**2010 £'000s**	2009 £'000s
Gains/(losses) on investments sold	**13,142**	(28,138)	**13,142**	(28,138)
Gains/(losses) on investments held	**99,373**	(73,874)	**92,682**	(76,226)
Total gains/(losses) on investments	**112,515**	(102,012)	**105,824**	(104,364)

10. INVESTMENTS (CONTINUED)

Associated undertakings

The associate undertakings are held as part of the investment portfolio and consequently, in accordance with IAS28, are not accounted for in the Group accounts using the equity method of accounting.

The Company had the following associate undertakings at 31 March 2010:

	Equest Balkan Properties plc	Indian Energy Limited
Country of Incorporation	Isle of Man	Guernsey
Country of listing	London	London
Country of operations	Romania	India
Number of ordinary shares held	32,360,483	5,197,792
Percentage of ordinary shares held	23.10%	20.5%
	£'000s	**£'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	4,045(1)	3,690(2)
Gross assets	187,140(1)	7,939(2)
Gross liabilities	128,916(1)	4,579(2)
Gross revenues	12,953(1)	1,143(2)
Net profit before tax	(64,699)(1)	(1,593)(2)
Share of profits/loss before tax	(14,945)(1)	(288)(2)
Share of taxation charge	435(1)	(38)(2)
Share of retained profit/loss	(16,930)(1)	(326)(2)
Share of net assets	13,450(1)	825(2)

(1) Based on the latest published accounts of Equest Balkan Properties plc for the year to 31 December 2009.

(2) Based on the latest published accounts of Indian Energy Limited for the year to 31 March 2009.

Transactions with Associate Undertakings

Equest Balkan Properties plc

There were no transactions in the year

Indian Energy Limited

UEM participated in the IPO of Indian Energy Limited, purchasing 4,993,750 ordinary shares at a cost of £3,995,000. This was partly satisfied by redeeming 2,605,000 convertible preference shares for proceeds of £2,605,000.

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 & incorporation	Class of instruments held	2010 % of class of instruments held	2009 % of class of instruments held
Eastern Water Resources PCL	Thailand	Ordinary shares	**10.2**	10.1
Malaysia Airports	Malaysia	Ordinary shares	**3.8**	4.4
Ocean Wilsons Holdings Limited	Bermuda	Ordinary shares	**8.6**	8.6
Puncak Niaga Holdings	Malaysia	Ordinary shares	**6.8**	8.3

11. SPECIAL PURPOSE ENTITY

The Company holds 3,920 Class B shares in a segregated account in Global Equity Risk Protection Limited, 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, and 19.9% of the voting rights, of GERP. 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)).

12. OTHER RECEIVABLES

		Group		**Company**
	2010 £'000s	2009 £'000s	**2010 £'000s**	2009 £'000s
Sales for future settlement	**3,333**	615	**3,333**	615
Accrued income	**1,947**	1,746	**1,947**	1,746
Prepayments and other debtors	**128**	723	**126**	723
	5,408	3,084	**5,406**	3,084

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

13. DERIVATIVE FINANCIAL INSTRUMENTS

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

			2010			2009
Group	**Current assets £'000s**	**Current liabilities £'000s**	**Net current assets/ (liabilities) £'000s**	Current assets £'000s	Current liabilities £'000s	Net current assets/ (liabilities) £'000s
Futures and options – USD	**1,969**	**–**	**1,969**	12,090	(5,172)	6,918
Interest rate SWAPs – USD	**–**	**(2,515)**	**(2,515)**	–	(4,758)	(4,758)
Total derivative financial instruments	**1,969**	**(2,515)**	**(546)**	12,090	(9,930)	2,160

			2010			2009
Company	**Current assets £'000s**	**Current liabilities £'000s**	**Net current assets/ (liabilities) £'000s**	Current assets £'000s	Current liabilities £'000s	Net current assets/ (liabilities) £'000s
Interest rate SWAPs – USD	**–**	**(2,515)**	**(2,515)**	–	(4,758)	(4,758)
Total derivative financial instruments	**–**	**(2,515)**	**(2,515)**	–	(4,758)	(4,758)

Changes in derivatives

		Group		**Company**
	2010 £'000s	2009 £'000s	**2010 £'000s**	2009 £'000s
Valuation brought forward	**2,160**	24,048	**(4,758)**	(2,705)
Purchases	**24,978**	(108,610)	**–**	1,008
Settlements	**(23,258)**	90,923	**–**	(890)
Gains and losses	**(4,426)**	(4,201)	**2,243**	(2,171)
Valuation at 31 March	**(546)**	2,160	**(2,515)**	(4,758)

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 £'000s	2009 £'000s	**2010 £'000s**	2009 £'000s
Cash at bank	**1,974**	24,058	**1,854**	23,770

15. OTHER PAYABLES

	Group		Company	
	2010 £'000s	2009 £'000s	**2010 £'000s**	2009 £'000s
Purchases for future settlement	**1,691**	970	**1,691**	970
Accrued finance costs	**855**	769	**855**	769
Accrued expenses	**539**	531	**537**	503
	3,085	2,270	**3,083**	2,242

16. BANK LOANS – NON-CURRENT LIABILITY

Group and Company	**2010 £'000s**	2009 £'000s
UK£19.700 million repayable March 2012	**19,700**	–
US$7.522 million repayable March 2012	**4,959**	–
UK£6.600 million repayable March 2010	**–**	6,600
US$14.635 million repayable March 2010	**–**	10,210
UK£25.000 million repayable March 2012	**–**	25,000
	24,659	41,810

The Company has a committed loan facility of £25,000,000 (2009: £80,000,000), secured over the Company's assets, which expires on 15 March 2012 (£30,000,000 expired on 14 June 2009 and £25,000,000 expired on 15 March 2010). 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.

17. DEFERRED TAX

Group and Company	**2010 £'000s**	2009 £'000s
Balance brought forward	**–**	1,901
Increase/(decrease) in provision for Brazilian tax on capital gains	**1,661**	(1,901)
Balance carried forward	**1,661**	–

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

18. BUSINESS AND GEOGRAPHICAL 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.

19. ORDINARY SHARE CAPITAL

2010	**Authorised Number**	**£'000s**	**Issued and fully paid Number**	**£'000s**
Equity share capital				
Ordinary shares of 10p each				
Balance at 31 March 2009	1,350,009,078	135,001	214,117,040	21,412
Issued during the year on conversion of warrants and S shares			1,770,779	177
Purchased for cancellation			(12,575,000)	(1,258)
Balance at 31 March 2010	**1,350,009,078**	**135,001**	**203,312,819**	**20,331**

2009	Authorised Number	£'000s	Issued and fully paid Number	£'000s
Equity share capital				
Ordinary shares of 10p each				
Balance at 31 March 2008	1,350,009,078	135,001	213,508,303	21,351
Issued during the year			608,737	61
Balance at 31 March 2009	1,350,009,078	135,001	214,117,040	21,412

Ordinary shares

1,522,267 ordinary shares were issued during the year on the conversion of warrants and 248,512 were issued on the conversion of S shares.

During the year 12,575,000 ordinary shares were purchased at a cost of £16,014,000 and cancelled. Since the year end no further ordinary shares have been purchased.

Warrants

At 31 March 2009, 31,992,401 warrants were in issue. On 31 July 2009, 17,638 warrants and on 31 January 2010, 1,504,629 warrants were converted. During the year 1,383,000 warrants were purchased at a cost of £330,000 and cancelled. At 31 March 2010, 29,087,134 warrants were in issue. Holders have the right to subscribe for one ordinary share per warrant at £1 in cash on the final exercise date for the warrants, 2 August 2010.

S shares

At 31 March 2009, 9,155,221 S shares were in issue. On 31 July 2009, 43,835 S shares and on 31 January 2010, 204,677 S shares were converted. During the year 300,000 S shares were purchased at a cost of £90,000 and cancelled. At 31 March 2010, 8,606,709 S shares were in issue. Holders have the right to subscribe for one ordinary share per S share at £1 in cash on the final exercise date for the S shares, 2 August 2010.

20. SHARE PREMIUM ACCOUNT

Group and Company	**2010 £'000s**	2009 £'000s
Balance brought forward	**56**	219,008
Premium on conversion of warrants	**1,370**	490
Premium on conversion of S shares	**224**	58
Purchase of ordinary shares	**(1,650)**	–
Transfer to Special reserve	**–**	(219,500)
Balance carried forward	**–**	56

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

21. SPECIAL RESERVE

Group and Company	**2010 £'000s**	2009 £'000s
Balance brought forward	**219,500**	–
Purchase of ordinary shares	**(13,106)**	–
Transfer from share premium account	**–**	219,500
Balance carried forward	**206,394**	219,500

Pursuant to the special general meeting on 5 January 2009, the share premium account was reduced by £219,500,000 and converted to a special distributable reserve with effect from 6 January 2009.

22. WARRANT RESERVE

Group and Company	**2010 £'000s**	2009 £'000s
Balance brought forward	**8,897**	9,048
Transfer to other non-distributable reserve on conversion of warrants	**(423)**	(151)
Transfer to capital reserve on purchase of warrants	**(385)**	–
Balance carried forward	**8,089**	8,897

This reserve, which is non-distributable, arises on issue of warrants and may be utilised only on conversion or cancellation of those warrants.

23. S SHARE RESERVE

Group and Company	**2010 £'000s**	2009 £'000s
Balance brought forward	**9,285**	9,350
Transfer to other non-distributable reserve on conversion of S shares	**(252)**	(65)
Transfer to capital reserve on purchase of S shares	**(304)**	–
Balance carried forward	**8,729**	9,285

This reserve, which is non-distributable, arises on issue of S shares and may be utilised only on conversion or cancellation of those S shares

24. OTHER NON-DISTRIBUTABLE RESERVE

Group and Company	**2010 £'000s**	2009 £'000s
Balance brought forward	**319**	103
Transfer from warrant reserve on conversion of warrants	**423**	151
Transfer from S share reserve on conversion of S shares	**252**	65
Balance carried forward	**994**	319

This reserve arises on conversion of warrants and S shares into ordinary share capital.

25. OTHER RESERVES

2010 **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	**13,142**	**–**	**13,142**	**–**
Gains on investments held	**–**	**99,373**	**99,373**	**–**
Losses on derivative financial instruments sold	**(3,343)**	**–**	**(3,343)**	**–**
Losses on derivative financial instruments held	**–**	**(1,083)**	**(1,083)**	**–**
Exchange gains	**1,544**	**–**	**1,544**	**–**
Management fee (see note 4)	**(1,037)**	**–**	**(1,037)**	**–**
Finance costs (see note 6)	**(2,683)**	**–**	**(2,683)**	**–**
Other capital charges	**(22)**	**–**	**(22)**	**–**
Taxation	**(2,331)**	**–**	**(2,331)**	**–**
Transfer from warrant reserve on purchase of warrants	**385**	**–**	**385**	**–**
Transfer from S share reserve on purchase of S shares	**304**	**–**	**304**	**–**
Cost of purchase of warrants	**(330)**	**–**	**(330)**	**–**
Cost of purchase of S shares	**(90)**	**–**	**(90)**	**–**
Revenue profit for the year	**–**	**–**	**–**	**9,952**
Total profit in current year	**5,539**	**98,290**	**103,829**	**9,952**
Dividends paid in the year	**–**	**–**	**–**	**(9,700)**
Balance at 31 March 2009	**758**	**(32,209)**	**(31,451)**	**2,715**
Balance at 31 March 2010	**6,297**	**66,081**	**72,378**	**2,967**

2009 Group	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Capital reserves total £'000s	Revenue reserve £'000s
Losses on investments sold	(14,970)	–	(14,970)	–
Losses on investments held	–	(87,042)	(87,042)	–
Losses on derivative financial instruments sold	(3,412)	–	(3,412)	–
Losses on derivative financial instruments held	–	(789)	(789)	–
Exchange losses	(20,055)	–	(20,055)	–
Management fee (see note 4)	(1,206)	–	(1,206)	–
Performance fee (see note 4)	25	–	25	–
Finance costs (see note 6)	(3,222)	–	(3,222)	–
Other capital charges	(24)	–	(24)	–
Taxation	1,774	–	1,774	–
Revenue profit for the year	–	–	–	10,853
Total (loss)/profit in current year	(41,090)	(87,831)	(128,921)	10,853
Dividends paid in the year	–	–	–	(11,338)
Balance at 31 March 2008	41,848	55,622	97,470	3,200
Balance at 31 March 2009	758	(32,209)	(31,451)	2,715

25. OTHER RESERVES (CONTINUED)

2010 **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	**13,142**	**–**	**13,142**	**–**
Gains on investments held	**–**	**92,682**	**92,682**	**–**
Gains on derivative financial instruments held	**–**	**2,243**	**2,243**	**–**
Exchange gains	**1,529**	**–**	**1,529**	**–**
Management fee (see note 4)	**(1,037)**	**–**	**(1,037)**	**–**
Finance costs (see note 6)	**(2,683)**	**–**	**(2,683)**	**–**
Other capital charges	**(22)**	**–**	**(22)**	**–**
Taxation	**(2,331)**	**–**	**(2,331)**	**–**
Transfer from warrant reserve on purchase of warrants	**385**	**–**	**385**	**–**
Transfer from S share reserve on purchase of S shares	**304**	**–**	**304**	**–**
Cost of purchase of warrants	**(330)**	**–**	**(330)**	**–**
Cost of purchase of S shares	**(90)**	**–**	**(90)**	**–**
Revenue profit for the year	**–**	**–**	**–**	**9,989**
Total profit in current year	**8,867**	**94,925**	**103,792**	**9,989**
Dividends paid in the year	**–**	**–**	**–**	**(9,700)**
Balance at 31 March 2009	**4,049**	**(35,536)**	**(31,487)**	**2,751**
Balance at 31 March 2010	**12,916**	**59,389**	**72,305**	**3,040**

2009 Company	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Capital reserves total £'000s	Revenue reserve £'000s
Losses on investments sold	(14,970)		(14,970)	–
Losses on investments held	–	(89,394)	(89,394)	–
Losses on derivative financial instruments sold	(600)	–	(600)	–
Losses on derivative financial instruments held	–	(1,571)	(1,571)	–
Exchange losses	(19,774)	–	(19,774)	–
Management fee (see note 4)	(1,206)	–	(1,206)	–
Performance fee (see note 4)	25	–	25	–
Finance costs (see note 6)	(3,215)	–	(3,215)	–
Other capital charges	(24)	–	(24)	–
Taxation	1,774	–	1,774	–
Revenue profit for the year	–	–	–	10,887
Total (loss)/profit in current year	(37,990)	(90,965)	(128,955)	10,887
Dividends paid in the year	–	–	–	(11,338)
Balance at 31 March 2008	42,039	55,429	97,468	3,202
Balance at 31 March 2009	4,049	(35,536)	(31,487)	2,751

26. NET ASSET VALUE PER ORDINARY SHARE

Group and Company

(a) Net asset value per ordinary share is based on net assets at the year end of £319,882,000 (2009: £230,733,000) and on 203,312,819 (2009: 214,117,040) ordinary shares in issue at the year end.

(b) Diluted net asset value per ordinary share is based on net assets at the year end and assuming the receipt of proceeds arising from the conversion of 29,087,134 (2009: 31,992,401) warrants outstanding at £1 per warrant and the conversion of 8,606,709 (2009: 9,155,221) S shares outstanding at £1 per S share.

	2010 Number	2009 Number
Ordinary shares in issue at the year end	**203,312,819**	214,117,040
Ordinary shares created on conversion of all warrants	**29,087,134**	31,992,401
Ordinary shares created on conversion of all S shares	**8,606,709**	9,155,221
Number of ordinary shares for diluted calculation	**241,006,662**	255,264,662
Attributable net assets for diluted calculation – £'000s	**357,576**	271,881

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

	Group		Company	
	2010 £'000s	2009 £'000s	**2010 £'000s**	2009 £'000s
Profit before taxation	**116,709**	(119,298)	**116,709**	(119,298)
Adjust for non-cash flow items:				
Gains and losses on investments	**(112,515)**	102,012	**(105,824)**	104,364
Gains and losses on derivative financial instruments	**4,426**	4,201	**(2,243)**	2,171
Exchange (gains)/losses	**(1,544)**	20,055	**(1,529)**	19,774
Stock interest	**–**	(331)	**–**	(331)
Effective yield interest	**–**	(61)	**–**	(61)
Increase in accrued income	**(305)**	(339)	**(305)**	(339)
Increase/(decrease) in creditors	**608**	(2,727)	**630**	(2,758)
Increase in other debtors	**(17)**	(5)	**(15)**	(5)
Tax on overseas income	**(763)**	(533)	**(763)**	(533)
	(110,110)	122,272	**(110,049)**	122,282
Adjust for cash flow items not within the Statement of Comprehensive Income:				
Taxation on capital gains	**(419)**	(230)	**(419)**	(230)
Overseas investment taxation	**(148)**	–	**(148)**	–
Net cash flows on investments	**13,574**	62,774	**11,976**	80,637
Net cash flows on derivative financial instruments	**(1,720)**	15,540	**–**	(2,262)
	11,287	78,084	**11,409**	78,145
Net cash flows from operating activities	**17,886**	81,058	**18,069**	81,129

28. RELATED PARTY TRANSACTIONS

During the year the Company made payments to GERP, its special purpose entity, of £1.6m (2009: received payments of £17.9m) in settlement of investment transactions.

On consolidation, transactions between the Company and its special purpose entity have been eliminated.

Transactions entered into by Mr Jillings are disclosed in the Directors' Remuneration Report on page 25.

The following are considered related parties of the Group: the associates of the Group set out under note 10, being Equest Balkan Properties plc and Indian Energy Limited; the Board of Utilico Limited and ICM, Utilico's investment manager.

There were no transactions between the above associates and the Company other than investments in the ordinary course of UEM's business.

There were no transactions with the Board other than aggregate remuneration of £143,000 included within "Other expenses" for services as Directors. At the year end £36,000 (2009: £36,000) remained outstanding to the Directors.

There were no transactions with ICM other than investment management and performance fees as set out in note 4. At the year end £382,000 (2009: £312,000) of the management fee remained outstanding.

29. FINANCIAL RISK MANAGEMENT

The Group's investing policy is to provide long-term capital appreciation by investing predominantly in infrastructure, utility and related sectors mainly in emerging markets. The Group seeks to meet its investing 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 investing 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 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 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 investing policy and meets regularly to review full, timely and relevant information on investment performance and financial results. The 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 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.

29. 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:

	2010	**Average**	2009
BRL – Brazilian Real	**2.7072**	**2.9957**	3.3000
CNY – Chinese Yuan	**10.3542**	**10.8238**	9.7949
MYR – Malaysian Ringgit	**4.9481**	**5.4891**	5.2253
PHP – Philippine Peso	**68.5487**	**75.0328**	69.2667
THB – Thai Baht	**49.0490**	**53.5316**	50.8338
USD – United States Dollar	**1.5169**	**1.5852**	1.4334

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:

2010	**BRL £'000s**	**CNY £'000s**	**GBP £'000s**	**MYR £'000s**	**PHP £'000s**	**THB £'000s**	**USD £'000s**	**Other £'000s**	**Total £'000s**
Investments	**108,705**	**73,859**	**–**	**74,556**	**27,381**	**21,467**	**–**	**36,483**	**342,451**
Other receivables	**2,969**	**–**	**135**	**917**	**189**	**781**	**–**	**417**	**5,408**
Derivative financial instruments – assets	**–**	**–**	**–**	**–**	**–**	**–**	**41,697**	**–**	**41,697**
Cash and cash equivalents	**10**	**–**	**1,940**	**–**	**–**	**–**	**(67)**	**91**	**1,974**
Other payables	**–**	**(404)**	**(1,113)**	**–**	**–**	**–**	**(911)**	**(657)**	**(3,085)**
Derivative financial instruments – liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**(2,515)**	**–**	**(2,515)**
Long term unsecured loans	**–**	**–**	**(19,700)**	**–**	**–**	**–**	**(4,959)**	**–**	**(24,659)**
Deferred tax	**(1,661)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,661)**
Net exposures	**110,023**	**73,455**	**(18,738)**	**75,473**	**27,570**	**22,248**	**33,245**	**36,334**	**359,610**
Percentage of net assets	**30.6%**	**20.4%**	**(5.2%)**	**21.0%**	**7.7%**	**6.2%**	**9.2%**	**10.1%**	**100.0%**

2009	BRL £'000s	CNY £'000s	GBP £'000s	MYR £'000s	PHP £'000s	THB £'000s	USD £'000s	Other £'000s	Total £'000s
Investments	91,084	33,769	–	66,289	11,942	16,270	–	26,157	245,511
Other receivables	1,442	277	624	–	23	350	–	368	3,084
Derivative financial instruments – assets	–	–	–	–	–	–	76,046	–	76,046
Cash and cash equivalents	26	–	23,010	–	–	–	909	113	24,058
Other payables	–	(444)	(954)	–	–	(7)	(623)	(242)	(2,270)
Derivative financial instruments – liabilities	–	–	–	–	–	–	(52,897)	–	(52,897)
Long term unsecured loans	–	–	(31,600)	–	–	–	(10,210)	–	(41,810)
Net exposures	92,552	33,602	(8,920)	66,289	11,965	16,613	13,225	26,396	251,722
Percentage of net assets	36.8%	13.3%	(3.5)%	26.3%	4.7%	6.6%	5.3%	10.5%	100.0%

29. 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 share:

						2010						2009
	BRL	CNY	MYR	PHP	THB	USD	BRL	CNY	MYR	PHP	THB	USD
Weakening of Sterling	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Statement of Comprehensive Income return after tax												
Revenue return	518	90	280	55	148	(100)	646	108	244	47	122	(430)
Capital return	12,131	8,162	8,386	3,042	2,385	3,694	10,123	3,705	7,365	1,327	1,836	(865)
Total return	12,649	8,252	8,666	3,097	2,533	3,594	10,769	3,813	7,609	1,374	1,958	(1,295)
NAV per share												
Basic – pence	6.22	4.06	4.26	1.52	1.25	(1.77)	5.03	1.78	3.55	0.64	0.91	(0.60)
Diluted – pence	5.76	3.76	3.94	1.41	1.15	(1.64)	4.87	1.72	3.44	0.62	0.89	(0.59)

						2010						2009
	BRL	CNY	MYR	PHP	THB	USD	BRL	CNY	MYR	PHP	THB	USD
Strengthening of Sterling	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Statement of Comprehensive Income return after tax												
Revenue return	(518)	(90)	(280)	(55)	(148)	100	(646)	(108)	(244)	(47)	(122)	430
Capital return	(12,131)	(8,162)	(8,386)	(3,042)	(2,385)	(3,694)	(10,123)	(3,705)	(7,365)	(1,327)	(1,836)	865
Total return	(12,649)	(8,252)	(8,666)	(3,097)	(2,533)	(3,594)	(10,769)	(3,813)	(7,609)	(1,374)	(1,958)	1,295
NAV per share												
Basic – pence	(6.22)	(4.06)	(4.26)	(1.52)	(1.25)	(1.77)	(5.03)	(1.78)	(3.55)	(0.64)	(0.91)	0.60
Diluted – pence	(5.76)	(3.76)	(3.94)	(1.41)	(1.15)	(1.64)	(4.87)	(1.72)	(3.44)	(0.62)	(0.89)	0.59

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.

29. 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:

			2010			2009
	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	**1,974**	**–**	**1,974**	23,770	–	23,770
Exposure to fixed rates						
Loans	**–**	**(24,659)**	**(24,659)**	–	(41,810)	(41,810)
Net exposures						
At year end	**1,974**	**(24,659)**	**(22,685)**	24,058	(41,810)	(17,752)
Maximum in year	**16,015**	**–**	**16,015**	(27,480)	(51,740)	(79,220)
Minimum in year	**1,974**	**(24,659)**	**(22,685)**	24,058	(41,810)	(17,752)

	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	**16,015**	**–**	**16,015**	(23,117)	(56,103)	(79,220)
Minimum in year	**1,974**	**(24,659)**	**(22,685)**	24,058	(41,810)	(17,752)

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 is at ruling market rates. Interest paid on loans is fixed at 5% on USD50m using an interest rate swap and at ruling market rates on any loans in excess thereafter.

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 share.

		2010		2009
	Increase in rate £'000s	**Decrease in rate £'000s**	Increase in rate £'000s	Decrease in rate £'000s
Revenue return	**37**	**n/a***	475	n/a*
Capital return	**–**	**–**	–	–
Total return	**37**	**n/a**	475	n/a
NAV per share				
Basic – pence	**0.02**	**–**	0.22	–
Diluted – pence	**0.02**	**–**	0.21	–

* Interest rates on cash balances are negligible at 31 March 2010 and 31 March 2009.

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Other market risk exposures

The portfolio of investments, valued at £342,451,000 at 31 March 2010 (2009: £245,511,000) 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 6. A description of the derivative positions, which are also exposed to market price changes, together with the Manager's and Board's strategies for using these positions for efficient portfolio management is contained within the Investment Manager's Report under "Market Hedging" on page 8.

The exposure on the Group's options at 31 March was as follows:

	2010 £'000s	2009 £'000s
Current assets		
Put index options	**41,697**	66,627
Call index options	**–**	9,419
	41,697	76,046
Current Liabilities		
Put index options	**–**	37,674
Call index options	**–**	10,465
Interest rate SWAPs	**2,515**	4,758
	2,515	52,897

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 share:

		2010		2009
	Increase in value £'000s	**Decrease in value £'000s**	Increase in value £'000s	Decrease in value £'000s
Statement of Comprehensive Income capital return	**65,229**	**(66,829)**	49,271	(49,271)
NAV per share				
Basic – pence	**32.08**	**(32.87)**	23.01	(23.01)
Diluted – pence	**29.69**	**(30.42)**	22.28	(22.28)

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 (65 at 31 March 2010); the liquid nature of the portfolio of investments; the industrial and geographical diversity of the portfolio (see charts on page 6); and the existence of an on-going loan facility agreement.

Cash balances are held with reputable banks.

The 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 £25m as set out in note 16. 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:

2010	**Three months or less £'000s**	**More than three months but less than one year £'000s**	**More than one year £'000s**	**Total £'000s**
Other payables	**3,085**	**–**	**–**	**3,085**
Derivative financial instruments	**–**	**–**	**2,515**	**2,515**
Bank loans	**–**	**–**	**24,659**	**24,659**
	3,085	**–**	**27,174**	**30,259**

2009	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Other payables	2,270	–	–	2,270
Derivative financial instruments	48,139	–	4,758	52,897
Bank loans	–	–	41,810	41,810
	50,409	–	46,568	96,977

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 (the Investment Manager) 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 ICM and 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	**Balance Sheet £'000s**	**2010 Maximum exposure £'000s**	Balance Sheet £'000s	2009 Maximum exposure £'000s
Cash at bank	**1,974**	**36,290**	24,058	24,058
Financial assets through profit or loss – derivatives (put options and call options)	**41,697**	**64,719**	27,907	98,565
– derivatives (CFDs)	**–**	**–**	–	249

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

(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 exchanges 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 investing 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. In pursuing this long-term investing 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; and pay dividends to shareholders out of current year revenue earnings as well as out of brought forward revenue reserves.

Changes to ordinary share capital are set out in note 19. Dividend payments are set out in note 9. Loans are set out in note 16.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2010 Annual General Meeting of Utilico Emerging Markets Limited will be held at Lazards, 59th Floor, 30 Rockefeller Plaza, New York, NY 10020 USA on Monday 30 August 2010 at 12.00 noon for the following purposes:

Ordinary Business

1. Minutes of the last General Meeting to be read and confirmed.
2. To receive and adopt the Directors' report and auditor's report and accounts for the year ended 31 March 2010.
3. To approve the Directors' Remuneration Report for the year ended 31 March 2010.
4. To re-elect Mr G A Madeiros as a Director
5. To re-elect Mr C D O Jillings, who retires annually, as a Director
6. To re-elect Mr G P D Milne as a Director
7. To re-appoint the auditors.
8. To authorise the Directors to determine the auditors' remuneration.

Special Business

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

9. Resolve that the Directors be generally and unconditionally authorised to make market purchases of ordinary shares of 10p each in the capital of the Company ("Ordinary Shares"), provided that:
   (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased shall equal 14.99% of the issued Ordinary Shares as at the date of this notice, being 30,476,591;
   (b) the maximum price which may be paid for an Ordinary Share will be equal to 105% of the average of the mid-market quotation for the share taken from the London Stock Exchange for the five business days immediately preceding the date of purchase (or such other amount as may be specified by the London Stock Exchange from time to time);
   (c) the maximum price payable referred to in paragraph (b) above is exclusive of any expenses payable by the Company in connection with such purchase;
   (d) such purchases shall be made in accordance with the Bermuda Companies Act;
   (e) the authority to purchase Ordinary Shares conferred hereby shall expire on 28 February 2012 unless it is varied, revoked or renewed prior to that date at the Company's 2011 annual general meeting or any other special general meeting by ordinary resolution; and
   (f) the Company may enter into any contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed or executed wholly or partly after the expiration of such authority.

By order of the Board
F&C Management Limited, Secretary
9 June 2010

NOTES:

Only the holders of ordinary shares registered on the register of members of the Company at 5.00 pm on 27 August 2010 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 5.00 pm on 27 August 2010 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

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.

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, Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES, not less than 48 hours before the time appointed for holding the meeting. 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, BS13 8AE not later than 5 pm on 25 August 2010.

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.

Mr Jillings is the only Director to have a service contract with the Company. The contract 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.

The final dividend in respect of the year ended 31 March 2010 for the ordinary shares will be paid on 2 July 2010 to the relevant holders on the register at the close of business on 18 June 2010.

COMPANY INFORMATION

Utilico Emerging Markets Limited
Company Registration Number: 36941
www.uem.bm

Directors
Alexander Zagoreos (Chairman)
Charles Jillings
Garry Madeiros
Garth Milne
Kevin O'Connor (Deputy Chairman)

Registered Office
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Investment Manager
Ingot Capital Management Pty Ltd
Level 11
1 York Street
Sydney 2000
Australia
Australian Financial Services Licence No. 239075

Nominated Adviser and UK Broker
Arbuthnot Securities Limited
Arbuthnot House
20 Ropemaker Street
London EC2Y 9AR
Authorised and regulated in the UK by the Financial Services Authority

Bermuda Broker
First Bermuda Group Ltd
Maxwell R. Roberts Building
1 Church Street
Hamilton HM11
Bermuda

Channel Islands Broker
Cenkos Channel Islands Limited
Suite F1 Hirzel Court
St Peter Port
Guernsey GY1 4JG

Solicitors
Norton Rose LLP
3 More London Riverside
London SE1 2AQ

Appleby
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Company Secretary and Administrator
F&C Management Limited
Exchange House
Primrose Street
London EC2A 2NY
Telephone 020 7628 8000
Facsimile 020 7628 8188
Authorised and regulated in the UK by the Financial Services Authority

Auditors
Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Custodian
JPMorgan Chase Bank
125 London Wall
London
EC2Y 5AJ

Registrar
Computershare Investor Services (Jersey) Ltd
Queensway House
Hilgrove Street
St Helier
Jersey JE1 1ES
Channel Islands

Depository and CREST Agent
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE

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

NOTES

NOTES

HISTORICAL PERFORMANCE

	31 March 2010	31 March 2009	31 March 2008	31 March 2007	31 March 2006[1]	20 July 2005[2]	Change % 2010/09	Change % 2009/08	Change % 2009/07	Change % 2007/06	Change % 2006/05
Undiluted net asset value per ordinary share	**157.33p**	107.76p	168.39p	146.45p	119.48p	98.36p	**46.0**	(36.0)	15.0	22.6	21.5
Diluted net asset value per ordinary share	**148.37p**	106.51p	157.20p	138.80p	116.23p	98.36p[3]	**39.3**	(32.2)	13.3	19.4	18.2
Ordinary share price	**132.00p**	95.50p	153.75p	137.25p	126.00p	100.00p	**38.2**	(37.9)	12.0	8.9	26.0
(Discount)/premium[4]	**(11.0%)**	(10.3%)	(2.2%)	(1.1%)	8.4%	1.7%	**n/a**	n/a	n/a	n/a	n/a
Earnings per ordinary share (basic)											
– Capital	**48.57p**	(60.28p)	17.89p	34.19p	19.50p	n/a	**n/a**	n/a	(47.7)	75.3	n/a
– Revenue	**4.67p**	5.08p	5.24p	2.96p	1.62p	n/a	**(8.1)**	(3.1)	77.0	82.7	n/a
– Total	**53.24p**	(55.20p)	23.13p	37.15p	21.12p	n/a	**n/a**	n/a	(37.7)	75.9	n/a
Dividends per ordinary share											
– Interim	**3.75p**	4.00p	3.50p	2.00p	–	n/a	**(6.3)**	14.3	75.0	n/a	n/a
– Final	**1.05p[5]**	0.80p	1.30p	0.70p	1.50p	n/a	**31.3**	(38.5)	85.7	(53.3)	n/a
– Total	**4.80p**	4.80p	4.80p	2.70p	1.50p	n/a	**–**	–	77.8	80.0	n/a
Equity holders' funds (£m)	**319.9**	230.7	359.5	241.6[6]	89.7	73.8	**38.7**	(35.8)	48.8	169.4	n/a
Gross assets (£m)[8]	**344.5**	272.5	441.3	288.6[6]	107.2	73.8	**26.4**	(38.0)	53.3	169.2	n/a
Cash (£m)	**2.0**	24.1	11.9	19.9	1.2	–	**(11.2)**	102.5	n/a	n/a	n/a
Bank debt (£m)	**(24.7)**	(41.8)	(79.9)	(45.0)	(17.5)	–	**(0.7)**	(47.7)	77.5	157.2	n/a
Net debt (£m)	**(22.7)**	(17.7)	(68.0)	(25.1)	(16.3)	–	**0.22**	(74.0)	170.9	54.0	n/a
Net debt gearing on gross assets	**6.6%**	6.5%	15.5%	8.8%	15.2%	–	**n/a**	n/a	n/a	n/a	n/a
Management and administration fees (£m)[9]	**2.5**	2.7	3.1	2.1	0.8	n/a	**(7.4)**	(12.9)	47.6%	n/a	n/a
Total expense ratio[10]	**0.8%**	0.7%	0.8%	0.9%	0.9%	n/a	**n/a**	n/a	n/a	n/a	n/a

(1) Period from 9 June 2005, the date of incorporation of the Company to 31 March 2006
(2) Date of admission to trading on AIM
(3) There was no dilution
(4) Based on diluted net asset value
(5) The dividend declared has not been included as a liability in these accounts
(6) Includes the £100.0m fund raising in May 2006
(7) Includes the £85.0m fund raising in December 2007
(8) Gross assets less liabilities excluding loans
(9) Excluding performance fee, including other expenses
(10) Management and administration fees over monthly average gross assets

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