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If you sell or have sold or otherwise transferred all of your Ordinary Shares in Utilico Emerging Markets Limited (the "Company"), please forward this document but not the accompanying Form of Proxy or Form of Instruction (as appropriate) as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

A copy of this document, which comprises a prospectus and circular relating to the Company prepared in accordance with the Prospectus Rules of the Financial Services Authority made under Section 84 of the FSMA, has been approved by the FSA in accordance with section 85 of FSMA and has been delivered to the FSA in accordance with Rule 3.2 of the Prospectus Rules. This document will be made available to the public in accordance with the Prospectus Rules by being available at www.utilicoemergingmarkets.com.

Applications will be made to the UK Listing Authority for all of the Company's issued Ordinary Shares to be admitted to a premium listing on the Official List of the UK Listing Authority by means of an introduction and to the London Stock Exchange for all of the Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective on 14 October 2011. This document comprises the Prospectus in relation to the application for all the Ordinary Shares of the Company to be admitted to a premium listing on the Official List and to trading on the London Stock Exchange's main market for listed securities.

This prospectus has been filed with the Registrar of Companies in Bermuda (the "Registrar"). Neither the Registrar nor the Bermuda Stock Exchange takes any responsibility for the contents of this document, and they make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document. The BMA has given general permission for the issue and subsequent transfer of securities (which definition includes the Ordinary Shares) from and/or to a non-resident of Bermuda so long as the Ordinary Shares are listed on an "Appointed Stock Exchange", which includes AIM and the Main Market. Approvals or permissions given by the BMA do not constitute a guarantee by the BMA as to the Company's performance or credit worthiness. Accordingly, in giving its consent or permissions, the BMA shall not be liable for the financial soundness, performance or default of the Company's business or for the correctness of any opinion or statements expressed herein.

UTILICO EMERGING MARKETS LIMITED

(Incorporated in Bermuda under the Companies Act 1981, as amended, with company number 36941)

Migration of Ordinary Shares from AIM to the Official List

Cancellation of listing on the Bermuda Stock Exchange

Continuation Vote

Adoption of New Bye-laws

Disapplication of new pre-emption rights

and

Notice of Special General Meeting

Investment Manager

ICM Limited

Sponsor

Dickson Minto W.S.

Financial adviser and corporate broker

Westhouse Securities Limited

Dickson Minto W.S. and Westhouse Securities Limited, each of which is authorised and regulated in the United Kingdom by the Financial Services Authority, are acting for the Company in connection with the Proposals and no-one else and, subject to the responsibilities and liabilities imposed by FSMA, will not be responsible to anyone other than the Company for providing the protections afforded to their clients or for providing advice to any other person in relation to the contents of this document or on any other matter referred to in this document. Neither Dickson Minto W.S. nor Westhouse Securities Limited are responsible for the contents of this document. This does not exclude or limit any responsibility which Dickson Minto W.S. or Westhouse Securities Limited may have under the FSMA or the regulatory regime established thereunder.

Notice of a Special General Meeting of the Company to be held at 10.00 a.m. (Bermuda time) on 4 October 2011 is set out at the end of this document. The Proposals described in this document are conditional upon Shareholder approval of the Resolutions to be proposed at the Special General Meeting. Shareholders are requested to complete and return their Form of Proxy or Form of Instruction (as appropriate) accompanying this document for the Special General Meeting as soon as possible.

To be valid, a Form of Proxy for use at the Special General 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 Registrars, Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not less than 48 hours before the time appointed for holding the Special General Meeting. In view of this requirement, investors holding Ordinary Shares in the Company through Depositary Interests in uncertificated form should ensure that Forms of Instruction are returned to the Depositary, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by not later than 2.00 p.m. (London time) on 30 September 2011.

Dated: 15 September 2011

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SUMMARY

This summary section should be read as an introduction to this Prospectus which comprises the whole of this document. Any decision to invest in the Ordinary Shares should be based on a consideration of this Prospectus as a whole by prospective investors. Where a claim relating to the information contained in this Prospectus is brought before a court, a claimant investor might, under the national legislation of an EEA State, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches to the Company and the Directors who are responsible for this summary, including any translation of this summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.

Introduction to the Company

The Company is an exempted, closed ended Bermuda incorporated investment company. It was incorporated in June 2005 and its shares were admitted to trading on AIM and the Bermuda Stock Exchange in July 2005, after raising £52.5 million (before expenses) and a £22.5 million portfolio of existing investments was transferred to the Company by Utilico Investment Trust plc. Since its launch the Company has raised a further £185 million in aggregate (before expenses) through two C share issues in May 2006 and December 2007 respectively. The Company has also raised in aggregate £26.1 million following the exercise of warrants and S Shares, in addition to having bought back over 32.5 million Ordinary Shares since launch.

As at 31 March 2011, the Company had an audited Net Asset Value of £383.15 million and a Net Asset Value per Ordinary Share of 175.28p (source: Company audited accounts), and as at 13 September 2011 (the latest practicable date prior to the publication of this document) an unaudited Net Asset Value of £361.93 million and an unaudited Net Asset Value per Ordinary Share of 167.93p (source: Company unaudited daily Net Asset Value announcement). The Company announces its Net Asset Value to the London Stock Exchange on a daily basis and publishes all recent information on its website: www.uem.bm.

The Company's issued share capital consists of Ordinary Shares. The Ordinary Shares are currently admitted to trading on AIM and the Bermuda Stock Exchange (the "BSX"). As explained further below, it is intended that the Ordinary Shares will be delisted from AIM and the BSX, subject to admission of the Ordinary Shares to a premium listing on the Official List and to trading on the Main Market. It is expected that Admission will become effective and that dealings on the Main Market will commence on 14 October 2011.

Investment Objective

The Company's investment objective is to provide long-term total return by investing predominantly in infrastructure, utility and related sectors, mainly in Emerging Markets.

Investment Policy

The Company's investment policy is flexible and permits it to make investments predominantly in infrastructure, utility and related sectors, mainly in Emerging Markets, including (but not limited to) water, sewerage, waste, electricity, gas, telecommunications, ports, airports, service companies, rail, roads, any business with essential service and/or monopolistic characteristics and in any new infrastructure or utilities which may arise 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 world-wide. The Company generally seeks to invest in Emerging Market countries where the Directors believe that there are positive investment attributes.

The Company has the flexibility to invest in shares, bonds, convertibles and other types of securities, including non-investment grade bonds and to invest in unlisted securities. The Company may also use derivative instruments such as American Depositary Receipts, promissory notes, foreign currency hedges, interest rate hedges, contracts for difference, financial futures, call and put options and warrants and similar instruments for investment purposes and efficient portfolio management, including protecting the Company's

portfolio and balance sheet from major corrections and reducing, transferring or eliminating investment risks in its investments.

Investment Restrictions

- Unquoted and untraded investments (excluding the Company's investment in a segregated account of GERP, an unquoted Bermuda segregated accounts company), must not exceed 10 per cent. of Gross Assets at the time of investment;
- No single investment may exceed 20 per cent. of Gross Assets at the time of investment;
- Investments other than in infrastructure, utility and related companies (including GERP) must not exceed 20 per cent. of Gross Assets at the time of investment;
- Investments in a single country must not exceed 50 per cent. of Gross Assets at the time of investment;
- Not more than 10 per cent. in aggregate of the value of the total assets of the Company at the time the investment is made will be invested in other closed-ended investment funds which are listed on the Official List (except to the extent that those investment funds have stated investment policies to invest no more than 15 per cent. of their total assets in other investment companies which are listed on the Official List); and
- Regardless of the investment policy of other closed-ended investment funds listed on the Official List and which are invested in by the Company, the Company shall not invest in such funds more than 15 per cent. in aggregate of the value of the total assets of the Company at the time the investment is made.

None of the above restrictions will require the realisation of any assets of the Company where any restriction is breached as a result of an event outside of the control of the Investment Manager which occurs after the investment is made, but no further relevant assets may be acquired or loans made by the Company until the relevant restriction can again be complied with.

Borrowing and gearing policy

The Company may, from time to time, use bank borrowings for short-term liquidity purposes. In addition, the Directors may gear the Company by borrowing on a longer term basis for investment purposes. Borrowings at the time of drawdown must not result in gearing (being total borrowings measured against Gross Assets) exceeding 25 per cent.. Borrowings will be drawn down in Sterling, US Dollars or any currency for which there is a corresponding asset within the Company's portfolio (at the time of draw down the value drawn must not exceed the value of the corresponding asset in the portfolio).

As at 13 September 2011 the Company's borrowings were equal to approximately £12.0 million.

Dividend Policy

The Company intends to distribute as dividends substantially all of the Company's income profits arising in each accounting period and although it is the Company's intention to grow the dividend progressively, there is no guarantee of any particular level of profits or return being achieved. In the absence of unforeseen circumstances, dividends will typically be payable semi-annually in December and June. The Company will only pay dividends on the Ordinary Shares to the extent that it has sufficient financial resources available for the purpose in accordance with the Bermuda Companies Act.

Investment Manager

ICM Limited ("ICM") acts as investment manager to the Company and has overall responsibility for the Company's day-to-day activities. It manages the Company's portfolio and provides various other services to the Company, subject to the overriding supervision of the Directors. ICM is an investment adviser incorporated in Bermuda.

ICM is entitled to a management fee equivalent to 0.5 per cent. per annum of the Company's Gross Assets payable quarterly in arrears. In addition, ICM is entitled to a performance fee payable in respect of each

financial period, equal to 15 per cent. of the amount of any out-performance in that period by equity funds attributable to Shareholders in excess of the post-tax yield on the FTSE Actuaries Government Securities UK Gilt 5 to 10 years Index, plus inflation, plus 2 per cent.

Life 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. The existing Bye-laws provide that 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. As part of the Proposals, it is proposed that the continuation vote be brought forward to the SGM. Resolution 1 as set out in the Notice of the SGM seeks Shareholder approval that the Company should continue as presently constituted. If this resolution is passed, the New Bye-laws referred to below under "Migration" will provide for a further continuation vote to be proposed at the annual general meeting of the Company to be held in 2016 and at every fifth annual general meeting held thereafter.

If a continuation resolution is not passed, the Directors will be required to formulate proposals to be put to Shareholders relating to the future of the Company having regard to, inter alia, prevailing market conditions and applicable regulations and legislation.

The Migration

Since its launch in July 2005, the Company's Ordinary Shares have been admitted to trading on AIM and the BSX. The Board believes that migrating from AIM to the Main Market will provide a number of potential advantages, including:

- increasing the liquidity in the Ordinary Shares;
- enhancing the Company's profile amongst the financial and investment community;
- widening the pool of potential investors in the Company;
- subject to further conditions, eligibility for inclusion in the FTSE All-Share Index; and
- providing a more appropriate platform on which the Company can trade given its market capitalisation.

The Company is therefore proposing the Migration, under which the listing of the Ordinary Shares on AIM and the BSX will be cancelled and Admission to the Official List and to trading on the Main Market will be sought.

As a Bermuda company, the Company is not currently subject to pre-emption rights and must therefore adopt new Bye-laws, which include such rights and also amend the continuation vote provisions referred to above.

In order to comply with the eligibility requirements for inclusion in the FTSE All-Share Index, the New Bye-laws will incorporate certain provisions of the City Code, to the extent permitted under the Bermuda Companies Act.

The New Bye-laws will also contain a number of miscellaneous changes that bring them up to date with best practice, the requirements of the UK Listing Authority and the Bermuda Companies Act. This requires a resolution of the Company's Shareholders and the Migration is therefore conditional on the passing of Resolution 2 at the SGM.

Risk factors

An investment in the Ordinary Shares is subject to a number of risks which could materially and adversely affect the Company's business, financial condition or results of operations. The material risks relating to an investment in the Ordinary Shares and the Company which are known to the Directors are set out below:

- An investment in the Ordinary Shares involves a high degree of risk. The value of the Ordinary Shares and the income derived from the Ordinary Shares (if any) can fluctuate and may go down as well as up and investors may not get back the full value of their investment.
- Although the Ordinary Shares will be traded on the Main Market of the London Stock Exchange following the Migration, it is possible that there may not be a liquid market in the Ordinary Shares and,

consequently, Shareholders may have difficulty in selling their Ordinary Shares.

- Notwithstanding the existence of share buy-back powers, there is no guarantee that the market price of the Ordinary Shares will reflect their underlying Net Asset Value.
- There can be no guarantee that the investment objective of the Company, which is to provide long-term total return by investing predominantly in infrastructure, utility and related sectors in Emerging Markets, will be achieved.
- The success of the Company and the achievement of its investment objective is heavily dependent on the expertise of ICM, and the Company's Directors and employees.
- The success of the investment strategies followed by ICM depends upon ICM's success in correctly interpreting market data and the performance of the Company's investments depends on ICM's correct assessments of the future course of price movements of the Company's assets.
- The past performance of the Company and other funds managed by ICM is not indicative of the future performance of the Company.
- ICM and its associates serve as the manager or adviser to other clients, including Utilico Investments Limited and may, as a result, be subject to conflicts of interest in allocating investments among its clients.
- The ability of the Company to achieve its objective will be dependent upon market conditions and responses to market conditions.
- Changes in economic conditions (including, for example, interest rates, rates of inflation), industry conditions, competition, political and diplomatic events and trends, tax laws, environmental laws and other factors can substantially and either adversely or favourably affect the value of the securities in which the Company will invest and, as a consequence, the Company's prospects.
- The Company invests in infrastructure, utility and related companies based in Emerging Markets. In general, such investments may include a higher element of risk compared to more developed markets due to greater political and economic instability and underdeveloped markets and systems. Investments in Emerging Markets may also be more illiquid than in investments in developed markets.
- The Company's investments are concentrated and accordingly may represent a different risk than a generalist investment company.
- The Company will invest predominantly in securities which will be denominated in currencies other than Sterling, the Company's base currency, or in issuers whose operations are conducted in currencies other than Sterling. The Company will therefore have an exposure to foreign exchange rate risk as a result of changes, both unfavourable and favourable, in exchange rates between those currencies and Sterling to the extent such movements are not hedged.
- The Company may invest in non-investment grade bonds, warrants, American Depositary Receipts, promissory notes, contracts for differences, other forms of derivative instrument, bank debt and other securities both for efficient portfolio management and for investment purposes. These are subject to credit, liquidity and interest rate risks.
- The Company employs gearing through bank debt. This exposes investors to increased risk. Whilst the use of gearing should enhance the total return on the Ordinary Shares where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying return and/or value is falling.
- On a winding-up, Shareholders' entitlement to capital ranks behind all other liabilities of the Company.
- Any change in the Company's tax status, or in taxation legislation or in the interpretation or application of taxation legislation, could affect the value of investments held by the Company, the Company's ability to achieve its stated investment objective, the ability of the Company to provide returns to Shareholders and/or to alter the post tax returns to Shareholders.

RISK FACTORS

Investment in the Ordinary Shares involves a high degree of risk. Accordingly prospective investors should review this document carefully and consider all of the information contained in this document and the risks attaching to an investment in Company prior to making any investment decision. The risks referred to below are all the material risks applicable to the Company of which the Directors are aware as at the date of this document. Additional risks that are not currently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the performance of the Company and the value of the Ordinary Shares.

Any decision to invest in the Company should be based on a consideration of this document as a whole. An investment in the Company is only suitable for investors who are capable of evaluating the risks or merits of such investment and who have sufficient resources to bear any loss which might arise from such investment (which may be equal to the whole amount invested).

The Company's business, financial condition or operations could be materially and adversely affected by the occurrence of any of the risks described below. In such circumstances, the market price of the Ordinary Shares could decline and investors could lose all or part of their investment.

General

The Ordinary Shares are intended to be held over the long term and are not suitable as short-term investments. There can be no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment. There can be no guarantee that the Company's investment objective will be met.

Ordinary Shares

The Ordinary Shares should generally be regarded as a long-term investment and may not be suitable as a short-term investment. An investment in the Company will involve exposure to those risks normally associated with investment in stocks and shares. As such, the value of an investment in the Company may go down as well as up. There can be no guarantee that the investment objective of the Company will be achieved or provide the returns sought by the Company. Over time, inflation may erode the value of an investment in the Company. As with any investment in companies, the Company's investments may fall in value with the maximum loss on such investments being the value of the initial investment and, where relevant, any gains or subsequent investments made.

The value of the Ordinary Shares can go down as well as up. The market price of the Ordinary Shares may not fully reflect their underlying Net Asset Value.

Dividends on the Ordinary Shares will depend on dividends or other income returns on the Company's portfolio, which may reduce. The income derived from the Ordinary Shares (if any) can go down as well as up.

Liquidity of the Ordinary Shares generally

Although following the Migration the Ordinary Shares will be listed on the Official List and admitted to trading on the Main Market of the London Stock Exchange, it is possible that there may not be a liquid market in them and holders of the Ordinary Shares may have difficulty selling them. The price at which the Ordinary Shares are traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to Company and its investments and some which may affect companies generally. The market price of the Ordinary Shares may be subject to greater fluctuations on small volumes of shares and thus the Ordinary Shares may be difficult to sell at a particular price.

The Company aims to achieve long-term total return and therefore the Ordinary Shares are not suitable as a short-term investment.

Investor returns

The past performance of the Company and other investment companies or clients managed or advised by ICM or its affiliates is not indicative of the future performance of the Company. There can be no guarantee that the Company's investment objective will be achieved. The Company's ability to achieve returns may be adversely affected in the event of significant or sustained changes in market returns or volatility. Prospective investors should regard an investment in the Company as long-term in nature and they may not recover the full amount initially invested or any amount at all.

As with any investment in companies, the Company's investments may fall in value with the maximum loss on such investments being the value of the initial investment and, where relevant, any gains or subsequent investments made.

Investment strategies

The success of the investment strategies followed by ICM depends upon ICM's success at correctly interpreting market data. Any factor which would make it more difficult to buy or sell investments in Emerging Markets or anywhere else where the Company may invest may have an adverse affect on the profitability of the Company. No assurance can be given that the investment strategies to be used by ICM will be successful under all or any market conditions.

The performance of the Company's investment programme depends to a great extent on correct assessments of the future course of price movements of securities and other investments selected by ICM. There can be no assurance that ICM will be able to accurately predict these price movements. With respect to the investment strategies utilised by ICM, there is always some, and occasionally a significant, degree of market risk.

Infrastructure and utilities sectors

The Company's investments are concentrated in the infrastructure, utility and related sectors and accordingly the Company may be regarded as representing a different risk than a generalist investment company.

The companies in which the Company invests are, in general, exposed to a higher level of political and regulatory risk than companies in the stock market as a whole. In certain countries, the infrastructure and utilities regulatory framework is still developing. The existing dominant market position of some infrastructure and utility companies may be eroded as their sectors are exposed to greater competition as a result of regulatory steps.

The Company may invest in newly privatised companies or companies which subsequently become privatised and this may involve additional risks relating to the capital structures of such companies.

Economic conditions

Changes in economic conditions (including, for example, interest rates and rates of inflation), industry conditions, competition, changes in the law, political and diplomatic events and trends, tax laws and other factors can substantially affect the value of investments, either adversely or favourably, and therefore the Company's performance and prospects.

Political and country risks

The Company was established to invest in infrastructure, utility and related sectors based in Emerging Markets where the regulatory framework for infrastructure, utility and related companies is still developing. There is no assurance that future political and economic conditions in the individual countries in which the Company invests will not result in their governments adopting different policies with respect to foreign investment in infrastructure, utility and related companies. Any such changes in policy may affect ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, thereby influencing the Company's ability to generate profits. Such policy changes could extend to the expropriation of assets.

In certain Emerging Markets, investment by foreign investors may require consents or be subject to limitations, and repatriation of investment income, capital and the proceeds of sales by foreign investors may require government registration and/or approval. The Company could be adversely affected by delays in or a refusal to grant any required government approval or by any lack of availability of foreign exchange.

Companies in Emerging Markets are not always subject to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies incorporated in the United Kingdom. In addition, there may be less government supervision and regulation of stock exchanges, brokers and listed companies in some of the Emerging Markets in which the Company may invest directly or indirectly compared to countries with more advanced securities markets.

Trading volume on the stock exchanges within Emerging Markets can be substantially less than in the leading stock markets of the developed world, so that accumulation and disposal of holdings may be time consuming and may need to be conducted at unfavourable prices. Volatility of prices can be greater than in more developed markets.

The economies of the Emerging Markets can be heavily dependent on international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, managed adjustments in currency values, other protectionist measures imposed or negotiated by the countries with which they trade and international economic developments generally.

Competition

A number of private equity houses, institutions and other investors have become active in seeking private equity investments in infrastructure, utility and related companies in Emerging Markets. Competition for a limited number of attractive investment opportunities may lead to a delay in investment and may increase the price at which investments may be made and reduce the potential profits.

Other investment types

The Company has the flexibility to invest in shares, bonds, convertibles and other types of securities, including non-investment grade bonds and to invest in unlisted securities. The Company may also use derivative instruments such as American Depositary Receipts, promissory notes, foreign currency hedges, interest rate hedges, contracts for difference, financial futures, call and put options and warrants and similar instruments for investment purposes and efficient portfolio management, including protecting the Company's portfolio and balance sheet from major corrections and reducing, transferring or eliminating investment risks in its investments. There may not be a price correlation between price movements in the underlying securities, currency or index, on the one hand, and price movements in the investments which are the subject of the hedge, on the other hand, leading to losses due to the Company's hedging strategy. In addition, an active market may not exist for a particular derivative instrument at any particular time, meaning that the Company is unable to hedge against a particular risk. No assurance can be given that the hedging strategies which may be used by the Company will be successful under all or any market conditions.

These instruments are also subject to credit, liquidity and interest rate risks. Adverse changes in the financial position of an issuer of such securities or economic conditions generally may increase counterparty risk by impairing the ability of the issuer to make payments of interest or principal. Furthermore, if any of the Company's counterparties were to default on their obligations under derivative contracts it could have a material adverse effect on the Company, including its financial position.

The Company holds shares in a segregated account of GERP, an unquoted Bermuda segregated accounts company, for the sole purpose of carrying out derivative transactions at the request of and on behalf of the Company in order that it may make investments more efficiently and for the purposes of efficient portfolio management. Under the terms of a loan agreement entered into between GERP and the Company, GERP may draw down funds from the Company to meet certain costs and liabilities arising from any assets held in the Company's segregated account. Accordingly, in the event that the Company's hedging policies (implemented through its investment in GERP) lead to losses being suffered or funds being required by GERP, the Company may be obliged to advance funds to GERP under the terms of this loan agreement. Although the Company does not currently expect to be required to provide material loans to GERP, if the Company is required to provide such loans this could result in losses being suffered by the Company and have a material adverse effect on the Company, including its financial position.

The Company may invest in unlisted and unquoted securities. These types of securities are generally subject to higher valuation uncertainties and liquidity risks than securities listed or traded on a regulated market.

A proportion of the Company's portfolio may be held in cash from time to time. Such proportion of the Company's assets will be out of the market and will not benefit from positive stock market movements.

Special situations

The Company may invest in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganisations, bankruptcies and similar transactions. There exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, take considerable time, or will result in a distribution of cash or a new security, the value of which will be less than the purchase price of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Company may be required to sell its investment at a loss. Because there may be uncertainty concerning the outcome of transactions involving financially troubled companies in which the Company may invest, there is a potential risk of loss by the Company of its entire investment in such companies.

Borrowings

The Company uses gearing. Gearing can be employed in a variety of ways, including direct borrowing, buying securities on margin and the use of futures, warrants, options and other derivative products. Generally, gearing is used to increase the overall level of investment in a portfolio. Higher investment levels may offer the potential for higher returns. This exposes investors to increased risk as gearing can increase the portfolio's market exposure and volatility. In particular, whilst the use of borrowings should enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the Ordinary Shares. Furthermore, should any fall in the underlying asset value result in the Company breaching financial covenants contained in any loan facilities, the Company may be required to repay such borrowings in whole or in part together with any attendant costs. Such a requirement could result in the Company being forced to sell investments at lower prices than would normally be obtained. This could adversely affect the capital and income returns to Shareholders.

Exchange risks

The Company invests predominantly in securities which are not denominated or quoted in Sterling, the base currency of the Company. The movement of exchange rates between Sterling and any other currencies in which the Company's investments are denominated or the base currency of an investor may have a separate effect, unfavourable as well as favourable, on the return otherwise experienced on the investments made by the Company. Hedging arrangements relating to foreign currency returns and exposures, if any are put in place, may or may not have the desired effect.

Those persons who acquire or hold Ordinary Shares and whose base currency is not Sterling will have a currency risk by virtue of holding such securities.

Potential conflicts of interest

ICM currently serves as investment manager to Utilico Investments Limited, and may be involved in other financial, investment or professional activities in the future, including advising other investment clients. In particular, it may provide investment management, investment advice or other services in relation to other investment companies or clients which may have similar investment policies to that of the Company. As a result, ICM may have conflicts of interest in allocating investments among the Company and other clients, including ones in which it or its affiliates may have a greater financial interest.

ICM will have regard to its obligations under its investment management agreement with the Company or otherwise to act in a manner that it considers fair, reasonable and equitable having regard to its obligations to other clients, when potential conflicts of interest arise.

The Company and Utilico Investments Limited both invest in infrastructure, utility and related companies. As a result it is possible that conflicts of interest may arise with regard to potential investments. To minimise this risk an investment allocation policy has been adopted by both companies. This policy is described in paragraph 5 of Part 3 of this document.

Key personnel

The ability of the Company to achieve its investment objective is significantly dependent upon the expertise of ICM and its ability to attract and retain suitable staff. The Company is also reliant upon the skills of its Directors and employees and the loss of any of these members of staff could reduce its ability to achieve its stated investment objective. The Company and ICM have endeavoured to ensure that the principal members of their management teams are suitably incentivised, but the retention of such staff cannot be guaranteed. Further, it is an event of default (subject to a 60 day grace period) under the Company's bank facility agreement if Charles Jillings or Duncan Saville leave their employment with the Company or ICM respectively.

Taxation

Any change in the Company's tax status or in taxation legislation could affect the value of the investments held by the Company; the Company's ability to provide returns to Shareholders; or alter the post tax returns to Shareholders. Representations in this document concerning the taxation of Shareholders are based on current law and practice, which are subject to change. The information in this document relating to taxation law and practice is given by way of general summary and does not constitute legal or tax advice to Shareholders or prospective investors.

Any change in the tax treatment of dividends or interest received by the Company may reduce the returns to Shareholders.

Calculation of Net Asset Value

In calculating the Company's Net Asset Value the Administrator will rely on the Board's valuations of companies in which the Company invests. Such valuations may be unaudited or may be subject to little verification or other due diligence and may not comply with generally accepted accounting practices or other valuation principles.

Suspension of trading

Securities exchanges typically have the right to suspend or limit trading in any instrument traded on that exchange. Any suspension of any security held by the Company could render it impossible for the Company to liquidate positions and thereby expose the Company to potential losses.

Takeover Protection

The Company is incorporated in Bermuda and is managed and controlled outside the UK. For those reasons the City Code does not apply to the Company. It is emphasised that, although the Ordinary Shares will, following Admission, be admitted to the Official List and will be traded on the main market for listed securities of the London Stock Exchange, the Company is not and will not be subject to takeover regulation in the UK. It follows that Shareholders are not entitled to the protections afforded by the City Code, and there are no similar protections under Bermuda law.

If Resolutions 1 and 2 are both passed at the SGM, the Company will adopt the New Bye-laws. The New Bye-laws contain certain provisions intended to incorporate specific protections set out in the City Code into the Company's constitution. If these Resolutions are passed and the New Bye-laws are adopted, the Directors will have the power to apply rules similar to those contained in the City Code. The New Bye-laws do not import all of the provisions of the City Code, however, and the implementation of the New Bye-laws by the Directors will inevitably differ from how the Panel would implement the relevant rules of the City Code. In addition, the Directors have discretion as to whether to utilise their powers under the New Bye-laws or not in any particular circumstances. There can be no guarantee, therefore, that the adoption of the New Bye-laws will provide any significant protection for Shareholders in a situation where an individual investor

or a group of investors acting in concert acquires Ordinary Shares representing 30 per cent. or more of the issued share capital of the Company.

Enforcement of Judgements

As the Company is a Bermuda exempted company, the rights of Shareholders are governed by Bermuda law and the Memorandum of Association and Bye-laws of the Company. The rights of Shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions. Most of the Directors referred to in this document are not residents of the UK and a significant part of the Company's assets is expected to be located outside of the UK. As a result, it may be difficult for investors to effect service of process on those persons in the UK or to enforce UK judgements obtained in the UK courts against the Company or those persons who may be liable under UK law.

Alternative Investment Fund Managers Directive

The Alternative Investment Fund Managers Directive was approved by the European Parliament on 11 November 2010 and by the Council of the European Union on 27 May 2011. The provisions of the Directive will be implemented through legislation to be promulgated in each Member State, within the next two years. Although it is too early to be definitive as to the impact on the Company, it seems likely that there will be an increase in the Company's governance, custody and operating expenses and potential restrictions on the marketing of the Company's shares in the EU. The Board and the Company's advisers will continue to monitor the progress and likely implications of this Directive.

IMPORTANT NOTICE

The Company is a closed ended investment company. Shareholders and prospective investors should rely only on the information contained in this Prospectus. No broker, dealer or other person has been authorised by the Company, its Directors, the Investment Manager, Westhouse Securities or the Sponsor to issue any advertisement or to give any information or to make any representation in connection with Admission other than those contained in this Prospectus and, if issued, given or made, any such advertisement, information or representation must not be relied upon as having been authorised by the Company, its Directors, the Investment Manager, Westhouse Securities or the Sponsor.

Shareholders and prospective investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters. Investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this Prospectus are based on the law and practice currently in force in Bermuda and England and Wales and are subject to changes therein.

This Prospectus should be read in its entirety. All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Bye-laws of the Company.

All times and dates referred to in this Prospectus are, unless otherwise stated, references to London times and dates.

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with any applicable restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for any Ordinary Shares by any person: (i) in any jurisdiction in which such offer or invitation is not authorised; or (ii) in any jurisdiction in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation. In particular, this Prospectus may not be distributed in or into the United States or to or for the account of any US Person. The Company has not been and will not be registered under the Investment Company Act, and investors will not be entitled to the benefits of the Investment Company Act. In addition, the Ordinary Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any State or other jurisdiction of the United States. Accordingly, the Ordinary Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, in or into the United States, or to or for the benefit of any US Person, except in transactions that are exempt from registration under the Securities Act and under circumstances which will not require the Company to register under the Investment Company Act.

Forward-looking statements

This document contains forward-looking statements, including, without limitation, statements containing the words “targets”, “believes”, “expects”, “aims”, “intends”, “plans”, “will”, “may”, “anticipates”, “would”, “could” or similar expressions or the negative thereof, are forward looking statements. Such forward-looking statements, by their nature, involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance, achievements of or dividends paid by, the Company to be materially different from future results, performance or achievements, or dividend payments expressed or implied by such forward looking statements.

These forward-looking statements speak only as at the date of this Prospectus. The Company is not obliged, and does not intend, to update or revise any forward looking statements, whether as a result of new information, future events or otherwise except to the extent required by any applicable law or regulation, including the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules.

Nothing in the preceding two paragraphs seeks to limit or qualify, in any way, the working capital statement in paragraph 8 of Part 8 of this document.

EXPECTED TIMETABLE

<i>Event</i>	<i>2011</i>
Latest time and date for receipt of Forms of Instruction from holders of Depositary Interests	2.00 p.m. on 30 September
Latest time and date for receipt of Forms of Proxy	2.00 p.m. on 2 October
Special General Meeting	10.00 a.m. (Bermuda time) on 4 October
Admission and commencement of unconditional dealings in the Ordinary Shares	8.00 a.m. on 14 October
Delisting from AIM	8.00 a.m. on 14 October
Delisting from the Bermuda Stock Exchange	15 November

Unless otherwise stated, all references to times in this document are to London time.

DEALING CODES

The dealing codes for the Ordinary Shares will remain as follows:

ISIN	BMG931151069
SEDOL	BDQY3S
Ticker	UEM

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors	Alexander Zagoreos (<i>Chairman</i>) Charles Jillings Garry Madeiros OBE Anthony Muh Kevin O'Connor
	The business address of the Directors is at the Company's registered office
Registered Office	Canon's Court 22 Victoria Street Hamilton HM 12 Bermuda Tel: +1441 295 2244
Bermuda Resident Representative and assistant secretary	Appleby Services (Bermuda) Ltd Canon's Court 22 Victoria Street Hamilton HM 12 Bermuda
Investment Manager	ICM Limited 1st Floor 19 Par-la-Ville Road Hamilton HM 11 Bermuda
	A representative of the Investment Manager can be contacted on tel: +44 (0) 1372 271 486
Sponsor	Dickson Minto W.S. Broadgate Tower 20 Primrose Street London EC2A 2EW
Financial adviser and corporate broker	Westhouse Securities Limited One Angel Court London EC2R 7HJ
Legal Adviser to the Company as to English law	Norton Rose LLP 3 More London Riverside London SE1 2AQ
Legal Adviser to the Company as to Bermuda law	Appleby (Bermuda) Limited Canon's Court 22 Victoria Street Hamilton HM 12 Bermuda
Administrator and Secretary	F&C Management Limited Exchange House Primrose Street London EC2A 2NY Telephone: +44 (0) 207 628 8000
Reporting Accountants and Registered Auditor	Grant Thornton UK LLP 30 Finsbury Square London EC2O 2NU

Custodians

JPMorgan Chase Bank N.A.
60 Victoria Embankment
London EC2Y 5AJ
Tel: +44 (0) 207 777 2000

Bermuda Commercial Bank Limited
19 Par-la-Ville Road
PO Box HM1748
Hamilton HM GX
Bermuda

Registrars

Computershare Investor Services (Jersey) Limited
Queensway House
Hillgrove Street
St Helier
Jersey JE1 1ES
Channel Islands

Depositary

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE

PART 1

LETTER FROM THE CHAIRMAN

UTILICO EMERGING MARKETS LIMITED

(Incorporated in Bermuda under the Companies Act 1981, as amended, with company number 36941)

Directors:

Alexander Zagoreos (*Chairman*)
Charles Jillings
Garry Madeiros
Anthony Muh
Kevin O'Connor

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

15 September 2011

To holders of Ordinary Shares and Depositary Interests

**Recommended proposals for Migration of the Ordinary Shares from AIM to the Official List,
the Cancellation of the Company's listing on the Bermuda Stock Exchange,
Continuation Vote, adoption of New Bye-laws and
Disapplication of pre-emption rights**

Introduction

I am writing to you to explain our proposals that the Company seek a premium listing of its Ordinary Shares on the Official List of the UK Listing Authority and admission to trading on the London Stock Exchange plc's main market for listed securities. The Migration is conditional on the passing of Resolutions 1 and 2 to be proposed at the Special General Meeting of the Company to be held on 4 October 2011, as well as the admission of the Ordinary Shares to a premium listing on the Official List and to trading on the Main Market.

In addition, we propose that the Company's continuation vote which in accordance with the existing Bye-laws is required to be put to Shareholders at next year's annual general meeting be brought forward to the Special General Meeting, and that if this continuation vote is passed, Shareholders next be given the opportunity to vote on the continuation of the Company at the annual general meeting to be held in 2016 and every five years thereafter.

The above proposals will involve the adoption of New Bye-laws.

Finally, the Special General Meeting will also consider the disapplication of the pre-emption rights to be contained in the New Bye-laws so as to allow the Company to allot up to 21,552,879 Ordinary Shares (equivalent to approximately 10 per cent. of the Company's current issued share capital) without such rights applying.

The purpose of this document is to provide you with details and to explain the benefits of the Migration and to set out the reasons why the Directors are recommending that you vote in favour of the Resolutions at the Special General Meeting.

The Migration and its potential benefits

Since its launch in July 2005, the Company's Ordinary Shares have been admitted to trading on AIM and the BSX. However, the Directors consider that a move to the Main Market will provide a number of potential advantages, including:

- increasing the liquidity in the Ordinary Shares;
- enhancing the Company's profile amongst the financial and investment community;

- widening the pool of potential investors in the Company;
- subject to further conditions, eligibility for inclusion in the FTSE All-Share Index; and
- providing a more appropriate platform on which the Company can trade given its market capitalisation.

The Company is therefore proposing the Migration, under which the listing of the Ordinary Shares on AIM and the BSX will be cancelled and admission of the Ordinary Shares to a premium listing on the Official List and to trading on the Main Market will be sought. The listing of the Company's Ordinary Shares on the Channel Islands Stock Exchange was cancelled earlier this year on 15 July 2011.

All overseas companies that apply for a premium listing on the Official List must incorporate pre-emption rights equivalent to those imposed by the UK Companies Act 2006 in their constitutional documents unless such rights are contained in the law of the applicant's jurisdiction of incorporation. As a Bermuda company, the Company is not currently subject to pre-emption rights and must therefore adopt the New Bye-laws, which include such rights prior to Admission. The Company also proposes to incorporate certain takeover protections in the New Bye-laws, although these will not provide the same degree of protection afforded by the City Code. This requires a resolution of the Company's shareholders to be passed and the Migration is therefore conditional on the passing of Resolution 2 at the SGM, and also on the passing of Resolution 1 relating to the continuation of the Company as presently constituted (as referred to below).

Further details of the SGM and the relevant voting procedure are set out below. The New Bye-laws will also contain a number of miscellaneous changes that bring them up to date with best practice, the Bermuda Companies Act, and the requirements of the UK Listing Authority.

Assuming the Resolutions are passed, it is expected that Admission will become effective and that dealings in the Ordinary Shares on the Main Market will commence on 14 October 2011.

Cancellation of the Company's listing on the Bermuda Stock Exchange

As the Main Market, unlike AIM, is a recognised stock exchange for the purposes of the Ordinary Shares qualifying for inclusion in ISAs in the UK, it is proposed that the Company will delist from the BSX. Notice to cancel the listing will be given immediately following the passing of the Resolutions and it is expected that the delisting from the Bermuda Stock Exchange would become effective on or around 15 November 2011.

Continuation Vote

In accordance with the Company's existing Bye-laws, the Company is required to put a resolution to Shareholders at the annual general meeting to be held in 2012 that the Company continue as presently constituted.

The Board believes that it is appropriate to bring forward the continuation vote to the Special General Meeting which is being convened to approve the Migration. Accordingly Resolution 1 as set out in the Notice of the SGM proposes that the Company continue as presently constituted. Admission is conditional on Resolution 1 being passed. If Resolution 1 is not passed, the Migration will not proceed and in accordance with the Company's existing Bye-laws, the Board will formulate proposals to be put to Shareholders to wind-up, reorganise or reconstruct the Company.

If Resolution 1 is passed, it is proposed that Shareholders will be given the opportunity to vote on the continuation of the Company at the annual general meeting to be held in 2016 and at every fifth annual general meeting thereafter and provisions to this effect are included in the New Bye-laws.

Taxation

The attention of Shareholders is drawn to the summary of Bermuda and UK tax matters set out in Part 7 of this document.

Costs and expenses

The Company's expenses in connection with the Migration are estimated to amount to approximately £500,000 (inclusive of VAT).

Risk factors

The attention of Shareholders and prospective investors is drawn to the Risk Factors set out on pages 7 to 12 of this document.

Special General Meeting

The Migration is conditional, *inter alia*, on the passing of Resolutions 1 and 2 by the requisite majorities. Set out at the end of this document is the notice convening the Special General Meeting which has been convened for 10.00 a.m. (Bermuda time) on 4 October 2011.

The resolutions which will be proposed at the Special General Meeting are as follows:

Resolution 1 – Continuation vote

This resolution will approve the continuation of the Company as presently constituted. This resolution will require the approval of a simple majority of the votes cast in respect of it.

Resolution 2 – Adoption of New Bye-laws

This resolution will redesignate all of the Company's authorised but unissued C Shares, Subscription Shares and S Shares as Ordinary Shares and will adopt the New Bye-laws. The New Bye-laws will include pre-emption rights and the new continuation vote provisions described above, certain provisions of the City Code to allow for the Company's eligibility for inclusion in the FTSE All-Share Index, as well as incorporating certain other changes to reflect current best practice, the Bermuda Companies Act, and the requirements of the UK Listing Authority. In addition, Bye-law 3.3 relating to the C Shares previously issued by the Company and Bye-law 3.4 relating to the Subscription Shares and S Shares previously issued by the Company, none of which are outstanding, have not been reproduced in the New Bye-laws.

The New Bye-laws will be on display at the registered office of the Company and at the offices of Norton Rose LLP from the date of this document until the end of the Special General Meeting and at the Special General Meeting itself for the duration of the meeting and for at least 15 minutes prior to the meeting. Resolution 2, which proposes the adoption of the New Bye-laws, will require the approval of a simple majority of the votes cast in respect of it.

Resolution 3 – Disapplication of pre-emption rights

Following the adoption of the New Bye-laws, the Company will not be able to allot Ordinary Shares for cash without offering them to existing Shareholders first in proportion to their shareholdings. Resolution 3, which is conditional on the passing of Resolution 2, will grant the Company authority to dis-apply these pre-emption rights in respect of up to 21,552,879 Ordinary Shares (equivalent to approximately 10 per cent. of the Company's issued share capital). This will allow the Company flexibility to issue further Ordinary Shares for cash without conducting a rights issue or other pre-emptive offer. Resolution 3 will require the approval of a 75 per cent. majority of votes cast in respect of it. New Ordinary Shares will not be issued pursuant to this authority at less than the prevailing Net Asset Value per Ordinary Share at the date of issue.

The Board is recommending that Shareholders vote in favour of all the Resolutions.

All Shareholders are entitled to attend and vote at the Special General Meeting. In accordance with the Bye-laws, all Shareholders present in person (or being a corporation, by representative) or by proxy shall upon a show of hands have one vote and upon a poll shall have one vote in respect of every Ordinary Share held. In order to ensure that a quorum is present at the Special General Meeting, it is necessary for at least two Shareholders entitled to vote to be present, whether in person or by proxy (or, if a corporation, by a representative).

The notice convening the Special General Meeting is set out on pages 91 and 92 of this document.

Action to be taken

Shareholders who hold their Ordinary Shares in certificated form will find enclosed with this document a Form of Proxy for use in relation to the Special General Meeting. Shareholders who hold their Ordinary Shares in certificated form are urged to complete and return the Form of Proxy so as to be received by the Company's Registrars, Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not less than 48 hours before the time appointed for the holding the Special General Meeting.

Shareholders who hold their Ordinary Shares through Depositary Interests in uncertificated form will find enclosed a Form of Instruction for use at the Special General Meeting to instruct the Depositary how to vote on their behalf. Shareholders who hold their Ordinary Shares through Depositary Interests in uncertificated form are urged to complete and return the Form of Instruction so as to be received by the Company's Depositary, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by not later than 2.00 p.m. (London time) (10.00 a.m. Bermuda time) on 30 September 2011.

Submitting a Form of Proxy will not preclude a Shareholder from attending the Special General Meeting and voting in person should they so wish.

Recommendation

The Board believes that the Migration and the passing of all the Resolutions are in the best interests of the Company and its Shareholders as a whole. The Board has received financial advice from Westhouse Securities and, in giving that advice, Westhouse Securities has placed reliance on the Board's commercial assessments. Accordingly, the Board unanimously recommends that Shareholders vote in favour of all the Resolutions to be proposed at the Special General Meeting.

Each of the Directors intends to vote in favour of all the Resolutions in respect of his own personal beneficial holdings of Ordinary Shares which amount in aggregate to 1,770,697 Ordinary Shares (representing approximately 0.82 per cent. of the issued share capital of the Company as at the date of this document).

Yours faithfully,

Alexander Zagoreos
(Chairman)

PART 2

THE COMPANY

1. Introduction

The Company is an exempted, closed ended Bermuda incorporated investment company. It was incorporated in June 2005 and its shares were admitted to trading on AIM and the Bermuda Stock Exchange in July 2005, after raising £52.5 million (before expenses) and a £22.5 million portfolio of existing investments was transferred to the Company by Utilico Investment Trust plc. Since its launch the Company has raised a further £185 million in aggregate (before expenses) through two C share issues in May 2006 and December 2007 respectively. The Company has also raised in aggregate £26.1 million following the exercise of warrants and S shares, in addition to having bought back over 32.5 million Ordinary Shares since launch.

As at 31 March 2011, the Company had an audited Net Asset Value of £383.15 million and a Net Asset Value per Ordinary Share of 175.28p (source: Company audited accounts), and as at 13 September 2011 (the latest practicable date prior to the publication of this document) an unaudited Net Asset Value of £361.93 million and an unaudited Net Asset Value per Ordinary Share of 167.93p (source: Company unaudited daily Net Asset Value announcement). The Company announces its Net Asset Value to the London Stock Exchange on a daily basis and publishes all recent information on its website: www.uem.bm.

2. Investment rationale

The Directors consider that there continue to be a range of sound investment opportunities in infrastructure, utility and related sectors, in particular in Emerging Markets. Infrastructure, utility and related sector companies generally have predictable cash flows and secure business franchises which provide them with a level of protection in an economic downturn and, at the same time, position them for growth as economic activity picks up. Under public ownership, infrastructure, utility and related sector companies have, in general, underinvested and underperformed and the effect of privatisation to date has, in most cases, been to create a change in management culture with a focus on operational and efficiency savings and investment. Business development opportunities have also been pursued by the privatised companies. At present, there is a likelihood in some Emerging Market countries of tighter regulation and increased competition. However, notwithstanding this, the Directors believe that the essential nature of most infrastructure, utility and related sector companies means that they should continue to have, in general, stable future earnings and progressive dividend policies.

In summary, the Directors believe that the degree of pricing power, regulated environment, predictability of earnings, asset based nature of infrastructure, utility and related sector companies and the essential services provided by them will continue to make the infrastructure, utility and related sectors an attractive investment opportunity.

The Directors believe that in the Emerging Markets the returns from investing in infrastructure, utility and related sector companies are likely to be generally more consistent than elsewhere, whilst recognising that certain elements of risk may also be higher. The Directors believe that the potential for economic growth in developing countries, combined with the relative under-development of their stock markets, should continue to provide the Company with attractive opportunities for investment. The Directors believe that the number of investment opportunities in Emerging Markets is likely to increase over time due to the trend in many countries towards privatisation, free-market economic policies and greater use of stock markets by companies to raise finance.

3. Investment Objective

The Company's investment objective is to provide long-term total return by investing predominantly in infrastructure, utility and related sectors, mainly in Emerging Markets.

4. Investment Policy

The Company's investment policy is flexible and permits it to make investments predominantly in infrastructure, utility and related sectors, mainly in Emerging Markets, including (but not limited to) water, sewerage, waste, electricity, gas, telecommunications, ports, airports, service companies, rail, roads, any business with essential service and/or monopolistic characteristics and in any new infrastructure or utilities

which may arise in Emerging Markets. The Company may also invest in businesses which supply services to, or otherwise support, the infrastructure, utility 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 world-wide. The Company generally seeks to invest in Emerging Market countries where the Directors believe that there are positive investment attributes.

The Company has the flexibility to invest in shares, bonds, convertibles and other types of securities, including non-investment grade bonds and to invest in unlisted securities. The Company may also use derivative instruments such as American Depositary Receipts, promissory notes, foreign currency hedges, interest rate hedges, contracts for difference, financial futures, call and put options and warrants and similar instruments for investment purposes and efficient portfolio management, including protecting the Company's portfolio and balance sheet from major corrections and reducing, transferring or eliminating investment risks in its investments.

Investment Restrictions

- Unquoted and untraded investments must not exceed 10 per cent. of the Company's Gross Assets at the time of investment. This restriction does not apply to the Company's holding of shares in a segregated account of GERP, an unquoted Bermuda segregated accounts company. This account, which is structured as the Bermuda equivalent of a protected cell, exists for the sole purpose of carrying out derivative transactions on behalf of the Company;
- No single investment (including any investment in GERP) may exceed 20 per cent. of Gross Assets at the time of investment;
- Investments other than in infrastructure, utility and related sector companies and in GERP must not exceed 20 per cent. of Gross Assets at the time of investment;
- Investments in a single country must not exceed 50 per cent. of Gross Assets at the time of investment;
- Not more than 10 per cent. in aggregate of the value of the total assets of the Company at the time the investment is made will be invested in other closed-ended investment funds which are listed on the Official List (except to the extent that those investment funds have stated investment policies to invest no more than 15 per cent. of their total assets in other investment funds which are listed on the Official List); and
- Regardless of the investment policy of other closed-ended investment funds listed on the Official List and which are invested in by the Company, the Company shall not invest in such funds more than 15 per cent. in aggregate of the value of the total assets of the Company at the time the investment is made.

None of the above restrictions will require the realisation of any assets of the Company where any restriction is breached as a result of an event outside of the control of the Investment Manager which occurs after the investment is made, but no further relevant assets may be acquired or loans made by the Company until the relevant restriction can again be complied with.

Shareholders will be informed in the annual report and accounts of the Company of the actions taken by the Investment Manager in the event of any breach of the above investment restrictions.

Borrowing and gearing policy

The Company may, from time to time, use bank borrowings for short-term liquidity purposes. In addition, the Directors may gear the Company by borrowing on a longer term basis for investment purposes. Borrowings at the time of drawdown must not result in gearing (being total borrowings measured against gross assets) exceeding 25 per cent. Borrowings will be drawn down in Sterling, US Dollars or any currency for which there is a corresponding asset with the Company's portfolio (at the time of drawing down the value drawn must not exceed the value of the corresponding asset in the portfolio).

As at 13 September 2011 (the latest practicable date prior to the publication of this document) the Company's borrowings were equal to approximately £12.0 million.

As required by the Listing Rules, there will be no material change to the Company's investment policy without prior approval of Shareholders.

5. Investing approach

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

The Company seeks to minimise risk by investing mainly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure, communications or companies with a unique product or market position. Most investee companies are asset-backed, have good cash flows and offer good dividend yields. The Company 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.

The Company 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 the Company is often among its investee companies' largest international shareholders.

The Company aims to maximise value for Shareholders by holding a relatively concentrated portfolio of securities and invests through instruments appropriate to the particular situation. Investment may be through equity, debt securities and derivative instruments, such as contracts for differences, warrants and options. The Company is prepared to hold investments in unlisted securities up to a maximum of 10 per cent. of Gross Assets at the time of investment when the attractiveness of the investment justifies the risks and lower liquidity associated with unlisted investments.

6. The Investment Manager

The Company's investment manager is ICM Limited, which has responsibility for the management of the Company's portfolio and the provision of various other services to the Company, subject to the overriding supervision of the Directors. Further details on the Investment Manager are contained in Part 3 of this document.

7. Investment Portfolio

Details of the ten largest holdings in the Company's portfolio, its geographical spread and sectoral weighting, all as at 6 September (being the latest practicable date prior to the publication of this document), are set out in Part 4 of this document.

8. Dividend policy

The Company intends to distribute as dividends substantially all of the Company's income profits arising in each accounting period and although it is the Company's intention to grow the dividend progressively, there is no guarantee of any particular level of profits or return being achieved. In the absence of unforeseen circumstances, dividends will typically be payable semi-annually in December and June. The Company will only pay dividends on the Ordinary Shares to the extent that it has sufficient financial resources available for the purpose in accordance with the Bermuda Companies Act.

9. Capital structure

The Company's issued share capital is comprised of the Ordinary Shares which are currently admitted to trading on AIM and are listed on the BSX. Following Migration, the Ordinary Shares will be admitted to trading on the Main Market of the London Stock Exchange and will be listed on the premium segment of the Official List and the listings of the Ordinary Shares on AIM and the BSX will be cancelled.

The Ordinary Shares carry the right to receive all dividends declared by the Company and on a winding up, provided the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the surplus assets of the Company.

Shareholders will be entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share held.

10. Further share issues

The Company's authorised share capital is such that further issues of equity securities can be made. There are currently no pre-emption rights for existing Shareholders on any further issue, although Resolution 2, if passed, will incorporate such rights in the New Bye-laws as required by the Listing Rules. If Resolution 2 is not passed, the Migration will not proceed.

Subject to market conditions then prevailing and to all necessary consents and approvals being obtained, the Board may decide to make one or more further issues of equity securities for cash from time to time.

11. Discount management

As a closed ended company whose Ordinary Shares are currently traded on AIM and the BSX and, following Migration, will be traded on the Main Market of the London Stock Exchange, Ordinary Shares may trade at a discount to their Net Asset Value per Ordinary Share. The Directors take a pro-active approach to discount management through the mechanisms described below.

Purchases of Ordinary Shares by the Company

The Company has been granted authority to make market purchases of up to 14.99 per cent. of its issued Ordinary Shares. The Company's authority to make purchases of its Ordinary Shares will expire at the earlier of 11 March 2013 and the conclusion of the 2012 annual general meeting of the Company. A renewal of the authority to make purchases of Ordinary Shares will be sought from Shareholders at each annual general meeting of the Company.

The Directors consider that it is advantageous to Shareholders for the Company to have the authority to make purchases of its own shares as and when the Board considers the timing to be favourable. However, use of this authority will be regarded as an investment decision and will ultimately depend upon market conditions and the Board's judgement of its likely effectiveness in increasing net asset value and/or reducing the discount.

Any purchases pursuant to the buy-back authority granted to the Company will be made at prices below the prevailing Net Asset Value per Ordinary Share. The maximum price to be paid will be not more than 5 per cent. above the average of the mid-market values of the Ordinary Shares for the 5 business days before the purchase is made, and any purchases will be made in accordance with the Bermuda Companies Act. Any Ordinary Shares purchased by the Company will be cancelled or held in treasury.

Purchases of Ordinary Shares by the Company will be funded out of the Company's own cash resources or, if appropriate, from short term borrowings.

Tender Facility

Subject to certain limitations and the Directors exercising their discretion to operate the Tender Facility or any variation on any relevant occasion, Shareholders may request the repurchase of all or part of their holding of Ordinary Shares for cash pursuant to a Tender Facility. The Tender Price will usually be set at a 5 per cent. discount to the NAV per Ordinary Share to allow for the costs of the exercise. To ensure that Utilico Investments Limited's shareholding in the Company is not increased to a significantly larger percentage as a result of such tenders, Utilico Investments Limited will always be given the opportunity to tender a relevant proportion of its shareholding so as to maintain its percentage shareholding in the Company at the same level immediately prior to the relevant Tender Date. The Directors expect that 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 per cent. of the Ordinary Shares in issue at the commencement of the relevant financial year, with

any excess tender requests being scaled back pro-rata. Any Ordinary Shares bought back pursuant to the Tender Facility will be cancelled or held in treasury.

Subject to the limitations set out below and the Directors' discretion being exercised on any relevant occasion, the Tender Facility may operate annually on the Tender Date. The Tender Facility is not expected to be made available in circumstances where the annual compound growth rate of the Gross Assets exceeds 10 per cent. or where the Company's performance exceeds the benchmark index by 15 per cent. or more in the relevant period. Given the Company's performance to date the Tender Facility has not yet been operated.

If the Directors choose to operate the Tender Facility on any given Tender Date, they will make an announcement to that effect via a Regulatory Information Service not less than 42 days before the relevant Tender Date. Shareholders who wish to tender their Ordinary Shares pursuant to the Tender Facility should request a Tender Form and must lodge their completed Tender Form not less than 21 days before the relevant Tender Date. Details of where to obtain a Tender Form and where they must be lodged when completed will be set out in the announcement. Repurchases pursuant to the Tender Facility will be effected at the average Net Asset Value per Ordinary Share, for the seven days prior to the relevant Tender Date less a discount of 5 per cent. Cheques in respect of successful tenders are expected to be despatched (at the recipient's risk) within 21 business days following the relevant Tender Date.

Shareholders and prospective investors should note that the operation of the Tender Facility is discretionary and they should place no expectation or reliance on the Directors exercising such discretion on any one or more occasions or the proportion of Ordinary Shares which may be sold pursuant to the Tender Facility.

12. Life 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. If Resolution 1 is passed at the Special General Meeting and the Migration proceeds, a resolution will be proposed that the Company should continue as presently constituted at the annual general meeting of the Company to be held in 2016 and at every fifth annual general meeting thereafter. If the relevant continuation resolution is not passed, the Directors will be required to formulate proposals to be put to Shareholders relating to the future of the Company having regard to, inter alia, prevailing market conditions and applicable regulations and legislation.

13. Profile of typical investor

An investment in the Ordinary Shares is intended for institutional or high net worth/sophisticated investors who are seeking exposure to the infrastructure, utility and related sectors in Emerging Markets through a relatively concentrated portfolio of investments and are aware of the risks, including the potential volatility of investing in Emerging Markets. Any investor must be able to accept the possibility of losses and an investment in the Ordinary Shares is only intended for investors who can afford to set aside the invested capital for a number of years.

14. Taxation

It is the intention of the Directors that the Company will continue to be managed in such a way as to ensure that it is only resident in Bermuda for tax purposes. The attention of Shareholders and prospective investors is drawn to the summary of Bermuda and UK tax matters set out in Part 7 of this document.

Any information given in this document concerning tax is based on current law and regulation (which may change), is given by way of general summary only and does not constitute legal or tax advice to any Shareholder or prospective investor.

Shareholders and prospective investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own professional advisers immediately.

15. ISAs

Insofar as possible, the Directors intend to manage the affairs of the Company so that the Ordinary Shares will be qualifying investments for the purposes of ISAs. Accordingly, once the Ordinary Shares are listed on the Official List they will be eligible for inclusion in the stocks and shares components on an ISA, subject to applicable subscription limits, and provided that the ISA manager has acquired the Ordinary Shares through the secondary market or pursuant to an offer for subscription.

16. Risk factors

The Company's business is dependent on many factors and Shareholders and prospective investors should read the whole of this document and in particular the section entitled "Risk Factors" on pages 7 to 12 (inclusive).

PART 3

DIRECTORS, MANAGEMENT AND ADMINISTRATION

1. Directors of the Company

Alexander Zagoreos *(Non-executive Chairman)*

Alexander, aged 74 and appointed in June 2005, was educated at Columbia University and was awarded an MBA, BA and Masters degree in International Affairs. He is senior adviser of Lazard Asset Management, where he was formerly responsible for emerging market products and closed-end investment companies. Alexander 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 board of a number of investment companies and charitable organisations.

Charles Jillings *(Executive Director)*

Charles, aged 55 and appointed in June 2005, is qualified as a chartered accountant and previously worked in corporate finance at Hill Samuel for 10 years. He has been a director of a number of listed companies and he is a director of East Balkan Properties plc (former Chairman) and Global Equity Risk Protection Limited. He is also a director of ICM Analysis & Research Limited, a wholly-owned subsidiary of the Investment Manager.

Garry Madeiros OBE *(Non-executive Director)*

Garry, aged 61 and appointed in June 2007, was formerly president and Chief Executive Officer of BELCO Holdings Limited (now Ascendant Group Limited) and Bermuda Electric Light Company Limited. He is a director of BF&M Limited and BF&M General Insurance Company. He is a chartered accountant and has served on a number of corporate, community and Government boards. He is a Justice of the Peace and a fellow of the Bermuda Institute of Chartered Accountants.

Anthony Muh *(Non-executive Director)*

Anthony, aged 48 and appointed in October 2010, is an investment professional with more than 25 years' experience in the investment management industry. He is an executive director of Morrison & Co. He previously headed up the Asia Pacific operations of the UK's largest closed-ended listed investment company, Alliance Trust PLC. He is the Chairman and a Fellow of the Hong Kong Securities Institute and a member of the Asia Advisory Board for Euromoney Institutional Investor Plc and is a member of the New Zealand Business Advisory Board to the New Zealand Chamber of Commerce in Hong Kong.

Kevin O'Connor *(Non-executive Deputy Chairman)*

Kevin, aged 71 and appointed in June 2005, was formerly the Chairman of Infratil Limited, a New Zealand based specialist investor in international infrastructure and utility assets. Previously he had a 35 year career in investment banking and stock broking with Daysh Renouf & Co and O'Connor Grieve & Co amongst others. He was a member of the New Zealand Takeovers Panel and is 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.

The Chairman and all of the other Directors, apart from Charles Jillings, are independent of the Investment Manager.

2. Management of the Company

The Directors are responsible for the determination of the Company's investment objective and investment policy and have overall responsibility for its activities, including the review of investment activity and performance. The Company has, however, entered into the Investment Management Agreement with ICM under which ICM has responsibility for the management of the Company's portfolio and the provision of various other management services, subject to the overriding supervision of the Directors.

ICM is an associate of the Company's previous manager, Ingot Capital Management Pty Ltd ("Ingot") and replaced Ingot with effect from 1 July 2010. Ingot had acted as the investment manager of the Company since its launch in July 2005.

Further details of the Investment Management Agreement are summarised in paragraph 6.1 of Part 8 of this document.

Investment philosophy

ICM's investment philosophy is to focus on investments where it believes the underlying value is not reflected in the market price. This philosophy has the following features:

- searching for under-valued companies that are often under-rated and under-researched;
- analysis of opportunities arising through technological development, market changes, competition or shareholder issues;
- using knowledge of and expertise in financial engineering and different financial instruments;
- developing techniques to compare companies across geographical regions and across industries;
- maintaining close working relationships with investee companies including visiting their key operational sites;
- maintaining a strong understanding of the infrastructure, utility and related sectors and their regulation; and
- possessing a sensitivity to step changes resulting from developments in regulation and competition.

In accordance with the Company's investment policy, ICM may also use hedging instruments, where appropriate, to protect the Company's portfolio from market volatility.

Investment process

The Investment Manager follows a systematic investment process. It sources and analyses investment opportunities before making investments where it believes they offer good value. The Investment Manager is the investment manager to two listed funds, the Company and Utilico Investments Limited, and it has a number of other investment mandates, including private equity, fixed interest and mining. The Investment Manager has an established network of industry contacts and investment opportunities are sourced through a combination of sector knowledge and monitoring and a review of markets. The Investment Manager has a good long term record in stock selection across the infrastructure and utilities sectors and of financial and investment structuring.

Investment Performance

The net asset value performance of the Company and, for comparison purposes, the MSCI Emerging Markets Utilities Index (GBP adjusted), to 31 August 2011 is set out in the table below:

	6 months (%)	1 year (%)	3 years (%)	5 years (%)
Company – total return	(0.8)	5.5	23.9	72.4
MSCI Emerging Markets Utilities Index (GBP adjusted) – total return	(5.2)	2.8	30.9	75.8

Source: *The Company and Datastream*

The past performance of the Company is not a guide to future performance. The value of the Ordinary Shares, and any income from them, can fall as well as rise and an investor may get back less than the amount invested.

3. Global Equity Risk Protection Limited

The Company holds 3,920 Class B non voting shares in GERP which is a Bermuda registered segregated account company. GERP was established to allow the Manager's clients to put in place hedging positions in a way that ensured efficient, fast dealing and satisfied the "best execution" requirements across the various funds. The Company's aggregate investment in GERP may not exceed 20 per cent. of the Gross Assets of the Company at the time of investment.

Each of GERP's segregated accounts (including the Company's) is ring-fenced from the other segregated accounts such that no other segregated account has any claim or exposure to any assets or liabilities of any other segregated account. There is a central GERP corporate administrator which oversees the administration of the various accounts but the corporate administrator does not trade on its own account and all of its expenses are allocated against and funded by each of the segregated accounts. The directors of GERP are Brad Goddard, Duncan Saville and Charles Jillings.

The Company's segregated account in GERP is solely for carrying out derivative transactions at the request of and on behalf of the Company in order that it may make investments more efficiently and for the purposes of efficient portfolio management. GERP spreads its investments risks by having the ability to establish an overall net short position in index options, contracts for difference, swaps and equity options (when taking into account the underlying long position and offsetting the derivative position). In addition to the above overall limit, GERP also has in place the following exposure limits at the time of investment:

- GERP may not hold more than 50 per cent. of the value of the Company's portfolio in GERP in index options; and
- GERP may not hold more than 100 per cent. of the relevant debt or of the relevant market value in foreign currency by way of foreign exchange options or forwards.

The Company regularly reviews the investments in GERP from a risk management perspective.

The Investment Manager monitors and manages GERP's operational and anticipated portfolio risks and considers on an ongoing basis the aggregate investment of the Company in GERP for the purpose of ensuring that risk levels are appropriate and the guidelines set by the Board are adhered to.

The Company has entered into a loan agreement with GERP in order to fund the Company's segregated account in GERP. Under the loan agreement GERP may draw down funds from the Company to meet any costs and liabilities arising from the assets held in the Company's segregated account. As at 6 September 2011, being the latest practicable date prior to publication of this document, the Company's segregated account in GERP had net liabilities of £16,583.

Further details of GERP are provided in paragraph 15.5 of Part 8 of this document.

4. Co-investment

Opportunities may arise for the Company to co-invest alongside companies associated with, or managed by, ICM (or its associates). The Company (and other clients of ICM) will be given the opportunity to invest in opportunities falling within its (or their) investment policy, pro rata to their assets available for investment in priority to ICM (and its associates). The Company will, subject to the approval of the Directors, be free to co-invest when it is felt to be in the interests of the Company and would intend to do so. The ability to co-invest may be beneficial as it may enable the Company to benefit from more advantageous terms than would be available for a smaller investment made by the Company alone. The terms on which the Company co-invests will be no less favourable than the terms on which any company associated with, or managed by, ICM (or its associates) invests.

5. Relationship with Utilico Investments Limited

Whilst the Company and Utilico Investments Limited are two separate entities, each with their own board of directors and shareholders, they currently have overlapping investment policies and similar portfolio methodologies. Additionally, the Company and Utilico Investments Limited each employ the same individuals to conduct their investment research. The services provided by these employees relate to analysis of potential investments, the provision of information to the Investment Manager and the placing and execution of trades once authorised by the Investment Manager.

Investment allocation

As ICM provides investment advice to both the Company and Utilico Investments Limited (among other clients) an investment allocation policy has been put in place between the Company and Utilico Investments Limited, which is intended to provide transparency for shareholders in each company. The investment allocation policy is as follows:

- investments in infrastructure, utility and related sectors in Emerging Markets will first be offered in full to the Company;
- if the Company is technically able to make the investment, but ICM believes it is inappropriate for it to do so, either in part or in full, (for example, this may be due to sector or geographical weighting issues or lack of funds) then the matter will be referred to the Chairman of the Company;
- if the Chairman agrees with ICM's decision, then Utilico Investments Limited will be free to make the investment (to the extent that the opportunity remains) if it wishes to do so;
- if the Company is incapable of making any part of the investment, then Utilico Investments Limited will be free to take up the balance of the investment if it wishes to do so; and
- in circumstances where both the Company and Utilico Investments Limited invest in the same securities at the same time, they will invest on substantially the same terms.

The Company's investment objective is to invest predominantly in Emerging Markets. However, the Company has the flexibility to make investments in infrastructure, utility and related sector companies outside Emerging Markets, including making investments in developed markets. Where ICM identifies an investment in infrastructure, utility and related sector companies in a developed market which it believes would be suitable for the Company's portfolio and is in accordance with its investment policy, a similar allocation policy to that set out above will be adopted, but with Utilico Investments Limited being offered the relevant investment opportunity in the first instance. In the event that Utilico Investments Limited is unable or does not wish to take up the relevant investment opportunity in full, then the Company will be free to make that investment (to the extent that the opportunity remains).

6. Potential conflicts of interest

The Investment Manager and/or Duncan Saville, a director of the Investment Manager, may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, the Investment Manager currently does, and expects to continue to, provide investment management, investment advice or other services in relation to other companies, funds or accounts that may have similar investment objectives and/or policies to that of the Company and may receive *ad valorem* and/or performance-related fees for doing so.

As a result, the Investment Manager may have conflicts of interest in allocating investments among the Company and its other clients and in effecting transactions between the Company and its other clients. The Investment Manager may give advice or take action with respect to its other clients that differs from the advice given or actions taken with respect to the Company.

Should potential conflicts of interest arise, the Investment Manager will have regard to its obligations under the Investment Management Agreement or otherwise to act in the best interests of the Company, so far as practicable having regard to its obligations to other clients or funds. In particular, the Investment Management Agreement imposes obligations on the Investment Manager so that it may only effect a transaction on behalf of the Company, or provide advice in relation to a transaction in which the Investment Manager or any associate has directly or indirectly a material interest, which may involve a conflict with the Investment Manager's duty to the Company provided that the nature of such conflict has been disclosed in advance to the Board and the Board agrees that such transaction can proceed. Subject to this, the Investment Manager may effect a transaction on behalf of the Company, or provide advice in relation to a transaction in which either the Investment Manager or any associate acts as principal or as agent for the counterparty, provided that the Investment Manager's or any associate's interest in the transaction has been disclosed in advance to the Board and the Board agrees that such transaction can proceed.

7. Management and performance fees

Management fee

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to receive an annual management fee from the Company equivalent to 0.5 per cent. of Gross Assets, payable quarterly in arrears. The Investment Manager is also entitled to the reimbursement of travel and other expenses incurred by it in connection with its duties.

Performance fee

In addition to the management fee, the Investment Manager is entitled to receive a performance related fee from the Company in certain circumstances. The performance fee due to the Investment Manager is calculated and paid annually based on the performance in the Company's accounting period.

The performance fee is calculated based on 15 per cent. of any out performance of Adjusted Equity Funds in excess of the benchmark index, plus inflation (on the RPIX basis), plus two per cent. For this purpose the benchmark index is the post tax yield on the FTSE Actuaries Government Securities UK Gilt 5 to 10 years Index. By way of example, as at 13 September 2011, being the last practicable date prior to the publication of this document, based on a yield on the FTSE Actuaries Government Securities UK Gilt 5 to 10 years Index of 2.01 per cent., inflation of 5.3 per cent. and a tax rate of 28.0 per cent., the benchmark index would have been 8.75 per cent. No performance fee is payable if, despite having exceeded the benchmark, the Adjusted Equity Funds is less than it was on the previous calculation date or the last calculation date where a performance fee was last paid (the "Hurdle"). The Hurdle will be adjusted for any capital event (including but not limited to bonus issues, any repayment or otherwise that reduces the funds attributable to Ordinary Shares and any new issue of equity) and any dividends paid following the period in respect of which a performance fee was last paid are also taken into account.

If a performance fee is payable, the Company will pay the Investment Manager a sum equivalent to 15 per cent. of any out performance over the benchmark.

Any performance fee payable will be paid as to 50 per cent. in cash and 50 per cent. in Ordinary Shares. The number of Ordinary Shares to which the Investment Manager is entitled ("Performance Shares") will be the number of Ordinary Shares that, when valued at the fully diluted Net Asset Value per Ordinary Share at the end of the financial year to which the performance fee relates, equals 50 per cent. of the performance fee. The full performance fee is payable to the Investment Manager as soon as practicable following the end of the financial year in order to reduce the risk to the Company of material movements in the price of Ordinary Shares between the end of the financial year and the date of payment. Any subsequent adjustment to the performance fee arising out of the audit process will be paid to or recouped from the Investment Manager in cash within 7 days of the publication of the annual report and accounts. The Investment Manager will make reasonable endeavours to purchase the Performance Shares in the market at a price (including transaction costs) equal to or below the fully diluted Net Asset Value per Ordinary Share at the time of such purchase. In the event that the Investment Manager is unable to purchase some or all of the Performance Shares in the market at or below the fully diluted Net Asset Value per Ordinary Share at the time of such purchase, the Company will issue to the Investment Manager new Ordinary Shares equivalent to any shortfall.

For the purposes of determining the number of Performance Shares to which ICM is entitled, before calculating the number of Performance Shares there shall be deducted from the fully diluted Net Asset Value per Share at the end of the financial year to which the Performance Fee relates the amount of the final dividend per Ordinary Share which the Board declares payable in respect of that financial year (the "Final Dividend"). To the extent that ICM is unable to acquire Performance Shares in the market at prices below the fully diluted Net Asset Value per Share at the time of such purchase, any new Performance Shares to be issued to it shall not carry the right to the Final Dividend and shall be issued at a price per Ordinary Share equal to the fully diluted Net Asset Value per Share as at the end of the Company's financial year less the Final Dividend.

A summary of the management and performance fees paid over the three years ended 31 March 2011 is set out in note 4 to the financial information in Part 6B of this document.

8. Other service providers

Administration and secretarial services

F&C Management Limited has been appointed as administrator and secretary to the Company. The Administrator is regulated by the FSA and its registered office is at Exchange House, Primrose Street, London EC2A 2NY. Its telephone number at this office is +44 (0) 20 7628 8000.

The Administrator's appointment is terminable, *inter alia*, upon three months' notice in writing by either party.

Under the terms of the Administration Agreement, the Administrator and Secretary is entitled to a fee of £210,000 per annum payable monthly in arrears. A summary of the main provisions of the Administration Agreement is set out in paragraph 6.2 of Part 8 of this document.

Custody

JPMorgan Chase Bank N.A. ("JPMorgan") acts as custodian to the Company's assets and, in that capacity, is responsible for ensuring safe custody and dealing with settlement arrangements. JPMorgan's appointment as custodian is terminable, *inter alia*, upon 60 days' notice given by either party.

JPMorgan acts through its UK branch, which was registered in England and Wales on 28 June 1993 with registered branch number BR000746. The principal place of business of JPMorgan is 125 London Wall, London EC2Y 5AJ and a representative of JPMorgan can be contacted on telephone number +44 (0) 20 7777 2000. JPMorgan's business in the UK is authorised and regulated by the FSA.

JPMorgan shall receive from the Company for the provision of such services such fees as may be agreed in writing between JPMorgan and the Company, together with JPMorgan's reasonable out-of-pocket or incidental expenses.

A summary of the main provisions of the custody agreement with JPMorgan is set out in paragraph 6.4 of Part 8 of this document.

The Company has also appointed BCB to act as custodian in respect of such cash and other investments as the Company shall from time to time deposit with it. BCB is a limited liability company and was incorporated and registered in Bermuda on 21 February 1969 under the Bermuda Companies Act with registered number LC 1404. BCB operates under the Bermuda Companies Act and is licensed and regulated by the BMA. Its registered office and principal place of business is 19 Par-la-Ville Road, PO Box HM1748, Hamilton HM GX, Bermuda (telephone number 001 441 295 5678).

A summary of the main provisions of the custody agreement with BCB is set out in paragraph 6.5 of Part 8 of this document.

Registration services

Computershare Investor Services (Jersey) Limited (Computershare Jersey) has been appointed as branch registrar to maintain in Jersey a branch copy of the register of Shareholders. Computershare Jersey liaises with Computershare Investor Services PLC, the Depositary and UK transfer agent, for the transfer and settlement of uncertificated depositary interests representing Ordinary Shares.

The Company has entered into a Registrar Agreement with Computershare Jersey which may be terminated, *inter alia*, on 6 months' notice by either party. In return for providing such services Computershare Jersey is entitled to an annual fee plus reimbursement of certain expenses incurred by Computershare Jersey in connection with its duties from the Company.

Depositary and custody services

Computershare Investor Services PLC has been appointed as depositary for the settlement of Depositary Interests. The Company has entered into an agreement for the provision of depositary and custody services with Computershare Investor Services PLC, which may be terminated, *inter alia*, on 6 months' notice by either party.

Bermuda Assistant Secretary

Appleby Services (Bermuda) Ltd is the Company's Bermuda Assistant Secretary.

9. Financial reporting and information

Net Asset Value

The Net Asset Value and the Net Asset Value per Ordinary Share are calculated (and rounded to two decimal places), in pounds sterling by the Administrator (or such other person as the Directors may appoint for such purpose from time to time) on each business day. The Net Asset Value per Ordinary Share will be announced through the London Stock Exchange without delay once calculated.

The Net Asset Value is calculated as the Gross Assets (including the Company's investment in GERP) less the liabilities to creditors (including the provisions for such liabilities) of the Company determined in accordance with the valuation guidelines adopted by the Directors from time to time.

Under current valuation guidelines adopted by the Directors, such values will be determined as follows:

- the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the Directors will have determined that the same is unlikely to be paid or received in full, in which case the value thereof will be arrived at after making such discount as the Directors may consider appropriate in such case to reflect the true value thereof;
- securities which are quoted or dealt in on any stock exchange (including any securities traded on an "over the counter market") will be valued in accordance with generally accepted International Financial Reporting Standards;
- unquoted securities will be valued at their fair value in accordance with International Accounting Standards;
- all other assets (including prepayments) and liabilities to creditors will be valued at their respective fair values as determined in good faith by the Directors and in accordance with generally accepted valuation principles and procedures; and
- any value other than in pounds sterling will be translated at any officially set exchange rate or appropriate spot market rate as the Directors deem appropriate in the circumstances having regard, *inter alia*, to any premium or discount which may be relevant and to costs of exchange.

If the Directors consider that any of the above bases of valuation are inappropriate in any particular case or generally, they may adopt such other valuation procedure as they consider is reasonable in the circumstances having taken advice from the Company's auditors. The Directors may delegate to the Investment Manager any of their discretions under the valuation guidelines.

The preparation of valuations may be suspended in circumstances where the underlying data necessary to value the Company's investments cannot readily, or without undue expenditure, be obtained. Such suspension will be communicated to investors via a Regulatory Information Service.

Accounting policies

The audited accounts of the Company are prepared in pounds sterling under International Financial Reporting Standards, which the Directors believe is an acceptable body of generally accepted accounting practice. Under International Financial Reporting Standards, the Company prepares an income statement and a statement of changes in equity, which discloses revenue and capital results, including net investment gains.

Management fees and finance costs of the Company are allocated between capital and revenue on a 70/30 basis respectively. All other expenses are charged to revenue with the exception of the performance fee and expenses incidental to the acquisition or disposal of investments which are allocated to capital.

Reports and accounts

The annual accounts of the Company are made up to 31 March in each year, with copies of the annual report and accounts ordinarily sent to Shareholders in June. Shareholders also receive an unaudited interim report covering the first six months of each financial year to 30 September. The interim report is ordinarily sent to Shareholders in December of each year.

10. Meetings

It is intended that all general meetings of the Company will be held outside the United Kingdom. Annual general meetings of the Company are typically held in September of each year. Shareholders are entitled to attend and vote at all general meetings of the Company.

11. Corporate governance

Bermuda does not have its own corporate governance code and, as a Bermuda incorporated company, the Company is not currently required to comply with the UK Corporate Governance Code issued by the Financial Reporting Council (the “Corporate Governance Code”), available at website www.frc.org.uk. However, with effect from Admission, as the Company will have a premium listing on the Official List it will be required to comply or explain against compliance with the Corporate Governance Code in respect of its accounting period from 1 April 2011 onwards. In any event, 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 Corporate Governance Code and the AIC Code of Corporate Governance (the “AIC Code”) which it will comply with in all material respects except as disclosed below.

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 B.2.3 of the Corporate Governance Code and principle 3 of the AIC Code, nor for a Senior Independent Director to be appointed, as recommended by provision A.4.1 of the Corporate Governance Code and principle 1 of the AIC Code. The detailed Directors’ remuneration disclosure requirements set out in Corporate Governance Code Provisions D.1 and D.2 are not relevant.

Mr Zagoreos is Chairman of the Board. All of the Directors, apart from Mr Jillings, are considered to be independent from the Investment Manager. Mr Jillings is a director of ICM Analysis & Research Limited, a wholly-owned subsidiary of the Investment Manager and he may therefore not be regarded as an independent Director and is subject to annual re-election by Shareholders.

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 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. However, the Board has put a policy into place where Directors who have served for nine years or more will be subject to annual re-election.

Each of the independent Directors has signed a letter of appointment to formalise in writing the terms of their appointment and a service agreement is in place with Mr Jillings which has no fixed end date and is terminable on six months’ notice. Under the Bye-laws, one third of the Board 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. Directors who have served for nine years or more will be subject to annual re-election.

The Board has constituted the following committees:

Audit Committee

The Board has appointed an Audit Committee which is chaired by Mr Madeiros, and 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 the independent Directors of the Company 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 accounts, 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 auditors, 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 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.

Management Engagement Committee

The Board has appointed a Management Engagement Committee, chaired by Mr 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 at www.uem.bm.

The Management Engagement Committee is comprised of the independent Directors of the Company and will meet at least once a year. The Management Engagement Committee will 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.

Remuneration Committee

The Board has appointed a Remuneration Committee which is chaired by Mr O'Connor and 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 Remuneration Committee is comprised of the independent Directors of the Company and will meet at least once a year. The Remuneration Committee is responsible for reviewing the terms of the service agreement with, and the salary paid to, Mr Jillings. It will also make recommendations to the Board in respect of the fees of the Directors.

PART 4

THE INVESTMENT PORTFOLIO

The following table provides unaudited summary details of the ten largest investments in the Company's portfolio as at 6 September 2011 (being the latest practicable date prior to the publication of this document).

<i>Company</i>	<i>Market Value (£'000)</i>	<i>Percentage of Gross Assets</i>
International Container Terminal Services Inc.	40.5	10.6%
Malaysia Airport Holdings Berhad	37.7	9.9%
Ocean Wilsons Holdings Limited	32.6	8.6%
Eastern Water Resources PCL	21.2	5.5%
Cia Saneamento Minas Gerais	17.4	4.6%
Compania de Concessoes Rodoviaras	13.9	3.7%
Santos Brasil Participacobs	12.7	3.3%
AES Tiete SA	12.3	3.2%
Tractebel Energia	9.7	2.5%
Asia Satellite Telecommunications Holdings	9.3	2.4%
Total top 10	207.3	54.3%

Source: Company

The following table shows the geographical weighting of the Company's portfolio as at 6 September 2011 (being the latest practicable date prior to the publication of this document).

<i>Geographical area</i>	<i>Percentage of total portfolio</i>
Brazil	32.9%
China (including Hong Kong)	17.7%
Malaysia	15.2%
Philippines	13.0%
Other Far East	8.7%
Thailand	5.6%
Eastern Europe	5.1%
Middle East/Africa	1.8%
	100%

Source: Company

The following table shows the sectoral distribution of the Company's portfolio as at 6 September 2011 (being the latest practicable date prior to the publication of this document).

<i>Sector</i>	<i>Percentage of total portfolio</i>
Ports	25.9%
Water and waste	18.6%
Road/Rail	12.2%
Airports	10.8%
Electricity	10.2%
Other	6.1%
Gas	3.1%
Satellites	3.0%
Infrastructure investment funds	2.9%
Renewables	2.4%
Telecoms	2.1%
Other infrastructure	1.8%
Infrastructure IT	0.6%
Post Office	0.3%

Source: Company

PART 5

OPERATING AND FINANCIAL REVIEW

This Operating and Financial Review is prepared in accordance with paragraph 9 of Annex I of the Prospectus Rules and is not in accordance with the Accounting Standards Board's reporting statements. Except where specifically stated, the information in this Part 5 is unaudited.

1. Dividends

For the financial year ended 31 March 2011, the Company declared an increased final dividend of 1.45 pence (up 38.1 per cent.) and the total dividend for the year was 5.20 pence (up 8.3 per cent.).

2. Capital

As at 13 September 2011, the investment portfolio was valued at £370.4 million (unaudited), which together with cash less current liabilities of £3.6 million resulted in Gross Assets plus net current assets of £374.0 million (unaudited). Investments were 99.0 per cent. of Gross Assets less current liabilities. The unaudited Net Asset Value per Ordinary Share (cum income) was 167.93p representing a decrease of 1.6 per cent. over the comparable Net Asset Value as at 14 September 2010 (*source: Company unaudited assets and liabilities schedule*).

As at 13 September 2011, the latest practicable date prior to the publication of this document, the share price of an Ordinary Share was 153.5 pence, a discount of 8.6 per cent. to the Net Asset Value per Ordinary Share (*source: the London Stock Exchange plc (share prices)*).

3. Investment

As at 13 September 2011, the Company had an investment portfolio valued at £370.4 million (unaudited), comprising 80 investments (*source: Company*). The ten largest holdings are set out in Part 4 of this document.

4. Investment in Emerging Markets Utilities

Many Emerging Market countries are in the early stages of economic development as their economy moves from a focus on agriculture towards one more geared towards the production of goods and services. As this economic transformation takes place, one of the results is a large scale population move from the relatively poor rural areas to the relatively prosperous towns and cities. This process of urbanisation has been and will remain, one of the key long-term drivers of the demand for infrastructure investment in Emerging Markets.

This infrastructure deficit, sometimes exacerbated by fast growing populations, encourages the governments of Emerging Market countries to create and maintain an environment conducive to attracting foreign investment in domestic infrastructure. Here infrastructure includes not only the traditional gas, water and electricity utilities but also airports, ports, road and rail telecommunications, waste & sewerage, service companies and any business with essential service and/or monopolistic characteristics.

A significant driver of the returns in the utility and infrastructural sectors is the emergence of the growing middle class. This results in above average demand for goods and therefore the use of infrastructure assets.

5. Capital Resources

The Company is funded by both equity and debt, with the debt provided through a £25 million facility pursuant to a loan agreement entered into on 6 August 2007 which expires on 15 March 2012. As at 13 September 2011, the latest practicable date prior to the publication of this document, approximately £12.0 million of this facility was drawn down and the Company's borrowings represent approximately 3.2 per cent. of the Company's Gross Assets (*source: Company unaudited assets and liabilities schedule*). In addition to the debt facility, the Company has the ability to employ indirect indebtedness from its use of contracts for difference. These contracts are used for the purpose of efficient portfolio management. They

can be closed out at any time and are settled net monthly on an on-going basis. Under the terms of the loan agreement, contracts for difference can constitute no more than 10 per cent. of the portfolio value, subject to adjustments specified in the agreement.

The Directors intend to restrict bank borrowings on a longer term basis to 25 per cent. of Gross Assets at the time of draw down.

The Company generates its cash flows from the sale of investments and dividend and interest income and uses these resources to purchase investments, to pay the expenses of the Company, to service bank debt and to pay dividends.

In the five month period 31 March 2011 to 6 September 2011, the Company had unaudited cash flows from operations of £8.5 million (*source: Company's unaudited management accounts*).

6. Employees and Pensions

The Company has two employees in addition to Charles Jillings, the executive Director. These employees, Mark Lebbell and James Smith, provide financial analysis on a company and sectoral basis. They use financial models to calculate key financial ratios and indicators. The Investment Manager then uses these financial ratios and indicators in making investment decisions. The costs of the employees are recovered against the management fee paid to the Investment Manager. The Company makes no contributions to any pension schemes or equivalent arrangements.

The fees of the Directors are set by the Board, having regard to the practices of similar investment companies.

On 26 October 2010 Garth Milne resigned as a director of the Company and Anthony Muh was appointed as a non-executive director.

With the exception of Charles Jillings, none of the Directors has a service contract. Details of Charles Jillings' service contract are set out in paragraph 4.6 of Part 8 of this document. Each of the non-executive Directors has signed a letter of appointment.

PART 6

FINANCIAL INFORMATION

A ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION

The following is the full text of a report by Grant Thornton UK LLP, the reporting accountants to the Company.

Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

The Directors
Utilico Emerging Markets Limited
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

15 September 2011

Dear Sirs

UTILICO EMERGING MARKETS LIMITED

We report on the financial information set out in Part 6B (the "financial information"). The financial information has been prepared for inclusion in the prospectus of the Company dated 15 September 2011 (the "Prospectus"). This financial information has been prepared on the basis of the accounting policies set out in Note 1 of the financial information.

This report is required by item 20.1 of Annex 1 to the PD Regulation and is given for the purpose of complying with that regulation and for no other purpose.

Responsibilities

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex 1 to the PD Regulation, consenting to its inclusion in the Prospectus.

The Directors of Utilico Emerging Markets Limited are responsible for preparing the financial information in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of Utilico Emerging Markets Limited as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 of the PD Regulation.

Yours faithfully

GRANT THORNTON UK LLP

**B FINANCIAL INFORMATION FOR THE THREE ACCOUNTING PERIODS
ENDED 31 MARCH 2011**

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year to 31 March		2009			2010			2011		
Notes		Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s
10	Gains and losses on investments	–	(102,012)	(102,012)	–	112,515	112,515	–	70,427	70,427
13	Gains and losses on derivative instruments	–	(4,201)	(4,201)	–	(4,426)	(4,426)	–	(5,461)	(5,461)
	Exchange gains and losses	–	(20,055)	(20,055)	–	1,544	1,544	–	(433)	(433)
2	Investment and other income	14,267	–	14,267	13,671	–	13,671	15,190	–	15,190
	Total income	14,267	(126,268)	(112,001)	13,671	109,633	123,304	15,190	64,533	79,723
3	Income not receivable	–	–	–	(261)	–	(261)	–	–	–
4	Management and administration fees	(727)	(1,181)	(1,908)	(654)	(1,037)	(1,691)	(773)	(7,790)	(8,563)
5	Other expenses	(762)	(24)	(786)	(788)	(22)	(810)	(963)	(26)	(989)
	Profit/(loss) before finance costs and taxation	12,778	(127,473)	(114,695)	11,968	108,574	120,542	13,454	56,717	70,171
6	Finance costs	(1,381)	(3,222)	(4,603)	(1,150)	(2,683)	(3,833)	(547)	(1,277)	(1,824)
	Profit/(loss) before taxation	11,397	(130,695)	(119,298)	10,818	105,891	116,709	12,907	55,440	68,347
7	Taxation	(544)	1,774	1,230	(866)	(2,331)	(3,197)	(951)	(805)	(1,756)
	Profit/(loss) for the year	10,853	(128,921)	(118,068)	9,952	103,560	113,512	11,956	54,635	66,591
8	Earnings per ordinary share (basic) – pence	5.08	(60.28)	(55.20)	4.67	48.57	53.24	5.61	25.63	31.24
8	Earnings per ordinary share (diluted) – pence	4.91	n/a	n/a	4.53	47.13	51.66	5.50	25.13	30.63

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.

GROUP STATEMENT OF CHANGES IN EQUITY

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- distribut- able reserve £'000s	Retained earnings		Total £'000s
							Capital reserves £'000s	Revenue reserve £'000s	
Balance at 31 March 2008	21,351	219,008	–	9,048	9,350	103	97,470	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
²¹ 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

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- distribut- able reserve £'000s	Retained earnings		Total £'000s
							Capital reserves £'000s	Revenue reserve £'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 2011

Notes	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Warrant reserve £'000s	S share reserve £'000s	Other non- distribut- able reserve £'000s	Retained earnings		Total £'000s
							Capital reserves £'000s	Revenue reserve £'000s	
Balance at 31 March 2010	20,331	–	206,394	8,089	8,729	994	72,378	2,967	319,882
Profit for the year	–	–	–	–	–	–	54,635	11,956	66,591
⁹ Ordinary dividends paid	–	–	–	–	–	–	–	(10,354)	(10,354)
Conversion of warrants and S shares	2,339	21,044	–	(5,144)	(4,955)	10,099	–	–	23,383
Shares and warrants purchased by the Company	(810)	(8,908)	(1,807)	(2,945)	(3,774)	–	1,893	–	(16,351)
Balance at 31 March 2011	21,860	12,136	204,587	–	–	11,093	128,906	4,569	383,151

BALANCE SHEETS

Notes	at 31 March	2009	2010	2011
		£'000s	£'000s	£'000s
	Non-current assets			
10	Investments	245,511	342,451	403,026
	Current assets			
12	Other receivables	3,084	5,408	2,418
13	Derivative financial instruments	12,090	1,969	1,769
	Cash and cash equivalents	24,058	1,974	211
		39,232	9,351	4,398
	Current liabilities			
14	Bank loans	–	–	(10,231)
15	Other payables	(2,270)	(3,085)	(8,612)
13	Derivative financial instruments	(9,930)	(2,515)	(3,153)
		(12,200)	(5,600)	(21,996)
	Net current assets/(liabilities)	27,032	3,751	(17,598)
	Total assets less current liabilities	272,543	346,202	385,428
	Non-current liabilities			
16	Bank loans	(41,810)	(24,659)	–
17	Deferred tax	–	(1,661)	(2,277)
	Net assets	230,733	319,882	383,151
	Equity attributable to equity holders			
19	Ordinary share capital	21,412	20,331	21,860
20	Share premium account	56	–	12,136
21	Special reserve	219,500	206,394	204,587
22	Warrant reserve	8,897	8,089	–
23	S share reserve	9,285	8,729	–
24	Other non-distributable reserve	319	994	11,093
25	Capital reserves	(31,451)	72,378	128,906
25	Revenue reserve	2,715	2,967	4,569
	Total attributable to equity holders	230,733	319,882	383,151
26	Net asset value per ordinary share			
	Basic – pence	107.76	157.33	175.28
	Diluted – pence	106.51	148.37	n/a

STATEMENTS OF CASH FLOWS

Notes	for the year to 31 March	2009 £'000s	2010 £'000s	2011 £'000s
27	Cash flows from operating activities	81,058	17,886	15,467
	Cash flows from investing activities	–	–	–
	Cash flows before financing activities	81,058	17,886	15,467
	Financing activities:			
	Ordinary dividends paid	(11,338)	(9,700)	(10,354)
	Movements from loans	(58,271)	(16,341)	(14,576)
	Proceeds from warrants converted	545	1,522	18,497
	Proceeds from S shares converted	64	249	4,886
	Cost of ordinary shares purchased	–	(16,014)	(11,525)
	Cost of warrants purchased	–	(330)	(3,612)
	Cost of S shares purchased	–	(90)	(1,214)
	Cash flows from financing activities	(69,000)	(40,704)	(17,898)
	Net movement in cash and cash equivalents	12,058	(22,818)	(2,431)
	Cash and cash equivalents at the beginning of the year	11,876	24,058	1,974
	Effect of movement in foreign exchange	124	734	(285)
	Cash and cash equivalents at the end of the year	24,058	1,974	(742)
	Comprised of:			
	Cash	24,058	1,974	211
	Bank overdraft	–	–	(953)
	Total	24,058	1,974	(742)

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

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

The consolidated accounts 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 non-concurrent with that of Utilico Emerging Markets Limited ("UEM"). GERP's financial results included within the consolidated accounts are those for the years to 31 March 2009, 31 March 2010 and 31 March 2011.

(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 20 June 2011, 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
Amendments to IAS 24 – Related Party Disclosures	01 January 2011
IFRIC 19 Extinguishing financial liabilities with equity instruments	01 July 2010
IASB Improvements project	Some changes effective 01 July 2010, other 01 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 Group's accounts in the period of initial application.

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the valuation of unlisted investments, details of which are set out in accounting policy 1(d).

(b) Basis of consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Associated undertakings held as part of the investment portfolio (see 1(d) below) 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.

(c) Financial instruments

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

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

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

NOTES TO THE ACCOUNTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

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

(d) Valuation of investments and derivative instruments

Investment purchases and sales are accounted for on the trade date, inclusive of transaction costs.

Investments used for efficient portfolio management are classified as being at fair value through profit or loss. As the Company's business is investing in financial assets with a view to profiting from their total return in the form of dividends, interest or increases in fair value, its investments are designated as being at fair value through profit or loss on initial recognition. Derivatives comprising forward exchange contracts, options and credit default swaps are accounted for as a financial asset/liability at fair value through profit or loss and are classified as held for trading. The Company manages and evaluates the performance of these investments and derivatives on a fair value basis in accordance with its investment strategy, and information about the company is provided internally on this basis to the Company's Directors and key management personnel.

Gains and losses on investments and on derivatives are analysed within the Statement of Comprehensive Income as capital return. Quoted investments are shown at fair value using market bid prices. The fair value of unquoted investments is determined by the Board. In exercising their judgement over the value of these investments, the Board uses valuation techniques which take into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values, earnings and other relevant factors.

Traded options and similar derivative instruments are valued at open market prices.

(e) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank, 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, initially measured at fair value and subsequently measured at amortised cost using the effective interest method. No debt instruments held during the year required hierarchical classification.

(g) Foreign currency

The functional and reporting currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Foreign currency assets and liabilities are expressed in sterling at rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated at the rates of exchange ruling at the dates of those transactions. Exchange profits and losses on currency balances are credited or charged to the Statement of Comprehensive Income and analysed as capital or revenue as appropriate. Forward foreign exchange contracts are valued in accordance with quoted market rates.

(h) Other income

Dividends receivable are analysed as revenue return within the Statement of Comprehensive Income (except where, in the opinion of the Directors, their nature indicates they should be recognised as capital return) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is allocated as revenue in the Statement of Comprehensive Income. Any excess in the value of the shares received over the amount of the cash dividend foregone is allocated as capital in the Statement of Comprehensive Income.

Interest on debt securities is accrued on a time basis using the effective interest method. Bank and short-term deposit interest is recognised on an accruals basis.

(i) Expenses

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

- the management fee and finance costs are allocated 70% to capital return and 30% to revenue return.
- expenses incidental to the acquisition or disposal of Investments are allocated to capital return.
- performance related management fees (calculated under the terms of the Investment Management Agreement) are allocated to capital return.

1. ACCOUNTING POLICIES (CONTINUED)

(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 using the effective interest method, recognised through the Statement of Comprehensive Income.

(l) Dividends payable

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

(m) Special reserve

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

(n) Capital reserves

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

Capital reserve – arising on investments sold

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

Capital reserve – arising on investments held

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

(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

	Revenue £'000s	Capital £'000s	2009 Total £'000s	Revenue £'000s	Capital £'000s	2010 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Investment income:									
Overseas dividends	12,858	–	12,858	13,430	–	13,430	14,754	–	14,754
Overseas and UK interest	1,264	–	1,264	224	–	224	427	–	427
	14,122	–	14,122	13,654	–	13,654	15,181	–	15,181
Other income									
Interest on cash and short-term deposits	145	–	145	17	–	17	9	–	9
Total income	14,267	–	14,267	13,671	–	13,671	15,190	–	15,190

3. INCOME NOT RECEIVABLE

	Revenue £'000s	Capital £'000s	2009 Total £'000s	Revenue £'000s	Capital £'000s	2010 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Accrued interest not to be received	–	–	–	261	–	261	–	–	–

NOTES TO THE ACCOUNTS (CONTINUED)

4. MANAGEMENT AND ADMINISTRATION FEES

	Revenue £'000s	Capital £'000s	2009 Total £'000s	Revenue £'000s	Capital £'000s	2010 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Payable to:									
ICM Limited – management fee	517	1,206	1,723	444	1,037	1,481	563	1,313	1,876
ICM Limited – performance fee	–	–	–	–	–	–	–	6,477	6,477
– performance fee adjustment in respect of prior period	–	(25)	(25)	–	–	–	–	–	–
F&C Management Limited – administration fee	210	–	210	210	–	210	210	–	210
	727	1,181	1,908	654	1,037	1,691	773	7,790	8,563

The Company agreed with Ingot Capital Management Pty Limited (“ICM Pty”) on 6 December 2010 for investment management services to the Company to be provided by ICM Limited (the “Investment Manager” or “ICM”), an associated company of ICM Pty, with effect from 1 July 2010. This change is expected to have no impact on the Company since there were no changes to the terms of the investment management agreement or investment management personnel.

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 £1,723,000 (2009); £1,481,000 (2010) and £1,876,000 (2011) paid to ICM is £93,000; £80,000 and £78,000 respectively of 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 2010 and 2011 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.

In the year to 31 March 2011 the Board amended 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.

Half of the performance fee is payable in cash and half in ordinary shares of the Company, based on the 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.

For the years ended 31 March 2009 and 31 March 2010 the attributable shareholders’ funds were below the high watermark and therefore no performance fee was payable.

On 7 April 2011, the performance fee due to ICM in respect of the year ended 31 March 2011 was estimated to be £6,415,000. ICM received £3,207,000 of this fee in cash on that date. The remaining balance of £3,208,000 was settled through the purchase, based on the estimated net asset value of the Company at 31 March 2011, of 1,831,559 ordinary shares of the Company in the market. The cost of those shares to the Company was £2,936,000. A further £62,000 is payable in cash to ICM, in final settlement of the full audited performance fee due of £6,477,000.

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

	Revenue £'000s	Capital £'000s	2009 Total £'000s	Revenue £'000s	Capital £'000s	2010 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Auditors' remuneration:									
for audit services	32	–	32	32	–	32	33	–	33
for other services*	4	–	4	7	–	7	13	–	13
Directors' fees:									
fees for services to the Company	127	–	127	143	–	143	143	–	143
Sundry expenses	599	24	623	606	22	628	774	26	800
	762	24	786	788	22	810	963	26	989

* Total Auditors' remuneration for other services amounts to 2009: £4,000 and was in relation to review of interim accounts and review of the performance fee; 2010: £7,000 was for all other services, reviewing interim accounts and offshore status; 2011: £13,000 and was for reviewing interim accounts, performance fee and internal procedures. Auditors' remuneration in respect of the Special Purpose Entity for audit services amounts to 2009: £2,000 and 2010: £2,000.

6. FINANCE COSTS

	Revenue £'000s	Capital £'000s	2009 Total £'000s	Revenue £'000s	Capital £'000s	2010 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
On loans and overdrafts:									
Loans and overdrafts repayable within 1 year	456	1,064	1,520	571	1,333	1,904	9	21	30
Loans and overdrafts repayable between 1 and 5 years	903	2,107	3,010	579	1,350	1,929	538	1,256	1,794
Finance costs on Contracts for difference	22	51	73	–	–	–	–	–	–
	1,381	3,222	4,603	1,150	2,683	3,833	547	1,277	1,824

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

7. TAXATION

	Revenue £'000s	Capital £'000s	2009 Total £'000s	Revenue £'000s	Capital £'000s	2010 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Overseas taxation	544	–	544	866	–	866	951	–	951
Brazilian overseas investment taxation	–	–	–	–	148	148	–	77	77
Brazilian capital gains tax on sale of overseas investments	–	127	127	–	522	522	–	112	112
Total current taxation	544	127	671	866	670	1,536	951	189	1,140
Deferred tax (see note 17)	–	(1,901)	(1,901)	–	1,661	1,661	–	616	616
	544	(1,774)	(1,230)	866	2,331	3,197	951	805	1,756

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.

NOTES TO THE ACCOUNTS (CONTINUED)

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:

	2009 £'000s	2010 £'000s	2011 £'000s
Revenue	10,853	9,952	11,956
Capital	(128,921)	103,560	54,635
Total	(118,068)	113,512	66,591
Weighted average number of shares in issue during the year for basic earnings per share calculations	213,872,653	213,193,027	213,169,337

Diluted earnings per share

Diluted earnings per share have been calculated in accordance with IAS 33 "Earnings per share", under which the Company's warrants and S shares in issue during the year 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 warrant holders 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.

	2009 Number	2010 Number	2011 Number
Weighted average number of ordinary shares in issue during the period for basic earnings per share calculations	213,872,653	213,193,027	213,169,337
Dilutive potential shares – Warrants	5,654,048	5,028,609	3,300,025
Dilutive potential shares – S shares	1,618,011	1,487,935	935,658
Weighted average number of ordinary shares for diluted earnings per share calculations	221,144,712	219,709,571	217,405,020

9. DIVIDENDS

	Record date	Payment date	2009 £'000s	2010 £'000s	2011 £'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	–
2010 Final of 1.05p	18 June 2010	02 July 2010	–	–	2,135
2011 Interim of 3.75p	17 December 2010	07 January 2011	–	–	8,219
			11,338	9,700	10,354

The Directors have declared a final dividend in respect of the year ended 31 March 2011 of 1.45p payable on 15 July 2011 to all ordinary shareholders on the register at close of business on 1 July 2011. The total cost of the dividend which has not been accrued in the results for the year to 31 March 2011, is £3,125,000 based on 215,528,793 ordinary shares in issue at the date of this report.

10. INVESTMENTS

	Listed** £'000s	Unlisted** £'000s	2009 Total £'000s
Investments brought forward			
Cost	296,901	60,207	357,108
Gains/(losses)	63,852	(6,993)	56,859
Valuation	360,753	53,214	413,967
Movements in the year:			
Purchases at cost	34,386	9,692	44,078
Sales proceeds	(104,040)	(6,482)	(110,522)
(Losses)/gains on investments sold in the year	(27,837)	(301)	(28,138)
(Losses)/gains on investments held at year end	(51,963)	(21,911)	(73,874)
Valuation at 31 March	211,299	34,212*	245,511
Analysed at 31 March			
Cost	213,521	62,173	275,694
(Losses)/gains	(2,222)	(27,961)	(30,183)
Valuation	211,299	34,212*	245,511

* Includes £11,478,000 of investments quoted on a regulated exchange.

**Investments were not analysed within a hierarchy of fair value measurements prior to the year ended 31 March 2010.

	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2010 Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2011 Total £'000s
Investments brought forward								
Cost	263,062	–	12,632	275,694	256,891	–	16,370	273,261
Gains/(losses)	(37,535)	–	7,352	(30,183)	73,749	–	(4,559)	69,190
Valuation	225,527	–	19,984	245,511	330,640	–	11,811	342,451
Movements in the year:								
Purchases at cost	95,917	–	3,738	99,655	79,814	–	7,689	87,503
Transfer to level 3*	–	–	–	–	(964)	–	964	–
Sales proceeds	(115,230)	–	–	(115,230)	(91,972)	–	(5,383)	(97,355)
Gains on investments sold in the year	13,142	–	–	13,142	27,791	–	299	28,090
Gains/(losses) on investments held at year end	111,284	–	(11,911)	99,373	45,280	–	(2,943)	42,337
Valuation at 31 March	330,640	–	11,811	342,451	390,589	–	12,437	403,026
Analysed at 31 March								
Cost	256,891	–	16,370	273,261	271,560	–	19,939	291,499
Gains/(losses)	73,749	–	(4,559)	69,190	119,029	–	(7,502)	111,527
Valuation	330,640	–	11,811	342,451	390,589	–	12,437	403,026

* Transfer due to company delisting.

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 recently suspended.

Level 3 includes investments in private companies or securities.

NOTES TO THE ACCOUNTS (CONTINUED)

10. INVESTMENTS (CONTINUED)

	2009 £'000s	2010 £'000s	2011 £'000s
(Losses)/gains on investments			
Gains on investments sold	(28,138)	13,142	28,090
Gains on investments held	(73,874)	99,373	42,337
Total (losses)/gains on investments	(102,012)	112,515	70,427

Associated undertakings

The Group had the following associated undertakings:

	East 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%	20.50%
	€'000s	£'000s

Income from associated undertaking included in the revenue account of the Group –

Value of interest in associated undertakings included in the balance sheet of the Group	2,559	3,233
Gross assets	187,140 ⁽¹⁾	32,796 ⁽²⁾
Gross liabilities	128,916 ⁽¹⁾	18,170 ⁽²⁾
Gross revenues	12,953 ⁽¹⁾	2,212 ⁽²⁾
Net profit/(loss) before tax	(64,699) ⁽¹⁾	(2,111) ⁽²⁾
Share of profit/(loss) before tax	(14,945) ⁽¹⁾	(433) ⁽²⁾
Share of taxation charge	435 ⁽¹⁾	43 ⁽²⁾
Share of retained profit/(loss)	(16,930) ⁽¹⁾	(1,215) ⁽²⁾
Share of net assets	13,450 ⁽¹⁾	2,998 ⁽²⁾

(1) Based on the latest published accounts of East 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 2010.

Transactions with Associated Undertakings

East Balkan Properties plc

2009: During the year 4,400,000 ordinary shares were purchased in the market at a cost of £2,347,999.

2010 and 2011: There were no transactions in the year.

Indian Energy Limited

2009: Not an Associated Undertaking.

2010: 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.

2011: During the year £1,843,000 was advanced to the Company as a secured loan.

Significant interests

In addition to the above, the Group had 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	2009 % of class of instruments held	2010 % of class of instruments held	2011 % of class of instruments held
Eastern Water Resources PCL	Thailand	Ordinary shares	10.1	10.2	10.2
Ocean Wilsons Holdings Limited	Bermuda	Ordinary shares	8.6	8.6	9.0
Puncak Niaga Holdings	Malaysia	Ordinary shares	8.3	6.8	6.8

11. SPECIAL PURPOSE ENTITY

The Group includes 3,920 Class B shares linked to a segregated account in Global Equity Risk Protection Limited ("GERP"), an unquoted Bermuda segregated accounts company incorporated on 4 May 2006. The segregated account, which is structured as the Bermuda law equivalent of a protected cell, exists for the sole purpose of carrying out derivative transactions on behalf of the Group. The holding represents 100% of the issued Class B shares and on 27 November 2010 the voting rights of the shares were removed (2009 and 2010: represented 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

	2009 £'000s	2010 £'000s	2011 £'000s
Sales for future settlement	615	3,333	–
Accrued income	1,746	1,947	2,352
Prepayments and other debtors	723	128	66
	3,084	5,408	2,418

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

13. DERIVATIVE FINANCIAL INSTRUMENTS

For the year ended 31 March 2010 and 31 March 2011 Derivatives prior to the year ended 31 March 2010 were not analysed within a hierarchy of fair value measurements. All derivatives are classified as level 2 as defined in note 1(c).

	2009			2010			2011		
	Current assets £'000s	Current liabilities £'000s	Net current assets/ (liabilities) £'000s	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	12,090	(5,172)	6,918	1,969	–	1,969	1,769	(1,716)	53
Interest rate SWAPs – USD	–	(4,758)	(4,758)	–	(2,515)	(2,515)	–	(1,437)	(1,437)
Total derivative financial instruments	12,090	(9,930)	2,160	1,969	(2,515)	(546)	1,769	(3,153)	(1,384)

Changes in derivatives

	2009 £'000s	2010 £'000s	2011 £'000s
Valuation brought forward	24,048	2,160	(546)
Purchases	(108,610)	24,978	30,193
Settlements	90,923	(23,258)	(25,570)
Gains and losses	(4,201)	(4,426)	(5,461)
Valuation at 31 March	2,160	(546)	(1,384)

14. BANK LOANS – CURRENT LIABILITY

	2009 £'000s	2010 £'000s	2011 £'000s
US\$16.400 million repayable March 2012	–	–	10,231

At 31 March 2009 the Company had a committed loan facility of £80,000,000, secured over the Company's assets, of which £30,000,000 expired on 14 June 2009, £25,000,000 expired on 15 March 2010 and £25,000,000 expires on 25 June 2012. 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.

At 31 March 2010 and 31 March 2011 the Company has a committed loan facility of £25,000,000, secured over the Company's assets, which expires on 15 March 2012. 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.

NOTES TO THE ACCOUNTS (CONTINUED)

15. OTHER PAYABLES

	2009 £'000s	2010 £'000s	2011 £'000s
Purchases for future settlement	970	1,691	476
Bank overdraft	–	–	953
Accrued finance costs	769	855	26
Accrued expenses	531	539	7,157
	2,270	3,085	8,612

16. BANK LOANS – NON-CURRENT LIABILITY

	2009 £'000s	2010 £'000s	2011 £'000s
UK£6.600 million repayable March 2011	6,600	–	–
US\$14.635 million repayable March 2011	10,210	–	–
UK£25.000 million repayable March 2012	25,000	–	–
UK£19.700 million repayable March 2012	–	19,700	–
US\$7.522 million repayable March 2012	–	4,959	–
	41,810	24,659	–

See note 14 for details of the loan facility.

17. DEFERRED TAX

	2009 £'000s	2010 £'000s	2011 £'000s
Balance brought forward	1,901	–	1,661
(Decrease)/increase in provision for Brazilian tax on capital gains	(1,901)	1,661	616
Balance carried forward	–	1,661	2,277

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. OPERATING SEGMENTS

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

19. ORDINARY SHARE CAPITAL

2009 – 2011	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 ending 31 March 2009			608,737	61
Balance at 31 March 2009	1,350,009,078	135,001	214,117,040	21,412
Issued during the year ending 31 March 2010			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
Issued during the year ending 31 March 2011			23,381,822	2,339
Purchased for cancellation			(8,097,407)	(810)
Balance at 31 March 2011	1,350,009,078	135,001	218,597,234	21,860

19. ORDINARY SHARE CAPITAL (CONTINUED)

Ordinary shares

2009: 544,858 ordinary shares were issued during the year on the exercise of warrants and 63,879 were issued on the exercise of S shares.

2010: 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.

2011: 18,496,620 ordinary shares were issued during the year on the conversion of warrants and 4,885,202 were issued on the conversion of S shares. During the year 8,097,407 ordinary shares were purchased at a cost of £11,525,000 and cancelled. Since 31 March 2011 a further 3,068,441 ordinary shares have been purchased at a cost of £4,931,000.

Warrants

2009: At 31 March 2008, 32,537,259 warrants were in issue. On 31 July 2008, 543,784 warrants and on 31 January 2009, 1,074 warrants were exercised. At 31 March 2009, 31,992,401 warrants were in issue. Holders have the right to subscribe for one ordinary share per warrant at £1 in cash on 31 July 2009, 31 January 2010 or 31 July 2010.

2010: 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.

2011: At 31 March 2010, 29,087,134 warrants were in issue. During the period 10,590,514 warrants were purchased at a cost of £3,612,000 and on 2 August 2010, the final conversion date, the remaining 18,496,620 warrants were converted, at £1 per warrant, into 18,496,620 ordinary shares.

S shares

2009: At 31 March 2008, 9,219,100 S shares were in issue. On 31 July 2008, 9,649 S shares and on 31 January 2009, 54,230 S shares were exercised. At 31 March 2009, 9,155,221 S shares were in issue. Holders have the right to subscribe for one ordinary share per S share at £1 in cash on 31 July 2009, 31 January 2010, or 31 July 2010.

2010: 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.

2011: At 31 March 2010, 8,606,709 S shares were in issue. During the period 3,721,507 S shares were purchased at a cost of £1,214,000 and on 2 August 2010, the final conversion date, the remaining 4,885,202 S shares were converted, at £1 per S share, into 4,885,202 ordinary shares.

20. SHARE PREMIUM ACCOUNT

	2009 £'000s	2010 £'000s	2011 £'000s
Balance brought forward	219,008	56	–
Transfer to special reserve	(219,500)	–	–
Premium on conversion of warrants	490	1,370	16,647
Premium on conversion of S shares	58	224	4,397
Purchase of ordinary shares	–	(1,650)	(8,908)
Balance carried forward	56	–	12,136

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

NOTES TO THE ACCOUNTS (CONTINUED)

21. SPECIAL RESERVE

	2009 £'000s	2010 £'000s	2011 £'000s
Balance brought forward	–	219,500	206,394
Transfer from share premium account	219,500	–	–
Purchase of ordinary shares	–	(13,106)	(1,807)
Balance carried forward	219,500	206,394	204,587

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

	2009 £'000s	2010 £'000s	2011 £'000s
Balance brought forward	9,048	8,897	8,089
Transfer to other non-distributable reserve on conversion of warrants	(151)	(423)	(5,144)
Transfer to capital reserve on purchase of warrants	–	(385)	(2,945)
Balance carried forward	8,897	8,089	–

This reserve, which is non-distributable, arose on issue of warrants and was utilised on conversion or cancellation of those warrants.

23. S SHARE RESERVE

	2009 £'000s	2010 £'000s	2011 £'000s
Balance brought forward	9,350	9,285	8,729
Transfer to other non-distributable reserve on conversion of S shares	(65)	(252)	(4,955)
Transfer to capital reserve on purchase of S shares	–	(304)	(3,774)
Balance carried forward	9,285	8,729	–

This reserve, which is non-distributable, arose on issue of S shares and was utilised on conversion or cancellation of those S shares.

24. OTHER NON-DISTRIBUTABLE RESERVE

	2009 £'000s	2010 £'000s	2011 £'000s
Balance brought forward	103	319	994
Transfer from warrant reserve on conversion of warrants	151	423	5,144
Transfer from S share reserve on conversion of S shares	65	252	4,955
Balance carried forward	319	994	11,093

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

25. OTHER RESERVES

2009	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 in the year	(28,138)	–	(28,138)	–
Transfer on investments sold in the year	13,168	(13,168)	–	–
Losses on derivative financial instruments sold in the year	(5,324)	–	(5,324)	–
Transfer on derivative financial instruments sold in the year	1,912	(1,912)	–	–
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	–
Losses on investments held at the year end	–	(73,874)	(73,874)	–
Gains on derivative financial instruments held at the year end	–	1,123	1,123	–
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
2010	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

NOTES TO THE ACCOUNTS (CONTINUED)

25. OTHER RESERVES (CONTINUED)

2011	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	28,090	–	28,090	–
Gains on investments held	–	42,337	42,337	–
Losses on derivative financial instruments sold	(6,288)	–	(6,288)	–
Gains on derivative financial instruments held	–	827	827	–
Exchange losses	(433)	–	(433)	–
Management fee (see note 4)	(1,313)	–	(1,313)	–
Performance fee (see note 4)	(6,477)	–	(6,477)	–
Finance costs (see note 6)	(1,277)	–	(1,277)	–
Other capital charges	(26)	–	(26)	–
Taxation	(805)	–	(805)	–
Transfer from warrant reserve on purchase of warrants	2,945	–	2,945	–
Transfer from S share reserve on purchase of S shares	3,774	–	3,774	–
Cost of purchase of warrants	(3,612)	–	(3,612)	–
Cost of purchase of S shares	(1,214)	–	(1,214)	–
Revenue profit for the year	–	–	–	11,956
Total profit in current year	13,364	43,164	56,528	11,956
Dividends paid in the year	–	–	–	(10,354)
Balance at 31 March 2010	6,297	66,081	72,378	2,967
Balance at 31 March 2011	19,661	109,245	128,906	4,569

Included within the capital reserve movement for the year to 31 March 2010 is £137,000 and for the year to 31 March 2011 is £91,000 of dividend receipts recognised as capital in nature, £340,000 (2010) and £285,000 (2011) of transaction costs of purchases of investments and £335,000 (2010) and £327,000 (2011) of transaction costs on sale of investments.

26. NET ASSET VALUE PER ORDINARY SHARE

(a) Net asset value per ordinary share is based on:

	2009	2010	2011
Net assets at the year end (£)	230,733,000	319,882,000	383,151,000
Ordinary shares in issue at the year end (number)	214,117,040	203,312,819	218,597,234

(b) Diluted net asset value per ordinary share is based on net assets at the period end and assumes the receipt of proceeds arising from the exercise of warrants and S shares outstanding at £1 per warrant. At 31 March 2011 there are no warrants or S shares in issue and therefore there is no dilution. The diluted net asset value per ordinary share for year ended 31 March 2009 and 31 March 2010 is based on the following:

	2009 Number	2010 Number
Ordinary shares in issue at the year end	214,117,040	203,312,819
Ordinary shares created on conversion of all warrants	31,992,401	29,087,134
Ordinary shares created on conversion of all S shares	9,155,221	8,606,709
Number of ordinary shares for diluted calculation	255,264,662	241,006,662
Attributable net assets – £'000s	271,881	357,576
Diluted net asset value per ordinary share – pence	106.51	148.37

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

	2009 £'000s	2010 £'000s	2011 £'000s
Profit before taxation	(119,298)	116,709	68,347
Adjust for non-cash flow items:			
Gains and losses on investments	102,012	(112,515)	(70,427)
Gains and losses on derivative financial instruments	4,201	4,426	5,461
Exchange losses/(gains)	20,055	(1,544)	433
Stock interest	(331)	-	-
Effective yield interest	(61)	-	-
(Decrease)/increase in accrued income	(339)	(305)	(413)
(Decrease)/increase in creditors	(2,727)	608	5,825
Increase/(decrease) in other debtors	(5)	(17)	24
Tax on overseas income	(763)	(763)	(942)
	122,042	(110,110)	(60,039)
Adjust for cash flow items not within Income Statement:			
Taxation on capital gains	-	(419)	(112)
Overseas investment taxation	-	(148)	(77)
Net cash flows on investments	62,774	13,574	11,971
Net cash flows on derivative financial instruments	15,540	(1,720)	(4,623)
	78,314	11,287	7,159
Net cash flows from operating activities	81,058	17,886	15,467

28. RELATED PARTY TRANSACTIONS

The Company made payments to GERP, its special purpose entity, of £1.6m (2010) and £4.6m (2011) in settlement of investment transactions and received payments of £17.9m (2009).

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

Transactions between Mr Jillings and the Company are disclosed in the Directors' Remuneration Report of the published Report and Accounts.

The following are considered related parties of the Group: the associates of the Group set out under note 10, being East Balkan Properties plc and Indian Energy Limited; the Board of UEM and ICM.

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

The Directors received the following dividends in the year from the Company:

	2010 £'000s	2011 £'000s
A E Zagoreos	17	19
C D O Jillings	42	17
G A Madeiros	4	6
A Y T Muh	-	-
G P D Milne (resigned 26 October 2010)	23	n/a
K J O'Connor	22	21

There were no further transactions with the Board other than aggregate remuneration of £127,000 (2009); £143,000 (2010); and £143,000 (2011) included within "Other expenses" for services as Directors. At the year end £36,000 (2009); £36,000 (2010); and £36,000 (2011) remained outstanding to the Directors.

There were no transactions with ICM or ICM Analysis & Research Limited, a wholly owned subsidiary of ICM, other than investment management and performance fees as set out in note 4 and reimbursed expenses included within note 5 of £87,000 (2010); and £118,000 (2011). At the year end £312,000 (2009); £382,000 (2010); and £6,957,000 (2011) remained outstanding to ICM.

NOTES TO THE ACCOUNTS (CONTINUED)

29. CAPITAL COMMITMENTS

On 31 March 2011, the Company committed to invest up to A\$223,100 buying 7,770,000 ordinary shares in a secondary placing by Transaction Solutions International Limited. The issue of these shares was conditional on approval at an EGM and they were admitted to the Australian Stock Exchange on 18th May 2011.

30. FINANCIAL RISK MANAGEMENT

The Group's investing policy is to provide long-term total return appreciation by investing predominantly in infrastructure, utility and related sectors mainly in emerging markets. The Group seeks to meet its 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 Investment Manager, is responsible for the Group's risk management. The Directors' policies and processes for managing the financial risks are set out in (a), (b) and (c) below.

The 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 Group 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 Investment Manager assesses exposure to market risks when making each investment decision and monitors on-going market risk within the portfolio of investments and derivatives.

The Group's other assets and liabilities may be denominated in currencies other than sterling and may also be exposed to interest rate risks. The Investment Manager and the Board regularly monitor these risks. The Group does not normally hold significant cash balances. Borrowings are limited to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the Group's exposure to future changes in exchange rates. Gearing may be short or long-term, in Sterling and foreign currencies, and enables the Group to take a long-term view of the countries and markets in which it is invested without having to be concerned about short-term volatility.

Income earned in foreign currencies is converted to Sterling on receipt. The Board regularly monitors the effects on net revenue of interest earned on deposits and paid on gearing.

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:

	2009	2009 Average	2010	2010 Average	2011	2011 Average
BRL – Brazilian Real	3.3000	3.3130	2.7072	2.9957	2.6076	2.6757
CNY – Chinese Yuan	9.7949	11.8533	10.3542	10.8238	10.4970	10.4316
MYR – Malaysian Ringgit	5.2253	5.8675	4.9481	5.4891	4.8550	4.8869
PHP – Philippine Peso	69.2667	79.0253	68.5487	75.0328	69.5681	69.2849
THB – Thai Baht	50.8338	58.4037	49.0490	53.5316	48.4812	48.5108
USD – United States Dollar	1.43335	1.7232	1.5169	1.5852	1.6030	1.5560

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

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:

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)
	92,552	33,602	(8,920)	66,289	11,965	16,613	13,225	26,396	251,722
Percentage of total	36.8%	13.3%	(3.5)%	26.3%	4.7%	6.6%	5.3%	10.5%	100.0%

2010	BRL £'000s	CNY £'000s	GBP £'000s	MYR £'000s	PHP £'000s	THB £'000s	USD £'000s	Other £'000s	Total £'000s
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)
Net monetary assets/(liabilities)	2,979	(404)	(18,738)	917	189	781	33,245	(149)	18,820
Investments	108,705	73,859	–	74,556	27,381	21,467	–	36,483	342,451
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 exposures	30.6%	20.4%	(5.2)%	21.0%	7.7%	6.2%	9.2%	10.1%	100.0%

2011	BRL £'000s	CNY £'000s	GBP £'000s	MYR £'000s	PHP £'000s	THB £'000s	USD £'000s	Other £'000s	Total £'000s
Other receivables	942	327	65	–	128	784	–	172	2,418
Derivative financial instruments – assets	–	–	–	–	–	–	20,275	–	20,275
Cash and cash equivalents	–	–	128	–	–	–	20	63	211
Other payables	–	–	(7,179)	–	–	–	(957)	(476)	(8,612)
Derivative financial instruments – liabilities	–	–	–	–	–	–	(7,987)	–	(7,987)
Short term unsecured loans	–	–	–	–	–	–	(10,231)	–	(10,231)
Net monetary assets/(liabilities)	942	327	(6,986)	–	128	784	1,120	(241)	(3,926)
Investments	135,938	81,706	–	69,426	39,927	24,450	–	51,579	403,026
Deferred tax	(2,277)	–	–	–	–	–	–	–	(2,277)
Net exposures	134,603	82,033	(6,986)	69,426	40,055	25,234	1,120	51,338	396,823
Percentage of net exposures	33.9%	20.7%	(1.8)%	17.5%	10.1%	6.4%	0.3%	12.9%	100.0%

NOTES TO THE ACCOUNTS (CONTINUED)

30. 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:

Weakening of Sterling	2009					
	BRL £'000s	CNY £'000s	MYR £'000s	PHP £'000s	THB £'000s	USD £'000s
Income Statement return after tax						
Revenue return	646	108	244	47	122	(430)
Capital return	10,123	3,705	7,365	1,327	1,836	(865)
Total return	10,769	3,813	7,609	1,374	1,958	(1,295)
NAV per share						
Basic – pence	5.03	1.78	3.55	0.64	0.91	(0.60)
Diluted – pence	4.87	1.72	3.44	0.62	0.89	(0.59)

Weakening of Sterling	2010						2011					
	BRL £'000s	CNY £'000s	MYR £'000s	PHP £'000s	THB £'000s	USD £'000s	BRL £'000s	CNY £'000s	MYR £'000s	PHP £'000s	THB £'000s	USD £'000s
Statement of Comprehensive												
Income return after tax												
Revenue return	518	90	280	55	148	(100)	698	236	264	55	180	(8)
Capital return	12,131	8,162	8,386	3,042	2,385	3,694	14,851	9,078	7,714	4,436	2,717	124
Total return	12,649	8,252	8,666	3,097	2,533	3,594	15,549	9,314	7,978	4,491	2,897	116
NAV per share												
Basic – pence	6.22	4.06	4.26	1.52	1.25	1.77	7.11	4.26	3.65	2.05	1.33	0.05
Diluted – pence	5.76	3.76	3.94	1.41	1.15	1.64	n/a	n/a	n/a	n/a	n/a	n/a

Strengthening of Sterling	2009					
	BRL £'000s	CNY £'000s	MYR £'000s	PHP £'000s	THB £'000s	USD £'000s
Income Statement return after tax						
Revenue return	(646)	(108)	(244)	(47)	(122)	430
Capital return	(10,123)	(3,705)	(7,365)	(1,327)	(1,836)	865
Total return	(10,769)	(3,813)	(7,609)	(1,374)	(1,958)	1,295
NAV per share						
Basic – pence	(5.03)	(1.78)	(3.55)	(0.64)	(0.91)	0.60
Diluted – pence	(4.87)	(1.72)	(3.44)	(0.62)	(0.89)	0.59

Strengthening of Sterling	2010						2011					
	BRL £'000s	CNY £'000s	MYR £'000s	PHP £'000s	THB £'000s	USD £'000s	BRL £'000s	CNY £'000s	MYR £'000s	PHP £'000s	THB £'000s	USD £'000s
Statement of Comprehensive												
Income return after tax												
Revenue return	(518)	(90)	(280)	(55)	(148)	100	(698)	(236)	(264)	(55)	(180)	8
Capital return	(12,131)	(8,162)	(8,386)	(3,042)	(2,385)	(3,694)	(14,851)	(9,078)	(7,714)	(4,436)	(2,717)	(124)
Total return	(12,649)	(8,252)	(8,666)	(3,097)	(2,533)	(3,594)	(15,549)	(9,314)	(7,978)	(4,491)	(2,897)	(116)
NAV per share												
Basic – pence	(6.22)	(4.06)	(4.26)	(1.52)	(1.25)	(1.77)	(7.11)	(4.26)	(3.65)	(2.05)	(1.33)	(0.05)
Diluted – pence	(5.76)	(3.76)	(3.94)	(1.41)	(1.15)	(1.64)	n/a	n/a	n/a	n/a	n/a	n/a

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.

30. 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:

	2009		2010		2011				
	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	23,770	–	23,770	1,974	–	1,974	(742)	–	(742)
Exposure to fixed rates									
Loans	–	(41,810)	(41,810)	–	(24,659)	(24,659)	(10,231)	–	(10,231)
Net exposures									
At year end	23,770	(41,810)	(18,040)	1,974	(24,659)	(22,685)	(10,973)	–	(10,973)
Maximum in year	(27,480)	(51,740)	(79,220)	16,015	–	16,015	12,329	–	12,329
Minimum in year	23,770	(41,810)	(18,040)	1,974	(24,659)	(22,685)	698	(24,614)	(23,916)

	2009			2010			2011		
	Exposure to		Total £'000s	Exposure to		Total £'000s	Exposure to		Total £'000s
Floating interest rates £'000s	Fixed interest rates £'000s	Floating interest rates £'000s		Fixed interest rates £'000s	Floating interest rates £'000s		Fixed interest rates £'000s		
Net exposures									
Maximum in year	(23,117)	(56,103)	(79,220)	16,015	–	16,015	12,329	–	12,329
Minimum in year	23,770	(41,810)	(18,040)	1,974	(24,659)	(22,685)	698	(24,614)	(23,916)

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 2009: £100m; and 2010 and 2011: 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.

	2009		2010		2011	
	Increase in rate £'000s	Decrease in rate £'000s	Increase in rate £'000s	Decrease in rate £'000s	Increase in rate £'000s	Decrease in rate £'000s
Revenue return	475	n/a*	37	n/a*	4	n/a*
Capital return	–	–	–	–	–	–
Total return	475	n/a	37	n/a	4	n/a
NAV per share						
Basic – pence	0.22	–	0.02	–	–	–
Diluted – pence	0.21	–	0.02	–	–	–

* Interest rates on cash balances are negligible at 31 March 2009; 31 March 2010 and 31 March 2011.

NOTES TO THE ACCOUNTS (CONTINUED)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Other market risk exposures

The portfolio of investments, valued at £245,511,000 at 31 March 2009, £342,451,000 at 2010 and £403,026,000 at 31 March 2011 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.

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

	2009 £'000s	2010 £'000s	2011 £'000s
Current assets			
Put index options	66,627	41,697	13,725
Call index options	9,419	–	6,550
	76,046	41,697	20,275
Current Liabilities			
Put index options	37,674	–	–
Call index options	10,465	–	6,550
Interest rate SWAPs	4,758	2,515	1,437
	52,897	2,515	7,987

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:

	2009		2010		2011	
	Increase in value £'000s	Decrease in value £'000s	Increase in value £'000s	Decrease in value £'000s	Increase in value £'000s	Decrease in value £'000s
Statement of Comprehensive Income capital return	49,271	(49,271)	65,229	(66,829)	76,776	(78,577)
NAV per share						
Basic – pence	23.01	(23.01)	32.08	(32.87)	35.12	(35.95)
Diluted – pence*	22.28	(22.28)	29.69	(30.42)	n/a	n/a

* See note 26.

(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 (51 at 31 March 2009; 65 at 31 March 2010; 82 at 31 March 2011); the liquid nature of the portfolio of investments; the industrial and geographical diversity of the portfolio; and the existence of an on-going loan facility agreement.

Cash balances are held with reputable banks.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Investment Manager reviews liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting.

The Group has loan facilities of 2009: £80m; and 2010 and 2011: £25m as set out in note 14. 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:

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

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

2011	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Other payables	8,612	–	–	8,612
Derivative financial instruments	6,550	1,437	–	7,987
Bank loans	–	10,383	–	10,383
	15,162	11,820	–	26,982

(c) Credit risk and counterparty exposure

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

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

	Balance Sheet £'000s	2009 Maximum exposure in the year £'000s	Balance Sheet £'000s	2010 Maximum exposure in the year £'000s	Balance Sheet £'000s	2011 Maximum exposure in the year £'000s
Current assets						
Cash at bank	24,058	24,058	1,974	36,290	211	12,329
Financial assets through profit or loss – derivatives (put options and call options)	27,907	98,565	41,697	64,719	13,724	87,679
Financial assets through profit or loss– derivatives (CFDs)	–	249	–	–	–	–

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

NOTES TO THE ACCOUNTS (CONTINUED)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair values of financial assets and liabilities

The assets and liabilities of the Group are, in the opinion of the Directors, reflected in the Balance Sheet at fair value, or at a reasonable approximation thereof. Borrowings under loan facilities do not have a value materially different from their capital repayment amount. Borrowings in foreign currencies are converted into Sterling at exchange rate 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 14.

PART 7

TAXATION

Bermuda Taxation

At the date of this document, there is no Bermuda income, corporation, or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company or any of its Shareholders in respect of their holding of Ordinary Shares, other than Shareholders ordinarily resident in Bermuda. The Company is not subject to stamp duty on the issue or transfer of any of its shares.

The Company has received an undertaking from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act, 1966, as amended, that, in the event that there is enacted in Bermuda any legislation imposing (i) tax computed on profits or income, (ii) tax computed on any capital assets, gain or appreciation or (iii) any tax in the nature of estate duty or inheritance tax, such tax shall not until 28 March 2016 be applicable to the Company or to any of its operations, shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda and holding such shares, debentures or other obligations of the Company or any land leased or let to the Company. It is anticipated that this undertaking will be extended to 31 March 2035.

As an exempted company, the Company is liable to pay the Bermuda Government an annual government fee which is currently US\$18,670 (based on the Company's assessable capital which includes share premium). The annual government fee may increase following any share capital increases by the Company and thereafter will be based on the share capital and share premium account of the Company as at August of each year.

UK Taxation

The information set out below relates to taxation applicable to the Company and to certain Shareholders. These statements are intended to apply only as a general guide to current UK tax law and to the current published practice of HM Revenue & Customs, and is therefore subject to any subsequent changes. They are intended to apply only to Shareholders who are resident, and in the case of individuals, ordinarily resident in the UK for UK tax purposes who hold the Ordinary Shares as an investment, who are the beneficial owners of the Ordinary Shares and who do not (alone or together with connected persons) hold more than 10 per cent. of the Ordinary Shares. The statements may not apply to certain classes of Shareholders such as dealers in securities. The information is given by way of general summary only and does not constitute legal or tax advice to any person. Any Shareholder or prospective investor who is in any doubt as to their tax position regarding the acquisition, holding or disposal of the Ordinary Shares, or who is subject to tax in a jurisdiction other than the UK, should consult their own tax advisers.

The Company

It is the intention of the Directors to conduct the affairs of the Company so that the central management and control of the Company is not exercised in the UK and so that the Company does not carry out any trade in the UK (whether or not through a permanent establishment situated there). On this basis, the Company should not be liable for UK taxation on its income and gains other than certain income deriving from a UK source.

UK Shareholders

UK Taxation of Dividends

Shareholders who are resident in the UK for tax purposes may, depending on their circumstances, be liable to UK income tax or corporation tax in respect of dividends paid by the Company.

Dividends received by an individual who is resident or ordinarily resident in the UK for taxation purposes will be chargeable to UK income tax on the amount of any dividends received. Basic rate taxpayers will be liable to income tax at 10 per cent., higher rate tax payers at 32.5 per cent. and additional rate tax payers at 42.5 per cent. A tax credit equal to 10 per cent. of the gross dividend (also equal to one ninth of the cash dividend

received) should be available to offset against a Shareholder's total income tax liability on the dividend. The effect of the tax credit is that basic rate taxpayers have no further tax to pay, higher rate taxpayers will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which also equals 25 per cent. of the cash dividend received) and additional rate taxpayers will have to account for additional tax equal to 32.5 per cent. of the gross dividend (which also equals 36.1 per cent. of the cash dividend received).

A corporate Shareholder who is resident in the UK or carries on a trade in the UK through a permanent establishment in connection with which its Ordinary Shares are held will be subject to UK corporation tax on the gross amount of any dividends paid by the Company, unless the dividend falls with one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009. It is anticipated that dividends paid on the Ordinary Shares to UK resident corporate Shareholders would generally (subject to anti-avoidance rules) fall within one of those exempt classes, however, such Shareholders are advised to consult their professional tax advisers to determine whether such dividends will be subject to UK corporation tax.

UK Taxation of Capital Gains

Depending on their personal circumstances, UK resident Shareholders may be subject to capital gains tax or, in the case of corporate Shareholders, corporation tax on chargeable gains, in respect of any gain arising on a transfer or disposal of their Ordinary Shares, including a disposal on a winding-up of the Company.

For Shareholders who are individuals, or otherwise not within the charge to UK corporation tax, UK capital gains tax may be payable on a disposal of the Ordinary Shares at the flat rate of 18 per cent. for basic rate taxpayers or 28 per cent. for higher or additional rate taxpayers. No indexation allowance is available to such holders, but Shareholders may be entitled to an annual exemption from capital gains (for the year 2011/2012, this is £10,600).

Individual Shareholders who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Shareholders within the charge to UK corporation tax may be liable to UK corporation tax (currently 26 per cent.) on chargeable gains on a disposal of their Ordinary Shares. Indexation allowance may be available to reduce the amount of any chargeable gain (but cannot be used to create or increase an allowable loss).

Other taxation matters

It is not anticipated that the Company would be regarded as a close company if it were resident in the UK. Therefore, capital gains realised by the Company should not be attributed to UK resident or ordinarily resident Shareholders who hold more than 10 per cent. of the Ordinary Shares under section 13 of the Taxation of Chargeable Gains Act 1992.

A UK resident corporate Shareholder who, together with connected or associated persons, is entitled to at least 25 per cent. of the Ordinary Shares should note the provisions of the controlled foreign companies legislation contained in Sections 747 to 756 of the Income and Corporation Taxes Act 1988. The UK Government published a consultation document on reforms to this legislation on 30 June 2011. This consultation is due to close on 22 September 2011. UK corporate Shareholders are therefore advised to consult their independent professional tax advisers as to the implications of any future changes.

The attention of individuals ordinarily resident in the UK is drawn to the provisions of Chapter 2, Part 13 of the Income Tax Act 2007 which may render such individuals liable to tax on the income of the Company (taken before any deduction for interest) in certain circumstances.

The attention of UK residents and domiciled investors is drawn to Part 15 of the Corporation Tax Act 2010 and section 684 of the Income Tax Act 2007 under which HM Revenue & Customs may seek to cancel tax advantages from certain transactions in securities.

Non-UK Shareholders

Shareholders who are not resident or ordinarily resident (or temporarily non resident) in the UK and do not carry on a trade, profession or vocation through a branch, agency or other form of permanent establishment in the UK with which the Ordinary Shares are connected will not normally be liable to UK taxation on capital

gains arising on the sale or other disposal of their Ordinary Shares. However, non-UK Shareholders will need to take specific professional advice about their individual tax position.

ISAs

Ordinary Shares will be eligible to be held in the stocks and shares component of an ISA subject to applicable subscription limits once they are admitted to the Official List and provided that the ISA manager has acquired them through the secondary market or subscribed for them pursuant to an offer for subscription.

Stamp Duty and Stamp Duty Reserve Tax (SDRT)

Transfers of Ordinary Shares will not be liable to UK stamp duty unless the instrument of transfer is executed within the UK when the transfer will be liable to UK *ad valorem* stamp duty at the rate of 0.5 per cent. of the consideration paid rounded up to the nearest £5. Provided that Ordinary Shares are not registered in any register of the Company kept in the UK, any agreement to transfer the Ordinary Shares should not be subject to SDRT.

Where Depositary Interests in respect of the Ordinary Shares are traded within CREST, there should be no charge to SDRT due to the provisions of the Stamp Duty Reserve Tax (UK Depositary Interests in Foreign Securities) Regulations 1999, provided that Ordinary Shares are not registered in any register of the Company kept in the UK.

Effect of the Migration

The Migration will not be treated as a disposal and/or acquisition of the Ordinary Shares for UK tax purposes.

PART 8

GENERAL INFORMATION

1. Responsibility

The Directors, whose names appear on page 15 of this document, and the Company accept responsibility for the information contained in this document, and declare that, having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of their and its knowledge, in accordance with the facts and contains no omission likely to affect its import.

2. History and status

- 2.1 Utilico Emerging Markets Limited was incorporated in Bermuda on 9 June 2005 as an exempted, closed-end investment company with limited liability under the Bermuda Companies Act with registered number 36491 and with the name Utilico Emerging Markets Utilities Limited. The Company changed its name to Utilico Emerging Markets Limited on 31 July 2006. The Company has an unlimited life.
- 2.2 The Company operates under the Bermuda Companies Act, but is otherwise not regulated in Bermuda.
- 2.3 The Company is not regulated or authorised by the FSA but is subject to the Listing Rules, Prospectus Rules and Disclosure and Transparency Rules applicable to closed-ended investment companies.
- 2.4 The Company's registered office is in Bermuda and is located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The Company's telephone number at this office is 00 1441 295 2244.
- 2.5 The Company's accounting period ends on 31 March of each year. The first accounting period ended on 31 March 2006 and the last completed accounting period ended on 31 March 2011.

3. Share Capital

- 3.1 The following table shows the authorised and issued share capital of the Company as at 31 March 2011 (being the last date in respect of which the Company has published financial information). As at 13 September 2011 (being the latest practicable date prior to the publication of this document), the figures stated remain the same save in respect of the numbers of issued Ordinary Shares, being 215,528,793 Ordinary Shares with a nominal value of £21,552,879.30.

	<i>Ordinary Shares</i>	<i>C Shares</i>	<i>Subscription Shares</i>	<i>S Shares</i>
Number of shares issued (fully paid)	218,597,234	–	–	–
Nominal Value of issued shares (£)	21,859,723.40	–	–	–
Number of authorised shares	1,074,767,809	55,000,000	3,000,000	9,219,100
Nominal Value of authorised shares (£)	107,476,780.90	27,500,000	15,000	9219.10

- 3.2 The Company's issued share capital history during the last three financial years is outlined in note 19 in the notes to the accounts on pages 54 and 55. Since 31 March 2011 a further 3,068,441 Ordinary Shares have been purchased for cancellation at a cost of £4,931,000.

- 3.3 Dividends paid during the financial years ending 31 March 2009, 31 March 2010 and 31 March 2011 are as outlined in note 9 on page 50. The following table shows these dividends adjusted for the number of shares currently in issue, being 215,528,793 as at 31 August 2011:

	<i>Adjusted figure</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
2008 Final of 1.30p	1.29p	2,776	–	–
2009 Interim of 4.00p	3.97p	8,562	–	–
2009 Final of 0.80p	0.79p	–	1,711	–
2010 Interim of 3.75p	3.71p	–	7,989	–
2010 Final of 1.05p	0.99p	–	–	2,135
2011 Interim of 3.75p	3.81p	–	–	8,219
		<u>11,338</u>	<u>9,700</u>	<u>10,354</u>

- 3.4 Under the Directors' letters of appointment and Charles Jillings' service contract remuneration is received in the form of Ordinary Shares ("Fee Shares"). The number of Fee Shares to which each Director is entitled 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. Fee Shares are purchased in the market on behalf of, or issued to, each Director as soon as possible after each quarter end.

Since 20 July 2005, 570,454 Ordinary Shares have been issued to or acquired in the market on behalf of the Directors, from time to time, as Fee Shares.

- 3.5 No share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option and there are currently no securities convertible or exchangeable into the Company's share capital in issue.
- 3.6 All of the Ordinary Shares are in registered form. The Company, through the Depositary, has established a depositary arrangement under English Law whereby depositary interests in registered form ("Depositary Interests"), established pursuant to a deed of trust executed by the Depositary operating under English law acting as depositary, and representing Ordinary Shares, will be issued to investors who wish to hold their Ordinary Shares in electronic form within the CREST system. Accordingly, settlement of transactions in Ordinary Shares, represented by Depositary Interests may take place within the CREST system if the relevant investors so wish. CREST is a computerised paperless share transfer and settlement system which allows shares and other securities, including depositary interests, to be held in electronic rather than paper form. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. Further information regarding the depositary arrangement and the holding of Ordinary Shares in the form of Depositary Interests is available from the Depositary, Computershare Investor Services PLC, whose contact details are set out on page 16 of this document.
- 3.7 The liability of Shareholders is limited to the amount payable in respect of the Ordinary Shares held by them.
- 3.8 The rights attaching to the Ordinary Shares are set out in paragraph 5.3 of this Part 8.
- 3.9 The Company's existing Bye-laws and Memorandum of Association authorise the Directors to allot an unlimited number of equity securities without pre-emption rights applying to Shareholders. If Resolution 2 is passed at the Special General Meeting, the Bye-laws will be amended to incorporate pre-emption rights for existing Shareholders on the issue of the Company's shares for cash. Resolution 3 is being proposed at the Special General Meeting to dis-apply such pre-emption rights in respect of 21,552,879 Ordinary Shares, being equivalent to approximately 10 per cent. of the issued share capital as at the date of this document. Where Ordinary Shares are issued for non-cash consideration the pre-emption rights will not apply.

- 3.10 A resolution of the Company was passed at the Company's annual general meeting held on 12 September 2011, which granted the Company the authority to make market purchases of up to 32,307,766 Ordinary Shares (equivalent to approximately 14.99 per cent. of the issued ordinary share capital as at the date of the notice of the annual general meeting). This authority will expire on 11 March 2013 unless it is varied, revoked or renewed prior to that date at the Company's annual general meeting to be held in 2012 or at any other special general meeting. The maximum price paid for purchases made pursuant to this authority will not be more than the price permitted by the Listing Rules at the time of purchase (which currently set a price equal to 5 per cent. above the average market value of the Ordinary Shares as derived from the Daily List of the London Stock Exchange for the 5 business days before the purchase is made or the higher of (i) the price of the last independent trade and (ii) the highest current bid at the time of purchase), and any purchases made will be in accordance with the Listing Rules and the Bermuda Companies Act. In any event no purchase of Ordinary Shares will be made at a price in excess of the Net Asset Value of the Ordinary Shares (as determined by the Directors on a date falling not more than 10 days before the date of purchase).
- 3.11 As of the date of this document, the Company has no listed or unlisted securities not representing share capital.
- 3.12 Under section 103 of the Bermuda Companies Act, the holders of not less than 95 per cent. of the Ordinary Shares may give notice to the remaining Shareholders to acquire their Ordinary Shares on the terms set out in the notice.
- 3.13 The ISIN number of the Ordinary Shares is BMG931151069.

4. Directors' and other interests

- 4.1 The Directors do not have any options over Shares. As at the date of this document, the interests of the Directors and the persons connected (within the meaning of section 252 of the UK Companies Act 2006) with them (all of which will be beneficial) in the share capital of the Company are as follows:

<i>Name</i>	<i>No. of Ordinary Shares</i>	<i>Percentage of the Company's issued share capital</i>
Alexander Zagoreos	413,975	0.19
Charles Jillings	742,324	0.34
Garry Madeiros	142,664	0.07
Anthony Muh	11,955	0.01
Kevin O'Connor	459,779	0.21

- 4.2 The maximum amount of remuneration payable to the Directors permitted under the Bye-laws is £200,000 per annum. The Directors' fees will be paid in the form of Ordinary Shares as described in paragraph 3.4 above.
- 4.3 In the financial year ended 31 March 2011, Alexander Zagoreos received a fee of £35,000 and each of the other Directors received a fee of £25,000 (pro rated for Directors who did not serve for the full financial year). In addition, Garry Madeiros received a further fee of £7,500 for acting as the Chairman of the Audit Committee. All of the Directors' fees were paid in the form of Ordinary Shares as described in paragraph 3.4 above and resulted in the Directors acquiring an aggregate of 89,437 Fee Shares in the financial year ended 31 March 2011. The Directors were not paid any amount of remuneration by way of benefits in kind, pension contributions or any contingent or deferred compensation by the Company for their services in all capacities to the Company. Accordingly, there are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits to the Directors.
- 4.4 Following a review, the Company's remuneration committee concluded that, in view of the increased time commitment and escalating demands placed on the Board, for the 2011/12 year the fee payable to Alexander Zagoreos should be increased by £3,000 to £38,000 and the fee payable to each of the other Directors should be increased by £2,500 to £27,500. It is estimated that the aggregate emoluments (including benefits in kind and pension contributions (of which none are to be made)) of

the Directors for the period ending 31 March 2012 will amount to no more than £155,500 and will be satisfied in the form of Ordinary Shares as described in paragraph 3.3 above.

- 4.5 Save for the service agreement with Charles Jillings, summarised in paragraph 4.6 below, there are no existing or proposed service contracts between any of the Directors and the Company.
- 4.6 A service agreement dated 14 July 2005 has been entered into between the Company and Charles Jillings whereby Mr Jillings is employed by the Company to act as an executive director of the Company. Mr Jillings will be entitled to a fee of £27,500 per annum payable in Ordinary Shares as described in paragraph 3.4 above. The agreement has no fixed end date and is subject to termination on 6 months' notice.
- 4.7 The appointment of each of the non-executive Directors is subject to the provisions of the Bye-laws relating to retirement by rotation and, following re-election, are re-appointed for three year terms.
- 4.8 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company. The Company maintains directors and officers' liability insurance for the benefit of the Directors.
- 4.9 Save as outlined in paragraph 4.10 below, there are currently no conflicts of interest between any of the Directors' duties to the Company and their private interests and/or other duties. If a Director has a potential conflict of interest between his duties to the Company and his private interests or other obligations owed to third parties on any matter, the relevant Director will disclose his conflict of interest to the rest of the Directors, and may only be counted in the quorum and entitled to vote in respect of such matter in accordance with paragraph 5.3.8 below.
- 4.10 Charles Jillings is a director of ICM Analysis and Research Limited, a wholly-owned subsidiary of the Investment Manager and an employee of Utilico Investments Limited, a company also managed by the Investment Manager. He is also a director of East Balkan Properties plc, a company in which the Company holds 23.10 per cent. of the issued share capital as at 31 March 2011. In the event of any conflict arising between his duties as a Director, and his duties as a director of either of those companies, such conflict will be dealt with in the manner outlined in paragraph 4.9 above.
- 4.11 None of the Directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company which has been effected by it since its incorporation.
- 4.12 The companies and partnerships of which the Directors currently are or have been members of the administrative, management or supervisory bodies or partners at any time during the five years preceding the date of this document (excluding subsidiaries of such companies or partnerships) are as follows:

<i>Director</i>	<i>Current directorships/ partnerships</i>	<i>Former directorships/ partnerships</i>
Alexander Zagoreos	Alpha Andromeda Trust The Egypt Trust Probank (Athens) Taiwan Opportunities Fund Limited The World Trust Fund	Gartmore Emerging Pacific Investment Trust plc JPMorgan European Investment Trust Plc Jupiter Global Green Investment Trust plc The New Zealand Investment Trust plc
Charles Jillings	Bishops Life Ltd ICM Analysis & Research Company Limited Vix Technology (Bermuda) Pty Ltd Vix Technology Pty Ltd Global Equity Risk Protection Ltd Permanent Investments Limited Somers Isle Private Trust Company Limited Eclectic Investment Company Limited Poggio Secco SRL	Blue Sky Leisure Ltd (formerly Harlequin Football Club Ltd) Harlequin Estates (Twickenham) Ltd Mosaic Estates Ltd (formerly Cardinal Management Ltd) Utilico Investment Trust PLC, in liquidation Special Utilities Investment Trust plc, in liquidation Hemscott Group Ltd Hemscott Holdings Ltd Hemscott Plc (formerly Bridgend Group Plc) Financial Media Holdings Limited Newtel Holdings Ltd

<i>Director</i>	<i>Current directorships/ partnerships</i>	<i>Former directorships/ partnerships</i>
Garry Madeiros	BF&M Limited BF&M Insurance Company Limited	BELCO Properties Limited BELCO Holdings Limited Bermuda Electric Light Company Limited Bermuda Gas & Utility Company Limited BTS Limited BF&M Insurance Company Limited
Anthony Muh	Infratil Limited Clearpool Capital Holdings Limited HRL Morrison & Co. HRL Morrison & Co Capital Management Limited HRL Morrison & Co Capital Management (Int) Limited HRL Morrison & Co Asia Limited Hong Kong Securities Institute Asia Corporate Governance Association	Citibank Global Asset Management (Asia) Limited Saloman Brothers Asset Management Asia Pacific Limited AT Asset Management (Asia-Pacific) Limited Clearpool Capital Management Limited
Kevin O'Connor	The New Zealand Takeovers Panel Nikau Foundation Catholic Foundation of the Archdiocese of Wellington The Todd Foundation Investment Board Willeston Holdings Ltd Bowen Margins Ltd Ronnoco Nominees Ltd Stebbing Farmland Ltd	Infratil Limited Norwich & State Insurance Group in New Zealand

4.13 Save as disclosed in paragraph 4.14 of this Part 8, none of the Directors has:

- (a) any convictions in relation to fraudulent offences for at least the previous five years;
- (b) been declared bankrupt or been the subject of an individual voluntary arrangement within the previous five years;
- (c) save as set out below, been a director of a company, a member of the administrative, management or supervisory body or a senior manager of a company within the previous five years which has gone into receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors;
- (d) been a partner or a senior manager in a partnership which has gone into compulsory liquidation, administration or a partnership voluntary arrangement where he was a partner within the previous five years;
- (e) been subject to the receivership of any personal assets within the previous five years;
- (f) been a partner or a senior manager in a partnership which has gone into receivership where he was a partner within the previous five years;
- (g) been the subject of any official public incrimination or sanctions by any statutory or regulatory authority (including designated professional bodies) or disqualified by a court from acting as a director of a company or as member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any company within the previous five years.

4.14 Charles Jillings was a director of Utilico Investment Trust plc, which entered members' voluntary liquidation on 19 June 2007 pursuant to a scheme of reconstruction under s.110 Insolvency Act 1986. This scheme of reconstruction involved the launch of Utilico Limited (now Utilico Investments Limited) as the successor investment company to Utilico Investment Trust plc.

4.15 Other than those persons set out below as at 13 September 2011, being the latest practicable date prior to publication of this document, the Company is not aware of any persons holding, directly or indirectly, 5 per cent. or more of the Company's issued share capital or any person who will hold directly or indirectly, 5 per cent. or more of the Company's issued share capital after Admission:

*Percentage of the Company's
issued ordinary share capital*

Utilico Investments Limited	27.5%
F&C Asset Management plc	10.6%
Rensburg Sheppards Investment Management Ltd	8.1%
Investec Wealth & Investment Limited	8.0%
Lazard Asset Management	6.2%
Rathbone Stockbrokers	5.0%

4.16 The Company is not aware of any persons who directly or indirectly, jointly or severally at the date of this document exercise or could exercise control over the Company or immediately following Admission will exercise or would be able to exercise control over Company.

4.17 No Shareholders have voting rights attached to their Ordinary Shares they hold which are different to the voting rights attached to any other Ordinary Shares issued by the Company.

5. Bye-laws

5.1 The Company's objects are contained in its memorandum of association at paragraph 6. They are, inter alia, to invest its capital and to acquire, hold, sell, dispose of and deal in real property outside Bermuda and personal property of all kinds.

5.2 It is proposed that the Company will adopt New Bye-laws by the passing of Resolution 2 at the Special General Meeting. The key changes contained in the New Bye-laws are as follows:

5.2.1 the incorporation of pre-emption rights in favour of Shareholders where the Company proposes to issue new Shares for cash consideration, as required by the Listing Rules;

5.2.2 the incorporation of certain provisions, based on the City Code, to provide protection against the accumulation of significant shareholdings in certain circumstances, as described in paragraph 13 of this Part 8;

5.2.3 various other minor amendments and updates intended to bring the Bye-laws in line with current best practice.

5.3 At present, the Bye-laws of the Company contain provisions, inter alia, to the following effect:

5.3.1 Voting

Shareholders have the right to receive notice of and to attend and vote at general meetings of the Company. Each Shareholder who is present in person (or, being a corporation, by representative) at a general meeting on a show of hands has one vote and, on a poll, every such holder present in person (or, being a corporation, by representative) or by proxy shall have one vote in respect of every Ordinary Share held by him.

5.3.2 Variation of Rights

Subject to the Bermuda Companies Act, the special rights attached to any class of shares may be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a resolution passed at a separate meeting of the holders of such shares. The necessary quorum shall be two persons at least holding or representing by proxy one-third in number of the issued shares of the relevant class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those shareholders who are present shall be a quorum). Every holder of Ordinary Shares shall be entitled at such meeting to one vote for every Ordinary Share held by him on a poll. The special rights conferred upon the Ordinary Shares shall not be deemed to be varied by the exercise of

any power under the disclosure provisions requiring Shareholders to disclose an interest in the Company's Ordinary Shares as set out in the Bye-laws.

5.3.3 **Offers of shares**

- (a) Subject to the provisions of the Bye-laws and without prejudice to any special rights conferred on the holders of any class of shares, any share in the Company may be issued with or have attached thereto such preferred, deferred or other special rights, or such restrictions whether in regard to dividend, return of capital, voting or otherwise as the Company may from time to time by resolution determine or if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.
- (b) Subject to the Bye-laws, the unissued shares shall be at the disposal of the Directors, and they may allot, grant options over, issue warrants in respect of or otherwise dispose of them to such persons, at such times and generally on such terms and conditions as they determine. Whilst there are no provisions of Bermuda law equivalent to the provisions of the UK Companies Act 2006 which confer pre-emption rights on existing shareholders in connection with the allotment of equity securities for cash, the New Bye-laws which will be adopted if the Resolutions are passed at the Special General Meeting will incorporate such rights into the Bye-laws, in accordance with the requirements of the Listing Rules.
- (c) The Company may also pay such brokerages and/or commissions as may be lawful.
- (d) No person shall be recognised by the Company as holding any shares upon any interest other than an absolute right of the registered holder to the entirety of a share.

5.3.4 **Notice requiring disclosure of interest in shares**

The Directors may serve notice on any Shareholder requiring that Shareholder to disclose to the Company the identity of any person (other than the Shareholder) who has an interest in the shares held by the Shareholder. Any such notice shall require any information in response to such notice to be given within such reasonable time as the Directors may determine.

If any Shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 28 days after service of the notice or 14 days if the shares concerned represent 0.25 per cent. or more of the issued shares of the relevant class), the Directors in their absolute discretion may serve a direction notice on the Shareholder. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the "default shares") the Shareholder shall not be entitled to vote in general meetings. Where the default shares represent at least 0.25 per cent. of the class of shares concerned the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the default shares (other than a transfer authorised under the Bye-laws) shall be registered until the default is rectified.

5.3.5 **Transfer of shares**

Subject as provided below, any Shareholder may transfer all or any of his shares by instrument of transfer in any form which the Directors may approve. The instrument of transfer of a share shall be signed by or on behalf of the transferor.

The Directors may refuse to register any transfer of shares unless the instrument of transfer is lodged at the registered office accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

The Directors may refuse to register a transfer:

- (a) of any share which is not fully paid up or on which the Company has a lien provided that this would not prevent dealings from taking place on an open and proper basis;

- (b) where the holding of such shares may result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company or the Shareholders as a whole; or
- (c) where permission of the BMA to the transfer is required but has not been obtained.

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine provided that such suspension shall not be for more than 30 days in any year.

5.3.6 **Compulsory transfer of shares**

The Board may refuse to register any transfer of shares, or may require the transfer of shares owned or which appear to be owned directly by any person who, by virtue of his holding, may in the opinion of the Directors give rise to a breach of any applicable law or requirement in any jurisdiction or may cause or be likely to cause the Company, the Shareholders or the Investment Manager of the Company from time to time some legal, pecuniary or material disadvantage or cause or be likely to cause the assets of the Company to be considered “plan assets” within the meaning of the regulations adopted under the US Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or which holding would or might result in the Company or the Investment Manager of the Company from time to time the being required to register or qualify under the US Investment Companies Act of 1940, as amended or other US law.

5.3.7 **Alteration of capital and purchase of shares**

The Company may from time to time, subject to the provisions of the Bermuda Companies Act, purchase its own shares in any manner authorised by the Bermuda Companies Act.

The Bermuda Companies Act provides that the Company may by resolution consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; subdivide all or any of its shares into shares of a smaller amount than is fixed by the Memorandum of Association; cancel any shares which at the date of the resolution have not been taken or agreed to be taken and diminish its authorised share capital accordingly; and convert its fully paid shares into shares denominated in a different currency.

The Company may by resolution reduce its share capital, any redemption reserve fund or any stated capital account, including share premium account, in any manner permitted by and with and subject to any consent required by the Bermuda Companies Act.

5.3.8 **Interests of Directors**

- (a) Save as mentioned below, a Director may not vote or be counted in the quorum on any resolution of the Board (or a committee of the Directors) in respect of any matter in which he has (together with any interest of any person connected with him) a material interest (other than by virtue of his interest, directly or indirectly, in shares or debentures or other securities of the Company).
- (b) Subject to the Bermuda Companies Act, a Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:
 - (i) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person for the benefit of the Company or any of its subsidiaries;
 - (ii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
 - (iii) a contract, arrangement, transaction (or proposal concerning or the offer of shares, debentures or other securities of the Company or its subsidiaries in which offer he is or may be entitled to participate or in the underwriting or sub-underwriting of which he is to or may participate;

- (iv) any proposal concerning any other Company in which he is interested, directly or indirectly, as an officer, creditor or shareholder or otherwise, provided that he, together with persons connected with him, is not to his knowledge the holder of or beneficially interested in 1 per cent. or more of any class of the equity share capital of any such company (or of any third company through which his interest is derived) or of the voting rights of such company;
 - (v) any arrangement for the benefit of employees of the Company or any of its subsidiaries which accords to the Director only such privileges and advantages as are generally accorded to the employees to whom the arrangement relates; or
 - (vi) any proposal for the purchase or maintenance of insurance for the benefit of the Director or persons including the Directors.
- (c) Any Director may act by himself or by his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
 - (d) Any Director may continue to be or become a director, managing director, manager or other officer or member of a company in which the Company is interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him.

5.3.9 **Remuneration of Directors**

- (a) The Directors shall be remunerated quarterly for their services at such rate as the Directors shall determine provided that the aggregate amount of such fees shall not exceed £200,000 per annum (or such sum as the Company in general meeting shall from time to time determine). The Directors fees will be satisfied with the Fee Shares as described in paragraph 3.4 above. The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties.
- (b) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director on such terms as to tenure of office and otherwise as the Directors may determine.
- (c) The Directors may from time to time appoint one or more of their body to the office of managing director or to any other office for such term and at such remuneration and upon such terms as they determine.

5.3.10 **Retirement of Directors**

- (a) Directors shall be subject to retirement by rotation and any Director who retires shall be eligible for re-appointment. One third of the Directors, one of whom will be Charles Jillings will retire and offer themselves for election at the 2012 annual general meeting, and thereafter a third of the directors will retire at each successive annual general meeting. Any Director who retires is eligible for reappointment.
- (b) A Director shall not be required to hold any qualification shares.
- (c) No person shall be or become incapable of being appointed a Director by reason of having attained the age of 70 or any other age and no Director shall be required to vacate his office at any time by reason of the fact that he has attained the age of 70 or any other age.

5.3.11 **Dividends and distribution of assets on a winding up**

- (a) Subject to the rights of persons entitled to shares with special rights as to dividends, the Company in general meeting may declare a dividend but no dividend shall exceed the amount recommended by the Directors.
- (b) No dividend shall be paid other than from the profits (including for the avoidance of doubt all gross revenues) resulting from the Company's business.

- (c) The Directors may if they think from time to time pay the Shareholders such interim dividends as appear to be justified by the profits of the Company.
- (d) No dividend or other amount payable to any Shareholder shall bear interest against the Company. All unclaimed dividends and other amounts payable as aforesaid may be invested or otherwise made use of for the benefit of the Company until claimed. Payment by the Company of any unclaimed dividend or other amount payable in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. Any dividend unclaimed on the earlier of (1) seven years from the date when it first became payable or (2) the date on which the Company is wound up, shall be forfeited automatically, without the necessity for any declaration or other action by the Company.
- (e) The Directors are also empowered to create reserves before recommending or declaring any dividend. The Directors may also carry forward any profits which they think prudent not to distribute.
- (f) If the Company should be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may with the authority of a shareholder resolution and any other sanction required by Bermuda Companies Act, divide amongst the members in specie the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or of properties of different kinds, and may for such purposes set such value as he deems fair upon any one or more class or classes or property, and may determine how such division should be carried out as between the members or different classes of members.

5.3.12 **Borrowing**

- (a) The Directors may exercise all and any powers of the Company to borrow money.
- (b) Any person lending money to the Company shall be entitled to assume that the Company is acting in accordance with the Bye-laws and shall not be concerned to enquire whether such provisions have in fact been complied with.

5.3.13 **Register of Shareholders**

The register of Shareholders is the hard copy register of Shareholders kept in Bermuda pursuant to section 65 of the Bermuda Companies Act. A branch copy of the register of Shareholders is kept in Jersey.

The register of Depositary Interests representing the Ordinary Shares is kept by the Depositary in the United Kingdom.

5.3.14 **Meetings**

Annual general meetings typically are held on such date and at such place as the Directors may determine. Notices convening each annual general meeting, together with the annual accounts and reports, are sent to Shareholders at least 21 clear days before the date fixed for the meeting.

All general meetings other than annual general meetings are called special general meetings and notice for such meetings is sent to Shareholders at least 14 clear days before the date fixed for the meeting.

5.3.15 **Life 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. However, under the Proposals, the continuation vote will be brought forward to the Special General Meeting and the New Bye-laws will provide that a resolution will be proposed that the Company should continue as presently constituted at the annual general meeting held in 2016 and at every fifth annual general meeting thereafter. If a continuation resolution is not passed at the relevant general meeting, the Directors will be required to formulate proposals to be put to Shareholders relating to the future of the

Company having regard to, inter alia, prevailing market conditions and applicable regulations and legislation.

6. Material Contracts

Save as described below, the Company has not (i) entered into any material contracts (other than contracts in the ordinary course of business) within the two years immediately preceding the publication of this document; or (ii) entered into any contracts that contain provisions under which the Company has any obligation or entitlement that it material to the Company as at the date of this document.

6.1 Investment Management Agreement

The Investment Management Agreement dated 6 December 2010 between the Company and ICM under which the Company has appointed ICM to provide investment management services to the Company, including portfolio monitoring and research. The Agreement is subject to termination on 6 months' notice. Under the terms of the Investment Management Agreement, the Investment Manager is entitled to receive a management fee from the Company equivalent to 0.5 per cent. of Gross Assets per annum payable quarterly in arrears. In addition to the management fee, the Investment Manager is entitled to receive a performance fee as set out below.

Performance Fee

The performance fee is based on the annual increase in the fully diluted Net Asset Value per Ordinary Share. Calculation periods run from the first day of the Company's accounting reference period to the last day of the same accounting reference period, save where the Investment Management Agreement is terminated for any reason or the Company commences winding up.

The performance fee will be calculated based on 15 per cent. of any out performance of Adjusted Equity Funds attributable to Shareholders in excess of the benchmark index plus inflation (on the RPIX basis), plus two per cent. For this purpose the benchmark index is the post tax yield on the FTSE Actuaries Government Securities UK Gilt 5 to 10 years Index.

No performance fee is payable if, despite having exceeded the benchmark, the Adjusted Equity Funds attributable to the Shareholders is less than it was on the previous calculation date or the calculation date where a performance fee was last paid (the Hurdle). The Hurdle will be adjusted for any capital event (including but not limited to bonus issues, any repayment or otherwise that reduces the funds attributable to Ordinary Shares and any new issue of equity (including the exercise of warrants)) and any dividends paid following the period in respect of which a performance fee was last paid are also taken into account.

If any new shares (of whatever class) are issued, or any shares are redeemed or repurchased or any other reconstruction or amalgamation relating to the Company's share capital occurs at any time during the life of the Company, the calculation of the performance fee will be adjusted, after consultation with the Company's auditors, so that the effect of the capital raising is neutral as regards the performance fee.

If a performance fee is payable the Company will pay the Investment Manager a sum equivalent to 15 per cent. of any outperformance of the benchmark.

Any performance fee payable will be paid as to 50 per cent. in cash and 50 per cent. in Ordinary Shares. The number of Ordinary Shares to which the Investment Manager is entitled ("Performance Shares") will be the number of Ordinary Shares that, when valued at the fully diluted Net Asset Value per Ordinary Share at the end of the financial year to which the performance fee relates, equals 50 per cent. of the performance fee. The full performance fee is payable to the Investment Manager as soon as practicable following the end of the financial year in order to reduce the risk to the Company of material movements in the price of Ordinary Shares between the end of the financial year and the date of payment. Any subsequent adjustment to the performance fee arising out of the audit process will be paid to or recouped from the Investment Manager in cash within 7 days of the publication of the annual report and accounts. The Investment Manager will make reasonable endeavours to purchase the Performance Shares in the market at a price (including transaction costs) equal to or below the fully diluted Net Asset Value per Ordinary Share at the time of such purchase. The Company will reimburse the Investment Manager in cash for such purchases. In the event that the Investment Manager is unable to purchase some or all of the Performance Shares in the market at or below the

fully diluted Net Asset Value per Ordinary Share at the time of such purchase, the Company will issue to the Investment Manager new Ordinary Shares equivalent to any shortfall.

For the purposes of determining the number of Performance Shares to which ICM is entitled, before calculating the number of Performance Shares there shall be deducted from the fully diluted Net Asset Value per Share at the end of the financial year to which the Performance Fee relates the amount of the final dividend per Ordinary Share which the Board declares payable in respect of that financial year (the "Final Dividend"). To the extent that ICM is unable to acquire Performance Shares in the market at prices below the fully diluted Net Asset Value per Ordinary Share at the time of such purchase, any new Performance Shares to be issued to it shall not carry the right to the Final Dividend and shall be issued at a price per Ordinary Share equal to the fully diluted Net Asset Value per Ordinary Share as at the end of the Company's financial year less the Final Dividend.

ICM has the benefit of an indemnity from the Company in relation to liabilities incurred by ICM in the discharge of its duties under the Investment Management Agreement other than those arising by reason of any fraud, wilful default, negligence or bad faith or breach of the agreement on the part of ICM or its delegate.

6.2 **Administration Agreement**

The Administration Agreement dated 14 July 2005 between the Company, Ingot Capital Management Pty Ltd. and the Administrator whereby the Company has appointed the Administrator to provide administrative services to the Company. Under the Administration Agreement, the Administrator has the authority to delegate the discharge of certain of its functions thereunder with the consent of the Company, not to be unreasonably withheld or delayed. The Administrator shall not be responsible, save as to negligence in the selection of or in the on-going monitoring and management of the service provided by such third party, for the performance by such third party of any duties delegated to them under the Administration Agreement. The agreement is terminable on 3 months' notice in writing or on shorter notice in the event of breach of contract or insolvency. The Administrator is paid an annual fee of £210,000 for its company administration, and valuation services. The Company will reimburse the Administrator in respect of reasonable out of pocket expenses properly incurred in the performance of its duties. The Administrator has the benefit of an indemnity from the Company under the terms of the Administration Agreement in relation to liabilities incurred in the discharge of its duties other than those arising by reason of any bad faith, fraud, wilful default or negligence. The rights and duties of Ingot Capital Management Pty Limited under the Administration Agreement were transferred to and assumed by ICM pursuant to a novation agreement made between the original parties to the Administration Agreement and ICM dated 12 September 2011.

6.3 **Depositary Services Agreement**

The Depositary Services Agreement dated 14 July 2005 whereby the Depositary has agreed to act as CREST agent and UK transfer agent to the Company. The Depositary Services Agreement may be terminated by either party on 6 months' notice.

6.4 **JPMorgan Custody Agreement**

The custody agreement dated 12 July 2005 between the Company and JPMorgan under which JPMorgan has agreed to act as custodian of the Company's assets. JPMorgan has the benefit of an indemnity from the Company against liabilities arising in the absence of JPMorgan's wilful misfeasance, bad faith, negligence, fraud or reckless disregard of its duties under this Agreement. JPMorgan receives a fee based on the assets under custody and the jurisdiction in which the assets are located. The agreement with JPMorgan is terminable on 60 days' notice.

6.5 **BCB Custody Agreement**

A custody agreement dated 20 January 2011 between the Company and BCB pursuant to which BCB acts as the Company's custodian in respect of such cash and investments as the Company may from time to time deposit with BCB. The fees payable to BCB depend on the nature and quantity of the assets deposited with BCB and there is no minimum fee. There is no obligation on the Company to deposit any assets with BCB. The agreement can be terminated on 3 months' notice by either party.

6.6 **Loan Facility**

A loan agreement dated 15 March 2007 between the Company and HBOS (the Bank) as amended by an amendment agreement dated 6 August 2007 under which the Bank agreed to make available to the Company a multi-currency revolving credit facility of up to £80 million. Facility A was for up to £30 million, Facility B and Facility C were both for up to £25 million. Interest is payable at various margins (1 per cent. for Facility A, 1.25 per cent. for Facility B and 1.5 per cent. for Facility C) above LIBOR plus the Bank's mandatory costs. The terms of the facilities are one year for Facility A, three years for Facility B and five years for Facility C, each from 15 March 2007 (with only Facility C remaining available as at the date of this document). A commitment fee of 40 per cent. of the applicable margin is payable on the undrawn balance of Facilities B and C. The loan agreement restricts the Company's total financial indebtedness to 25 per cent. of the adjusted portfolio value (in this context, adjusted portfolio value means the gross market value of the Company's investments plus any credit balances held with the Bank and/or the custodians less (without double counting) (i) the amount by which the market value of any single investment exceeds 12.5 per cent. of the portfolio, (ii) the amount by which the market value of the investments of the Company in any one country exceeds 35 per cent. of the portfolio, and (iv) the gross market value of all unlisted investments in excess of 5 per cent. of the portfolio value). The loan agreement contains standard events of default and mandatory prepayment events for a facility of this nature.

6.7 **Westhouse Securities Engagement Letter**

An engagement letter dated 28 July 2011 between the Company and Westhouse Securities pursuant to which Westhouse Securities has agreed to provide financial advice to the Company in connection with the Proposals.

6.8 **Dickson Minto Engagement Letter**

An engagement letter dated 6 September 2011 between the Company and Dickson Minto W.S. pursuant to which Dickson Minto W.S. has agreed to act as the Company's sponsor in connection with the application for admission of the Ordinary Shares to the premium segment of the Official List

7. **Investment Restrictions**

7.1 If and for so long as required by the Listing Rules of the UKLA in relation to closed-ended investment companies, the Company has adopted the following investment and other restrictions:

- 7.1.1 the Company will at all times invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy;
- 7.1.2 the Company will not conduct any trading activity which is significant in the context of the Company (or, if applicable, its group as a whole); and
- 7.1.3 not more than 10 per cent. in aggregate of the value of the total assets of the Company at the time the investment is made will be invested in other closed-ended investment funds which are listed on the Official List (except to the extent that those investment funds have stated investment policies to invest no more than 15 per cent. of their total assets in other investment funds which are listed on the Official List).

7.2 The Company shall not invest more than 15 per cent. in aggregate of the value of its total assets (at the time of investment) in other closed-ended investment funds listed on the Official List.

8. **Working capital**

In the Company's opinion, the Company has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this document.

9. **Litigation**

There have been no governmental, legal or arbitration proceedings (and no such proceedings are pending or threatened of which the Company is aware) in the previous 12 months which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

10. Significant change

Save for the fall in the unaudited value of the Group's net assets from approximately £383.15 million (audited) as at 31 March 2011 to £361.9 million (unaudited) as at 13 September 2011 (being the latest practicable date prior to the publication of this document) and a corresponding fall in the NAV per Ordinary Share from 175.28 pence per Ordinary Share (audited) to 167.93 pence per Ordinary Share (unaudited) over the same period, there has been no significant change in the financial or trading position of the Group since 31 March 2011, being the date to which the latest audited annual results of the Group were published.

11. Related party transactions

Save as disclosed in note 28 to the financial information contained in Part 6B of this document, the Company was not a party to, nor had any interest in, any related party transaction (as defined in the Standards adopted according to the Regulation (EC) No 1606/2002) at any time during the three financial years to 31 March 2009, 2010 and 2011 or during the period from 1 April 2011 to 13 September 2011 (being the latest practicable date prior to the publication of this document) other than it being a party to the Investment Management Agreement (described in paragraph 6.1 of this Part 8).

12. Capitalisation and indebtedness

The following table, sourced from the Group's internal accounting records, shows the Group's unaudited indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 30 June 2011 (being the latest practicable date prior to the publication of this document) and the Group's unaudited capitalisation as at 31 March 2011 (being the last date in respect of which the Group has published financial information).

	<i>30 June 2011</i> <i>(unaudited)</i> <i>£'000</i>
<i>Total Current Debt</i>	
Guaranteed/secured	15,105
Unguaranteed/unsecured	–
<i>Total Non-Current Debt</i>	
Guaranteed/secured	–
Unguaranteed/unsecured	–
	<i>31 March 2011</i> <i>(audited)</i> <i>£'000</i>
Shareholder equity	21,860
Legal reserves (share premium and special reserve)	216,723
Other reserve	11,093

The following table shows the capitalisation movements from the last published audited accounts at 31 March 2011 to 30 June 2011:

	<i>Ordinary share capital issued and fully paid</i>	<i>Share premium account</i>	<i>Special reserve</i>	<i>Other non- distributable reserve</i>
	<i>Number</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Audited balance at 31 March 2011	218,597,234	21,860	12,136	204,587
Shares purchased at various dates for cancellation	3,068,441	(307)	(4,626)	–
Unaudited balance at 30 June 2011	215,528,793	21,553	7,510	204,587

The following table shows the Group's unaudited net indebtedness as at 30 June 2011 (being the latest practicable date prior to the publication of this document).

	<i>30 June 2011 (unaudited) £'000</i>
A. Cash	192
B. Cash equivalent	–
C. Trading securities	–
D. Liquidity (A+B+C)	192
E. Current financial receivable	1,587
F. Current bank debt	15,105
G. Current portion of non-current debt	–
H. Trading securities payable	–
I. Other current financial debt	–
J. Current financial debt (F+G+H+I)	15,105
K. Net current financial indebtedness (J-E-D)	14,913
L. Non-current bank loans	–
M. Bonds issued	–
N. Other non-current loans	–
O. Non-current financial indebtedness (L+M+N)	–
P. Net financial indebtedness (K+O)	14,913

13. Takeover provisions

To the extent permitted under the Bermuda Act, New Bye-law 173 adopts certain of the provisions of the City Code, including provisions dealing with compulsory takeover offers (to the extent permitted by Bermuda law), which are to be administered by the Board. New Bye-law 173 is to have effect only during such times as the City Code does not apply to the Company.

Pursuant to New Bye-law 173 a person must not: (i) acting by himself or with persons determined by the Board to be acting in concert, seek to acquire an interest in shares in the Company which carry 30 per cent. or more of the voting rights attributable to the Ordinary Shares; or (ii) acting by himself or with persons determined by the Board to be acting in concert, are interested in Ordinary Shares which in the aggregate carry 30 per cent. but not more than 50 per cent. of the voting rights, and seek to acquire, by himself or with persons determined by the Board to be acting in concert, an interest in additional shares which, taken together with the interest in shares held by the persons determined by the Board to be acting in concert with him, increase his voting rights, except as a result of a "permitted acquisition" (meaning an acquisition either consented to by the board, or made in compliance with Rule 9 of the City Code, or arising from the repayment of a stock borrowing arrangement on arm's length commercial terms); or (iii) effect or purport to effect an acquisition which would breach or not comply with Rules 4, 5, 6 or 8 of the City Code (as amended from time to time), if the Company were subject to the City Code.

Where the Board has reason to believe that any of such circumstances has taken place, it may take all or any of certain measures: (i) require the person(s) appearing to be interested in the shares of the Company to provide such information as the Board considers appropriate; (ii) have regard to such public filings as may be necessary to determine any of the matters under New Bye-law 173; (iii) make any determination under New Bye-law 173 as it thinks fit, either after calling for submissions by the relevant person(s) or without calling for any; (iv) determine that the voting rights attached to such shares in breach of the New Bye-laws, the "Excess Shares", are from a particular time incapable of being exercised for a definite or indefinite period; (v) determine that some or all of the Excess Shares are to be sold; (vi) determine that some or all of the Excess Shares will not carry any right to any dividends or other distributions from a particular time for a definite or indefinite period; and (vii) taking such actions as it thinks fit for the purposes of New Bye-law 173 including prescribing rules not inconsistent with New Bye-law 173, setting deadlines for the provision of information, drawing adverse inferences where information requested is not provided, making determination or interim determinations, executing documents on behalf of a shareholder, converting any Excess Shares held in uncertificated form into certificated form and vice versa, paying costs and expenses out of proceeds of sale, and changing any decision or determination or rule previously made.

The Board has the full authority to determine the application of New Bye-law 173, including the deemed application of the whole or any part of the City Code, and such authority shall include all the discretion that the Panel would exercise if the whole or part of the City Code applied. Any resolution or determination made by the Board, any Director or the chairman of any meeting acting in good faith is final and conclusive and is not open to challenge as to its validity or as to any other ground. The Board is not required to give any reason for any decision or determination it makes.

14. Disclosure requirements and notification of interest in shares

Under Chapter 5 of the Disclosure and Transparency Rules, subject to certain limited expectations, a person must notify the Company (and, at the same time, the FSA) of the percentage of voting rights he holds (within four trading days) if he acquires or disposes of shares in the Company to which voting rights are attached and if, as a result of the acquisition or disposal, the percentage of voting rights which he holds as a shareholder (or, in certain cases, which he holds indirectly) or through his direct or indirect holding of certain types of financial instruments (or a combination of such holdings):

- reaches, exceeds or falls below 5 per cent. and each 5 per cent. threshold thereafter up to 30 per cent.; 50 per cent. and 75 per cent.; or
- reaches, exceeds or falls below an applicable threshold referred to above as a result of events changing the breakdown of voting rights and on the basis of the total voting rights notified to the market by the Company.

Such notification must be made using the prescribed form TR1 available from the FSA's website at <http://www.fsa.gov.uk>. Under the Disclosure and Transparency Rules, the Company must announce the notification to the public as soon as possible and in any event by not later than the end of the third trading day following receipt of a notification in relation to voting rights.

The FSA may take enforcement action against a person holding voting rights who has not complied with Chapter 5 of the Disclosure and Transparency Rules.

15. Miscellaneous

15.1 The Company currently has 3 employees: Charles Jillings, Mark Lebell and James Smith.

15.2 The Company does not own or lease any land or buildings.

15.3 No application is being made for the Ordinary Shares to be listed, or dealt in, on any stock exchange or investment exchange other than the main market of the London Stock Exchange. The existing listing of the Ordinary Shares on AIM will be cancelled immediately prior to Admission and the existing listing on the BSX is expected to be cancelled on or around 15 November 2011.

15.4 None of the Ordinary Shares have been marketed or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to the Official List.

- 15.5 The Company does not have any subsidiaries. However, the Company holds shares linked to a segregated account in GERP. 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 Company. See note 11 on page 53 of this document for further details.
- 15.6 The Investment Manager was incorporated and registered in Bermuda on 18 June 2010 as an exempted limited company with registered number 44350. The principal place of business of the Investment Manager is 19 Par-La-Ville Road, Hamilton HM11, Bermuda (a representative of the Investment Manager can be contacted on telephone number + 44 (0) 1372 271486). The Investment Manager is subject to the provisions of the Bermuda Companies Act and has a license to provide Investment advice to the Company granted by the Minister of Business Development and Tourism of Bermuda.
- 15.7 Bermuda Commercial Bank Limited, a company which is owned by, *inter alia*, Utilico Investments Limited and Duncan Saville, a director of the Investment Manager, has an interest of 9.6 per cent. of the issued share capital of Westhouse Holdings plc, the parent company of Westhouse Securities.
- 15.8 The auditors to the Company for the three financial periods ended 31 March 2009, 2010 and 2011 were Grant Thornton UK LLP of 30 Finsbury Square, London EC2P 2YU.
- 15.9 Grant Thornton UK LLP, who are a member firm of the Institute of Chartered Accountants in England and Wales, has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear and has authorised the inclusion of its report in Part 6 of this document, in the form and context in which it is included and reference to it.
- 15.10 Westhouse Securities has given and not withdrawn its written consent to the issue of this document and references to its name in the form and context in which such references appear.
- 15.11 Dickson Minto W.S. has given and not withdrawn its written consent to the issue of this document and references to its name in the form and context in which such references appear.

16. Documents available for inspection

Copies of the following documents will be available for inspection at the registered office of the Company at Canon's Court, 22 Victoria Street, Hamilton HM 12 Bermuda and at the office of Norton Rose LLP, 3 More London Riverside, London SE1 2AQ during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document up to and including the date of Admission:

- (a) the existing Bye-laws of the Company;
- (b) the annual accounts for the financial years ended 31 March 2011;
- (c) the New Bye-laws;
- (d) the written consents referred to in paragraphs 15.9 to 15.11 of this Part 8; and
- (e) this document.

17. Availability of this document

A copy of this document has been submitted to the National Storage Mechanism and is available for inspection at: www.hemscott.com/nsm.do.

15 September 2011

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

“Adjusted Equity Funds”	Net Asset Value (including revenue items) attributable to Shareholders, adjusted by adding back any dividends paid or accrued relating to the relevant calculation period, plus any accrual for any unpaid performance fee arising for that calculation period
“Administration Agreement”	the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 6.2 of Part 8 of this document
“Administrator”	F&C Management Limited
“Admission”	admission of the Ordinary Shares (i) to a premium listing on the Official List of the UKLA and (ii) to trading on the Main Market becoming effective in accordance with the Listing Rules and the Admission and Disclosure Standards
“Admission and Disclosure Standards”	the admission and disclosure standards of the London Stock Exchange for securities to be admitted to trading, as amended from time to time
“AIC”	the Association of Investment Companies
“AIC Code”	the AIC Code of Corporate Governance, as amended from time to time
“AIM”	the market of that name operated by the London Stock Exchange
“BCB”	Bermuda Commercial Bank Limited
“Bermuda Companies Act”	the Bermuda Companies Act 1981, as amended from time to time
“BSX”	the Bermuda Stock Exchange
“BMA”	the Bermuda Monetary Authority
“Board” or “Directors”	the board of directors of the Company or any duly authorised committee thereof
“Bye-laws”	the bye-laws of the Company
“capital gains tax” or “CGT”	UK taxation of capital gains or corporation tax on chargeable gains, as the context may require
“certificated” or “in certificated form”	not in uncertificated form
“City Code”	the City Code on Takeovers and Mergers
“Company”	Utilico Emerging Markets Limited
“Corporate Governance Code”	the UK Code of Corporate Governance published by the Financial Reporting Council
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)

“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“Depository”	Computershare Investor Services PLC
“Depository Interests”	the dematerialised depository interests issued by the Depository representing the underlying Ordinary Shares
“Depository Services Agreement”	the custody and services agreement between the Company and the Depository, a summary of which is set out in paragraph 6.3 of Part 8 of this document
“Disclosure and Transparency Rules”	the disclosure rules and the transparency rules made by the UK Listing Authority under the Part VI of the FSMA, as amended from time to time
“EEA”	the European Economic Area
“EEA State”	a member state of the EEA
“Emerging Markets”	predominantly countries included in leading emerging market indices
“ERISA”	the regulations adopted under the United States Employee Retirement Income Security Act 1974
“Euroclear”	Euroclear UK & Ireland Limited, the operator of the CREST UK system
“Form of Instruction”	the form of instruction to be used by holders of Depository Interests to indicate to the Depository how they wish their voting rights to be exercised in respect of the SGM which accompanies this document
“Form of Proxy”	the form of proxy for use at the SGM which accompanies this document
“FSA”	the single regulatory authority for the UK financial services industry
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“GERP”	Global Equity Risk Protection Limited, an unquoted exempted company incorporated in Bermuda and registered as a segregated accounts company
“Gross Assets”	the unaudited aggregate value of the total assets of the Company, including assets represented by principal monies borrowed by the Company, less current liabilities (not including contingent liabilities other than principal monies borrowed) of the Company, determined in accordance with the accounting policies adopted by the Company from time to time
“HMRC”	Her Majesty’s Revenue and Customs
“IASB”	the International Accounting Standards Board
“ICM”	ICM Limited, the investment manager of the Company
“ICTA”	the UK Income and Corporation Taxes Act 1988, as amended
“Investment Company Act”	the US Investment Company Act of 1940, as amended
“Investment Manager”	ICM

“Investment Management Agreement”	the investment management agreement between the Company and ICM, a summary of which is set out in paragraph 6.1 of Part 8 of this document
“ISA”	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998, as amended from time to time
“Listing Rules”	the listing rules made by the UK Listing Authority under Part VI of FSMA, as amended from time to time
“London Stock Exchange”	London Stock Exchange plc
“Main Market”	the London Stock Exchange’s main market for listed securities
“Migration”	the proposed transfer of the listing of the Ordinary Shares from AIM to a premium listing on the Official List and to trading on the Main Market, as described in this document
“Net Asset Value” or “NAV”	the total assets less total liabilities (including accrued but unpaid fees) of the Company, valued in accordance with the accounting policies adopted by the Company from time to time, attributable to Shareholders
“New Bye-laws”	the new Bye-laws as proposed to be adopted at the Special General Meeting
“Notice of the SGM”	notice convening the Special General Meeting set out at the end of this document
“Official List”	the official list maintained by the UK Listing Authority pursuant to Part VI of FSMA
“Ordinary Shares”	ordinary shares of 10 pence each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Proposals”	together, the Migration, the adoption of the New Bye-laws, the cancellation of the Company’s listing on the BSX, the continuation vote and the dis-application of pre-emption rights, as described in this document
“this Prospectus”	this document which comprises a prospectus relating to the Company prepared in accordance with the Prospectus Rules
“Prospectus Rules”	the rules and regulations made by the FSA under Part VI of the FSMA, as amended from time to time
“Registrars”	Computershare Investor Services (Jersey) Limited
“Regulatory Information Service”	a service authorised by the UK Listing Authority to release regulatory announcements to the London Stock Exchange
“Resolutions”	the resolutions to be proposed at the SGM as set out in the Notice of the SGM
“SDRT”	stamp duty reserve tax
“Securities Act”	the US Securities Act of 1933, as amended
“Shareholder”	a holder of Ordinary Shares

“Special General Meeting” or “SGM”	the special general meeting of the Company to be held on 4 October 2011, notice of which is set out at the end of this document
“Sponsor”	Dickson Minto W.S., acting in its capacity as sponsor to the application to the UK Listing Authority for admission of the Ordinary Shares to the Official List
“Sterling”, “£”, “pence”, “p”	the lawful currency of the United Kingdom
“Tender Date”	the first business day in each year falling 30 days after the publication of the Company’s annual accounts, but does not include any date on or after which a resolution to wind up the Company has been passed
“Tender Facility”	the facility allowing Ordinary Shareholders to tender their Ordinary Shares for purchase by the Company which will be operated by the Directors at their sole discretion as described in paragraph 11 of Part 2 of this document
“Tender Form”	a tender form in such form as the Directors may from time to time prescribe, copies of which will be made available prior to each Tender Date
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the FSA acting in its capacity as the competent authority for the purposes of admissions to the Official List
“US” or “United States”	the United States of America
“US Person”	any person who is a US Person within the meaning of Regulation S adopted under the Securities Act
“US\$” or “US dollars”	the lawful currency of the United States
“VAT”	value added tax
“Westhouse Securities”	Westhouse Securities Limited

UTILICO EMERGING MARKETS LIMITED

(Incorporated in Bermuda under the Companies Act 1981, as amended, with company number 36941)

NOTICE OF SPECIAL GENERAL MEETING

YOU ARE HEREBY NOTIFIED that a Special General Meeting of the Company will be held at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda on:

4 October 2011 at 10.00 a.m. (Bermuda time)

for the purpose of considering the following agenda and, if thought fit, passing the resolutions set out below. Resolutions 1 and 2 will need to be passed by a simple majority of votes cast in respect of them, Resolution 3 requires a 75 per cent. majority in order to be validly passed.

Agenda

Elect a Chairman, if necessary.

Read Notice convening this meeting.

Resolutions

1. THAT the recommendation of the Directors that the Company continue as presently constituted be and is hereby accepted.
2. THAT, subject to and conditional on the passing of Resolution 1 above:
 - (a) all of the C Shares, Subscription Shares and S Shares in the authorised but unissued share capital of the Company be and are hereby redesignated as Ordinary Shares; and
 - (b) the Bye-laws contained in the draft document produced to the meeting and for the purpose of identification initialled by the Chairman of the Meeting as the Bye-laws of the Company (the "New Bye-laws"), be and are hereby approved and adopted as the Bye-laws of the Company in substitution for, and to the exclusion of, the existing Bye-laws of the Company.
3. THAT, subject to and conditional on the passing of Resolutions 1 and 2 above, for the purposes of Bye-law 11.1 of the Company's New Bye-laws, the Company may issue Relevant Securities (as defined in the New Bye-laws) representing up to 21,552,879 Ordinary Shares, equivalent to approximately 10 per cent. of the total number of Ordinary Shares in issue as at the date of this notice, provided that such disapplication shall expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting by Special Resolution (as defined in the New Bye-laws)) at the earlier of the conclusion of the annual general meeting to be held in 2012 or eighteen months from the date of this resolution but so that this power shall enable the Company to make such offers or agreements before such expiry which would or might otherwise require Relevant Securities to be issued after such expiry and the Directors may issue Relevant Securities in pursuance of such offer or agreement as if such expiry had not occurred.

By Order of the Board

F&C Management Limited

Secretary

15 September 2011

Notes:

1. Only the holders of Ordinary Shares registered on the register of shareholders of the Company at 2.00 p.m. (London time) (10.00 a.m. Bermuda time) on 2 October 2011 shall be entitled to attend and vote or to be represented at the meeting in respect of the Ordinary Shares registered in their name at that time. Changes to entries on the register after 2.00 p.m. (London time) (10.00 a.m. Bermuda time) on 2 October 2011 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a shareholder of the Company.
3. A Form of Proxy is enclosed. Completion and return of the Form of Proxy will not preclude a shareholder from attending the meeting and voting in person if he/she wishes to do so.
4. To be valid, the Form of Proxy for use at the meeting and the power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be deposited with the Company's Registrars, Computershare Investor Services (Jersey) Limited, c/o The Pavilions Bridgwater Road, Bristol BS99 6ZY, not less than 48 hours before the time appointed for holding the meeting.

