UTILICO EMERGING MARKETS LIMITED

Managed by ICM Limited

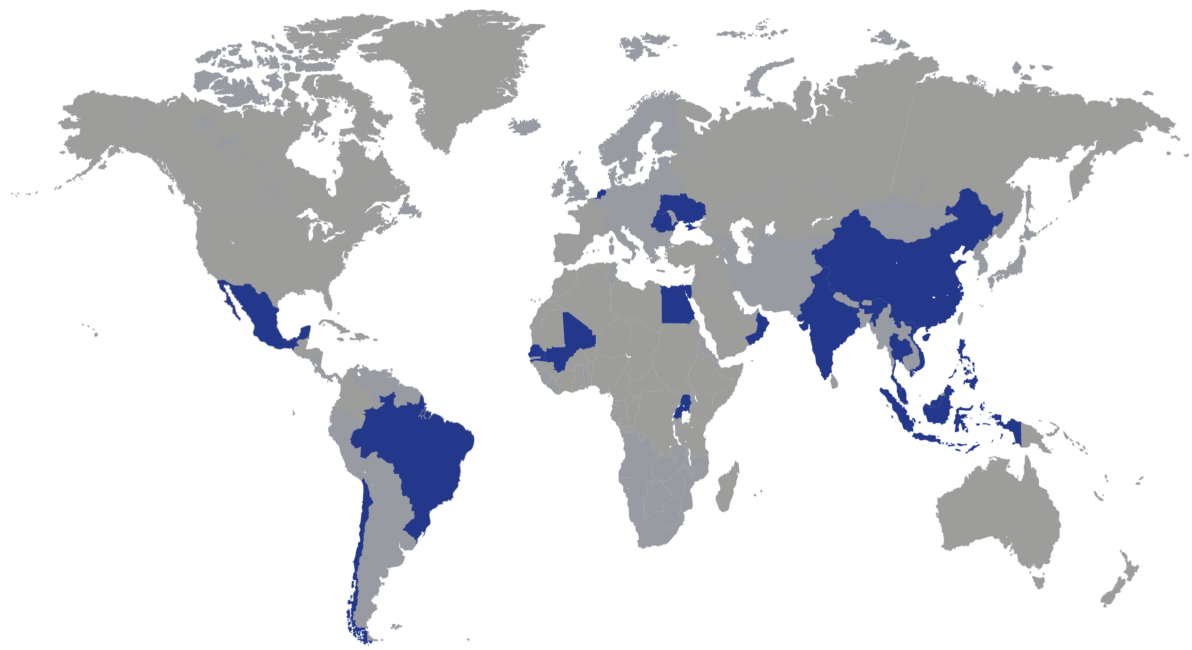
Report and Accounts 31 March 2014





HIGHLIGHTS

GEOGRAPHIC INVESTMENT EXPOSURE



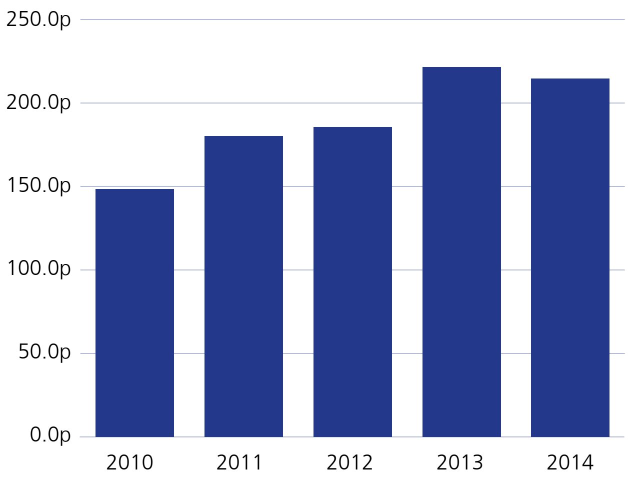
as at 31 March 2014

- **Revenue earnings per ordinary share of 4.80p**
- **Net asset value of 192.38p per ordinary share**
- **Dividends per ordinary share of 6.10p**
- **Dividends per ordinary share represent a yield of 3.4%**
- **Gross assets under management of £433.4m**
- **Average annual compound total return since inception of 12.4%**
- **Average ongoing charges figure of 0.9%**

Standard & Poor's Rating: "BBB/A-2" Outlook Stable

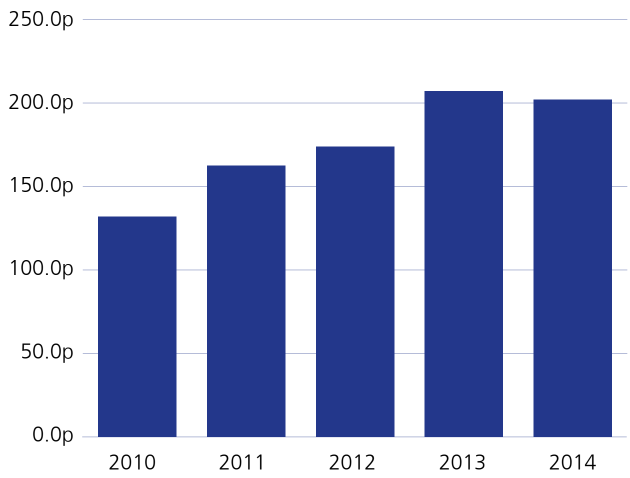
FIVE YEAR PROFILE

NAV Total Return – pence
From March 2010 to March 2014



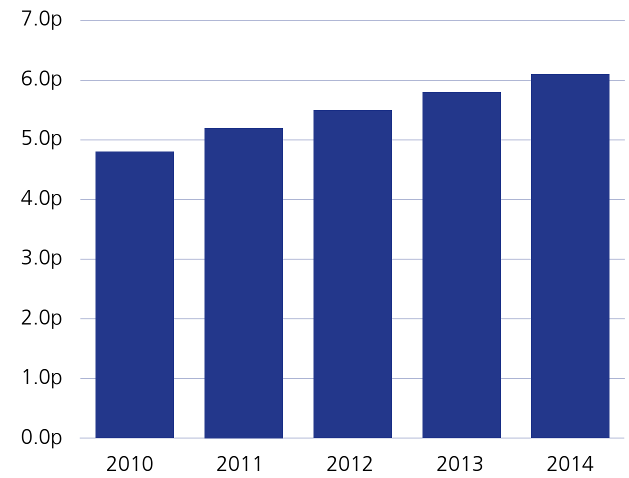
Source: UEM

Share Price Total Return – pence
From March 2010 to March 2014



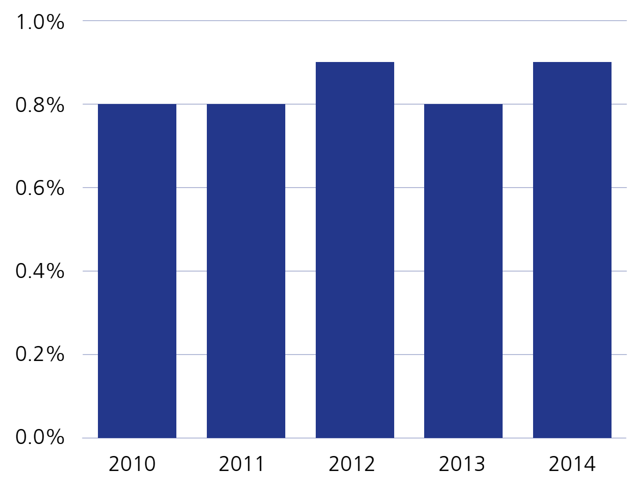
Source: UEM

Dividend per ordinary share – pence
From March 2010 to March 2014



Source: UEM

Ongoing charges figure – %
From March 2010 to March 2014



Source: UEM

- **NAV compound growth of 19.0%**
- **Share price compound total return of 20.7%**
- **Dividends per ordinary share growth of 27.1%**
- **Ongoing charges consistently under 1.0%**

FINANCIAL CALENDAR

Year end	31 March
Annual General Meeting	16 September 2014
Half year	30 September
Half year September 2014 announcement	November 2014
Quarterly dividends, payable in	September, December, March and June
Q4 dividend – Ex-dividend	21 May 2014
– Payable	6 June 2014

FORWARD–LOOKING STATEMENTS

This annual report may contain "forward-looking statements" with respect to the financial condition, results of operations and business of the Company and the Group. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current views and on information known to them at the date of this report. Nothing in this publication should be construed as a profit forecast.

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

Utilico Emerging Markets Limited's ("UEM" or "the Company") investment objective is to provide long-term total return to investors through a flexible investment policy that permits it to make investments predominantly in infrastructure, utility and related sectors, mainly in emerging markets.

NATURE OF THE COMPANY

The Company is a Bermuda exempted closed end investment company, whose ordinary shares are listed on the Official List of the Financial Conduct Authority and are traded on the Main Market of the London Stock Exchange. The business of the Company consists of investing the pooled funds of its shareholders in accordance with its investment objective and policy, with the aim of spreading investment risk and generating a return for shareholders. The Company has short-term borrowings ("gearing"), the proceeds from which can also be invested with the aim of enhancing returns to shareholders. This gearing increases the potential risk to shareholders should the value of the investments fall.

The Company has contracted with an external investment manager, ICM Limited (the "Investment Manager" or "ICM"), to manage its investments and for the company secretarial function. The Company's general administration is undertaken by F&C Management Limited (the "Administrator"); other administrative functions are contracted to external service providers. The Company has a Board of non-executive directors who oversee and monitor the activities of the Investment Manager and the other service providers and ensure that the investment policy is adhered to.

- The Company's shares are traded on the Main Market of the London Stock Exchange
- The Company's ordinary shares can be held in an ISA
- The Company's shares qualify to be considered as a mainstream investment product suitable for ordinary retail investors

CHAIRMAN'S STATEMENT

Over the last three years UEM's NAV growth was 19.6% on a total return basis. This is well ahead of the MSCI Emerging Markets Total Return Index (GBP adjusted) which has returned a loss of 11.0%.

Emerging market economies continue to achieve GDP growth and their outlook is positive. The performance from UEM's stock selection process has been positive for investors and the Investment Manager expects to be able to continue to identify attractive investments.

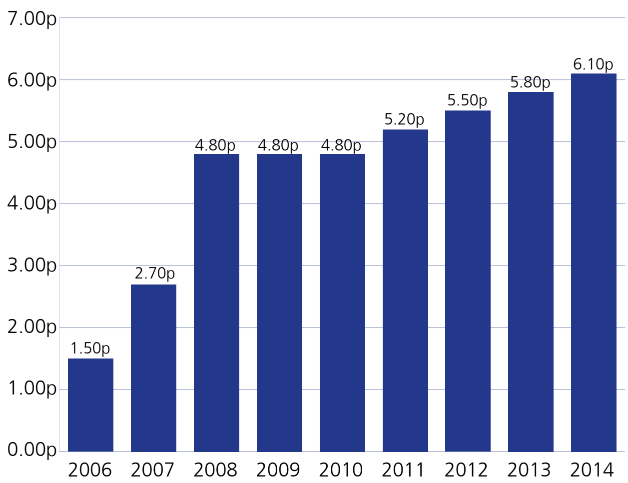
The year to 31 March 2014 has been challenging for funds invested in emerging markets. Investors in the UK have faced weak emerging equity and currency markets and a strong UK sterling currency. UEM has seen its net asset value ("NAV") decline by 3.4% on a total return basis; this performance is ahead of the MSCI Emerging Markets Total Return Index (GBP adjusted) which experienced a loss of 9.9%.

Since inception UEM has reported an average annual compound total return per ordinary share of 12.4%, including the return on warrants exercised on 2 August 2010.

Over the last three years UEM's NAV growth was 19.6% on a total return basis. This is well ahead of the MSCI Emerging Markets Total Return Index (GBP adjusted) which has returned a loss of 11.0%. Pleasingly, this strong performance has been recognised in a number of awards over the last two years. UEM has won Investment Week Investment Company of the year award in the Emerging Markets category in both 2012 and 2013; Money Observer Best Diversified Emerging Markets Trust for 2013; Moneywise 2014 Investment Trust award for Global Emerging Markets and was included in the Investors Chronicle Top 100 Funds for 2013.

The biggest headwind faced by UEM over the twelve months has been the strength of Sterling. Had exchange rates remained constant over the period, the NAV would have been £61.6m higher. This loss of 14.2% significantly held back UEM's performance. It should be noted this translation loss is largely unrealised.

UEM dividend per ordinary share
From July 2006 to March 2014



Source: UEM

The revenue earnings per share weakened over the year, mainly as a result of weaker exchange rates but also due to the shift of investments from Brazil to China where dividends are relatively lower. Revenue earnings per share declined 7.7% to 4.80p.

As a Bermuda company, UEM is able to distribute both capital and income returns as dividends. The Board has declared four quarterly dividends of 1.525p in respect of the year ended 31 March 2014, amounting to 6.10p versus 5.80p last year, an increase of 5.2%. The final quarterly dividend of 1.525p was paid from UEM's capital reserves. Over the last three years the dividend has been covered 74.9% (2012), 89.7% (2013) and 78.2% (2014) from revenue earnings per share. Undistributed revenue reserve now amounts to £2.3m or 1.1p per share.

The Board has recently reviewed the fees payable to ICM Limited, UEM's Investment Manager. As a result of this review, the Directors, in conjunction with the Investment Manager, have agreed to make a number of changes to the existing fee arrangements under the Investment Management Agreement with effect from 1 April 2014. The Board believes that it is in the best interests of shareholders to have a competitive base fee and performance fee, subject to an appropriate hurdle, high water mark and cap. The key features of the changes were to move the investment management fee from 0.50% of gross assets to 0.65% of net assets, the introduction of a minimum hurdle of 8.0% on the performance fee benchmark and a cap on performance fees in any financial year of 1.85% of average adjusted equity funds (net assets plus dividends paid in the period). Had this new fee structure applied since inception, total fees paid to the Investment Manager would have been over 10% lower.

During the year the Company applied for a credit rating from Standard & Poor's ("S&P") for a possible debt issuance. S&P has rated UEM as BBB/A2 Outlook Stable. This reflects well on UEM's asset class, ICM's processes and the team led by Charles Jillings.

In April 2014 the Board, in conjunction with the Investment Manager, determined that UEM should seek to increase modestly UEM's gearing and seek to establish longer term facilities to better match UEM's long-term investment cycle. UEM appointed Canaccord Genuity as its advisor and the Investment Manager met with a number of fixed income investors with a view to issue a 10 year retail bond. There was strong support for UEM within the debt markets. However, a number of UEM's equity investors were firmly against leverage, given UEM's emerging market asset class. In light of this, UEM's Board decided not to proceed with the bond offering.

The Investment Manager has over the years focused on its relationship with investors and met with them on a regular basis. It is pleasing to see the discount narrow over the year.

OUTLOOK

Emerging market economies continue to achieve GDP growth and their outlook is positive. Despite this, the world's economic activity remains subdued, as the challenges facing western economies remain largely unresolved. The performance from UEM's stock selection process has been positive for investors and the Investment Manager expects to be able to continue to identify attractive investments.

Alexander Zagoreos
Chairman
23 June 2014

GROUP PERFORMANCE SUMMARY

	31 March 2014	31 March 2013	Change % 2014/13
Total return[1] (annual) *(%)*	**(3.4)**	20.5	n/a
Annual compound total return (since inception)[2] *(%)*	**12.4**	14.2	n/a
Net asset value per ordinary share *(pence)*	**192.38**	205.49	(6.4)
Ordinary share price *(pence)*	**180.00**	191.20	(5.9)
Discount *(%)*	**(6.4)**	(7.0)	n/a
Earnings per ordinary share			
– Capital *(pence)*	**(12.13)**	30.71	(139.5)
– Revenue *(pence)*	**4.80**	5.20	(7.7)
Total *(pence)*	**(7.33)**	35.91	(120.4)
Dividends per ordinary share			
– 1st Quarter *(pence)*	**1.525**	1.375	10.9
– 2nd Quarter *(pence)*	**1.525**	1.375	10.9
– 3rd Quarter *(pence)*	**1.525**	1.525	0.0
– 4th Quarter[3] *(pence)*	**1.525**	1.525	0.0
Total *(pence)*	**6.100**	5.800	5.2
Equity holders' funds *(£m)*	**410.2**	442.9	(7.4)
Gross assets *(£m)*[4]	**433.4**	452.1	(4.1)
Ordinary shares bought back *(£m)*	**3.9**	–	n/a
Cash/(overdraft) *(£m)*	**(0.9)**	2.6	(134.6)
Bank debt *(£m)*	**(23.1)**	(9.2)	151.1
Net debt *(£m)*	**(24.0)**	(6.6)	263.6
Net debt gearing on gross assets *(%)*	**5.5**	1.5	n/a
Management and administration fees and other expenses *(£m)*			
– excluding performance fee	**3.7**	3.4	8.8
– including performance fee	**3.7**	12.9	(71.3)
Ongoing charges figure[5]			
– excluding performance fee *(%)*	**0.9**	0.8	n/a
– including performance fee *(%)*	**0.9**	3.2	n/a

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

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

(3) The fourth quarterly dividend (2013, fourth quarter) declared on 23 April 2014 and paid on 6 June 2014 has not been included as a liability in the accounts

(4) Gross assets less liabilities excluding loans

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

INVESTMENT MANAGER'S REPORT

The year to 31 March 2014 has been challenging for funds invested in emerging markets. There was a strong divergence between developed and developing economies and the performance in UEM's underlying portfolio was undermined.

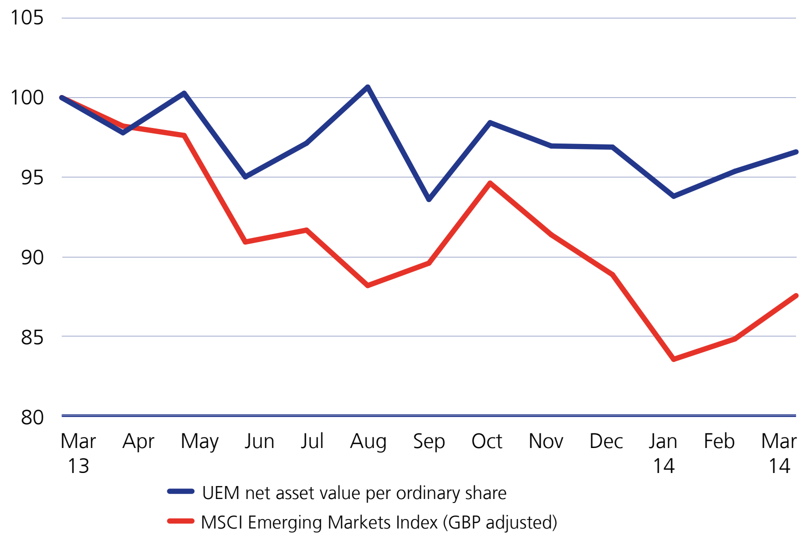
Over the year, the Brazilian Bovespa was down 10.5%, Chile IPSA was down 14.9% and the Thai SET was down 11.8%. Conversely the S&P Index was up 19.3% and the Eurostoxx was up 20.5%. On currencies the Brazilian Real was down 18.6%, the Chilean Peso down 22.0%, the Indian Rupee down 22.1%, the Thai Baht down 17.8%, the Philippine Peso down 17.1% and the Malaysian Ringgit down 13.6% against Sterling. Together these have contributed to strong headwinds for emerging markets investors.

Against this background UEM has worked hard to end the period with a negative total return of only 3.4%, ahead of the MSCI Emerging Market Total Return (GBP adjusted) loss of 12.5%.

The biggest headwind faced by UEM over the twelve months has been the strength of Sterling. Had exchange rates remained constant the NAV would have been £61.6m higher. This loss of 14.2% on the portfolio significantly held back UEM's performance.

UEM continues to focus mainly on listed companies which for the most part are established and profitable. The majority of these companies are dividend paying. As a result total revenue income of £13.7m (prior year £13.9m) represents a return on the opening investment portfolio of 3.0%. The revenue income was mainly held back by weaker exchange rates. Adjusting for the negative impact of currency movements of £61.6m, the portfolio delivered a positive underlying performance.

Total Return Comparative Performance*
31 March 2013 to 31 March 2014



*GBP adjusted and rebased to 100 at 31 March 2013

Source: UEM and Bloomberg

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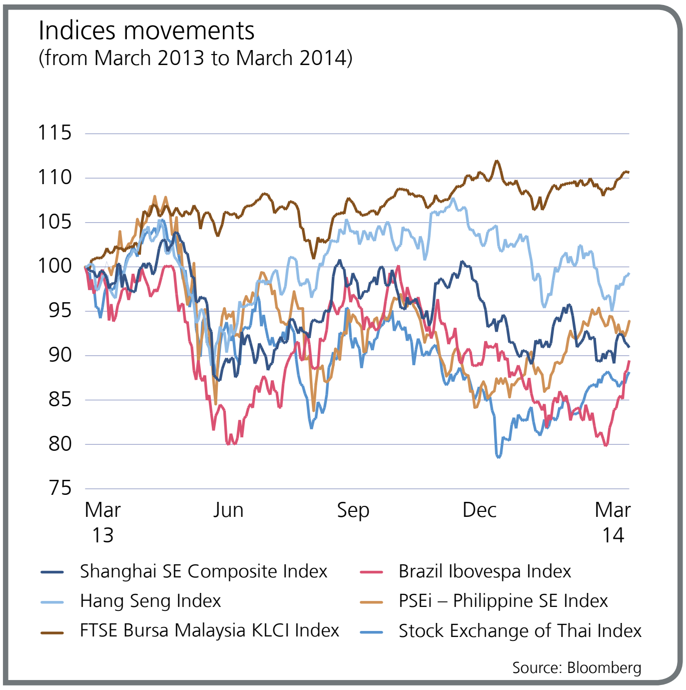
The biggest headwind faced by UEM over the twelve months has been the strength of Sterling. Had exchange rates remained constant the NAV would have been £61.6m higher. This loss of 14.2% on the portfolio significantly held back UEM's performance. This is a strong validation of the long term, bottom up, value approach followed by Charles Jillings and his team at ICM.

PORTFOLIO

UEM's gross assets (less liabilities excluding loans) decreased from £452.1m to £433.4m over the twelve months to 31 March 2014.

There were three new companies in the top ten at the year-end compared with last year: MyEG Services Berhad ("MYEG"), APT Satellite Holdings Limited ("APT") and China Everbright International Limited ("China Everbright") which came in at six, nine and ten respectively. Those leaving the top ten were Companhia de Saneamento de Minas Gerais ("Copasa"), Companhia de Concessoes Rodoviarias S.A. ("CCR") and Santos Brasil Participacoes S.A. ("Santos").

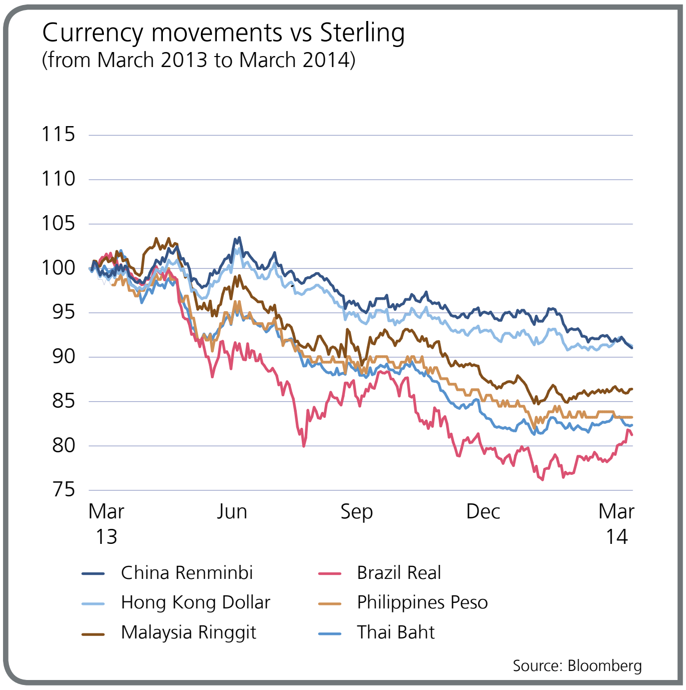
MYEG's share price performance was very strong, up 256.0% for the year. MYEG has grown its revenues and profits substantially. Revenues in the year to June 2013 were up 14.3% and net income was up 28.0%. MYEG is a company that has been in UEM's portfolio for a number of years and following the strong share price performance UEM sold down 8.1% of its holding.



MYEG is a concessionaire for the Malaysian E-Government programme, which allows Malaysian citizens and businesses to transact with the government electronically. Initially the service was centred around driving licence and car tax renewals, but its scope has been extended to include the payment of traffic fines, vehicle registration, and more recently the renewal of immigrant workers' permits. MYEG also sells additional services, such as insurance, to customers using the company's website.

MYEG is part of a consortium currently implementing a service tax monitoring system, which will record and report cash register transactions in bars, restaurants and nightclubs, with a wider implementation expected post the introduction of GST in Malaysia in April 2015.

APT's share price rose by a pleasing 68.1% during the year. As with Asiasat, APT is a Hong Kong based satellite operator. It has been part of UEM's portfolio since 2012, entering the top ten this year through a combination of increased investment and share price performance.

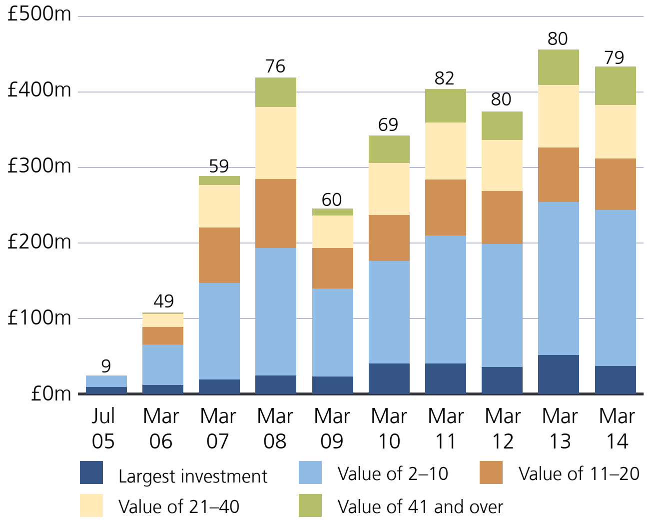


Traditionally, APT's revenues have been substantially below Asiasat's despite both companies having similar operational satellite capacity. A new satellite launched in May 2012 has been transformative, with the company increasing both capacity utilisation and unit pricing.

Revenue growth in the financial year ended December 2013 was 26.4% and net income grew by 53.1%. Cash generation during 2013 was particularly strong, with APT moving from net debt of HK$604.7m to a net cash position of HK$307.6m.

China Everbright's share price increased by 88.8% over the period under review, reflecting its underlying operational performance and a re-rating by the market. China Everbright is one of the leading environmental protection and alternative energy companies in China, operating 11 Waste-to-Energy ("WTE") projects, 18 wastewater treatment projects, three industrial and hazardous solid waste treatment plants, as well as several methane-to-energy biomass and solar

UEM portfolio progression and number of companies
(from 20 July 2005 to 31 March 2014)



Source: UEM

projects. These concessions are typically Build-Operate-Transfer ("BOT") contracts with a 30-year lifespan.

The Chinese government's support for energy conservation and environmental protection has been bolstered by the 12th Five-Year Plan, which ranked this industry first amongst seven Strategic Emerging Industries in 2013. This resulted in a surge of new project developments by municipal governments, as well as the standardisation of the electricity tariff for WTE projects. China Everbright was a clear beneficiary, securing 12 new projects during the year.

The construction of these new projects, combined with excellent underlying growth whereby total WTE electricity generated by China Everbright increased by 27.5% YoY to over 1m MWh, resulted in an excellent financial performance in 2013. Revenues increased by 56.0%, EBITDA by 41.7%, and normalised net income by 50.0% in the year to December 2013. Dividends per share were raised by 41.7%.

UEM has been invested in China Everbright since 2009 and there was no change to our shareholding in the period under review.

China (including Hong Kong) remained UEM's biggest country investment increasing from 26.7% to 32.1%. This has been driven mainly by continued investment performance offset in part by currency weakness. The Shanghai Composite and Hang Seng indices were down 9.1% and 0.7% respectively. The Chinese Renminbi and Hong Kong dollar were down 9.0% and 8.9% respectively against Sterling. Both factors represent a negative headwind for investors.

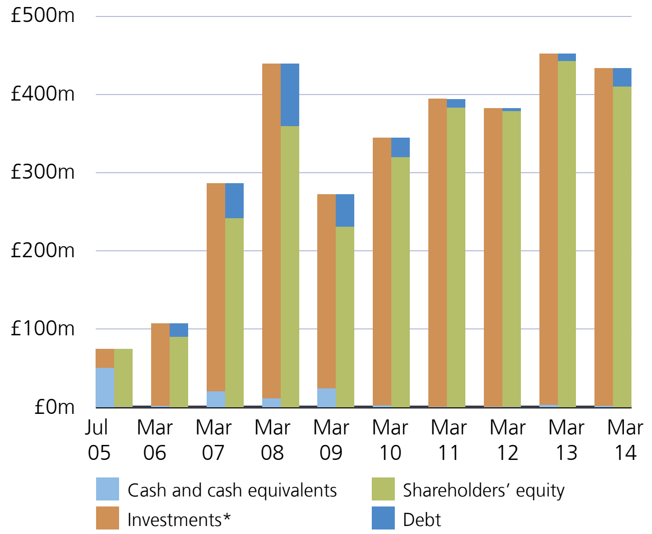
China Gas Holdings Ltd's ("China Gas") share price continued to appreciate rapidly, increasing by 57.6% in the year and hitting a record high of HK$13.40 on 22 April 2014. This in part reflects the strong operational and financial progress achieved by China Gas, with piped gas volumes growing by 14.6% in the six months to September 2013 and liquefied petroleum gas ("LPG") volumes up 87.2%, boosted by the acquisition of Panva Gas. This resulted in revenue and normalised net income growth of 46.4% and 74.6% respectively.

China Gas has expanded its total number of gas concessions to 208 cities following the acquisition of Fortune Gas in August 2013. As at 30 September 2013 China Gas had 9.7m customers connected, up 22.9% on the previous year. It is notable that only 44.5% of households within its concession areas are connected to the gas network, emphasising the growth opportunity yet to be realised.

Asia Satellite Telecommunications Holdings Limited's ("Asiasat") share price rose 14.3% during the year and the total return, including dividends paid, was just over 20.0%. Underlying revenues were little changed on 2012, with the company relatively capacity constrained. Two new satellites are due to be launched from Cape Canaveral in June and July 2014 respectively and the company is optimistic that these new satellites, which will provide additional capacity, will drive growth in the second half of 2014 and beyond.

We are again encouraged by Asiasat's decision to improve its balance sheet efficiency by declaring a special dividend

UEM portfolio progression and capital structure
(from 20 July 2005 to 31 March 2014)



*gross assets less liabilities excluding cash and loans

Source: UEM

of HK$1.50 with its 2013 results, which together with the regular final dividend of HK$0.80, will return HK$900m of cash to shareholders in June 2014.

Malaysia is now UEM's second largest country investment rising from 10.0% to 16.3%. This is due to both increased valuations, as in the case of Malaysia Airport Holdings Berhad ("MAHB") and MYEG, and to new investments. The wider FTSE Bursa Malaysia Index was up 10.6%. However, the market gains were offset by currency weakness, with the Malaysian Ringgit down 13.6% versus Sterling.

MAHB's share price was up 35.6% as the company saw passenger numbers increase by an astonishing 18.4% during 2013 driven by the continual expansion of low-cost carrier airlines including AirAsia, by Malaysia Airlines joining the One World Alliance in February 2013 and by the entry of ten new airlines using MAHB's airports. The realisation that the new third runway and airport terminal, KLIA2, the world's first dedicated low-cost carrier hub, would be completed within revised budget estimates helped sentiment towards the company.

Brazilian exposure has reduced further over the year to 31 March 2014 down from 24.5% to 15.7%. This reflects continued realisations combined with market and currency weakness. Longer term we remain optimistic about Brazil given the investment into infrastructure, its proximity to North America and the outlook for its offshore oil assets. However, short-term concerns about the election and political interventions make Brazil a challenging investment environment. The Brazilian Bovespa was down 10.5% and the Brazilian Real was down 18.6%, together representing very significant negatives for investors.

Ocean Wilsons Holdings Limited's ("Ocean Wilsons") share price was up 5.3% during the year, as the operating company, Wilson Sons, is now beginning to benefit from the completion of its US$1bn capex plan which it has undertaken since its IPO in 2007. Its cash flow has significantly improved which has enabled Ocean Wilsons to increase its dividend for 2013 by 43%. Operationally Wilson Sons witnessed a solid year with net revenues up 8.2% and EBITDA up 24.9%, although net income was down 14.0%, as it was affected by exchange rate losses given the depreciation of the Brazilian Real. Ocean Wilsons' investment portfolio was up 4.8% for the period to US$249.0m.

The **Philippines** has remained UEM's fourth largest country investment at 9.5%, (last year 10.8%). This mainly reflects positive investment performance offset by currency weakness and realisations. The Philippine PSEI was down 6.1% and the Philippine Peso down 17.1% over the twelve months. Once again, providing significant headwinds for investors.

International Container Terminal Services Inc's ("ICT") share price rose by 17.4% over the year. During 2013, the company has continued to acquire a number of new container terminals, with Congo and Honduras being the latest additions to its portfolio in 2013. The company continues to perform well, with new terminals driving long term growth with net revenues up 17.6% in 2013, EBITDA up 22.7% and net income up 20.3%. Volume growth of Twenty Foot Equivalent Units ("TEUs") was 12.1%. Given the share price appreciation we have realised £7.3m of our holding during the year.

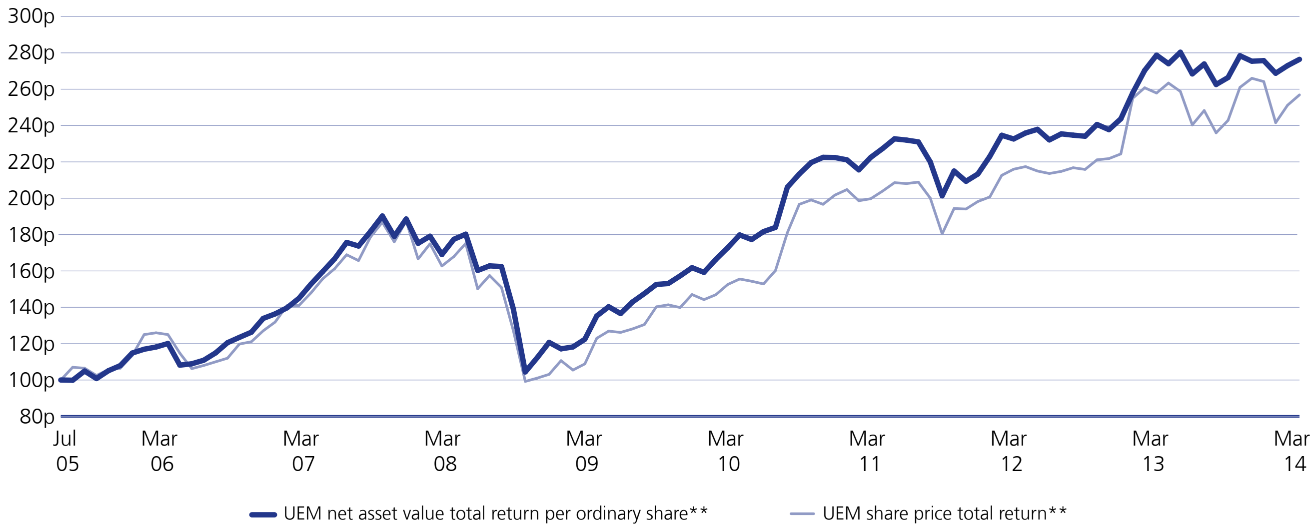
Exposure to **Thailand** has reduced from 11.2% to 6.9% mainly as a result of realisations and due to significant currency weakness. The Thai SET Index was down 11.8% and the Thai Baht was down 17.8%, together contributing to significant negatives for investors.

Eastern Water Resources Development and Management PCL ("Eastwater") shares were down 24.0% in the period under review. The company has endured a turbulent period following the implementation of annual tariff increases in 2012. Its biggest customer, the Provincial Waterworks Authority ("PWA") refused to accept the tariff increase, a situation complicated further by the fact that the PWA is the company's largest shareholder with a 40.2% stake and has board representation. An increasingly political struggle resulted in CEO Praphant Asava-Aree, a strong defender of minority rights, stepping down in May 2013.

Following this there were several changes made to the Eastwater board of directors, including the chairman and the PWA representative. This included the appointment of a new CEO, Wanchai Lawattanatrakul, who in December 2013 announced a 10.5% cut in the PWA's tariff, backdated to 1 November 2013. This regressive step was exceptionally disappointing and we have made, and continue to make, strong representations to the board to protect our rights and improve the level of corporate governance at Eastwater.

In the financial year to 31 December 2013 raw water volumes fell by 2.5%, affected by weaker economic activity and an above-average rainy season, resulting in customers substituting demand with their own raw water resources. This was offset by the tariff increases which were in place for most of the year, allowing revenues to grow by 2.4% and normalised profits by 6.2%. However dividends per share were cut by 4.5%. In the year to March 2014 we reduced our holding in Eastwater by 12.0%.

UEM Historic net asset value and share price performance*
From 20 July 2005 to 31 March 2014



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

Source: UEM

Chile increased from 3.1% to 4.6% as a result of investment outperformance and further investment. The Chile IPSA index was down 14.9% and the Chilean Peso (CLP) was down 22.0%, again contributing to significant negatives for investors.

Gasco S.A.'s ("Gasco") share price increased by 20.5% in the year to March 2014. Gasco continues to deliver steady operational and financial progress following the change in LNG import costs being indexed to cheaper Henry Hub prices as compared to its previous link to Brent pricing. In the year to 31 December 2013 natural gas volumes sold in Chile declined by 8.5%, mainly due to lower demand from thermoelectric customers. Excluding these wholesale customers, underlying volume growth was steady at 4.4%. LPG volumes in Chile were also stable with 3.4% growth. Group revenues fell 4.0%, but this decline was more than offset by lower input costs with normalised earnings increasing 60.3%.

Gasco remains well positioned for future growth, with the capacity of the GNL Quintero facility being expanded by 50% by mid-2014, which will see a material uplift in available gas supplies to support further expansion in Gasco and its 51.8% owned subsidiary Metrogas' customer bases. In the year to 31 December 2013 Gasco increased its dividends per share by 123%, on top of which it has announced a special dividend of CLP182.00 per share, which will benefit UEM's 2015 income. In the period under review we increased our holding in Gasco by 36.0%.

PORTFOLIO GENERAL

Investment activity continued at similar levels to the last three years, with investments of £101.9m (2013: £90.7m) and realisations of £104.1m (2013: £92.0m). Within the top ten investments, UEM invested £7.6m in APT, £4.7m in Gasco and £2.3m in MAHB. Partial realisations in the top ten included ICT at £7.3m, Eastern Water £4.6m and MYEG £2.5m.

Changes in the geographic split reflect the realisations plus relative market performance. China increased to 32.1% (2013: 26.7%) of the total portfolio and Brazil reduced to 15.7% (2013: 24.5%). Sector changes also reflect realisations and investment performance. Ports remain the largest sector, with gas up strongly to 16.9% (2013: 10.3%) and water and waste down from 22.1% to 13.5%.

BANK DEBT

Bank debt has increased from £9.2m to £23.1m over the twelve months. The Scotiabank facility of £50.0m has been extended to 30 April 2016 on effectively the same terms and conditions. At the year end the debt was drawn as £14.5m in Sterling, £4.1m in Euro and £4.5m in US Dollar.

MARKET HEDGING

There has been little change in the market hedged position over the year. However, the continued performance of the US S&P Index has undermined the carrying value of the hedged position and resulted in a net loss of £5.8m in the twelve months.

REVENUE RETURN

Revenue income has decreased over the year by 1.5% from £13.9m to £13.7m. This reflects a yield on the opening investment portfolio of 3.0%. While we were looking for growth in the year to 31 March 2014 this has been mainly held back by the weaker exchange rates and by the shift in the portfolio from Brazil to China, where dividend yields are lower.

The normal management and administrative fees were largely unchanged. However, other expenses increased mainly as a result of increased travel costs and professional fees.

Finance costs were higher mainly due to increased borrowings. Taxation remained broadly in line with last year.

The net impact of the decreased income and higher costs was a reduced revenue return of £10.3m, down from £11.2m, or 8.0% on last year.

CAPITAL RETURN

The portfolio loss in the year of £19.8m reflects strong stock selection being offset by significantly weaker currencies. The loss on derivative instruments of £5.8m arose from the continuing strong US equity markets which eroded the value of UEM's S&P put option positions.

Total management and administrative fees charged to capital were much lower as there was no performance fee paid in respect of the year under review.

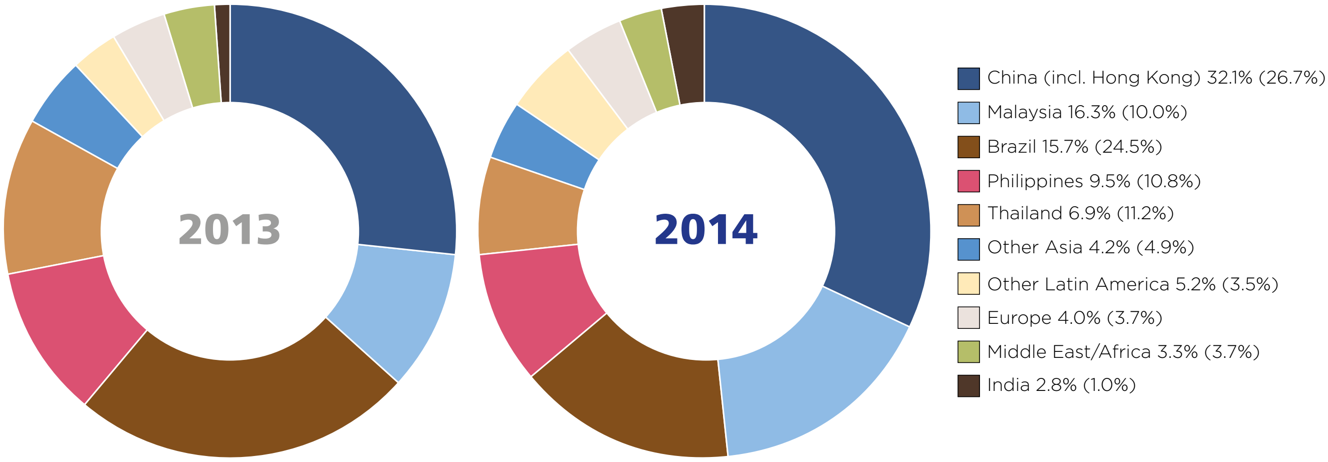
The increased borrowings resulted in finance costs being higher, while the taxation gain arose through the decrease in deferred tax position calculated on lower gains from the Brazilian holdings.

The net effect of the above was a loss for the year on a capital return of £25.9m, down from £66.2m profit last year.

CDO Jillings
ICM Limited
Investment Manager
23 June 2014

GEOGRAPHICAL & SECTOR SPLIT OF INVESTMENTS

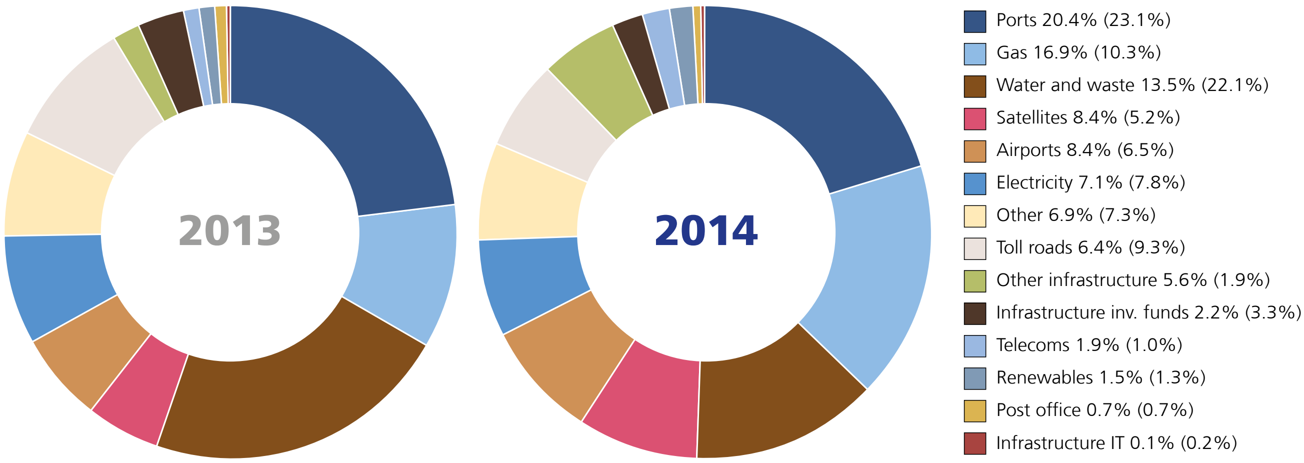
GEOGRAPHICAL SPLIT OF INVESTMENTS



Figures in brackets as at March 2013

Source: UEM

SECTOR SPLIT OF INVESTMENTS



Figures in brackets as at March 2013

Source: UEM

UEM is an investment company, holding investments with a market value of £434.0m as at 31 March 2014 and a stated investment objective that is set out below. The strategy the Board follows to achieve that objective is to set investment policy and risk guidelines, together with investment limits, and to monitor how they are applied.

The business model the Board has adopted to achieve its objective is to appoint an external manager to whom it has contractually delegated the management of the portfolio. The Company has appointed ICM to manage the portfolio in accordance with the Board's strategy to achieve a long-term total return. Successful implementation of the business model is achieved by identifying undervalued stocks in the relevant sectors, which generally are asset-backed, have operational cash flows and pay annual dividends, and look to sell them at the right point in an investee company's business cycle. This model, combined with the prudent use of gearing, should crystallise financial returns, generating a total return through both capital and income.

The investment team responsible for the management of the portfolio is headed by Charles Jillings. The Investment Manager also provides company secretarial services to the Company.

The Board, together with the Investment Manager, consider how the business strategy and model have to be adapted to comply with new legislation and regulations. For example, it has considered the implications of the Alternative Investment Fund Managers Directive ("AIFMD") and concluded that at the present time, as a Bermuda company with a Bermuda investment manager, it is not necessary to make any changes to its existing management arrangements as a result of the AIFMD.

F&C Management Limited has been appointed to undertake general administration services, including dealing, alongside ICM.

INVESTMENT OBJECTIVE AND POLICY

Investment Objective

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

Investment Policy and Risk

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

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

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

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

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

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

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

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

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

The Company aims to maximise value for shareholders by holding a relatively concentrated portfolio of securities and invests through instruments appropriate to the particular situation. UEM is prepared to hold investments in unlisted securities when the attractiveness of the investment justifies the risks and lower liquidity associated with unlisted investments. The Investment Manager controls stock-specific and sector and geographic risk by continuously monitoring the exposures in the portfolio. In depth continual analysis of the fundamentals of investee companies allows the Investment Manager to assess the financial risks associated with any particular stock. The portfolio is typically made up of 60 to 90 stocks.

Investment limits

The Board has prescribed the following limits on the investment policy, all of which are at time of investment unless otherwise stated:

- Unquoted and untraded investments (excluding the Company's investment in a segregated account of Global Equity Risk Protection Limited ("GERP"), an unquoted Bermuda segregated accounts company), must not exceed 10% of gross assets at the time of investment;
- No single investment may exceed 20% of gross assets at the time of investment;
- Investments other than in infrastructure, utility and related companies (including GERP) must not exceed 20% of gross assets at the time of investment;
- Investments in a single country must not exceed 50% of gross assets at the time of investment;
- Not more than 10% in aggregate of the value of the total assets of the Company at the time the investment is made will be invested in 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% of their total assets in other investment companies which are listed on the Official List);
- 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% in aggregate of the value of the total assets of the Company at the time the investment is made; and
- Derivative transactions are carried out by GERP on behalf of the Company to enable it to 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. GERP may not hold more than 50% of the value of UEM's segregated portfolio in index options and may not hold more than 100% of the relevant debt or of the relevant market value in foreign currency by way of foreign exchange options or forwards.

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 Board carefully considers the Company's policy in respect of the level of equity exposure. The Board takes responsibility for the Company's gearing strategy and sets guidelines to control it, which it may change from time to time. 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%. 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).

KEY PERFORMANCE INDICATORS

Delivery of shareholder value is achieved through the increase in capital value of the Company's shares and by its income return.

The Board reviews performance by reference to a number of Key Performance Indicators that include the following:

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

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

31 March	2014	2013
Net asset value total return	(3.4%)	20.5%
MSCI Emerging Markets Index total return (sterling adjusted)	(9.9%)	7.6%
Share price	180.00p	191.20p
Discount on net asset value	(6.4%)	(7.0%)
Percentage of issued shares bought back during the year (based on opening share capital)	1.06%	–
Revenue earnings per share	4.80p	5.20p
Ongoing charges figure – excluding performance fee	0.9%	0.8%

The Company achieved a strong performance relative to the MSCI Emerging Markets Index over the year, reflecting successful implementation of the business strategy by the Investment Manager.

A graph showing the NAV total return performance compared to the MSCI Emerging Markets Index (GBP adjusted), can be found on page 7. The Investment Manager's Report, which comprises the first part of this Strategic Report, provides a commentary on how this performance was achieved.

Discount on net asset value: The Board monitors the premium/discount at which the Company's shares trade in relation to the assets. During the year the Company's shares traded at a discount relative to NAV in a range of 1.9% to 10.5% discount and an average discount of 6.8%. The Board and Investment Manager closely monitor both movements in the Company's share price and significant dealing in the shares. In order to avoid substantial overhangs or shortages of shares in the market the Board asks shareholders to approve resolutions which allow for the buyback of shares and their issuance which can assist in the management of the discount and/or any premium at which the shares trade to their net asset value. The Company bought back and cancelled 2,285,000 ordinary shares in the year at an average price of 172.00p. No shares were issued.

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

Dividends form a key component of the total return to shareholders, and the level of potential dividend payable and income from the portfolio is reviewed at every Board meeting. The Board has declared four quarterly dividends each of 1.525p, in respect of the year to 31 March 2014. The fourth quarterly dividend was paid on 6 June 2014 to shareholders on the register at 23 May 2014. The total dividend for the year was 6.10p compared with 5.80p for the previous year.

Ongoing charges: these are the industry measure of costs as a percentage of net asset value. The expenses of the Company are reviewed at every Board meeting, with the aim of managing costs incurred and their impact on performance. The ongoing charges figure, which excludes the performance fee, at the year end was 0.9%, almost the same as the previous year's 0.8%. This ratio is sensitive to the size of the Company as well as the level of costs.

The historical performance on page 78 shows both ongoing charges and dividends.

FINANCIAL POSITION

At 31 March 2014, the Company's net assets were valued at £410.2m (2013: £442.9m). These comprised a portfolio of mainly equity investments and net current assets.

Scotiabank facility

At the year end, the Company had a £50 million secured multicurrency revolving facility with Scotiabank Europe plc which was repayable on 30 April 2014. Since the year end, the Scotiabank facility has been extended to 30 April 2016, on effectively the same terms.

Due to the readily realisable nature of the Company's assets, cash flow does not have the same significance as for an industrial or commercial company. The Company's principal cash flows arise from the purchase and sales of investments and the income from investments against which must be set the costs of borrowing and management expenses.

At 31 March 2014, the Company's ordinary shares were geared by borrowings in the form of drawings under the facility from Scotiabank of £23.1m (2013: £9.2m).

OUTLOOK AND FUTURE TRENDS

The main trends and factors likely to affect the future development, performance and position of the Company's business can be found in the Investment Manager's Report section of this Strategic Report. Further details as to the risks affecting the Company are set out below under 'Principal Risks and Risk Mitigation'.

PRINCIPAL RISKS AND RISK MITIGATION

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

The Board applies the principles and recommendations of the UK Code on Corporate Governance and the AIC's Code on Corporate Governance as described on pages 38 and 39. The Company's internal controls are described in more detail on page 33. Through these procedures, and in accordance with Internal Control: Revised Guidance for Directors on the Combined Code (the "FRC guidance"), the Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Company and has regularly reviewed the effectiveness of the internal control systems for the year. This process has been in place throughout the year under review and to the date hereof and will continue to be regularly reviewed by the Board going forward.

The following are considered to be the most significant risks to shareholders in relation to their investment in the Company. Further details of risks and risk management policies as they relate to the financial assets and liabilities of the Company are detailed in note 25 to the financial statements.

Investment objective and strategy – the risk that the investment strategy does not achieve long-term total returns for the Company's shareholders

There is no guarantee that the Company's strategy and business model will be successful in achieving its investment objective.

The Board monitors the performance of the Company and has established guidelines to ensure that the investment policy that has been approved is pursued by the Investment Manager.

The Board regularly reviews strategy in relation to a range of issues including the balance between quoted and unquoted stocks, the allocation of assets between geographic regions and of sectors and gearing. Periodically the Board holds a separate meeting devoted to strategy, the most recent one being held in November 2013.

Investment risk

The investment process employed by the Investment Manager combines assessment of economic and market conditions in the relevant countries with stock selection. Fundamental analysis forms the basis of the Company's stock selection process, with an emphasis on sound balance sheets, good cash flows, the ability to pay and sustain dividends, good asset bases and market conditions. The political risks associated with investing in these countries are also assessed. Overall, the investment process is aiming to achieve absolute returns through an active fund management approach.

Sometimes governments make unexpected changes in the regulatory environment which impact the price of investments held by the Company in that country. Such factors are out of the control of the Board and the Investment Manager and the impact of any such announcement on the relevant investments is assessed to decide if any changes are required to the portfolio.

Risk management is an integral part of the investment management process. The Investment Manager effectively controls risk by ensuring that the Company's portfolio is always appropriately diversified.

Past performance of the Company is not necessarily indicative of future performance.

A fuller review of economic and market conditions is included in the Investment Manager's Report section of this Strategic Report.

Currency risk

The Company's results are reported in Sterling, whilst the majority of its assets are priced in foreign currencies. It is difficult and expensive to hedge most emerging market currencies. The impact of adverse movements in exchange rates can significantly affect the returns in Sterling of both capital and income. Such factors are out of the control of the Board and the Investment Manager and may give rise to distortions in the reported returns to shareholders.

Gearing

Gearing levels may change from time to time in accordance with the Investment Manager's and the Board's assessment of risk and reward. Whilst the use of borrowings by the Company should enhance total return where the return on the Company's underlying securities is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling. As at 31 March 2014, net gearing from borrowings stood at 5.5%.

Banking: a breach of the Company's loan covenants might lead to funding being summarily withdrawn

The Investment Manager monitors compliance with the banking covenants when each drawdown is made and at month end.

The Board reviews compliance with the banking covenants at each Board meeting.

Shares trading at a discount to Net Asset Value

Shareholders are exposed to certain risks in addition to risks applying to the Company itself. The ordinary shares of the Company may trade at a discount to their NAV. The Board monitors the price of the Company's shares in relation to their NAV and the premium/discount at which they trade. The Board generally will buy-back shares for cancellation if they are trading at a discount in excess of 10% and the Investment Manager agrees it is a good investment decision.

The value of an investment in the Company and the income derived from that investment may go down as well as up and an investor may not get back the amount invested.

Key staff: loss by the Investment Manager of key staff could affect investment returns

The quality of the management team is a crucial factor in delivering good performance. There are training and development programs in place for employees and the recruitment and remuneration package has been developed in order to retain key staff.

The position is monitored by the Board at each meeting; the Board discusses succession planning with the Investment Manager.

Regulatory: breach of regulatory rules could lead to suspension of trading in the Company's shares, financial penalties or a qualified audit report

The Company Secretary, working closely with the Administrator, monitors the Company's compliance with the Listing Rules of the Financial Conduct Authority and compliance with the principal rules is reviewed by the Directors at each Board Meeting; any concerns are discussed with the Company's legal advisers.

Reliance on the Investment Manager and other service providers: the Company has no full-time employees and the Directors have all been appointed on a non-executive basis; the Company is reliant upon the performance of third party service providers. In particular, the Investment Manager performs services which are integral to the operation of the Company

Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to successfully pursue its investment policy. The Company's main service providers are listed on page 77. The Audit Committee monitors the performance of the service providers at each meeting.

The Board reviews operational issues at each Board Meeting and the Audit Committee receives reports on the operation of internal controls, as explained in more detail within Internal Controls on page 33.

Financial: inadequate controls by the Investment Manager or Administrator or third party service providers could lead to misappropriation of assets

The Audit Committee reviews the Administrator's annual internal control report which details the controls around the reconciliation of the Administrator's records to those of the Custodians. The Administrator reviews the control reports published by JP Morgan Chase and draws any issues to the attention of the Board. The records of the assets held at Bermuda Commercial Bank Limited are reconciled to the valuations used by the Administrator.

Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations. The Board reviews financial reports in detail at each Board Meeting.

CORPORATE GOVERNANCE, SOCIALLY RESPONSIBLE INVESTMENT AND VOTING POLICY

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

As an investment company, environmental policy has limited application. The Investment Manager considers various factors when evaluating potential investments. While a company's policy towards the environment and social responsibility, including with regard to human rights, is considered as part of the overall assessment of risk and suitability for the portfolio, the Investment Manager does not necessarily decide to, or not to, make an investment on environmental and social grounds alone.

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

This Business Review was approved by the Board of Directors on 23 June 2014.

ICM Limited
Company Secretary

TEN LARGEST HOLDINGS

Mar 2014	*Mar 2013*	**Company** *(Country)* Description	**Fair Value £'000s**	**% of total investments**
1	*(2)*	**International Container Terminal Services, Inc.** *(Philippines)* Global container port operator	**36,814**	**8.5%**
2	*(3)*	**Malaysia Airport Holdings Berhad** *(Malaysia)* Airport operator	**36,341**	**8.4%**
3	*(6)*	**China Gas Holdings Ltd** *(China)* Gas distribution	**28,693**	**6.6%**
4	*(1)*	**Eastern Water Resources Development and Management PCL** *(Thailand)* Water treatment and supply	**27,892**	**6.4%**
5	*(4)*	**Ocean Wilsons Holdings Limited** *(Brazil)* Port operator, provider of shipping services and worldwide investment fund	**27,058**	**6.2%**
6	*(–)*	**MyEG Services Berhad** *(Malaysia)* IT Services	**24,255**	**5.6%**
7	*(7)*	**Asia Satellite Telecommunications Holdings Limited** *(Hong Kong)* Satellite operator	**18,489**	**4.3%**
8	*(10)*	**Gasco S.A.** *(Chile)* Gas distribution	**15,452**	**3.6%**
9	*(–)*	**APT Satellite Holdings Limited** *(Hong Kong)* Satellite operator	**14,559**	**3.4%**
10	*(–)*	**China Everbright International Limited** *(China)* Waste water treatment	**14,262**	**3.3%**
		Other investments	**190,140**	**43.7%**
		Total Portfolio	**433,955**	**100.0%**

The value of the ten largest holdings represents 56.3% (2013: 55.7%) of the Group's total investments. The country shown is the location of the major part of the company's business. The value of convertible securities represents 1.2% (2013: 1.8%) of the Group's portfolio and the value of fixed income securities represents 1.6% (2013: 2.1%) of the Group's portfolio. The total number of companies included in the portfolio is 79 (2013: 80).

International Container Terminal Services, Inc. (Philippines)

www.ICTSI.com
Market Cap £2,502m

"ICT" is a Philippines based port operator which acquires, develops, manages and operates container terminals globally. Currently, ICT's portfolio consists of 30 ports located in 22 countries worldwide focused primarily on small- to medium-size terminals handling between 0.5m to 2.5m TEUs units. During 2013 ICT handled 6.3m TEUs, an increase of 12.1% driven by four new terminals coming on line in Indonesia, Pakistan, Honduras and Mexico. This coupled with tariff increases in 2013, resulted in net revenues increasing 17.6%, with EBITDA increasing 22.7% and net income 20.4%. Given the number of new terminals still expected to come on line over the next three years, the long term growth outlook of ICT looks promising. In the year to 31 March 2014, ICT's share price increased by 17.4% to PHP108.00.

Malaysia Airports Holdings Berhad (Malaysia)

www.malaysiaairports.com.my
Market Cap £1,558m

"MAHB" operates 39 (out of 40) airports in Malaysia, including the flagship KL International Airport, as well as two airports in India and one in Turkey. During 2013, MAHB saw an 18.4% increase in passenger numbers to 79.6m, driven by the ongoing expansion of low cost airlines, Malaysia Airlines joining the One World Alliance in February 2013 and ten new airlines including Malindo Air, Air France and Turkish Airlines using its facilities. The increase in passenger numbers along with an increase in landing fees led to a 13.9% increase in revenues (ex construction income). With the new third runway and world's largest dedicated low cost carrier hub (KLIA2) adding an additional 45m passenger capacity coming on line in May 2014, the growth outlook for MAHB remains positive. In the year to 31 March 2014, MAHB's share price increased by 35.6% to MYR7.84.

China Gas Holdings Ltd (China)

www.chinagasholdings.com.hk
Market Cap £4,390m

"China Gas" owns and operates natural gas and liquefied petroleum gas ("LPG") infrastructure, including city gas pipelines, gas storage and transmission facilities, and gas refilling stations. As of 18 November 2013 China Gas had secured 208 city gas concessions, 11 long-distance natural gas pipeline projects, 98 LPG distribution projects and 224 compressed/liquefied natural gas refilling stations throughout China. Its concessions cover 21.5m households, of which only 44.5% were connected as of September 2013. Over 80% of its natural gas volumes sold are to commercial and industrial customers. In the six months to 30 September 2013 China Gas reported total piped gas volume growth of 14.6%, while LPG sales volumes grew by 87.2%, boosted by the completion of the acquisition of Panva Gas. The strong volume and connections growth resulted in group revenues increasing by 46.4%, EBITDA by 46.6%, and normalised earnings by 74.6%. In the year to 31 March 2014, China Gas Holdings' share price increased by 57.6% to HK$12.10.

Eastern Water Resources Development and Management PCL (Thailand)

www.eastwater.com
Market Cap £350m

"Eastwater" operates the main water pipeline systems which supply untreated water (so called "raw water") to Thailand's industrialised Eastern Seaboard. In addition the company has a treated water supply business which operates water treatment and supply concessions in nine separate areas. In their financial year to December 2013 raw water volumes fell by 2.5%, as weaker economic demand and an above-average rainy season led to customers substituting demand with their own resources. The implementation of annual tariff increases in 2012 resulted in significant turmoil in the board, and the ousting of the CEO in early 2013. The new CEO subsequently reversed most of the tariff increase for the Provincial Waterworks Authority, which services residential customers. This only affected the final two months of 2013. In the year to December 2013, group revenues grew by 2.4%, EBITDA by 6.6%, and normalised earnings by 6.2%. Dividends per share were cut by 4.5%. In the year to 31 March 2014, Eastwater's share price fell by 24.0% to THB11.40.

Ocean Wilsons Holdings Limited (Brazil)

www.oceanwilsons.bm
Market Cap £368m

"Ocean Wilsons" is a Bermuda based investment company listed on both the London and Bermuda Stock Exchange. The company has two principal subsidiaries, Wilson Sons, in which it owns a 58.3% controlling stake and Ocean Wilsons Investment Limited ("OWIL"). Wilson Sons is one of Brazil's largest maritime service providers (listed on the San Paulo Stock Exchange and Luxembourg Stock Exchange) whose activities include harbour and ocean towage, container terminal operation (Tecon Rio Grande and Tecon Salvador), offshore support services, logistics, small vessel construction and ship agency. Wilson Sons currently has one of the largest towage fleets in Brazil with approximately 50% of total market maneuverers and has developed a joint venture with Ultratug to provide offshore maritime support services to platforms in the lucrative oil and gas industry. OWIL, which is managed by Hanseatic Asset Management currently has US$249.0m under management. In the year to 31 March 2014 Ocean Wilsons' share price increased by 5.3% to 1,095.00p.

MyEG Services Berhad (Malaysia)

www.myeg.com.my
Market Cap £307m

"MYEG" is a concessionaire for the Malaysian E-Government programme. MYEG's systems allow Malaysian citizens and businesses to transact with the government electronically, as an alternative to visiting government offices or post office counters.

Through its portal, MYEG offers a range of services, such as driving licence and car tax renewal, vehicle registration, payment of traffic fines and renewal of immigrant workers' permits. The company is part of a consortium currently implementing a service tax monitoring system, which will record and report cash register transactions in bars, restaurants and nightclubs, with a wider implementation expected post the introduction of GST in Malaysia in April 2015.

In recent quarters, revenue growth has been running at around 20% ahead of the prior year, with EBITDA growth of around 30%. The company is confident that this rate of growth rate will continue this year. MYEG's share price in the year to 31 March 2014 increased 256.0% to MYR2.83.

Asia Satellite Telecommunications Holdings Limited (Hong Kong)

www.asiasat.com
Market Cap £968m

"Asiasat" is an owner and operator of telecommunications satellites. The company has four satellites broadcasting more than 450 television and radio channels to over 50 countries in the Asia-Pacific region. In recent years, the company has seen strong demand for its services, driven by the increasing affordability of satellite television equipment and services across Asia, particularly in the Indian sub-continent.

Underlying revenues in 2013 were little changed on 2012, with the company relatively capacity constrained until the launch of two new satellites due imminently. The company is confident that this new capacity will drive growth in the second half of 2014 and beyond.

The company declared dividends of HK$2.42 with respect to its 2013 financial year, with HK$2.30 of this to be paid in June 2014. In the year to 31 March 2014, Asiasat's share price was up 14.3% to HK$32.00.

Gasco S.A. (Chile)

www.gasco.cl
Market Cap £1,030m

Gasco owns and operates natural gas and liquefied petroleum gas ("LPG") infrastructure in Chile, Colombia and Argentina. Its main asset is a 51.8% stake in Metrogas, the monopoly city gas supplier in Santiago with 548,000 customers, and a 20% stake in GNL Quintero, the largest LNG regasification terminal in Chile. Gasco's LPG distribution business has an estimated 27% market share in Chile and 23% in Colombia. In the year to 31 December 2013 natural gas volumes sold in Chile declined 8.5%, mainly due to lower demand from thermoelectric customers. This was mostly offset by strong LPG sales, with group revenues falling 4.0%. However the change of LNG indexing from Brent- to Henry Hub-linked pricing resulted in a substantial reduction in input costs, boosting profitability materially. As such EBITDA grew by 23.4%, and normalised earnings by 60.3%. Gasco increased its dividend per share by 123.0%. In the year to 31 March 2014 Gasco's share price increased by 20.5% to CLP5,551.00.

APT Satellite Holdings Limited (Hong Kong)

www.apstar.com
Market Cap £440m

"APT" is an owner and operator of telecommunications satellites. The company has three owned and one leased satellite. It aims to launch a new satellite in the fourth quarter of 2015 to replace the satellite that it is currently leasing.

Revenue growth in 2013 was a strong 26.4%, as the company benefited from the first full year of revenues from its APStar 7 satellite that became operational mid-way through 2012. Growth slowed in the second half of the year, and the company was somewhat cautious in its outlook for 2014.

Cash generation was particularly strong, with the company moving from a net debt position of HK$604.7m to a net cash position of HK$307.6m during 2013. In the year to 31 March 2014 APT's share price was up 68.1% to HK$9.08.

China Everbright International Limited (China)

www.ebchinaintl.com
Market Cap £3,685m

"China Everbright" is a leading environmental protection and alternative energy company in China, operating waste-to-energy ("WTE") plants, wastewater and solid waste treatment plants, as well as methane-to-energy, biomass and solar projects. The Chinese government has made the energy conservation and environmental protection industry the primary focus in its 12th Five-Year Plan, spurring considerable investment in the sector. As of end-December 2013 China Everbright had secured 80 environmental protection and alternative energy projects with total investment of RMB19bn. In the year to December 2013 China Everbright reported WTE electricity generation volume growth of 27.5%, wastewater treatment volume growth of 3.5%, and a 4.5% decline in biomass/solar generation. Combined with construction revenues relating to several new projects this resulted in group turnover increasing by 56.0%, EBITDA by 41.7%, and normalised earnings per share by 40.5%. Dividends per share were increased by 41.7%. In the year to 31 March 2014, China Everbright's share price increased by 88.8% to HK$10.48.

INVESTMENT POLICY

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

Charles Jillings (Director of ICM)

Charles Jillings, aged 58, is responsible for the day-to-day running of the Company and the investment portfolio. Mr Jillings qualified as a chartered accountant and previously worked in corporate finance at Hill Samuel for ten years. He is a director of Keytech Limited (listed in Bermuda) and a number of unlisted technology companies and of Global Equity Risk Protection Limited. He has been a director of a number of listed companies and was formerly an executive director of Utilico Emerging Markets Limited.

Duncan Saville (Director of ICM)

Duncan Saville, aged 57, a chartered accountant. He is currently a director of two listed companies and a number of unlisted technology companies and of Global Equity Risk Protection Limited. He was formerly a non-executive director of Utilico Investment Trust plc and is an experienced director having previously been a non-executive director in both the water and airport sectors.

Assisting them are:

Jacqueline Broers

Jacqueline Broers, aged 34, has been involved in the running of UEM since September 2010. Prior to joining the investment team, Mrs Broers worked in the Corporate Finance team at Lehman Brothers/Nomura. Mrs Broers is a qualified chartered accountant.

Jonathan Groocock

Jonathan Groocock, aged 36, has been involved in the running of UEM since February 2011. Prior to joining the investment team Mr Groocock was an equity research analyst at Investec and is a CFA charterholder.

Mark Lebbell

Mark Lebbell, aged 42, has been involved in the running of UEM since its inception and has been involved with Utilico Investment Trust plc and The Special Utilities Investment Trust PLC since 2000. Mr Lebbell is an associate member of the Institute of Electrical Engineering and Technology.

Company Secretary, ICM Limited

Amanda Marsh, aged 58, a chartered secretary, joined the team in March 2012 and carries out the company secretarial duties of the Company and Utilico Investments Limited. Miss Marsh has spent most of her career administering closed end investment companies, most recently heading the former Merrill Lynch Investment Management investment trust company secretarial team until her departure in 2005.

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

DIRECTORS

Mr Alexander Zagoreos (Chairman)†

Mr Zagoreos, aged 76 and appointed a Director in June 2005, was educated at Columbia University and was awarded a BA, MBA and Masters degree in International Affairs. He is Chairman of the Company and the Company's Management Engagement Committee. He is senior adviser of Lazard Asset Management, where he was formerly responsible for emerging market products and closed-end investment companies. He has over 40 years of investment experience. He is currently chairman of Alpha Andromeda Trust and Taiwan Opportunities Fund and a director of Aberdeen Emerging Markets Smaller Companies Opportunities Fund, Inc and of The World Trust Fund and formerly manager of Lazard Emerging World Investors LP, and is on the board of a number of charitable organisations.

Mrs Susan Hansen

Mrs Hansen, aged 52 and appointed in September 2013, is a chartered accountant and MBA graduate and has worked in financial services since 1980. She has previous experience in chartered accountancy and investment banking, and is a director of RESIMAC Limited, a securitisation company. Susan is the principal of a financial training organisation in New Zealand and a director of Cognitive Education Limited, a registered Not for Profit organisation in New Zealand. She is a member of the Institute of Chartered Accountants in Australia.

Mr Garry Madeiros OBE†

Mr Madeiros, aged 64 and appointed in June 2007, was formerly president and Chief Executive Officer of BELCO Holdings Limited (now named Ascendant Group Limited) and Bermuda Electric Light Company Limited. He is a director of BF&M Limited and BF&M Life Insurance Company. He is a chartered accountant and is Chairman of the Company's Audit Committee. He has served on a number of corporate, community and government boards. He is a Justice of the Peace and a fellow of the Bermuda Institute of Chartered Accountants.

Mr Anthony Muh†

Anthony, aged 50 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 H.R.L. Morrison & Co, Chairman of JIDA Capital Partners Limited, a China focused renewables management company, and a director of a number of its subsidiary companies in China. He previously headed up the Asia Pacific operations of Alliance Trust PLC and spent over 10 years as Asia Pacific chief investment officer at Citigroup Asset Management. He is the immediate past Chairman and a Fellow of the Hong Kong Securities Institute and a member of the Asia Advisory Board for Euromoney Institutional Investor Plc and is a council member of Asia Corporate Governance Association.

Mr Kevin O'Connor (Deputy Chairman)†

Mr O'Connor, aged 73 and appointed in June 2005, was formerly the chairman of Infratil Limited, a New Zealand based specialist investor in international infrastructure and utility assets. He is Chairman of the Company's Remuneration Committee. He had a 35 year career in investment banking and stock broking with Daysh Renouf & Co and O'Connor Grieve & Co amongst others. He was a member of the New Zealand Takeovers Panel for 15 years. He is involved with a number of charitable bodies.

† Independent Director

All the Directors, with the exception of Mrs Hansen, are members of the Audit Committee and the Management Engagement Committee, although the Chairman does not have a vote on the Audit Committee.

All the Directors are members of the Remuneration Committee.

REPORT OF THE DIRECTORS

The Directors present their report and the financial statements of the Company and Group for the year ended 31 March 2014. The Corporate Governance Statement set out on pages 38 and 39 is incorporated by reference in this Report of the Directors.

Results and dividends

Details of the Company's performance in the year to 31 March 2014 are set out in the Chairman's Statement and Investment Manager's Report. The results for the year are set out in the attached accounts; details of the dividends declared in respect of this financial year are included in note 8 to the accounts.

Status of the Company

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

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

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

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

Facilitating retail investments

The Company currently conducts its affairs so that its securities can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The securities are excluded from the FCA's restrictions which apply to non-mainstream investment products because the investment returns received in connection with the shares are wholly or predominantly linked to, contingent on, highly sensitive to or dependent on, the performance of or changes in the value of shares, debentures or government and public securities.

Regulatory and competitive environment

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

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

The accounting policies of the Company are detailed in note 1 to the accounts on pages 55 to 57.

Directors

The Company has a Board of five non-executive directors who oversee and monitor the activities of the Investment Manager and other service providers and ensure that the Company's investment policy is adhered to. Details of the Board's responsibilities, information it relies upon and the number of meetings it holds are set out below. The Board is supported by an Audit Committee, a Management Engagement Committee and a Remuneration Committee, which deal with specific aspects of the Company's affairs as summarised on pages 43, 31 and 40 respectively.

The Directors have a range of business, financial and asset management skills as well as experience relevant to the direction and control of the Company. Brief biographical details of the members of the Board are shown on page 27.

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

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

Chairman

The Chairman of the Company is Alexander Zagoreos, a non-executive Director who is an adviser to Lazard Asset Management, whose clients have a significant shareholding in the Company and a director of The World Trust Fund, in which the Company has a minor investment. Notwithstanding these relationships the Board considers Mr Zagoreos to be independent. Mr Zagoreos is the Chairman of the Board of Directors and has been throughout the year and is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. Mr Zagoreos has been a Director since 2005 and in common with all the other members of the Board, he is subject to an annual performance appraisal. Following this year's appraisal, the Board has confirmed that Mr Zagoreos' performance continues to be effective and therefore recommends his re-election.

Deputy Chairman

Although the nature of an investment company and the relationship between the Board and the Investment Manager are such that it is considered unnecessary to identify a senior independent director, Mr Kevin O'Connor has been elected as the Deputy Chairman. Both he and the other Directors are available if shareholders have concerns which have not been resolved through the normal channels of contact with the Chairman or Investment Manager, or for which such channels are inappropriate.

Board responsibilities

The Company's Board of Directors is responsible for overall stewardship of the Company, including corporate strategy, corporate governance, risk and controls assessment, overall investment policy and gearing limits.

Directors have a duty to promote the success of the Company taking into consideration the likely consequences of any decision in the long-term; the need to foster the Company's business relationships with its Investment Manager and advisers; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between shareholders of the Company. The Directors are equally responsible under United Kingdom law for the proper conduct of the Company's affairs and for promoting the success of the Company by directing and supervising its affairs within a framework of effective controls which enable risk to be assessed and managed. In addition, the Directors are responsible for ensuring that the Company's policies and operations are in the best interests of the Company as a whole and that the interests of creditors and suppliers to the Company are properly considered.

The Board is committed to the prevention of corruption in the conduct of the Company's affairs and, taking account of the nature of the Company's business and operations, has put in place procedures that the Board considers adequate to prevent persons associated with it from engaging in bribery for and on behalf of the Company.

A formal schedule of matters reserved for decision by the Board and detailing the responsibilities of the Board has been established. The main responsibilities include: setting the Company's objectives, policies and standards, considering any major acquisitions or disposals of portfolio companies (more than 15% of the portfolio), ensuring that the Company's obligations to shareholders and others are understood and complied with, approving accounting policies and dividend policy, managing the capital structure, setting long-term objectives and strategy, assessing and managing risk, reviewing investment performance, monitoring the net borrowing position, approving recommendations made by the Audit Committee, reviewing Directors' remuneration, undertaking nomination responsibilities and assessing the Investment Manager on an ongoing basis. The Board also seeks to ensure that shareholders are provided with sufficient information in order to understand the risk/reward balance to which they are exposed by holding their shares, through the portfolio details given in the annual and half-yearly financial reports, interim management statements, factsheets and net asset value disclosures.

There is an agreed procedure for Directors, in the furtherance of their duties, to take legal advice at the Company's expense, having first consulted with the Chairman.

Supply of information

To enable the Directors of the Board to fulfil their roles, the Investment Manager ensures that all Directors have timely access to all relevant management, financial and regulatory information.

On being appointed to the Board, Directors are fully briefed as to their responsibilities and are continually updated throughout their term in office on industry and regulatory matters. The Board and the Investment Manager have also put arrangements in place to address ongoing training requirements of Directors which include briefings from the Investment Manager's staff or external advisors and which ensure that Directors can keep up to date with new legislation and changing risks. The Board holds meetings with various specialists of the auditor from time to time, at which specific topics are addressed.

The Board meets on a regular basis, at least four times each year. Additional meetings are arranged as necessary. Regular contact is maintained between the Investment Manager, the Chairman and the other Directors between formal meetings.

Board meetings follow a formal agenda, which includes a review of the investment portfolio with a report from the Investment Manager on the current investment position and outlook, strategic direction, performance against stock market indices and the Company's peer group, asset allocation, gearing policy, cash management, revenue forecasts for the financial year, marketing and shareholder relations, corporate governance, regulatory changes and industry and other issues. The Board also receives reports from all the Board's Committees (Audit, Management Engagement and Remuneration).

Board diversity, appointment, re-election and tenure

The Board as a whole undertakes the responsibilities which would otherwise be assumed by a nomination committee. It considers the size and structure of the Board, including the balance of expertise and skills brought by individual Directors. It has regard to board diversity and recognises the value of progressive refreshing of, and succession planning for, company boards, which matters are discussed by the Board as a whole at least annually. The Board also seeks to have Directors in different jurisdictions who understand the key influences on businesses in their area, whether they are economic, political, regulatory or other issues. On the issue of diversity, any new appointment is considered on the basis of the skills and experience that the individual would bring to the Board, regardless of gender.

The Board is of the view that length of service does not necessarily compromise the independence or contribution of directors of an investment company, where continuity and experience can add significantly to the strength of the Board. This is supported by the views on independence expressed in the AIC Code. No limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. The Board has put in place a policy whereby Directors who have served for nine years or more will be subject to annual re-election.

No Director has a contract of employment with the Company. Directors' terms and conditions of appointment are set out in letters of appointment which are available for inspection at the registered office of the Company.

The Board has identified the need to plan for succession as the Chairman and Mr O'Connor are likely to retire from the Board by 2016. Appointments of new Directors will be made on a formalised basis with the Chairman agreeing in conjunction with his colleagues a job specification and other relevant selection criteria, and the methods of recruitment (where appropriate using an external recruitment agency), selection and appointment. The potential Director would meet with Board members prior to formal appointment. An induction process will be undertaken with new appointees to the Board being given a full briefing on the workings and processes of the Company and the management of the Company by the Chairman, the Investment Manager, the Company Secretary and other appropriate persons. All appointments are subject to subsequent confirmation by shareholders in general meeting.

During the year, the Board was able to identify a strong candidate without engaging an external search consultancy or advertising the position. After due consideration by the Board, Mrs Susan Hansen was appointed to the Board on 23 September 2013. Mrs Hansen is not deemed to be independent due to her directorship of RESIMAC Limited, which has the same majority shareholder as the Investment Manager. Mrs Hansen is a chartered accountant with considerable experience in the financial services sector.

The Bye-laws require that a Director shall retire and be subject to election at the first AGM after appointment and at least every three years thereafter. One-third of the Board, rounded up, is subject to retirement by rotation each year. Mrs Hansen will retire at the forthcoming Annual General Meeting and, being eligible, will offer herself for election to the Board (Resolution 5). Mr Alexander Zagoreos and Mr Madeiros will also retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election (Resolutions 6 and 7). The Bye-laws provide that the Company may, in a Special General Meeting, remove any Director from the Board.

The Board has considered the election of Mrs Hansen and the re-election of Mr Madeiros (the re-election of the Chairman having been separately considered and reported on above) and has reviewed the composition of the Board as a whole and borne in mind the need for a proper balance of skills and experience. Following an appraisal of the performance of these two Directors, the Board believes that these Directors should be put forward for election and re-election. The Board feels that both Directors make a valuable contribution based on their individual skills, knowledge and experience. They have commitment to their roles and the Board believes that their election/re-election would be in the best interests of the Company.

Audit Committee

The composition and activities of the Audit Committee are summarised in the Audit Committee Report on pages 43 to 45, which is included in this Report of the Directors by reference. Copies of the terms of reference are available on the Company's website.

Management Engagement Committee

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

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

Remuneration Committee

The composition and activities of the Remuneration Committee are summarised in the Directors' Remuneration Report on pages 40 to 42. Copies of the terms of reference are available on the Company's website.

Board, Committee and Directors' performance appraisal

The Directors recognise the importance of the AIC Code's recommendations in respect of evaluating the performance of the Board as a whole, the Audit Committee, the Management Engagement Committee and the Remuneration Committee and individual Directors. The performance of the Board, Audit Committee, Management Engagement Committee and Remuneration Committee and Directors has been assessed during the year in terms of:

- attendance at meetings;
- the independence of individual Directors;
- the ability of Directors to make an effective contribution to the Board and Committees through the range and diversity of skills and experience each Director brings to their role; and
- the Board's ability to challenge the Investment Manager's recommendations, suggest areas of debate and set the future strategy of the Company.

The Board opted to conduct performance evaluation through questionnaires and discussion between the Directors, the Chairman and the Chairmen of the Committees. This process is conducted by the Chairman reviewing individually with each of the Directors their performance, contribution and commitment to the Company and the possible further development of skills. In addition, the Deputy Chairman reviews the performance of the Chairman with the other independent Directors, taking into account the views of the Investment Manager. The relevant points arising from these meetings are then reported to, and discussed by, the Board as a whole. This process has been carried out in respect of the year under review and will be conducted on an annual basis. The result of this year's performance evaluation process was that the Board, the Committees of the Board and the Directors individually were all assessed to have performed satisfactorily. No follow-up actions were required.

Accordingly, the Board confirms that the performance of all Directors is and continues to be effective and each Director demonstrates commitment to the role. It recommends to shareholders the approval of Resolutions 5 to 7 relating to the election and re-election of the Directors.

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

Attendance at Board and Committee meetings

The Board meets at least quarterly, with additional Board and Committee meetings being held on an ad hoc basis to consider particular issues as they arise.

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

	Board	Audit Committee	Management Engagement Committee	Remuneration Committee
Number of meetings	4	3	1	1
Alexander Zagoreos	4	3	1	1
Susan Hansen (appointed 23 September 2013)	2/2	n/a	n/a	n/a
Garry Madeiros	4	3	1	1
Anthony Muh	4	3	1	1
Kevin O'Connor	4	3	1	1

Apart from the meetings detailed above, there were a number of meetings held by committees of the Board to approve the final versions of the interim and annual financial statements, the quarterly interim management statements and the declaration of quarterly dividends and other ad hoc items.

Directors' remuneration and shareholdings

The Directors' Remuneration Report, which can be found on page 40, contains detailed information on the remuneration arrangements for Directors of the Company and their share interests in the Company.

Directors' interests in shares

The Directors' interests in the ordinary share capital of the Company are disclosed in the Directors' Remuneration Report on page 41.

Disclosable interests

No Director was a party to, or had any interests in, any contract or arrangement with the Company at any time during the year or at the year end.

Conflicts of interest

A Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests.

The Directors have declared any potential conflicts of interest to the Company. Potential conflicts of interest are reviewed regularly by the Board. The Directors have undertaken to advise the Company Secretary and/or Chairman as soon as they become aware of any potential conflicts of interest.

Directors' and officers' liability insurance

The Company maintains Directors' and officers' liability insurance which provides appropriate cover for any legal action brought against its Directors.

Internal financial and non-financial controls

The Directors acknowledge that they are responsible for ensuring that the Company maintains a sound system of internal financial and non-financial controls ('internal controls') to safeguard shareholders' investments and the Company's assets.

The Company's system of internal control is designed to manage rather than eliminate risk of failure to achieve the Company's investment objective and/or adhere to the Company's investment policy and/or investment limits. The system can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

The Investment Manager, Administrator and Custodians maintain their own systems of internal controls and the Board and the Audit Committee receive regular reports from the Investment Manager and Administrator.

The Board meets regularly, at least four times a year. It reviews financial reports and performance against relevant stock market criteria and the Company's peer group, amongst other things. The effectiveness of the Company's system of internal controls, including financial, operational and compliance and risk management systems is reviewed at least bi-annually against risk parameters approved by the Board. The Board confirms that the necessary actions are taken to remedy any significant failings or weaknesses identified from its review. No significant failings or weaknesses occurred during the year ended 31 March 2014 or subsequently up to the date of this annual financial report.

The Board has reviewed and accepted the Investment Manager's 'whistleblowing' policy under which staff of ICM Limited can, in confidence, raise concerns about possible improprieties or irregularities in matters affecting the Company. It has also noted the 'whistleblowing' policy of the Administrator.

The Administrator produces an annual report on policies and procedures in operation in respect of Investment Trust Fund Accounting in accordance with AAF (AAF 01/06) issued by the Institute of Chartered Accountants in England and Wales for its clients. This sets out the control policies and procedures with respect to the duties carried out by the Administrator on the Company's behalf. The effectiveness of these controls is monitored by the Administrator's group audit, risk and compliance committee, which receives regular reports from the Administrator's internal audit and risk and compliance departments. The Company's Audit Committee has received and reviewed the Statement for the year ended 31 December 2013, together with a report from the Administrator's group audit, risk and compliance committee on the effectiveness of the internal controls maintained on behalf of the Company.

Going concern

The financial statements have been prepared on a going concern basis. The Directors consider this is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being taken as 12 months after the signing of the balance sheet. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments, and the ability of the Company to meet all of its liabilities and ongoing expenses. The Directors also considered the revenue forecast for the forthcoming year and future dividend payments in concluding on the going concern basis.

At the year end, the Company had a £50m multicurrency loan facility with Scotiabank Europe PLC, which was repayable on 30 April 2014 but subsequently has been extended to 30 April 2016. Drawdowns under the facility are detailed in note 13 to the accounts. The Company will either extend or replace the facility or repay the outstanding debt when due from portfolio realisations.

Management

The Company has an Investment Management Agreement dated 19 March 2012 with ICM, pursuant to which ICM as Investment Manager provides investment management services including portfolio monitoring and research to the Company. The agreement was amended in March 2014 to adjust the fees payable to the Investment Manager with effect from 1 April 2014. The annual management fee was changed from 0.50% of gross assets (less current liabilities excluding borrowings incurred for investment purposes) to 0.65% of net assets, payable quarterly in arrears. The Investment Manager is reimbursed for one-third of the costs of employing a company secretary and its reasonable out of pocket expenses, including travel and related costs. The Investment Manager is responsible for ensuring that the Company complies with all legal, regulatory and corporate governance requirements and officiating at Board meetings and shareholders' meetings. The agreement may be terminated by either party by giving not less than six months' notice in writing (or such lesser notice period as agreed by both parties).

The Investment Manager may become entitled to a performance-related fee, details of which can be found in note 3 to the accounts. With effect from 1 April 2014, the hurdle to the calculation determining whether a performance fee is payable will be set at the higher of the existing hurdle and 8% and the maximum amount of a performance fee payable in respect of any financial year will be 1.85% of the average adjusted equity funds of the Company and any performance fee in excess of this cap will be written off.

Under the terms of the agreement, ICM is obliged to provide the services of individuals to act as employees of the Company and to provide a Company Secretary. The remuneration paid to these employees (with the exception of the Company Secretary) is paid on behalf of the Company and deducted from ICM's management fee.

The Board continually reviews the policies and performance of the Investment Manager. The Board's philosophy and the Investment Manager's approach are that the portfolio should consist of shares thought attractive irrespective of their inclusion or weighting in any index. The portfolio's composition and performance are likely, therefore, to be very different, for example, from those of the MSCI Emerging Markets index. Over the short term, there may be periods of sharp underperformance compared with the index. Over the long term, the Board expects the combination of the Company's and Investment Manager's approach to result in a significant degree of outperformance compared with the index. The Board is satisfied with the current terms of appointment of the Investment Manager.

Alternative Investment Fund Manager Directive (AIFM Directive)

The Board has considered the implications of the AIFM Directive and, having taken independent legal advice, has concluded that, at the present time, as a Bermuda company with a Bermuda investment manager, it is not necessary to make any changes to the existing management arrangements as a result of the AIFM Directive. However, it is the intention of the Company to make the necessary notification to the UK Financial Conduct Authority to enable marketing of the Company's shares in the UK following the expiry of the AIFM Directive transitional period on 22 July 2014. Following the making of such notification, the Company will be required to comply with certain provisions of the AIFM Directive which relate to pre-investment disclosure to investors, the content of the Company's annual report and regular on-going reporting to the FCA.

Company Secretary

The Board has direct access to the advice and services of the Company Secretary, who is an employee of ICM Limited. The Company Secretary, with advice from the Company's lawyers and financial advisers, is responsible for ensuring that the Board and Committee procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible to the Board for ensuring timely delivery of information and reports and that the statutory obligations of the Company are met. Finally, the Company Secretary is responsible for advising the Board, through the Chairman, on all governance matters.

Administration

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

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

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

Annually, the Management Engagement Committee also considers the ongoing administrative requirements of the Company and assesses the services provided. The Board, based on the recent review of activities by the Management Engagement Committee, believes that the continuing appointment of F&C Management Limited as administrator remains in the best interests of the Company and its shareholders.

Share capital

As at 31 March and 23 June 2014 the issued share capital of the Company and the total voting rights were 213,243,793 ordinary shares of 10p each. Full details of changes to the Company's authorised and issued share capital during the year can be found in note 17 to the accounts.

At the last AGM, the Company was granted authority to make market purchases of up to 14.99% of its ordinary shares. During the year under review 2,285,000 ordinary shares were bought back and cancelled.

Substantial share interests

As at 23 June 2014, the Company had received notification of the following holdings of voting rights:

	Number of ordinary shares held	% held
Utilico Investments Limited	58,206,603	27.0
F&C Asset Management plc clients,	20,362,478	9.4
including Foreign & Colonial Investment Trust plc	15,411,661	7.1
Lazard Asset Management LLC	17,411,805	8.1
Investec Wealth & Investment Limited	14,912,744	6.9
Rathbone Stockbrokers	10,728,364	5.0

Corporate governance, socially responsible investment and voting

The Company's policy on corporate governance, socially responsible investment and voting is detailed in the business review section of the Strategic Report on page 19.

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

Greenhouse gas emissions

The Company has no full-time employees or property, it does not combust any fuel or operate any facility. The Company does not purchase electricity, heat, steam or cooling for its own use. Accordingly, the quantifiable amount of carbon dioxide equivalent produced by the Company annually is zero tonnes. All services are outsourced on a fee basis that is independent of any energy expended on its behalf and it is not practical for the Company to attempt to quantify emissions in respect of such proxy energy use.

Duration of the Company

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

Tender facility

At the Directors' discretion, the Company can operate a tender facility subject to certain limitations. The tender facility is not expected to be made available in circumstances where the annual compound growth rate of the Company's gross assets exceeds 10% or where the Company's performance exceeds the benchmark index by 15% or more in the relevant period.

The maximum number of ordinary shares which may be tendered pursuant to the tender facility in any financial year will be limited to 12.5% of the ordinary shares in issue at the commencement of the relevant financial year, with any excess tender requests being scaled back pro-rata.

The tender facility has not been operated to date.

Dividend reinvestment scheme

The Company currently operates a dividend reinvestment plan. Further details are available on the Company's website www.uem.bm if shareholders wish to participate.

Individual savings account (ISA)

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

Relations with shareholders

The Company welcomes the views of shareholders and places great importance on communication with shareholders.

The prime medium by which the Company communicates with shareholders is through the half-yearly and annual financial reports, which aim to provide shareholders with a full understanding of the Company's activities and its results. This information is supplemented by the calculation and publication, via the regulatory information service, of the net asset value of the Company's ordinary shares, the interim management statements and by monthly fact sheets produced by the Investment Manager.

There is a regular dialogue between the Investment Manager and institutional shareholders to discuss aspects of investment performance, governance and strategy and to listen to shareholder views in order to help develop an understanding of their issues and concerns. General presentations to institutional shareholders and analysts follow the publication of the annual results. All meetings between the Investment Manager and institutional and other shareholders are reported to the Board. The Chairman and other Directors are available to discuss any concerns with shareholders if required.

Shareholders can visit the Company's website: www.uem.bm in order to access copies of half-yearly and annual financial reports, interim management statements, Company factsheets and regulatory announcements.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting ('AGM') will be held on 16 September 2014.

The notice of the AGM and related notes can be found on pages 75 to 76. All resolutions are ordinary resolutions unless otherwise identified.

Resolution 1 is to confirm the minutes of the last general meeting.

Resolution 2 is for members to receive this annual financial report, including the Report of the Directors, financial statements and auditor's report.

Resolution 3 is to approve the Directors' Remuneration Report for the year ended 31 March 2014. It is mandatory for listed companies to put their Directors' Remuneration Report to an advisory shareholder vote. The Directors' Remuneration Report is set out on pages 40 to 42 of this annual financial report.

Resolution 4 is to approve the Directors' Remuneration Policy. This is a new requirement and the vote is binding. The Directors' Remuneration Policy is set out on page 40 of this annual financial report.

Resolutions 5 to 7 are to elect and re-elect Directors. Biographies of the Directors can be found on page 27.

Resolution 8 is to reappoint the auditor. KPMG LLP has expressed its willingness to continue to hold office until the conclusion of the next annual general meeting of the Company.

Resolution 9 is to authorise the Directors to determine the auditor's remuneration.

Special Business

Resolutions relating to the following items of special business will be proposed at the forthcoming AGM.

Resolution 10 Authority for the Company to purchase its own shares

The Directors' authority to buy back shares was renewed at last year's AGM and will expire at the end of the AGM in 2014.

The Directors are proposing to renew the authority at the forthcoming AGM, and are seeking authority to purchase in the market up to 31,965,240 ordinary shares (equivalent to approximately 14.99% of the issued ordinary shares as at the date of this report) as set out in Resolution 10 in the Notice of AGM. This authority, unless it is varied, revoked or renewed, will expire at the conclusion of the Company's AGM in 2015.

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

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

The Board intends to seek a renewal of such authority at subsequent AGMs.

Resolution 11 Disapplication of pre-emption rights

The Company's Bye-laws provide that, unless otherwise determined by a special resolution, the Company is not able to allot ordinary shares for cash without offering them to existing shareholders first in proportion to their shareholdings. Resolution 11 will grant the Company authority to dis-apply these pre-emption rights in respect of up to £2,132,437 of relevant securities in the Group (equivalent to 21,324,370 ordinary shares of 10p each, representing 10% of its ordinary shares in issue as at 23 June 2014). This will allow the Company flexibility to issue further ordinary shares for cash without conducting a rights issue or other pre-emptive offer in circumstances where the Directors believe it may be advantageous to shareholders to do so. Any such issues would only be made at prices greater than net asset value and would therefore increase the assets underlying each share. The issue proceeds would be available for investment in line with the Company's investment policy.

Resolution 11 is a Special Resolution and will require the approval of a 75% majority of votes cast in respect of it.

Recommendation

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

By order of the Board
ICM Limited, Secretary
23 June 2014

The Company's governance network

Responsibility for good governance lies with the Board. The Board is committed to maintaining high standards of corporate governance and is accountable to shareholders for the governance of the Company's affairs.

The governance framework of the Company reflects the fact that as an investment company it has no full-time employees and outsources investment management and company secretarial services to the Investment Manager and administration to the Administrator and other external service providers.

THE BOARD

Five non-executive directors (NEDs)

Chairman: Alexander Zagoreos

Key Objectives:
- to set strategy, values and standards;
- to provide leadership within a framework of prudent and effective controls which enable risk to be assessed and managed; and
- to constructively challenge and scrutinise performance of all outsourced activities.

AUDIT COMMITTEE

All NEDs, with the exception of Mrs Hansen

Chairman: Garry Madeiros

Key Objectives:
- to oversee the financial reporting and control environment.

MANAGEMENT ENGAGEMENT COMMITTEE

All NEDs, with the exception of Mrs Hansen

Chairman: Alexander Zagoreos

Key Objective:
- to review the performance of the Investment Manager and the Administrator; and
- to review other service providers.

NOMINATION COMMITTEE FUNCTION

The Board as a whole performs this function

Key Objectives:
- to regularly review the Board's structure and composition; and
- to consider any new appointments.

REMUNERATION COMMITTEE

All NEDs

Chairman: Kevin O'Connor

Key Objective:
- to set the remuneration policy for the Directors of the Company.

Introduction

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

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

Compliance with the AIC Code

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

- The role of the chief executive
- Executive directors' remuneration
- The need for an internal audit function
- Nomination of a senior independent director

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

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

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

The Company does not have a Nomination Committee.

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

Information on how the Company has applied the principles of the AIC Code and the UK Code is provided in the Report of the Directors as follows:

- The composition and operation of the Board and its committees is summarised on page 38.
- The Company's approach to internal control and risk management is summarised on pages 17 to 19 and page 33.
- The contractual arrangements with, and assessment of, the Investment Manager are summarised on page 34.
- The Company's capital structure and voting rights are summarised on page 35. The substantial shareholders in the Company are listed on page 35.
- Powers to issue or buy back the Company's shares, which are sought annually, and any amendments to the Company's Bye-laws require a special resolution to be passed by shareholders.

Details of how the Company communicates with its shareholders are included in the Report of the Directors, under "Relations with Shareholders" on page 36.

By order of the Board
ICM Limited
Company Secretary
23 June 2014

The Board is composed solely of non-executive Directors, none of whom has a service contract with the Company.

Full details of the Company's policy with regards to Directors' fees and fees paid during the year ended 31 March 2014 are shown below. There were no changes to the policy during the year.

Under company law, the auditor is required to audit certain disclosures provided. Where disclosures have been audited they are indicated as such. The auditor's report is contained on pages 47 and 48.

Remuneration Committee

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

The Remuneration Committee is responsible for reviewing and making recommendations to the Board in respect of the fees of Directors.

Statement by the Chairman

The Board's policy on remuneration is set out below.

Following a review, the fees payable to the Directors were increased with effect from 1 April 2013 from £27,500 to £28,500; the fees paid to the Chairman of the Audit Committee were increased from £35,000 to £36,500, with the fees paid to the Chairman of the Board increasing from £38,000 to £39,500. The fees were previously increased in April 2011.

Directors' Remuneration Policy

The Board, on the recommendation of its Remuneration Committee, considers the level of the Directors fees at least annually; it is the responsibility of the Board to determine the level of Directors' fees. The Company's Bye-laws limit the aggregate fees payable to the Board of Directors to a total of £200,000 per annum; the Directors' fees are used to purchase ordinary shares in the Company on behalf of the Chairman and other Directors. Within this limit, the Remuneration Committee reviews the Directors' fees in line with the Board's policy that the fees payable to Directors should reflect the time spent by them on the Company's affairs and should be sufficient to attract and retain individuals with suitable knowledge and experience. The fees should reflect the level of fees payable to non-executive directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company's affairs.

There are no service contracts with the Company and Directors are appointed under letters of appointment. Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in connection with the performance of their duties and attendance at board and general meetings and committee meetings. The Directors are not eligible for bonuses, pension benefits, share option or other incentives or benefits, nor for compensation for loss of office.

It is intended that this policy will continue for the three year period ending 31 March 2017. An ordinary resolution for the approval of this Directors' Remuneration Policy will be put to shareholders at the forthcoming AGM.

Directors' annual report on remuneration

During the year ended 31 March 2014, the Chairman of the Board received a fee of £39,500 per annum and the remaining Directors received a fee of £28,500 per annum. The Chairman of the Audit Committee received an additional £8,000 per annum.

The amounts paid to each Director are set out in the table below, which has been audited. These fees were for services to the Company solely in the capacity of non-executive Directors and have no performance related element.

Remuneration for qualifying services to the Company (audited)

Director	Shares purchased(1)	2014 Entitlement £'000(2)	Shares purchased(1)	2013 Entitlement £'000(2)
Alexander Zagoreos (Chairman)	**21,871**	**39.5**	22,278	38.0
Susan Hansen(3)	**7,953**	**14.9**	–	–
Garry Madeiros(4)	**20,210**	**36.5**	20,158	35.0
Anthony Muh	**15,780**	**28.5**	16,120	27.5
Kevin O'Connor	**15,780**	**28.5**	16,120	27.5
Totals		**147.9**		128.0

(1) All the shares were purchased in the market, as set out in note 1(j) on page 56.
(2) The Directors' entitlement to fees is calculated in arrears.
(3) Appointed 23 September 2013.
(4) Mr Madeiros' fee includes entitlement of £8,000 (2013, £7,500) for being Chairman of the Audit Committee.

Directors' interests and indemnification

There were no contracts of significance to which the Company was a party and in which a Director is, or was, materially interested during the year.

The Company has insurance in place which indemnifies the Directors against certain liabilities arising in carrying out their duties.

There are no agreements between the Company and its Directors concerning compensation for loss of office.

Directors' share interests

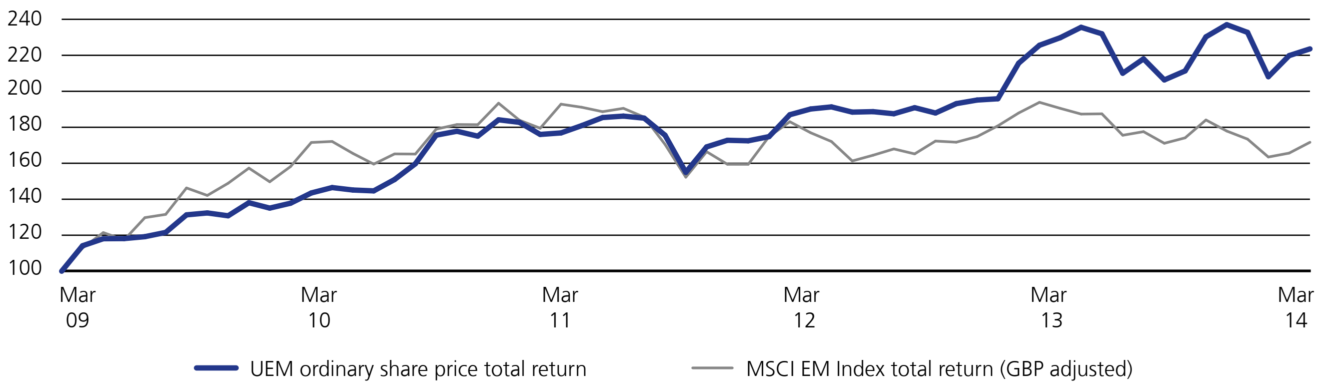
At 31 March	2014	2013
Alexander Zagoreos	**472,028**	450,502
Susan Hansen (appointed 23 Sept 2013)	**4,152**	–
Garry Madeiros	**196,182**	176,306
Anthony Muh	**52,879**	37,339
Kevin O'Connor	**501,752**	486,211

Since the year end, the Chairman and Directors have acquired further ordinary shares in the Company in respect of their fees for the quarter ended 31 March 2014: Mr Zagoreos, 5,268 shares; Mrs Hansen, 3,801 shares; Mr Madeiros, 4,868 shares; Mr Muh, 3,801 shares; and Mr O'Connor, 3,801 shares. Mr Madeiros sold 100,000 ordinary shares in the Company on 6 May 2014. No Director held any interest, beneficial or otherwise, in the issued shares of the Company other than as stated above.

Company performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Manager through the Investment Management Agreement, as referred to in the Report of the Directors on page 34. The graph below compares, for the five years ended 31 March 2014, the share price total return to ordinary shareholders (assuming all dividends are reinvested) compared to the MSCI Emerging Markets Index total return (GBP adjusted). An explanation of the performance of the Company for the year ended 31 March 2014 is given in the Chairman's Statement and Investment Manager's Report.

UEM share price total return
From 31 March 2009 to 31 March 2014 (rebased to 100 at 31 March 2009



Source: UEM

The MSCI Emerging Markets Index (total return) is shown because the objective of the Company is to provide long-term total return through investments predominantly in infrastructure, utility and related sectors, mainly in emerging markets.

Relative importance of spend on pay

The following table compares the remuneration paid to the Directors with aggregate distributions to shareholders in the year to 31 March 2014 and the prior year. This disclosure is a statutory requirement, however the Directors consider that comparison of Directors' remuneration with annual dividends does not provide a meaningful measure relative to the Company's overall performance as an investment company with an objective of providing shareholders with long-term total return.

	2014 £'000s	2013 £'000s	Change £'000s
Aggregate Directors' emoluments	148	128	20
Aggregate shareholder distributions	13,043	12,986	57

Voting at last Annual General Meeting

At the Company's last AGM, held on 23 September 2013, shareholders approved the Directors' Remuneration Report in respect of the year ended 31 March 2013. 99.99% of votes cast were in favour of the resolution, 0.01% were against and no votes were withheld.

An ordinary resolution for the approval of the Directors' annual report on remuneration will be put to shareholders at the forthcoming AGM.

On behalf of the Board
Alexander Zagoreos
Chairman
23 June 2014

The Audit Committee reviews and reports to the Board on the Company's financial reporting, risk management and internal control systems and the independence and effectiveness of the external auditor.

It is chaired by Garry Madeiros and the other members are Anthony Muh and Kevin O'Connor, being independent Directors on the Board. Alexander Zagoreos, the Chairman of the Company, also attends the meetings but he does not have a vote. It is considered that there is a range of recent and relevant financial experience amongst the members of the Audit Committee.

Audit Committee's activities

The Committee is responsible for a range of matters including:

- regular review of the portfolio, particularly of the unlisted investments;
- consideration of the half-year and annual financial statements prepared by the Investment Manager, the appropriateness of the accounting policies applied and any financial reporting judgements and key assumptions therein;
- monitoring developments in accounting and reporting requirements that impact on the Company's compliance with relevant statutory and listing requirements;
- consideration of the narrative elements of the annual financial report, including whether the annual financial report taken as a whole is fair, balanced and understandable and provides the necessary information for shareholders;
- evaluation of reports received from the auditor with respect to the annual financial statements and its review of the interim report and reports received from the Investment Manager and its associates and from the Administrator with respect to internal controls and risk and from the registrar with respect to the maintenance of the Company's share register;
- management of the relationship with the external auditor, including its appointment and the evaluation of scope, effectiveness, independence and objectivity of its audit;
- valuation of the effectiveness of the internal control and risk management systems including reports received on the operational controls of the Company's service providers; and
- making recommendations to the Board in relation any of the above matters.

The Committee provides a forum through which the auditor may report to the Board of Directors. The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor, with particular regard to non-audit fees. It is the Company's policy not to seek substantial non-audit services from its auditor, unless they relate to a review of the interim report or reporting on financial information in circulars or prospectuses, as the Board considers the auditor is best placed to provide these services. If the provision of significant non-audit services were to be considered, the Committee would consider whether the particular skills of the audit firm made it a suitable supplier of those services and that there was no threat to the objectivity and independence of the audit. Non-audit fees paid to KPMG during the year amounted to £4,000 for the year ended 31 March 2014 (2013: £4,000) and related to the review of the interim accounts; more details are included in note 4 to the accounts.

KPMG has been the auditor of the Company since 2012, following a competitive tender process.

The Audit Committee has considered the independence of the auditor and the objectivity of the audit process and is satisfied that KPMG LLP has fulfilled its obligations to shareholders as independent auditor to the Company.

The Audit Committee's activities are governed by detailed terms of reference which are reviewed on an annual basis, the last review being in June 2014. A copy of the terms of reference can be inspected on the Company's website at http://www.uem.bm/investor_relations/other_documents/

The Committee met three times during the year to review the contents of the half-yearly and annual reports to shareholders and the internal financial and non-financial controls and risk management framework. Representatives of the Investment Manager and the Administrator attended all meetings and the partner and manager of the audit team at KPMG attended two meetings to present their audit plan and then subsequently to report on the nature, scope and results of their audit at the meeting when the draft annual financial report was considered. Representatives of the Administrator's investment trust and internal audit departments also attended the Committee meetings at which the half-yearly and annual financial reports were considered in order to inform the Committee on internal control, risk and regulatory matters that might have a bearing on the Company's business.

The Committee meets in camera with the external auditor at least once annually.

The audit plan and timetable were presented by and agreed with the auditor in advance of the financial year end. Items of audit focus were discussed, agreed and given particular attention during the audit process. The auditor reported to the Committee on these items, amongst other matters. This report was considered by the Committee and discussed with the auditor and the Investment Manager prior to approval of the annual financial report.

Accounting matters and significant areas

The Audit Committee considered the appropriateness of the accounting policies at the meeting when it reviewed the annual financial statements and agreed with the auditor when discussing the audit plan the more significant accounting matters in relation to the Company's annual financial statements. For the year end the accounting matter that was subject to specific consideration by the Committee and consultation with the auditor where necessary was as follows:

SIGNIFICANT AREA	HOW ADDRESSED
Carrying value of the listed investments	Actively traded listed investments are valued using stock exchange prices provided by third party pricing vendors. The Audit Committee regularly reviews the portfolio, particularly the smaller investments, which otherwise might not have much focus by the Board. The Audit Committee reviews the annual internal control report produced by the Administrator, which is reported on by independent external accountants and which details the systems, processes and controls around the daily pricing of the securities. The auditor independently tests the pricing of the listed investments.

The above was satisfactorily addressed through consideration of reports provided by, and discussed with, the Investment Manager, the Administrator and the auditor. As a result, and following a thorough review process, the Audit Committee advised the Board that the 2014 annual financial report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Chairman of the Audit Committee will be present at the AGM to respond to any questions relating to the financial statements.

External audit, review of its effectiveness and auditor reappointment

The Audit Committee advises the Board on the appointment of the external auditor, its remuneration for audit and non-audit work and its cost effectiveness, independence and objectivity.

As part of the review of the effectiveness of the audit process, a formal evaluation process incorporating views from the members of the Committee and relevant personnel at the Investment Manager and Administrator is followed and feedback is provided to the auditor. Areas covered by this review include:

- the calibre of the audit firm, including reputation and industry presence;
- the extent of quality controls including review processes, partner oversight, and annual reports from its regulator;
- the performance of the audit team including skills of individuals, specialist knowledge, partner involvement, team member continuity, and quality and timeliness of audit planning and execution;
- audit communication including planning, relevant accounting and regulatory developments, approach to significant accounting risks, communication of audit results and recommendations on corporate reporting;
- ethical standards including independence and integrity of the audit team, lines of communication to the Committee and partner rotation; and
- audit fees reasonableness.

For the 2014 financial year, the Committee was satisfied that the audit process was effective.

Resolutions proposing the reappointment of KPMG LLP as the Company's auditor and authorising the Directors to determine its remuneration will be put to the shareholders at the forthcoming AGM.

The Committee also considers the effectiveness of the administration services provided by the Investment Manager and Administrator in the audit process, including the timely identification and resolution of areas of accounting judgement and implementation of new regulatory requirements, with input from the auditor and the Committee as appropriate; and the timely provision of the half year results announcement and the annual financial report for review by the auditor and the Committee. In this regard the Committee assessed the services provided by the Investment Manager and the Administrator to be good.

Audit information

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken steps that he or she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the UK Companies Act 2006.

Internal controls and risk management

The Company's risk assessment focus and the way in which significant risks are managed is a key area of focus for the Committee. Work here was driven by the Committee's assessment of the risks arising in the Company's operations and identification of the controls exercised by the Board and its delegates, the Investment Manager, the Administrator and other service providers. These are recorded in risk matrices which continue to serve as an effective tool to highlight and monitor the principal risks, details of which are provided in the business review section of the Strategic Report. It also received and considered, together with representatives of the Investment Manager, reports in relation to the operational controls of the Investment Manager, Administrator, Custodians and share registrar. These reviews identified no issues of significance.

Internal audit

Due to the nature of the Company, being an externally managed investment company with no executive employees, the Company does not have its own internal audit function.

Committee evaluation

The Committee's activities formed part of the review of Board effectiveness performed in the year. Details of this process can be found under 'Board, Committee and Directors' performance appraisal' on page 31.

Garry Madeiros
Chairman of the Audit Committee
23 June 2014

DIRECTORS' STATEMENT OF RESPONSIBILITIES

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

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

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

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

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, a Corporate Governance Statement, a Directors' Remuneration Report and a Report of the Directors that comply with that law and those regulations.

The Directors of the Company, whose names are shown on page 27 of this report, each confirm to the best of their knowledge that:

- the financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and net return of the Group and Company;
- the annual financial report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces; and
- they consider that the annual financial report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's performance, business model and strategy.

Approved by the Board on 23 June 2014 and signed on its behalf by:

Alexander Zagoreos
Chairman

ELECTRONIC PUBLICATION

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

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

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Utilico Emerging Markets Limited for the year ended 31 March 2014 which comprise the Group and Parent Company Income Statement, the Group and Parent Company Balance Sheet, the Group and Parent Company Statement of Changes in Equity, the Group and Parent Company Cash Flow Statement and the related notes. In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 March 2014 and of the loss of the Group and Parent Company for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risk of material misstatement that had the greatest effect on our audit was as follows:

Carrying amount of Listed Investments (£425m)

Refer to page 44 (Audit Committee Report), page 56 (accounting policy) and pages 61 to 62 (financial disclosures).

The risk: The Group's portfolio of listed investments makes up 97% of total Group assets (by value) and is considered to be the key driver of the Group's capital and revenue performance. We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgement, because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

Our response: Our procedures over the existence, completeness and valuation of the Group's portfolio of listed investments included, but were not limited to:

- documenting and assessing the processes in place to record investment transactions and to value the portfolio;
- agreeing the valuation of 100% of the investments to externally quoted prices; and
- agreeing 100% of the investment holdings to independently received third party confirmations.

3. Our application of materiality and an overview of the scope of our audit

The materiality for the financial statements as a whole was set at £6.57m. This has been determined with reference to a benchmark of Total Assets (of which it represents 1.5%). Total Assets, which is primarily composed of the Group's investment portfolio, is considered to be the key driver of the Group's capital and revenue performance and, as such, we consider it to be one of the principal considerations for members of the Company in assessing the financial performance of the Group.

In addition, we applied a materiality of £533,000 to a number of income statement items, including investment and other income, management and administration fees and other expenses for which we believe misstatements of lesser amounts than materiality as a whole could be reasonably expected to influence the economic decisions of the members of the Company taken on the basis of the financial statements.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £325,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our audit was undertaken to the materiality level specified above and was all performed at the office of the manager, ICM Limited, in Epsom, United Kingdom and at our offices in London, United Kingdom.

4. Our opinion on the Directors' Remuneration Report is unmodified

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

In our opinion the part of the Directors' Remuneration Report which we were engaged to audit has been properly prepared in accordance with SI 2008 No. 410 made under the UK Companies Act 2006, as if those requirements were to apply to the Company.

5. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the audit committee.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement on pages 38 and 39 relating to the Company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review. In addition to our audit of the financial statements, the Directors have engaged us to review certain other disclosures as if the Company were required to comply with the LIsting Rules applicable to companies incorporated in the UK. Under the terms of our engagement we are required to review the Directors' Statement, set out on page 33, in relation to going concern.

We have nothing to report in respect of the above responsibilities.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 46, the Directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors.

Scope of an audit of financial statements performed in accordance with ISAs (UK and Ireland)

A description of the scope of an audit of financial statements is provided on our website at www.kpmg.com/uk/auditscopeother2013. This report is made subject to important explanations regarding our responsibilities, as published on that website, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

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

Gareth Horner
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square London E14 5GL
23 June 2014

GROUP INCOME STATEMENT

Notes	for the year to 31 March	2014 Revenue return £'000s	2014 Capital return £'000s	2014 Total return £'000s	2013 Revenue return £'000s	2013 Capital return £'000s	2013 Total return £'000s
9	(Losses)/gains on investments	**–**	**(19,767)**	**(19,767)**	–	82,990	82,990
12	Losses on derivative instruments	**–**	**(5,821)**	**(5,821)**	–	(5,240)	(5,240)
	Exchange (losses)/gains	**(59)**	**(202)**	**(261)**	86	(55)	31
2	Investment and other income	**13,742**	**–**	**13,742**	13,945	–	13,945
	Total income	**13,683**	**(25,790)**	**(12,107)**	14,031	77,695	91,726
3	Management and administration fees	**(925)**	**(1,328)**	**(2,253)**	(853)	(10,927)	(11,780)
4	Other expenses	**(1,324)**	**(25)**	**(1,349)**	(1,081)	(25)	(1,106)
	Profit/(loss) before finance costs and taxation	**11,434**	**(27,143)**	**(15,709)**	12,097	66,743	78,840
5	Finance costs	**(197)**	**(461)**	**(658)**	(108)	(253)	(361)
	Profit/(loss) before taxation	**11,237**	**(27,604)**	**(16,367)**	11,989	66,490	78,479
6	Taxation	**(982)**	**1,683**	**701**	(789)	(287)	(1,076)
	Profit/(loss) for the year	**10,255**	**(25,921)**	**(15,666)**	11,200	66,203	77,403
7	**Earnings per ordinary share (basic) – pence**	**4.80**	**(12.13)**	**(7.33)**	5.20	30.71	35.91

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

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

All items in the above statement derive from continuing operations.

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

COMPANY INCOME STATEMENT

Notes	for the year to 31 March	2014 Revenue return £'000s	2014 Capital return £'000s	2014 Total return £'000s	2013 Revenue return £'000s	2013 Capital return £'000s	2013 Total return £'000s
9	(Losses)/gains on investments	–	(25,597)	(25,597)	–	77,664	77,664
	Exchange (losses)/gains	(63)	(211)	(274)	86	(14)	72
2	Investment and other income	13,667	–	13,667	13,945	–	13,945
	Total income	13,604	(25,808)	(12,204)	14,031	77,650	91,681
3	Management and administration fees	(925)	(1,328)	(2,253)	(853)	(10,927)	(11,780)
4	Other expenses	(1,227)	(25)	(1,252)	(1,036)	(25)	(1,061)
	Profit/(loss) before finance costs and taxation	11,452	(27,161)	(15,709)	12,142	66,698	78,840
5	Finance costs	(197)	(461)	(658)	(108)	(253)	(361)
	Profit/(loss) before taxation	11,255	(27,622)	(16,367)	12,034	66,445	78,479
6	Taxation	(982)	1,683	701	(789)	(287)	(1,076)
	Profit/(loss) for the year	10,273	(25,939)	(15,666)	11,245	66,158	77,403
7	**Earnings per ordinary share (basic) – pence**	4.80	(12.13)	(7.33)	5.22	30.69	35.91

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

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

All items in the above statement derive from continuing operations.

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

GROUP STATEMENT OF CHANGES IN EQUITY

for the year to 31 March 2014

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Other non-distributable reserve £'000s	Retained earnings Capital reserves £'000s	Retained earnings Revenue reserve £'000s	Total £'000s
	Balance at 31 March 2013	21,553	7,510	204,587	11,093	196,325	1,819	442,887
	(Loss)/profit for the year	–	–	–	–	(25,921)	10,255	(15,666)
8	Ordinary dividends paid	–	–	–	–	(3,287)	(9,756)	(13,043)
	Shares purchased by the Company	(229)	(3,714)	–	–	–	–	(3,943)
	Balance at 31 March 2014	**21,324**	**3,796**	**204,587**	**11,093**	**167,117**	**2,318**	**410,235**

for the year to 31 March 2013

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

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year to 31 March 2014

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Other non-distributable reserve £'000s	Retained earnings Capital reserves £'000s	Retained earnings Revenue reserve £'000s	Total £'000s
	Balance at 31 March 2013	21,553	7,510	204,587	11,093	196,114	2,030	442,887
	(Loss)/profit for the year	–	–	–	–	(25,939)	10,273	(15,666)
8	Ordinary dividends paid	–	–	–	–	(3,287)	(9,756)	(13,043)
	Shares purchased by the Company	(229)	(3,714)	–	–	–	–	(3,943)
	Balance at 31 March 2014	**21,324**	**3,796**	**204,587**	**11,093**	**166,888**	**2,547**	**410,235**

for the year to 31 March 2013

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

BALANCE SHEET

Notes	at 31 March	GROUP 2014 £'000s	GROUP 2013 £'000s	COMPANY 2014 £'000s	COMPANY 2013 £'000s
	Non-current assets				
9	Investments	**433,955**	455,901	**436,724**	460,948
	Current assets				
11	Other receivables	**880**	2,105	**879**	2,103
12	Derivative financial instruments	**1,857**	4,702	**–**	–
	Cash and cash equivalents	**1,574**	2,798	**489**	2,430
		4,311	9,605	**1,368**	4,533
	Current liabilities				
13	Bank loans	**(23,132)**	(9,228)	**(23,132)**	(9,228)
14	Other payables	**(3,916)**	(10,723)	**(3,742)**	(10,698)
		(27,048)	(19,951)	**(26,874)**	(19,926)
	Net current liabilities	**(22,737)**	(10,346)	**(25,506)**	(15,393)
	Total assets less current liabilities	**411,218**	445,555	**411,218**	445,555
	Non-current liabilities				
15	Deferred tax	**(983)**	(2,668)	**(983)**	(2,668)
	Net assets	**410,235**	442,887	**410,235**	442,887
	Equity attributable to equity holders				
17	Ordinary share capital	**21,324**	21,553	**21,324**	21,553
18	Share premium account	**3,796**	7,510	**3,796**	7,510
19	Special reserve	**204,587**	204,587	**204,587**	204,587
20	Other non-distributable reserve	**11,093**	11,093	**11,093**	11,093
21	Capital reserves	**167,117**	196,325	**166,888**	196,114
21	Revenue reserve	**2,318**	1,819	**2,547**	2,030
	Total attributable to equity holders	**410,235**	442,887	**410,235**	442,887
22	**Net asset value per ordinary share**				
	Basic – pence	**192.38**	205.49	**192.38**	205.49

Approved by the Board on 23 June 2014 and signed on its behalf by

Alexander Zagoreos
Chairman

Garry Madeiros
Director

STATEMENT OF CASH FLOWS

Notes	for the year to 31 March	GROUP 2014 £'000s	GROUP 2013 £'000s	COMPANY 2014 £'000s	COMPANY 2013 £'000s
23	Cash flows from operating activities	**(665)**	15,341	**(661)**	7,968
	Investing activities:				
	Purchases of investments	**(101,081)**	(95,099)	**(104,773)**	(95,150)
	Sales of investments	**104,628**	97,240	**104,628**	99,384
	Purchases of derivatives	**(8,725)**	(32,111)	**–**	–
	Sales of derivatives	**5,749**	27,080	**–**	–
	Cash flows from investing activities	**571**	(2,890)	**(145)**	4,234
	Cash flows before financing activities	**(94)**	12,451	**(806)**	12,202
	Financing activities:				
	Ordinary dividends paid	**(13,043)**	(12,986)	**(13,043)**	(12,986)
	Movements from loans	**14,215**	4,634	**14,215**	4,634
	Cost of ordinary shares purchased	**(3,942)**	–	**(3,942)**	–
	Cash flows from financing activities	**(2,770)**	(8,352)	**(2,770)**	(8,352)
	Net movement in cash and cash equivalents	**(2,864)**	4,099	**(3,576)**	3,850
	Cash and cash equivalents at the beginning of the year	**2,569**	(1,773)	**2,201**	(1,934)
	Effect of movement in foreign exchange	**(580)**	243	**(585)**	285
	Cash and cash equivalents at the end of the year	**(875)**	2,569	**(1,960)**	2,201
	Comprised of:				
	Cash	**1,574**	2,798	**489**	2,430
	Bank overdraft	**(2,449)**	(229)	**(2,449)**	(229)
	Total	**(875)**	2,569	**(1,960)**	2,201

1. ACCOUNTING POLICIES

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

The consolidated accounts for the year ended 31 March 2014 comprise the results of the Company, its subsidiary, Utilico Emerging Markets (Mauritius) and of the segregated account underlying the 'B' shares of Global Equity Risk Protection Limited ("GERP"), a special purpose entity ("SPE") incorporated in Bermuda (together referred to as the "Group"). Details of Utilico Emerging Markets (Mauritius) and GERP are included in note 10 to the accounts. The SPE has a reporting year end of 30 June which is non-concurrent with that of UEM. GERP's financial results included within the consolidated accounts are those for the year to 31 March 2014.

(a) Basis of accounting

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

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

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

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

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

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2014 and have not been applied in preparing these consolidated accounts. None of these are expected to have a significant effect on the consolidated accounts of the Company except for IFRS 9 'Financial Instruments'. IFRS 9 'Financial Instruments' could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined. IFRS 9 'Financial Instruments' has not yet been adopted by the EU.

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

(b) Basis of consolidation

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

(c) Financial instruments

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

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

1. ACCOUNTING POLICIES (CONTINUED)

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

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

(d) Valuation of investments and derivative instruments

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

(e) Cash and cash equivalents

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

(f) Debt Instruments

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

(g) Foreign currency

The functional and reporting currency is pounds sterling because that is the currency of the primary economic environment in which the Company operates. Foreign currency assets and liabilities are expressed in sterling at rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated at the rates of exchange ruling at the dates of those transactions. Exchange profits and losses on currency balances are credited or charged to the Income Statement 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 Income Statement (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 Income Statement. Any excess in the value of the shares received over the amount of the cash dividend foregone is allocated as capital in the Income Statement. 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 Income Statement 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.

(j) Directors' fees

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

1. ACCOUNTING POLICIES (CONTINUED)

(k) Finance costs

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

(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 Income Statement as capital returns and transferred to capital reserves:

Capital reserve – arising on investments sold

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

Capital reserve – arising on investments held

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

2. INVESTMENT AND OTHER INCOME

Group	Revenue £'000s	Capital £'000s	2014 Total £'000s	Revenue £'000s	Capital £'000s	2013 Total £'000s
Investment income:						
Overseas dividends	**12,259**	**–**	**12,259**	11,602	–	11,602
Overseas and UK interest	**1,482**	**–**	**1,482**	2,332	–	2,332
	13,741	**–**	**13,741**	13,934	–	13,934
Other income						
Interest on cash and short-term deposits	**1**	**–**	**1**	11	–	11
Total income	**13,742**	**–**	**13,742**	13,945	–	13,945

Company	Revenue £'000s	Capital £'000s	2014 Total £'000s	Revenue £'000s	Capital £'000s	2013 Total £'000s
Investment income:						
Overseas dividends	**12,184**	**–**	**12,184**	11,602	–	11,602
Overseas and UK interest	**1,482**	**–**	**1,482**	2,332	–	2,332
	13,666	**–**	**13,666**	13,934	–	13,934
Other income						
Interest on cash and short-term deposits	**1**	**–**	**1**	11	–	11
Total income	**13,667**	**–**	**13,667**	13,945	–	13,945

NOTES TO THE ACCOUNTS (continued)

3. MANAGEMENT AND ADMINISTRATION FEES

Group and Company	**Revenue £'000s**	**Capital £'000s**	**2014 Total £'000s**	Revenue £'000s	Capital £'000s	2013 Total £'000s
Payable to:						
ICM Limited ("ICM") – management fee	**662**	**1,544**	**2,206**	599	1,396	1,995
ICM – secretarial fees	**53**	**–**	**53**	44	–	44
ICM – performance fee in respect of relevant year	**–**	**–**	**–**	–	9,531	9,531
– performance fee adjustment in respect of prior period	**–**	**(216)**	**(216)**	–	–	–
F&C Management Limited – administration fee	**210**	**–**	**210**	210	–	210
	925	**1,328**	**2,253**	853	10,927	11,780

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

Included within the management fees of £2,206,000 (2013: £1,995,000) paid to ICM is £46,000 (2012: £79,000) salary and PAYE costs relating to employees of the Company. These costs were deducted from the management fee payable by the Company to ICM. The average number of employees of the Company in the year was five.

In addition, ICM is entitled to a performance fee payable in respect of each financial period, equal to 15% of the amount of any outperformance in that period by equity funds attributable to shareholders of the post-tax yield on the FTSE Actuaries Government Securities UK Gilt 5 to 10 years Index, plus inflation (on the RPIX basis), plus two per cent. No performance fee is payable for the year ended 31 March 2014 as the total return for the year did not exceed the UEM performance benchmark of 6.5%.

When applicable, half of the performance fee is payable in cash and half in ordinary shares of the Company ("Performance Shares"), based on the diluted NAV per ordinary share at the year end. ICM will purchase the Performance Shares in the market at a price equal to or below the fully diluted Net Asset Value per ordinary share at the time of purchase. If ICM is unable to purchase some or all of the Performance Shares in the market at or below the Net Asset Value per ordinary share, the Company will issue to ICM, shares at Net Asset Value equivalent to any shortfall. The full performance fee is payable to ICM as soon as practicable following the year end date in order to reduce the risk to the Company of material movements in the price of ordinary shares between the year end date and the date of payment. Any subsequent adjustment to the fee arising out of the audit process will be paid to or recouped from ICM in cash within 7 days of the publication of the Report and Accounts. Under the terms of the performance fee agreement, no future performance fee is payable until the net asset value exceeds the high watermark established at the last payment of the performance fee at 31 March 2013. The high watermark was 205.84p at 31 March 2013.

ICM was paid a performance fee in respect of the year ended 31 March 2013 of £9,531,000. Of this ICM received £4,798,000 in cash and 2,305,419 shares were purchased in the market at a cost to the Company of £4,517,000. The saving arising on buying the shares at a discount in the market was £216,000. This saving has been recognised in the year ended 31 March 2014.

With effect from 1 April 2014 the fees payable under the Investment Management Agreement with ICM have been amended. The management fee has been changed to 0.65% of net assets and the hurdle to the calculation determining whether a performance fee is payable has been set at the higher of the existing hurdle and 8%. The maximum amount of a performance fee payable in respect of any financial year will be 1.85% of the average net assets of the Company and any performance fee in excess of this cap will be written off.

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

4. OTHER EXPENSES

Group	Revenue £'000s	Capital £'000s	2014 Total £'000s	Revenue £'000s	Capital £'000s	2013 Total £'000s
Auditor's remuneration:						
for audit services	**41**	**–**	**41**	40	–	40
for other services*	**4**	**–**	**4**	4	–	4
Custody fees	**282**	**–**	**282**	241	–	241
Directors' fees for services to the Company (see Directors' Remuneration Report on pages 40 to 42)	**148**	**–**	**148**	128	–	128
Directors' travel expenses	**187**	**–**	**187**	156	–	156
Other travel costs	**143**	**–**	**143**	71	–	71
Professional fees	**71**	**–**	**71**	46	–	46
Sundry expenses	**448**	**25**	**423**	395	25	420
	1,324	**25**	**1,349**	1,081	25	1,106

Company	Revenue £'000s	Capital £'000s	2014 Total £'000s	Revenue £'000s	Capital £'000s	2013 Total £'000s
Auditor's remuneration:						
for audit services	**30**	**–**	**30**	30	–	30
for other services*	**4**	**–**	**4**	4	–	4
Custody fees	**282**	**–**	**282**	241	–	241
Directors' fees for services to the Company (see Directors' Remuneration Report on pages 40 to 42)	**148**	**–**	**148**	128	–	128
Directors' travel expenses	**187**	**–**	**187**	156	–	156
Other travel costs	**143**	**–**	**143**	71	–	71
Professional fees	**71**	**–**	**71**	46	–	46
Sundry expenses	**362**	**25**	**387**	360	25	385
	1,227	**25**	**1,252**	1,036	25	1,061

* Total Auditor's remuneration for other services amounts to £4,000 and was for reviewing the interim accounts (2013: £4,000 for reviewing the interim accounts).

5. FINANCE COSTS

Group and Company	Revenue £'000s	Capital £'000s	2014 Total £'000s	Revenue £'000s	Capital £'000s	2013 Total £'000s
On loans and bank overdrafts	**197**	**461**	**658**	108	253	361

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

6. TAXATION

Group and Company	Revenue £'000s	Capital £'000s	2014 Total £'000s	Revenue £'000s	Capital £'000s	2013 Total £'000s
Overseas taxation	**982**	**–**	**982**	789	–	789
Brazilian capital gains tax on sale of overseas investments	**–**	**2**	**2**	–	27	27
Total current taxation	**982**	**2**	**984**	789	27	816
Deferred tax (see note 15)	**–**	**(1,685)**	**(1,685)**	–	260	260
	982	**(1,683)**	**(701)**	789	287	1,076

Profits for the year are subject to nil rate Bermuda tax.

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

7. EARNINGS PER ORDINARY SHARE

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

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

		Group		Company
	2014 £'000s	2013 £'000s	**2014 £'000s**	2013 £'000s
Revenue	**10,255**	11,200	**10,273**	11,245
Capital	**(25,921)**	66,203	**(25,939)**	66,158
Total	**(15,666)**	77,403	**(15,666)**	77,403
Weighted average number of shares in issue during the period for basic earnings per share calculations	**213,811,752**	215,528,793	**213,811,752**	215,528,793

8. DIVIDENDS

Group and Company	Record date	Payment date	Revenue £'000s	Capital £'000s	2014 £'000s	Revenue £'000s	Capital £'000s	2013 £'000s
2012 Final of 1.75p	22 Jun 2012	06 Jul 2012	**–**	**–**	**–**	2,421	1,351	3,772
2013 First quarterly interim of 1.375p	24 Aug 2012	07 Sep 2012	**–**	**–**	**–**	2,963	–	2,963
2013 Second quarterly interim of 1.375p	30 Nov 2012	14 Dec 2012	**–**	**–**	**–**	2,964	–	2,964
2013 Third quarterly interim of 1.525p	15 Feb 2013	12 Mar 2013	**–**	**–**	**–**	3,287	–	3,287
2013 Fourth quarterly interim of 1.525p	17 May 2013	05 Jun 2013	**–**	**3,287**	**3,287**	–	–	–
2014 First quarterly interim of 1.525p	09 Aug 2013	05 Sep 2013	**3,252**	**–**	**3,252**	–	–	–
2014 Second quarterly interim of 1.525p	29 Nov 2013	13 Dec 2013	**3,252**	**–**	**3,252**	–	–	–
2014 Third quarterly interim of 1.525p	14 Feb 2014	03 Mar 2014	**3,252**	**–**	**3,252**	–	–	–
			9,756	**3,287**	**13,043**	11,635	1,351	12,986

The Directors have paid a fourth quarterly dividend in respect of the year ended 31 March 2014 of 1.525p per ordinary share on 6 June 2014 to shareholders on the register at close of business on 23 May 2014. The total cost of the dividend, which has not been accrued in the results for the year to 31 March 2014, was £3,252,000.

9. INVESTMENTS

Group	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2014 Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2013 Total £'000s
Investments brought forward								
Cost	**262,249**	**–**	**40,608**	**302,857**	273,489	–	17,644	291,133
Gains/(losses)	**183,770**	**–**	**(30,726)**	**153,044**	94,210	–	(11,174)	83,036
Valuation	**446,019**	**–**	**9,882**	**455,901**	367,699	–	6,470	374,169
Movements in the year:								
Purchases at cost	**101,930**	**–**	**–**	**101,930**	88,420	–	2,299	90,719
Transfer to level 3*	**–**	**–**	**–**	**–**	(2,103)	–	2,103	–
Sales proceeds	**(103,910)**	**–**	**(199)**	**(104,109)**	(91,675)	–	(302)	(91,977)
Gains/(losses) on investments sold in the year	**7,971**	**–**	**(9,884)**	**(1,913)**	14,778	–	(1,796)	12,982
(Losses)/gains on investments held at year end	**(27,229)**	**–**	**9,375**	**(17,854)**	68,900	–	1,108	70,008
Valuation at 31 March	**424,781**	**–**	**9,174**	**433,955**	446,019	–	9,882	455,901
Analysed at 31 March								
Cost	**268,240**	**–**	**30,525**	**298,765**	262,249	–	40,608	302,857
Gains/(losses)	**156,541**	**–**	**(21,351)**	**135,190**	183,770	–	(30,726)	153,044
Valuation	**424,781**	**–**	**9,174**	**433,955**	446,019	–	9,882	455,901

Company	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2014 Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2013 Total £'000s
Investments brought forward								
Cost	**262,249**	**29,237**	**40,608**	**332,094**	273,489	31,286	17,644	322,419
Gains/(losses)	**183,770**	**(24,190)**	**(30,726)**	**128,854**	94,210	(18,819)	(11,174)	64,217
Valuation	**446,019**	**5,047**	**9,882**	**460,948**	367,699	12,467	6,470	386,636
Movements in the year:								
Purchases at cost	**97,459**	**8,023**	**–**	**105,482**	88,167	5,218	2,299	95,684
Transfer to level 3*	**–**	**–**	**–**	**–**	(2,103)	–	2,103	–
Sales proceeds	**(103,910)**	**–**	**(199)**	**(104,109)**	(91,467)	(7,267)	(302)	(99,036)
Gains/(losses) on investments sold in the year	**7,971**	**–**	**(9,884)**	**(1,913)**	14,823	–	(1,796)	13,027
(Losses)/gains on investments held at year end	**(27,235)**	**(5,824)**	**9,375**	**(23,684)**	68,900	(5,371)	1,108	64,637
Valuation at 31 March	**420,304**	**7,246**	**9,174**	**436,724**	446,019	5,047	9,882	460,948
Analysed at 31 March								
Cost	**263,769**	**37,260**	**30,525**	**331,554**	262,249	29,237	40,608	332,094
Gains/(losses)	**156,535**	**(30,014)**	**(21,351)**	**105,170**	183,770	(24,190)	(30,726)	128,854
Valuation	**420,304**	**7,246**	**9,174**	**436,724**	446,019	5,047	9,882	460,948

* Transfer due to delisting of investee company.

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

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

Level 3 includes investments in private companies or securities.

9. INVESTMENTS (CONTINUED)

Gains on investments held at fair value	Group 2014 £'000s	Group 2013 £'000s	Company 2014 £'000s	Company 2013 £'000s
Gains on investments sold	**(1,913)**	12,982	**(1,913)**	13,027
Gains on investments held	**(17,854)**	70,008	**(23,684)**	64,637
Total gains on investments	**(19,767)**	82,990	**(25,597)**	77,664

Associated undertakings

The Company had the following associated undertaking at 31 March 2014:

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

	€'000s
Income from associate undertaking included in the revenue account of the Group	–
Value of interest in associated undertakings included in the balance sheet of the Group	2,242
Gross assets	74,532(1)
Gross liabilities	21,233(1)
Gross revenues	2,752(1)
Net loss before tax	(135)(1)
Share of losses before tax	(36)(1)
Share of taxation charge	(16)(1)
Share of retained loss	(52)(1)
Share of net assets	14,225(1)

(1) Based on the latest published accounts of East Balkan Properties plc for the year to 31 December 2013.

Transactions with associated undertakings

East Balkan Properties plc

There were no transactions in the year.

Significant interests

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

Company	Country of registration and incorporation	Class of instruments held	2014 % of class of instruments held	2013 % of class of instruments held
APT Satellite Holdings Limited	Hong Kong	Ordinary shares	**3.3**	1.1
Eastern Water Resources Development and Management PCL	Thailand	Ordinary shares	**8.0**	9.0
MyEg Services Berhad	Malaysia	Ordinary shares	**7.9**	8.5
Ocean Wilsons Holdings Limited	Bermuda	Ordinary shares	**7.0**	7.0

10. SUBSIDIARY UNDERTAKING AND SPECIAL PURPOSE ENTITY

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

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

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

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

11. OTHER RECEIVABLES

	Group		Company	
	2014 £'000s	2013 £'000s	**2014 £'000s**	2013 £'000s
Sales for future settlement	**–**	518	**–**	518
Margin accounts	**1**	2	**–**	–
Accrued income	**798**	1,480	**798**	1,480
Prepayments and other debtors	**81**	105	**81**	105
	880	2,105	**879**	2,103

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

12. DERIVATIVE FINANCIAL INSTRUMENTS

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

			2014			2013
Group	**Current assets £'000s**	**Current liabilities £'000s**	**Net current assets/ (liabilities) £'000s**	Current assets £'000s	Current liabilities £'000s	Net current assets/ (liabilities) £'000s
Market options – USD	**1,857**	**–**	**1,857**	4,702	–	4,702

Changes in derivatives

Group	**2014 £'000s**	2013 £'000s
Valuation brought forward	**4,702**	4,911
Purchases	**8,725**	32,111
Settlements	**(5,749)**	(27,080)
Losses	**(5,821)**	(5,240)
Valuation at 31 March	**1,857**	4,702

13. BANK LOANS – CURRENT LIABILITY

Group and Company	**2014 £'000s**	2013 £'000s
€5.0million repayable April 2014	**4,133**	4,228
£14.5 million repayable April 2014	**14,500**	5,000
USD 7.5 million repayable April 2014	**4,499**	–
	23,132	9,228

The Company has a committed senior secured multicurrency revolving facility of £50,000,000 with Scotiabank Europe PLC, secured over the Company's assets, expiring on 30 April 2014 (2013: same). Commissions are charged on any undrawn amounts at commercial rates. The terms of the loan facility, including those related to accelerated repayment and costs of repayment, are typical of those normally found in facilities of this nature. Since the year end, the facility with Scotiabank Europe PLC has been extended to 30 April 2016 on substantially the same terms.

14. OTHER PAYABLES

	Group		Company	
	2014 £'000s	2013 £'000s	**2014 £'000s**	2013 £'000s
Purchases for future settlement	**566**	128	**432**	128
Bank overdraft	**2,449**	229	**2,449**	229
Accrued finance costs	**41**	46	**41**	46
Accrued expenses	**860**	10,320	**820**	10,295
	3,916	10,723	**3,742**	10,698

15. DEFERRED TAX

Group and Company	**2014 £'000s**	2013 £'000s
Balance brought forward	**2,668**	2,408
(Decrease)/increase in provision for Brazilian tax on capital gains	**(1,685)**	260
Balance carried forward	**983**	2,668

Provision is made for deferred tax in respect of capital gains tax on chargeable investment holding gains in Brazil, at a rate of 15% (2013: same).

16. 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.

17. ORDINARY SHARE CAPITAL

	Authorised Number	£'000s
Equity share capital		
Ordinary shares of 10p each		
Authorised	1,350,010,000	135,001

	Total shares in issue Number	**2014 Total shares in issue £'000s**	Total shares in issue Number	2013 Total shares in issue £'000s
Balance brought forward	**215,528,793**	**21,553**	215,528,793	21,553
Shares purchased by the Company	**(2,285,000)**	**(229)**	–	–
Balance at 31 March	**213,243,793**	**21,324**	215,528,793	21,553

Since the year end no ordinary shares have been purchased.

18. SHARE PREMIUM ACCOUNT

Group and Company	**2014 £'000s**	2013 £'000s
Balance brought forward	**7,510**	7,510
Purchase of ordinary shares	**(3,714)**	–
Balance carried forward	**3,796**	7,510

This reserve arose on the issue of share capital, and may be used under Bermuda law to purchase the Company's own shares.

19. SPECIAL RESERVE

Group and Company	**2014 £'000s**	2013 £'000s
Balance brought forward and carried forward	**204,587**	204,587

20. OTHER NON-DISTRIBUTABLE RESERVE

Group and Company	**2014 £'000s**	2013 £'000s
Balance brought forward and carried forward	**11,093**	11,093

21. OTHER RESERVES

2014 **Group**	**Capital reserve (arising on investments sold) £'000s**	**Capital reserve (arising on investments held) £'000s**	**Capital reserves total £'000s**	**Revenue reserve £'000s**
Losses on investments sold	**(1,913)**	**–**	**(1,913)**	**–**
Losses on investments held	**–**	**(17,854)**	**(17,854)**	**–**
Losses on derivative financial instruments sold	**(11,261)**	**–**	**(11,261)**	**–**
Gains on derivative financial instruments held	**–**	**5,440**	**5,440**	**–**
Exchange losses	**(202)**	**–**	**(202)**	**–**
Management fee (see note 3)	**(1,544)**	**–**	**(1,544)**	**–**
Performance fee (see note 3)	**216**	**–**	**216**	**–**
Finance costs (see note 5)	**(461)**	**–**	**(461)**	**–**
Other capital charges	**(25)**	**–**	**(25)**	**–**
Taxation (see note 6)	**1,683**	**–**	**1,683**	**–**
Revenue profit for the year	**–**	**–**	**–**	**10,255**
Total (loss)/profit in current year	**(13,507)**	**(12,414)**	**(25,921)**	**10,255**
Dividends paid in the year	**(3,287)**	**–**	**(3,287)**	**(9,756)**
Balance at 31 March 2013	**50,955**	**145,370**	**196,325**	**1,819**
Balance at 31 March 2014	**34,161**	**132,956**	**167,117**	**2,318**

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

21. OTHER RESERVES (CONTINUED)

2014

Company	**Capital reserve (arising on investments sold) £'000s**	**Capital reserve (arising on investments held) £'000s**	**Capital reserves total £'000s**	**Revenue reserve £'000s**
Losses on investments sold	**(1,913)**	**–**	**(1,913)**	**–**
Losses on investments held	**–**	**(23,684)**	**(23,684)**	**–**
Exchange losses	**(211)**	**–**	**(211)**	**–**
Management fee (see note 3)	**(1,544)**	**–**	**(1,544)**	**–**
Performance fee (see note 3)	**216**	**–**	**216**	**–**
Finance costs (see note 5)	**(461)**	**–**	**(461)**	**–**
Other capital charges	**(25)**	**–**	**(25)**	**–**
Taxation (see note 6)	**1,683**	**–**	**1,683**	**–**
Revenue profit for the year	**–**	**–**	**–**	**10,273**
Total (loss)/profit in current year	**(2,255)**	**(23,684)**	**(25,939)**	**10,273**
Dividends paid in the year	**(3,287)**	**–**	**(3,287)**	**(9,756)**
Balance at 31 March 2013	**67,260**	**128,854**	**196,114**	**2,030**
Balance at 31 March 2014	**61,718**	**105,170**	**166,888**	**2,547**

2013

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

Group and Company

Included within the capital reserve movement for the year is £328,000 (2013: £2,090,000) of dividend receipts recognised as capital in nature, £331,000 (2013: £187,000) of transaction costs of purchases of investments and £272,000 (2013: £214,000) of transaction costs on sale of investments.

22. NET ASSET VALUE PER ORDINARY SHARE

Group and Company

Net asset value per ordinary share is based on net assets at the year end of £410,235,000 (2013: £442,887,000) and on 213,243,793 (2013: 215,528,793) ordinary shares in issue at the year end.

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

	Group		Company	
	2014 £'000s	2013 £'000s	**2014 £'000s**	2013 £'000s
Profit before taxation	**(16,367)**	78,479	**(16,367)**	78,479
Adjust for non-cash flow items:				
Losses/(gains) on investments	**19,767**	(82,990)	**25,597**	(77,664)
Losses on derivative financial instruments	**5,821**	5,240	**–**	–
Exchange losses/(gains)	**261**	(31)	**274**	(72)
Effective yield	**(402)**	(1,319)	**(402)**	(1,319)
Decrease/(increase) in accrued income	**693**	(168)	**693**	(168)
(Decrease)/increase in creditors	**(9,413)**	9,604	**(9,430)**	9,605
Increase in other debtors	**(29)**	(26)	**(29)**	(26)
Tax on overseas income	**(993)**	(841)	**(993)**	(841)
	15,705	(70,531)	**15,710**	(70,485)
Adjust for cash flow items not within Income Statement:				
Taxation on capital gains	**(4)**	(26)	**(4)**	(26)
Cash flows on margin accounts	**1**	7,419	**–**	–
	(3)	7,393	**(4)**	(26)
Net cash flows from operating activities	**(665)**	15,341	**(661)**	7,968

24. RELATED PARTY TRANSACTIONS

Mrs Hansen was appointed as a Director of the Company on 23 September 2013.

During the year the Company made payments to GERP, its special purpose entity, of £3.0m (2013: made payments of £4.9m and received £7.3m) in settlement of investment transactions. The Company made payments to Utilico Emerging Markets (Mauritius), its subsidiary, of £5.0m (2013: £0.3m) for the settlement of the issue of ordinary shares.

On consolidation, transactions between the Company, its special purpose entity and its subsidiary have been eliminated. The following are considered related parties of the Group: the associate of the Group set out under note 9, being East Balkan Properties plc (2013: same); the Board of UEM and the Investment Manager, ICM.

There were no transactions between the above associate and the Company other than investments in the ordinary course of UEM's business. As detailed in the Directors' Remuneration Report on page 42, the Board received aggregate remuneration of £148,000 (2013: £128,000) included within "Other expenses" for services as Directors. At the year end £40,000 (2013: £32,000) remained outstanding to the Directors. In addition to their fees, the Directors received dividends totalling £73,000 (2013: £67,000) during the year under review in respect of their shareholdings in the Company. There were no further transactions with the Board during the year.

As detailed in Note 3, the investment management and performance fees were adjusted with effect from 1 April 2014.

There were no transactions with ICM or ICM Investment Research Limited, a wholly owned subsidiary of ICM, other than investment management, secretarial costs and performance fees as set out in note 3 and above, and reimbursed expenses included within note 4 of £195,000 (2013: £174,000). At the year end £538,000 (2013: £10,048,000) remained outstanding to ICM.

25. FINANCIAL RISK MANAGEMENT

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

(a) Market risks

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

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:

	2014	**Average**	2013
BRL – Brazilian Real	**3.7619**	**3.5738**	3.0617
CNY – Chinese Yuan	**10.3663**	**9.7489**	9.4361
MYR – Malaysian Ringgit	**5.4441**	**5.1088**	4.7019
PHP – Philippine Peso	**74.7633**	**69.2046**	61.9680
THB – Thai Baht	**54.0824**	**50.0789**	44.4678
USD – United States Dollar	**1.6672**	**1.5906**	1.5185

25. 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:

2014	**BRL £'000s**	**CNY £'000s**	**GBP £'000s**	**MYR £'000s**	**PHP £'000s**	**THB £'000s**	**USD £'000s**	**Other £'000s**	**Total £'000s**
Other receivables	**272**	**–**	**130**	**–**	**–**	**–**	**–**	**478**	**880**
Derivative financial instruments – assets	**–**	**–**	**–**	**–**	**–**	**–**	**52,785**	**–**	**52,785**
Cash and cash equivalents	**–**	**197**	**1**	**–**	**–**	**1**	**358**	**1,017**	**1,574**
Short term loans	**–**	**–**	**(14,500)**	**–**	**–**	**–**	**(4,499)**	**(4,133)**	**(23,132)**
Other payables	**(207)**	**–**	**(871)**	**–**	**–**	**–**	**(2,452)**	**(386)**	**(3,916)**
Net monetary assets/(liabilities)	**65**	**197**	**(15,240)**	**–**	**–**	**1**	**46,192**	**(3,024)**	**28,191**
Investments	**67,697**	**139,299**	**–**	**70,735**	**41,226**	**29,943**	**–**	**85,055**	**433,955**
Deferred tax	**(983)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(983)**
Net exposures	**66,779**	**139,497**	**(15,240)**	**70,735**	**41,226**	**29,944**	**46,192**	**82,031**	**461,163**
Percentage of net exposures	**14.5%**	**30.2%**	**(3.3)%**	**15.3%**	**9.0%**	**6.5%**	**10.0%**	**17.8%**	**100.0%**

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

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Weakening of Sterling	**BRL £'000s**	**CNY £'000s**	**MYR £'000s**	**PHP £'000s**	**THB £'000s**	**2014 USD £'000s**	BRL £'000s	CNY £'000s	MYR £'000s	PHP £'000s	THB £'000s	2013 USD £'000s
Income Statement return after tax												
Revenue return	**325**	**126**	**121**	**27**	**134**	**(2)**	470	305	120	35	169	(4)
Capital return	**7,390**	**15,500**	**7,859**	**4,581**	**3,327**	**5,132**	12,099	13,519	5,070	5,500	5,639	12,134
Total return	**7,715**	**15,626**	**7,980**	**4,608**	**3,461**	**5,130**	12,569	13,824	5,190	5,535	5,808	12,130
NAV per share												
Basic – pence	**3.62**	**7.33**	**3.74**	**2.16**	**1.62**	**2.41**	5.83	6.41	2.41	2.57	2.69	5.63

Strengthening of Sterling	**BRL £'000s**	**CNY £'000s**	**MYR £'000s**	**PHP £'000s**	**THB £'000s**	**2014 USD £'000s**	BRL £'000s	CNY £'000s	MYR £'000s	PHP £'000s	THB £'000s	2013 USD £'000s
Income Statement return after tax												
Revenue return	**(325)**	**(126)**	**(121)**	**(27)**	**(134)**	**2**	(470)	(305)	(120)	(35)	(169)	4
Capital return	**(7,390)**	**(15,500)**	**(7,859)**	**(4,581)**	**(3,327)**	**(5,132)**	(12,099)	(13,519)	(5,070)	(5,500)	(5,639)	(12,134)
Total return	**(7,715)**	**(15,626)**	**(7,980)**	**(4,608)**	**(3,461)**	**(5,130)**	(12,569)	(13,824)	(5,190)	(5,535)	(5,808)	(12,130)
NAV per share												
Basic – pence	**(3.62)**	**(7.33)**	**(3.74)**	**(2.16)**	**(1.62)**	**(2.41)**	(5.83)	(6.41)	(2.41)	(2.57)	(2.69)	(5.63)

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.

Interest rate exposure

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

	Within one year £'000s	**More than one year £'000s**	**2014 Total £'000s**	Within one year £'000s	More than one year £'000s	2013 Total £'000s
Exposure to floating rates						
– Cash	**1,574**	**–**	**1,574**	2,798	–	2,798
– Bank overdrafts	**(2,449)**	**–**	**(2,449)**	(229)	–	(229)
– Loans	**(23,132)**	**–**	**(23,132)**	(9,228)	–	(9,228)
	(24,007)	**–**	**(24,007)**	(6,659)	–	(6,659)
Net exposures						
– At year end	**(24,007)**	**–**	**(24,007)**	(6,659)	–	(6,659)
– Maximum in year	**(12,983)**	**–**	**(12,983)**	8,500	(9,280)	(780)
– Minimum in year	**(32,215)**	**–**	**(32,215)**	1,378	(19,839)	(18,461)

	Exposure to floating interest rates £'000s	**Fixed interest rates £'000s**	**Total £'000s**	Exposure to floating interest rates £'000s	Fixed interest rates £'000s	Total £'000s
Net exposures						
– Maximum in year	**(12,983)**	**–**	**(12,983)**	(780)	–	(780)
– Minimum in year	**(32,215)**	**–**	**(32,215)**	(18,461)	–	(18,461)

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	2014 Increase in rate £'000s	**2014 Decrease in rate £'000s**	2013 Increase in rate £'000s	2013 Decrease in rate £'000s
Revenue return	**(178)**	**178**	(4)	4
Capital return	**(324)**	**324**	(129)	129
Total return	**(502)**	**502**	(133)	133
NAV per share				
Basic – pence	**(0.24)**	**0.24**	(0.06)	0.06

Other market risk exposures

The portfolio of investments, valued at £433,955,000 at 31 March 2014 (2013: £455,901,000) is exposed to market price changes. The Group enters into currency and index options in managing its exposure to other market risks. The Investment Manager assesses these exposures at the time of making each investment decision. The Board reviews overall exposures at each meeting against indices and other relevant information. An analysis of the portfolio by country and major industrial sector is set out on page 13. The Investment Manager has operated a strategic market position via the purchase and sale of equity index put and call options, principally on the S&P500 Index. The level of the position is kept under constant review, and will depend upon several factors including the relative performance of markets, the price of options as compared to the market, and the Investment Manager's view of likely future volatility and market movements. As at 31 March 2014 UEM's net position was 500 S&P put options. The total position was valued at £1.9m at year end. The exposure on the Group's options at 31 March was as follows:

	2014 £'000s	2013 £'000s
Current assets		
Put index options	**52,785**	101,748

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 Income Statement Capital Return after tax and on the net asset value (NAV) per ordinary share:

	2014 Increase in value £'000s	**2014 Decrease in value £'000s**	2013 Increase in value £'000s	2013 Decrease in value £'000s
Income Statement capital return	**84,760**	**(85,808)**	87,820	(88,512)
NAV per share				
Basic – pence	**39.75**	**(40.24)**	40.75	(41.07)

(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 (79 at 31 March 2014); the liquid nature of the portfolio of investments; the industrial and geographical diversity of the portfolio (see charts on page 13); and the existence of the loan facility agreement expiring on 30 April 2016. The Company will either extend or replace the facility or repay the outstanding debt when due from portfolio realisations.

Cash balances are held with reputable banks.

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

2014	**Three months or less £'000s**	**More than three months but less than one year £'000s**	**More than one year £'000s**	**Total £'000s**
Other payables	**3,916**	**–**	**–**	**3,916**
Bank loans	**23,132**	**–**	**–**	**23,132**
	27,048	**–**	**–**	**27,048**

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

(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 the Investment Manager and internal auditors of FCM.

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

Current assets	**31 March £'000s**	**2014 Maximum exposure in the year £'000s**	31 March £'000s	2013 Maximum exposure in the year £'000s
Cash at bank	**1,574**	**8,696**	2,798	8,989
Financial assets through profit or loss – derivatives (put options and call options)	**52,785**	**114,372**	101,748	113,010

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

(d) Fair values of financial assets and liabilities

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

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

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

NOTES TO THE ACCOUNTS (continued)

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Capital risk management

The investment policy of the Group is stated as being to provide shareholders with long term capital appreciation by investing predominantly in infrastructure, utility and related sectors mainly in emerging markets. The capital of the Group comprises ordinary share capital and reserves equivalent to the net assets of the Group. In pursuing the long-term investment policy, the Board has a responsibility for ensuring the Group's ability to continue as a going concern. It must therefore maintain an optimal capital structure through varying market conditions. This involves the ability to: issue and buy back share capital within limits set by the shareholders in general meeting; borrow monies in the short and long term (up to a limit of 25% of gross assets); and pay dividends to shareholders out of reserves. Changes to ordinary share capital are set out in note 17. Dividend payments are set out in note 8. Loans are set out in note 13.

26. POST BALANCE SHEET EVENT

The Company incurred expenditure totalling £0.5m in the process of investigating the issue of a retail bond for the purpose of increasing gearing. Of these costs, £0.1m was incurred and accounted for in the year ended 31 March 2014. The remaining £0.4m was incurred after 1 April 2014 and will be accounted for in the financial year beginning on that date. In accordance with the policy of accounting for finance costs, these costs are allocated 70% to capital.

Notice is hereby given that the 2014 Annual General Meeting of Utilico Emerging Markets Limited will be held at Ciragan Palace Kempinski, Ciragan Caddesi 32, 34349 Istanbul, Turkey on Tuesday, 16 September 2014 at 9.00am (EEST) for the following purposes:

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

ORDINARY BUSINESS:

1. To confirm the Minutes of the last General Meeting.
2. To receive and adopt the Report of the Directors and auditor's report and the accounts for the year ended 31 March 2014.
3. To approve the Directors' Remuneration Report for the year ended 31 March 2014, excluding the Remuneration Policy of the Company
4. To approve the Directors' Remuneration Policy.
5. To elect Mrs S Hansen as a Director.
6. To re-elect Mr A E Zagoreos as a Director.
7. To re-elect Mr G A Madeiros as a Director.
8. To re-appoint KPMG LLP as auditor of the Company.
9. To authorise the Directors to determine the auditor's remuneration.

SPECIAL BUSINESS:

10. That, in substitution for the Company's existing authority to make market purchases of ordinary shares of 10p in the Company ("Ordinary Shares"), the Company be and it is generally and unconditionally authorised to make market purchases of Ordinary Shares, provided that:
    (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 31,965,240 (being the equivalent of 14.99% of the issued Ordinary Shares as at the date of this notice);
    (b) the minimum price which may be paid for an Ordinary Share shall be 10p;
    (c) the maximum price (exclusive of expenses payable by the Company) which may be paid for an Ordinary Share shall be the higher of:
        (i) 105% of the average of the middle market quotations of the Ordinary Shares for the five business days prior to the date on which such shares are contracted to be purchased; and
        (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out;
    (d) such purchases shall be made in accordance with the Bermuda Companies Act;
    (e) unless renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting in 2015 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after the expiration of such authority.

11. **As a Special Resolution:** That, for the purpose of Bye-law 11 of the Company's Bye-laws, the Company may issue Relevant Securities (as defined in the Bye-laws) representing up to 21,324,375 Ordinary Shares, equivalent to approximately 10% of the total number of Ordinary Shares in issue as at the date of this notice otherwise than on a pre-emptive basis, provided that such disapplication shall expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting by Special Resolution (as defined in the Bye-laws)) at the earlier of the conclusion of the annual

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Utilico Emerging Markets Limited, please forward this document and the accompanying Form of Proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

general meeting to be held in 2015 or 18 months from the date of this resolution but so that this power shall enable the Company to make such offers or agreements before such expiry which would or might otherwise require Relevant Securities to be issued after such expiry and the Directors may issue Relevant Securities in pursuance of such offer or agreement as if such expiry had not occurred.

By order of the Board
ICM Limited, Secretary
23 June 2014

Notes

1. Only the holders of ordinary shares registered on the register of members of the Company at the close of business on 11 September 2014 shall be entitled to attend and vote or to be represented at the meeting in respect of the shares registered in their name at that time. Changes to entries on the register after 11 September 2014 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. The return of a form of proxy will not preclude a member from attending the meeting and voting in person if he/she wishes to do so. To be valid, a form of proxy for use at the meeting and the power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be deposited with the Company's registrars, Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 11am (BST) on 12 September 2014. In view of this requirement, investors holding shares in the Company through a depository interest should ensure that Forms of Instruction are returned to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 4pm (BST) on Thursday 11 September 2014.
4. The register of Directors' holdings is available for inspection at the registered office of the Company during normal business hours on any weekday and will be available at the place of the meeting from 15 minutes prior to the commencement of the meeting until the conclusion thereof.
5. No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Company's Bye-laws. The letters of appointment are available for inspection at the Company's registered office and at the annual general meeting.
6. The fourth quarterly dividend of 1.525p per ordinary share in respect of the year ended 31 March 2014 was paid on 6 June 2014 to the relevant holders on the register at the close of business on 23 May 2014.

COMPANY INFORMATION

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

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Company Registration Number: 36941

Investment Manager and Secretary
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Assistant Secretary
BCB Charter Corporate Services Limited
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Reporting Accountants and Registered Auditor
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Custodians
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Depositary and CREST Agent
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PO Box 82
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Company Banker
Scotiabank Europe PLC
201 Bishopsgate, 6th Floor
London EC2M 3NS

HISTORICAL PERFORMANCE

at 31 March	2014	2013	2012	2011	2010	2009	2008	2007	2006[2]	20 July 2005[3]	Change % 2014/13
Total return[1] (Annual) *(%)*	(3.4)	20.5	3.1	21.4	44.0	(28.9)	16.3	22.4	18.2	n/a	n/a
Annual compound total return (since inception) *(%)*[4]	12.4	14.2	13.5	15.1	12.6	5.6	21.5	24.5	27.1	n/a	n/a
Undiluted net asset value per ordinary share *(pence)*	192.38	205.49	175.60	175.28	157.33	107.76	168.39	146.45	119.48	98.36	(6.4)
Diluted net asset value per ordinary share *(pence)*	192.38[5]	205.49[5]	175.60[5]	175.28[5]	148.37	106.51	157.20	138.80	116.23	98.36[5]	(6.4)
Ordinary share price *(pence)*	180.00	191.20	164.00	157.75	132.00	95.50	153.75	137.25	126.00	100.00	(5.9)
(Discount)/premium[6] *(%)*	(6.4)	(7.0)	(6.6)	(10.0)	(11.0)	(10.3)	(2.2)	(1.1)	8.4	1.7	n/a
Earnings per ordinary share (basic)											
– Capital *(pence)*	(12.13)	30.71	1.19	25.63	48.57	(60.28)	17.89	34.19	19.50	n/a	(139.5)
– Revenue *(pence)*	4.80	5.20	4.12	5.61	4.67	5.08	5.24	2.96	1.62	n/a	(7.7)
Total *(pence)*	(7.33)	35.91	5.31	31.24	53.24	(55.20)	23.13	37.15	21.12	n/a	(120.4)
Dividends per ordinary share *(pence)*	6.10	5.80	5.50	5.20	4.80	4.80	4.80	2.70	1.50	n/a	5.2
Equity holders' funds *(£m)*	410.2	442.9	378.5	383.2	319.9	230.7	359.5[7]	241.6[8]	89.7	73.8	(7.4)
Gross Assets[9] *(£m)*	433.4	452.1	382.9	393.4	344.5	272.5	441.3[7]	288.6[8]	107.2	73.8	(4.1)
Ordinary shares bought back *(£m)*	3.9	–	4.9	11.5	16.0	0.2	–	–	–	–	n/a
Cash/(overdraft) *(£m)*	(0.9)	2.6	(1.8)	(0.7)	2.0	24.1	11.9	19.9	1.2	–	(134.6)
Bank debt *(£m)*	(23.1)	(9.2)	(4.4)	(10.2)	(24.7)	(41.8)	(79.9)	(45.0)	(17.5)	–	151.1
Net debt *(£m)*	(24.0)	(6.6)	(6.2)	(10.9)	(22.7)	(17.7)	(68.0)	(25.1)	(16.3)	–	263.6
Net debt gearing on gross assets *(%)*	5.5	1.5	1.6	2.8	6.6	6.5	15.5	8.8	15.2	–	n/a
Management and administration fees *(£m)*											
– excluding performance fee *(£m)*	3.7	3.4	3.9	3.1	2.5	2.7	3.1	2.1	0.8	–	8.8
– including performance fee *(£m)*	3.7	12.9	3.6	9.6	2.5	2.7	6.5	9.2	3.0	–	(71.3)
Ongoing charges figure[10]											
– excluding performance fee *(%)*	0.9	0.8	0.9	0.8	0.8	0.7	0.8	0.9	0.9	n/a	n/a
– including performance fee *(%)*	0.9	3.2	0.9	2.5	0.8	0.7	1.7	4.0	3.4	n/a	n/a

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

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

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

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

(5) There was no dilution

(6) Based on diluted net asset value

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

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

(9) Gross assets less liabilities excluding loans

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

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