UTILICO
EMERGING MARKETS LIMITED

REPORT AND ACCOUNTS
2015

MANAGED BY ICM

Utilico Emerging Markets Limited

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

Nature of the Company

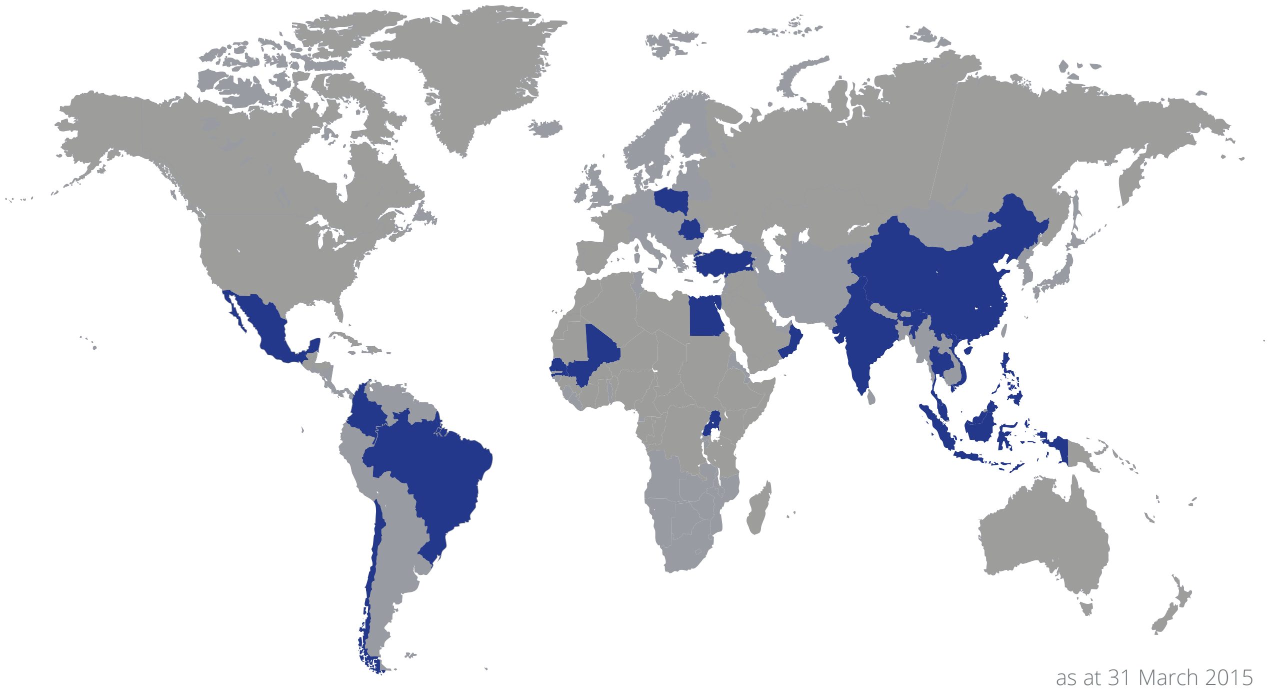
Utilico Emerging Markets Limited ("UEM" or "the Company") is a Bermuda exempted closed-end investment company, whose ordinary shares are listed on the premium segment of the Official List of the Financial Conduct Authority and are traded on the Main Market of the London Stock Exchange. The business of 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 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.

Throughout the year under review, the Company was managed by ICM Limited ("ICM"), who also provided 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.

Since the year end, on 13 April 2015, ICM Investment Management Limited ("ICMIM"), a company authorised and regulated by the Financial Conduct Authority ("FCA") as an alternative investment fund manager pursuant to the AIFM Rules, has been appointed to act as the Company's AIFM and as joint portfolio manager alongside ICM.

The Company has a Board of non-executive directors who oversee and monitor the activities of the Investment Managers and other service providers on behalf of shareholders and ensure that the investment policy is adhered to.

Geographic investment exposure



as at 31 March 2015

2012

2013

2014

2015

Financial calendar

Year end	31 March
Annual General Meeting	22 September 2015
Half year	30 September
Quarterly dividends, payable in	September, December, March and June
Q4 interim dividend – Ex-dividend	14 May 2015
– Paid	9 June 2015

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.

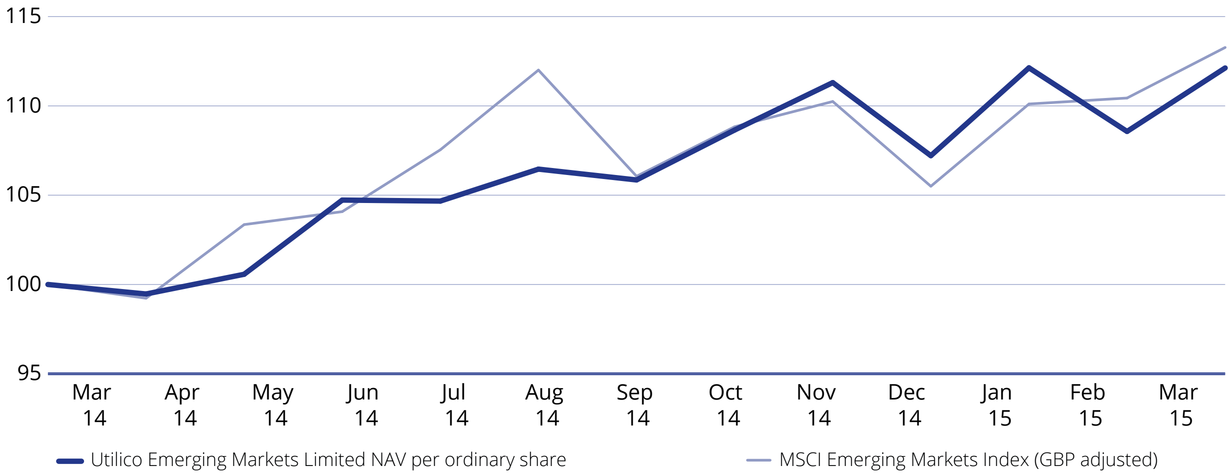
Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested.

Current Year Performance

Net asset value ("NAV") total return of 12.2%

Dividend per share maintained at 6.10p

Total return comparative performance*
March 2014 to March 2015



*GBP adjusted and rebased to 100 at 31 March 2014

Source: UEM and Bloomberg

Other attributes

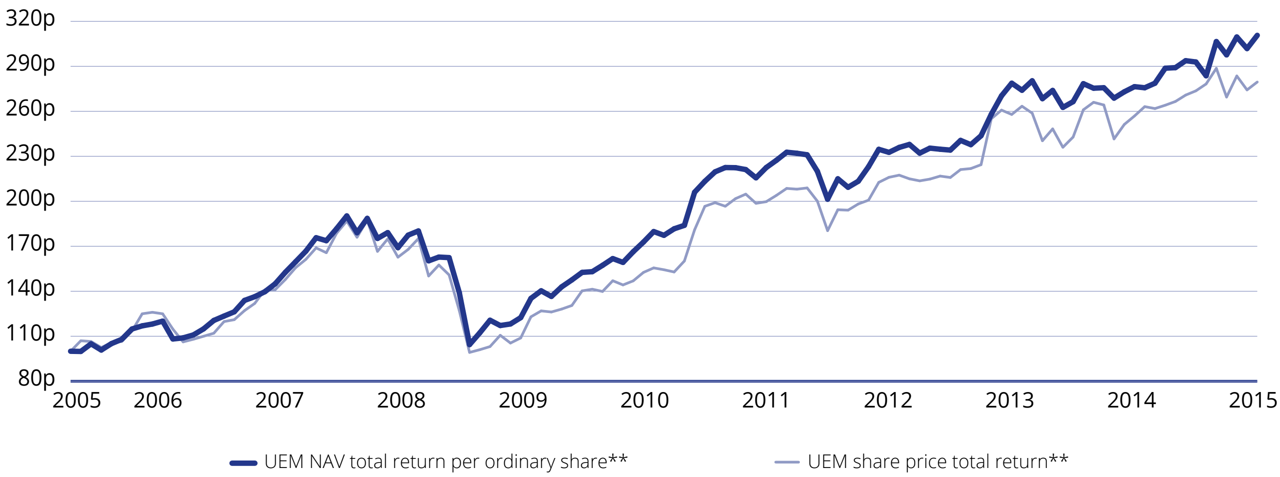
- Invested £89.3m and realised £87.3m
- Borrowings peaked at £31.9m
- Portfolio rose from 79 to 84 holdings
- Unlisted investments remain under 5% at 2.3%
- China remains the largest investment geographic pool at 30.9%
- Brazil's exposure reduced further on realisations and underperformance to 11.2%
- Currency gains of £2.7m
- Dividend cover increased to 81.6%
- Ongoing charges were 1.1%, of average net assets, excluding performance fee

Ten Year Performance

NAV annual compound return since inception of 12.4%

Dividends per ordinary share have increased from 1.50p to 6.10p

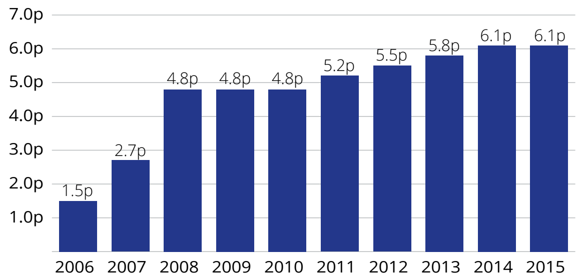
UEM historic NAV and share price performance*
From 20 July 2005 to March 2015



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

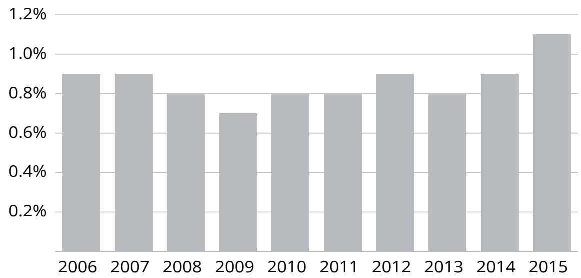
Source: UEM

UEM dividends per ordinary share
from March 2006 to March 2015



Source: UEM

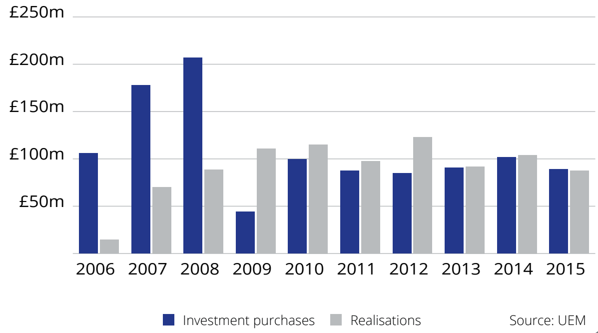
Ongoing charges*
from March 2006 to March 2015



*excluding performance fee (see page 81)

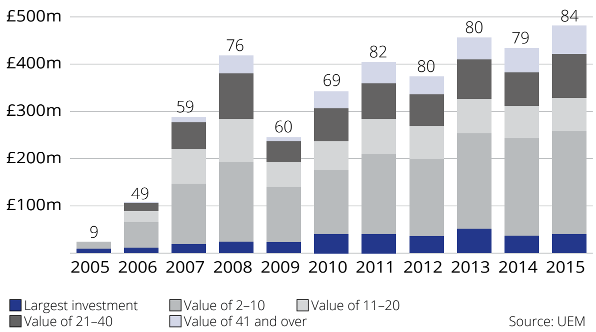
Source: UEM

Investment purchases and realisations
March 2006 to March 2015



Source: UEM

UEM portfolio progression and number of holdings
from July 2005 to March 2015



Source: UEM

Group Performance Summary

	31 March 2015	31 March 2014	Change % 2015/14
Total return[1] (annual) (%)	**12.2**	(3.4)	n/a
Annual compound total return (since inception)[2] (%)	**12.4**	12.4	n/a
Net asset value per ordinary share (pence)	**209.79**	192.38	9.0
Ordinary share price (pence)	**188.50**	180.00	4.7
Discount (%)	**(10.1)**	(6.4)	n/a
Earnings per ordinary share			
– Capital (pence)	**18.53**	(12.13)	n/a
– Revenue (pence)	**4.98**	4.80	3.8
Total (pence)	**23.51**	(7.33)	n/a
Dividends per ordinary share			
– 1st interim – paid in September (pence)	**1.525**	1.525	0.0
– 2nd interim – paid in December (pence)	**1.525**	1.525	0.0
– 3rd interim – paid in March (pence)	**1.525**	1.525	0.0
– 4th interim[3] – paid in June (pence)	**1.525**	1.525	0.0
Total (pence)	**6.100**	6.100	0.0
Equity holders' funds (£m)	**447.4**	410.2	9.1
Gross assets (£m)[4]	**479.2**	433.4	10.6
Ordinary shares bought back (£m)	**-**	3.9	n/a
Cash/(overdraft) (£m)	**0.5**	(0.9)	n/a
Bank debt (£m)	**(31.9)**	(23.1)	38.1
Net debt (£m)	**(31.4)**	(24.0)	30.8
Net debt gearing on gross assets (%)	**6.6**	5.5	n/a
Management and administration fees and other expenses[5]			
– excluding performance fee (£m)	**4.6**	3.7	24.3
– including performance fee (£m)	**7.7**	3.7	108.1
Ongoing charges figure[5] [6]			
– excluding performance fee (%)	**1.1**	0.9	n/a
– including performance fee (%)	**1.8**	0.9	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 interim dividend (2014, fourth quarter interim) declared on 20 April 2015 and paid on 9 June 2015 has not been included as a liability in the accounts
(4) Gross assets less liabilities excluding loans
(5) The management fee was changed from 0.50% of gross assets to 0.65% of net assets with effect from 1 April 2014. At the same time 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 were introduced
(6) 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

Chairman's Statement

I am pleased to report continued progress in the Company's tenth year since flotation UEM achieved a net asset value ("NAV") total return of 12.2% for the year to 31 March 2015 and over the last three, five and ten years UEM has delivered a total return of 29.8%, 60.4% and 159.8% respectively. This is an outstanding performance in turbulent times.

While the current year performance of 12.2% is marginally behind the MSCI Emerging Markets Index Total Return (GBP adjusted) of 13.2%, UEM's performance over three and five years has been significantly ahead of the Index. Over three and five years, UEM achieved a total return of 29.8% and 60.4% versus the MSCI Emerging Markets Index Total Return (GBP adjusted) of 9.8% and 13.3% respectively. Over 10 years UEM's total return has been 159.8%, ahead of the MSCI Emerging Markets Index Total Return (GBP adjusted) of 149.5%. This strong performance continues to ensure UEM receives industry recognition. UEM won the Moneywise Investment Trust Awards 2015 for the Global Emerging Markets category for the second year running and was highly commended at the Money Observer Trust Awards 2015 for the Best Diversified Emerging Markets Trust. UEM was also one of Money Observer's rated funds for 2015.

The revenue earnings per share strengthened over the year to 4.98p, up 3.8%. The Board has declared four quarterly dividends of 1.525p, amounting to 6.10p for the year to 31 March 2015. No increase was considered given the dividend is partly uncovered again this year. The fourth quarterly dividend has been paid out of capital reserves and as a result income of 0.405p per share has been retained. The cumulative retained revenue reserves are £3.2m, some 1.5p per share. The 6.10p distributed represents a yield on the opening share price of 180.00p of 3.4%. Over the ten years since inception UEM has paid out 47.30p per share in dividends amounting to £96.3m.

Management and administration fees were higher mainly as a result of the £3.1m performance fee.

Our share price discount to NAV remains stubbornly high, given both the performance and the yield offered by UEM shares. The Board keeps this under constant review and exercises a buyback investment policy at over a 10% discount, but this is an investment decision and will remain so. Over the ten years the Investment Managers have exercised their investment discretion and have bought back 26.0m shares amounting to £36.4m.

Following the year end, UEM has appointed ICMIM as its Alternative Investment Fund Manager ("AIFM"), with ICMIM becoming joint portfolio manager with ICM (together referred to as the "Investment Managers"), as explained in the Report of the Directors on pages 28 and 29. ICMIM is a UK regulated investment manager controlled by Charles Jillings. The existing Investment Management Agreement ("IMA") with ICM was terminated and replaced with a new agreement (the "AIFM Agreement") on 13 April 2015. The aggregate fees payable by the Company under the AIFM Agreement are the same as those previously payable under the IMA, with such fees to be apportioned between ICMIM and ICM as agreed by them. There is no change in the individuals responsible for managing the Company as a consequence of the new arrangements.

UEM also has appointed J.P. Morgan Europe Limited as the Company's depositary services provider for the purposes of Article 36 of the EU Alternative Investment Fund Manager Directive ("AIFMD") and JPMorgan Chase Bank, N.A. – Jersey Branch was appointed as the Company's custodian, in place of JPMorgan Chase Bank, NA – London Branch, both with effect from 13 April 2015.

As mentioned in the interim report, Kevin O'Connor retired from the Board on 17 November 2014 and Garth Milne was reappointed to the Board with effect from the same date. On behalf of the Board, I would like to thank Kevin for his support, enthusiasm and guidance as a director of the Company. Garth has been involved in the investment company sector for over 40 years, and has been a consultant to the Board for the last four years.

I very much want to take this opportunity, on our tenth anniversary, to thank all those who have been involved with UEM. The performance has been outstanding and the experience and interaction between the Board, the managers, the administrators and the advisors has made the last ten years so positive for all those involved, particularly the shareholders. I thank them all for their significant contributions.

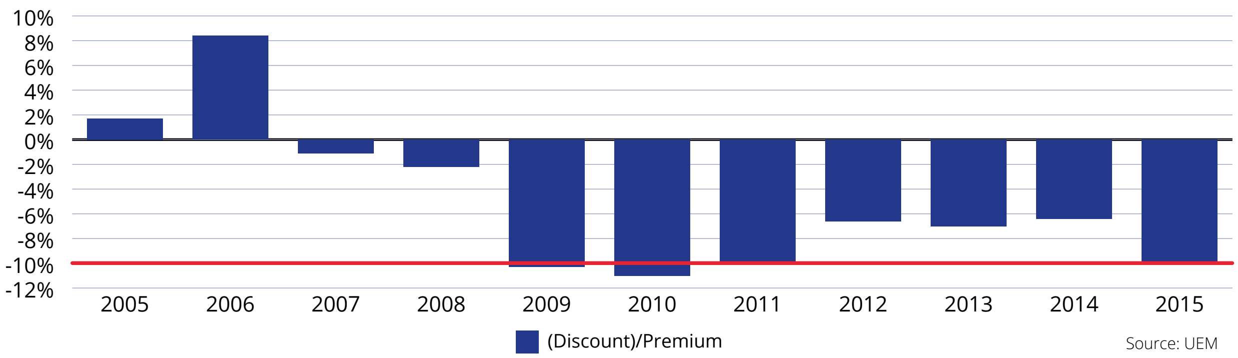
OUTLOOK

The USA is looking to exit Quantitative Easing ("QE") and edge towards normalisation. Japan is expected to continue QE, whilst Europe has just started QE and is expected to continue to do so for some years. These combined initiatives are expected to be positive for asset classes and equity markets. The liberalisation of the Chinese financial markets may deliver a positive impact on Chinese and Asian equities. Given this backdrop, most emerging market economies continue to achieve positive GDP growth and their outlook is positive. UEM's performance is driven by stock selection and the Investment Managers remain confident that attractive investments can be made.

Alexander Zagoreos
Chairman
24 June 2015

PERFORMANCE (total return) (%)	1 year	3 years	5 years	Inception
Share Price	8.1	26.1	64.2	134.3
Net Asset Value	**12.2**	**29.8**	**60.4**	**159.8**
MSCI Emerging Markets Index	13.2	9.8	13.3	149.5

(Discount)/Premium



Source: UEM

The year to 31 March 2015 was positive for emerging markets, with most key emerging market indices up both in local currency and sterling terms.

Over the year the emerging market currencies reversed most of the weakness in the previous twelve months to 31 March 2014. For example, the Philippine Peso gained 12.7% (2014: lost 17.1%) and the Thai Baht gained 12.0% (2014: lost 17.8%). The key exceptions were Brazil, where the Real was down 20.7% adding to the 18.6% loss in the prior period, and Malaysia, where the Ringgit lost 1.0% adding to the 13.6% fall in the prior year. Emerging market indices were also on balance stronger.

UEM returned a good performance with a total return of 12.2% for the twelve months to 31 March 2015 and in line with the ten year average annual compound total return of 12.4%. UEM remains focused on listed companies which are for the most part offering long-term growth, profitable and paying dividends.

PORTFOLIO

UEM's gross assets (less liabilities excluding loans) increased from £433.4m to £479.2m over the twelve months to 31 March 2015.

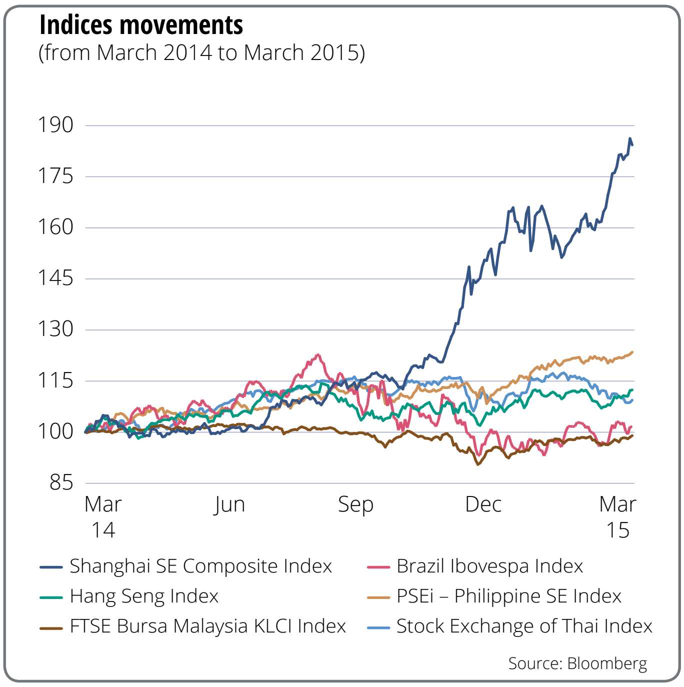
The constituents of the top ten remained unchanged but the total, as a percentage of the portfolio, reduced from 56.3% to 53.7%. This arose in part as a result of net disposals in the top ten and stronger performance from the rest of the portfolio. Unlisted investments remain at 2.3% of the gross assets.

China (including Hong Kong) continues to be UEM's biggest country investment, decreasing from 32.1% to 30.9% of the portfolio. This reflects a mix of realisations and investments plus market movements. The Shanghai Composite Index was a strong performer up 84.3% and the Hang Seng Index was up 12.4%. This combined with a stronger Renminbi and Hong Kong Dollar, which were up 12.6% and 12.4% respectively, reversed the declines the year before of 9.0% and 8.9% respectively. These circumstances presented a positive background for UEM. It should be noted UEM is predominantly invested in China through the Hong Kong "H share" market.

China Gas Holdings Limited's ("China Gas") share price increased by 4.5% in the year to 31 March 2015. Share price performances of Chinese gas distribution companies were relatively subdued in the latter half of the year, as the fall in oil prices meant that natural gas was not as competitive an energy source for industrial customers. However, at the start of March 2015 the National Development and Reform Commission announced gas price cuts for non-residential customers which, combined with refined oil price hikes, restored natural gas' discount to oil-based fuels. This re-affirmed the Chinese government's commitment to incentivise the use of cleaner energy sources, with its stated target to double natural gas usage as a percentage of primary energy to 10% between 2012 and 2020.

As at 30 September 2014 China Gas had expanded its total number of city gas concessions to 243, covering an urban population of 85m. Within its concession areas, just 44% of households (11.3m customers) are connected to the gas network (an increase of 17.4% on the previous year), emphasising the significant growth opportunity remaining. In the six months to 30 September 2014 China Gas reported total piped gas volume growth of 16.8% and LPG volume growth of 49.8%. Revenues grew by 49.0%, EBITDA by 26.5% and normalised net income by 29.3%. The dividend per share was flat on the previous year. Shares hit an all-time high of HK$16.04 at end-June 2014, following which UEM reduced its position in China Gas by 11.6%.

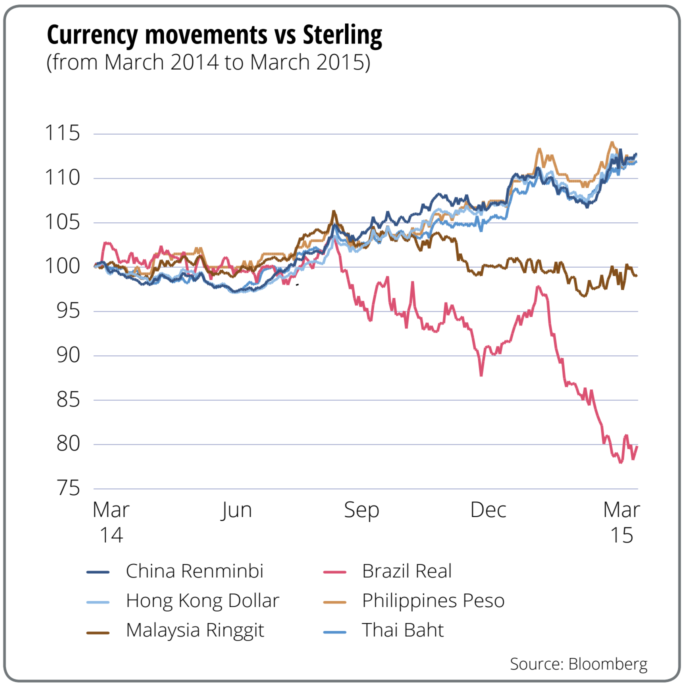
China Everbright International Limited's ("China Everbright") share price continued to appreciate strongly, increasing by 21.9% over the period under review. China Everbright's business activities accelerated, winning an additional 27 new environmental protection and alternative energy projects in the year to December 2014, more than double than in the previous year. This included some very significant projects, such as the Hangzhou Yuhan Waste-to-Energy ("WTE") plant, which in aggregate resulted in the company's total planned investment increasing by approximately 50% to RMB30.0bn. Corporate activity also picked up during the year, with China Everbright completing a reverse takeover of Singapore-listed HanKore Environment Tech Group in December 2014, which was subsequently renamed China Everbright Water Limited.



Several new projects were commissioned in the calendar year 2014, with total WTE electricity generated by China Everbright increasing by 57.2% to 1,650GWh from 5.4m tonnes of municipal waste handled. Electricity generation from biomass and solar facilities grew 26.4% to 325GWh, while 585m cubic meters of wastewater was treated, up 11.1%. This exceptionally strong growth in operating assets, combined with the construction of new projects, resulted in China Everbright's revenues increasing by 19.5% in the year to December 2014. EBITDA grew by 23.0%, normalised net income by 26.1% and dividends per share were raised by 29.4%. There was no change to UEM's shareholding in the period.

APT Satellite Holdings Limited's ("APT") share price declined by 3.6% in the year to 31 March 2015. Operationally, the company had a good year, reporting a 9.6% increase in revenues and a 15.5% increase in underlying net profit. However, performance in the second half of the year was a little weaker than in the first six months and the company was cautious in its outlook for 2015. The company is planning to launch a new satellite before the end of 2015. UEM increased its holding by 21.7% during the year.

Asia Satellite Telecommunications Holdings Limited's ("Asiasat") share price declined by 10.9% during the year to 31 March 2015. Adjusting for dividends of HK$2.48 paid during the period, the total decline was equivalent to 3.5%. The company successfully launched two new satellites in August and September 2014, although this was several months later than originally anticipated. The new satellites have undergone a successful period of testing with commercial operations commencing in 2015.



Asiasat's performance in 2014 was disappointing, with a 9.1% decline in reported revenues and a 25.2% decline in net profit. The decline in revenue was attributable to a combination of a major long-term broadcasting contract being renewed at a lower price than the original contract and lower demand for data services following the reduction of US military activities in the Middle East and Afghanistan.

In December 2014, GE, a major shareholder in Asiasat, announced that it had agreed to sell its stake to a fund managed by Carlyle Group for the equivalent of HK$26.00 per share, a discount to the market price. The transaction closed on 12 May 2015. Asiasat has proposed a special dividend of up to US$600m, or HK$11.89 per share, to be paid in the next few months. A HK$11.89 dividend would represent 41.7% of Asiasat's market price at the end of March 2015 and would result in a more efficient balance sheet than the current net cash position. UEM's holding in Asiasat was unchanged during the year under review.

Malaysia continues to be UEM's second largest country investment and rose from 16.3% to 17.8% of the portfolio. This is due mainly to market movements. Malaysia, as a producer of oil, has seen its economy negatively impacted by oil's weakness. This has affected both the market and the currency with the FTSE Bursa Malaysia KLCI Index and the Ringgit both down by 1.0%.

Malaysia Airports Holding Berhad's ("Malaysia Airports") share price declined 11.1% in the year to 31 March 2015 as the tragic events of MH370 and MH17 weighed heavily on operations. Passenger growth fell short of initial expectations at 4.7% but showed resilience in the face of depressed demand from China and Europe and the subsequent nationalisation of Malaysia Airlines. Despite the challenging operating environment, Malaysia Airports was able to deliver on ambitious expansion targets. The successful inauguration of Kuala Lumpur International Airport 2 ("KLIA 2") in May 2014 marked a key milestone for the company, accommodating a further 45m passengers and securing additional capacity for expanding low-cost carriers.

Investment in international operations accompanied domestic expansion, as Malaysia Airports successfully acquired the remaining 80% stake in Turkey's Istanbul Sabiha Gokcen Airport ("ISG") in the period under review, financed through a discounted equity rights issue. ISG has seen exceptional growth in recent years, with passenger traffic rising 25.4% in the year to December 2014. Malaysia Airport's financial results were impacted by higher operating costs and interest expenses relating to the commissioning of KLIA 2. Revenue (excluding construction) and EBITDA increased by 8.9% and 4.1% respectively, while normalised net income declined by 48.5%.

Malaysia Airports was the largest holding at year end as a result of the reduction in other top ten investments and UEM's subscription to the Malaysia Airports' rights issue.

MyEG Services Berhad's ("MYEG") share price was once again very strong, gaining 96.5% in the year to 31 March 2015. MYEG grew revenues and profits substantially, with revenues having increased by 43.7% and net profit up 43.8% for its financial year to June 2014. In the six months to December 2014, MYEG reported revenue growth of 31.0% and net profits up 32.2% compared to the same period in 2013.

MYEG reported increased growth in transaction volumes related to motor vehicle services, such as vehicle ownership transfers, road taxes, fine payments and insurance. Immigration Department related services, primarily the online renewal of foreign workers' permits, are also growing strongly.

As a result of the strong share price performance, MYEG moved from sixth to second position in UEM's portfolio, despite sales during the year amounting to 18.3% of UEM's holding as at 31 March 2014.

Brazil remains the third largest country investment but exposure reduced significantly from 15.7% to 11.2% of the portfolio. This is due to disposals but also a particularly weak currency. The Brazilian Real declined a further 20.7% over the year on top of the 18.6% decline the year before. The Brazil Ibovespa Index was up 1.5%. Short term concerns are overshadowing the longer term outlook, with the investment environment remaining challenging.

Ocean Wilsons Holdings Limited's ("Ocean Wilsons") share price was down 22.8% in the year to 31 March 2015. Operations at 58.3%-owned subsidiary, Wilson Sons, were severely impacted by the weaker macroeconomic backdrop. In particular, the container terminal business saw falling tariffs accompany volume declines as both Tecon Rio Grande and Tecon Salvador saw key import and export volumes contract. Towage was more resilient but suffered the loss of higher-margin operations, while logistics continued to undergo restructuring. The offshore joint venture with Ultratug was one of the few business lines to post a strong performance, buoyed by growth in the platform supplies vessels fleet and improved daily rates.

In the financial year to 31 December 2014, the investment portfolio of wholly-owned subsidiary Ocean Wilsons Investment Limited recorded a time-weighted return of 4.7%. On a consolidated basis, Ocean Wilsons saw revenue and EBITDA decline by 4.1% and 5.2% respectively while normalised net income fell by 41.2%. Dividends per share were increased by 5.0% following an increased pay-out from Wilson Sons. There was no change to UEM's shareholding in the year to 31 March 2015.

The Philippines remains the fourth largest country investment but has decreased from 9.5% to 7.9% of the portfolio, mainly as a result of disposals. The country continues to see strong economic growth, which was reflected in the Philippine PSEi Index and the Philippine Peso, up 23.5% and 12.7% respectively in the year to 31 March 2015.

International Container Terminal Services, Inc's ("ICT") share price was unchanged in the year to 31 March 2015. ICT continued to target portfolio expansion, with new acquisitions including container facilities in the Port of Umm Qasr in Iraq, the Port of Melbourne in Australia, and the Port of Yantai in China. Meanwhile, ICT took the decision to cancel its contract for the Kattupalli Container Terminal in India and sold its interest in the Yantai Rising Dragon terminal back to the Chinese government as part of a plan to consolidate the new Yantai International Container Terminal ("YICT").

In the financial year to 31 December 2014, ICT recorded container growth of 17.9%, due principally to the contribution of new terminals in Mexico, Honduras and Iraq and the consolidation of YICT in China. Yields benefitted from a favourable volume mix, driving strong top-line growth of 24.5%. EBITDA growth was less pronounced at 17.4% as higher operating expenses at new terminals resulted in margin contraction. Similarly, a 3.8% decline in normalised net income was largely attributable to financing costs associated with recent acquisitions. Dividends per share were increased by 5.9%. In the year to 31 March 2015 UEM decreased its position in ICT by 22.8%.

Thailand has remained largely unchanged at 6.4%, down from 6.9%. The Thailand SET Index was up 9.4% and the Thai Baht was up 12.0%, reversing some of the prior year losses of 11.8% for the Index and 17.8% for the currency. The small reduction in the weighting reflects net realisations.

Eastern Water Resources Development and Management PCL ("Eastwater") shares were down 4.4% in the period under review. Following the change in management during the previous year and the subsequent tariff cuts to the Provincial Waterworks Authority ("PWA"), a major customer and Eastwater's main shareholder with a 40.2% stake, profit growth has stagnated. Meanwhile it is notable that Eastwater has started a significant investment program in backup pipeline infrastructure without the commensurate regulatory certainty on the potential returns of these projects.

In its financial year to 31 December 2014 raw water volumes were flat with just 0.1% growth recorded. By comparison, tap water demand has been robust with volumes increasing by 10.6%. It is notable that the offtake of raw water by PWA fell by 7.6%, notwithstanding its favourable tariff treatment. The increased proportion of sales to higher-tariff industrial estate customers resulted in effective tariff growth for raw water of 2.6%, while tap water tariffs increased by a more modest 2.1%. With a step-up in construction activities, this resulted in group revenues growing by 13.0%, though much of this was offset by higher costs with EBITDA up 5.0% and normalised profits growth of 1.4%. Dividends per share were increased by 7.1%. In the period under review UEM decreased its position in Eastwater by 13.9%.

Chile remained broadly unchanged in the portfolio. The Chile IPSA index was up 3.8% and the Chilean Peso was down 0.8%.

Gasco S.A's ("Gasco") share price fell by 11.7% in the year to 31 March 2015. Gasco faced a particularly challenging political and regulatory environment during the year, following the announcements of several major reforms to the energy sector by the newly elected President Michelle Bachelet. These included proposals to regulate the gas distribution market and triggered an investigation into the profitability at Metrogas, Gasco's primary subsidiary. Following several months of great uncertainty over the form of regulation, returns and potential clawbacks of excess profits, the Chilean government has drafted a new law which provides clarity on measurement of the asset base and allowable returns. While stricter than its previous regulatory parameters, the eventual solution looks to be a fair compromise for customers and shareholders.

The other major news item for Gasco in the period under review was the acquisition of CGE by Gas Natural Fenosa at a premium of over 60% to the undisturbed share price. CGE is the parent company of Gasco with a 56.6% stake. In the year to 31 December 2014 natural gas volumes sold in Chile increased by 8.6%, mainly due to a recovery in demand from gas-fired thermal plants as well as a 6.3% increase in residential demand. LPG volumes sold fell 2.3% due to an increasingly competitive market in Columbia. However higher tariffs saw group revenues increase 10.9%, though these failed to match the higher input pricing, such that EBITDA fell 8.2% and normalised earnings fell 25.8%. Gasco increased its dividends per share by 7.8% on an underlying basis, in addition to which it paid a special dividend of CLP182.00 per share, more than doubling cash returns to shareholders. In the period under review UEM increased its position in Gasco by 8.0%.

PORTFOLIO GENERAL

Investment activity continued at similar levels to recent years, with investment purchases of £89.3m (2014: £101.9m) and realisations of £87.3m (2014: £104.1m). Within the top ten investments, UEM invested £5.6m in Malaysia Airports' rights issue, £3.8m in APT and £1.1m in Gasco. Partial realisations in the top ten included MYEG £5.8m, ICT £8.6m, China Gas £4.2m and Eastwater £3.8m.

Changes in the geographic split reflect the realisations plus relative market performance. Europe increased from 4.0% to 7.6%, as a result of investments and gains on the portfolio valuations. The main sector change has been a reduction in ports from 20.4% to 14.7% mainly as a result of realisations, including ICT.

BANK DEBT

Bank debt increased from £23.1m to £31.9m over the twelve months to 31 March 2015. At the year end this was drawn as £9.0m in Sterling and £22.9m in Euro. The Scotiabank facility of £50.0m matures on 30 April 2016.

MARKET HEDGING

There has been little change in the market hedging position which has been at relatively low levels. The continuing performance of the US S&P Index has undermined the carrying value of the hedged position and resulted in a loss of £2.7m in the twelve months to 31 March 2015.

REVENUE RETURN

Revenue income increased over the year by 6.5% from £13.7m to £14.6m. This reflects a yield on the opening investment portfolio of 3.4% (prior year: 3.0%).

Management fees and administration expenses were higher reflecting in the main the higher asset value and the change in basis of calculation from the previous year. The other expenses were 15.8% higher at £1.5m mainly as a result of increased marketing costs and higher professional fees.

Finance costs were higher at £0.3m from £0.2m the year before, reflecting higher borrowings over the year and one off costs incurred from the aborted retail bond proposal.

The net impact of the increased income and higher costs was an increased revenue return of £10.6m, up from £10.3m, an increase of 3.5% on last year.

CAPITAL RETURN

The portfolio gained £45.4m in the year reflecting strong stock selection and the good performance of the existing holdings. The total income on the capital return was £45.3m (2014: a loss of £25.8m).

Management and administration fees were higher as a result of the performance fee of £3.1m payable to ICM.

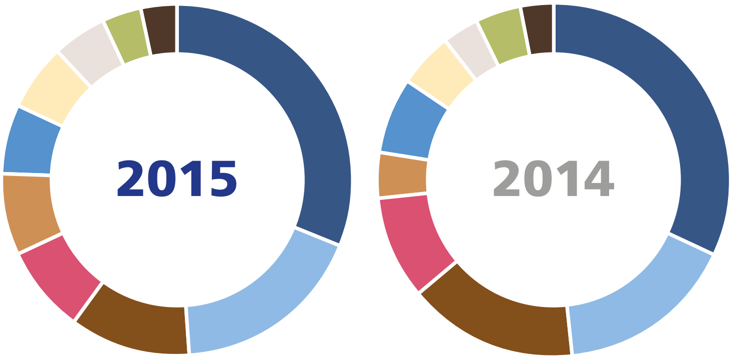
The higher borrowings and the one-off costs incurred from the aborted retail bond proposal resulted in finance costs increasing from £0.5m to £0.7m. Taxation was positive last year as deferred tax decreased as the value in a number of Brazilian holdings reduced; this year tax was a small negative.

The net effect of the above was a profit on the capital return of £39.5m (2014: a loss of £25.9m).

CDO Jillings
ICM Limited
(sole investment manager at year end)
24 June 2015

Geographical & Sector Split of Investments

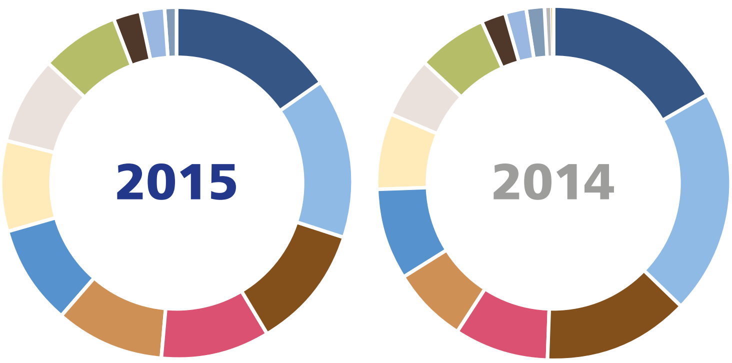
Geographical split of investments



Country	% of total 2015	% of total 2014
China	30.9	32.1
Malaysia	17.8	16.3
Brazil	11.2	15.7
Philippines	7.9	9.5
Europe	7.6	4.0
Thailand	6.4	6.9
Other Latin America	6.1	5.2
Middle East/Africa	5.5	3.3
Other Asia	3.7	4.2
India	2.9	2.8

Source: UEM

Sector split of investments



Sector	% of total 2015	% of total 2014
Gas	15.5	16.9
Ports	14.7	20.4
Water and waste	11.4	13.5
Satellites	10.1	8.4
Electricity	9.9	7.1
Airports	9.4	8.4
Other Infrastructure	8.0	5.7
Other	8.0	7.6
Toll Roads	7.3	6.4
Infrastructure Investment Funds	2.6	2.2
Telecoms	2.2	1.9
Renewables	0.9	1.5

Source: UEM

UEM is an investment company, with gross assets of £479.2m as at 31 March 2015 and a stated investment objective that is set out below. The strategy the Board follows to achieve that objective is to appoint an investment manager to deliver investment performance, with the Board setting investment policy and risk guidelines, together with investment limits and monitoring how they are applied.

ICM managed the portfolio throughout the year under review in accordance with the Board's strategy to achieve a long-term total return. Successful implementation of the investment strategy is achieved by identifying undervalued stocks in the relevant sectors, which generally are asset-backed, have operational cash flows and pay annual dividends, and selling them at the right point in the 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. ICM also provided company secretarial services to the Company throughout the year under review.

The Board, together with the Company's investment manager, considers how the business strategy and model have to be adapted to comply with new legislation and regulations. For example, it has reviewed its previous decision to remain outside of the EU Alternative Investment Fund Managers Directive ("AIFMD") and decided to appoint ICMIM, a UK authorised manager that is AIFM compliant, to act as the Company's alternative investment fund manager, with sole responsibility for risk management and to act as joint portfolio manager with ICM. Further details of this change, which became effective after the year end, are set out in the Report of the Directors.

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

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 where the Directors believe that there are attributes such as political stability, economic development, an acceptable legal framework and an encouraging attitude to foreign investment.

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

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 Investment Managers aim to identify securities where underlying values and growth prospects are not reflected in the market price. This is often as a result of strong growth drivers, but can include changes in regulation, technology, market motivation, potential for financial engineering, competition or shareholder indifference.

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

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

The Company aims to maximise value for shareholders by holding a relatively concentrated portfolio of securities and invests through instruments appropriate to the particular situation. UEM is prepared to hold investments in unlisted securities when the attractiveness of the investment justifies the risks and lower liquidity associated with unlisted investments. ICMIM, as the Company's AIFM, 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 ICMIM to assess the financial risks associated with any particular stock. The portfolio is typically made up of 60 to 90 stocks.

There will be no material change to the Company's investment policy (including the investment limits set out below) without prior shareholder approval.

INVESTMENT LIMITS

The Board has prescribed the following limits on the investment policy, all of which are at the 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 GERP 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 Managers 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.

VALUATION METHODOLOGY

Investments are measured at the Board's estimate of fair value at the reporting date, in accordance with IAS 39 – Financial Instruments: Recognition and Measurement.

Fair value is the amount for which an asset (or liability) could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Publicly traded securities

Investments listed in an active market are valued at their closing bid price on the reporting date. When a bid price is not available, the price of the most recent reported transaction would normally be used.

Market bid prices are used even in situations where the Company holds a large position and a sale could reasonably affect the quoted price.

Unquoted securities

The determination of fair value for unquoted securities where there is little, if any, market activity is achieved by the application of a valuation technique that is appropriate for the circumstances. This will make the maximum use of market based information and is consistent with methodology generally used by market participants.

Valuation is normally determined using one of the following valuation methodologies:

Start up and early stage investments:

In the absence of revenues, profits, assets or cash flows, the approach used will be cost combined with set milestones to measure expectations and fair value.

Established investments:

There are three approaches to valuing established investments: multiples; discounted earnings; and recent investments. Depending on the investment and the relevance of the approach, any or all of these valuation methods could be used.

Appropriate market multiples will vary by instrument, but would typically be by reference to one or more of, but not limited to, net earnings ratio, EV/EBITDA ratio, dividend yield, discount to net asset value or yield to maturity.

Discounted earnings multiples will use maintainable earnings discounted at appropriate rates to reflect the value of the business. Where there has been a recent investment in an investee company, the price of that investment will provide a basis of the valuation.

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 Board 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 may 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).

The Company has a £50m multicurrency revolving facility with Scotiabank Europe plc; as at 31 March 2015 £31.9m was drawn down under the facility. Further details of this loan facility are included in notes 13 and 15 to the accounts.

DERIVATIVES

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

A review of the investment portfolio and borrowings is included in the Investment Manager's report and also in the notes to the accounts.

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 ("KPIs") that include the following:

- Net asset value total return relative to the MSCI Emerging Markets Index Total Return (GBP adjusted)
- Share price
- Discount to 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	2015	2014
Net asset value total return (%)	12.2	(3.4)
MSCI Emerging Markets Index Total Return (GBP adjusted) (%)	13.2	(9.9)
Share price (pence)	188.50	180.00
Discount to net asset value (%)	(10.1)	(6.4)
Percentage of issued shares bought back during the year (based on opening share capital) (%)	–	1.06
Revenue earnings per share (pence)	4.98	4.80
Ongoing charges figure – excluding performance fee (%)	1.1	0.9

The Company's performance was almost in line with that of the MSCI Emerging Markets Index (which covers all industry sectors) over the year, reflecting successful implementation of the investment policy by ICM.

A graph showing the NAV total return performance compared to the MSCI Emerging Markets Index Total Return (GBP adjusted), can be found on page 2. The Investment Manager's Report, which comprises the first part of this Strategic Report, provides a commentary on how this performance was achieved.

The ten year record on page 3 shows historic data for the Company's metrics.

Discount to 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 3.3% to 10.1% and an average discount of 7.1%. The Board and Investment Managers closely monitor both movements in the Company's share price and significant dealing in the shares.

The Board believes that the best way of addressing the discount over the longer term is to continue to generate good performance and to create demand for the Company's shares in the secondary market through increasing awareness of the Company, its philosophy and management style. The Board has increased the expenditure on marketing the Company. The Board will also be seeking to renew the authority from shareholders to buyback and issue shares, which can assist in the management of the discount and/or any premium at which the shares trade to their net asset value. No ordinary shares were bought back or issued during the year.

Earnings and dividends per share: The Directors' objective is to maintain or increase the dividend. The Board and the Investment Managers attach great importance to maintaining earnings 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 interim dividends each of 1.525p in respect of the year ended 31 March 2015. The fourth quarterly interim dividend was paid on 9 June 2015 to shareholders on the register at 15 May 2015. The total dividend for the year was 6.10p per share, the same as in 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 1.1%, almost the same as the previous year's 0.9%. This ratio is sensitive to the size of the Company as well as the level of costs. The basis for calculating the management fee was changed with effect from 1 April 2014 from 0.50% of gross assets to 0.65% of net assets.

FINANCIAL POSITION

At 31 March 2015, the Company's net assets were valued at £447.4m (2014: £410.2m). These comprised a portfolio of mainly listed equity investments and net current assets.

At the year end, the Company had a £50m secured multicurrency revolving facility with Scotiabank Europe plc which is repayable on 30 April 2016.

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 2015, the Company's assets were geared by borrowings in the form of drawings under the facility from Scotiabank of £31.9m (2014: £23.1m).

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

ICMIM has been appointed as the Company's alternative investment fund manager with effect from 13 April 2015 and has sole responsibility for risk management subject to the overall policies, supervision, review and control of the Board.

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 both the Investment Managers and the Company's Administrator.

The Board applies the principles and recommendations of the UK Code on Corporate Governance and the AIC's Code on Corporate Governance as described on page 41. The Company's internal controls are described in more detail on page 35. 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.

Most of the Company's principal risks are market-related and similar to those of other investment companies which invest primarily in listed investments. The principal ongoing risks and uncertainties currently faced by the Company, and the controls and actions to mitigate those risks, are described below. Further details of risks and risk management policies as they relate to the financial assets and liabilities of the Company are detailed in note 26 to the financial statements.

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

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 Managers. These guidelines include sector and market exposure limits.

The investment process employed by the Investment Managers 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. The Investment Managers try to reduce risk by ensuring that the Company's portfolio is always appropriately diversified. Overall, the investment process is aiming to achieve absolute returns through an active fund management approach.

The Company's results are reported in Sterling, whilst the majority of its assets are priced in foreign 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 Managers and may give rise to distortions in the reported returns to shareholders. It is difficult and expensive to hedge emerging markets' currencies.

In addition, 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 Managers agree it is a good investment decision.

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 sectors and gearing. Periodically the Board holds a separate meeting devoted to strategy, the most recent one having been held in November 2014.

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

There is no guarantee that the Company's strategy and business model will be successful in achieving its investment objective. 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. Past performance of the Company is not necessarily indicative of future performance.

No change in overall risk in year.

Gearing: the risk that the use of gearing may adversely impact on the Company's performance

Gearing levels may change from time to time in accordance with the Investment Managers' 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 2015, net gearing from borrowings stood at 6.6%.

No change in overall risk in year.

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

ICMIM, the Company's alternative investment fund manager, monitors compliance with the banking covenants when each draw down is made and at each month end. The Board reviews compliance with the banking covenants at each Board meeting.

No change in overall risk in year.

Key staff: loss by the Investment Managers 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.

Any changes to the management team is considered by the Board at its next meeting; the Board discusses succession planning with the Investment Managers at regular intervals.

No change in overall risk in year.

Reliance on the Investment Managers and other service providers: inadequate controls by the Investment Managers or Administrator or other third party service providers could lead to misappropriation of assets

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 80. The Audit Committee monitors the performance of the service providers.

All listed investments are held in custody for the Company by JPMorgan Chase; the unlisted investments are held in custody by Bermuda Commercial Bank Limited (together "the Custodians").

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 JPMorgan Chase and draws any issues to the attention of the Board.

The Board reviews operational issues at each Board meeting and the Audit Committee receives reports on the operation of internal controls, and the risk of cybercrime, as explained in more detail within Internal Controls on page 35. The risk of cybercrime is high, as it is with most organisations, but the Board regularly seeks assurances from the Investment Managers and other service providers on the preventative steps that they are taking to reduce this risk.

Although there has been no change in overall risk in the year, the possibility of cybercrime continues to be a concern. The Company's assets are considered to be relatively secure, so the risk is the inability to transact investment decisions for a period of time and reputational risk.

This Business Review was approved by the Board of Directors on 24 June 2015.

ICM Investment Management Limited
Company Secretary

Investment Managers and Team

ICM was the Investment Manager of UEM throughout the year under review. ICM is a Bermuda based global fund manager focused on finding investments at valuations that do not reflect their true long term value. Its investment approach is to have a deep understanding of the business fundamentals of each investment and its environment versus its intrinsic value. ICM is a long term investor and sees markets as a place to exchange assets.

ICM manages some £1.5bn directly and has indirect involvement in over £7.5bn in a range of mandates. ICM has 41 staff based in offices in Bermuda, Cape Town, Dublin, Hong Kong, London, Melbourne, Singapore and Wellington.

On 13 April 2015, UEM appointed ICMIM, a company authorised and regulated by the FCA as an alternative investment fund manager pursuant to the AIFM Rules, to act as the Company's AIFM, with sole responsibility for risk management, subject to the overall policies, supervision, review and control of the Board, and as joint portfolio manager alongside ICM. Mr Jillings effectively owns and controls ICMIM. There has not been any change in the individuals responsible for managing the Company as a consequence of the new management arrangements.

The investment teams are led by Charles Jillings and Duncan Saville, who are both directors of ICM; Charles Jillings is also a director of ICMIM.

Charles Jillings, a director of ICM and chief executive of ICMIM, is responsible for the day-to-day running of the Company and the investment portfolio. He qualified as a chartered accountant and has extensive experience in corporate finance and asset management. He is an experienced director having previously been a non-executive director in the water, waste and financial services sectors. His current portfolio of directorships include Keytech Limited, Somers Limited, Waverton Investment Management Limited, Westhouse Limited, Merrion Limited, Vix Limited and GERP.

Duncan Saville, a director of ICM, is a chartered accountant with extensive experience in corporate finance and asset management. He was formerly a non-executive director of Utilico Investment Trust plc and is an experienced director having previously been a non-executive director of a number of utility and technology companies. He is currently a director of Infratil Limited, New Zealand Oil and Gas Limited, Touchcorp Limited, Vix Technology Limited, Somers Limited and GERP.

Core teams assisting them at a senior level on UEM are led by:

Jacqueline Broers, who 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 and Nomura. Mrs Broers is focused on the transport sector worldwide with particular emphasis on emerging markets. She is a qualified chartered accountant.

Jonathan Groocock, who has been involved in the running of UEM since February 2011. Mr Groocock is focused on the utilities sector worldwide with particular emphasis on emerging markets. Prior to joining the investment team Mr Groocock had nine years of experience in sell side equity research, covering telecoms stocks at Investec. Mr Groocock qualified as a CFA charterholder in 2005.

Mark Lebbell, who has been involved in the running of UEM since its inception and before that was involved with Utilico Investment Trust plc and The Special Utilities Investment Trust PLC since 2000. Mr Lebbell is focused on the communications sector worldwide with particular emphasis on emerging markets. Mr Lebbell is an associate member of the Institute of Electrical Engineering and Technology.

Company Secretary

With effect from 13 April 2015, ICMIM has been appointed as company secretary of UEM, in place of ICM.

Amanda Marsh, a chartered secretary, joined the team in March 2012 and provides company secretarial services for the Company and Utilico Investments Limited. Miss Marsh has over 30 years of experience administering closed-end investment companies, most recently heading the former Merrill Lynch Investment Management investment trust company secretarial team until her departure in 2005.

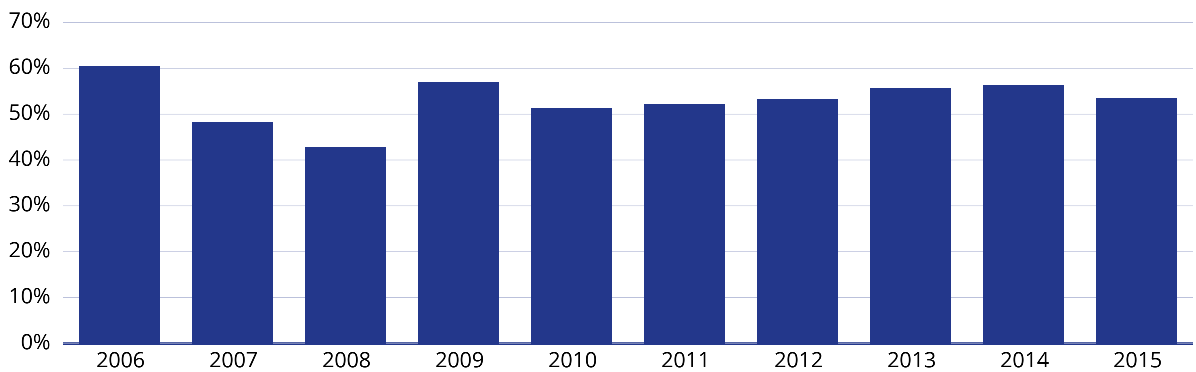
Throughout the year ended 31 March 2015, Mr Jillings, Mrs Broers, Mr Groocock, Mr Lebbell and Miss Marsh were employees of UEM and of ICM Investment Research Ltd, a wholly-owned subsidiary of ICM. The joint contracts with UEM ceased on 13 April 2015, when ICMIM was appointed as the Company's AIFM.

Ten Largest Holdings

2015	2014	**Company** *(Country)* Description	Fair Value £'000s	% of total investments
1	*(2)*	**Malaysia Airports Holdings Berhad** *(Malaysia)* Airport operator	39,587	8.2%
2	*(6)*	**MyEG Services Berhad** *(Malaysia)* IT Services	38,544	8.0%
3	*(1)*	**International Container Terminal Services, Inc.** *(Philippines)* Global container port operator	32,036	6.7%
4	*(3)*	**China Gas Holdings Limited** *(China)* Gas distribution	29,760	6.2%
5	*(4)*	**Eastern Water Resources Development and Management PCL** *(Thailand)* Water treatment and supply	25,714	5.3%
6	*(5)*	**Ocean Wilsons Holdings Limited** *(Brazil)* Port operator, provider of shipping services and worldwide investment fund	20,880	4.3%
7	*(10)*	**China Everbright International Limited** *(China)* Waste water treatment	19,542	4.1%
8	*(9)*	**APT Satellite Holdings Limited** *(Hong Kong)* Satellite operator	19,186	4.0%
9	*(7)*	**Asia Satellite Telecommunications Holdings Limited** *(Hong Kong)* Satellite operator	18,503	3.9%
10	*(8)*	**Gasco S.A.** *(Chile)* Gas distribution	14,621	3.0%
		Other investments	222,895	46.3%
		Total Portfolio	481,268	100.0%

The value of the ten largest holdings represents 53.7% (2014: 56.3%) of the Group's total investments. The country shown is the location of the major part of the investee company's business. The value of convertible securities represents 0.6% (2014: 1.2%) of the Group's portfolio and the value of fixed income securities represents 2.0% (2014: 1.6%) of the Group's portfolio. The total number of companies included in the portfolio is 84 (2014: 79).

Ten largest holdings as % of total investments
from 2006 to 2015

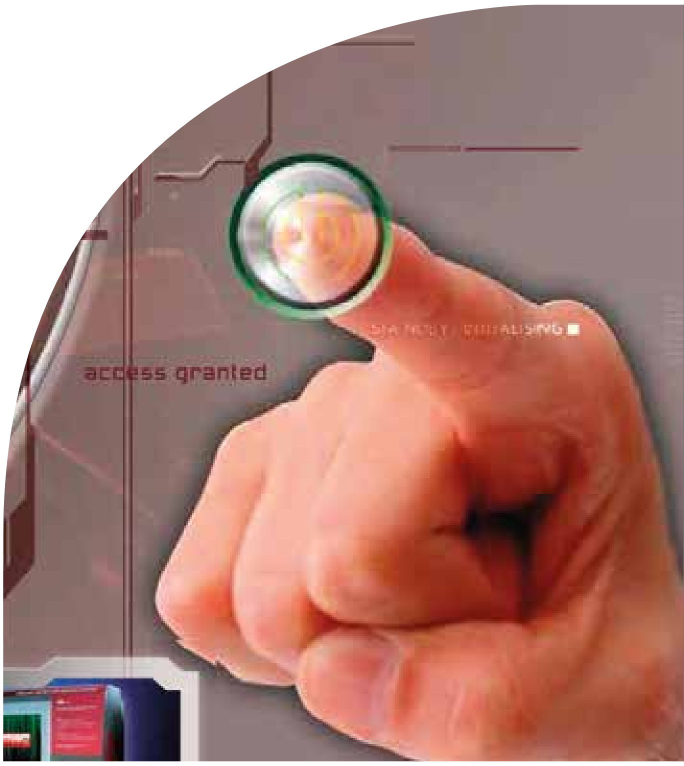


Source: UEM

www.malaysiaairports.com.my
Market Cap £2,103m

Malaysia Airports operates 39 (out of 40) airports in Malaysia, including the flagship KL International Airport. Though Malaysia Airports' passenger movements increased by 4.7% in the year to 31 December 2014, operations were impacted by the tragic events of MH370 and MH17 which resulted in weaker international demand and the nationalisation of Malaysia Airlines. Group revenue (excluding construction) increased 8.9% on the year, while EBITDA increased 4.1%. Normalised net income, which was impacted by higher financing costs, declined 48.5%. Malaysia Airports increased its holding in Turkey's Istanbul Sabiha Gokcen Airport ("ISG") from 20% to 100% in the period, financing the purchase with a discounted rights issue. ISG is a key airport in Turkey and realised passenger growth of 25.4% in 2014. In the year to 31 March 2015, Malaysia Airports' share price declined by 11.1% to MYR6.97.

Malaysia Airports Holdings Berhad (Malaysia)



www.myeg.com.my
Market Cap £610m

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 GST (sales tax) monitoring system, which will record and report cash register transactions.

In recent quarters, revenue and EBITDA growth has been running at around 30% ahead of the prior year and the company is confident that revenues will continue to grow strongly this year. MYEG's share price in the year to 31 March 2015 increased by 96.5% to MYR2.78, after adjusting for a 2 for 1 stock split during the period.

MyEG Services Berhad (Malaysia)

www.ICTSI.com
Market Cap £3,320m

ICT is a Philippines-based port operator which acquires, develops, manages and operates small-to-medium-sized container terminals across the globe. As at 31 December 2014, ICT's portfolio consisted of 29 terminal facilities spanning 21 countries. The company handled a total of 7.4m TEUs in the year to 31 December 2014, an increase of 17.9% on the previous year. Strong growth was the result of contributions from new terminals in Mexico and Honduras, the start of operations in Iraq and the consolidation of operations in Yantai Port in China. Group revenues and EBITDA increased by 24.5% and 17.4% respectively. Normalised net income decreased by 3.8%. ICT's share price at 31 March 2015 was unchanged at PHP108.00.

International Container Terminal Services, Inc. (Philippines)

www.chinagasholdings.com.hk
Market Cap £5,520m

China Gas owns and operates natural gas and liquefied petroleum gas ("LPG") infrastructure, including city gas pipelines, gas storage and transmission facilities and gas refilling stations. As of 30 September 2014 China Gas had secured 243 city gas concessions, 13 long-distance natural gas pipeline projects, 98 LPG distribution projects and 434 compressed/liquefied natural gas refilling stations throughout China. Its concessions cover 25.6m households, of which only 44% were connected as of Sept-14. Over 80% of its natural gas volumes sold is to commercial and industrial customers. In the six months to 30 September 2014 China Gas reported total piped gas volume growth of 16.8%, while LPG sales volumes grew by 49.8%. The strong volume and connections growth, as well as M&A, resulted in group revenues increasing by 49.0%, EBITDA by 26.5%, and normalised earnings by 29.3%. In the year to March 2015, China Gas Holdings' share price increased by 4.5%.

China Gas Holdings Limited (China)

www.eastwater.com
Market Cap £375m

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 2014 raw water volumes sold grew by just 0.1%, while tap water volumes sold increased by 10.6%. The lack of growth in raw water volumes reflects a decline in usage by PWA, Eastwater's principal customer, which services residential households, offset by demand from industrial estate customers. A tariff cut for PWA at end-13 was more than offset by increases for industrial estates. In the year to December 2014, group revenues grew by 13.0%, EBITDA by 5.0%, and normalised earnings by 1.4%. Dividends per share were increased by 7.1%. In the year to March 2015, Eastwater's share price fell by 4.4%.

Eastern Water Resources Development and Management PCL (Thailand)

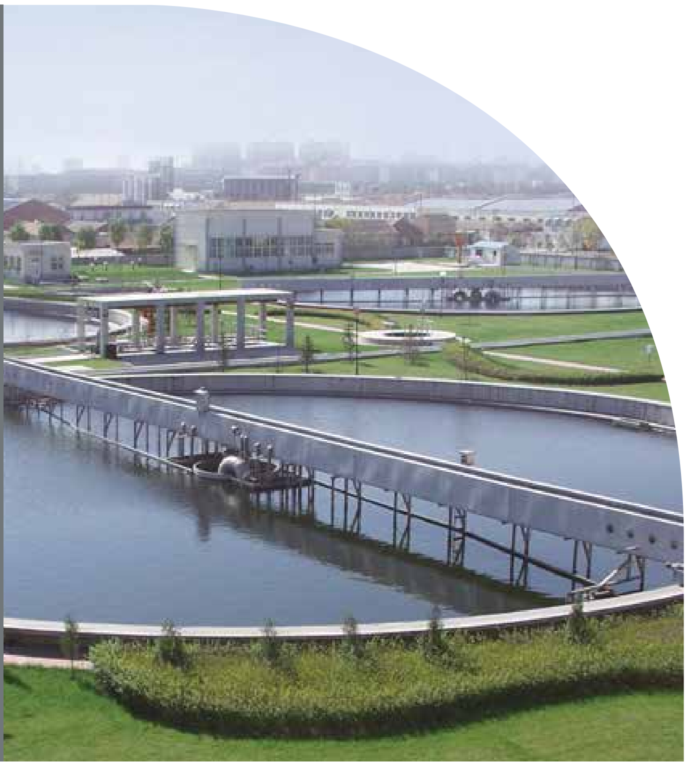
www.oceanwilsons.bm
Market Cap £304m

Ocean Wilsons is a Bermuda-based investment company listed on both the London and Bermuda Stock Exchanges. The company has two principal subsidiaries: Wilson Sons, in which it owns a 58.3% controlling stake; and Ocean Wilsons Investment Limited. Wilson Sons is one of Brazil's largest maritime service providers (listed on the San Paulo and Luxembourg Stock Exchanges), engaged in activities including harbour and ocean towage, container terminal operation (Tecon Rio Grande and Tecon Salvador), offshore support, logistics, small vessel construction and ship agency operation. In the year to 31 December 2014, Ocean Wilsons recorded a 4.1% decline in revenue, a 5.2% decline in EBITDA and a 41.2% decline in net income as a result of weak container operations at Wilson Sons. The investment portfolio posted a time-weighted return of 4.7%. In the year to 31 March 2015, Ocean Wilson's share price declined by 22.8% to 845.00p.

Ocean Wilsons Holdings Limited (Brazil)

www.ebchinaintl.com
Market Cap £5,057m

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. In 2014 China Everbright's project pipeline increased materially, and as of end-December 2014 it had secured 122 environmental protection and alternative energy projects with total investment of RMB30bn. In the year to December 2014 China Everbright reported WTE electricity generation volume growth of 57.2%, biomass/solar generation volume growth of 26.4% and wastewater treatment volume growth of 11.1%. Combined with construction revenues relating to several new projects this resulted in group revenue increasing by 19.5%, EBITDA by 23.0%, and normalised net income by 26.1%. Dividends per share were increased by 29.4%. In the year to 31 March 2015, China Everbright's share price increased by 21.9%.



China Everbright International Limited (China)

www.apstar.com
Market Cap £475m

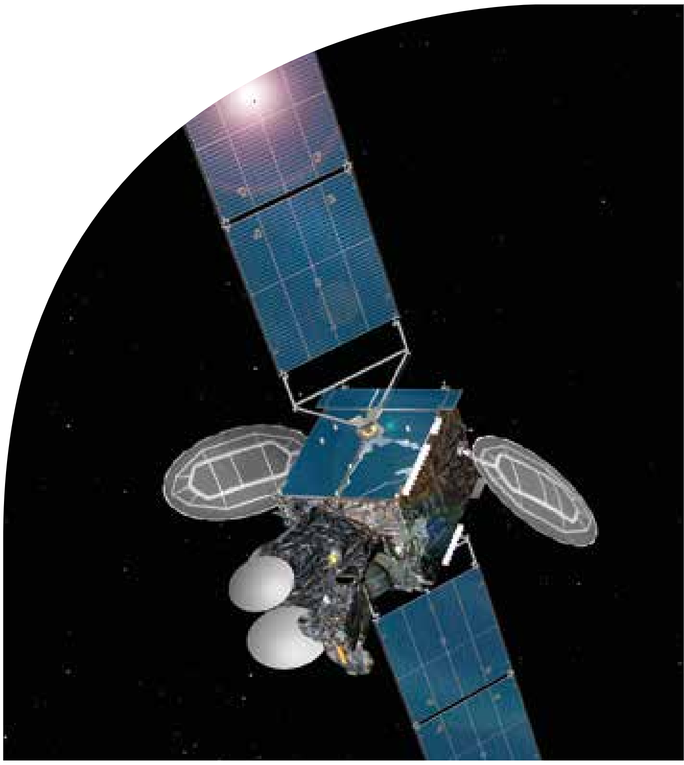
APT is an owner and operator of telecommunications satellites. The company has three owned satellites and one leased satellite. It aims to launch a new satellite in the fourth quarter of 2015 to replace the satellite that it is currently leasing.

Revenue growth in 2014 was up 9.6%, although revenues in the second half were not as strong as those reported in the first six months of the year and the company was cautious on its outlook for 2015, with satellite capacity in the Asian market increasing faster than demand, in contrast to recent years.

In the year to 31 March 2015 APT's share price was down 3.6% to HK$8.75.

APT Satellite Holdings Limited (Hong Kong)

Review of the Ten Largest Holdings (continued)



www.asiasat.com
Market Cap £969m

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. However, for the past couple of years, the company has been relatively capacity constrained in several markets. The launch of two new satellites in late 2014 will address this issue.

The company paid dividends of HK$2.48 during the year to 31 March 2015. On 12 May 2015, GE, a major shareholder in Asiasat, sold its stake to a fund managed by Carlyle Group for the equivalent of HK$26.00 per share, a discount to the market price. Asiasat has proposed a special dividend of up to US$600m, or HK$11.89 per share, which is expected to be paid in the next few months.

In the year to 31 March 2015, Asiasat's share price was down 10.9% to HK$28.50.

Asia Satellite Telecommunications Holdings Limited (Hong Kong)

www.gasco.cl
Market Cap £941m

Gasco owns and operates natural gas and liquefied petroleum gas ("LPG") infrastructure in Chile, Columbia and Argentina. Its main assets include a 51.8% stake in Metrogas, the monopoly city gas supplier in Santiago with 579,000 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 21% in Columbia. In the year to 31 December 2014 natural gas volumes sold in Chile increased by 8.6%, while LPG volumes sold fell by 2.3%, which combined with effective tariff increases resulted in revenue growth of 10.9%. An investigation into excessive profitability has meant that Gasco was unable to pass through higher input costs, with the result that EBITDA fell by 8.2%, and normalised earnings fell by 25.8%. Gasco increased its dividend per share by 118.6% including a CLP182.00 per share special dividend. In the year to 31 March 2015 Gasco's share price fell 11.7%.

Gasco S.A. (Chile)

Directors

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

Susan Hansen, 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, as well as 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.

Garry Madeiros OBE*, appointed in June 2007, was formerly president and chief executive officer of BELCO Holdings Limited (now named Ascendant Group Limited) and Bermuda Electric Light Company Limited. He is a director of BF&M Limited and BF&M Life Insurance Company. He is a chartered accountant, Chairman of the Company's Audit Committee and he has served on a number of corporate, community and Government boards. He is a Justice of the Peace and a fellow of the Bermuda Institute of Chartered Accountants.

Garth Milne (Deputy Chairman)*, re-appointed in November 2014, has been involved in the investment company sector for over 40 years, and has been a consultant to the Board for the last four years. Mr Milne resigned as a Director of the Company in 2010 as he was chairman of Westhouse Holdings Limited, the holding company of the Company's broker, Westhouse Securities Limited; he stepped down from the board of Westhouse Holdings in November 2014 and therefore is no longer conflicted. He is a director of Invesco Perpetual UK Smaller Companies Investment Trust plc.

Anthony Muh*, 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 investment 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 also was the Asia Pacific chief investment officer at Citigroup and Salomon Brothers Asset Management for more than 10 years. He is a 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 the current Vice Chairman and council member of Asia Corporate Governance Association.

* Independent director and member 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.

The Directors submit the Annual Report and Accounts of the Company and Group for the year ended 31 March 2015. The Corporate Governance Statement commencing on page 40, the Report of the Audit Committee on page 46, and the Remuneration Policy and Remuneration Report on page 42 all form part of this Report of the Directors. There are no instances where the Company is required to make disclosures in respect of Listing Rule 9.8.4R.

STATEMENT REGARDING ANNUAL REPORT AND ACCOUNTS

The Directors consider that, following advice from the Audit Committee, the Annual Report and Accounts, 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.

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 GERP, an unquoted Bermuda segregated accounts company. 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. The segregated account in GERP is classified as a subsidiary of the Company and its financial results are included within the accounts of the Group.

Details of the subsidiary companies are given in note 10 to the accounts.

RESULTS AND DIVIDENDS

Details of the Company's performance in the year to 31 March 2015 are set out on page 2. 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.

The dividends in respect of the year, which total 6.10p, have been declared and paid as four interim dividends in order to maintain quarterly payments (in September, December, March and June) as the Board and its Investment Managers believe, from discussions with shareholders, that the timely and regular payment of dividends is valued by the Company's shareholders.

GOING CONCERN

The Directors have reviewed the going concern basis of accounting for the Company. The Company's assets consist mainly of equity shares in listed companies and in most circumstances are realisable within a short timescale. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the accounts.

At the year end, the Company had a £50m multicurrency loan facility with Scotiabank Europe plc, which is repayable on 30 April 2016. Drawdowns under the facility are detailed in note 15 to the accounts. The Company will either extend or replace the facility or repay the outstanding debt when due from portfolio realisations.

THE ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFMD")

The Company is a non-EU Alternative Investment Fund for the purposes of the EU AIFMD. As detailed below under "Fund management arrangements", the Company has appointed ICMIM as its Alternative Investment Fund Manager ("AIFM") with effect from 13 April 2015 with the sole responsibility for risk management and ICM and ICMIM jointly to provide portfolio management services. It has also appointed J.P. Morgan Europe Limited ("JPMEL") as its depositary services provider, with effect from 13 April 2015. This role is a new one introduced by the AIFMD. JPMEL's responsibilities, which are set out in an Investor Disclosure Document on the Company's website at www.uem.bm, include general oversight over the issue and cancellation of the Company's shares, the calculation of the net asset value, cash monitoring and asset verification and record keeping. JPMEL receives an *ad-valorem* fee of 2.2bp for its services, subject to a minimum fee of £25,000 per annum, payable monthly in arrears.

The AIFMD requires certain information to be made available to investors in Alternative Investment Funds ("AIFs") before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information, is available on the Company's website at www.uem.bm

There have been no material changes to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a Regulatory Information Service. As a UK authorised AIFM, ICMIM will make the requisite disclosures on remuneration levels and policies to the FCA at the appropriate time.

FUND MANAGEMENT ARRANGEMENTS

Under the Investment Management Agreement ("IMA") in place as at 31 March 2015, ICM qualified for a performance fee in respect of the year ended 31 March 2015, details of which can be found in note 3 to the accounts.

Subsequent to the year end, the IMA with ICM was terminated with effect from 13 April 2015 and replaced with a new agreement (the "AIFM Agreement") under which ICMIM, an English incorporated company which is regulated by the FCA, was appointed to act as the Company's AIFM with sole responsibility for risk management, and ICMIM and ICM were appointed with joint responsibility for portfolio management. The AIFM Agreement is based substantially on the IMA with changes only to the extent necessary to ensure that the relationship between the Company, ICMIM and ICM is compliant with the requirements of AIFMD and also such other requirements applicable to ICMIM by virtue of its regulation by the FCA. The aggregate fees payable by the Company under the AIFM Agreement are the same as those previously payable under the IMA, namely 0.65% of net assets, payable quarterly in arrears, with such fees to be apportioned between ICMIM and ICM as agreed by them. Note 3 to the accounts provides detailed information in relation to the management fee. ICMIM and ICM may also become entitled to a performance-related fee, the basis of which is unchanged from the IMA.

There has been no change in the individuals responsible for managing the Company as a consequence of the new arrangements.

The AIFM Agreement may be terminated by the Company or by ICMIM and ICM, acting together, giving not less than six months' notice in writing.

Under the terms of the IMA, ICM was obliged to provide the services of individuals to act as employees of the Company; there is no such requirement in the AIFM Agreement and since 13 April 2015 the Company has had no employees. Under the AIFM Agreement, ICMIM has been appointed as Company Secretary.

The Board continually reviews the policies and performance of the Investment Managers. The Board's philosophy and the Investment Managers' 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 Managers' approach to result in a significant degree of outperformance compared with the Index. The Board is satisfied with the terms of appointment of ICMIM and ICM.

REGULATORY AND COMPETITIVE ENVIRONMENT

The Company is obliged to comply with Bermuda law, the Listing Rules of the FCA 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 Trust Companies issued by the AIC in November 2014. 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 half-yearly 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 accounting policies of the Company are detailed in note 1 to the accounts on pages 58 to 60.

DIRECTORS

The Company has a Board of five non-executive directors who oversee and monitor the activities of the Investment Managers and other service providers and ensure that the Company's investment policy is adhered to. Details of the Board's responsibilities and the information it relies upon, are set out on page 31. 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 46, 33, and 42 respectively.

Mr Kevin O'Connor retired from the Board on 17 November 2014 and Mr Garth Milne was re-appointed to the Board in his place. Mr Milne was previously a Director until he stood down in October 2010.

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 Managers pursuant to the AIFM Agreement as described under "Fund Management Arrangement" above.

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 to The World Trust Fund, in which the Company has a minor investment. Mr Zagoreos, who has been a Director since 2005, has been Chairman throughout the year and is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. The Board does not believe that length of service of itself detracts from the independence of a director, particularly in relation to an investment company. On that basis and notwithstanding his other business relationships, the Board considers Mr Zagoreos to be independent as he has no other connection with the Investment Managers. As he has been a director for over 9 years, Mr Zagoreos will be seeking re-election at the forthcoming annual general meeting. In common with all the other members of the Board, Mr Zagoreos 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 he continues to demonstrate commitment to the role and therefore the Board recommends his re-election.

DEPUTY CHAIRMAN

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

BOARD RESPONSIBILITIES

The Board is responsible for overall stewardship of the Company, including corporate strategy, corporate governance, risk and controls assessment, overall investment policy and gearing limits. Although the Company has appointed ICMIM as its AIFM with responsibility for risk management, in performing its services, ICMIM is subject to the overall policies, supervision, review and control of the Board.

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 Managers and other 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 also responsible 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 all of its shareholders 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 (including supervising and reviewing the performance of ICMIM, as the Company's AIFM with responsibility for risk management), reviewing investment performance, monitoring the net borrowing position, approving recommendations made by the Audit Committee, undertaking Board nomination responsibilities and assessing the Investment Managers 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, 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 Managers ensure 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 Managers have also put arrangements in place to address ongoing training requirements of Directors which include briefings from the Investment Managers' 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 at least once a year 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 Managers, 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 Managers 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.

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 Managers, the Company Secretary and other appropriate persons. All appointments are subject to subsequent confirmation by shareholders in general meeting.

Prior to the retirement of Mr O'Connor in November 2014, the Board considered the question of his replacement and concluded that Mr Milne was a strong candidate as he had previous knowledge and experience of the Company. After due consideration by the Board, Mr Garth Milne was re-appointed to the Board on 17 November 2014. The Board has considered Mr Milne's previous chairmanship of Westhouse Holdings plc, the parent company of the Company's UK broker and has concluded that notwithstanding this previous appointment, Mr Milne should be considered an independent director. Mr Milne's knowledge of investment companies is extensive and he brings this experience to the Board.

The Bye-laws require that a Director shall retire and be subject to re-election at the first Annual General Meeting ("AGM") after appointment and at least every three years thereafter. Mr Milne will retire at the forthcoming AGM and, being eligible, will offer himself for election to the Board (Resolution 4). Mr Alexander Zagoreos will seek re-election at the forthcoming AGM as he has served more than nine years on the Board. Mrs Susan Hansen is subject to annual re-election, even though the Board views her as independent, due to her directorship of another company associated with ICM. In addition, one-third of the Board, rounded up, is subject to retirement by rotation each year. As a result, Mr Muh will retire by rotation. Being eligible, Mr Zagoreos, Mrs Hansen and Mr Muh all offer themselves for re-election (Resolutions 5, 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 Mr Milne and the re-election of Mrs Hansen and Mr Muh (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 three Directors, the Board believes that these Directors should be put forward for election and re-election. The Board feels that all three 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 46 to 48. Copies of the terms of reference are available on the Company's website at www.uem.bm

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 at www.uem.bm

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

The Investment Managers' performance is considered by the Board at every meeting, with a formal evaluation by the Management Engagement Committee annually. The Board received detailed reports and views from ICM on investment policy, asset allocation, gearing and risk at each Board meeting in the year ended 31 March 2015, with *ad hoc* market/company updates if there were significant movements in the intervening period. The Board reviewed the portfolio management services to be provided by ICM and ICMIM when it considered the new AIFM Agreement.

The Management Engagement Committee also considers the effectiveness of the administration services provided by the Investment Managers and Administrator, including the timely identification and resolution of areas of accounting judgement and implementation of new regulatory requirements, and the performance of other third party service providers. In this regard the Committee assessed the services provided by the Investment Managers, the Administrator and the other service providers to be good.

REMUNERATION COMMITTEE

The composition and activities of the Remuneration Committee are summarised in the Directors' Remuneration Report on pages 42 to 45. Copies of the terms of reference are available on the Company's website at www.uem.bm.

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 Managers' 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 Directors, taking into account the views of the Investment Managers. 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 assessed to have performed satisfactorily. No follow-up actions were required.

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. A committee of the Board is constituted to deal with any matters between scheduled Board meetings. The following table sets out the number of formal Board meetings (excluding Board committee 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 scheduled meetings	5	3	1	1
Alexander Zagoreos	5	3	1	1
Susan Hansen	5	n/a	n/a	1
Garry Madeiros	5	3	1	1
Garth Milne (appointed 17 November 2014)	2/2	2/2	0/0	0/0
Anthony Muh	4	3	1	1
Kevin O'Connor (retired 17 November 2014)	4/4	2/2	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 declaration of quarterly dividends and other *ad hoc* items.

DIRECTORS' REMUNERATION AND SHAREHOLDINGS

The Directors' Remuneration Report, which can be found on page 42, contains information on the remuneration policy and annual remuneration of the Directors of the Company and their share interests in the Company. Shareholders will be asked to approve the Directors' annual report on remuneration on page 43 (excluding the remuneration policy which is next due for approval in 2017).

DIRECTORS' INTERESTS

The Directors' interests in the ordinary share capital of the Company are disclosed in the Directors' Remuneration Report on page 44.

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

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.

SAFE CUSTODY OF ASSETS

The Company's listed investments are held in safe custody by JPMorgan Chase Bank NA, Jersey, as custodian, who was appointed on 13 April 2015, in place of JPMorgan Chase, London Branch. Operational matters with the Custodian are carried out on the Company's behalf by ICMIM and the Administrator in accordance with the AIFM Agreement and the Administration Agreement. The Custodian is paid a variable fee dependent on the number of trades transacted and the location of the securities held.

The Company's unlisted investments continue to be held in safe custody by Bermuda Commercial Bank Limited.

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 Managers, Administrator and Custodians maintain their own systems of internal controls and the Board and the Audit Committee receive regular reports from the Investment Managers 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 2015 or subsequently up to the date of this annual financial report.

The Board has reviewed and accepted the Investment Managers' anti-bribery and corruption and 'whistleblowing' policies. 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 committee, which receives regular reports from the Administrator's internal audit department. The Company's Audit Committee has received and reviewed the Statement for the year ended 31 December 2014, together with a report from the Administrator's group audit committee on the effectiveness of the internal controls maintained on behalf of the Company.

COMPANY SECRETARY

The Board has direct access to the advice and services of the Company Secretary, who is an employee of ICM Investment Management 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 Managers entered into a new administration agreement with the Administrator on 19 June 2015, in place of the previous agreement, 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 £220,000 per annum (previously £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.

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 24 June 2015 the issued share capital of the Company and the total voting rights were 213,243,793 ordinary shares of 10p each. There have been no changes to the Company's authorised and issued share capital during the year. All ordinary shares rank equally for dividends and distributions and carry one vote each.

At the last AGM, the Company was granted authority to make market purchases of up to 14.99% of its ordinary shares. No ordinary shares have been bought back over the year.

SUBSTANTIAL SHARE INTERESTS

As at 24 June 2015, the Company had received notification of the following holdings of voting rights:

	Number of ordinary shares held	% held
Utilico Investments Limited	44,371,179	20.8
F&C Asset Management plc clients, including	20,362,478	9.4
Foreign & Colonial Investment Trust plc	15,411,661	7.1
Lazard Asset Management LLC	19,117,715	8.9
Investec Wealth & Investment Limited	12,308,522	5.7
Rathbone Stockbrokers	10,728,364	5.0

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 Managers become aware that best practice in corporate governance and social responsibility is not followed, the Company and the Investment Managers will encourage changes towards this goal.

As an investment company, environmental policy has limited application. The Investment Managers consider 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 Managers do 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 the Investment Managers. Their Stewardship and Voting policy is included on the Company's website at www.uem.bm. Generally, the Investment Managers will vote in favour of all resolutions at general meetings, unless they see clear investment reasons for doing otherwise. The Board periodically receives a report on instances where the Investment Managers have voted against the recommendation of the management on any resolution. It also expects to be informed of any sensitive voting issues involving the Company's investments.

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 employees or property and 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 AGM to be held in 2016 and at every fifth AGM 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 if shareholders wish to participate: www.uem.bm.

FACILITATING RETAIL INVESTMENTS

The Company currently conducts its affairs so that its securities can be recommended by IFAs 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.

As a consequence, the Company's shares also qualify to be considered as a mainstream investment product suitable for ordinary retail investors.

The Company's ordinary shares are eligible for inclusion in an Individual Savings Account.

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 a Regulatory Information Service, of the net asset value of the Company's ordinary shares and by monthly fact sheets produced by the Investment Managers.

There is a regular dialogue between the Investment Managers and institutional shareholders, including the private client wealth managers, 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 Managers 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, Company factsheets and regulatory announcements.

ANNUAL GENERAL MEETING

The Company's AGM will be held on 22 September 2015.

The notice of the AGM and related notes can be found on pages 78 to 79. All resolutions are ordinary resolutions unless otherwise identified.

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

Resolution 10 Amendment to the Company's Bye-laws to increase the aggregate fees payable to Directors

Bye-law 111.1 of the Company's Bye-laws currently provides that the maximum aggregate fees payable to the Directors is £200,000 per annum. The Directors are proposing to amend this Bye-law to increase the maximum aggregate fees payable to the Directors to £250,000 per annum, which would provide flexibility on appointment of new directors, as well as headroom for future increases in Directors' fees.

Resolution 10 is a Special Resolution and will require the approval of a 75% majority of votes cast in respect of it.

Resolution 11 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 2015.

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 11 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 2016.

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 12 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 12 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 24 June 2015). 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 the prevailing net asset value per share 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 12 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 Investment Management Limited, Secretary
24 June 2015

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 Managers and administration to the Administrator and other external service providers.

INTRODUCTION

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 Objective:

- to oversee the financial reporting and control environment.

MANAGEMENT ENGAGEMENT COMMITTEE

All NEDs, with the exception of Mrs Hansen

Chairman: Alexander Zagoreos

Key Objectives:

- to review the performance of the Investment Managers 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: Garth Milne

Key Objective:

- to set the remuneration policy for the Directors of the Company.

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 (the "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 reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of Utilico Emerging Markets Limited, being a Bermuda incorporated investment company with external investment managers. In particular, all of the Company's day-to-day investment management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees 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 its Investment Managers 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.7.1 in the UK Corporate Governance Code issued by the Financial Reporting Council published in September 2014 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 or are "non-independent", 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 Group'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 Corporate Governance Code is provided in the Report of the Directors' as follows:

- The composition and operation of the Board and its Committees are summarised on pages 30 to 33, and pages 46 to 48 in respect of the Audit Committee.
- The Company's approach to internal control and risk management is summarised on pages 17 to 19 and page 35.
- The contractual arrangements with, and assessment of, the Investment Managers are summarised on pages 29 and 36.
- The Company's capital structure and voting rights are summarised on page 36. The substantial shareholders in the Company are listed on page 36.
- Powers to buy back the Company's shares or to issue new shares on a non pre-emptive basis, which are sought annually, are summarised on pages 38 and 39.

Details of how the Company communicates with its shareholders are included in the Report of the Directors, under "Relations with Shareholders" on pages 37 and 38.

By order of the Board
ICM Investment Management Limited, Company Secretary
24 June 2015

Directors' Remuneration Report

for the year ended 31 March 2015

The Board is composed solely of non-executive Directors. Full details of the Company's policy with regards to Directors' fees and fees paid during the year ended 31 March 2015 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 50 to 51.

REMUNERATION COMMITTEE

The Company's Remuneration Committee is comprised of the whole Board and is chaired by Mr Milne. 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 at www.uem.bm.

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. A key element is that 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.

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 currently limit the aggregate fees payable to the Board of Directors to a total of £200,000 per annum. Within that 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 level of Directors' 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 the Board and committee responsibilities and the time committed to the Company's affairs. The Board is seeking shareholder approval at the forthcoming AGM to increase the limit on the aggregate fees payable to the Directors to £250,000 per annum.

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

The fees are fixed and the monetary amount is used to purchase ordinary shares in the Company on behalf of the Chairman and other Directors, quarterly in arrears. 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. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors are provided with a letter of appointment when they join the Board. There is no provision for compensation upon early termination of appointment. The letters of appointment are available on request at the Company's registered office during business hours and will be available for 15 minutes before and during the forthcoming AGM.

The Directors' Remuneration Policy and Remuneration Report were approved by shareholders at the Company's last annual general meeting, held on 16 September 2014. Over 99% of the votes cast were in favour of both resolutions and less than 1% were against. The Directors' Remuneration Policy will next be put to shareholders for approval at the annual general meeting in 2017 unless changes are proposed to be made in the meantime.

The Board reviews the fees payable to the Chairman and Directors annually and the fees were increased with effect from 1 April 2014 such that the Directors received fees of £30,000 per annum, the chairman of the Audit Committee received £37,500 and the Chairman of the Board received £40,500. The review in respect 2015/16 has resulted in the fees being increased with effect from 1 April 2015 as detailed in the table opposite.

Based on the levels of fees effective from 1 April 2015, Directors' remuneration for the year ending 31 March 2016 would be as follows:

Annual fee	2016 £'000s	2015* £'000s	2014* £'000s
Chairman	42.0	40.5	39.5
Directors	31.0	30.0	28.5
Chairman of Audit Committee	39.0	37.5	36.5

*Actual

Year ending	2016 £'000s
Alexander Zagereos (Chairman)	42.0
Susan Hansen	31.0
Garry Madeiros (Chair of Audit Committee)	39.0
Garth Milne	31.0
Anthony Muh	31.0
Total	174.0

DIRECTORS' ANNUAL REPORT ON REMUNERATION

Shareholders will be asked to approve this Directors' annual report on remuneration at the forthcoming annual general meeting.

During the year ended 31 March 2015, the Chairman received a fee of £40,500 per annum and the remaining Directors received a fee of £30,000 per annum. The Chairman of the Audit Committee received an additional £7,500 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)	2015 Entitlement £'000(2)	Shares purchased(1)	2014 Entitlement £'000(2)
Alexander Zagoreos (Chairman)	**21,445**	**40.5**	21,871	39.5
Susan Hansen(3)	**15,870**	**30.0**	7,953	14.9
Garry Madeiros(4)	**19,853**	**37.5**	20,210	36.5
Garth Milne(5)	**5,878**	**11.2**	-	-
Anthony Muh	**15,870**	**30.0**	15,780	28.5
Kevin O'Connor(6)	**9,601**	**19.0**	15,780	28.5
Totals		**168.2**		147.9

(1) All the shares were purchased in the market, as set out in note 1(j) on page 60
(2) The Directors' entitlement to fees is calculated in arrears
(3) Appointed 23 September 2013.
(4) Mr Madeiros' fee includes entitlement of £7,500 (2014, £8,000) for being Chairman of the Audit Committee
(5) Appointed 17 November 2014. Previously a consultant, receiving a fee of £30,000 per annum
(6) Resigned 17 November 2014

Directors' Remuneration Report (continued)

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' BENEFICIAL SHARE INTERESTS

At 31 March	2015	2014
Alexander Zagoreos	493,467	472,028
Susan Hansen	19,923	4,152
Garry Madeiros	116,021	196,182
Garth Milne (appointed 17 November 2014)	603,662	601,684*
Anthony Muh	72,785	52,879
Kevin O'Connor (resigned 17 November 2014)	–	501,752

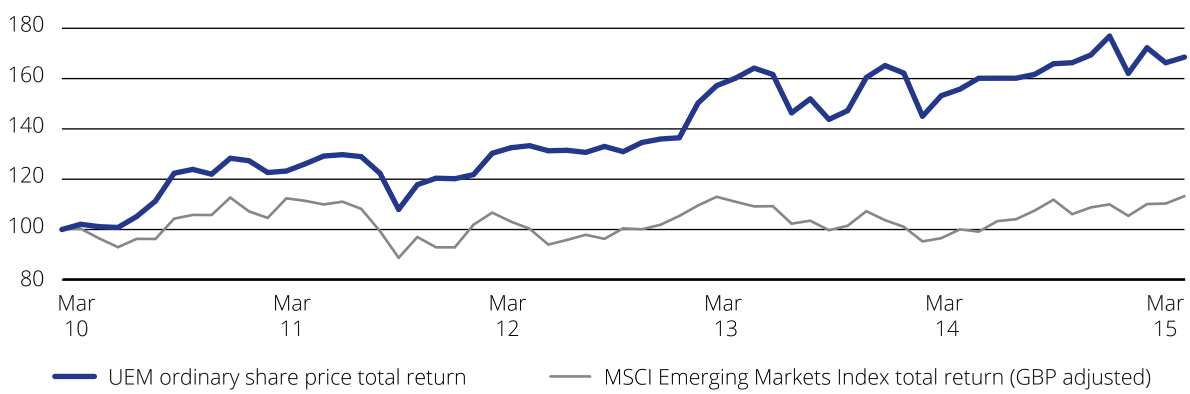
*at date of appointment

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 2015: Mr Zagoreos, 5,274 shares; Mrs Hansen, 3,900 shares; Mr Madeiros, 4,882 shares; Mr Milne, 3,900 shares; and Mr Muh, 3,900 shares. Mr Muh has also acquired a further 589 shares on the reinvestment of his June dividend. 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 Managers through the AIFM Agreement, as referred to in the Report of the Directors' on page 29. The graph below compares, for the five years ended 31 March 2015, the share price total return (assuming all dividends are reinvested) to ordinary shareholders 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 2015 is given in the Chairman's Statement and Investment Manager's Report.

UEM share price total return
From 31 March 2010 to 31 March 2015 (rebased to 100 at 31 March 2010)



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 2015 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.

	2015 £'000s	2014 £'000s	Change £'000s
Aggregate Directors' emoluments	168	148	20
Aggregate shareholder distributions	13,008	13,043	(35)

On behalf of the Board
Alexander Zagoreos
Chairman
24 June 2015

As Chairman of the Audit Committee, I am pleased to present the Committee's report to shareholders for the year ended 31 March 2015.

ROLE AND RESPONSIBILITIES

The Company has established a separately chaired Audit Committee whose duties include considering and recommending to the Board for approval the contents of the half yearly and annual financial statements, and providing an opinion as to whether the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. The terms of reference detailing the scope and duties of the Audit Committee are available on the website http://www.uem.bm/investor-relations/other-documents/

The Audit Committee meets at least three times a year. Two of the planned meetings are held prior to the Board meetings to approve the half yearly and annual results and the Committee receives information from the Investment Managers and Administrator on their internal controls. Representatives of the Investment Managers and the Administrator attend all meetings.

COMPOSITION

The Audit Committee consists of all the Directors of the Company, except Susan Hansen. Alexander Zagoreos, the Chairman of the Company, is a member of the Audit Committee 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.

RESPONSIBILITIES AND REVIEW OF THE EXTERNAL AUDIT

During the year the principal activities of the Audit Committee included:

- regular review of the portfolio, particularly the unlisted investments;
- considering and recommending to the Board for approval the contents of the half yearly and annual financial statements and reviewing the external auditor's report;
- monitoring developments in accounting and reporting requirements that impact on the Company's compliance with relevant statutory and listing requirements;
- considering 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 ICM 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;
- reviewing 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; and
- evaluation of the effectiveness of the internal control and risk management systems including reports received on the operational controls of the Company's service providers.

AUDITOR AND AUDIT TENURE

KPMG has been the auditor of the Company since 2012, following a competitive tender process. During the year, Gareth Horner, the audit partner, stood down due to ill-health and has been replaced by Neil Palmer. The Audit Committee has met with Mr Palmer and considers that he has the requisite skills and experience to fulfil this role. The Audit Committee has considered the independence of the auditor and the objectivity of the audit process and is satisfied that KPMG has fulfilled its obligations to shareholders as independent auditor to the Company.

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 amounted to £4,000 for the year ended 31 March 2015 (2014: £4,000) and related to the review of the interim accounts; more details are included in note 4 to the accounts.

The partner and manager of the audit team at KPMG presented their audit plan to the Audit Committee and subsequently reported 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 Audit 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 Audit Committee meets *in camera* with the external auditor at least 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 Audit Committee on these items, amongst other matters. This report was considered by the Audit Committee and discussed with the auditor and the Investment Managers 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 matters that were subject to specific consideration by the Audit Committee and consultation with the auditor where necessary were 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. 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 Managers, the Administrator and the auditor. As a result, and following a thorough review process, the Audit Committee advised the Board that it is satisfied that, taken as a whole, the annual financial report for the year to 31 March 2015 is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion, the Audit Committee has assumed that the reader of the report would have a reasonable level of knowledge of the investment company industry.

The Chairman of the Audit Committee will be present at the AGM to deal with 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 Audit Committee and relevant personnel at the Investment Managers 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
- reasonableness of audit fees.

For the 2015 financial year, the Audit Committee is 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.

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 Audit Committee. Work here was driven by the Audit 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 Managers, the Administrator and other service providers. These are recorded in risk matrices prepared by ICMIM, as the Company's AIFM with responsibility for risk management, which continue to serve as an effective tool to highlight and monitor the principal risks, details of which are provided in the Business Review. It also received and considered, together with representatives of the Investment Managers, reports in relation to the operational controls of the Investment Managers, 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 Audit 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 33.

Garry Madeiros
Chairman of the Audit Committee
24 June 2015

Directors' Statement of Responsibilities

The Directors are responsible for preparing the annual report and accounts, which is required to include a Strategic Report, a Corporate Governance Statement, a Directors' Remuneration Report and a Report of the Directors.

The Directors must not approve the Group financial statements unless in their opinion they give a true and fair view of the state of affairs of the Company and Group as at 31 March 2015 and of the results for the year then ended. The Directors are also responsible for ensuring that the annual report and accounts is fair, balanced and understandable and that the accounting records are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements and the Directors' annual report on remuneration comply with IFRS. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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; and
- state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

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 Bermuda law and IFRS, as adopted by the European Union, on a going concern basis, give a true and fair view of the assets, liabilities, financial position and net return of the Company and Group;
- the annual financial report includes a fair review of the development and performance of the Company and the important events that have occurred during the financial year and their impact on the financial statements, including a description of the principal risks and uncertainties that it faces; and
- the financial statements and the Report of the Directors' include details of any related party transactions.

Approved by the Board on 24 June 2015 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 ICMIM. 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 2015 set out on pages 52 to 77. 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 2015 and of the profit 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 (£470m)

Refer to page 46 (Audit Committee Report), page 59 (accounting policy) and pages 64 to 65 (financial disclosures).

The risk: The Group's portfolio of listed investments makes up 98% 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, ownership and valuation of the Group's portfolio of listed investments included, but were not limited to:

- assessing the processes in place to record investment transactions and to value the listed portfolio;
- agreeing the pricing of 100% of the listed investments to third party pricing sources; and
- agreeing 100% of the listed 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 £7.32m, determined with reference to a benchmark of Total Assets (of which it represents 1.5%).

In addition, we applied a materiality of £581,000 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 for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the company.

We report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £366,000. In addition, we report any correct and uncorrected identified misstatements exceeding £29,000 for a number of income statement items. Other identified misstatements that warrant reporting on qualitative grounds are also communicated.

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 40 and 41 relating to the Company's compliance with the ten provisions of the 2012 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 28, in relation to going concern.

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

Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 49, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. 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.

Neil Palmer
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square London E14 5GL
24 June 2015

Group Income Statement

Notes	for the year to 31 March	2015 Revenue return £'000s	2015 Capital return £'000s	2015 Total return £'000s	2014 Revenue return £'000s	2014 Capital return £'000s	2014 Total return £'000s
9	Gains/(losses) on investments	–	45,390	45,390	–	(19,767)	(19,767)
12	Losses on derivative instruments	–	(2,721)	(2,721)	–	(5,821)	(5,821)
	Exchange gains/(losses)	38	2,623	2,661	(59)	(202)	(261)
2	Investment and other income	14,531	–	14,531	13,742	–	13,742
	Total income	14,569	45,292	59,861	13,683	(25,790)	(12,107)
3	Management and administration fees	(1,117)	(5,014)	(6,131)	(925)	(1,328)	(2,253)
4	Other expenses	(1,534)	(23)	(1,557)	(1,324)	(25)	(1,349)
	Profit/(loss) before finance costs and taxation	11,918	40,255	52,173	11,434	(27,143)	(15,709)
5	Finance costs	(299)	(698)	(997)	(197)	(461)	(658)
	Profit/(loss) before taxation	11,619	39,557	51,176	11,237	(27,604)	(16,367)
6	Taxation	(1,000)	(42)	(1,042)	(982)	1,683	701
	Profit/(loss) for the year	10,619	39,515	50,134	10,255	(25,921)	(15,666)
7	**Earnings per ordinary share – pence**	4.98	18.53	23.51	4.80	(12.13)	(7.33)

The total column of this statement represents the Group's Income Statement and the Group's Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards ("IFRS"). The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies ("AIC") 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	2015 Revenue return £'000s	2015 Capital return £'000s	2015 Total return £'000s	2014 Revenue return £'000s	2014 Capital return £'000s	2014 Total return £'000s
9	Gains/(losses) on investments	–	42,887	42,887	–	(25,597)	(25,597)
	Exchange gains/(losses)	2	2,539	2,541	(63)	(211)	(274)
2	Investment and other income	14,324	–	14,324	13,667	–	13,667
	Total income	**14,326**	**45,426**	**59,752**	13,604	(25,808)	(12,204)
3	Management and administration fees	(1,104)	(5,014)	(6,118)	(925)	(1,328)	(2,253)
4	Other expenses	(1,438)	(23)	(1,461)	(1,227)	(25)	(1,252)
	Profit/(loss) before finance costs and taxation	11,784	40,389	52,173	11,452	(27,161)	(15,709)
5	Finance costs	(299)	(698)	(997)	(197)	(461)	(658)
	Profit/(loss) before taxation	**11,485**	**39,691**	**51,176**	11,255	(27,622)	(16,367)
6	Taxation	(1,000)	(42)	(1,042)	(982)	1,683	701
	Profit/(loss) for the year	**10,485**	**39,649**	**50,134**	10,273	(25,939)	(15,666)
7	**Earnings per ordinary share – pence**	**4.92**	**18.59**	**23.51**	4.80	(12.13)	(7.33)

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 AIC 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 2015

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 2014	21,324	3,796	204,587	11,093	167,117	2,318	410,235
	Profit for the year	–	–	–	–	39,515	10,619	50,134
8	Ordinary dividends paid	–	–	–	–	(3,252)	(9,756)	(13,008)
	Balance at 31 March 2015	**21,324**	**3,796**	**204,587**	**11,093**	**203,380**	**3,181**	**447,361**

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 for cancellation 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

Company Statement of Changes in Equity

for the year to 31 March 2015

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 2014	21,324	3,796	204,587	11,093	166,888	2,547	410,235
	Profit for the year	–	–	–	–	39,649	10,485	50,134
8	Ordinary dividends paid	–	–	–	–	(3,252)	(9,756)	(13,008)
	Balance at 31 March 2015	**21,324**	**3,796**	**204,587**	**11,093**	**203,285**	**3,276**	**447,361**

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 for cancellation 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

Balance Sheets

Notes	at 31 March	GROUP 2015 £'000s	GROUP 2014 £'000s	COMPANY 2015 £'000s	COMPANY 2014 £'000s
	Non-current assets				
9	Investments	**481,268**	433,955	**482,895**	436,724
	Current assets				
11	Other receivables	**3,082**	880	**3,082**	879
12	Derivative financial instruments	**1,839**	1,857	**–**	–
	Cash and cash equivalents	**1,804**	1,574	**195**	489
		6,725	4,311	**3,277**	1,368
	Current liabilities				
13	Bank loans	**–**	(23,132)	**–**	(23,132)
14	Other payables	**(7,313)**	(3,916)	**(6,016)**	(3,742)
12	Derivative financial instruments	**(524)**	–	**–**	–
		(7,837)	(27,048)	**(6,016)**	(26,874)
	Net current liabilities	**(1,112)**	(22,737)	**(2,739)**	(25,506)
	Total assets less current liabilities	**480,156**	411,218	**480,156**	411,218
	Non-current liabilities				
15	Bank loans	**(31,862)**	–	**(31,862)**	–
16	Deferred tax	**(933)**	(983)	**(933)**	(983)
	Net assets	**447,361**	410,235	**447,361**	410,235
	Equity attributable to equity holders				
18	Ordinary share capital	**21,324**	21,324	**21,324**	21,324
19	Share premium account	**3,796**	3,796	**3,796**	3,796
20	Special reserve	**204,587**	204,587	**204,587**	204,587
21	Other non-distributable reserve	**11,093**	11,093	**11,093**	11,093
22	Capital reserves	**203,380**	167,117	**203,285**	166,888
22	Revenue reserve	**3,181**	2,318	**3,276**	2,547
	Total attributable to equity holders	**447,361**	410,235	**447,361**	410,235
23	**Net asset value per ordinary share**				
	Basic – pence	**209.79**	192.38	**209.79**	192.38

Approved by the Board on 24 June 2015 and signed on its behalf by

Alexander Zagoreos
Chairman

Garry Madeiros
Director

Statements of Cash Flows

Notes	for the year to 31 March	GROUP 2015 £'000s	GROUP 2014 £'000s	COMPANY 2015 £'000s	COMPANY 2014 £'000s
24	Cash flows from operating activities	**7,718**	(665)	**7,609**	(661)
	Investing activities:				
	Purchases of investments	**(87,749)**	(101,081)	**(88,972)**	(104,773)
	Sales of investments	**85,255**	104,628	**85,255**	104,628
	Purchases of derivatives	**(3,004)**	(8,725)	**–**	–
	Sales of derivatives	**825**	5,749	**–**	–
	Cash flows from investing activities	**(4,673)**	571	**(3,717)**	(145)
	Cash flows before financing activities	**3,045**	(94)	**3,892**	(806)
	Financing activities:				
	Ordinary dividends paid	**(13,008)**	(13,043)	**(13,008)**	(13,043)
	Movements from loans	**10,973**	14,215	**10,973**	14,215
	Cost of ordinary shares purchased	**–**	(3,942)	**–**	(3,942)
	Cash flows from financing activities	**(2,035)**	(2,770)	**(2,035)**	(2,770)
	Net movement in cash and cash equivalents	**1,010**	(2,864)	**1,857**	(3,576)
	Cash and cash equivalents at the beginning of the year	**(875)**	2,569	**(1,960)**	2,201
	Effect of movement in foreign exchange	**391**	(580)	**298**	(585)
	Cash and cash equivalents at the end of the year	**526**	(875)	**195**	(1,960)
	Comprised of:				
	Cash	**1,804**	1,574	**195**	489
	Bank overdraft	**(1,278)**	(2,449)	**–**	(2,449)
	Total	**526**	(875)	**195**	(1,960)

1. ACCOUNTING POLICIES

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

The Group has from 1 April 2014 adopted IFRS 10 Consolidated Financial Statements, IFRS11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities and IFRS 13 Fair Value Measurement. Utilico Emerging Markets (Mauritius) and Global Equity Risk Protection Limited segregated account continue to be consolidated under IFRS 10. There is no effect on the current or prior year results of the Group.

Details of Utilico Emerging Markets (Mauritius) and GERP are included in note 10 to the accounts. GERP 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 2015.

(a) Basis of accounting

The accounts have been prepared on a going concern basis in accordance with 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 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. UEM is an investment entity as classified in IFRS 10. Associated undertakings held as part of the investment portfolio (see note 9) are not accounted for in the Group accounts using the equity method of accounting, but are carried at fair value through profit or loss.

(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 financial 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 net asset value on the date of allocation.

(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	2015 Total £'000s	Revenue £'000s	Capital £'000s	2014 Total £'000s
Investment income						
Dividends	**13,615**	**–**	**13,615**	12,259	–	12,259
Interest	**916**	**–**	**916**	1,482	–	1,482
	14,531	**–**	**14,531**	13,741	–	13,741
Other income						
Interest on cash and short-term deposits	**–**	**–**	**–**	1	–	1
Total income	**14,531**	**–**	**14,531**	13,742	–	13,742

Company	Revenue £'000s	Capital £'000s	2015 Total £'000s	Revenue £'000s	Capital £'000s	2014 Total £'000s
Investment income						
Overseas dividends	**13,408**	**–**	**13,408**	12,184	–	12,184
Overseas and UK interest	**916**	**–**	**916**	1,482	–	1,482
	14,324	**–**	**14,324**	13,666	–	13,666
Other income						
Interest on cash and short-term deposits	**–**	**–**	**–**	1	–	1
Total income	**14,324**	**–**	**14,324**	13,667	–	13,667

3. MANAGEMENT AND ADMINISTRATION FEES

Group	Revenue £'000s	Capital £'000s	2015 Total £'000s	Revenue £'000s	Capital £'000s	2014 Total £'000s
Payable to:						
ICM – management fee	839	1,958	2,797	662	1,544	2,206
ICM – company secretarial fees	55	–	55	53	–	53
ICM – administration fees in respect of subsidiary companies	13	–	13	–	–	–
ICM – performance fee in respect of relevant year	–	3,056	3,056	–	–	–
– performance fee adjustment in respect of prior year	–	–	–	–	(216)	(216)
F&C Management Limited – administration fee	210	–	210	210	–	210
	1,117	5,014	6,131	925	1,328	2,253

Company	Revenue £'000s	Capital £'000s	2015 Total £'000s	Revenue £'000s	Capital £'000s	2014 Total £'000s
Payable to:						
ICM – management fee	839	1,958	2,797	662	1,544	2,206
ICM – company secretarial fees	55	–	55	53	–	53
ICM – performance fee in respect of relevant year	–	3,056	3,056	–	–	–
– performance fee adjustment in respect of prior year	–	–	–	–	(216)	(216)
F&C Management Limited – administration fee	210	–	210	210	–	210
	1,104	5,014	6,118	925	1,328	2,253

Throughout the year ended 31 March 2015, ICM provided investment management services to the Company for a fee of 0.65% per annum of net assets (prior to 1 April 2014, the fee was 0.5% per annum of gross assets), payable quarterly in arrears. The management fee is allocated 70% to capital return and 30% to revenue return. ICM also provided 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 £2,797,000 (2014: £2,206,000) paid to ICM is £43,000 (2014: £46,000) 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 was 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 higher of (i) the post-tax yield on the FTSE Actuaries Government Securities UK Gilt 5 to 10 years Index, plus inflation (on the RPIX basis), plus 2%; and (ii) 8%. The maximum amount of a performance fee payable in respect of any financial year is 1.85% of the average net assets of the Company and any performance fee in excess of this cap is written off. Prior to 1 April 2014, ICM was 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 2%. The Net Asset Value ("NAV") must also exceed the high watermark established when the performance fee was last paid (at 31 March 2013), adjusted for capital events and dividends paid since that date. The high watermark was 205.84p at 31 March 2013.

When applicable, half of the performance fee is payable in cash and half in ordinary shares of the Company ("Performance Shares"), based on the 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 NAV 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 NAV per ordinary share, the Company will issue to ICM, shares at NAV 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 is paid to or recouped from ICM in cash within seven days of the publication of the Report and Accounts. The high watermark was 209.79p at 31 March 2015.

On 9 April 2015, the performance fee due to ICM in respect of the year ended 31 March 2015 was estimated to be £3,065,000 (2014: £nil). ICM received £1,533,000 of this fee in cash on 10 April 2015. The remaining balance of £1,532,000 was settled through the purchase, based on the estimated NAV of the Company at 31 March 2015, of 730,483 ordinary shares of the Company in the market. The cost of those shares to the Company, was £1,510,000. A repayment of £9,000 is due in cash from ICM, in final settlement of the full audited performance fee due of £3,056,000.

3. MANAGEMENT AND ADMINISTRATION FEES (CONTINUED)

ICM Limited purchased 100% of ICM Corporate Services (Pty) Ltd on 22 October 2014, making ICM Corporate Services a related party to UEM. ICM Corporate Services provides administration services to UEM (Mauritius) for a fee of US$24,000 per annum and to GERP for a fee of £15,000 per annum. The agreements are terminable upon one month's notice in writing.

The existing investment management agreement with ICM was terminated and replaced with a new agreement (the "AIFM Agreement") on 13 April 2015, pursuant to which ICM Investment Management Limited ("ICMIM") was appointed as the Company's Alternative Investment Fund Manager and joint portfolio manager with ICM. The AIFM Agreement is based on the previous agreement with changes only to the extent necessary to ensure that the relationship between the Company, ICMIM and ICM is compliant with the requirements of the EU Alternative Investment Fund Manager Directive and also such other requirements applicable to ICMIM by virtue of its regulation by the Financial Conduct Authority. The aggregate fees payable by the Company under the AIFM Agreement are the same as those previously payable under the previous agreement, with such fees to be apportioned between the joint portfolio managers as agreed by them. The AIFM Agreement is terminable upon six months' notice in writing.

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. The fee was increased to £220,000 per annum with effect from 1 April 2015.

4. OTHER EXPENSES

Group	Revenue £'000s	Capital £'000s	2015 Total £'000s	Revenue £'000s	Capital £'000s	2014 Total £'000s
Auditor's remuneration:						
for audit services	**43**	**–**	**43**	41	–	41
for other services*	**4**	**–**	**4**	4	–	4
Broker and consultancy fees	**181**	**–**	**181**	91	–	91
Custody fees	**390**	**–**	**390**	282	–	282
Directors' fees for services to the Company (see Directors' Remuneration Report on pages 42 to 45)	**168**	**–**	**168**	148	–	148
Directors' travel expenses	**217**	**–**	**217**	187	–	187
Other travel costs	**116**	**–**	**116**	143	–	143
Professional fees	**132**	**–**	**132**	71	–	71
Sundry expenses	**283**	**23**	**306**	357	25	382
	1,534	**23**	**1,557**	1,324	25	1,349

Company	Revenue £'000s	Capital £'000s	2015 Total £'000s	Revenue £'000s	Capital £'000s	2014 Total £'000s
Auditor's remuneration:						
for audit services	**30**	**–**	**30**	30	–	30
for other services*	**4**	**–**	**4**	4	–	4
Broker and consultancy fees	**181**	**–**	**181**	91	–	91
Custody fees	**390**	**–**	**390**	282	–	282
Directors' fees for services to the Company (see Directors' Remuneration Report on pages 42 to 45)	**168**	**–**	**168**	148	–	148
Directors' travel expenses	**217**	**–**	**217**	187	–	187
Other travel costs	**116**	**–**	**116**	143	–	143
Professional fees	**86**	**–**	**86**	71	–	71
Sundry expenses	**246**	**23**	**269**	271	25	296
	1,438	**23**	**1,461**	1,227	25	1,252

* Total Auditor's remuneration for other services amounts to £4,000, for reviewing the interim accounts (2014: £4,000 for reviewing the interim accounts).

5. FINANCE COSTS

Group and Company	Revenue £'000s	Capital £'000s	2015 Total £'000s	Revenue £'000s	Capital £'000s	2014 Total £'000s
On loans and bank overdrafts	**299**	**698**	**997**	197	461	658

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	2015 Total £'000s	Revenue £'000s	Capital £'000s	2014 Total £'000s
Overseas taxation	**1,000**	**–**	**1,000**	982	–	982
Brazilian capital gains tax on sale of overseas investments	**–**	**92**	**92**	–	2	2
Total current taxation	**1,000**	**92**	**1,092**	982	2	984
Deferred tax (see note 16)	**–**	**(50)**	**(50)**	–	(1,685)	(1,685)
	1,000	**42**	**1,042**	982	(1,683)	(701)

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 on realisations of the investments.

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	
	2015 £'000s	2014 £'000s	**2015 £'000s**	2014 £'000s
Revenue	**10,619**	10,255	**10,485**	10,273
Capital	**39,515**	(25,921)	**39,649**	(25,939)
Total	**50,134**	(15,666)	**50,134**	(15,666)
Weighted average number of shares in issue during the period for basic earnings per share calculations	**213,243,793**	213,811,752	**213,243,793**	213,811,752

8. DIVIDENDS

Group and Company	Record date	Payment date	Revenue £'000s	Capital £'000s	2015 £'000s	Revenue £'000s	Capital £'000s	2014 £'000s
2013 Fourth quarterly interim of 1.525p	17-May-13	05-Jun-13	**–**	**–**	**–**	–	3,287	3,287
2014 First quarterly interim of 1.525p	09-Aug-13	05-Sep-13	**–**	**–**	**–**	3,252	–	3,252
2014 Second quarterly interim of 1.525p	29-Nov-13	13-Dec-13	**–**	**–**	**–**	3,252	–	3,252
2014 Third quarterly interim of 1.525p	14-Feb-14	03-Mar-14	**–**	**–**	**–**	3,252	–	3,252
2014 Fourth quarterly interim of 1.525p	23-May-14	06-Jun-14	**–**	**3,252**	**3,252**	–	–	–
2015 First quarterly interim of 1.525p	15-Aug-14	01-Sep-14	**3,252**	**–**	**3,252**	–	–	–
2015 Second quarterly interim of 1.525p	05-Dec-14	17-Dec-14	**3,252**	**–**	**3,252**	–	–	–
2015 Third quarterly interim of 1.525p	13-Feb-15	04-Mar-15	**3,252**	**–**	**3,252**	–	–	–
			9,756	**3,252**	**13,008**	9,756	3,287	13,043

The Directors have paid a fourth quarterly interim dividend in respect of the year ended 31 March 2015 of 1.525p per ordinary share on 9 June 2015 to shareholders on the register at close of business on 15 May 2015. The total cost of the dividend, which has not been accrued in the results for the year to 31 March 2015, was £3,252,000.

9. INVESTMENTS

Group	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2015 Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2014 Total £'000s
Investments brought forward								
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
Movements in the year:								
Purchases at cost	**88,374**	**–**	**880**	**89,254**	101,930	–	–	101,930
Transfer to level 3*	**(453)**	**–**	**453**	**–**	–	–	–	–
Sales proceeds	**(86,395)**	**–**	**(936)**	**(87,331)**	(103,910)	–	(199)	(104,109)
Gains/(losses) on investments sold in the year	**21,235**	**–**	**(10)**	**21,225**	7,971	–	(9,884)	(1,913)
Gains/(losses) on investments held at year end	**22,757**	**–**	**1,408**	**24,165**	(27,229)	–	9,375	(17,854)
Valuation at 31 March	**470,299**	**–**	**10,969**	**481,268**	424,781	–	9,174	433,955
Analysed at 31 March								
Cost	**291,268**	**–**	**30,645**	**321,913**	268,240	–	30,525	298,765
Gains/(losses)	**179,031**	**–**	**(19,676)**	**159,355**	156,541	–	(21,351)	135,190
Valuation	**470,299**	**–**	**10,969**	**481,268**	424,781	–	9,174	433,955

Company	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2015 Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2014 Total £'000s
Investments brought forward								
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
Movements in the year:								
Purchases at cost	**84,107**	**5,628**	**880**	**90,615**	97,459	8,023	–	105,482
Transfer to level 3*	**(453)**	**–**	**453**	**–**	–	–	–	–
Sales proceeds	**(86,395)**	**–**	**(936)**	**(87,331)**	(103,910)	–	(199)	(104,109)
Gains/(losses) on investments sold in the year	**21,235**	**–**	**(10)**	**21,225**	7,971	–	(9,884)	(1,913)
(Losses)/gains on investments held at year end	**20,834**	**(580)**	**1,408**	**21,662**	(27,235)	(5,824)	9,375	(23,684)
Valuation at 31 March	**459,632**	**12,294**	**10,969**	**482,895**	420,304	7,246	9,174	436,724
Analysed at 31 March								
Cost	**282,530**	**42,888**	**30,645**	**356,063**	263,769	37,260	30,525	331,554
Gains/(losses)	**177,102**	**(30,594)**	**(19,676)**	**126,832**	156,535	(30,014)	(21,351)	105,170
Valuation	**459,632**	**12,294**	**10,969**	**482,895**	420,304	7,246	9,174	436,724

* 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 2015 £'000s	Group 2014 £'000s	Company 2015 £'000s	Company 2014 £'000s
Gains/(losses) on investments sold	**21,225**	(1,913)	**21,225**	(1,913)
Gains/(losses) on investments held	**24,165**	(17,854)	**21,662**	(23,684)
Total gains/(losses) on investments	**45,390**	(19,767)	**42,887**	(25,597)

Associated undertakings

The Company had the following associated undertaking at 31 March 2015:

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%

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	2015 % of class of instruments held	2014 % of class of instruments held
APT Satellite Holdings Limited	Hong Kong	Ordinary shares	**4.1**	3.3
Eastern Water Resources Development and Management PCL	Thailand	Ordinary shares	**6.8**	8.0
MyEG Services Berhad	Malaysia	Ordinary shares	**6.3**	7.9
Ocean Wilsons Holdings Limited	Bermuda	Ordinary shares	**7.0**	7.0

10. SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company at 31 March 2015 and 31 March 2014.

Company	Country of registration and incorporation	Number and class of shares held	Holdings and voting rights %
Utilico Emerging Markets (Mauritius)[1]	Mauritius	677,635 ordinary shares	100
Global Equity Risk Protection Limited[2]	Bermuda	3,920 Class B shares linked to a segregated account in GERP	100

(1) Incorporated, and commenced trading, on 6 September 2011 to carry on business as an investment company.

(2) A Bermuda segregated accounts company which was incorporated and commenced trading on 4 May 2006. The segregated account, which is structured as the Bermuda law equivalent of a protected cell, exists for the sole purpose of carrying out derivative transactions on behalf of the Company. The holding represents 100% of the issued Class B shares and have no voting rights.

11. OTHER RECEIVABLES

	Group		Company	
	2015 £'000s	2014 £'000s	**2015 £'000s**	2014 £'000s
Sales for future settlement	**2,076**	–	**2,076**	–
Margin accounts	**–**	1	**–**	–
Accrued income	**977**	798	**977**	798
Prepayments and other debtors	**29**	81	**29**	81
	3,082	880	**3,082**	879

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).

			2015			2014
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	**1,839**	**(524)**	**1,315**	1,857	–	1,857

Changes in derivatives

Group	**2015 £'000s**	2014 £'000s
Valuation brought forward	**1,857**	4,702
Purchases	**3,004**	8,725
Settlements	**(825)**	(5,749)
Net losses on derivatives held and sold	**(2,721)**	(5,821)
Valuation at 31 March	**1,315**	1,857

13. BANK LOANS – CURRENT LIABILITY

Group and Company	**2015 £'000s**	2014 £'000s
€5.0 million repaid April 2014	**–**	4,133
£14.5 million repaid April 2014	**–**	14,500
USD 7.5 million repaid April 2014	**–**	4,499
	–	23,132

The Company has a committed senior multicurrency revolving facility of £50,000,000 with Scotiabank Europe plc, secured over the Company's assets, which was extended in April 2014 to 30 April 2016 (see note 15). Commitment fees are charged on any undrawn amounts at commercial rates. The terms of the loan facility, including those related to accelerated repayment and costs of repayment, are typical of those normally found in facilities of this nature.

14. OTHER PAYABLES

	Group		Company	
	2015 £'000s	2014 £'000s	**2015 £'000s**	2014 £'000s
Purchases for future settlement	**1,956**	566	**1,956**	432
Bank overdraft	**1,278**	2,449	**–**	2,449
Accrued finance costs	**16**	41	**16**	41
Accrued expenses	**4,063**	860	**4,044**	820
	7,313	3,916	**6,016**	3,742

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

15. BANK LOANS – NON-CURRENT LIABILITY

Group and Company	**2015 £'000s**	2014 £'000s
€31.6million repayable April 2016	**22,862**	–
£9.0 million repayable April 2016	**9,000**	–
	31,862	–

For details of the loan facility, see note 13 above.

16. DEFERRED TAX

Group and Company	**2015 £'000s**	2014 £'000s
Balance brought forward	**983**	2,668
Decrease in provision for Brazilian tax on capital gains	**(50)**	(1,685)
Balance carried forward	**933**	983

Provision is made for deferred tax in respect of capital gains tax on chargeable investment holding gains in Brazil, at a rate of 15% (2014: same).

17. OPERATING SEGMENTS

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

18. ORDINARY SHARE CAPITAL

	Authorised Number	**£'000s**
Equity share capital		
Ordinary shares of 10p each		
Authorised (brought forward and carried forward)	1,350,010,000	135,001

	Total shares in issue Number	**2015 Total shares in issue £'000s**	Total shares in issue Number	2014 Total shares in issue £'000s
Balance brought forward	**213,243,793**	**21,324**	215,528,793	21,553
Shares purchased for cancellation by the Company	**–**	**–**	(2,285,000)	(229)
Balance at 31 March	**213,243,793**	**21,324**	213,243,793	21,324

Since the year end no ordinary shares have been purchased for cancellation.

19. SHARE PREMIUM ACCOUNT

Group and Company	2015 £'000s	2014 £'000s
Balance brought forward	**3,796**	7,510
Purchase of ordinary shares	**–**	(3,714)
Balance carried forward	**3,796**	3,796

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

20. SPECIAL RESERVE

Group and Company	2015 £'000s	2014 £'000s
Balance brought forward and carried forward	**204,587**	204,587

The special reserve constitutes a reserve under Bermuda law for assessing the sufficiency of reserves for the purpose of making dividend payments to ordinary shareholders.

21. OTHER NON-DISTRIBUTABLE RESERVE

Group and Company	2015 £'000s	2014 £'000s
Balance brought forward and carried forward	**11,093**	11,093

The non-distributable reserve constitutes a reserve for the purpose of assessing the sufficiency of reserves for the purpose of making dividend payments to ordinary shareholders.

22. OTHER RESERVES

2015

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	**21,225**	**–**	**21,225**	**–**
Gains on investments held	**–**	**24,165**	**24,165**	**–**
Losses on derivative financial instruments sold	**(4,988)**	**–**	**(4,988)**	**–**
Gains on derivative financial instruments held	**–**	**2,267**	**2,267**	**–**
Exchange gains	**2,623**	**–**	**2,623**	**–**
Management fee (see note 3)	**(1,958)**	**–**	**(1,958)**	**–**
Performance fee (see note 3)	**(3,056)**	**–**	**(3,056)**	**–**
Finance costs (see note 5)	**(698)**	**–**	**(698)**	**–**
Other capital charges	**(23)**	**–**	**(23)**	**–**
Taxation (see note 6)	**(42)**	**–**	**(42)**	**–**
Revenue profit for the year	**–**	**–**	**–**	**10,619**
Total profit in current year	**13,083**	**26,432**	**39,515**	**10,619**
Dividends paid in the year	**(3,252)**	**–**	**(3,252)**	**(9,756)**
Balance at 31 March 2014	**34,161**	**132,956**	**167,117**	**2,318**
Balance at 31 March 2015	**43,992**	**159,388**	**203,380**	**3,181**

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

22. OTHER RESERVES (CONTINUED)

2015 **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	**21,225**	**–**	**21,225**	**–**
Gains on investments held	**–**	**21,662**	**21,662**	**–**
Exchange gains	**2,539**	**–**	**2,539**	**–**
Management fee (see note 3)	**(1,958)**	**–**	**(1,958)**	**–**
Performance fee (see note 3)	**(3,056)**	**–**	**(3,056)**	**–**
Finance costs (see note 5)	**(698)**	**–**	**(698)**	**–**
Other capital charges	**(23)**	**–**	**(23)**	**–**
Taxation (see note 6)	**(42)**	**–**	**(42)**	**–**
Revenue profit for the year	**–**	**–**	**–**	**10,485**
Total profit in current year	**17,987**	**21,662**	**39,649**	**10,485**
Dividends paid in the year	**(3,252)**	**–**	**(3,252)**	**(9,756)**
Balance at 31 March 2014	**61,718**	**105,170**	**166,888**	**2,547**
Balance at 31 March 2015	**76,453**	**126,832**	**203,285**	**3,276**

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

Group and Company

Included within the capital reserve movement for the year is £764,000 (2014: £328,000) of dividend receipts recognised as capital in nature, £223,000 (2014: £331,000) of transaction costs on purchases of investments and £268,000 (2014: £272,000) of transaction costs on sale of investments.

23. NET ASSET VALUE PER ORDINARY SHARE

Group and Company

Net asset value per ordinary share is based on net assets at the year end of £447,361,000 (2014: £410,235,000) and on 213,243,793 (2014: 213,243,793) ordinary shares in issue at the year end.

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

	Group		Company	
	2015 £'000s	2014 £'000s	**2015 £'000s**	2014 £'000s
Profit before taxation	**51,176**	(16,367)	**51,176**	(16,367)
Adjust for non-cash flow items:				
(Gains)/losses on investments	**(45,390)**	19,767	**(42,887)**	25,597
Losses on derivative financial instruments	**2,721**	5,821	**–**	–
Exchange (gains)/losses	**(2,661)**	261	**(2,541)**	274
Effective yield	**(119)**	(402)	**(119)**	(402)
(Increase)/decrease in accrued income	**(178)**	693	**(178)**	693
Increase/(decrease) in creditors	**3,248**	(9,413)	**3,237**	(9,430)
Increase/(decrease) in other debtors	**15**	(29)	**15**	(29)
Tax on overseas income	**(1,002)**	(993)	**(1,002)**	(993)
	(43,366)	15,705	**(43,475)**	15,710
Adjust for cash flow items not within Income Statement:				
Taxation on capital gains	**(92)**	(4)	**(92)**	(4)
Cash flows on margin accounts	**–**	1	**–**	–
	(92)	(3)	**(92)**	(4)
Net cash flows from operating activities	**7,718**	(665)	**7,609**	(661)

25. RELATED PARTY TRANSACTIONS

Mr G Milne was appointed as a Director of the Company on 17 November 2014.

During the year the Company made payments to its subsidiaries as follows: to GERP of £0.9m (2014: £3.0m) in settlement of investment transactions; and to Utilico Emerging Markets (Mauritius) of £4.7m (2014: £5.0m) for the settlement of the issue of ordinary shares.

On consolidation, transactions between the Company and its subsidiaries 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 (2014: same); the Board of UEM, ICM, the Investment Manager at the year end, and ICM Corporate Services (Pty) Ltd.

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 43, the Board received aggregate remuneration of £168,000 (2014: £148,000) included within "Other expenses" for services as Directors. At the year end £42,000 (2014: £40,000) remained outstanding to the Directors. In addition to their fees, the Directors received dividends totalling £76,000 (2014: £73,000) during the year under review in respect of their shareholdings in the Company. There were no further transactions with the Board during the year.

There were no transactions with ICM, or ICM Investment Research Limited, or ICM Corporate Services (Pty) Ltd, wholly-owned subsidiaries 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 £263,000 (2014: £195,000). At the year end £3,056,000 (2014: £nil) remained outstanding to ICM in respect of performance fee and £709,000 (2014: £538,000) in respect of management and company secretarial fees.

26. FINANCIAL RISK MANAGEMENT

The Group's investment policy is to provide long-term total return appreciation by investing predominantly in infrastructure, utility and related sectors mainly in emerging markets. The Group seeks to meet its investment policy by investing principally in a diversified portfolio of both listed and unlisted companies. Derivative instruments may be used for purposes of hedging the underlying portfolio of investments. The Company has the power to take out both short and long-term borrowings. In pursuing the investment policy, the Group is exposed to financial risks which could result in a reduction of either or both of the value of the net assets and the profits available for distribution by way of dividend. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit and counterparty risk. The Board of Directors, together with the Investment Managers, 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 subsidiaries 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 IFRS 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 Managers assess exposure to market risks when making each investment decision and monitor 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 Managers 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:

	2015	**Average**	2014
BRL – Brazilian Real	**4.7446**	**3.9907**	3.7619
CNY – Chinese Yuan Renminbi	**9.2033**	**9.9971**	10.3663
MYR – Malaysian Ringgit	**5.4978**	**5.4088**	5.4441
PHP – Philippine Peso	**66.3572**	**71.4783**	74.7633
THB – Thai Baht	**48.3057**	**52.4122**	54.0824
USD – United States Dollar	**1.4845**	**1.6131**	1.6672

26. 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 exposure, are shown below:

2015	BRL £'000s	CNY £'000s	GBP £'000s	MYR £'000s	PHP £'000s	THB £'000s	USD £'000s	Other £'000s	Total £'000s
Other receivables	130	2,247	37	–	32	89	–	547	3,082
Derivative financial instruments – assets	–	–	–	–	–	–	28,292	–	28,292
Cash and cash equivalents	–	–	7	–	–	1	234	1,562	1,804
Other payables	–	(1,937)	(4,064)	–	–	–	(1,293)	(19)	(7,313)
Derivative financial instruments – liabilities	–	–	–	–	–	–	(26,945)	–	(26,945)
Long term loans	–	–	(9,000)	–	–	–	–	(22,862)	(31,862)
Net monetary assets/(liabilities)	130	310	(13,020)	–	32	90	288	(20,772)	(32,942)
Investments	53,757	150,459	–	85,119	37,864	30,814	–	123,255	481,268
Deferred tax	(933)	–	–	–	–	–	–	–	(933)
Net exposures	52,954	150,769	(13,020)	85,119	37,896	30,904	288	102,483	447,393
Percentage of net exposures	11.8%	33.7%	(2.9)%	19.0%	8.5%	6.9%	0.1%	22.9%	100.0%

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	139,496	(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%

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Weakening of Sterling	BRL £'000s	CNY £'000s	MYR £'000s	PHP £'000s	THB £'000s	2015 USD £'000s	BRL £'000s	CNY £'000s	MYR £'000s	PHP £'000s	THB £'000s	2014 USD £'000s
Income Statement return after tax												
Revenue return	**325**	**135**	**93**	**28**	**112**	**(2)**	325	126	121	27	134	(2)
Capital return	**5,869**	**16,733**	**9,458**	**4,207**	**3,424**	**32**	7,390	15,500	7,859	4,581	3,327	5,132
Total return	**6,194**	**16,868**	**9,551**	**4,235**	**3,536**	**30**	7,715	15,626	7,980	4,608	3,461	5,130
NAV per share												
Basic – pence	**2.90**	**7.91**	**4.48**	**1.99**	**1.66**	**0.01**	3.62	7.33	3.74	2.16	1.62	2.41

Strengthening of Sterling	BRL £'000s	CNY £'000s	MYR £'000s	PHP £'000s	THB £'000s	2015 USD £'000s	BRL £'000s	CNY £'000s	MYR £'000s	PHP £'000s	THB £'000s	2014 USD £'000s
Income Statement return after tax												
Revenue return	**(325)**	**(135)**	**(93)**	**(28)**	**(112)**	**2**	(325)	(126)	(121)	(27)	(134)	2
Capital return	**(5,869)**	**(16,733)**	**(9,458)**	**(4,207)**	**(3,424)**	**(32)**	(7,390)	(15,500)	(7,859)	(4,581)	(3,327)	(5,132)
Total return	**(6,194)**	**(16,868)**	**(9,551)**	**(4,235)**	**(3,536)**	**(30)**	(7,715)	(15,626)	(7,980)	(4,608)	(3,461)	(5,130)
NAV per share												
Basic – pence	**(2.90)**	**(7.91)**	**(4.48)**	**(1.99)**	**(1.66)**	**(0.01)**	(3.62)	(7.33)	(3.74)	(2.16)	(1.62)	(2.41)

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	2015 Total £'000s	Within one year £'000s	More than one year £'000s	2014 Total £'000s
Exposure to floating rates						
– Cash	**1,804**	**–**	**1,804**	1,574	–	1,574
– Bank overdrafts	**(1,278)**	**–**	**(1,278)**	(2,449)	–	(2,449)
– Loans	**–**	**(31,862)**	**(31,862)**	(23,132)	–	(23,132)
	526	**(31,862)**	**(31,336)**	(24,007)	–	(24,007)
Net exposures						
– At year end	**526**	**(31,862)**	**(31,336)**	(24,007)	–	(24,007)
– Maximum in year	**9,122**	**(11,888)**	**(2,766)**	(12,983)	–	(12,983)
– Minimum in year	**526**	**(31,862)**	**(31,336)**	(32,215)	–	(32,215)

	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	**(2,766)**	**–**	**(2,766)**	(12,983)	–	(12,983)
– Minimum in year	**(31,336)**	**–**	**(31,336)**	(32,215)	–	(32,215)

26. 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.

	2015 Increase in rate £'000s	**2015 Decrease in rate £'000s**	2014 Increase in rate £'000s	2014 Decrease in rate £'000s
Revenue return	**(188)**	**188**	(178)	178
Capital return	**(439)**	**439**	(324)	324
Total return	**(627)**	**627**	(502)	502
NAV per share				
Basic – pence	**(0.29)**	**0.29**	(0.24)	0.24

Other market risk exposures

The portfolio of investments, valued at £481,268,000 at 31 March 2015 (2014: £433,955,000) is exposed to market price changes. The Group enters into currency and index options in managing its exposure to other market risks. The Investment Managers assess 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 12. The Investment Managers have 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 Managers' view of likely future volatility and market movements. As at 31 March 2015 UEM's net position was 500 S&P put options. The total position was valued at £1.3m at year end. The exposure on the Group's options at 31 March was as follows:

	2015 £'000s	2014 £'000s
Current assets		
S&P Index Put options	**28,292**	52,785

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 NAV per ordinary share:

	2015 Increase in value	**2015 Decrease in value**	2014 Increase in value	2014 Decrease in value
Income Statement capital return (£'000s)	**94,641**	**(95,321)**	84,760	(85,808)
NAV per share				
Basic – pence	**44.38**	**(44.70)**	39.75	(40.24)

(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 (84 at 31 March 2015); the liquid nature of the portfolio of investments; the industrial and geographical diversity of the portfolio (see charts on page 12); and the existence of the Scotiabank 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.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Investment Managers review 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:

2015	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Other payables	7,314	–	–	7,314
Put index options	26,945	–	–	26,945
Bank loans	–	–	31,862	31,862
	34,259	–	31,862	66,121

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

(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 by the Company in such transactions, which must be settled on the 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 ICMIM, by the Administrator and by 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 the Investment Managers and 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 Managers and the business risk team 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	2015 Maximum exposure in the year £'000s	31 March £'000s	2014 Maximum exposure in the year £'000s
Cash at bank	1,804	9,122	1,574	8,696
Financial assets through profit or loss – derivatives (put options and call options)	1,347	79,819	52,785	114,372

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 Managers to those valuations to ensure they comply with the Group's accounting policies and with fair value principles.

The Group level 3 financial instruments were £10.97m (2014: £9.17m)

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

The valuation model is based on market multiples and valuations derived from quoted prices of companies comparable to the investee company. The estimated value is adjusted for the effect of the non-marketability of the equity securities.

The unobservable inputs have been consistently followed for both the years ended 31 March 2014 and 2015.

(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 Company's ability to continue as a going concern. It must therefore maintain an optimal capital structure through varying market conditions. This involves the ability to: issue and buy back share capital within limits set by the shareholders in general meeting; borrow monies in the short and long term (up to a limit of 25% of gross assets); and pay dividends to shareholders out of reserves. Changes to ordinary share capital are set out in note 18. Dividend payments are set out in note 8. Loans are set out in notes 13 and 15.

27. ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIMFD")

In accordance with the AIFMD, information in relation to the Company's leverage and the remuneration of the Company's AIFM, ICMIM is required to be made available to investors. Detailed regulatory disclosures including those on the AIFM's remuneration policy are available on the Company's website or from ICMIM on request. The numerical remuneration disclosures in relation to the AIFM's first relevant accounting period will be made available in due course.

The Company's maximum and actual leverage at 31 March 2015 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum permitted limit	200%	200%
Actual	113%	113%

The Leverage limits are set by the AIFM and approved by the Board. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. 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. If you have sold or otherwise transferred only part of your holding of shares, you should retain these documents.

Notice is hereby given that the 2015 Annual General Meeting of Utilico Emerging Markets Limited will be held at Vineyard Hotel, Colinton Road, Newlands 7700, Cape Town, South Africa on Tuesday, 22 September 2015 at 9.00am (local time) 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, the auditor's report and the accounts for the year ended 31 March 2015.
3. To approve the Directors' Remuneration Report for the year ended 31 March 2015.
4. To elect Mr GPD Milne as a Director.
5. To re-elect Mr AE Zagoreos as a Director.
6. To re-elect Mrs S Hansen as a Director.
7. To re-elect Mr A Muh 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. **As a Special Resolution:** That the limit on the aggregate fees payable to the Directors in accordance with Bye-law 111.1 be increased to £250,000 per annum.
11. **As an Ordinary Resolution:** 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; and
    (e) unless renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting in 2016 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.
12. **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 21,324,370 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 General Meeting to be held in 2016 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 Investment Management Limited, Secretary
24 June 2015

NOTES

1. Only the holders of ordinary shares registered on the register of members of the Company at 10:00am (BST) on 18 September 2015 shall be entitled to attend and vote or to be represented at the meeting in respect of the shares registered in their name at that time. Changes to entries on the register after 10:00am on 18 September 2015 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. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any person holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules need not make a separate notification to the Company and the Financial Conduct Authority.
4. Any such person holding 3% or more of the voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such person complies with their respective disclosure obligations under the Disclosure and Transparency Rules.
5. A form of proxy is provided with this notice of meeting. 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 (Bermuda) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 10:00am (BST) on 18 September 2015. Shareholders may also lodge their votes electronically by visiting the website www.eproxyappointment.com (the on-screen instructions will give details on how to complete the instruction process).

   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 10:00am (BST) on 17 September 2015 or give an instruction via the CREST system as detailed below.

   CREST members who wish to vote through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by not later than 10:00am (BST) on 17 September 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
6. 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.
7. 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 on request at the Company's registered office and at the annual general meeting.
8. The fourth quarterly interim dividend of 1.525p per ordinary share in respect of the year ended 31 March 2015 was paid on 9 June 2015 to the relevant holders on the register at the close of business on 15 May 2015.

Company Information

DIRECTORS
Alexander Zagoreos (Chairman)
Garth Milne (Deputy Chairman)
Susan Hansen
Garry Madeiros OBE
Anthony Muh

REGISTERED OFFICE
19 Par-la-Ville Road, Hamilton HM 11
Bermuda
Company Registration Number: 36941

AIFM, JOINT PORTFOLIO MANAGER AND SECRETARY
ICM Investment Management Limited
PO Box 208, Epsom, Surrey, KT18 7YF
Telephone 01372 271486
Authorised and regulated in the UK
by the Financial Conduct Authority

JOINT PORTFOLIO MANAGER
ICM Limited
1st Floor, 19 Par-la-Ville Road
Hamilton HM 11, Bermuda

ASSISTANT SECRETARY
BCB Charter Corporate Services Limited
19 Par-la-Ville Road, Hamilton HM 11, Bermuda

ADMINISTRATOR
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Exchange House
Primrose Street
London EC2A 2NY
Authorised and regulated in the UK
by the Financial Conduct Authority

BROKER
Westhouse Securities Limited
110 Bishopsgate, London EC2N 4AY
Authorised and regulated in the UK
by the Financial Conduct Authority

PUBLIC RELATIONS
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330 High Holborn, London WC1V 7QD
Telephone 020 3772 2562

LEGAL ADVISOR TO THE COMPANY
(as to English law)
Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ

LEGAL ADVISOR TO THE COMPANY
(as to Bermuda law)
Appleby (Bermuda) Limited
Canon's Court, 22 Victoria Street
Hamilton HM 12
Bermuda

REPORTING ACCOUNTANTS AND REGISTERED AUDITOR
KPMG LLP
15 Canada Square
London E14 5GL

DEPOSITARY SERVICES PROVIDER
J.P. Morgan Europe Limited
25 Bank Street, Canary Wharf, London E14 5JP

CUSTODIANS
JPMorgan Chase Bank N.A.
JPMorgan House, Grenville Street, St Helier,
Jersey JE4 8QH

Bermuda Commercial Bank Limited
19 Par-la-Ville Road, Hamilton HM 11, Bermuda

REGISTRAR
Computershare Investor Services (Bermuda) Limited
Corner House, Church and Parliament Street
Hamilton HMFX, Bermuda
Telephone 0870 707 4040

REGISTRAR TO THE DEPOSITARY INTERESTS AND CREST AGENT
Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol BS99 6ZY

COMPANY BANKER
Scotiabank Europe plc
201 Bishopsgate, 6th Floor, London EC2M 3NS

Historical Performance

at 31 March	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006[2]	20 July 2005[3]
Total return[1] (annual) (%)	**12.2**	(3.4)	20.5	3.1	21.4	44.0	(28.9)	16.3	22.4	18.2	n/a
Annual compound total return (since inception)[4] (%)	**12.4**	12.4	14.2	13.5	15.1	12.6	5.6	21.5	24.5	27.1	n/a
Undiluted net asset value per ordinary share (pence)	**209.79**	192.38	205.49	175.60	175.28	157.33	107.76	168.39	146.45	119.48	98.36
Diluted net asset value per ordinary share[5] (pence)	**209.79**	192.38	205.49	175.60	175.28	148.37	106.51	157.20	138.80	116.23	98.36
Ordinary share price (pence)	**188.50**	180.00	191.20	164.00	157.75	132.00	95.50	153.75	137.25	126.00	100.00
(Discount)/premium[6] (%)	**(10.1)**	(6.4)	(7.0)	(6.6)	(10.0)	(11.0)	(10.3)	(2.2)	(1.1)	8.4	1.7
Earnings per ordinary share (basic)											
– Capital (pence)	**18.53**	(12.13)	30.71	1.19	25.63	48.57	(60.28)	17.89	34.19	19.50	n/a
– Revenue (pence)	**4.98**	4.80	5.20	4.12	5.61	4.67	5.08	5.24	2.96	1.62	n/a
Total (pence)	**23.51**	(7.33)	35.91	5.31	31.24	53.24	(55.20)	23.13	37.15	21.12	n/a
Dividends per ordinary share (pence)	**6.10**	6.10	5.80	5.50	5.20	4.80	4.80	4.80	2.70	1.50	n/a
Equity holders' funds (£m)	**447.4**	410.2	442.9	378.5	383.2	319.9	230.7	359.5[7]	241.6[8]	89.7	73.8
Gross assets[9] (£m)	**479.2**	433.4	452.1	382.9	393.4	344.5	272.5	441.3[7]	288.6[8]	107.2	73.8
Ordinary shares bought back (£m)	**–**	3.9	–	4.9	11.5	16.0	0.2	–	–	–	–
Cash/(overdraft) (£m)	**0.5**	(0.9)	2.6	(1.8)	(0.7)	2.0	24.1	11.9	19.9	1.2	–
Bank debt (£m)	**(31.9)**	(23.1)	(9.2)	(4.4)	(10.2)	(24.7)	(41.8)	(79.9)	(45.0)	(17.5)	–
Net debt (£m)	**(31.4)**	(24.0)	(6.6)	(6.2)	(10.9)	(22.7)	(17.7)	(68.0)	(25.1)	(16.3)	–
Net debt gearing on gross assets (%)	**6.6**	5.5	1.5	1.6	2.8	6.6	6.5	15.5	8.8	15.2	–
Management and administration fees											
– excluding performance fee (£m)	**4.6**	3.7	3.4	3.9	3.1	2.5	2.7	3.1	2.1	0.8	–
– including performance fee (£m)	**7.7**	3.7	12.9	3.6	9.6	2.5	2.7	6.5	9.2	3.0	–
Ongoing charges figure[10]											
– excluding performance fee (%)	**1.1**	0.9	0.8	0.9	0.8	0.8	0.7	0.8	0.9	0.9	n/a
– including performance fee (%)	**1.8**	0.9	3.2	0.9	2.5	0.8	0.7	1.7	4.0	3.4	n/a

(1) Total return is calculated based on 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 NAV per ordinary share plus dividends reinvested from the payment date and return on warrants converted on 2 August 2010
(5) There has been no dilution since the warrants were converted in August 2010
(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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