



ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30th JUNE 2013

GENESIS EMERGING MARKETS FUND LIMITED

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NOTE: All reference to 'US dollars' or '\$' throughout this report are to the United States currency.

INTRODUCTION

OBJECTIVE

To provide shareholders with a broadly diversified means of investing in developing countries and immature stock markets, and thus to provide access to superior returns offered by high rates of economic and corporate growth, whilst limiting individual country risk.

STRUCTURE

The Fund is a Guernsey based Closed-Ended Investment Scheme with the ability to issue additional shares. The Fund's shares are listed on the official London Stock Exchange and are included in the FTSE 250. The number of Participating Preference Shares outstanding is 134,963,060 as at 30th June 2013 (30th June 2012: 135,863,060).

MANAGER

Genesis Asset Managers, LLP ('Manager' or 'Genesis').

INVESTMENT APPROACH

The investment approach is to identify companies which are able to take advantage of growth opportunities in emerging markets for the benefit of shareholders, and invest in them when they are trading at an attractive discount to the Manager's assessment of their intrinsic value.

NEW SHARES

Shares may be issued twice monthly subject to the following conditions:

- i) the Fund is invested as to at least 75% in emerging market securities;
- ii) the Fund will only issue new shares if it is unable, on behalf of the new subscriber, to acquire shares in the secondary market at a price equivalent to or below the price at which new shares would be issued; and
- iii) the issued share capital of the Fund is not increased by more than 10% in any twelve month period.

DIRECTORS

COEN TEULINGS (Chairman) †

Coen Teulings (Dutch) is based in Belgium and is Chairman of Merifin Capital, an independent European private group investing worldwide in diversified industries. He was formerly with leading merchant bank Kleinwort Benson in London and prior to this with Heineken Breweries in Amsterdam. He is or has been a Director of Charterhouse Group, Inc. (New York), Viscardi AG (Munich), TMW Immobilien AG (Munich), The International Yehudi Menuhin Foundation (Brussels) and The American European Community Association (Brussels). He serves or has served on the Advisory Board of TCR Capital (Paris), Activa Capital (Paris), von Braun & Scheiber (Munich), Arsenal Capital (New York) and Red Abbey (Baltimore).

MICHAEL HAMSON †

Michael Hamson was born in Scotland but is now an Australian citizen and based in Melbourne. He was a Director of Newmont Mining Inc. for eleven years until 2012, and is Chairman of Hamson Consultants Pty Ltd and Technology Venture Partners, as well as a number of other companies. Michael was the former Deputy Chairman of Normandy Mining Limited and was the founding partner, Chief Executive and Joint Chairman of McIntosh Griffin Hamson & Co (now Merrill Lynch Australia), a leading stockbroker in Australia.

SAFFET KARPAT †

Saffet Karpat (Turkish) is based in Istanbul and is currently a board member and CEO of Turkish food company Süttaş, following eight years as General Manager for Procter & Gamble's business in Turkey and the Caucasian and Central Asian Republics. He started his career at Procter and Gamble ('P&G') in 1983 and after fulfilling Finance Director positions based in Egypt and Saudi Arabia, he then served as Finance Director for Central and Eastern Europe, the Middle East and Africa. He was educated at the University of Istanbul and Lausanne University.

DR. JOHN LLEWELLYN

Dr. John Llewellyn (British) is the founder of Llewellyn Consulting, a London-based consultancy specialising in macroeconomics and environmental economics. From 1995 to 2008 he was Global Chief Economist and then Senior Economic Policy Advisor at Lehman Brothers. Previously he spent seventeen years at the OECD in Paris, in charge of international economic forecasting and policy analysis and, latterly, as Head of the Secretary-General's Private Office (Chief of Staff). Prior to that Dr. Llewellyn spent ten years in academia (University of Cambridge).

HÉLÈNE PLOIX

(elected 2nd November 2012)

Hélène Ploix (French) is currently Chairman of Paris-based private equity firm Pechel Industries. She has had an extensive career in finance and investment in the public and private sectors, both in France (primarily at the French state-owned Caisse des Dépôts et Consignations) and internationally (notably as an Executive Director at the IMF and of the World Bank and as a Member of the Investments Committee of the UN Joint Staff Pension Fund). She currently is a Non-Executive Director of BNP Paribas, Lafarge and Sofina (Brussels), serves on the Advisory Board of Publicis and was previously at a number of other companies, including The Boots Company PLC. Mrs Ploix was educated at the Institut d'Etudes Politiques, the University of California at Berkeley and INSEAD.

† Member of Audit Committee

DIRECTORS

CONTINUED

DR. GENG XIAO

(resignation effective 30th October 2013)

Dr. Xiao (Chinese) is Senior Fellow and Director of Research at the Fung Global Institute in Hong Kong. He is also an independent director of HSBC Bank (China) and an honorary professor at the University of Hong Kong. Previously Dr. Xiao held senior positions at the University of Hong Kong, Tsinghua University, Brookings Institution, Hong Kong Securities and Futures Commission, Shenzhen Development Bank and the World Bank. Dr. Xiao obtained his Bachelor of Science in Management Sciences from the University of Science and Technology of China and his MA & PhD in Economics from the University of California, Los Angeles.

SUJIT BANERJI

(appointment effective 31st October 2013)

Sujit Banerji (Indian) acts as an independent advisor on corporate strategy to a number of companies in the finance, and finance-related technology sectors globally. In 2009 he completed a 33 year career at Citigroup where he had been a Managing Director since 1996, latterly serving as Head of Strategy and Institutional M&A for Europe, the Middle East and Africa (MENA). His career at Citi covered a number of regional roles including strategy and corporate finance, and relationships with multinational clients across the MENA region. He has also served as the country and region head for Citi in India, and as the head of the corporate business in Thailand. An Indian national, over the course of his career he has been based in India, Bangladesh and Thailand as well as in Europe, and is currently based in Singapore. He was educated at the University of Poona (Pune) and the University of Bombay (Mumbai).

† Member of Audit Committee

HIGHLIGHTS

	30 th June 2013	30 th June 2012	% change
Published net asset value*	£757.6m	£693.1m	9.3
Published net asset value per Participating Preference Share*	£5.61	£5.14	9.3
Published net asset value per Participating Preference Share**†	US\$8.51	US\$8.06	5.6
Share price	£4.96	£4.73	4.9
Ongoing charges ratio	1.69%	1.68%	
Discount	11.7%	8.0%	
Countries represented in portfolio	44	44	
Stocks in portfolio	174	166	

	Year to 30 th June 2013		Year to 30 th June 2012	
	Low	High	Low	High
Share price	£4.74	£6.05	£4.24	£5.44
Net asset value	£5.07	£6.20	£4.69	£5.68
Discount/(Premium)	11.7%	(1.5%)	10.9%	5.8%

£ Returns

	Annualised			
	1 Year %	3 Year %	5 Year %	Since Inception %
Fund share price	4.9	2.8	7.7	12.1
Fund NAV (net of fees)	9.3	5.0	8.6	12.6
MSCI EM (TR)	6.8	3.3	5.5	10.4
MSCI World (TR)	23.4	13.9	9.1	7.0

Past performance is no guarantee of future performance.

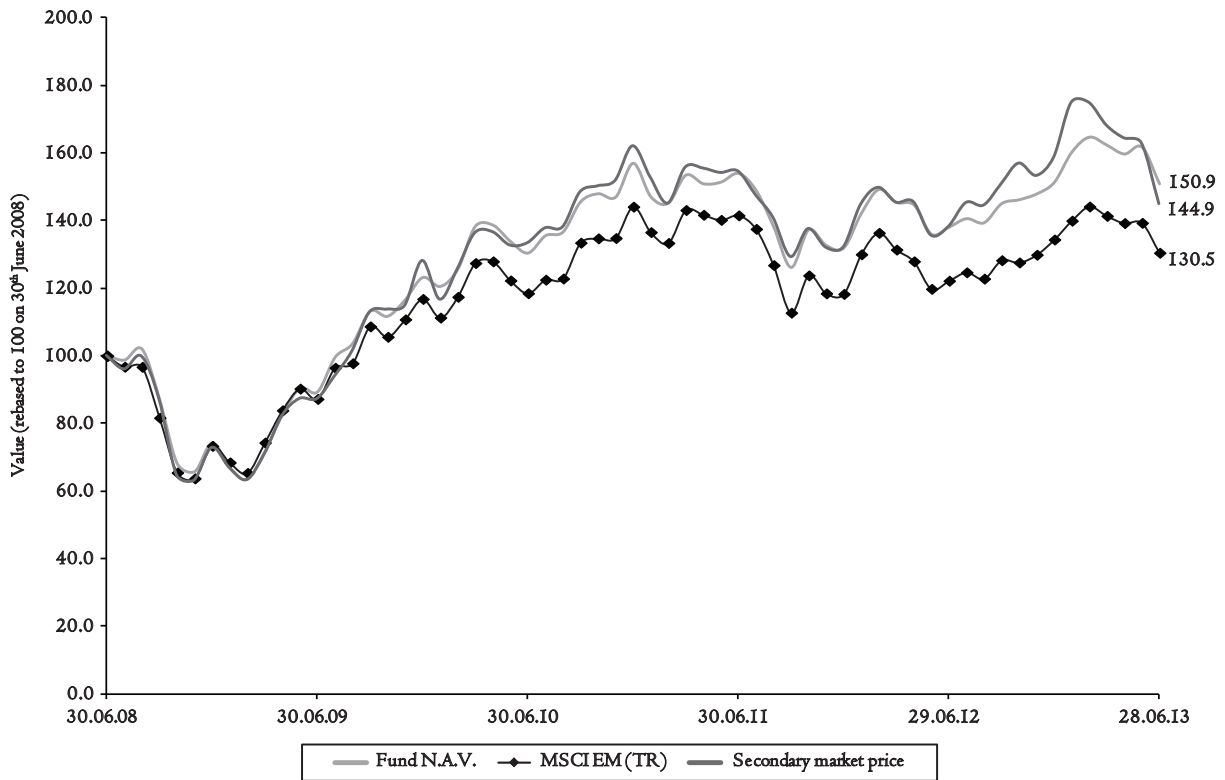
* Figures are based on the last traded price for investments.

† A reconciliation to the net asset value per Participating Preference Share under International Financial Reporting Standards is shown in note 15.

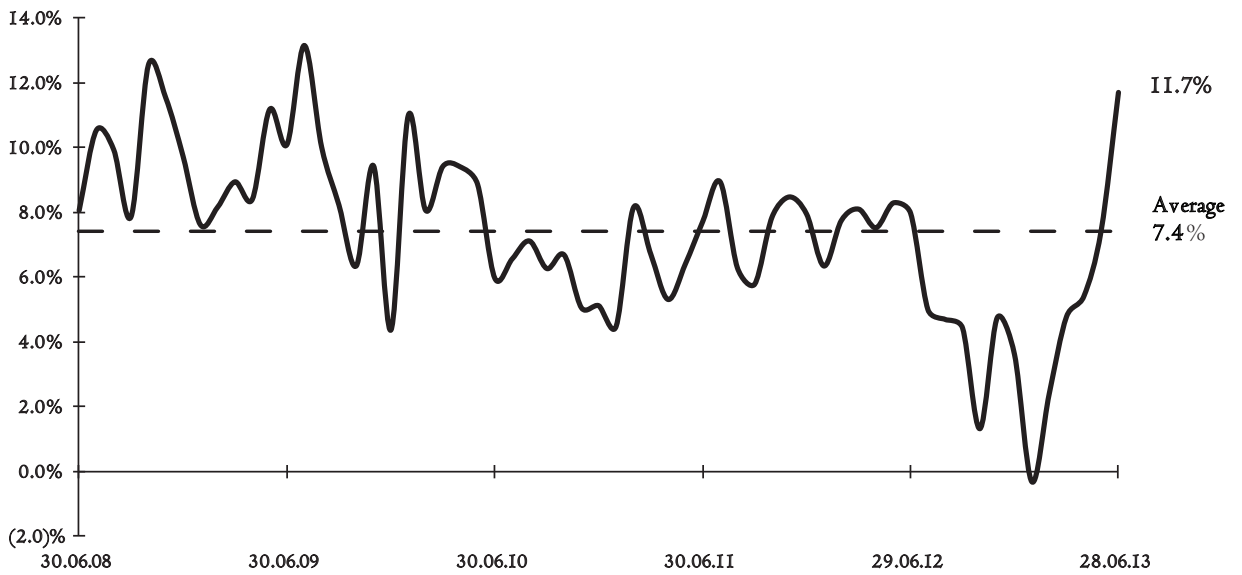
HIGHLIGHTS

CONTINUED

Performance – last 5 Years*



Discount to NAV – last 5 Years*



* Based on month-end Net Asset Values

CHAIRMAN'S STATEMENT

I have pleasure in presenting to shareholders the twenty fourth Annual Report of the Genesis Emerging Markets Fund Limited, for the year ended 30th June 2013.

Performance

Following the significant declines in equity markets that characterised the Fund's previous financial year, the most recent twelve-month period has seen emerging markets (in the form of the MSCI EM (TR) Index) produce a return of 6.8%.

In contrast the Fund's net asset value per share ("NAV") increased from £5.14 last June to £5.61 at the close of the year, generating a return for the Fund's shareholders of 9.3% over the period. (The NAV in fact had reached as high as £6.20 in mid-May before the more challenging markets of recent weeks saw it fall again.)

The Manager's Review – which follows this Directors' Report – elaborates on this performance environment and notes some of the investment activity in the Fund over the year.

The Fund's shareholders have benefited from the Manager's ability to outperform the index consistently over the last several years, through its selection of high quality companies in emerging markets. As Directors, a key part of our role is naturally to assess whether the Manager will be able to continue to generate satisfactory performance for shareholders in what may be an environment of sustained uncertainty and volatility, and especially one in which the returns available from emerging markets may be lower than in previous periods.

With that in mind, we continue to believe that the Manager's focus on identifying companies which it feels are high quality and which it assesses to be cheap relative to the market's valuation of them is an appropriate approach for investment in emerging markets. Accordingly my view – and that of my fellow Directors – remains that shareholders' interests continue to be served by the ongoing appointment of the Manager.

The average discount over the period was 4.9%, although there was unusually wide variation during the twelve-month period: the discount narrowed towards the end of 2012 and in fact the Fund traded at a small premium for a few weeks at the beginning of 2013, before widening again to over 10% in June. This volatility appeared to be the result of market activity by some of the larger shareholders (which also temporarily raised trading volumes too). Looking forward we would expect to see the discount re-assert a more typical range.

The widening of the discount over the year of course is also reflected in the relative underperformance of the Fund's share price to the NAV, which rose 4.9% over the year.

CHAIRMAN'S STATEMENT

CONTINUED

The Board

The Notice convening the Annual General Meeting ('AGM') to be held on 31st October 2013 will be found at the end of this Annual Financial Report. I would like to draw shareholders' attention to various items with respect to the Board of Directors, for which we request approval by vote as detailed on the Notice.

I would like to remind shareholders of the recent appointment of Sujit Banerji to the Board, effective from the date of the AGM.

An Indian national, Mr Banerji has had an extensive career in corporate strategy and mergers and acquisitions advice, particularly in the finance and technology sectors, with over 30 years experience at Citibank (where he was latterly Head of Strategy and Institutional M&A for Europe, Middle East and Africa) and more recently in an independent consultancy capacity. He has focused extensively on emerging markets during his career, having been based in Bangladesh, India and Thailand at various times and he is currently based in Singapore.

As with other recent appointments to the Board, Mr Banerji's is in line with our desire to have a group of Directors who represent a variety of different backgrounds. My fellow Directors and I feel that his broad experience working with companies across a number of the Fund's markets will make him an excellent addition to the Board.

Mr Banerji's appointment is, naturally, subject to shareholder approval at the AGM; I wholeheartedly endorse his election to the Board.

In accordance with regulatory requirements, four of the other five Directors of the Fund also offer themselves for re-election at the AGM. All have been extremely valuable members of the Board during their time as Directors, and I have no hesitation in recommending to shareholders that they continue to serve on the Board.

I hope that shareholders will also feel able to vote in favour of my re-election and allow me to continue to serve them as Chairman of the Board of Directors.

I am, however, very sorry to report that Dr. Geng Xiao will not be standing for re-election as a Director, as a result of increased commitments away from the Fund. As a highly-respected global macro-economist working with governments as well as in the corporate and academic world, Dr. Xiao has been a valuable member of the Board over the past two years, with his considerable experience providing significant insights into a number of areas; in particular that of Chinese economic policy. His presence will be missed by his fellow Directors and we extend our thanks to him for his contribution.

On the same day as the AGM we will also be holding an Information Meeting at the Investment Adviser's office in London. An invitation is enclosed, and we hope to see as many shareholders as possible at this event.

CHAIRMAN'S STATEMENT

CONTINUED

Outlook

There are still many headwinds that emerging market businesses will face over the Fund's next financial year and beyond, notwithstanding the apparently improving sentiment amongst equity investors in recent weeks. The impact of slower Chinese growth on the world's markets – and how the authorities there will address it – continue to be the headline concern, but companies in many developing markets are having to address cost inflation (particularly in the mining sector), increased state intervention in the form of regulation and taxation (energy companies in Africa; banking in Brazil), and the rise of competition from foreign multinationals.

We have confidence, however, in the Manager's ability to identify those companies that are able to manage their businesses successfully through these issues. A great many companies in the developing world will be able to capitalise on improving trends in management, technology and infrastructure (as well as the underlying economic growth in emerging markets) to deliver value for their shareholders. Although parts of the emerging markets investment universe still appear expensive, there remain many businesses that offer attractive value to investors.

Along with my colleagues on the Board, I believe strongly that over the medium to long term the Fund is well positioned to continue to generate highly competitive returns for shareholders.

Coen Teulings
Chairman
September 2013

DIRECTORS' REPORT

The Directors are pleased to present their twenty fourth Annual Financial Report of the Fund, covering the year ended 30th June 2013.

CORPORATE GOVERNANCE

The Board is accountable to shareholders for the governance of the Fund's affairs. The 'Fund' comprised the Genesis Emerging Markets Fund Limited (the 'Company') and its wholly owned subsidiary Genemar Limited until the point the subsidiary was wound up during the year. The Directors use their board report to detail the Fund's corporate governance statement.

As a Guernsey incorporated company listed on the London Stock Exchange within the FTSE 250, the Fund is required to comply with Listing Rule 9.8.7 (for overseas incorporated companies). This requires the Fund to state how it has applied the main principles set out in the UK Corporate Governance Code and whether it has complied with these provisions throughout the accounting period.

The Fund is an authorised closed-ended Investment Scheme regulated by the Guernsey Financial Services Commission ('GFSC'). The GFSC issued The Finance Sector Code of Corporate Governance ('Guernsey Code') in September 2011 with an effective date of 1st January 2012. The Guernsey Code states that the GFSC requires an assurance statement from companies confirming that the Directors have considered the effectiveness of their corporate governance practices and are satisfied with their degree of compliance with the Principles set out in the Code, or the alternative codes accepted by the GFSC, in the context of the nature, scale and complexity of the business.

The Fund is a member of the Association of Investment Companies ('AIC') and the Board has considered the principles and recommendations of the AIC Code of Corporate Governance ('AIC Code') by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide'). The AIC Code 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 the Fund.

The Board considers that by reporting against the principles and recommendations of the AIC Code, the Fund complies with the UK Corporate Governance Code and the Guernsey Code.

STATEMENT OF COMPLIANCE

The Directors believe that during the year under review they have complied with the provisions of the AIC Code, and therefore, insofar as they apply to the Fund's business, with the provisions of the UK Corporate Governance Code except as noted below.

- The role of Chief Executive
Since all Directors are non-executive and day-to-day management responsibilities are sub-contracted to the Manager, the Fund does not have a Chief Executive.
- Executive Directors' remuneration
As the Board has no Executive Directors, it is not required to comply with the principles of the UK Corporate Governance Code in respect of Executive Directors' remuneration and does not have a Remuneration Committee.

DIRECTORS' REPORT

CONTINUED

STATEMENT OF COMPLIANCE (continued)

- Audit Committee

During the year under review the Chairman of the Board also acted as Chairman of the Audit Committee due to his relevant experience and, through being based in Belgium, the ease with which he could communicate with all involved in the Fund's operations and audit. This role was balanced by the independence of all the Board members. From 19th September 2013, the Audit Committee will be chaired by Saffet Karpat, a Director since 1st October 2011 and who has extensive experience in Finance Director positions. He was appointed a Member of the Audit Committee on 12th June 2013.

- Internal audit function

As the Fund delegates to third parties its day-to-day operations and has no employees, the Board has determined that there is no requirement for an internal audit function. The Directors annually review whether a function equivalent to internal audit is needed and will continue to monitor the Fund's systems of internal controls in order to provide assurance that they operate as intended.

THE BOARD

The Board, chaired by Coen Teulings, consists of non-executive Directors, all of whom are considered to be independent under the Listing Rules of the London Stock Exchange. The Board has consisted of no more than six Directors during the year and the Board feels that given its size and the fact that the Directors do not have executive roles, it is not necessary to appoint a Senior Independent Director or establish a formal Remuneration Committee. The Audit Committee comprises Saffet Karpat (Chairman), Coen Teulings and Michael Hamson and the Board has recently established a Nomination Committee, comprised of all six Directors, chaired by Coen Teulings.

The Fund has no Executive Directors or employees and there is therefore no requirement for a Chief Executive. A management agreement between the Fund and Genesis Asset Managers, LLP sets out matters over which the Manager has authority. This includes management of the Fund's assets and the provision of administrative duties, including accounting, secretarial and administrative services. The agreement further permits the Manager to delegate its administrative duties, subject to the Fund's prior consent. All other matters are reserved for the approval of the Board. Under this agreement, the Manager is entitled to receive a management fee from the Fund, payable monthly, equal to 1.5% per annum, calculated and accrued on the Net Asset Value of the Fund as at each Valuation Day. The Manager's appointment is under a rolling contract which may be determined by three months' written notice given by the Fund, and twelve months' written notice given by the Manager.

The Board regularly reviews both the performance of, and the contractual arrangements with, the Manager and is satisfied that the continuing appointment of the Manager is in the best interests of shareholders. The Audit Committee reviews the performance of, and the contractual arrangements with, the Administrator. With effect from 1st May 2013, JPM Administration Services (CI) Limited replaced HSBC Securities Services (Guernsey) Limited as Administrator and Company Secretary to the Company. The Board is satisfied that the continuing appointment of the Administrator is in the best interests of shareholders.

DIRECTORS' REPORT

CONTINUED

THE BOARD (continued)

The Board meets at least three times during the year and between these meetings there is regular contact with the Manager who provides the Board with appropriate and timely information. Attendance at those meetings is given in the table below.

Director	Board Meetings Attended	Audit Committee Meetings Attended
Coen Teulings	3	3
Michael Hamson	3	3
Saffet Karpat	3	1
Dr. John Llewellyn	3	–
Hélène Ploix (elected 2 nd November 2012)	2	–
Dr. Geng Xiao (resignation effective 30 th October 2013)	3	–

BOARD APPOINTMENTS AND RE-ELECTION

All members of the Board consider new Board appointments. The Chairman, Manager or other appropriate persons provide new appointees to the Board with a preliminary briefing on the workings of the Fund. When appointing a new Director, the Board takes care to ensure that the new Director enhances the balance of skills and experience appropriate to the requirements of the Fund and that a new Director has enough time available to properly fulfil their duties. The Directors also have access, where necessary in the furtherance of their duties, to independent professional advice at the Fund's expense. Directors are initially appointed until the following Annual General Meeting when, under the Company's Articles of Incorporation, it is required that they be elected by shareholders.

Mrs. Hélène Ploix was elected as a Director as from 2nd November 2012, and Dr. Geng Xiao's resignation is effective from 30th October 2013.

All the Directors, with the exception of Dr. Geng Xiao, are retiring in accordance with the AIC Code and offer themselves for re-election. As each Director has maintained their effectiveness and commitment to the Fund, the Board endorses them and commends their re-election to the shareholders. Mr Sujit Banerji stands for election at the forthcoming Annual General Meeting.

The Board evaluates its performance on an annual basis, and considers that the blend of skills, experience, age and length of service is appropriate for the requirements of the Fund. In accordance with the AIC Code, an independent evaluation of the Board's performance was carried out in 2013 by Stephenson & Co and further reviews will be performed on a tri-annual basis in future. The findings of the review were considered by the Directors and actions, where appropriate, have been taken. The Board is aware of the requirements of the UK Corporate Governance Code and regularly reviews its succession plan.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the financial statements for each financial year so that they give a true and fair view, in accordance with applicable Guernsey Law and International Financial Reporting Standards as adopted by the European Union, of the state of affairs of the Fund and of the profit or loss of the Fund for that year.

DIRECTORS' REPORT

CONTINUED

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

In the preparation of these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- ensure the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Fund will continue in business; and
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. The Directors are responsible for ensuring that the Fund keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and enable them to ensure that the financial statements comply with The Guernsey Companies Law, 2008. They are also responsible for ensuring the safeguarding of the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are published on the website, www.giml.co.uk, which is maintained by the Fund's Investment Adviser. The maintenance and integrity of the website is, so far as relates to the Fund, the responsibility of the Investment Adviser. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDIT COMMITTEE

The Board has established an Audit Committee whose responsibilities are, inter alia:

- To make recommendations to the Board in relation to the appointment of external auditors;
- To monitor the independence and objectivity of auditors;
- To review the draft Annual and Half Year Financial Reports;
- To review the audit fees, terms of engagement and provision of non-audit services by the external auditor;
- To review the Fund's accounting policies; and
- To monitor and review the internal financial control and risk management systems on which the Fund is reliant.

The Audit Committee usually meets twice a year to review the Annual and Half Year Financial Reports, audit timetable and other risk management and governance matters. It may meet more often if deemed necessary, or if required by the Fund's auditors.

DIRECTORS' REPORT

CONTINUED

INTERNAL CONTROLS

The Board is responsible for the Fund's system of internal control and for reviewing its effectiveness.

As there is delegation of daily operational activity, described below, there is no requirement for a direct internal audit function. The internal control systems are designed to meet the Fund's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

Those services provided to the Fund by the Administrator, such as administration services, accounting services and company secretarial duties reflect the system of internal controls of the Administrator. The relevant control regime for other services, such as the Manager, Investment Adviser, Custodian and Registrar, reflect those of the respective service providers.

The Administrator provides semi-annual and annual financial statements based on the requirements of the Fund. Statements are based on the consolidated trial balance, net asset valuation, purchase and sales report and investment schedules produced from the Administrator's accounting system. All statements are reconciled and reviewed by the Administrator using pre-defined checklists and reviewed by the Manager prior to distribution.

In order for the Directors to review their effectiveness for the Fund's business, an annual review of all out-sourced functions has taken place. Their performance was monitored against obligations specified in the relevant contracts and was found to be in order.

Service providers report annually on the design and effectiveness of internal controls operating over the functions provided. Reports are reviewed by the Audit Committee and any material findings are considered by the Board of Directors as a whole.

The Audit Committee has carried out its annual assessment of the internal controls of the Fund's service providers for the year ended 30th June 2013 and considered the internal control procedures to be adequate based on the findings of their respective ISAE 3402 or SSAE 16 reports.

GOING CONCERN

The Directors believe that the Fund has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

RISK MANAGEMENT

The investment objective of the Fund is to achieve capital growth over the medium to long term, primarily through investment in equity securities quoted on emerging markets. The main risks to the value of its assets arising from the Fund's investment in financial instruments are unanticipated adverse changes in market prices and foreign currency exchange rates and an absence of liquidity. The Board reviews and agrees with the Manager policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the period to which these financial statements relate.

DIRECTORS' REPORT

CONTINUED

RISK MANAGEMENT (continued)

The economies, currencies and the financial markets of a number of developing countries in which the Fund invests may be extremely volatile. To manage the risks posed by adverse price fluctuations the Fund's investments are geographically diversified, and will continue to be so. The Fund will not normally invest more than 25% of its assets (at the time the investment is made) in any one country. Further, the exposure to any one company or group (other than an investment company, unit trust or mutual fund) is unlikely to exceed 5% of the Fund's net assets at the time the investment is made. The Articles of Incorporation place a limit of 10% for securities issued by one company but the Directors use 5% for monitoring purposes.

The Fund's assets will be invested in securities of companies in various countries and income will be received by the Fund in a variety of currencies. However, the Fund will compute its net asset value and make any distributions in US dollars. The value of the assets of the Fund as measured in US dollars may be affected favourably or unfavourably by fluctuations in currency rates and exchange control regulations. Further, the Fund may incur costs in connection with conversions between various currencies.

Trading volumes on the stock exchanges of developing countries can be substantially less than in the leading stock markets of the developed world. This lower level of liquidity exaggerates the fluctuations in the value of investments described previously. The restrictions on concentration and the diversification requirements detailed above also serve normally to protect the overall value of the Fund from the risks created by the lower level of liquidity in the markets in which the Fund operates.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the Custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the Custodian, in the event of its failure, the ability of the Fund to transfer the securities might be temporarily impaired. The day to day management of these risks is carried out by the Manager under policies approved by the Board.

AUTHORITY TO PURCHASE OWN SHARES

Under Resolution II of the Annual General Meeting held on 2nd November 2012, the shareholders authorised the Company to purchase its own shares. This authority is limited to the maximum number of 20,200,000 Participating Preference Shares of no par value (equivalent to approximately 14.9% of the issued share capital of the Company). This authority expires at this year's Annual General Meeting of the Company. The maximum price that may be paid for a Participating Preference Share will be the amount that is equal to 5% above the average of the middle market prices shown in quotations for a Participating Preference Share in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Participating Preference Share is purchased.

Renewal of the Company's power to purchase its own shares will be sought at the Annual General Meeting on 31st October 2013. In the event that the Company should purchase shares for cancellation, the Directors would only do so after consideration of the effect on earnings per share and the longer term benefits for shareholders.

DIRECTORS' REPORT

CONTINUED

SHAREHOLDER RELATIONS

The Board recognises the need for good communications with its shareholders. The primary medium through which the Fund communicates with shareholders is the Annual and Half Year Financial Report and the monthly Fact Sheet, which is available via the Investment Adviser's website, www.giml.co.uk. The Chairman of the Fund (and other Directors, periodically) is available for meetings with the Fund's major shareholders at their request, and all Members of the Board are available for shareholders' questions and significant matters arising. On behalf of the Board, the Manager holds periodic meetings with the Fund's major shareholders to discuss aspects of the Fund's positioning, performance and outlook. In addition, all shareholders are invited to attend the Fund's annual Information Meeting. The Board monitors the trading in the Fund's shares and shareholder profile on a regular basis and maintains regular contact with the Fund's brokers to ascertain the views of the market. Sentiment is also ascertained by careful monitoring of the discount/premium that the shares trade on versus their NAV and the comparison with the Fund's peer group.

DIRECTORS' REMUNERATION

The Directors are entitled to receive fees for their services which shall not exceed \$400,000 in aggregate per annum and may only be increased by shareholder vote in a General Meeting. As agreed among the Directors, the distribution of fees for the 2013 financial year was \$30,000 per annum for each Director, \$5,000 per annum for Audit Committee Directors and \$10,000 per annum for the Chairman.

With effect from 1st July 2013, the distribution of Directors' Fees were increased and brought in line with market rates as advised by Stephenson & Co to £30,000 per annum for each Director, £5,000 per annum for Audit Committee Directors and £10,000 for the Chairman. Such remuneration is deemed to accrue on a daily basis.

The Directors are also entitled to be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Fund.

DIRECTORS' INTERESTS

The Directors listed on pages 3 and 4 (except Hélène Ploix who was elected on 2nd November 2012) served throughout the year under review. The following (who were Directors during the financial year) had a beneficial interest in the share capital of the Fund at 30th June 2013:

Directors	Beneficial interest in Participating Preference Shares at 30 th June 2013
Coen Teulings	40,000
Michael Hamson (including family interests)	8,700

DIRECTORS' REPORT

CONTINUED

DIRECTORS' INSURANCE AND INDEMNIFICATION

Directors' and Officers' liability insurance cover is held by the Company to cover Directors against certain liabilities that may arise in the course of their duties.

VOTING POLICY

The Directors have given the Manager discretion to exercise the Fund's voting rights and the Management, so far as is practicable, will exercise them in respect of resolutions proposed by investee companies. A summary of the Manager's voting policy is disclosed on the website, giml.co.uk and a summary of Genesis' voting record is available on request.

BORROWING FACILITIES

The Articles of Incorporation permit the Fund to borrow up to 10% of the value of its Net Assets. This borrowing facility was not used in either 2013 or 2012.

SECRETARY

JPMorgan Administration Services (CI) Limited replaced HSBC Securities Services (Guernsey) Limited as Administrator and Company Secretary with effect from 1st May 2013.

INDEPENDENT AUDITORS

The Fund's Independent Auditors, PricewaterhouseCoopers CI LLP, have indicated their willingness to continue in office. Resolutions re-appointing them and authorising the Directors to agree their remuneration will be proposed at the Annual General Meeting.

NON-AUDIT SERVICES

PricewaterhouseCoopers CI LLP were not engaged as advisors to the Fund in any capacity during the year. In order to maintain their independence, such appointments for non-audit services are only made when the Audit Committee is satisfied that there are no matters that would compromise the independence of the auditors or affect the performance of their statutory duties. PricewaterhouseCoopers CI LLP have also considered their position and have confirmed their independence to the Fund in writing.

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are Directors at the time when the report is approved, the following applies:

- so far as the Director is aware, there is no relevant audit information of which the Fund's auditors are unaware; and
- they have taken all steps that ought to have been taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Fund's auditors are aware of that information.

COMPLIANCE WITH DISCLOSURE AND TRANSPARENCY DIRECTIVE

The Directors confirm to the best of their knowledge that:

- the consolidated financial statements are prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Fund, and

DIRECTORS' REPORT

CONTINUED

- this annual financial report includes a fair review of the development and performance of the business and the position of the Fund, together with a description of the principal risks and uncertainties that exist.

RESULTS

The total gain for the year for the Fund amounted to \$63,745,000 compared to a total loss of \$155,642,000 in the previous year. The Directors do not recommend the payment of a dividend in respect of the year ended 30th June 2013 (2012: nil).

CAPITAL VALUES

At 30th June 2013, the value of Equity Shareholders' Funds was \$1,145,305,000 (2012: \$1,081,560,000), the Net Asset Value per Participating Preference Share was \$8.48 (2012: \$8.02).

SIGNIFICANT SHAREHOLDINGS

The Fund has a diversified shareholder population, however the Directors are aware of the following shareholdings which represented beneficial interests of 3% or more of the issued share capital of the Fund.

Name	Participating Preference Shares Held	30 th June 2013 Percentage
Strathclyde Pension Fund	29,495,520	22%
BlackRock Inc	12,371,798	9%
Lazard Asset Management LLC Group	8,118,240	6%
Sarasin & Partners LLP	5,908,821	4%

Signed on behalf of the Board

Coen Teulings

Dr. John Llewellyn

24th September 2013

MANAGER'S REVIEW

Recent months have been turbulent for emerging markets, with noisy public protests in Brazil, Egypt and Turkey. Greater democratic freedoms (aided by new media, outside of state control) are leading to calls for greater personal freedom and economic development, and a greater share of the national profit pool through higher subsidies, higher wages and less corruption.

Stock markets have correspondingly been suffering their own turbulence. The MSCI EM (TR) Index performed strongly during the first half of the financial year as investor risk appetite globally rose from the lows of last spring, but the market declines so far in 2013 have been driven by hints of tighter US monetary policy leading to higher bond yields and a less attractive outlook for equities. It seems that some global investors have been withdrawing money from the larger emerging markets as a result.

Over the Fund's financial year, the best-performing sectors have been the stable, higher-yielding consumer-related businesses (along with IT). Energy and commodities businesses have suffered in the more volatile and uncertain global economic environment. In terms of countries this has translated into strong performance from the consumer-focused markets of South East Asia while commodities exporters such as Brazil, South Africa and Russia have performed poorly in sterling terms.

Looking at the Fund's twelve-month relative performance in this light, the major negative contributors over the year were South African mining company Anglo American (for whom company-specific issues detracted from performance, on top of the poor environment for mining firms generally) and energy companies Tullow Oil and OGX. These were outweighed by positive contributions from consumer stocks in Thailand (Central Pattana, Thai Beverage) and healthcare companies in India (Sun Pharmaceutical, Lupin) as well as from TSMC in Taiwan and bank holdings in Nigeria.

In terms of market allocations, the Fund's weight in India has been one of the bigger increases over the year as we added to the holdings in Cognizant and Maruti Suzuki in late 2012. In contrast, we have been reducing the weight in various Indonesian companies (Telkom Indonesia and Bank Rakyat were removed from the portfolio entirely) as well as Samsung Electronics and Kepco in Korea, all following relatively strong performance.

A number of new positions have been introduced so far in the portfolio in recent months, including several in China: for example, medical equipment manufacturer Mindray and online services provider Tencent and since the year end, Beijing Yanjing Brewery, a second-tier beer company in China which constitutes the Fund's first position in the local A-share market. The Fund also took new positions in Brazilian retailer Grupo Pão de Açúcar and in various financial companies: African Bank Investments and Capitec (both in South Africa), BTG Pactual (Brazil) and TMB Bank (Thailand). Amil and OGX (both in Brazil) and China Shenhua Energy were sold from the Fund's portfolio.

In spite of the generally negative investor sentiment over recent months, there are a number of reasons to be positive on the outlook for some of the major markets represented in the portfolio. In India, ahead of next year's election, there is political urgency to revive growth, control the fiscal deficit and contain inflation (even though it seems paradoxical that all this can be attempted at once). Having said that, most commentators expect economic growth to continue to slow this year as a consequence of the Central Bank's hike in short term interest rates to try and stabilize the currency following an 11% depreciation over the last two months. And it is also the case that valuations (especially the banking sector) have corrected significantly reflecting the slower growth in the near term.

Looking forward, we have found Brazil returning to the familiar debate of "inflation or growth". 2013 expectations are for 3% growth with inflation around 6.5%, the top of the Central Bank's target band. The situation is complicated by their electoral cycle too, as campaigning has effectively begun for the October 2014 elections.

MANAGER'S REVIEW

CONTINUED

As is so often the case, however, the Chinese economy dominates the emerging markets landscape. Our perception of the risks of a hard landing here has increased a little although the financial resources of the Chinese system suggest a disorderly growth slowdown is unlikely in the next three years. The most likely outcome remains that the government continues to retain control over the economy, but with growth slowing – perhaps to 6-7% over the next three years.

Growth in China over the subsequent five years, however, will depend on policy choices made in the short-term over which it is difficult to have much confidence. If the government is able to implement a more aggressive reform agenda than they appear to be currently planning, short-run growth may suffer, but will allow the economy to sustain higher growth for a longer period subsequently. The new holdings we have added in the Chinese market represent businesses that we think will be able to cope successfully with this uncertainty, to the benefit of shareholders.

Overall, however, we feel that the investments held by the Fund represent those businesses that can maintain their competitive position and continue to grow whatever headwinds they may face in the global economy or their domestic environment. Generally, attractive stocks in our markets do not feel too expensive, and we remain confident that the Fund's holdings will continue to deliver attractive returns to its shareholders over the medium to long-term.

Genesis Asset Managers, LLP
August 2013

TWENTY LARGEST HOLDINGS

as at 30th June 2013

Genesis Indian Investment Company (India)	6.33%
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Investment Company

An open-ended Mauritian company whose objective is to achieve capital growth over the medium to long term through investment in equities listed on the Indian stock market. It held positions in 13 stocks as at 30th June 2013.

Genesis Smaller Companies SICAV (Luxembourg)	6.22%
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Investment Company

An open-ended Luxembourg SICAV whose objective is to achieve capital growth over the medium to long term through investment in smaller emerging market companies. It held positions in 42 listed stocks as at 30th June 2013.

TSMC (Taiwan)	5.51%
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Information Technology

Taiwan Semiconductor Manufacturing is the world's largest dedicated semiconductor foundry, manufacturing integrated circuits for computer, communications, and consumer electronics applications.

Samsung Electronics (South Korea)	4.15%
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Information Technology

Samsung Electronics is a global leader in the IT hardware industry, producing handsets, semiconductors (mostly memory), LCD panels and a wide range of consumer electronics and digital appliances.

Anglo American (South Africa)	4.06%
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Materials

Anglo American is one of the world's largest diversified mining and natural resource groups and is a global leader in the production of copper, coal, platinum group metals and iron ore.

SABMiller (South Africa)	3.72%
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Consumer Staples

SABMiller is one of the world's largest brewers, having brewing interests and distribution agreements across six continents with a bias towards fast-growing developing markets.

América Móvil (Mexico)	3.14%
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Telecommunications

América Móvil is the leading wireless service provider in Latin America and one of the largest in the world in terms of subscribers.

TWENTY LARGEST HOLDINGS

CONTINUED

Tullow Oil (United Kingdom)	2.70%
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Energy

Tullow Oil is a UK-listed independent oil exploration and production company with a major focus on Africa, where it is already a dominant player.

First Quantum Minerals (Zambia)	2.32%
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Materials

First Quantum Minerals explores for, mines, and produces copper, nickel and gold.

Sberbank (Russia)	2.14%
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Financials

Sberbank is one of Russia's oldest banks and the largest credit institution there, accounting for over a quarter of aggregate Russian banking assets and capital.

Novatek (Russia)	2.01%
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Energy

Novatek is Russia's second largest producer of natural gas, operating principally in western Siberia.

Banco Santander Brasil (Brazil)	1.93%
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Financials

Banco Santander Brasil is a leading full-service bank strategically concentrated in the south and south-east of Brazil.

Samsung Fire and Marine (South Korea)	1.92%
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Financials

Samsung Fire and Marine Insurance is a leading Korean company, with automobile insurance prominent amongst its products.

Bank Of Ayudhya (Thailand)	1.75%
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Financials

Bank of Ayudhya is one of the largest commercial banks in Thailand, with a focus on high yield retail activities, including credit cards.

TWENTY LARGEST HOLDINGS

CONTINUED

China Resources Enterprise (China)	1.55%
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Consumer Staples

China Resources Enterprise is a conglomerate uniting several fast-growing consumer businesses in mainland China, including breweries, hypermarkets, supermarkets and food manufacturers.

MediaTek (Taiwan)	1.38%
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Information Technology

MediaTek is Taiwan's largest chip designer and a leading fabless semiconductor company for wireless communications and digital multimedia solutions.

Itaú Unibanco Holding (Brazil)	1.28%
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Financials

Itaú Unibanco is the largest Latin American bank with over 5,000 branches in Brazil alone. It was formed in 2008 by the merger of two of the oldest banks, Itaú and Unibanco, both with many decades of operations in the Brazilian financial sector.

Bidvest Group (South Africa)	1.27%
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Industrials

Bidvest, based in South Africa, is a trading and distribution services business, with the largest food service business outside of North America.

Kotak Mahindra Bank (India)	1.24%
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Financials

Kotak Mahindra Bank is one of the leading integrated financial services groups in India, with interests in retail banking, asset management, life insurance and investment banking.

Indocement Tunggak Prakarsa (Indonesia)	1.24%
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Materials

Indocement is one of Indonesia's major producers of quality cement and specialty cement products.

COUNTRY EXPOSURE OF THE PORTFOLIO*

Country	June 2013 %	June 2012 %	June 2011 %
China	12.98	13.28	13.03
India	11.29	9.41	8.66
South Africa	10.89	9.97	10.86
South Korea	8.36	10.13	10.11
Russia	7.50	7.32	7.93
Taiwan	7.20	5.54	5.63
Brazil	5.58	7.08	7.39
Thailand	5.54	3.67	2.83
Mexico	5.48	5.57	5.46
Turkey	3.11	3.09	2.64
United Kingdom	2.69	2.97	1.73
Zambia	2.32	2.38	2.40
Nigeria	2.23	1.42	1.28
Indonesia	2.09	4.17	5.26
Hungary	1.04	1.06	1.38
Malaysia	1.01	1.77	2.76
Egypt	1.00	1.54	1.64
Colombia	0.88	1.01	0.97
Saudi Arabia	0.75	0.51	0.45
Mauritius	0.73	0.65	0.61
Chile	0.72	0.59	0.51
Greece	0.69	0.55	0.77
Romania	0.66	0.67	0.68
Argentina	0.59	0.47	0.26
Philippines	0.53	0.85	0.63
Austria	0.43	0.40	0.47
Zimbabwe	0.35	0.17	0.21
Poland	0.32	–	–
Vietnam	0.32	0.46	0.32
Senegal	0.27	0.18	0.25
Ghana	0.26	0.25	0.04
Estonia	0.21	0.14	0.18
Peru	0.20	0.17	0.10
Ukraine	0.18	0.23	0.28
Mongolia	0.13	0.25	–
Jordan	0.11	0.11	–
Lebanon	0.11	0.11	0.11
Tanzania	0.09	0.11	–
Kenya	0.08	0.21	0.17
Czech Republic	0.04	0.04	0.05
Sri Lanka	0.04	0.03	0.06
Mozambique	0.03	–	–
Croatia	0.02	0.11	0.30
Botswana	0.01	0.04	–
Iran	–	0.04	0.03
Kazakhstan	–	0.04	0.04
United Arab Emirates	–	–	0.06
Net current assets	0.94	1.24	1.46
Total	100.00	100.0	100.0

*Treating Genesis Smaller Companies SICAV and Genesis Indian Investment Company Limited on a 'look-through' basis.

SECTOR EXPOSURE OF THE PORTFOLIO*

Industry	June 2013 %	June 2012 %	June 2011 %
Financials	26.99	25.83	26.91
Information Technology	16.51	13.56	11.11
Consumer Staples	15.67	14.75	14.52
Materials	13.41	12.55	14.61
Energy	7.17	8.56	8.71
Industrials	4.62	6.40	5.74
Telecommunications	4.54	6.16	5.66
Health Care	3.93	3.75	3.48
Consumer Discretionary	3.13	2.34	3.10
Investment Companies	1.75	1.87	1.71
Utilities	1.34	2.99	2.99
Net current assets	0.94	1.24	1.46
Total	100.00	100.00	100.00

*Treating Genesis Smaller Companies SICAV and Genesis Indian Investment Company Limited on a 'look-through' basis.

THE PORTFOLIO

as at 30th June 2013

	Fair Value \$'000	Proportion of Fund (%)
ARGENTINA (2012 – 0.38%)		
Ternium ADR	5,582	0.49
AUSTRIA (2012 – 0.40%)		
Vienna Insurance Group	4,942	0.43
BRAZIL (2012 – 6.59%)		
All America Latina Logistica	5,463	0.48
Banco Santander Brasil	7,587	0.66
Banco Santander Brasil ADS	14,502	1.27
BTG Pactual (Preferred)	3,544	0.31
Itaú Unibanco ADR	8,267	0.72
Itaú Unibanco (Preferred)	2,419	0.21
Itaúsa Investimentos Itau	3,950	0.35
Lojas Renner	4,125	0.36
Marfrig Alimentos	445	0.04
Pão de Açúcar	3,294	0.29
Tractebel Energia	2,866	0.25
Ultrapar Participacoes (Preferred)	3,634	0.32
	60,096	5.26
CHILE (2012 – 0.58%)		
Embotelladora Andina A	2,492	0.22
Embotelladora Andina ADR A	19	–
Embotelladora Andina B	4,056	0.35
	6,567	0.57
CHINA (2012 – 12.55%)		
AAC Technologies Holdings	1,219	0.11
Anhui Conch Cement 'H'	11,817	1.03
ASM Pacific Technology	8,483	0.74
Baidu ADR	6,022	0.53
China Foods	839	0.07
China Life Insurance 'H'	4,348	0.38
China Mengnui Dairy	7,628	0.67
China Merchants Bank 'H'	11,653	1.02
China Mobile 'H'	12,599	1.10
China Overseas Land & Investment 'H'	11,831	1.03
China Resources Cement	2,801	0.24
China Resources Enterprise 'H'	17,776	1.55
China Resources Gas	3,803	0.33
Ctrip.com International ADR	8,448	0.74

THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
CHINA (continued)		
Li Ning	3,166	0.29
Longfor Properties	6,272	0.55
Mindray Medical	2,919	0.25
Parkson Retail Group	2,731	0.24
Tencent Holdings	7,252	0.63
Tingyi	4,167	0.36
Want Want China	5,541	0.48
West China Cement	1,606	0.14
Wumart Stores	2,671	0.23
	145,592	12.71
COLOMBIA (2012 – 1.01%)		
Bancolombia	4,986	0.44
Bancolombia ADR	4,714	0.41
Bancolombia (Preferred)	187	0.02
	9,887	0.87
CROATIA (2012 – 0.12%)		
iO Adria *	266	0.02
EGYPT (2012 – 1.36%)		
Orascom Construction Industries	9,512	0.83
GHANA (2012 – 0.19%)		
Kosmos Energy	1,887	0.17
GREECE (2012 – 0.55%)		
Coca-Cola Hellenic Bottling	7,829	0.68
HUNGARY (2012 – 1.05%)		
MOL	11,760	1.03
INDIA (2012 – 9.52%)		
Ambuja Cements	137	0.01
Axis Bank	1,699	0.15
Cognizant Technology Solutions	9,321	0.81
Dabur India	368	0.03
Genesis Indian Investment Company ^{*^}	72,481	6.33
Infosys	7,268	0.64
Infosys ADR	9,992	0.87
Kotak Mahindra Bank	14,234	1.24
Lupin	2,563	0.22
Maruti Suzuki India	5,520	0.48
Tata Consultancy Services	6,234	0.55
	129,817	11.33

THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
INDONESIA (2012 – 3.90%)		
Bank Tabungan Peniunan	134	0.01
Indocement Tunggal Prakarsa	14,146	1.24
Ramayana Lestari Sentosa	2,483	0.22
Semen Indonesia Persero	3,218	0.28
	<u>19,981</u>	<u>1.75</u>
JORDAN (2012 – 0.11%)		
Hikma Pharmaceuticals	1,214	0.11
LUXEMBOURG (2012 – 7.31%)		
Genesis Smaller Companies SICAV*^	71,289	6.22
MALAYSIA (2012 – 1.19%)		
CIMB Group Holdings	5,749	0.50
Lafarge Malayan Cement	2,826	0.25
RHB Capital	368	0.03
	<u>8,943</u>	<u>0.78</u>
MAURITIUS (2012 – 0.64%)		
ECP Africa Fund II*	8,351	0.73
MEXICO (2012 – 5.04%)		
America Movil ADR Series L	36,017	3.14
Grupo Financiero Banorte	6,517	0.57
Grupo Financiero Inbursa	6,198	0.54
Megacable Holdings	3,907	0.34
Moctezuma	3,339	0.29
Torex Gold Resources	1,501	0.13
	<u>57,479</u>	<u>5.01</u>
MONGOLIA (2012 – 0.25%)		
Mongolian Mining	1,521	0.13

THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
NIGERIA (2012 – 1.40%)		
Afriland Properties	33	–
FBN Holdings	1,265	0.11
First City Monument Bank	2,097	0.18
Guaranty Trust Bank	5,993	0.52
Guaranty Trust Bank GDR	4,579	0.40
Nigerian Breweries	7,486	0.66
UBA Capital	48	0.01
United Bank for Africa	4,052	0.35
	<u>25,553</u>	<u>2.23</u>
POLAND (2012 – 0.00%)		
Alior Bank	3,667	0.32
ROMANIA (2012 – 0.67%)		
NCH Balkan Fund*	7,540	0.66
RUSSIA (2012 – 6.82%)		
Eurasia Drilling GDR Reg S	5,270	0.46
FESCO	1,603	0.14
Global Ports Investments GDR Reg S	3,312	0.29
LSR Group	375	0.03
LSR Group – GDR	2,799	0.24
Magnit	2,135	0.19
Novatek GDR Reg S	23,010	2.01
Novolipetsk Iron & Steel GDS	4,477	0.40
Novorossiysk Commercial Sea Port GDR	3,360	0.29
O'Key Group GDR Reg S	653	0.06
Raspadskaya	1,201	0.11
Sberbank RF	24,578	2.14
X5 Retail Group GDR Reg S	9,867	0.86
	<u>82,640</u>	<u>7.22</u>

THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
SAUDI ARABIA (2012 – 0.51%)		
Almarai – Deutsche Bank Participatory note maturing 13 th September 2016	1,322	0.12
Almarai – HSBC Bank Participatory note maturing 29 th September 2014	4,153	0.36
Saudi British Bank – Deutsche Bank Participatory note maturing 27 th March 2015	3,101	0.27
	<u>8,576</u>	<u>0.75</u>
SOUTH AFRICA (2012 – 9.93%)		
African Bank Investments	2,614	0.23
Anglo American	39,027	3.41
Anglo American Plc (London Listing)	7,447	0.65
Bidvest	14,522	1.27
Capitec Bank	1,200	0.10
Discovery	413	0.04
Pick ‘n’ Pay Holdings	285	0.02
Pick ‘n’ Pay Stores	3,897	0.34
SABMiller	34,336	3.00
SABMiller (London Listing)	8,208	0.72
Standard Bank	11,571	1.01
	<u>123,520</u>	<u>10.79</u>
SOUTH KOREA (2012 – 9.97%)		
Daum Communications	2,377	0.21
Korea Electric Power	7,175	0.63
MegaStudy	1,078	0.09
Samsung Electronics (Ordinary)	30,220	2.64
Samsung Electronics (Preferred)	17,340	1.51
Samsung Fire & Marine	22,044	1.92
Shinhan Financial Group	13,661	1.19
	<u>93,895</u>	<u>8.19</u>
TAIWAN (2012 – 5.36%)		
MediaTek	15,849	1.38
RichTek Technology	1,589	0.14
Taiwan Semiconductor Manufacturing	63,128	5.51
	<u>80,566</u>	<u>7.03</u>

THE PORTFOLIO

CONTINUED

	Fair Value \$'000	Proportion of Fund (%)
THAILAND (2012 – 2.83%)		
Bank of Ayudhya (Foreign)	20,049	1.75
Big C Supercenter NVDR	2,425	0.21
Big C Supercenter (Foreign)	3,253	0.28
Robinsons Department Store (Foreign)	2,950	0.26
Siam Commercial Bank (Foreign)	5,468	0.48
Thai Beverages	13,529	1.18
TMB Bank (Foreign)	2,139	0.19
	<u>49,813</u>	<u>4.35</u>
TURKEY (2012 – 2.45%)		
Akfen Holdings	1,449	0.13
Anadolu Efes Biracilik	11,585	1.01
Turkiye Garanti Bankasi	10,777	0.94
Yapi ve Kredi Bankasi	6,602	0.58
	<u>30,413</u>	<u>2.66</u>
UKRAINE (2012 – 0.05%)		
Ukraine Opportunity	538	0.05
UNITED KINGDOM (2012 – 2.98%)		
Tullow Oil	30,940	2.70
VIETNAM (2012 – 0.46%)		
Mekong Enterprise Fund II*	3,681	0.32
ZAMBIA (2012 – 2.38%)		
First Quantum Minerals	26,608	2.32
ZIMBABWE (2012 – 0.17%)		
Delta Corp	3,915	0.34
TOTAL INVESTMENTS	1,134,380	99.05
Net current assets	10,925	0.95
TOTAL NET ASSETS	1,145,305	100.00

* Unquoted securities, not traded on an official Stock Exchange or other Regulated Market.

^ Treating Genesis Smaller Companies SICAV and Genesis Indian Investment Company on a 'non-look-through' basis.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GENESIS EMERGING MARKETS FUND LIMITED

Report on the Financial Statements

We have audited the accompanying consolidated financial statements (the 'financial statements') of Genesis Emerging Markets Fund Limited ('the Fund') which comprise the consolidated statement of financial position as of 30th June 2013 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the requirements of Guernsey law. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as of 30th June 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Report on other Legal and Regulatory Requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the introduction, the directors pages, the highlights pages, the chairman's statement, the directors' report, the manager's review, the twenty largest holdings, the country exposure of the portfolio, the sector exposure of the portfolio, the portfolio, the performance record, the administration page and the notice of meeting.

In our opinion the information given in the directors' report is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GENESIS EMERGING MARKETS FUND LIMITED
CONTINUED

This report, including the opinion, has been prepared for and only for the Fund's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters which we are required to review under the Listing Rules:

- the directors' statement set out on page 14 in relation to going concern;
- the part of the Corporate Governance Statement relating to the Fund's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Evelyn Brady
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands

24th September 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2013

<i>Note</i>	2013 \$'000	2012 \$'000
ASSETS		
Current assets		
2(b), II	1,134,380	1,068,101
2(g)	4,067	3,952
2(d)	1,845	2,810
	167	160
2(f)	9,389	10,407
	1,149,848	1,085,430
LIABILITIES		
Current Liabilities		
2(g)	2,216	160
2(j)	247	1,664
7	2,080	2,046
	4,543	3,870
	1,145,305	1,081,560
EQUITY		
4	134,349	134,349
6	982,168	916,195
	28,788	31,016
	1,145,305	1,081,560
15	\$8.48	\$8.02

* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2012: 134,963,060).

Signed on behalf of the Board
Coen Teulings
Dr. John Llewellyn
24th September 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE 2013

<i>Note</i>	2013 \$'000	2012 \$'000
	<hr/>	<hr/>
	INCOME	
2(b), II	Net change in financial assets at fair value through profit or loss	66,311 (152,351)
2(c)	Net exchange losses	(338) (182)
2(d)	Dividend income	20,694 19,504
2(d)	Deposit interest	– 7
	Miscellaneous income	130 98
	<hr/>	<hr/>
	86,797	(132,924)
	EXPENSES	
10(a)	Management fees	(17,927) (16,598)
10(c)	Custodian fees	(1,386) (1,406)
I2	Transaction costs	(1,350) (1,275)
10(d)	Directors' fees and expenses	(332) (289)
10(b)	Administration fees	(181) (198)
	Audit fees	(95) (88)
	Other expenses	(191) (140)
	<hr/>	<hr/>
	TOTAL OPERATING EXPENSES	(21,462) (19,994)
	<hr/>	<hr/>
	OPERATING PROFIT/(LOSS)	65,335 (152,918)
	FINANCE COSTS	
	Bank charges	(1) (1)
	<hr/>	<hr/>
	TOTAL FINANCE COSTS	(1) (1)
2(j), 9	Capital gains tax	701 (923)
2(j), 9	Withholding taxes	(2,290) (1,800)
	<hr/>	<hr/>
	(1,589)	(2,723)
	PROFIT/(LOSS) AFTER TAX FOR THE YEAR ATTRIBUTABLE TO PARTICIPATING PREFERENCE SHARES	
	<hr/>	<hr/>
	63,745	(155,642)
	<hr/>	<hr/>
	Other Comprehensive Income	– –
	<hr/>	<hr/>
	TOTAL COMPREHENSIVE INCOME/(LOSS)	63,745 (155,642)
	<hr/> <hr/>	<hr/> <hr/>
5	EARNINGS PER PARTICIPATING PREFERENCE SHARE*	\$0.47 \$(1.15)
	<hr/> <hr/>	<hr/> <hr/>

* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2012: 134,963,060).

The notes on pages 38 to 62 form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2013

	2013			
	Share Premium \$'000	Capital Reserve \$'000	Revenue Account \$'000	Total \$'000
Balance at the beginning of the year	134,349	916,195	31,016	1,081,560
Total Comprehensive Income	–	–	63,745	63,745
Transfer to Capital Reserve	–	65,973	(65,973)	–
Balance at the end of the year	134,349	982,168	28,788	1,145,305

	2012			
	Share Premium \$'000	Capital Reserve \$'000	Revenue Account \$'000	Total \$'000
Balance at the beginning of the year	134,349	1,068,728	34,125	1,237,202
Total Comprehensive Loss	–	–	(155,642)	(155,642)
Transfer from Capital Reserve	–	(152,533)	152,533	–
Balance at the end of the year	134,349	916,195	31,016	1,081,560

The notes on pages 38 to 62 form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2013

	<u>2013</u>	<u>2012</u>
	\$'000	\$'000
OPERATING ACTIVITIES		
Dividends received	21,789	21,795
Taxation paid	(3,006)	(3,112)
Purchase of investments	(227,597)	(208,526)
Proceeds from sale of investments	229,572	206,911
Interest received	–	7
Operating expenses paid	<u>(21,438)</u>	<u>(19,981)</u>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<u>(680)</u>	<u>(2,906)</u>
Effect of exchange losses on cash and cash equivalents	<u>(338)</u>	<u>(182)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,018)	(3,088)
Net cash and cash equivalents at the beginning of the year	<u>10,407</u>	<u>13,495</u>
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>9,389</u>	<u>10,407</u>
Comprising:		
Cash and cash equivalents	<u>9,389</u>	<u>10,407</u>

The notes on pages 38 to 62 form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2013

I. GENERAL Genesis Emerging Markets Fund Limited (the 'Company') was incorporated in Guernsey on 7th June 1989 and commenced activities on 19th September 1989. The 'Fund' comprised the 'Company' and its wholly owned subsidiary Genemar Limited until the point the subsidiary was wound up during the year. The Fund is an authorised Closed-Ended Investment Scheme as defined by the Authorised Closed-ended Investment Schemes Rules (2008) (and, as such, is subject to ongoing supervision by the Guernsey Financial Services Commission). The Fund is listed on the London Stock Exchange and is a constituent of the FTSE 250 Index.

The Fund's registered office is 1st Floor, Les Echelons Court, Les Echelons, South Esplanade, St. Peter Port, Guernsey, GY1 6JB, Channel Islands.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS') and interpretations by the International Financial Reporting Interpretations Committee of the International Accounting Standards Board.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with IFRS may require management to make critical accounting judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions about the future which are made by management relating to unlisted securities, are made using models generally recognised as standard within the industry and inputs are based on the historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Valuations use observable data to the extent practicable. Changes in any assumptions could affect the reported fair value of the financial instruments. The determination of what constitutes observable requires significant judgement by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of Preparation (continued)

New standards, amendments and interpretations effective from 1st July 2012

The following new standards and amendments to existing standards are relevant to the Fund's operations and are mandatory for accounting periods ending on 30th June 2013:

Amendment to International Accounting Standard ('IAS') I, Presentation of items of other comprehensive income (effective 1st July 2012).

Amendment to IAS 12, 'Income taxes' on deferred tax (effective 1st January 2012).

New standards, amendments and interpretations issued but not yet effective

The following standards and interpretations have been issued and are expected to be relevant to the Fund in future periods, with effective dates on or after 1st July 2013:

Amendments to IFRS 7, 'Financial instruments: disclosures' (effective 1st January 2013) on asset and liability offsetting.

IFRS 9, 'Financial instruments' (effective 1st January 2015). The IASB has issued IFRS 9 as a first step in its project to replace IAS 39, 'Financial Instruments: recognition and measurements'. IFRS 9 introduces new requirements for classifying and measuring financial assets.

IFRS 10, 'Consolidated financial statements' (effective 1st January 2013).

Amendments to IFRS 10, 11 and 12 on Transition guidance (effective 1st January 2013).

IFRS 13, 'Fair value measurements' (effective 1st January 2013).

Amendment to IAS 32, 'Financial instruments: assets and liabilities offsetting' (effective 1st January 2014) and Amendments to IFRS 7 'Financial instruments: presentations'.

Annual improvements 2011 (effective 1st January 2013).

The Directors are currently reviewing these standards with a view to implementation on their effective date. Other than IFRS 9, which when implemented in 2016 will permit the use of last traded pricing for investments impacting both the measurement and disclosures of financial instruments, the changes are not expected to have a significant impact on the consolidated financial statements in future periods.

Early adoption of standards

The Fund did not early adopt new or amended standards/interpretations for the year ended 30th June 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF (b) Financial Instruments

SIGNIFICANT
ACCOUNTING
POLICIES
(CONTINUED)

Classification

In accordance with IAS 39 the Fund has designated all of its investments as at fair value through profit or loss. This category comprises financial instruments designated at fair value through profit or loss upon initial recognition and includes financial assets that are not held for trading purposes and which may be sold. These investments are managed and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The investments of the Fund are principally in listed equities.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund includes in this category cash and cash equivalents, due from brokers and other short term receivables.

Other financial liabilities include all financial liabilities, other than those classified as held for trading. The Fund includes in this category bank overdraft, due to brokers and other short term liabilities.

Recognition/derecognition

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Regular-way purchases and sales of investments are recognised on their trade date, the date on which the Fund commits to purchase or sell the investment. Investments are derecognised when the rights to cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

Measurement

Financial assets and financial liabilities at fair value through profit or loss are measured initially at fair value being the transaction price. Transaction costs incurred to acquire financial assets at fair value through profit or loss are expensed in the Consolidated Statement of Comprehensive Income. Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Consolidated Statement of Comprehensive Income in the year in which the arise.

Loans and receivables and financial liabilities are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) (b) Financial Instruments (continued)

Fair value measurement

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

Securities listed on active markets are valued based on their last traded price for valuation purposes. For the purpose of preparing the financial statements in accordance with IFRS, these securities are revalued at their closing bid prices, as quoted on the principal exchange on which they are listed. Positions held in affiliated investment companies, Genesis Smaller Companies SICAV (open-ended and listed but not traded) and Genesis Indian Investment Company (closed-ended and non-listed), are valued at their fair value at the reporting end date.

In the normal course of business, the Fund utilises Participatory notes ('P Notes') to gain access to markets that otherwise would not be allowable as a foreign investor. P Notes are issued by banks or broker-dealers and allow the Fund to gain exposure to local shares in foreign markets. They are valued based on the last price of the underlying equity at the valuation date.

The Fund's investment in other Funds ('Investee Funds') are subject to the terms and conditions of the respective Investee Fund's offering documentation. The investments in Investee Funds are primarily valued based on the latest available redemption price for such units in each Investee Fund, as determined by the Investee Funds' administrators. The Fund reviews the details of the reported information obtained for the Investee Funds and considers the liquidity of the Investee Fund or its underlying investments, the value date of the net asset value provided, any restrictions on redemptions and the basis of the Investee Funds accounting. If necessary, the Fund makes adjustments to the net asset value of the Investee Funds to obtain the best estimate of fair value.

Private placements are not registered for public sale and, excluding the two Genesis affiliated investment companies, are carried at an estimated fair value at the end of the year, as determined in good faith by the Valuation Committee of the Manager, in consultation with the Board of Directors of the Fund. Factors considered in determining fair value will include a review of the most recent statement of financial position and operating results of the private placement and such other factors as may be relevant. Private placements are classified either in Level 2 or 3 of the fair value hierarchy, depending on whether they are valued based on observable inputs or unobservable inputs.

For other investments held, where market prices are not readily available (or if available market quotations are not reliable), securities are valued at their fair value as determined in good faith by the Valuation Committee of the Manager, using procedures approved by the Board of Directors. In such circumstances the value of the security will be determined after considering factors such as cost, type of investment, subsequent trades by the Fund or other investors and other factors as may be relevant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial Instruments (continued)

The Fund may make adjustments to the value of a security if it has been materially affected by events occurring before the Fund's calculation of NAV but after the close of the primary markets on which the security is traded. The Fund may also make adjustment to the value of its investments if reliable market quotations are unavailable due to infrequent trading or if trading in a particular security was halted during the day and did not resume prior to the Fund's NAV calculation.

Amortised cost measurement

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Financial liabilities, other than those classified at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation of these liabilities.

Identification and measurement of impairment

At each reporting date the Fund assesses whether there is objective evidence that financial assets measured at amortised cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment is reversed through profit or loss.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognised through the unwinding of the discount.

The Fund writes off financial assets carried at amortised cost when they are determined to be uncollectible.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES
(CONTINUED)

(c) Foreign Currency Translation

Functional and Presentation Currency

The books and records of the Fund are maintained in the currency of the primary economic environment in which it operates (its functional currency). The Directors have considered the primary economic environment of the Fund and considered the currency in which the original capital was raised, past distributions have been made and ultimately the currency in which capital would be returned on a break up basis. The Directors have also considered the currency to which underlying investments are exposed.

On balance, the Directors believe that US dollars best represent the functional currency of the Fund. The financial statements, results and financial position of the Fund are also expressed in US dollars which is the presentation currency of the Fund.

Transactions and Balances

Transactions in currencies other than US dollars are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period monetary items and non-monetary assets and liabilities that are fair valued and are denominated in foreign currencies are retranslated at rates prevailing at the end of the reporting period. Gains and losses arising on translation are included in the Consolidated Statement of Comprehensive Income for the year. Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'Net exchange gains or losses'. Foreign exchange gains and losses relating to financial assets at fair value through profit or loss are presented in the Consolidated Statement of Comprehensive Income within 'Net change in financial assets at fair value through profit or loss'.

(d) Recognition of Dividend and Interest Income

Dividends arising on the Fund's investments are accounted for on an ex-dividend basis, gross of applicable withholding taxes. Deposit interest and interest on short-term paper is accrued on a day-to-day basis using the effective interest method. Dividend and interest income are recognised in the Consolidated Statement of Comprehensive Income.

(e) Dividend Distribution

Dividend distributions are at the discretion of the Fund. A proposed dividend is recognised as a liability in the period in which it is approved by the annual general meeting of the shareholders and is recognised in the Consolidated Statement of Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF
SIGNIFICANT
ACCOUNTING
POLICIES
(CONTINUED)

(f) Cash and Cash Equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible within three months to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are classified as loans and receivables.

Bank overdrafts are accounted for as short term liabilities on the Consolidated Statement of Financial Position and the interest expense is recorded using the effective interest rate method. Bank overdrafts are classified as other financial liabilities.

(g) Due To and Due From Brokers

Amounts due to brokers are payables for securities purchased that have been contracted for but not yet delivered on the statement of financial position date. Amounts due from brokers include receivables for securities sold that have been contracted for but not yet delivered on the statement of financial position date.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers. A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from brokers is impaired.

(h) Segment Reporting

Operating Segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker ('CODM'). The CODM, who is responsible for allocation of resources and assisting performance of the operating segments, has been identified as the Manager.

(i) Expenses

All expenses are accounted for on an accruals basis and are charged to the Consolidated Statement of Comprehensive Income.

Accrued expenses are recognised initially at fair value and subsequently stated at amortized cost using the effective interest method.

(j) Taxation

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains taxes upon realisation of its investments. Such income or gains are recorded gross of withholding taxes and capital gains taxes in the Consolidated Statement of Comprehensive Income. Withholding taxes and capital gains taxes are shown as separate items in the Consolidated Statement of Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Taxation (continued)

In accordance with IAS 12, 'Income taxes', the Fund is required to recognise a tax liability when it is probable that the tax laws of foreign countries require a tax liability to be assessed on the Fund's capital gains sourced from such foreign country, assuming the relevant taxing authorities have full knowledge of all the facts and circumstances. The tax liability is then measured at the amount expected to be paid to the relevant taxation authorities, using the tax laws and rates that have been enacted or substantively enacted by the end of the reporting period. There is sometimes uncertainty about the way enacted tax law is applied to offshore investment funds. This creates uncertainty about whether or not a tax liability will ultimately be paid by the Fund. Therefore, when measuring any uncertain tax liabilities, management considers all of the relevant facts and circumstances available at the time that could influence the likelihood of payment, including any formal or informal practices of the relevant tax authorities.

(k) Basis of Consolidation

The Consolidated Statement of Financial Position, Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flows include the accounts of the Company and its subsidiary undertaking made up to 30th June 2013. Intra-group transactions were eliminated fully on consolidation.

Subsidiaries are all entities (including underlying investment funds) over which the Fund has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Fund controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Fund. They are de-consolidated from the date that control ceases.

(l) Share Capital

Participating Preference Shares have no fixed redemption date and do not automatically participate in the net income of the Fund or accrue dividends and are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds net of tax.

(m) Purchase of Own Shares

The cost of purchases of the Company's own shares is shown as a reduction in Shareholders' Funds. The Fund's net asset value and return per Participating Preference Share are calculated using the number of shares outstanding after adjusting for purchases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS The preparation of consolidated financial statements, in conformity with IFRS, requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the Fund's accounting policies. For example, the Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as minority holdings in investment and private equity companies. Fair values of such instruments are determined using different valuation techniques validated and periodically reviewed by the Board of Directors.

4. SHARE CAPITAL AND SHARE PREMIUM (a) **Authorised**
 1,000 Founder shares of no par value
 335,000,000 Unclassified shares of no par value

(b) Issued	Number of Shares	Share Capital \$'000	Share Premium \$'000
As at 30 th June 2013	<u>134,964,060</u>	<u>–</u>	<u>134,349</u>
As at 1 st July 2012	<u>134,964,060</u>	<u>–</u>	<u>134,349</u>

Consists of:

Founder shares of no par value	1,000
Participating Preference Shares of no par value adjusted for purchase of own shares (note 2(m) and 8)	<u>134,963,060</u>
As at 30 th June 2013	<u><u>134,964,060</u></u>

Share Premium

Share Premium is the amount by which the value of shares subscribed for exceeded their nominal value at the date of issue.

Founder Shares

All of the Founder Shares were issued on 6th June 1989 to the Manager or its nominees. The Founder Shares were issued at \$1 each par value. The Founder Shares are not redeemable. At the Extraordinary General Meeting of the Company on 30th October 2009 and in accordance with The Companies (Guernsey) Law, 2008 it was approved that each Founder Share be redesignated as no par value shares.

The Founder Shares confer no rights upon holders other than at general meetings, on a poll, every holder is entitled to one vote in respect of each Founder Share held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

4. SHARE CAPITAL AND SHARE PREMIUM (CONTINUED) **Participating Preference Shares**

At the Extraordinary General Meeting of the Company on 30th October 2009 it was approved that each Participating Preference Share be divided into ten Participating Preference Shares. Under the The Companies (Guernsey) Law, 2008 (as amended) the nominal values of the shares were also converted into sterling and redesignated as no par value shares.

The holders of Participating Preference Shares rank ahead of holders of any other class of share in issue in a winding up. They have the right to receive any surplus assets available for distribution. The Participating Preference Shares grant the right to dividends declared, and at general meetings, on a poll, grant the right to one vote in respect of each Participating Preference Share held. Participating Preference Shares are classed as equity as they have a residual interest in the assets of the Fund.

All of the above classes of shares are considered as Equity under the definitions set out in IAS 32, 'Financial instruments: presentation', because the shares are not redeemable and there is no obligation to pay cash or another financial asset to the holder.

5. EARNINGS PER SHARE Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the year by the weighted average number of Participating Preference Shares in issue during the year.

	2013 \$'000	2012 \$'000
Profit/(loss) after tax for the year attributable to Participating Preference Shares	63,745	(155,642)
Weighted average number of Participating Preference Shares outstanding	134,963,060	134,963,060
Basic earnings/(loss) per Participating Preference Shares – basic and diluted	<u>\$0.47</u>	<u>\$(1.15)</u>

The Fund has not issued any shares or other instruments that will dilute basic earnings.

All gains and losses derived from the sale, realisation or transfer of investments, and any other sums which in the opinion of the Directors are of a capital nature are applied to the capital reserve.

6. CAPITAL RESERVE The capital reserve as at 30th June 2013 consists of the following accumulated amounts:

	2013 \$'000	2012 \$'000
Realised gains on investments sold	819,083	743,072
Unrealised appreciation on revaluation of investments	172,356	182,056
Exchange losses	(9,244)	(8,906)
Transfer to share premium	(27)	(27)
	<u>982,168</u>	<u>916,195</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

7. PAYABLES AND ACCRUED EXPENSES	2013 \$'000	2012 \$'000
Management fees	1,433	1,352
Custodian fees	272	389
Directors' fees	215	170
Audit fees	92	67
Administration fees	43	30
Other accrued expenses	25	38
	<u>2,080</u>	<u>2,046</u>

8. PURCHASE OF OWN SHARES
Genemar Limited, a wholly owned subsidiary of the Company, was incorporated in Guernsey on 22nd June 1999. Its only activity was to purchase shares in the Company. All of the issued shares in Genemar Limited were owned by the Company and were acquired for the cost of \$2. Genemar Limited owned 900,000 Participating Preference Shares of the Company. The cost of these shares was shown as a reduction in Shareholders' Funds. Genemar Limited did not purchased any of the Company's shares during the year (2012: nil) and was wound up prior to the year end. The 900,000 Participating Preference Shares were cancelled on 17th June 2013.

9. TAXATION
The Fund is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. As such, the Fund is only liable to pay a fixed annual fee, currently £600.

Income due to the Fund is subject to withholding taxes. The Manager undertakes a biannual review of the tax situation of the Fund and believes that withholding taxes on dividend income and capital gains taxes on capital gains are currently the material transactions that generate the amounts of tax payable.

In accordance with IAS 12, 'Income taxes', where necessary the Fund provides for deferred taxes on any capital gains/losses on the revaluation of securities in such jurisdictions where capital gains tax is levied.

The capital gains charge has been calculated on the basis of the tax laws enacted or substantially enacted at the reporting date in the countries where the Fund's investments generate taxable income on realisation. The Manager, on behalf of the Board, periodically evaluates which applicable tax regulations are subject to interpretation and establishes provisions when appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

10. RELATED PARTIES AND OTHER MATERIAL AGREEMENTS	<p>Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.</p> <p>(a) Manager's remuneration and terms of appointment</p> <p>The Manager's appointment is under a rolling contract which may be terminated by three months written notice given by the Fund and twelve months by the Manager.</p>
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Under the Management Agreement, the Manager is entitled to receive a management fee from the Fund, payable monthly in arrears and is equal to 1.5% per annum, calculated and accrued on the Net Asset Value of the Fund as at each weekly Valuation Day, except for investments in Investee Funds, where the Manager will absorb the expenses of the management of such funds to a maximum of 1% per annum of the value of the Fund's holding in the relevant fund at the relevant time. The effective management fee on the average Net Assets of the Fund was 1.50% (2012: 1.49%). Where, in order to gain access to a particular market, investment is made in a vehicle directly managed by Genesis, no fee will be payable by the Fund on that proportion of its assets so invested, unless no management fee is charged to that vehicle.

(b) Administration fees

The Administrator is entitled to receive a fee, payable monthly, based on time incurred. During the year, the administration of the fund moved from HSBC Securities Services (Guernsey) Limited to JPM Administration Services (CI) Limited. Administration fees for the year were \$181,000 being \$141,000 charged by HSBC Securities Services (Guernsey) and \$40,000 charged by JPM Administration Services (CI) Limited (2012: \$198,000).

(c) Custodian fee

Under the Custodian Agreement, the Custodian to the Fund is entitled to receive a fee payable monthly, based on the Net Asset Value of the Fund. During the year the custodian for the Fund changed from HSBC Custody Services (Guernsey) Limited to JP Morgan Chase Bank. Previously under the agreement between the Custodian and the Sub-Custodian, JP Morgan Chase Bank, the latter would be entitled to receive a fee calculated on the same basis as the Custodian's fee. All custody services are now performed by JP Morgan Chase Bank and therefore a sub-custodian arrangement is no longer required.

The Fund also reimburses the charges and expenses of other organisations with whom securities are held. The total of all Custodian fees for the year represented approximately 0.12% (2012: 0.13%) per annum of the average Net Assets of the Fund.

(d) Directors' fees and expenses

Included in Directors' fees and expenses are Directors' fees for the year of \$193,000 (2012: \$173,000). Also included are travelling, hotel and other expenses which the Directors are entitled to when properly incurred by them in travelling to, attending and returning from meetings and while on other business of the Fund.

Directors' related party interests are stated on page I6 as part of the Directors' Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

10. RELATED
PARTIES AND
OTHER
MATERIAL
AGREEMENTS
(CONTINUED)

(e) Other group investments

The Genesis Indian Investment Company Limited and Genesis Smaller Companies SICAV are related parties of the Fund by virtue of having a common Manager in Genesis Asset Managers, LLP. The Fund's holdings in these funds are summarised in the portfolio statement on pages 26 to 31, subscriptions and redemptions during the year under review are detailed in the table below. No dividends were received from these funds during the year (2012: nil). There were no other transactions between the Fund and such related parties during the year except as disclosed in Notes 10 (a), (b), (c) and (d) above and there were no outstanding balances between these entities at 30th June 2013.

	2013	
	Subscriptions \$'000	Redemptions \$'000
	<u> </u>	<u> </u>
Genesis Indian Investment Company Limited	–	13,279
Genesis Smaller Companies SICAV	370	26,345

	2012	
	Subscriptions \$'000	Redemptions \$'000
	<u> </u>	<u> </u>
Genesis Indian Investment Company Limited	–	24,085
Genesis Smaller Companies SICAV	1,639	7,218

11. FINANCIAL
ASSETS AT FAIR
VALUE THROUGH
PROFIT OR LOSS

	2013 \$'000	2012 \$'000
	<u> </u>	<u> </u>
Financial assets at fair value through profit or loss:		
Designated at fair value through profit or loss:		
Listed equity securities	970,739	901,479
Unlisted equity securities	<u>163,641</u>	<u>166,622</u>
Total financial assets at fair value through profit or loss:	<u><u>1,134,380</u></u>	<u><u>1,068,101</u></u>
Other net changes in fair value of financial assets at fair value through profit or loss:		
Realised gains	76,011	81,101
Net change in unrealised depreciation	<u>(9,700)</u>	<u>(233,452)</u>
Net change in financial assets at fair value through profit or loss	<u><u>66,311</u></u>	<u><u>(152,351)</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

II. FINANCIAL
ASSETS AT FAIR
VALUE THROUGH
PROFIT OR LOSS
(CONTINUED)

The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices, those involving valuation techniques where all the model inputs are observable in the market and those where the valuation technique involves the use of non-market observable inputs. Fair value measurements are disclosed below by the source of inputs using the following three-level hierarchy:

<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Quoted prices (unadjusted) in active markets for identical assets or liabilities.	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In some instances, the inputs used to measure fair value might fall into different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement in its entirety falls shall be determined based on the lowest input level that is significant to the fair value measurement in its entirety.

The underlying investments categorised in Level 3 of the hierarchy are those securities whose price is not available in observable market, or whose prices were stale (not pricing on an exchange for some time). These investments are reviewed on a monthly basis by the Fund's Manager who report to the Board on a regular basis. The Manager considers the appropriateness of the valuation inputs, as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry.

The following table summarises the valuation of the Fund's securities using the fair value hierarchy:

	<u>Level 1</u> <u>\$'000</u>	<u>Level 2</u> <u>\$'000</u>	<u>Level 3</u> <u>\$'000</u>
At 30th June 2013			
Investment in equity securities	961,625	143,803	–
Participatory notes	–	8,576	–
Investee Funds	–	–	20,376
	<u>961,625</u>	<u>152,379</u>	<u>20,376</u>
	<u>Level 1</u> <u>\$'000</u>	<u>Level 2</u> <u>\$'000</u>	<u>Level 3</u> <u>\$'000</u>
At 30th June 2012			
Investment in equity securities	895,409	145,572	–
Participatory notes	–	5,557	–
Investee Funds	–	–	21,563
	<u>895,409</u>	<u>151,129</u>	<u>21,563</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)	The valuation techniques used for the Level 3 investments are detailed below:		
		2013	2012
		\$'000	\$'000
	Valuation basis for Investee Funds	<u> </u>	<u> </u>
	Administrator's Net Asset Value	19,572	19,358
	Most recently traded price adjusted for market movement	538	–
	Most recently traded price	266	1,812
	Adjusted Administrator's Net Asset value	<u> </u>	<u> </u>
		<u>20,376</u>	<u>21,563</u>

The following table summarises the change in value associated with Level 3 financial instruments carried at fair value during the year:

	2013	2012
	Level 3	Level 3
	\$'000	\$'000
	<u> </u>	<u> </u>
Balance at 1 st July	21,563	24,879
Net purchases	108	96
Realised loss	–	(1)
Net change in unrealised depreciation	<u>(1,295)</u>	<u>(3,411)</u>
Balance at 30 th June	<u>20,376</u>	<u>21,563</u>

Unrealised losses as at year end amounting to \$5,259,000 (2012: unrealised losses of \$3,378,000) related to Level 3 securities. Gains and losses (realised and unrealised) included in the Consolidated Statement of Comprehensive Income for the year are reported in 'Net change in financial assets at fair value through profit or loss'.

There were no movements between the levels during the year.

12. COSTS OF INVESTMENTS TRANSACTIONS		2013	2012
		\$'000	\$'000
		<u> </u>	<u> </u>
	Acquiring	695	597
	Disposing	655	678
		<u>1,350</u>	<u>1,275</u>

13. SEGMENT INFORMATION
The Fund treats all of its operations, for management purposes, as a single operating segment as it does not aim at controlling or having any significant influence over the entities in which it holds its investments.

The Fund is invested in equity securities. All of the Funds' activities are interrelated, and each activity is dependant on the others. Accordingly, all significant operating decisions are based upon analysis of the Fund as one segment.

The financial positions and results from this segment are equivalent to those per the consolidated financial statements of the Fund as whole, as internal reports are prepared on a consistent basis in accordance with the measurement and recognition principles of IFRS.

There were no changes in reportable segments during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

13. SEGMENT INFORMATION (CONTINUED) The table below analyses the Fund's operating income per geographical location. The basis for attributing the operating income is consistent with the portfolio statement on pages 26 to 31.

	2013	2012
	\$'000	\$'000
Argentina	900	(455)
Austria	803	(1,393)
Brazil	(6,820)	(28,609)
Chile	792	883
China	6,800	(24,341)
Colombia	(888)	(703)
Croatia	(1,033)	(2,421)
Egypt	(5,154)	(543)
Ghana	(165)	(102)
Greece	2,193	(3,278)
Hungary	672	(5,895)
India	10,252	(22,130)
Indonesia	21,719	(1,102)
Iran	(377)	(2)
Jordan	487	103
Luxembourg	18,265	(3,523)
Malaysia	2,390	(3,117)
Mauritius	1,429	220
Mexico	(1,553)	1,568
Mongolia	(2,812)	(1,338)
Nigeria	10,565	(1,671)
Poland	1,140	–
Romania	249	(1,144)
Russia	10,834	(24,506)
Saudi Arabia	748	1,070
South Africa	(21,166)	(18,617)
South Korea	13,372	4,877
Taiwan	20,940	5,799
Thailand	11,302	5,788
Turkey	4,050	(1,898)
Ukraine	25	(280)
United Kingdom	(12,323)	5,147
Vietnam	(768)	993
Zambia	(3,576)	(11,907)
Zimbabwe	3,505	(397)
TOTAL INCOME	86,797	(132,924)

The Fund is domiciled in Guernsey. All of the Fund's income from investment is from entities in countries other than Guernsey.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

13. SEGMENT
INFORMATION
(CONTINUED)

The table below analyses the Fund's operating income by investment type.

	2013	2012
	\$'000	\$'000
Equity securities	86,985	(132,847)
Miscellaneous income	130	98
Cash and cash equivalents	(338)	(175)
	<u>86,777</u>	<u>(132,924)</u>

As at 30th June 2013 and 30th June 2012, the Fund has no assets classified as non-current assets. A full breakdown of the Fund's financial assets at fair value through profit and loss is shown in the Country exposure of the Fund's portfolio on page 24.

14. FINANCIAL RISK
MANAGEMENT

The Fund's financial instruments comprise equities, holdings in investment companies/private placements, cash and cash equivalents and short-term receivables and payables that arise directly from its operations including amounts due to and due from brokers.

(a) Strategy in using Financial Instruments

(i) Objective of the Fund

The Fund's objective is to provide shareholders with a broadly diversified means of investing in developing countries and immature stock markets, and thus to provide access to superior returns offered by high rates of economic and corporate growth, whilst limiting individual country risk.

(ii) Investment Strategy and Process

The Manager employs a research driven approach at the stock specific level to identify undervalued investments. In doing so, the Manager emphasises the importance of sustainable cash-flow returns on invested capital when assessing organisations.

Portfolios are constructed with reference to the following consideration:

- the Manager seeks to build a portfolio of quoted shares of approximately 160 to 200 issuers. The portfolio will consist of those stocks identified from the Manager's fundamental research.

The Fund's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), liquidity risk and credit risk. The Fund's approach to the management of these risks is set out as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market Price Risk

Market price risk is the risk that value of the instrument will experience unanticipated fluctuations as a result of changes in market prices (other than those arising from foreign currency risk and interest rate risk), whether caused by factors specific to an individual investment, its issuer, or all factors influencing all instruments traded in the market.

Market price risk exposure

The Fund invests predominantly in quoted equity securities, the fair value of which may fluctuate because of changes in market prices. All investments in securities present a risk of loss of capital, due to poor performance of the individual company, or a sharp deterioration in the sector, country, or region's economic environment. The Fund also invests in securities and investments, including Investee Funds, that are not traded in active markets and are susceptible to market price risk from uncertainties about their future values of those securities and investments.

Market price risk management

Market price risk can be moderated in a number of ways by the Manager through:

- (i) a disciplined stock selection and investment process; and
- (ii) limitation of exposure to a single investment through diversification and through amongst others, the implementation of investment restrictions.

The Board reviews the prices of the portfolio's holdings and investment performance at their meetings.

The Fund's portfolio at the end of reporting period reflects the diversified strategy. The tables on Country Exposure of the Portfolio, Sector Exposure of the Portfolio and composition of the Portfolio (see pages 24 to 31) illustrate the allocation of the portfolio assets according to these criteria as at 30th June 2013.

The Fund Manager has identified the MSCI EM (TR) Index as a relevant reference point for the markets in which it operates. However, the Manager does not manage the Fund's investment strategy to track the MSCI EM (TR) Index or any other index or benchmark. The recent performance of Fund and its correlation to the MSCI EM (TR) Index is shown in the Highlights section on pages 5 and 6 and is expected to change over time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

14. FINANCIAL RISK
MANAGEMENT
(CONTINUED)

(b) Market Price Risk (continued)

Given that a historical volatility of 10.42% (2012: 22.42%) of the Fund's ('NAV') was observed during the year, and assuming the same level of volatility in the coming year, the NAV and profit stands to increase or decrease by the amounts set out below:

	2013 \$'000	2012 \$'000
Financial assets at fair value through profit or loss	<u>1,134,380</u>	<u>1,068,101</u>
Net asset value and profit impact	<u>118,202</u>	<u>239,468</u>

(c) Foreign Currency Risk

The Fund invests in financial instruments and enters into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse affect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the US dollar.

Foreign currency risk exposure

The following table sets out the Fund's material exposures to foreign currency risk as at 30th June 2013:

Currency	Net		Total foreign currency risk \$'000
	non-monetary assets and (liabilities) \$'000	Net monetary assets and (liabilities) \$'000	
Brazilian real	37,328	(295)	37,033
Canadian dollar	28,109	(40)	28,069
Hong Kong dollar	129,724	3,642	133,366
Hungarian forint	11,760	-	11,760
Indian rupee	38,023	55	38,078
Indonesian rupiah	19,981	101	20,082
Korean won	93,895	301	94,196
Malaysian ringgit	8,943	166	9,109
Mexican peso	19,961	-	19,961
Nigerian naira	20,974	225	21,199
Singapore dollar	13,530	-	13,530
South African rand	107,865	(303)	107,562
Sterling	55,638	147	55,785
Taiwan dollar	80,566	-	80,566
Thailand baht	36,283	-	36,283
Turkish lira	30,413	-	30,413
United States dollar	380,791	7,091	387,882
Other currencies	20,596	(165)	20,431
	<u>1,134,380</u>	<u>10,925</u>	<u>1,145,305</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

14. FINANCIAL RISK MANAGEMENT (CONTINUED) **(c) Foreign Currency Risk (continued)**
Foreign currency risk exposure
 Comparative figures as at 30th June 2012 are as follows:

Currency	Net non-monetary assets and (liabilities) \$'000	Net monetary assets and (liabilities) \$'000	Total foreign currency risk \$'000
Brazilian real	49,103	(1,024)	48,079
Canadian dollar	25,755	–	25,755
Egyptian pound	14,667	–	14,667
Euro	11,939	–	11,939
Hong Kong dollar	134,219	(15)	134,204
Hungarian forint	11,413	–	11,413
Indonesian rupiah	42,224	1,038	43,262
Korean won	107,790	211	108,001
Malaysian ringgit	12,838	48	12,886
Mexican peso	20,221	188	20,409
Nigerian naira	11,685	(23)	11,662
South African rand	100,497	1,206	101,703
Sterling	40,294	(52)	40,242
Taiwan dollar	57,975	–	57,975
Thailand baht	22,445	781	23,226
Turkish lira	26,507	–	26,507
United States dollar	332,799	9,243	342,042
Other currencies	45,730	1,858	47,588
	<u>1,068,101</u>	<u>13,459</u>	<u>1,081,560</u>

Foreign currency risk management

The Fund has opted not to engage in any active management of foreign currency risk, and therefore all its open foreign exchange positions are unhedged at the end of the reporting period.

The degree of sensitivity of the Fund's assets to foreign currency risk depends on the net exposure of the Fund to each specific currency and the volatility of that specific currency in the year. At 30th June 2013, had the average exchange rate of the US dollar weakened by a reasonable possible movement of 100 basis points in relation to the basket of currencies in which the Fund's net assets are denominated, weighted by the Fund's exposure to each currency with all other variables held constant, the Fund estimates net assets and the change in net assets per the Consolidated Statement of Comprehensive Income would have increased by \$7,577,000 (2012: \$7,395,000).

An increase in the US dollar by 100 basis points in relation to the basket of currencies in which the Fund's net assets are denominated would have resulted in a decline in net assets by the same amount but in the opposite direction, under the assumption that all other factors remain constant.

The Manager does not consider it realistic or useful to examine foreign currency risk in isolation. The Manager considers the standard deviation of the NAV (which is struck in US dollars) as the appropriate risk measurement for the portfolio as a whole as it reflects market price risk generally. Please see Market Price Risk section in Note 14(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

14. FINANCIAL RISK
MANAGEMENT
(CONTINUED)

(d) Liquidity Risk

Liquidity risk exposure

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations as they arise for settlement associated with financial liabilities or can do so on terms that are materially disadvantageous. Liquidity risk also arises because the Fund's assets may be invested in equities in emerging markets which may be less liquid than developing markets. The Fund is closed-ended; therefore risk arising from redemption requests from investors does not exist. Furthermore, the risk of the Fund not having sufficient liquidity at any time is not considered by the Board to be significant, given the large number of listed investments held in the portfolio and the liquid nature of the portfolio of investments.

The liquidity risk profile of the Fund as at 30th June 2013 was as follows:

	2013	2012
	\$'000	\$'000
	<hr/>	<hr/>
Amounts due within one month		
Amounts due to brokers	2,216	160
Payables and accrued expenses	2,080	2,046
Amounts due within one year		
Capital gains tax payable	247	1,664
Total liabilities	<hr/> 4,543 <hr/>	<hr/> 3,870 <hr/>

There were no amounts due beyond one year.

Liquidity risk management

The restrictions on concentration and the diversification requirements detailed above (see market price risk) also serve normally to protect the overall value of the Fund from the risks created by the lower level of liquidity in the markets in which the Fund operates.

(e) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It arises on interest-bearing financial instruments recognised at the end of the reporting period.

Interest rate risk exposure

The Fund has the ability to borrow funds in order to increase the amount of capital available for investment subject to the limits set out in the Private Offering Memorandum. It may also hold interest bearing securities and cash. Interest rate movements may affect the level of income receivable on cash deposits and cash equivalents and interest payable on borrowing. However, the majority of the Fund's net financial assets are non interest bearing (99.18% on average over the 12 month period to 30th June 2013 (2012: 99.04%)). As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates other than the impact such fluctuations may have on capital returns.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

14. FINANCIAL RISK
MANAGEMENT
(CONTINUED)

(e) Interest rate risk exposure (continued)

The following table summarises the Fund's exposure to interest rate risk as at 30th June 2013. It includes the Fund's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

	Interest- bearing \$'000	Non interest- bearing \$'000	Total \$'000
Financial assets at fair value			
through profit or loss	–	1,134,380	1,134,380
Amounts due from brokers	–	4,067	4,067
Dividends receivable	–	1,845	1,845
Other receivables and prepayments	–	167	167
Cash and cash equivalents	9,389	–	9,389
TOTAL ASSETS	9,389	1,140,459	1,149,848
Amounts due to brokers	–	2,216	2,216
Capital gains tax payable	–	247	247
Payables and accrued expenses	–	2,080	2,080
TOTAL LIABILITIES	–	4,543	4,543
Equity shares	–	1,145,305	1,145,305
TOTAL LIABILITIES INCLUDING EQUITY SHARES	–	1,149,848	1,149,848
Total interest sensitivity gap	9,389	(9,389)	–

Interest rate risk exposure as at 30th June 2012

	Interest- bearing \$'000	Non interest- bearing \$'000	Total \$'000
Financial assets at fair value			
through profit or loss	–	1,068,101	1,068,101
Amounts due from brokers	–	3,952	3,952
Dividends receivable	–	2,810	2,810
Other receivables and prepayments	–	160	160
Cash and cash equivalents	10,407	–	10,407
TOTAL ASSETS	10,407	1,075,023	1,085,430
Amounts due to brokers	–	160	160
Capital gains tax payable	–	1,664	1,664
Payables and accrued expenses	–	2,046	2,046
TOTAL LIABILITIES	–	3,870	3,870
Equity shares	–	1,081,560	1,081,560
TOTAL LIABILITIES INCLUDING EQUITY SHARES	–	1,085,430	1,085,430
Total interest sensitivity gap	10,407	(10,407)	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

14. FINANCIAL RISK (e) **Interest Rate Risk (continued)**

MANAGEMENT *Interest rate risk management*

(CONTINUED)

The Fund has the capacity to leverage its investments up to 10% of net assets. The Fund aims to keep its use of the overdraft facility for trading purposes to a minimum only using the facility to enable settlements. The Directors do not consider the exposure to interest rate risk as being material to the Fund.

Sensitivity analysis for interest rate risk

Based on the previous table showing the interest rate risk exposure as at 30th June 2013, should interest rates have been lower on average by 100 basis points on a pro forma basis as interest earned is less than 100 basis points, with all other variables held constant, the decrease in net assets and profit for the year would amount to approximately \$94,000 (2012: \$104,000). We estimate that if interest rates had risen by 100 basis points, the increase in net assets and profit would amount to approximately the same amount but in the opposite direction.

(f) **Credit Risk**

Credit risk exposure

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the Fund. The Fund is exposed to counterparty credit risk on cash and cash equivalents and amounts due from brokers. Risk relating to unsettled transactions is considered small due to the credit quality of the custodians used by the Fund. The Manager, on behalf of the Board, regularly reviews the brokers and custodians used by the Fund, including their internal controls, in order to mitigate these risks. The Fund has no receivables past their due dates as at 30th June 2013 (2012: nil).

Credit risk management

All transactions in securities are settled upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the Fund has received payment. Payment is made on a purchase once the securities have been received by the Custodian or Sub-Custodian. The trade will fail if either party fails to meet its obligation.

The maximum exposure to credit risk before any credit enhancements at 30th June is the carrying amount of the financial assets as set out below.

	2013	2012
	Amounts due	Amounts due
	within 1 year	within 1 year
	\$'000	\$'000
	<hr/>	<hr/>
Amounts due to brokers	4,067	3,952
Dividends receivable	1,845	2,810
Other receivable and prepayments	167	160
Cash and cash equivalents	9,389	10,407
	<hr/> 15,468 <hr/>	<hr/> 17,329 <hr/>

None of these assets are impaired nor past due but not impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

14. FINANCIAL RISK *Credit Risk – Participatory Notes*

MANAGEMENT (CONTINUED)

Investments in P Notes involve similar risks associated with a direct investment in the underlying foreign companies or foreign markets that they seek to replicate. The P Notes held by the Fund are disclosed in the Portfolio (page 30) and are provided by Deutsche Bank and HSBC which allows the Fund to trade in equity securities in Saudi Arabia. P Notes are not used for the purposes of hedging risk. Although each P Note is structured with a defined maturity date, early redemption may be possible. Other risks associated with P Notes include the possible failure of a counterparty to perform in accordance with the terms of the agreement and potential delays or an inability to redeem before maturity under certain market conditions. The Fund minimizes this risk by entering into agreements only with the counterparties that the Investment Advisor deems credit worthy. Due to liquidity and transfer restrictions, the secondary markets on which the P notes are traded may be less liquid than the markets for other securities, or may be completely liquid.

(g) Capital Risk Management

The capital of the Fund is represented by the equity attributable to holders of Participating Preference Shares. The amount of equity attributable to holders of Participating Preference Shares is subject to change, at most, twice monthly as the Fund is a closed-ended fund with the ability to issue additional shares only if certain conditions are met as set out in the Fund's scheme particulars. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

15. RECONCILIATION OF PUBLISHED NET ASSET VALUE ATTRIBUTABLE TO EQUITY SHAREHOLDERS TO THE IFRS EQUIVALENT

	2013 Total \$'000	Per Participating Preference Share \$
Published net asset value	1,148,987	8.51
Change from last traded price to bid pricing for investments	(3,682)	(0.03)
Net asset value under IFRS	<u>1,145,305</u>	<u>8.48</u>
	2012 Total \$'000	Per Participating Preference Share \$
Published net asset value	1,087,287	8.06
Change from last traded price to bid pricing for investments	(5,727)	(0.04)
Net asset value under IFRS	<u>1,081,560</u>	<u>8.02</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

16. ULTIMATE CONTROLLING PARTY In the opinion of the Directors on the basis of the shareholdings advised to them, the Fund has no immediate or ultimate controlling party.
17. EVENTS AFTER REPORTING DATE The Fund announced the forthcoming appointment of Sujit Banerji as a Director of the Fund, effective 31st October 2013, on 9th September 2013. There were no other significant events to disclose since the reporting date.

PERFORMANCE RECORD

Date	Fund NAV (\$)	FX Rate	Fund NAV (£)	MSCI EM (TR) (\$)	MSCI EM (TR) (£)	Percentage increase from	Percentage increase from
						6 th July 1989	30 th June 1989
						Fund NAV (£)	MSCI EM (TR) (£)
31.12.89	0.58	1.61	0.36	231.65	143.61	11.85	28.00
29.06.90	0.77	1.74	0.44	258.08	147.93	35.93	31.85
31.12.90	0.61	1.93	0.31	207.21	107.25	(2.36)	(4.41)
28.06.91	0.78	1.62	0.48	281.28	173.52	48.98	54.66
31.12.91	0.93	1.87	0.50	331.35	177.67	54.92	58.35
30.06.92	1.07	1.90	0.56	355.82	186.90	74.15	66.58
31.12.92	0.95	1.51	0.63	369.14	244.02	95.19	117.49
30.06.93	1.11	1.49	0.74	421.83	282.35	129.80	151.65
31.12.93	1.58	1.48	1.07	645.38	436.81	231.72	289.32
30.06.94	1.47	1.55	0.95	578.58	373.77	194.69	233.14
31.12.94	1.58	1.56	1.01	598.17	382.26	213.61	240.71
30.06.95	1.53	1.59	0.96	578.48	363.54	197.48	224.02
31.12.95	1.46	1.55	0.94	567.01	364.99	190.54	225.31
30.06.96	1.70	1.55	1.10	627.49	403.71	239.66	259.82
31.12.96	1.75	1.71	1.02	601.21	351.17	217.06	212.99
30.06.97	2.21	1.67	1.33	707.94	425.11	310.84	278.89
31.12.97	1.82	1.64	1.11	531.56	323.41	243.65	188.25
30.06.98	1.52	1.67	0.91	431.27	258.25	182.34	130.17
31.12.98	1.30	1.66	0.78	396.86	238.66	141.60	112.71
30.06.99	1.55	1.57	0.98	555.08	352.48	204.13	214.16
31.12.99	1.86	1.62	1.15	660.41	408.84	257.15	264.40
30.06.00	1.76	1.51	1.17	607.65	401.62	261.43	257.96
31.12.00	1.47	1.50	0.98	458.26	306.40	205.32	173.09
30.06.01	1.55	1.41	1.10	450.73	320.05	241.19	185.26
31.12.01	1.57	1.45	1.08	447.39	308.44	234.47	174.91
30.06.02	1.61	1.52	1.06	456.63	299.88	228.38	167.28
31.12.02	1.55	1.61	0.96	420.54	261.32	197.61	132.91
30.06.03	1.84	1.65	1.11	488.40	295.55	244.99	163.42
31.12.03	2.53	1.79	1.42	657.22	368.02	339.01	228.01
30.06.04	2.61	1.81	1.44	652.07	359.94	346.96	220.81
31.12.04	3.38	1.92	1.76	827.78	431.56	445.78	284.64
30.06.05	3.67	1.79	2.05	879.58	490.86	535.43	337.50
31.12.05	4.59	1.72	2.67	1,113.71	648.45	727.93	477.95
30.06.06	4.80	1.85	2.60	1,195.39	646.51	704.76	476.22
31.12.06	5.92	1.96	3.02	1,476.63	754.15	836.49	572.16
30.06.07	7.05	2.01	3.52	1,738.72	866.89	989.80	672.65
31.12.07	7.96	1.99	4.00	2,064.00	1,036.87	1,139.16	824.15

PERFORMANCE RECORD

CONTINUED

Date	Fund NAV (\$)	FX Rate	Fund NAV (£)	MSCI EM (TR) (\$)	MSCI EM (TR) (£)	Percentage increase from	Percentage increase from
						6 th July 1989	30 th June 1989
						Fund NAV (£)	MSCI EM (TR) (£)
30.06.08	7.40	1.99	3.72	1,823.79	916.43	1,053.17	716.80
31.12.08	3.97	1.44	2.76	966.34	672.10	755.31	499.03
30.06.09	5.47	1.65	3.32	1,316.39	799.36	928.94	612.46
31.12.09	7.40	1.62	4.57	1,729.96	1,070.52	1,318.22	854.14
31.03.11	8.97	1.60	5.71	2,105.28	1,311.62	1,669.95	1,069.03
30.06.11	9.20	1.61	5.73	2,083.30	1,297.12	1,675.77	1,056.11
30.09.11	7.34	1.56	4.69	1,615.42	1,033.27	1,354.64	820.94
31.12.11	7.64	1.56	4.91	1,687.30	1,084.10	1,421.11	866.25
30.03.12	8.65	1.60	5.40	1,925.64	1,204.33	1,576.88	973.41
29.06.12	8.06	1.57	5.14	1,756.77	1,119.89	1,492.04	898.14
30.09.12	8.70	1.61	5.40	1,895.32	1,175.54	1,572.48	947.74
31.12.12	9.15	1.62	5.65	2,001.60	1,231.60	1,645.11	997.71
31.03.13	9.16	1.52	6.04	1,965.85	1,295.71	1,772.37	1,054.85
30.06.13	8.51	1.52	5.61	1,813.50	1,195.69	1,640.05	965.70

The \$ and £ NAV figures have been adjusted to reflect the one-for-one capitalisation issue made in September 1993.

The \$ and £ NAV figures have been adjusted to reflect the ten-for-one share split in November 2009.

NAV figures are based on the last traded price for investments.

ADMINISTRATION

REGISTERED OFFICE

1st Floor, Les Echelons Court, Les Echelons, South Esplanade
St. Peter Port, Guernsey GY1 6JB, Channel Islands

WEBSITE

www.giml.co.uk

MANAGER

Genesis Asset Managers, LLP
Heritage Hall, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY, Channel Islands

CUSTODIAN

JP Morgan Chase Bank
25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom

INVESTMENT ADVISER

Genesis Investment Management, LLP
21 Grosvenor Place, London SW1X 7HU, United Kingdom
(Authorised and regulated by the United Kingdom's Financial Conduct Authority)

ADMINISTRATOR AND SECRETARY

JPM Administration Services (CI) Limited
1st Floor, Les Echelons Court, Les Echelons, South Esplanade
St. Peter Port, Guernsey GY1 6JB, Channel Islands

REGISTRAR AND TRANSFER AGENT

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

STOCKBROKERS

JP Morgan Cazenove
25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom

Smith & Williamson Securities

25 Moorgate, London EC2R 6AY, United Kingdom

INDEPENDENT AUDITORS

PricewaterhouseCoopers, CI LLP
Royal Bank Place, I Glategny Esplanade, St. Peter Port, Guernsey GY1 4ND, Channel Islands

LEGAL ADVISERS

Mourant Ozannes
1 Le Marchant Street, St. Peter Port, Guernsey GY1 4HP, Channel Islands

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NOTICE OF MEETING

Notice is hereby given of the twenty fourth Annual General Meeting of the Shareholders of the Company which is to be held at the Company's registered office at 1st Floor, Les Echelons Court, Les Echelons, South Esplanade, St. Peter Port, Guernsey GY1 6JB, Channel Islands on 31st October 2013 at 10 a.m. for the following purposes:

AGENDA

ORDINARY RESOLUTIONS

1

To receive the Report of the Directors and audited Financial Statements for the year ended 30th June 2013;

2

To re-appoint PricewaterhouseCoopers CI LLP as Independent Auditors to the Fund;

3

To authorise the Directors to agree the remuneration of the Independent Auditors;

4

To elect Sujit Banerji as a Director of the Company;

5

To re-elect Michael Hamson as a Director of the Company;

6

To re-elect Saffet Karpat as a Director of the Company;

7

To re-elect Dr. John Llewellyn as a Director of the Company;

8

To re-elect Hélène Ploix as a Director of the Company; and

9

To re-elect Coen Teulings as a Director of the Company.

None of the Directors have a service contract.

NOTICE OF MEETING

CONTINUED

SPECIAL RESOLUTION

10

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

THAT

In substitution for the Company's existing authority to make market purchases of Participating Preference Shares, the Fund is hereby authorised to make market purchases of Participating Preference Shares provided that:

- (i) the maximum number of Participating Preference Shares hereby authorised to be purchased shall be 20,200,000;
- (ii) the maximum price which may be paid for a Participating Preference Share is an amount equal to 105% of the average of the middle market quotations for a Participating Preference Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Participating Preference Share is purchased;
- (iii) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2014 unless such authority is renewed prior to such time; and
- (iv) the Company may make a contract to purchase Participating Preference Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Participating Preference Shares pursuant to any such contract.

GENESIS EMERGING MARKETS FUND LIMITED

1st Floor, Les Echelons Court, Les Echelons, South Esplanade
St. Peter Port, Guernsey GY1 6JB, Channel Islands