GENESIS
EMERGING MARKETS FUND LIMITED

Annual Financial Report

FOR THE YEAR ENDED 30th JUNE 2011

Genesis Emerging Markets Fund Limited

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 company with the ability to issue additional shares. The Fund's shares are listed on the London Stock Exchange. The Participating Preference Shares of the Fund were redenominated to permit trading in £ Sterling and split ten for one in November 2009. The number of Participating Preference Shares outstanding is 135,863,060 as at 30th June 2011 (30th June 2010: 135,863,060). Following the restructuring, the Fund became eligible for inclusion in the FTSE 250.

MANAGER

Genesis Asset Managers, LLP ("the Manager" or "Genesis")

INVESTMENT APPROACH

Genesis follows a value-based stock selection approach, buying companies whose shares appear under-valued on the basis of long-term earning power, current free cash flows or asset backing.

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 Manager 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 ten per cent in any six 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 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 is a Director of Newmont Mining Inc., 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. Among his other interests is the Chairmanship of the Royal Botanic Gardens Australian Garden Project and he is also a Trustee of the World Wildlife Fund (WWF).

THE HON. JOHN TRAIN

The Hon. John Train is Chairman of Montrose Advisors and founder of Train Smith Counsel, both investment advisers in New York. His books include "The Craft of Investing", "Money Masters of Our Time", "Preserving Capital and Making it Grow", "Famous Financial Fiascos" and "The Midas Touch". He writes columns for the Wall Street Journal, the Financial Times and other periodicals. He has received several US Presidential appointments.

Dr. JOHN LLEWELLYN

Dr. John Llewellyn 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).

† Member of Audit Committee

Directors

CONTINUED

Dr. GENG XIAO

(appointed 1st March 2011)

Dr. Xiao 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 special advisor to the Columbia Beijing Center. Previously Dr. Xiao was tenured professor of economics at the university of Hong Kong, head of research and advisor to the chairman at the Securities and Futures Commission of Hong Kong, a member of the board of supervisors at the Shenzhen Development Bank and a consultant at 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.

SAFFET KARPAT

(appointed 1st October 2011)

Saffet Karpat is General Manager for Procter & Gamble's (P&G) business in Turkey and the Caucasian and Central Asian Republics, based in Istanbul, a post he has held since 2004. He started his career at P&G in 1983 and after fulfilling Finance Director positions based in Egypt and in Saudi Arabia, he then spent seven years in the role of Finance Director for Central and Eastern Europe, the Middle East, and Africa. He was educated at the University of Istanbul and Lausanne University.

CHRISTIAN BAILLET

(resigned 29th October 2010)

Christian Baillet is Vice-Chairman of Quilvest, after being the CEO for 15 years. Quilvest is an international private banking and wealth management group providing family office services to high net worth individuals. He joined Quilvest in 1979 and for much of that time he has led Quilvest's private equity investment activities in Europe, the US and Asia. Prior to joining Quilvest, Christian was with Citibank in New York. Christian is a graduate of the Ecole Centrale and holds an MBA from the Wharton School, University of Pennsylvania.

† Member of Audit Committee

HIGHLIGHTS

	30th June 2011	30th June 2010	% change
Published Net Asset Value*	**£773.1m**	£654.6m	18.1
Published net asset value per participating preference share*	**£5.73**	£4.85	18.1
Share price	**£5.29**	£4.56	15.9
Expense ratio	**1.71%**	1.86%	
Discount	**7.70%**	6.00%	
Countries represented	**42**	43	
Stocks in portfolio	**159**	157	

	Year to 30th June 2011		Year to 30th June 2010	
	Low	High	Low	High
Share price	**£4.39**	**£5.68**	£2.94	£4.82
Net asset value	**£4.86**	**£5.84**	£3.34	£5.29
%Discount	**8.2**	**4.5**	11.2	4.4

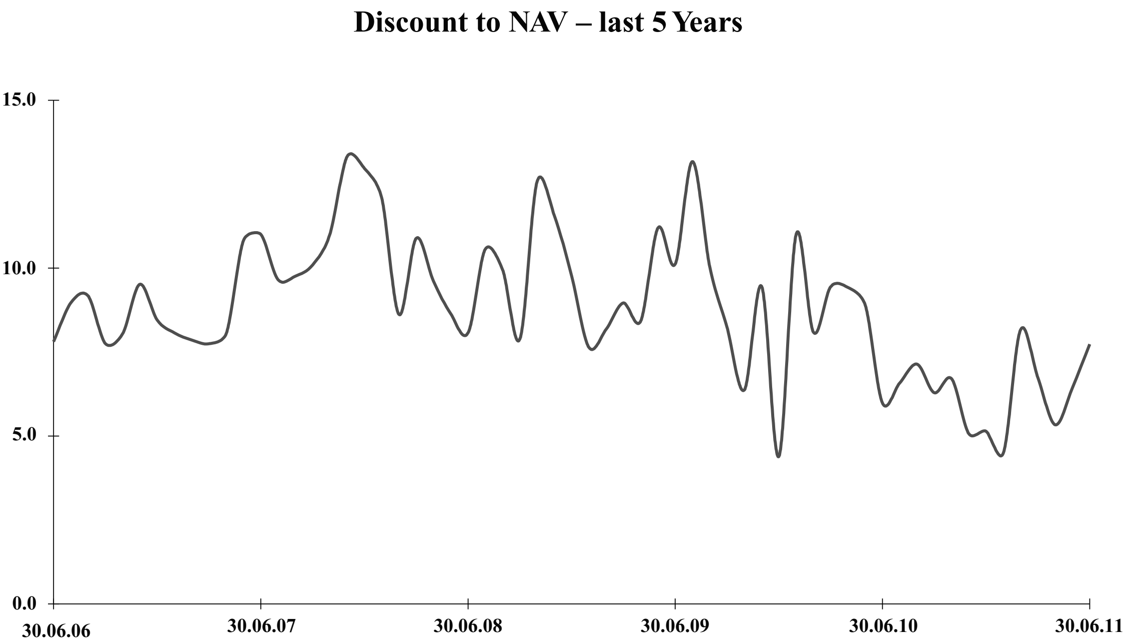
£ Returns

		Annualised		
	1 Year %	3 Year %	5 Year %	Since Inception %
Fund Share Price	15.9	15.6	17.1	13.6
Fund NAV (net of fees)	18.1	15.5	17.2	14.0
MSCI EM (TR)	19.4	12.3	14.9	11.8
MSCI World (TR)	22.3	8.5	5.8	6.7

Past performance is no guarantee of future performance.

*The figures are based on Mid-Market prices.


Last 5 Years
250.0
200.0
150.0
100.0
50.0
0.0
Value (rebased to 100 on 30/6/03)
30.06.06
29.06.07
30.06.08
30.06.09
30.06.10
30.06.11
220.7
220.3
200.6
Fund N.A.V.
MSCI EM (TR)
Secondary market price


Discount to NAV – last 5 Years
15.0
10.0
5.0
0.0
30.06.06
30.06.07
30.06.08
30.06.09
30.06.10
30.06.11

Chairman's Statement

I have pleasure in presenting to shareholders the twenty-second Annual Financial Report of the Genesis Emerging Markets Fund Limited, for the year ended 30th June 2011.

Performance

The overall return figure for emerging markets over the Fund's financial year was an attractive one, but (following the pattern of the 2009–10 financial year) this was down to strong performance in the first half, the final six months of 2010, with much more uneasy market conditions in 2011. Over the last few weeks, of course, markets have seen significant declines, leaving investors facing a more difficult and uncertain outlook.

The Fund's net asset value ("NAV") per share rose 18.1%, from £4.85 to £5.73, over the twelve-month period, slightly underperforming the MSCI EM (TR) index. I refer shareholders to the Report of the Manager on the following pages which comments on the factors driving these returns, as well as describing the economic environment and some of the changes to the Fund's holdings over the year.

Returns from emerging markets over the recent past have been very pleasing (over the last three years, a period that encompassed the Lehman crash in late 2008 and its aftermath, the Fund has generated an average return of 15.5% per annum). When assessing the Manager's performance, however, as Directors we do need to consider the potential long-term returns available to shareholders, and in particular how the Manager will be able to continue to generate performance for shareholders in what may be an environment of sustained uncertainty and volatility.

The Manager's approach focuses on identifying companies it feels are high quality and which appear cheap relative to the market's valuation of them. This has in the past had the effect of somewhat protecting the Fund's value during periods of stock price declines, with the Fund's value falling less than that of the market. We remain confident that – given the Manager's stability of process and personnel – this is likely to continue to be the case if the current negative environment persists.

The Directors' opinion is therefore that the ongoing appointment of the Manager is in the best interests of the Fund's shareholders.

The average discount over the period was 6.1%, which is notably lower than during recent years, and this figure additionally appears to be somewhat less volatile. It seems likely that this is at least partly due to the higher levels of trading volumes which have been evident since the restructuring of the Fund in late 2009. As well as the higher volumes, a notable broadening of the shareholder base has also continued. Both effects are of course very welcome.

The Board

The Notice convening the Annual General Meeting to be held on 28th October 2011 can 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.

In the Interim Report six months ago, we noted the appointment to the Board of Dr. Geng Xiao. Dr. Xiao's work in economics is internationally known and well-respected in the government, corporate, and academic arenas, and he has already shown that his knowledge, especially with respect to Chinese economic policy, will be extremely valuable to the Board. I therefore thoroughly endorse his election by shareholders at the forthcoming Annual General Meeting.

It is with great pleasure that we recently announced to shareholders the appointment of Mr. Saffet Karpat to the Board. A Turkish national, Mr. Karpat is currently General Manager of Procter & Gamble's business in Turkey, the Caucuses and Central Asia, and in previous roles in his career has taken responsibility for Proctor & Gamble's business in Egypt and the Arabian peninsula. His appointment is very much in line with our desire to have Directors on the Board representing a variety of different business backgrounds, and I am confident that Mr. Karpat's many years' experience of managing consumer businesses in a number of emerging markets will be a tremendous source of insight for the Directors. I therefore wholeheartedly endorse his election by the shareholders.

In accordance with the Articles of Association and with regulatory requirements, Michael Hamson offers himself for re-election at the forthcoming Annual General Meeting. Mr. Hamson has been a valuable member of the Board and the Audit Committee during his time as a Director, and I have no hesitation in recommending to shareholders that he continues to serve on the Board.

I will also be standing for re-election at the Meeting, and I hope very much that shareholders will 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.

Against this, however, it is with sadness that I have to announce the retirement of the Hon. John Train as a member of the Board, effective from the forthcoming Annual General Meeting.

Mr. Train has been a member of the Board for many years, during which he has served the Fund and its shareholders with utmost distinction, and has contributed very significantly to the Fund's success. It would be no exaggeration to say that he is exceptional as an investor and as an expert political commentator, and it is his long experience in investment matters and his deep knowledge of the politics of developing countries that have made him an invaluable source of guidance to his fellow Directors. On behalf of the Board, I would like to express my gratitude to Mr. Train for his many contributions. His insight, intellect and wit will be sorely missed.

We will be holding an Information Meeting in London on 4th November 2011. An invitation is enclosed, and we hope to see as many shareholders as possible at this event.

Outlook

At the time of writing – in mid September – the Fund's NAV has fallen some 13.7% since its high point at the end of 2010, and clearly investor sentiment remains significantly negative in an environment where growth is slowing and there is substantial concern over the indebtedness of much of Europe and the US, in particular.

The last few weeks have demonstrated that whenever equity markets in the developed world suffer, emerging markets are not immune from the effects. It is important to note that at the individual business level, however, emerging market companies (and in particular those represented in the Fund's holdings) are still seeing broadly healthy growth – so even though economic growth in the developed world may be rather more anaemic (and the news headlines may also focus on declines in Chinese economic growth), the underlying emerging markets growth dynamic is still present.

The positive side of the market decline of the past few weeks is, of course, that many attractive companies now have rather cheaper prices than they did earlier this year. Given the Manager's stock selection-focused investment approach, this is presenting opportunities for them to invest in new, and existing, holdings that the market appears to be under-pricing.

The broader investment environment remains nervous, but we are confident that emerging market companies in general will continue to be able to capitalise on improving trends in management ability, technology, infrastructure, and demographics to outpace the growth of their developed world counterparts. In conclusion, our expectations for emerging markets therefore remain extremely positive, and I, in common with my colleagues on the Board, believe very strongly that over the medium to long term the Fund will continue to generate highly attractive returns.

Coen Teulings
Chairman
September 2011

DIRECTORS' REPORT

The Directors are pleased to present their twenty-second Annual Financial Report of the Fund covering the year ended 30th June 2011.

CORPORATE GOVERNANCE

The Board is accountable to shareholders for the governance of the Fund's affairs. The Fund comprises the Company and its wholly owned subsidiary Genemar Limited. The Directors have used 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 Rules 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 throughout the accounting period with these provisions set out in the UK Corporate Governance Code.

The Board of the Fund has considered the principles and recommendations of the Association of Investment Companies ("AIC") Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Fund.

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

STATEMENT OF COMPLIANCE

The Directors believe that during the year under review they have complied with the provisions of the AIC Code, and insofar as they apply to the Fund's business, with the provisions of the Combined 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 Company 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 Combined Code in respect of Executive Directors' remuneration and does not have a Remuneration Committee.

- Audit Committee
  The Chairman of the Board is one of the two non-executive Directors which comprise the Audit Committee.

- Internal audit function
  As the Company 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 given the size of the Board it is not necessary to appoint a Senior Independent Director. The Audit Committee comprises Coen Teulings (Chairman) and Michael Hamson. The Board does not consider it necessary to form a remuneration committee or a nomination committee. As the Board is only composed of five members and the Directors do not have executive roles, all remuneration and nomination matters are considered by the whole Board.

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 accounting, secretarial and administrative services. 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 12 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 and is satisfied that the continuing appointment of the Administrator is in the best interests of shareholders.

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 Director	Board Meetings Attended	Audit Committee Meetings Attended
Coen Teulings	3	3
Christian Baillet	1	–
Michael Hamson	3	3
The Hon. John Train	2	–
Dr. John Llewellyn	3	–
Dr. Geng Xiao	2	–

BOARD APPOINTMENTS AND RE-ELECTION

All members of the Board consider new Board appointments as there is no separate nomination committee. 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 Association, it is required that they be elected by shareholders. The Articles also require two Directors to retire by rotation every year, and that all Directors stand for re-election every three years, subject to their approval by the Board.

Directors' Report

continued

Mr. Coen Teulings and Mr. Michael Hamson retire in accordance with the Articles of Association, and offer themselves for re-election. As Mr. Teulings and Mr. Hamson have maintained their effectiveness and commitment to the Fund, the Board endorses them and commends their election to shareholders. The Hon. John Train also retires at the forthcoming Annual General Meeting but is not standing for re-election. Effective 1st March 2011, Dr. Geng Xiao was appointed as a Director. Effective 1st October 2011, Mr. Saffet Karpat was appointed as a Director.

The Board evaluates its performance and considers the tenure of each Director 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. The Board is aware 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.

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 Statements.
- 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.
- 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 Report and Financial Statements, 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.

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, 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 valuation system. All statements are reconciled and reviewed by the Administrator using pre-defined checklists and approved by the Directors 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 and their performance was monitored against obligations specified in the relevant contracts and was found to be in order.

The Administrator reports annually on the design and effectiveness of internal controls operating over the functions provided by the Administrator. This report is 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 it's annual assessment of the the internal controls of the Fund's service providers for the year ended 30th June 2011 and considered the Administrator's internal control procedures to be adequate based on the fundings of the SAS 70 Report. Details of the Administrator's internal controls can be found in the annual SAS 70 report.

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.

The economies, the 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 dollars. The value of the assets of the Fund as measured in 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 of Directors.

AUTHORITY TO PURCHASE OWN SHARES

Under Resolution 6 of the Annual General Meeting held on 25th October 2010, the shareholders authorised the Fund 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 per cent of the issued share capital of the Fund). This authority expires at this year's Annual General Meeting of the Fund. The maximum price that may be paid for a Participating Preference Share will be the amount that is equal to 5 per cent 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 Fund's power to purchase its own shares will be sought at the Annual General Meeting on 28th October 2011. In the event that the Fund 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.

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 Report and Financial Statements and the monthly Fact Sheet, which is available via the Investment Adviser's website, www.giml.co.uk. 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. Members of the Board and the Manager will also make direct contact with shareholders as needed.

DIRECTORS' REMUNERATION

The Directors are entitled to receive fees for their services which shall not exceed $200,000 in aggregate per annum. They are entitled to receive increased remuneration as may be voted by the Company in a General Meeting. As agreed among the Directors, the current distribution of fees is: $30,000 per annum for each Director, $5,000 per annum for Audit Committee Directors and $10,000 per annum 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 Company.

DIRECTORS' REPORT

CONTINUED

DIRECTORS' INTERESTS

The Directors listed on pages 3 and 4 (except Christian Baillet who resigned 29th October 2010, Dr. Geng Xiao who was appointed on 1st March 2011 and Saffet Karpat who was appointed 1st October 2011) 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 2011:

	Participating Preference Shares
Coen Teulings	40,000
Michael Hamson (including family interests)	8,700
The Hon. John Train (including family interests)	20,510

SECRETARY

The Secretary as at 30th June 2011, HSBC Securities Services (Guernsey) Limited, has been in office for the whole of the year under review.

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 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
- 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 profit for the year for the Fund amounted to $262,843,625 compared to a total profit of $240,098,718 in the previous year. The Directors do not recommend the payment of a dividend in respect of the year ended 30th June 2011 (2010: nil).

CAPITAL VALUES

At 30th June 2011, the value of Equity Shareholders' Funds was $1,237,202,432 (2010: $974,358,807), the Equity per Participating Preference Share was $9.17 (2010: $7.22).

SIGNIFICANT SHAREHOLDINGS

The Directors are aware of the following shareholdings which represented beneficial interests of 3% or more of the issued share capital of the Fund at 30th June 2011:

	Participating Preference Shares Held	Percentage of Participating Preference Shares Held
Strathclyde Pension Fund	19,013,120	14%
Banque Degroof Luxembourg SA	12,290,262	9%
Banque Degroof SCS	11,297,894	8%
Sarasin and Partners LLP	10,967,650	8%
Lazard Asset Management LLC Group	8,646,805	6%
BAE Pension Fund Investment Management	6,790,000	5%
Legal & General Investment Management Limited	4,478,377	3%

Signed on behalf of the Board
Coen Teulings
Dr. John Llewellyn
29th September 2011

Manager's Review

The Fund ended the year to 30th June 2011 up 18.1% in Sterling terms (calculated based on published net asset value).

Following a period of strong market performance during the first half of the year under review, the second half saw various major events, such as the Japanese earthquake and the Greek debt crisis, which subdued market sentiment. Since the year-end, equity markets have been suffering from trauma of their own as investor concerns over economic growth and government indebtedness in the developed world led to stock prices collapsing in August.

Looking specifically at the twelve-month period under review, consumer-related stocks generally led the market, although the materials sector in general also performed well. The strong performance of Zambian copper miner First Quantum Minerals, and Chinese cement producer Anhui Conch, helped drive portfolio performance, along with positive stock selection in India (particularly Sun Pharmaceuticals and Asian Paints). Against this, the portfolio was negatively affected by the poor stock price performance of Chinese sportswear manufacturer Li Ning, and – in relative terms – by the lack of holding in firstly Gazprom, and secondly in the more cyclical businesses of HTC in Taiwan, and Hyundai Motor of South Korea.

Significant changes to the Fund's positioning included increases in technology companies (and long-term holdings) Samsung Electronics and TSMC, both of which are global leaders in their fields and continue to offer attractive valuations. We have also added to Li Ning and to Korean electric utility Kepco, both of whose underperformance in market price terms have given us an opportunity to buy more of businesses which we feel have a strong investment case, despite the market's negative short-term view.

Against this, the Fund's exposure to Russia was reduced (we sold three positions there; MDM Bank, Mobile Telesystems, and Lukoil) and we scaled back exposure to First Quantum and Anhui Conch following their strong performance. The Fund's turnover, at around 17% over the period, remains on the low side of historic averages.

In terms of the investment outlook, it would of course have been unrealistic to think that a global equity sell-off would not impact emerging markets too, but while investors may have significant worries about growth in the developed world, emerging market economies are in a rather stronger position in terms of growth.

Emerging markets are slowing too, however, partly because of global demand issues and partly due to local monetary tightening activity to control inflation. Sure enough, as a result, some companies' earnings releases are finally beginning to show signs of margin pressure and slower demand. For example, TSMC, one of the Fund's major holdings and a bellwether for the Asian technology industry, has reduced expectations for semiconductor demand in 2011 due to "weaker economic conditions". Against that, the Fund's largest holding Anglo American said recently it has not seen any slowdown in demand in bulk commodities or industrial metals, where prices have mainly continued to move higher. (This may reflect the fact that the demand for Anglo's products largely emanates from emerging markets, while the global semiconductor market is more skewed to developed countries.)

The general picture is one where profit margins remain above long-term averages and demand growth is still healthy. The company results we have seen from the second quarter remain reasonably strong. In many countries, the peak of inflation has probably been seen, as interest rates have been raised and various tightening measures implemented to restrict credit growth and generally curb demand. Inflation data have yet to soften in China but credit and money supply growth have slowed and the authorities have made clear that they intend consumer price rises to be firmly under control.

While inflation, or more accurately the policy responses to it, may not be as much of a headwind in future for emerging equity markets as it has been so far this year, there is another, longer-term, concern: increasing competition resulting from both the arrival in emerging markets of developed market businesses as well as companies from other emerging markets.

Overall, however, we feel that the investments held by the Fund represent those businesses that can maintain their competitive position and continue to grow. Generally, stocks in our markets do not feel too expensive, especially now that the price action of the last few weeks has left many companies' stock prices seemingly discounting some very poor business scenarios. While the high returns of 2009 and 2010 are unlikely to be repeated, we are 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
September 2011

Twenty Largest Holdings

as at 30th June 2011

Genesis Indian Investment Company (India) **8.75%**

Investment Company

An open-ended Mauritian company whose objective is to achieve capital growth over the medium to long term through investment in equities quoted on the Indian stock market. It held positions in 16 stocks as at 30th June 2011.

Genesis Smaller Companies SICAV (Luxembourg) **7.12%**

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 48 stocks as at 30th June 2011.

Anglo American (South Africa) **5.21%**

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.

TSMC (Taiwan) **4.74%**

Information Technology

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

Samsung Electronics (South Korea) **4.45%**

Information Technology

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

SABMiller (South Africa) **2.52%**

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.

First Quantum Minerals (Zambia) **2.41%**

Materials

First Quantum Minerals is engaged in mineral exploration, development, mining and refining. The company produces copper, gold and sulfuric acid with its flagship project being in Zambia.

Twenty Largest Holdings

CONTINUED

Banco Santander (Brazil) **2.37%**

Financials

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

América Móvil (Mexico) **1.99%**

Telecommunications

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

China Mobile (China) **1.92%**

Telecommunications

China Mobile is the largest mobile phone operator in China with 70% of subscriber market share, or more than 584 million subscribers.

Sberbank (Russia) **1.90%**

Financials

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

Korea Electric Power (South Korea) **1.85%**

Energy

Korea Electric Power generates, transmits, and distributes electricity to South Korea for a variety of uses. The Company also builds and operates hydro-power, thermal-power, and nuclear power units in South Korea.

China Resources Enterprise (China) **1.81%**

Consumer Staples

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

Tullow Oil (United Kingdom) **1.74%**

Energy

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

Telekomunikasi Indonesia (Indonesia) **1.42%**

Telecommunications

Telekomunikasi Indonesia is the largest telecommunication and network services provider in Indonesia, with over 120 million subscribers.

Shinhan Financial Group (South Korea) **1.42%**

Financials

Shinhan Financial Group, a holding company, provides a full range of consumer and commercial banking-related financial services. The company's main businesses include banking, securities brokerage, trust banking, and assets management to individuals, businesses and other financial institutions.

Samsung Fire & Marine Insurance (South Korea) **1.38%**

Financials

Samsung Fire & Marine Insurance Co. Ltd. offers non-life insurance services such as auto, fire, marine, casualty, health, leisure and retirement. The Company offers services to the domestic and overseas clients through a network of branches and outlets.

MOL (Hungary) **1.37%**

Energy

MOL is a leading integrated oil and gas company in Central and Eastern Europe, with refineries and exploration projects throughout the region.

Bank Rakyat Indonesia (Indonesia) **1.28%**

Financials

Bank Rakyat Indonesia provides commercial banking activities and its related services. The Bank also provides banking activities based on shariah principles.

China Merchants Bank (China) **1.28%**

Financials

China Merchants Bank provides a wide range of commercial banking services including deposit, loan, bill discount, government bonds underwriting and trading, interbank lending, letter of credit, bank guarantee, and other related services.

Country Exposure of the Portfolio*

Country	June 2011 %	June 2010 %	June 2009 %
China	13.03	12.84	12.06
South Africa	10.86	11.07	12.05
South Korea	10.11	6.27	6.38
India	8.66	8.78	6.97
Russia	7.93	9.47	9.69
Brazil	7.39	8.44	5.67
Taiwan	5.63	4.22	3.83
Mexico	5.46	5.19	5.70
Indonesia	5.26	5.86	5.82
Thailand	2.83	2.45	1.84
Malaysia	2.76	2.04	1.93
Turkey	2.64	3.80	4.22
Zambia	2.40	1.13	1.59
United Kingdom	1.73	1.48	2.02
Egypt	1.64	1.97	2.20
Hungary	1.38	1.46	1.51
Nigeria	1.28	1.61	1.56
Colombia	0.97	0.93	0.75
Greece	0.77	0.79	0.99
Romania	0.68	0.77	0.90
Philippines	0.63	0.74	0.50
Mauritius	0.61	0.76	1.54
Chile	0.51	0.67	0.93
Austria	0.47	0.74	0.27
Saudi Arabia	0.45	0.43	–
Vietnam	0.32	0.37	0.28
Croatia	0.30	0.32	0.36
Ukraine	0.28	0.31	0.28
Argentina	0.26	0.29	0.28
Senegal	0.25	0.28	0.43
Zimbabwe	0.21	0.16	0.18
Estonia	0.18	0.18	0.17
Kenya	0.17	0.30	0.33
Lebanon	0.11	0.17	0.19
Peru	0.10	1.09	0.94
Sri Lanka	0.06	0.17	0.25
United Arab Emirates	0.06	0.07	0.35
Czech Republic	0.05	0.05	0.07
Ghana	0.04	0.06	0.06
Kazakhstan	0.04	0.04	0.12
Iran	0.03	0.29	0.36
Israel	–	–	2.09
Congo, D.R.	–	–	0.02
Net current assets/(liabilities)	1.46	1.94	2.32
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 2011 %**	**June 2010 %**	**June 2009 %**
Financials	**26.91**	26.68	23.61
Materials	**14.61**	13.44	11.06
Consumer Staples	**14.52**	15.88	12.77
Information Technology	**11.11**	7.56	8.09
Energy	**8.71**	10.40	13.64
Industrials	**5.74**	6.25	6.83
Telecommunications	**5.66**	7.50	8.19
Health Care	**3.48**	2.37	3.36
Consumer Discretionary	**3.10**	3.49	4.63
Utilities	**2.99**	2.22	2.99
Investment Companies	**1.71**	2.23	2.54
Net current assets	**1.46**	1.98	2.29
Total	**100.0**	**100.0**	**100.0**

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

The Portfolio

as at 30th June 2011

	FAIR VALUE $	PROPORTION OF FUND (%)
AUSTRIA (2010 – 0.74%)		
Vienna Insurance Group	5,865,475	0.47
BRAZIL (2010 – 7.68%)		
Amil Participacoes	6,238,202	0.50
Banco do Brasil	4,048,896	0.33
Banco Santander Brasil ADS	20,042,673	1.62
Banco Santander Brasil Unit	9,321,735	0.75
Companhia Siderurgica Nacional	3,678,316	0.30
Lojas Renner	6,303,188	0.51
Marfrig Alimentos	2,795,223	0.23
OGX Petroleo E Gas Participacoes	12,341,029	1.00
Tractebel	7,557,678	0.61
Ultrapar Participacoes (Preferred)	12,604,574	1.02
	84,931,514	6.87
CHILE (2010 – 0.67%)		
Embotelladora Andina A	2,279,034	0.18
Embotelladora Andina ADR A	17,437	0.00
Embotelladora Andina B	3,771,381	0.31
	6,067,852	0.49
CHINA (2010 – 11.83%)		
Anhui Conch Cement 'H'	13,440,365	1.09
ASM Pacific Technology	1,067,874	0.09
China Foods	2,168,877	0.17
China Life Insurance 'H'	6,366,841	0.51
China Merchants Bank 'H'	15,814,184	1.28
China Mobile 'H'	23,788,965	1.92
China Overseas Land & Investment 'H'	9,704,204	0.78
China Resources Enterprise 'H'	22,452,833	1.81
China Resources Gas	995,046	0.08
China Shenhua Energy 'H'	12,621,085	1.02
Industrial and Commercial Bank of China 'H'	13,462,003	1.09
Li Ning	7,277,787	0.59
Longfor Properties	3,720,409	0.30
Parkson Retail Group	8,292,642	0.67
Want Want China Holdings	6,877,656	0.56
West China Cement	3,035,720	0.25
	151,086,491	12.21
COLOMBIA (2010 – 0.93%)		
Bancolombia	6,238,646	0.50
Bancolombia ADR	5,458,940	0.44
Bancolombia (Preferred)	338,369	0.03
	12,035,955	0.97
CROATIA (2010 – 0.32%)		
Jupiter Adria*	3,720,750	0.30
CYPRUS (2010 – 0.00%)		
Global Ports Investments	2,109,665	0.17
EGYPT (2010 – 1.39%)		
Orascom Construction Industries	15,237,255	1.23

THE PORTFOLIO

CONTINUED

	FAIR VALUE $	PROPORTION OF FUND (%)
GREECE (2010 – 0.77%)		
Coca-Cola Hellenic Bottling	9,546,319	0.77
HUNGARY (2010 – 1.43%)		
MOL	16,933,458	1.37
INDIA (2010 – 8.93%)		
Genesis Indian Investment Company*^	108,246,127	8.75
INDONESIA (2010 – 5.65%)		
Bank Danamon	7,236,358	0.59
Bank Rakyat	15,845,667	1.28
Indocement Tunggal Prakarsa	14,330,760	1.16
Ramayana Lestari Sentosa	2,088,481	0.17
Semen Gresik Persero	5,496,424	0.44
Telekomunikasi Indonesia	17,593,053	1.42
	62,590,743	5.06
IRAN (2010 – 0.29%)		
Turquoise Partners ‘C’*	394,891	0.03
LUXEMBOURG (2010 – 8.29%)		
Genesis Smaller Companies SICAV*^	88,099,748	7.12
MALAYSIA (2010 – 1.62%)		
CIMB Group Holdings	15,200,994	1.23
Lafarge Malayan Cement	2,438,871	0.20
Petronas Chemicals	1,602,793	0.13
RHB Capital	6,426,411	0.52
	25,669,069	2.08
MAURITIUS (2010 – 0.76%)		
ECP Africa Fund II*	7,539,640	0.61
MEXICO (2010 – 4.68%)		
America Movil ADR Series L	24,600,124	1.99
Femsa ADS	14,553,198	1.18
Grupo Financiero Banorte	5,734,325	0.46
Grupo Financiero Inbursa	10,715,357	0.87
Megacable Holdings CPO	2,629,236	0.21
Moctezuma	2,819,116	0.23
	61,051,356	4.94
NIGERIA (2010 – 1.60%)		
First City Monument Bank	2,812,784	0.23
Guaranty Trust Bank	2,255,934	0.18
Guaranty Trust Bank GDR	3,241,376	0.26
Nigerian Breweries	4,355,807	0.35
United Bank for Africa	2,951,780	0.24
	15,617,681	1.26
ROMANIA (2010 – 0.77%)		
NCH Balkan Fund*	8,435,250	0.68

THE PORTFOLIO

CONTINUED

	FAIR VALUE $	PROPORTION OF FUND (%)
RUSSIA (2010 - 8.85%)		
FESCO	4,634,505	0.38
LSR Group – GDR	3,516,056	0.28
Lukoil ADR	1,183,005	0.10
Lukoil Holdings ADR	508,800	0.04
Magnit	14,947,366	1.21
Mail.ru Group Ltd GDR	287,473	0.02
Nomos Bank	3,930,356	0.32
Novatek GDR Reg S	14,645,112	1.18
Novorossiysk Commercial Sea Port GDR	4,805,518	0.39
Raspadskaya	8,557,710	0.69
Sberbank RF	23,536,148	1.90
X5 Retail Group GDR Reg S	10,850,211	0.88
	91,402,260	7.39
SAUDI ARABIA (2010 – 0.45%)		
Almarai – Deutsche Bank P Note	2,735,460	0.22
Almarai – HSBC Bank P Note	2,837,444	0.23
	5,572,904	0.45
SOUTH AFRICA (2010 – 11.13%)		
Anglo American	64,423,384	5.21
Bidvest Group	12,872,264	1.04
Pick 'n' Pay Stores	4,468,052	0.36
SABMiller	24,908,416	2.01
SABMiller (London Listing)	6,292,257	0.51
Sasol	8,905,603	0.72
Standard Bank Group	12,102,741	0.98
	133,972,717	10.83
SOUTH KOREA (2010 – 6.22%)		
Korea Electric Power	22,923,330	1.85
MegaStudy	2,737,850	0.22
NHN Corp	6,934,927	0.56
Samsung Electronics (Ordinary)	32,962,908	2.66
Samsung Electronics (Preferred)	14,806,411	1.20
Samsung Electronics GDS 1/2 N/Vtg	7,246,894	0.59
Samsung Fire & Marine	17,028,690	1.38
Shinhan Financial Group	17,533,981	1.42
	122,174,991	9.88
TAIWAN (2010 – 4.22%)		
MediaTek	7,278,681	0.59
RichTek Technology	1,802,476	0.14
Taiwan Semiconductor Manufacturing	58,602,182	4.74
	67,683,339	5.47
THAILAND (2010 – 2.00%)		
Bank of Ayudhya	8,787,063	0.71
C.P. All Pcl (foreign)	4,699,621	0.38
Siam Commercial Bank (foreign)	9,638,537	0.78
Thai Beverages	7,225,361	0.58
	30,350,582	2.45

THE PORTFOLIO

CONTINUED

	FAIR VALUE $	PROPORTION OF FUND (%)
TURKEY (2010 – 3.26%)		
Akfen Holdings	2,027,745	0.16
Anadolu Efes Biracilik	11,224,958	0.91
Turkiye Garanti Bankasi	5,964,217	0.48
Yapi ve Kredi Bankasi	5,747,434	0.46
	24,964,354	2.01
UKRAINE (2010 – 0.05%)		
Ukraine Opportunity	787,500	0.06
Ukraine Opportunity Trust Wts 04/30/2012	5,000	0.00
	792,500	0.06
UNITED KINGDOM (2010 – 1.49%)		
Tullow Oil	21,520,144	1.74
VIETNAM (2010 – 0.37%)		
Mekong Enterprise Fund II*	3,996,300	0.32
ZAMBIA (2010 – 1.14%)		
First Quantum Minerals	29,762,938	2.41
ZIMBABWE (2010 – 0.16%)		
Delta Corp	2,552,464	0.21
TOTAL INVESTMENTS	1,219,924,732	98.60
Net current assests	17,277,700	1.40
TOTAL NET ASSETS	1,237,202,432	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 "Group") which comprise the consolidated statement of financial position as of 30th June 2011 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and 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 financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union ("EU") 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 Group as of 30th June 2011, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU 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, the highlights, 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 and the notice of meeting.

Independent Auditors' Report
to the Members of Genesis Emerging Markets Fund Limited
continued

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

This report, including the opinion, has been prepared for and only for the Company'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; and

- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

John Luff
For and on behalf of
PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditors
Guernsey,
Channel Islands
30th September 2011

Consolidated Statement of Financial Position

as at 30th June 2011

Note		2011 $	2010 $
	ASSETS		
	Current assets		
2(b), 15	Financial assets at fair value through profit or loss	**1,219,924,732**	960,328,412
2(g)	Amounts due from brokers	**5,340,370**	131,002
2(d)	Dividends receivable	**5,002,712**	1,895,408
	Other receivables and prepayments	**161,691**	155,295
2(f)	Cash and cash equivalents	**13,495,617**	13,689,031
	TOTAL ASSETS	**1,243,925,122**	**976,199,148**
	LIABILITIES		
	Current Liabilities		
2(g)	Amounts due to brokers	**2,635,513**	257,983
2(j)	Capital gains tax payable	**2,053,400**	33,817
7	Payables and accrued expenses	**2,033,777**	1,548,539
2(f)	Bank overdraft	–	2
	TOTAL LIABILITIES	**6,722,690**	1,840,341
	TOTAL NET ASSETS	**1,237,202,432**	974,358,807
	EQUITY		
4	Share premium	**134,348,973**	134,348,973
6	Capital reserve	**1,068,728,454**	804,245,831
	Revenue account	**34,125,005**	35,764,003
	TOTAL EQUITY	**1,237,202,432**	974,358,807
19	EQUITY PER PARTICIPATING PREFERENCE SHARE*	**$9.17**	$7.22

* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2010: 134,963,060).

Signed on behalf of the Board
Coen Teulings
Dr. John Llewellyn
29th September 2011

The notes on pages 35 to 57 form part of these financial statements
Report of the Independent Auditors page 29 to 30

Consolidated Statement of Comprehensive Income

for the year ended 30th June 2011

Note		2011 $	2010 $
	INCOME		
2(b), 15	Net change in financial assets at fair value through profit or loss	**265,037,087**	245,000,942
2(c)	Net exchange losses	**(554,464)**	(449,957)
2(d)	Dividend income	**25,395,679**	15,755,331
2(d)	Deposit interest	**21,215**	26,097
		289,899,517	260,332,413
	EXPENSES		
9	Management fees	**(17,629,348)**	(14,241,355)
11	Custodian fees	**(1,475,671)**	(1,262,244)
16	Transaction costs	**(990,520)**	(1,143,840)
12	Directors' fees and expenses	**(413,466)**	(294,992)
10	Administration fees	**(171,711)**	(160,763)
	Audit fees	**(53,032)**	(36,680)
	Other expenses	**(182,376)**	(317,390)
	TOTAL OPERATING EXPENSES	**(20,916,124)**	(17,457,264)
	OPERATING PROFIT	**268,983,393**	242,875,149
	FINANCE COSTS		
	Bank charges	**(512)**	(1,824)
	Interest expense	**(341)**	(31,907)
	TOTAL FINANCE COSTS	**(853)**	(33,731)
2(j), 13	Capital gains tax	**(3,340,340)**	(1,165,675)
2(j), 13	Withholding taxes	**(2,798,575)**	(1,577,025)
	PROFIT FOR THE YEAR ATTRIBUTABLE TO PARTICIPATING PREFERENCE SHARES	**262,843,625**	240,098,718
	Other Comprehensive Income	–	–
	TOTAL COMPREHENSIVE INCOME	**262,843,625**	240,098,718
5	EARNINGS PER PARTICIPATING PREFERENCE SHARE*	**$1.95**	$1.78

* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2010: 134,963,060).

The notes on pages 35 to 57 form part of these financial statements
Report of the Independent Auditors page 29 to 30

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30th June 2011

	2011			
	Share Premium	**Capital Reserve**	**Revenue Account**	**Total**
	$	**$**	**$**	**$**
Net assets at the beginning of the year	134,348,973	804,245,831	35,764,003	974,358,807
Profit for the year	–	–	262,843,625	262,843,625
Transfer to Capital Reserve	–	264,482,623	(264,482,623)	–
Net assets at the end of the year	**134,348,973**	**1,068,728,454**	**34,125,005**	**1,237,202,432**

	2010				
	Share Capital	Share Premium	Capital Reserve	Revenue Account	Total
	$	$	$	$	$
Net assets at the beginning of the year	270,633	134,078,340	559,694,846	40,216,270	734,260,089
Redenomination of shares*	(270,633)	270,633	–	–	–
Profit for the year	–	–	–	240,098,718	240,098,718
Transfer to Capital Reserve	–	–	244,550,985	(244,550,985)	–
Net assets at the end of the year	–	134,348,973	804,245,831	35,764,003	974,358,807

* At the Extraordinary General Meeting held at the end of October 2009 it was resolved to re-denominate the share capital so as to permit the shares to be quoted in Sterling rather than US dollars, and secondly a division of each existing share into ten, thereby reducing the market price of each share.

The notes on pages 35 to 57 form part of these financial statements
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CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30th June 2011

	2011 $	2010 $
OPERATING ACTIVITIES		
Dividend received	**22,288,375**	15,814,306
Taxation paid	**(4,119,332)**	(2,742,700)
Purchase of investments	**(202,054,447)**	(202,533,312)
Proceeds from sale of investments	**204,663,376**	208,427,237
Interest received	**21,215**	28,900
Operating expenses paid	**(20,438,135)**	(17,146,628)
Foreign exchange loss	**(860)**	(71)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**360,192**	1,847,732
NET INCREASE IN CASH AND CASH EQUIVALENTS	**360,192**	1,847,732
Effect of exchange rate fluctuations on cash and cash equivalents	**(553,604)**	(449,886)
	(193,412)	1,397,846
Net cash and cash equivalents at the beginning of the year	**13,689,029**	12,291,183
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**13,495,617**	13,689,029
Comprising:		
Cash and cash equivalents	**13,495,617**	13,689,031
Bank overdraft	**–**	(2)
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**13,495,617**	13,689,029

The notes on pages 35 to 57 form part of these financial statements
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Notes to the Consolidated Financial Statements

for the year ended 30th June 2011

1. GENERAL

Genesis Emerging Markets Fund Limited (the "Company"), a closed-ended fund listed on the London Stock Exchange, was incorporated in Guernsey on 7th June 1989 and commenced activities on 19th September 1989. The Fund comprises the Company and its wholly owned subsidiary Genemar Limited. 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 a constituent of the FTSE 250 Index.

The Fund's registered office is at Arnold House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 3NF, 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 ("IFRS") as adopted by the European Union ("EU") 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 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, relating to unlisted securities, 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.

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 2011:

2. SUMMARY OF ACCOUNTING POLICIES CONTINUED

(a) Basis of Preparation (continued)

Annual Improvements to IFRS's (2009) (effective 1 January 2010)
IFRS 8, 'Operating Segments'
IAS 1, 'Presentation of financial statements'
IAS 7, 'Statement of cash flows'
IAS 18, 'Revenue'
IAS 36, 'Impairment of assets'
IAS 39, 'Financial instruments: Recognition and measurement'

The following standards, amendments to standards and interpretations are newly applicable for companies with 30th June 2011 year ends, but are not relevant to the consolidated financial statements of the Fund:

Annual Improvements to IFRS's (2009) (effective 1 January 2010)
IFRS 2, 'Share based payments'
IFRS 5, 'Non current assets held for sale and discontinued operations'
IAS 17, 'Leases'
IAS 38, 'Intangible assets'
IFRIC 9, 'Reassessment of embedded derivatives'
IFRIC 16, 'Hedges of net investment in foreign operation'
Amendments to IFRS 1 for additional exemptions (effective 1 January 2010)
Amendments IAS 32, 'Financial instruments: Presentation on classification of rights issues' (effective 1 February 2010)
Amendment to IFRS 2, 'Share based payments – Group cash-settled share-based payment transactions' (effective 1 January 2010)
Amendment to IFRS 1, 'First time adoption on financial instrument disclosures' (effective 1 July 2010)
IFRIC 15, 'Arrangements for construction of real estates' (effective 1 January 2009 but EU endorsed for 1 January 2010)
IFRIC 18, 'Transfer of assets from customers' (effective for transfers of assets from customers received on or after 1 July 2009; EU-endorsed for use in annual periods beginning on or after 31 October 2009)
IFRIC 19, 'Extinguishing financial liabilities with equity instruments' (effective 1 July 2010)

(b) Financial Instruments

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. The investments of the Fund are principally in listed equities.

2. SUMMARY OF ACCOUNTING POLICIES CONTINUED

(b) Financial Instruments (continued)

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 the 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 are expensed in the Consolidated Statement of Comprehensive Income. 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 they arise.

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

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 closing bid prices, as quoted on the principal exchange on which they are listed. Positions held in Genesis Smaller Companies SICAV (open-ended and listed but not traded) and Genesis Indian Investment Company (close-ended and non-listed) are valued at their fair value at the reporting end date.

2. SUMMARY OF ACCOUNTING POLICIES CONTINUED

(b) Financial Instruments (continued)
Private placements are not registered for public sale and, excluding the two Genesis investment funds, 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, the type of investment, subsequent trades by the Fund or other investors and other factors as may be relevant.

The Fund may use fair value pricing if the value of a security 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 use fair value pricing 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 calculation of NAV.

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 as 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.

2. SUMMARY OF ACCOUNTING POLICIES CONTINUED

(b) Financial Instruments (continued)

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.

(c) Foreign Currency Translation

(i) 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 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 dollar best represents the functional currency. The financial statements, results and financial position of the Fund are also expressed in US dollars which is the presentation currency of the Fund.

(ii) 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 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'.

2. SUMMARY OF ACCOUNTING POLICIES CONTINUED

(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.

(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 reporting date.

Amounts due from brokers include receivables for securities sold that have been contracted for but not yet delivered on the reporting 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.

2. SUMMARY OF ACCOUNTING POLICIES CONTINUED

(i) Expenses

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

(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 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.

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.

(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 Fund and its subsidiary undertaking made up to 30th June 2011. Intra-group transactions are 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 or accrue dividends of the Fund 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 Fund'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.

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**	**Called-up Share Capital $**	**Share Premium $**
As at 30th June 2011	**134,964,060**	–	**134,348,973**
As at 1st July 2009	26,064,303	270,633	134,078,340
Transfer to share premium	–	(270,633)	270,633
Cancellation of nominal shares	(13,376,997)	–	–
Increase in Participating Preference Shares due to redenomination	122,276,754	–	–
Totals at 30th June 2010	134,964,060	–	134,348,973

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)	134,963,060
Total at 30th June 2011	**134,964,060**

Founder Shares

All of the Founder Shares were issued on 6th June 1989 to the Manager or its nominees. The Founder Shares exist solely to comply with Guernsey Law which requires that Participating Preference Shares must have preference over another class of capital. The Founder Shares were issued at $1 each par value. The Founder Shares are not redeemable.

4. SHARE CAPITAL AND SHARE PREMIUM CONTINUED

The Founder Shares confer upon the holders thereof the right in a winding up, subject to prior repayment of the Participating Preference Shares and any Nominal Shares that may be in issue at the time, to the repayment of the amount paid up on the Founder Shares, but confer no right to participate in profits of the Fund. Accordingly, Founder Shares will not entitle the holders thereof to receive any dividends. At general meetings, on a poll, every holder is entitled to one vote in respect of each Founder Share held.

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.

Nominal Shares

All of the Nominal Shares were issued to the Manager. The Nominal Shares were issued to comply with The Companies (Guernsey) Law, 1994 which required that upon the redemption of any part of the share capital of a company, the nominal value redeemed must be replaced by a fresh issue of shares. Following the share split and redenomination, the Participating Preference Shares were redesignated as shares with no par value in accordance with The Companies (Guernsey) Law, 2008 (as amended) and subsequently Nominal Shares will not be required to be issued upon their redemption and so were cancelled in the prior year. This was noted in Note 3 of the prior year financial statements.

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 Redenomination Shares. Under the The Companies (Guernsey) Law, 2008 (as amended) the nominal value of the shares were also converted into Sterling and redesignated as no par value shares.

After repayment of the nominal amounts paid up on the Founder Shares and any Nominal Shares in issue, 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 confer the right to dividends declared, and at general meetings, on a poll, confer 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 company.

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 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.

	2011	2010
	$	$
Profit for the year attributable to Participating Preference Shares	**262,843,625**	240,098,718
Weighted average number of Participating Preference Shares outstanding	**134,963,060**	134,963,060
Basic earnings per Participating Preference Shares – basic and diluted	**$1.95**	$1.78

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

6. CAPITAL RESERVE

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.

The capital reserve as at 30th June 2011 consists of the following accumulated amounts:

	2011	2010
	$	$
Realised gains on investments sold	**661,971,126**	580,462,321
Unrealised appreciation on revaluation of investments	**415,508,256**	231,979,974
Exchange losses	**(8,723,693)**	(8,169,229)
Transfer to share premium	**(27,235)**	(27,235)
	1,068,728,454	804,245,831

7. PAYABLES AND ACCRUED EXPENSES

	2011	2010
	$	$
Management fees	**1,522,234**	1,217,280
Custodian fees	**262,107**	168,880
Directors' fees	**160,000**	84,001
Audit fees	**48,183**	39,292
Administration fees	**26,718**	24,599
Interest expense	**4**	105
Other accrued expenses	**14,531**	14,382
	2,033,777	1,548,539

8. PURCHASE OF OWN SHARES

Genemar Limited, a wholly owned subsidiary of the Fund, was incorporated in Guernsey on 22nd June 1999. Its only activity is to purchase shares in the Fund. All of the issued shares in Genemar Limited are owned by the Fund and were acquired for the cost of $2.

Genemar Limited owns 900,000 shares of the Company. The cost of these shares is shown as a reduction in Shareholders' Funds.

Genemar Limited has not purchased any of the Company's shares during the year (2010: nil) and there have been no purchases between the end of the reporting period and the date of this report.

9. MANAGER'S REMUNERATION AND TERMS OF APPOINTMENT

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.

Under the Management 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 (being the 15th day and last day of each month), except for investments in other funds, where the Manager will absorb the expenses of the management of other 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 1.49% (2010: 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.

10. ADMINISTRATION FEES

The Administrator, HSBC Securities Services (Guernsey) Limited, is entitled to receive a fee, payable monthly, based on time incurred. Administration fees were $171,711 (2010: $160,763) for the year.

11. CUSTODIAN FEE

Under the Custodian Agreement, HSBC Custody Services (Guernsey) Limited, as Custodian to the Fund, is entitled to receive a fee payable monthly, based on the Net Asset Value of the Fund. Under the agreement between the Custodian and the Sub-Custodian, JP Morgan Chase Bank, the latter is also entitled to receive a fee calculated on the same basis as the Custodian's fee. 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% (2010: 0.13%) per annum of the average Net Assets of the Fund.

12. DIRECTORS' FEES AND EXPENSES

Included in Directors' fees and expenses are Directors' fees for the year of $170,023 in total (2010: $141,333). 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.

13. 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 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.

14. RELATED PARTIES

The Genesis Indian Investment Company Limited and Genesis Smaller Companies SICAV were 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 25 to 28, subscriptions and redemptions during the year under review are detailed in the table below. No dividends were received from these funds during the year (2010: nil). There were no other transactions between the Fund and such related parties during the year except as disclosed in Notes 9 to 12 and there are no outstanding balances between these entities at 30th June 2011. Directors' related party interests are stated on page 16 as part of the Directors' Report.

	2011	
	Subscriptions $	**Redemptions** $
Genesis Indian Investment Company Limited	11,003,376	8,457,906
Genesis Smaller Companies SICAV	999,662	25,148,663

	2010	
	Subscriptions $	**Redemptions** $
Genesis Indian Investment Company Limited	14,594,207	14,335,255
Genesis Smaller Companies SICAV	–	19,025,584

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011 $	2010 $
Financial assets at fair value through profit or loss:		
Designated at fair value through profit or loss:		
Listed equity securities	**1,003,212,776**	771,148,971
Unlisted equity securities	**216,711,956**	189,179,441
Total financial assets at fair value through profit or loss:	**1,219,924,732**	960,328,412
Other net changes in fair value of financial assets at fair value through profit or loss:		
Realised gains	**81,508,805**	64,803,259
Unrealised gains	**183,528,282**	180,197,683
Net change in financial assets at fair value through profit or loss	**265,037,087**	245,000,942

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:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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).
- Level 3: 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 following table summarises the valuation of the Fund's securities using the fair value hierarchy:

	Level 1 $	Level 2 $	Level 3 $
At 30th June 2011			
Investment in equity	998,699,526	196,345,875	24,879,331
	998,699,526	**196,345,875**	**24,879,331**

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

	Level 1 $	Level 2 $	Level 3 $
At 30th June 2010			
Investment in equity	767,508,726	167,837,061	24,982,625
	767,508,726	**167,837,061**	**24,982,625**

The following table summarises the change in value associated with Level 3 financial instruments carried at fair value for the year ended 30th June 2011:

	2011 Level 3 $	2010 Level 3 $
Balance at 1st July	**24,982,625**	21,363,051
Net (sales)/purchases	**(2,732,761)**	2,359,172
Realised gain	**309,663**	–
Unrealised gain	**2,319,804**	1,260,402
Balance at 30th June	**24,879,331**	24,982,625

Unrealised gains as at year end amounting to $33,325 (2010: losses of $(2,286,479)) 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 was no transfer of investments to Level 3 from Level 1 and Level 2 during the year.

16. COSTS OF INVESTMENT TRANSACTIONS

During the year, expenses were incurred in acquiring or disposing of investments.

	2011 $	2010 $
Acquiring	**567,932**	581,870
Disposing	**422,588**	561,970
	990,520	**1,143,840**

17. SEGMENT INFORMATION

The Fund has elected to treat 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 the consolidated financial statements of the Fund as a whole, as internal reports are prepared on a consistent basis in accordance with the measurement and recognition principles of IFRS.

17. 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 25 to 28.

	2011 $	2010 $
Argentina	**1**	361,814
Austria	**1,889,056**	(1,618,513)
Brazil	**21,684,910**	17,495,710
Chile	**2,001,187**	2,943,839
China	**14,339,487**	19,450,712
Colombia	**3,241,171**	3,730,711
Croatia	**574,256**	(996,316)
Cyprus	**293,545**	–
Egypt	**670,061**	2,632,214
Greece	**2,260,150**	1,175,482
Hungary	**5,389,395**	3,719,682
India	**18,677,356**	32,572,489
Indonesia	**11,788,599**	21,216,283
Iran	**340,038**	395,930
Israel	**–**	2,584,305
Kenya	**773,646**	–
Luxembourg	**31,434,990**	30,744,778
Malaysia	**8,822,259**	5,308,301
Mauritius	**1,286,080**	895,626
Mexico	**13,646,444**	13,609,975
Nigeria	**(70,300)**	2,596,724
Peru	**2,044,497**	3,366,616
Romania	**896,715**	878,846
Russia	**33,699,979**	36,935,877
Saudi Arabia	**(89,600)**	2,312,778
South Africa	**42,169,138**	19,085,112
South Korea	**17,683,765**	14,083,534
Taiwan	**13,922,684**	5,811,566
Thailand	**8,241,206**	3,871,348
Turkey	**3,616,271**	13,838,868
Ukraine	**298,750**	(67,500)
United Kingdom	**4,248,689**	(690,846)
United Arab Emirates	**–**	(2,359,724)
Vietnam	**1,150,378**	1,361,444
Zambia	**21,924,649**	2,826,271
Zimbabwe	**1,050,065**	258,477
TOTAL INCOME	**289,899,517**	260,332,413

17. SEGMENT INFORMATION CONTINUED

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

	2011 $	2010 $
Equity securities	**290,432,766**	260,756,273
Cash and cash equivalents	**(533,249)**	(423,860)
Total	**289,899,517**	260,332,413

As at 30th June 2011 and 30th June 2010, the Fund has no assets classified as non-current assets. For the breakdown of the Fund's financial assets carried at fair value through profit or loss, please refer to the Country Exposure of the Portfolio on page 23.

The Fund has a diversified shareholder population. However, as at 30th June 2011 there was one shareholder who held more than 10% of the Fund's net assets attributable to holders of participating redeemable preference shares. The holding was as follows:

Strathclyde Pension Fund	14%

18. FINANCIAL RISK MANAGEMENT

The Fund's financial instruments comprise equities, holdings in investment companies, 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 return 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.

18. 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 that are not traded in active markets and are susceptible to market price risk from uncertainties about the future values of those securities, investments or investment funds.

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 23 to 28) illustrate the allocation of the portfolio assets according to these criteria as at 30th June 2011.

The Fund Manager has identified the MSCI EM (TR) Index as a relevant benchmark for the markets in which it operates.

Given an historical volatility of 13.46% (2010: 17.25%) in the Fund's Net Asset Value (NAV) 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:

	2011	**2010**
	$	**$**
Financial assets at fair value through profit or loss	**1,219,924,732**	960,328,412
Net Asset Value impact	**164,201,869**	165,656,651

18. FINANCIAL RISK MANAGEMENT CONTINUED

(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 2011:

Currency	Net non-monetary assets and (liabilities) $	Net monetary assets and (liabilities) $	Total foreign currency risk $
Brazilian Real	64,888,841	(1,652,713)	63,236,128
Canadian Dollar	29,762,938	–	29,762,938
Egyptian Pound	15,237,255	(4)	15,237,251
Euro	19,527,434	–	19,527,434
Hong Kong Dollar	151,086,491	374,579	151,461,070
Hungarian Forint	16,933,458	–	16,933,458
Indonesian Rupiah	62,590,743	804,340	63,395,083
Korean Won	114,928,097	–	114,928,097
Malaysian Ringgit	25,669,069	25,819	25,694,888
Mexican Peso	21,898,033	141,862	22,039,895
Nigerian Naira	12,376,305	18,841	12,395,146
South African Rand	127,680,460	46	127,680,506
Sterling	27,812,400	(24,675)	27,787,725
Taiwan Dollar	67,683,339	1,899,196	69,582,535
Thailand Baht	23,125,221	(119,099)	23,006,122
Turkish Lira	24,964,354	3	24,964,357
United States Dollar	393,907,502	14,671,694	408,579,196
Other currencies	19,852,792	1,137,811	20,990,603
Total	**1,219,924,732**	**17,277,700**	**1,237,202,432**

18. FINANCIAL RISK MANAGEMENT CONTINUED

Comparative figures as at 30th June 2010 are as follows:

Currency	Net non-monetary assets and (liabilities) $	Net monetary assets and (liabilities) $	Total foreign currency risk $
Brazilian Real	57,113,712	152,299	57,266,011
Chinese Renminbi	–	607,315	607,315
Euro	20,762,335	118,694	20,881,029
Hong Kong Dollar	115,277,188	40,425	115,317,613
Indonesian Rupiah	55,022,419	341,294	55,363,713
Korean Won	54,546,335	–	54,546,335
South African Rand	103,532,872	–	103,532,872
Taiwan Dollar	41,179,056	–	41,179,056
Turkish Lira	31,813,628	(1)	31,813,627
United States Dollar	349,122,915	12,688,485	361,811,400
Other currencies	131,957,952	81,884	132,039,836
Total	960,328,412	14,030,395	974,358,807

Foreign currency risk management

The Fund has opted not to engage into 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 2011, had the average exchange rate of the US dollar weakened by 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 $8,286,232 (2010: $6,125,474).

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 it reflects market price risk generally. Please see Market Price Risk section in Note 18(b).

18. 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. 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. The liquidity risk profile of the Fund at 30th June 2011 was as follows:

	2011 Amounts due within 1 year $	2010 Amounts due within 1 year $
Amounts due to brokers	**2,635,513**	257,983
Capital gains tax payable	**2,053,400**	33,817
Payables and accrued expenses	**2,033,777**	1,548,539
Bank overdraft	–	2
Total liabilities	**6,722,690**	**1,840,341**

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 (98.91% on average over the 12 month period to 30th June 2011 (2010: 98.58%)). 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.

18. FINANCIAL RISK MANAGEMENT CONTINUED

The following table summarises the Fund's exposure to interest rate risk as at 30th June 2011. It includes the Fund's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

	Interest-bearing $	**Non interest-bearing $**	**Total $**
Financial assets at fair value through profit or loss	–	1,219,924,732	1,219,924,732
Amounts due from brokers	–	5,340,370	5,340,370
Dividends receivable	–	5,002,712	5,002,712
Other receivables and prepayments	–	161,691	161,691
Cash and cash equivalents	13,495,617	–	13,495,617
TOTAL ASSETS	**13,495,617**	**1,230,429,505**	**1,243,925,122**
Amounts due to brokers	–	2,635,513	2,635,513
Capital gains tax payable	–	2,053,400	2,053,400
Payables and accrued expenses	–	2,033,777	2,033,777
TOTAL LIABILITIES	–	**6,722,690**	**6,722,690**
Equity shares	–	1,237,202,432	1,237,202,432
TOTAL LIABILITIES INCLUDING EQUITY SHARES	–	**1,243,925,122**	**1,243,925,122**
Total interest sensitivity gap	**13,495,617**	**(13,495,617)**	–

Interest rate risk exposure as at 30th June 2010

	Interest-bearing $	Non interest-bearing $	Total $
Financial assets at fair value through profit or loss	–	960,328,412	960,328,412
Amounts due from brokers	–	131,002	131,002
Dividends receivable	–	1,895,408	1,895,408
Other receivables and prepayments	–	155,295	155,295
Cash and cash equivalents	13,689,031	–	13,689,031
TOTAL ASSETS	13,689,031	962,510,117	976,199,148
Amounts due to brokers	–	257,983	257,983
Bank overdraft	2	–	2
Capital gains tax payable	–	33,817	33,817
Payables and accrued expenses	–	1,548,539	1,548,539
TOTAL LIABILITIES	2	1,840,339	1,840,341
Equity shares	–	974,358,807	974,358,807
TOTAL LIABILITIES INCLUDING EQUITY SHARES	2	976,199,146	976,199,148
Total interest sensitivity gap	13,689,029	(13,689,029)	–

18. FINANCIAL RISK MANAGEMENT CONTINUED

(e) Interest Rate Risk (continued)

Interest rate risk management

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 2011, 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 $134,956 (2010: $136,890). 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 Fund has no receivables past their due dates as at 30th June 2011 (2010: 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.

	2011 **$**	2010 $
Financial assets at fair value through profit or loss	**1,219,924,732**	960,328,412
Amounts due from brokers	**5,340,370**	131,002
Dividends receivable	**5,002,712**	1,895,408
Other receivables and prepayments	**161,691**	155,295
Cash and cash equivalents	**13,495,617**	13,689,031
Total assets	**1,243,925,122**	**976,199,148**

18. FINANCIAL RISK MANAGEMENT CONTINUED

(g) Capital Risk Management

The capital of the Fund is represented by the equity attributable to holders of 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 benefits for other stakeholders to maintain a strong capital base to support the development of the investment activities of the Fund.

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

	2011 Total $	**Per Participating Preference Share $**
Published Net Asset Value	1,241,698,534	9.20
Change from mid market pricing to bid pricing for investments	(4,496,102)	(0.03)
Net Asset Value under IFRS	**1,237,202,432**	**9.17**

	2010 Total $	Per Participating Preference Share $
Published Net Asset Value	979,819,807	7.26
Change from mid market pricing to bid pricing for investments	(5,461,000)	(0.04)
Net Asset Value under IFRS	974,358,807	7.22

20. 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.

21. EVENTS AFTER THE BALANCE SHEET DATE

Effective 1st October 2011, Mr. Saffet Karpat was appointed as a Director.

Performance Record

Date	Fund NAV ($)	FX Rate	Fund NAV (£)	MSCI EM (TR) ($)	MSCI EM (TR) (£)	PERCENTAGE INCREASE FROM 6th July 1989 Fund NAV (£)	PERCENTAGE INCREASE FROM 30th June 1989 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
31.03.08	7.45	1.99	3.75	1,838.52	925.04	1,061.86	724.48
30.06.08	7.40	1.99	3.72	1,823.79	916.43	1,053.17	716.80
30.09.08	5.77	1.78	3.24	1,333.96	748.41	903.19	567.05
31.12.08	3.97	1.44	2.76	966.34	672.10	755.31	499.03
31.03.09	3.82	1.43	2.66	976.24	681.06	725.07	507.02
30.06.09	5.47	1.65	3.32	1,316.39	799.36	928.94	612.46
30.09.09	6.73	1.60	4.21	1,593.31	996.19	1,204.43	787.89
31.12.09	7.40	1.62	4.57	1,729.96	1,070.52	1,318.22	854.14
31.03.10	7.81	1.51	5.15	1,772.37	1,167.88	1,495.23	940.91
30.06.10	7.26	1.49	4.85	1,625.46	1,085.95	1,403.59	867.90
30.09.10	8.50	1.57	5.42	1,920.65	1,223.03	1,578.81	990.07
31.12.10	9.12	1.56	5.84	2,062.04	1,320.72	1,710.43	1,077.14
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

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.
The figures are based on Mid-Market prices.

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LEGAL ADVISERS

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

Notice of Meeting

Notice is hereby given of the Twenty Second Annual General Meeting of the Shareholders of the Fund which is to be held at Arnold House, St. Julian's Avenue, St. Peter Port, Guernsey on 28th October 2011 at 10a.m. for the following purposes:

AGENDA
ORDINARY RESOLUTIONS

1
To adopt the Annual Financial Report of the Fund for the year ended 30th June 2011.

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 Dr. Geng Xiao as a Director of the Fund.

5
To elect Mr. Saffet Karpat as a Director of the Fund.

6
To re-elect Mr. Coen Teulings as a Director of the Fund, who retiring by rotation, offers himself for re-election.

7
To re-elect Mr. Michael Hamson as a Director of the Fund, who retiring by rotation, offers himself for re-election.

None of the Directors has a service contract.

8

To consider and, if thought fit, pass the following resolution:
THAT

In substitution for the Fund'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 Share is an amount equal to 105% of the average of the middle market quotations for a 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 Fund to be held in 2012 unless such authority is renewed prior to such time, and

(iv) the Fund 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.

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GENESIS EMERGING MARKETS FUND LIMITED

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