GENESIS

EMERGING MARKETS FUND LIMITED

Annual Financial Report

FOR THE YEAR ENDED 30th JUNE 2012

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 Scheme with the ability to issue additional shares. The Fund's shares are listed on the official London Stock Exchange and are included in the FTSE 250. The number of Participating Preference Shares outstanding is 135,863,060 as at 30th June 2012 (30th June 2011: 135,863,060).

MANAGER

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

INVESTMENT APPROACH

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

NEW SHARES

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

i) the Fund is invested as to at least 75% in emerging market securities;

ii) the Fund will only issue new shares if it is unable, on behalf of the new subscriber, to acquire shares in the secondary market at a price equivalent to or below the price at which new shares would be issued; and

iii) the issued share capital of the Fund is not increased by more than 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.

DR. JOHN LLEWELLYN

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

DR. GENG XIAO

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

SAFFET KARPAT

(appointed 1st October 2011)

Saffet Karpat (Turkish) 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.

† Member of Audit Committee

THE HON. JOHN TRAIN

(resigned 28th October 2011)

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.

HÉLÈNE PLOIX

(appointment effective 2nd November 2012)

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

† Member of Audit Committee

HIGHLIGHTS

	30th June 2012	30th June 2011	% change
Published net asset value*	**£693.1m**	£773.1m	(10.3)
Published net asset value per Participating Preference Share*	**£5.14**	£5.73	(10.3)
Published net asset value per Participating Preference Share*†	**US$8.06**	US$9.20	(12.4)
Share price	**£4.73**	£5.29	(10.6)
On going charges ratio	**1.68%**	1.71%	
Discount	**8.00%**	7.70%	
Countries represented	**44**	42	
Stocks in portfolio	**166**	159	

	Year to 30th June 2012		Year to 30th June 2011	
	Low	High	Low	High
Share price	**£4.24**	**£5.44**	£4.39	£5.68
Net asset value	**£4.69**	**£5.68**	£4.86	£5.84
Discount	**10.9%**	**5.8%**	8.2%	4.5%

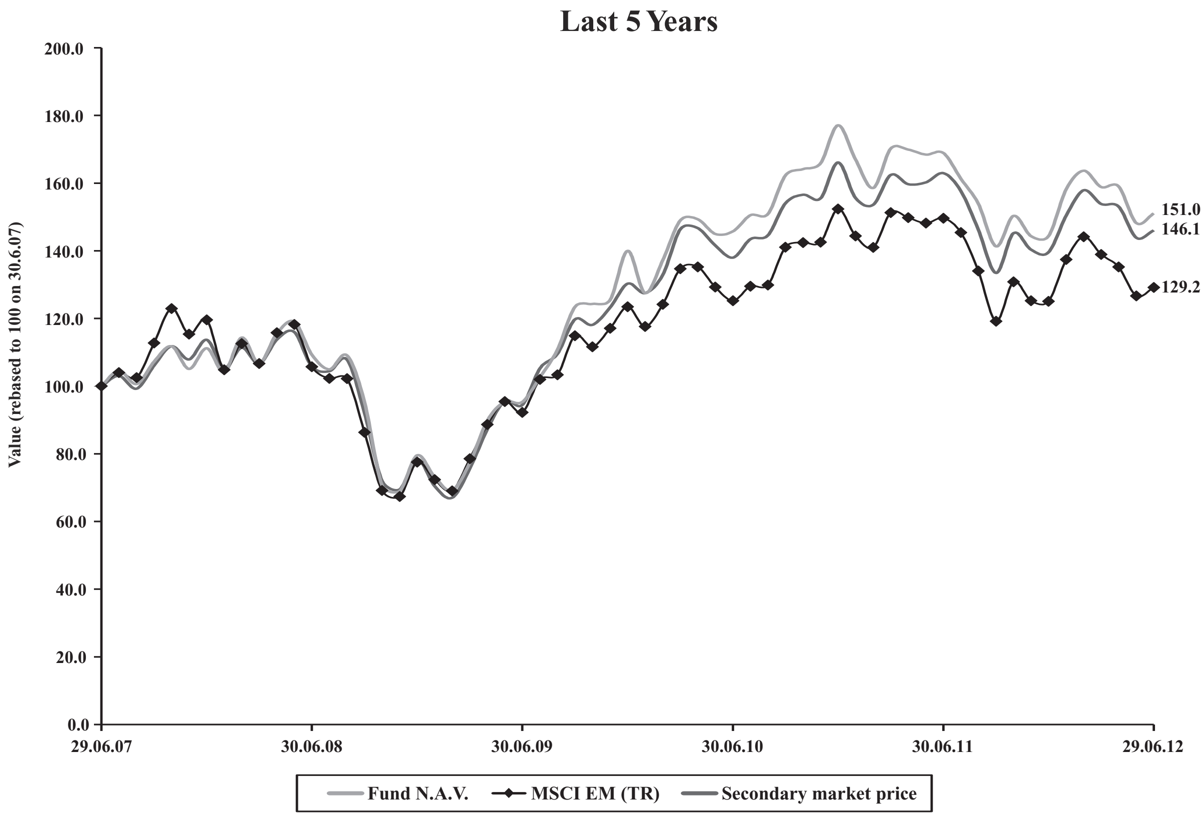
£ Returns

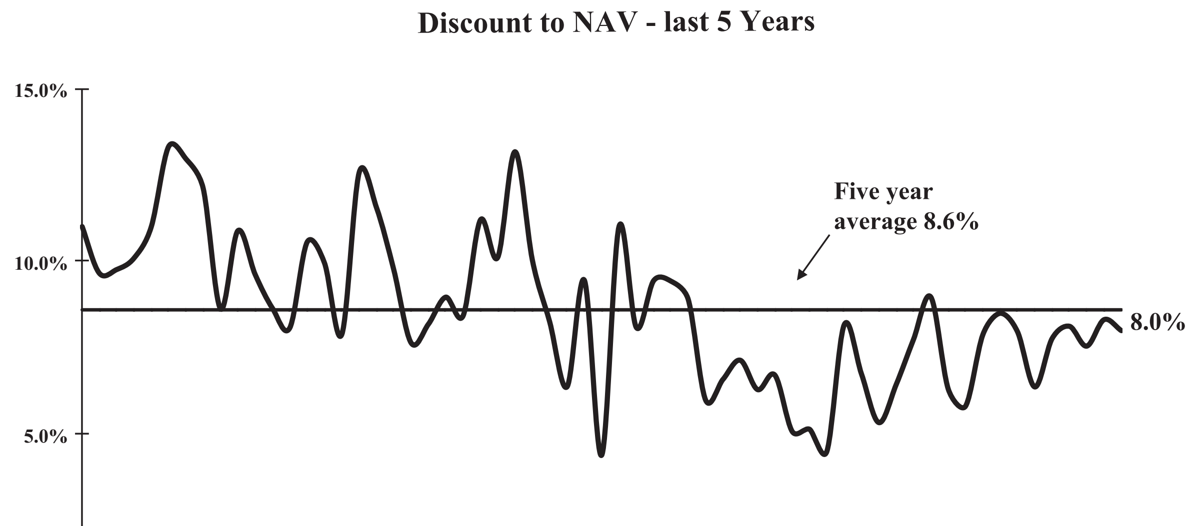
		Annualised		
	1 Year %	3 Year %	5 Year %	Since Inception %
Fund share price	(10.6)	16.6	8.6	12.4
Fund NAV (net of fees)	(10.3)	15.7	7.9	12.8
MSCI EM (TR)	(13.7)	11.9	5.3	10.5
MSCI World (TR)	(2.1)	13.4	2.5	6.3

Past performance is no guarantee of future performance.

*The figures are based on mid-market prices.

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


Last 5 Years
Value (rebased to 100 on 30.6.07)
200.0
180.0
160.0
140.0
120.0
100.0
80.0
60.0
40.0
20.0
0.0
29.06.07
30.06.08
30.06.09
30.06.10
30.06.11
29.06.12
151.0
146.1
129.2
Fund N.A.V.
MSCI EM (TR)
Secondary market price


Discount to NAV - last 5 Years
15.0%
10.0%
5.0%
0.0%
29.06.07
30.06.08
30.06.09
30.06.10
30.06.11
29.06.12
Five year
average 8.6%
8.0%

Chairman's Statement

I have pleasure in presenting to shareholders the twenty third Annual Report of the Genesis Emerging Markets Fund Limited, for the year ended 30th June 2012.

Performance

While markets rebounded somewhat during the early months of 2012, the legacy of the challenging investment environment towards the end of 2011 (when emerging stock markets provided no haven from the problems of the developed world) meant that the Fund's net asset value ("NAV") per share closed the financial year at £5.14, having fallen 10.3% (from £5.73) over the twelve months.

We have noted in the past how the Manager's approach (which attempts to identify high quality companies that are being underpriced by the market) has historically been effective in protecting the Fund's value to a degree when markets are declining. This has continued to be the case during this financial year as the Fund's performance compares favourably with the 13.7% decline in the MSCI EM (TR) Index.

I refer shareholders to the Manager's Review 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.

While shareholders would of course prefer to see positive returns from the Fund's investments in any given year, in the context of the impressive returns produced by emerging markets in 2009 and 2010, some retracement over the last eighteen months or so should not be particularly surprising.

Clearly, however, it is important to look at performance over the longer term in order to assess whether the Fund is successfully meeting shareholder expectations, and with this in mind, the Directors believe the Manager is performing well for the Fund's holders. Average returns per annum of 7.9% over the last five years, and 17.1% over the last ten, are both significantly ahead of the MSCI EM (TR) Index. The Board's view remains, therefore, that – noting the consistency of the Manager's approach to investment in emerging markets and the stability of its investment personnel – shareholders' interests will continue to be well served by the ongoing appointment of the Manager.

The average discount over the period was 7.6%, which was slightly higher than the previous twelve months, reflecting market declines and hence a reduced appetite for emerging markets in general. Trading volumes appear to have been relatively steady relative to last year, and the shareholder base continues to widen.

The Board

The notice convening the Annual General Meeting (AGM) to be held on 2nd November 2012 will be found at the end of this Annual Financial Report. I would like to draw shareholders' attention to various items with respect to the Board of Directors, for which we request approval by vote as detailed on the Notice.

Firstly, I would like to remind shareholders of the recent announcement of Hélène Ploix's nomination as a Director, effective from the date of the AGM.

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

As with other recent appointments to the Board, Mrs Ploix's appointment is in line with our desire to have a group of Directors who represent a variety of different backgrounds, and my fellow Directors and I feel that her wide experience will make her an extremely valuable member of the Fund's Board, who will add considerable knowledge and insight to our discussions. Additionally, Mrs Ploix has published a number of articles on corporate governance-related matters, and her expertise in this field will also assist us to maintain proper corporate governance.

Mrs Ploix's appointment is, naturally, subject to shareholder approval at the AGM; I wholeheartedly endorse her election to the Board.

One impact of Mrs Ploix's appointment will be to bring the Board's total remuneration close to the limit provided for by the Fund's Articles of Association. We have therefore taken the view that it would be prudent to increase the provision for Directors' total remuneration to $400,000 from the current $200,000. Such an increase will allow us the flexibility to ensure smooth succession planning by adding new Directors to the Board as necessary, and will give us the ability to set remuneration levels closer to the market rate when and as appropriate.

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

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

We will be holding an Information Meeting in London on 26th October 2012. An invitation is enclosed, and we hope to see as many shareholders as possible at this event.

Outlook

The 2012-13 financial year has seen modest market gains thus far, but continued investor nervousness about the global economy (reflected in the underperformance of more cyclical sectors) and uninspiring economic data seem likely to continue to weigh on market returns in the short-term.

That said, we feel the outlook for emerging markets remains positive, and these stockmarkets' potential to generate continued steady returns remains very much in place. Naturally, companies in different parts of the world face a variety of headwinds, ranging from slowing growth, to increasing regulation and higher levels of competition (in particular, in many cases, from developed market companies). Despite these, however, the long-term attractions of investing in the right emerging markets companies continue to be compelling. The Manager remains confident that the companies in the Fund's portfolio of holdings generally remain attractively-priced, given their growth opportunities.

Accordingly, as a Board, we firmly believe that the Fund is well-placed to continue generating attractive returns for shareholders over the medium to long term.

Coen Teulings
Chairman
September 2012

Directors' Report

The Directors are pleased to present their twenty third Annual Financial Report of the Fund covering the year ended 30th June 2012.

CORPORATE GOVERNANCE

The Board is accountable to shareholders for the governance of the Fund's affairs. The "Fund" comprises Genesis Emerging Markets Fund Limited (the "Company") and its wholly owned subsidiary Genemar Limited. The Directors use their board report to detail the Fund's corporate governance statement.

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

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

The 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 addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Fund.

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

STATEMENT OF COMPLIANCE

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

- The role of Chief Executive

  Since all Directors are non-executive and day-to-day management responsibilities are sub-contracted to the Manager, the Fund does not have a Chief Executive.

- Executive Directors' remuneration

  As the Board has no Executive Directors, it is not required to comply with the principles of the UK Corporate Governance Code in respect of Executive Directors' remuneration and does not have a Remuneration Committee.

STATEMENT OF COMPLIANCE (Continued)

- Audit Committee
  The Chairman of the Board also acts as Chairman of the Audit Committee due to his relevant experience and, through being based in Belgium, the ease with which he can communicate with all involved in the Fund's operations and audit. The role of the Chairman is balanced by the independence of all the Board members and the fact that none of them have executive management roles.

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

- Senior Independent Director
  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 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 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 normally composed of no more than six 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, including management of the Fund's assets. A secretarial agreement between the Manager, the Fund and the Administrator governs the performance of administrative duties, including 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 Custodian and is satisfied that their continuing appointment is in the best interests of shareholders.

THE BOARD (Continued)

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

Director	Board Meetings Attended	Audit Committee Meetings Attended
Coen Teulings	3	3
Michael Hamson	3	3
Saffet Karpat (appointed 1st October 2011)	3	–
Dr. John Llewellyn	3	–
Dr. Geng Xiao	3	–
The Hon. John Train (resigned 28th October 2011)	1	–

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.

All the Directors stand for re-election, or in the case of new appointments election, at each General Meeting. Effective 1st October 2011, Mr. Saffet Karpat was appointed as a Director, and the Hon. John Train retired on 28th October 2011. Mrs Ploix stands for election at the forthcoming Annual General Meeting.

The Board evaluates its performance on an annual basis, and considers that the blend of skills, experience, age and length of service is appropriate for the requirements of the Fund. In accordance with the AIC Code, an independent evaluation of Board's performance will be carried out in 2013 and thereafter on a tri-annual basis. The Board is aware of the requirements of the AIC 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

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

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

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

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

AUDIT COMMITTEE

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

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

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

INTERNAL CONTROLS

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

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

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

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

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

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

The Audit Committee has carried out its annual assessment of the internal controls of the Fund's service providers for the year ended 30th June 2012 and considered the Administrator's internal control procedures to be adequate based on the findings of the ISAE 3402 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.

RISK MANAGEMENT (continued)

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

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

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

AUTHORITY TO PURCHASE OWN SHARES

Under Resolution 8 of the Annual General Meeting held on 28th October 2011, the shareholders authorised the Fund to purchase its own Participating Preference shares. This authority is limited to the maximum number of 20,200,000 Participating Preference Shares of no par value (equivalent to approximately 14.9% of the issued share capital of the 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% 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 2nd November 2012. 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 Financial Report and the monthly Fact Sheet, which is available via the Investment Adviser's website, www.giml.co.uk. The Chairman of the Fund (and other Directors, periodically) is available for meetings with the Fund's major shareholders at their request, and all Members of the Board are available for shareholders questions and significant matters arising. On behalf of the Board, the Manager holds periodic meetings with the Fund's major shareholders to discuss aspects of the Fund's positioning, performance and outlook. In addition, all shareholders are invited to attend the Fund's Annual Information Meeting. The Board monitors the trading in the Fund's shares and shareholder profile on a regular basis and maintains regular contact with the Fund's brokers to ascertain the views of the market. Sentiment is also ascertained by careful monitoring of the discount/premium that the shares trade on versus their NAV and the comparison with the Fund's peer group.

DIRECTORS' REMUNERATION

The Directors are entitled to receive fees for their services which shall not exceed $200,000 in aggregate per annum. They are entitled to receive increased remuneration as may be voted by the Fund 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 Fund or in connection with the business of the Fund.

DIRECTORS' INTERESTS

The Directors listed on pages 3 and 4 (except Saffet Karpat who was appointed on 1st October 2011, The Hon. John Train who resigned on 28th October 2011 and Hélène Ploix who stands for appointment on 2nd November 2012) served throughout the year under review. The following (who were Directors during the financial year) had a beneficial interest in the share capital of the Fund at 30th June 2012:

	Participating Preference Shares
Coen Teulings	40,000
Michael Hamson (including family interests)	8,700
The Hon. John Train (including family interests, resigned on 28th October 2011)	20,510

SECRETARY

The Secretary as at 30th June 2012, 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.

Directors' Report

continued

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

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

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

COMPLIANCE WITH DISCLOSURE AND TRANSPARENCY DIRECTIVE

The Directors confirm to the best of their knowledge that:

- the consolidated financial statements are prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Fund; and
- 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 loss for the year for the Fund amounted to $155,642,000 compared to a total profit of $262,844,000 in the previous year. The Directors do not recommend the payment of a dividend in respect of the year ended 30th June 2012 (2011: nil).

CAPITAL VALUES

At 30th June 2012, the value of Equity Shareholders' Funds was $1,081,560,000 (2011: $1,237,202,000), the Equity per Participating Preference Share was $8.02 (2011: $9.17).

SIGNIFICANT SHAREHOLDINGS

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

Name	Participating Preference Shares Held	10th September 2012 Percentage	Participating Preference Shares Held	30th June 2012 Percentage
Strathclyde Pension Fund	29,450,520	22%	19,013,120	14%
Banque Degroof SCS Brussels	12,671,354	9%	13,141,043	10%
Banque Degroof Luxembourg SA	10,848,659	8%	11,084,641	8%
Sarasin and Partners LLP	–	0%	9,503,884	7%
Lazard Asset Management LLC Group	9,135,340	7%	9,108,520	7%
BAE Pension Fund Investment Management	6,790,000	5%	6,790,000	5%
Rothschild Bank AG	5,878,515	4%	5,570,440	4%
Legal & General Investment Management Limited	4,255,982	3%	4,250,166	3%

Signed on behalf of the Board
Coen Teulings
Dr. John Llewellyn
27th September 2012

Manager's Review

Following the second half of 2011 when the developed world's debt problems dominated investor sentiment and pushed the MSCI Emerging Markets (Total Return) Index down by some 16%, the start of 2012 provided some brief respite before euro concerns triggered a further retreat of risk appetite. The MSCI Emerging Markets (Total Return) Index closed the twelve-month period down 13.7% in sterling terms, with the Fund falling 10.3%.

Amongst the major emerging markets, Russia and Brazil performed particularly badly over the year in sterling terms as sentiment focused on Brazil's currency weakness and current account deficit, and political unrest and a lack of reform in Russia (as well as its proximity to Europe). The Indian market also struggled, reflecting its poor economic numbers, whereas markets perceived as more 'defensive' – Mexico, Malaysia, South Africa – performed relatively well. From a sector perspective, energy stocks struggled as the price of Brent crude oil fell to below US$100 per barrel, and the International Energy Agency revised down its demand forecasts in the face of increasing supply, particularly from Saudi Arabia. In contrast, as well as the defensive consumer staples and telecoms sectors, IT stocks also did reasonably well, as investors became more aware of the scale of penetration of mobile devices in many developing countries.

Portfolio changes over the twelve months featured significant buying in Brazil as the market fell, particularly in Itau Unibanco and in one new holding: rail concession All America Latina Logistica. India was another country where macro-driven market weakness produced some attractive stock opportunities: a further new introduction to the portfolio was Kotak Mahindra Bank, and we also increased the portfolio's weights in IT businesses Infosys and Tata Consulting Services. The relative underperformance of many materials stocks in recent weeks also enabled us to add to a number of holdings, including Anglo American, First Quantum Minerals, and Chinese cement companies Anhui Conch and China Resources Cement. In contrast, given their strong performance this year, we lightened up the Fund's holdings in TSMC and Samsung Electronics, and reduced a number of positions in banking and cement companies in Indonesia for the same reason.

There is plenty in the emerging markets outlook for investors to be negative about, quite apart from the potential impact of financial stresses in Europe. Recent economic data from China have disappointed investors, and it remains uncertain how much genuine reform aimed at higher-quality domestic growth can be achieved by the new leadership in the face of still-considerable vested interests. Many people in India are adamant that the country faces a major crisis, as a combination of fiscal imbalances, slowing growth and political paralysis has led to two rating agencies putting India on negative watch for a potential downgrade to below investment grade status. Economic data from elsewhere are mostly similarly uninspiring.

Against this, there are some brighter spots. Lower inflation in many developing countries (India being a notable exception) gives scope for monetary stimulus to boost growth: for example, the People's Bank of China cut its benchmark deposit and lending rates by 50 basis points at the beginning of June. And despite the gloom in the financial markets in Russia, for example, the companies we have been meeting there in recent months (for example, in property, construction, food retail, pharmaceuticals and telecoms) suggested robust domestic demand. Banks are also indicating strong demand for loans in most segments (Sberbank's April retail loan book was up 49% year-on-year) although to some extent the stresses incurred in 2008 are apparently still present, and corporate loan growth remains somewhat subdued.

Fundamentally, the Fund is trading at an attractive discount to our assessment of its intrinsic value, and continues to hold a large variety of attractively-priced, high-quality businesses whose management teams have demonstrated an ability to add value for shareholders over the long term. Looking past the short-term outlook, we remain confident that the Fund will continue to generate the returns that the Fund's holders have come to expect.

Genesis Asset Managers, LLP
September 2012

Twenty Largest Holdings

as at 30th June 2012

Genesis Smaller Companies SICAV (Luxembourg) **7.31%**

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 46 listed stocks as at 30th June 2012.

Genesis Indian Investment Company (India) **6.15%**

Investment Company

An open-ended Mauritian company whose objective is to achieve capital growth over the medium to long term through investment in equities listed on the Indian stock market. It held positions in 14 stocks as at 30th June 2012.

Anglo American (South Africa) **4.64%**

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) **4.59%**

Information Technology

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

Samsung Electronics (South Korea) **4.54%**

Information Technology

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

SABMiller (South Africa) **3.29%**

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.

Tullow Oil (United Kingdom) **2.98%**

Energy

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

Twenty Largest Holdings

continued

América Móvil (Mexico) **2.45%**

Telecommunications

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

First Quantum Minerals (Zambia) **2.38%**

Materials

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

Banco Santander (Brazil) **2.07%**

Financials

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

China Mobile (China) **1.99%**

Telecommunications

China Mobile is the largest mobile phone operator in China with more than half a billion subscribers.

Korea Electric Power (South Korea) **1.86%**

Energy

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

Infosys (India) **1.73%**

Information Technology

Infosys is based in Bangalore and is listed in India and on NASDAQ. The Company is a leading provider of consulting and IT services to Global 2000 companies.

Sberbank (Russia) **1.69%**

Financials

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

Samsung Fire & Marine Insurance (South Korea) **1.51%**

Financials

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

Telekomunikasi Indonesia (Indonesia) **1.51%**

Telecommunications

Telekomunikasi Indonesia is the largest telecommunication and network services provider in Indonesia, with over 130 million subscribers.

China Resources Enterprise (China) **1.50%**

Consumer Staples

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

Bank Of Ayudhya (Thailand) **1.42%**

Financials

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

Orascom Construction Industries (Egypt) **1.36%**

Energy

Orascom Construction Industries undertake infrastructure projects and produce nitrogen-based fertilizers for customers principally in Europe, the Middle-East and Africa.

Shinhan Financial Group (South Korea) **1.34%**

Financials

Shinhan Financial Group is a holding company that offers a full range of financial services to retail and corporate customers in Korea through its subsidiaries, which include one of the largest banks in the country.

Country Exposure of the Portfolio*

Country	June 2012 %	June 2011 %	June 2010 %
China	13.28	13.03	12.84
South Korea	10.13	10.11	6.27
South Africa	9.97	10.86	11.07
India	9.41	8.66	8.78
Russia	7.32	7.93	9.47
Brazil	7.08	7.39	8.44
Mexico	5.57	5.46	5.19
Taiwan	5.54	5.63	4.22
Indonesia	4.17	5.26	5.86
Thailand	3.67	2.83	2.45
Turkey	3.09	2.64	3.80
United Kingdom	2.97	1.73	1.48
Zambia	2.38	2.40	1.13
Malaysia	1.77	2.76	2.04
Egypt	1.54	1.64	1.97
Nigeria	1.42	1.28	1.61
Hungary	1.06	1.38	1.46
Colombia	1.01	0.97	0.93
Philippines	0.85	0.63	0.74
Romania	0.67	0.68	0.77
Mauritius	0.65	0.61	0.76
Chile	0.59	0.51	0.67
Greece	0.55	0.77	0.79
Saudi Arabia	0.51	0.45	0.43
Argentina	0.47	0.26	0.29
Vietnam	0.46	0.32	0.37
Austria	0.40	0.47	0.74
Ghana	0.25	0.04	0.06
Mongolia	0.25	–	–
Ukraine	0.23	0.28	0.31
Kenya	0.21	0.17	0.30
Senegal	0.18	0.25	0.28
Peru	0.17	0.10	1.09
Zimbabwe	0.17	0.21	0.16
Estonia	0.14	0.18	0.18
Croatia	0.11	0.30	0.32
Jordan	0.11	–	–
Lebanon	0.11	0.11	0.17
Tanzania	0.11	–	–
Botswana	0.04	–	–
Czech Republic	0.04	0.05	0.05
Iran	0.04	0.03	0.29
Kazakhstan	0.04	0.04	0.04
Sri Lanka	0.03	0.06	0.17
United Arab Emirates	–	0.06	0.07
Net current assets	1.24	1.46	1.94
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 2012 %**	**June 2011 %**	**June 2010 %**
Financials	**25.83**	26.91	26.68
Consumer Staples	**14.75**	14.52	15.88
Information Technology	**13.56**	11.11	7.56
Materials	**12.55**	14.61	13.44
Energy	**8.56**	8.71	10.40
Industrials	**6.40**	5.74	6.25
Telecommunications	**6.16**	5.66	7.50
Health Care	**3.75**	3.48	2.37
Utilities	**2.99**	2.99	2.22
Consumer Discretionary	**2.34**	3.10	3.49
Investment Companies	**1.87**	1.71	2.23
Net current assets	**1.24**	1.46	1.98
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 2012

	Fair Value $'000	Proportion of Fund (%)
ARGENTINA (2011 – 0.00%)		
Ternium ADR	4,154	0.38
AUSTRIA (2011 – 0.47%)		
Vienna Insurance Group	4,321	0.40
BRAZIL (2011 – 6.87%)		
All America Latina Logistica	4,947	0.46
Amil Participacoes	6,785	0.63
Banco Santander Brasil ADS	14,014	1.30
Banco Santander Brasil	8,310	0.77
Itau Unibanco ADR	8,143	0.75
Itau Unibanco (Preferred)	2,366	0.22
Lojas Renner	5,018	0.46
Marfrig Alimentos	1,311	0.12
OGX Petroleo E Gas Participacoes	9,012	0.83
Tractebel	3,353	0.31
Ultrapar Participacoes (Preferred)	8,001	0.74
	71,260	6.59
CHILE (2011 – 0.49%)		
Embotelladora Andina A	2,397	0.22
Embotelladora Andina ADR A	18	0.00
Embotelladora Andina B	3,811	0.36
	6,226	0.58
CHINA (2011 – 12.21%)		
Anhui Conch Cement 'H'	11,561	1.07
ASM Pacific Technology	4,666	0.43
China Foods	2,497	0.23
China Life Insurance 'H'	4,713	0.44
China Merchants Bank 'H'	13,021	1.20
China Mobile 'H'	21,581	1.99
China Overseas Land & Investment 'H'	11,443	1.06
China Resources Cement	3,219	0.30
China Resources Enterprise 'H'	16,230	1.50
China Resources Gas	3,766	0.35
China Shenhua Energy 'H'	5,773	0.53
Ctrip.com International ADR	4,196	0.39
Industrial and Commercial Bank of China 'H'	8,773	0.81
Li Ning	2,356	0.22
Longfor Properties	5,479	0.51
Parkson Retail Group	5,891	0.54
Tingyi	184	0.02
Want Want China	8,322	0.77
West China Cement	2,081	0.19
	135,752	12.55
COLOMBIA (2011 – 0.97%)		
Bancolombia	5,683	0.52
Bancolombia ADR	5,060	0.47
Bancolombia (Preferred)	209	0.02
	110,952	1.01
CROATIA (2011 – 0.30%)		
iO Adria*	1,299	0.12

The Portfolio

CONTINUED

	Fair Value $'000	Proportion of Fund (%)
EGYPT (2011 – 1.23%)		
Orascom Construction Industries	14,667	1.36
GREECE (2010 – 0.77%)		
Coca-Cola Hellenic Bottling	5,926	0.55
GHANA (2011 – 0.00%)		
Kosmos Energy Ltd	2,052	0.19
HUNGARY (2011 – 1.37%)		
MOL	11,413	1.05
INDIA (2011 – 5.06%)		
Ambuja Cements	137	0.01
Axis Bank	327	0.03
Dabur India	288	0.03
Genesis Indian Investment Company*^	66,574	6.15
Infosys	7,746	0.72
Infosys ADR	10,931	1.01
Kotak Mahindra Bank	11,124	1.03
Lupin	1,051	0.10
Tata Consultancy Services	4,751	0.44
	102,929	9.52
INDONESIA (2011 – 5.06%)		
Bank Danamon	1,081	0.10
Bank Rakyat	7,098	0.66
Indocement Tunggal Prakarsa	11,568	1.07
Ramayana Lestari Sentosa	1,891	0.17
Semen Gresik Persero	4,264	0.39
Telekomunikasi Indonesia	16,322	1.51
	42,224	3.90
IRAN (2011 – 0.03%)		
Turquoise Partners 'C'*	393	0.04
JORDAN (2011 – 0.00%)		
Hikma Pharmaceuticals	1,169	0.11
LUXEMBOURG (2011 – 7.12%)		
Genesis Smaller Companies SICAV*^	78,998	7.31
MALAYSIA (2011 – 2.08%)		
CIMB Group Holdings	7,273	0.67
Lafarge Malayan Cement	2,276	0.21
RHB Capital	3,289	0.31
	12,838	1.19
MAURITIUS (2011 – 0.61%)		
ECP Africa Fund II*	7,078	0.64
MEXICO (2011 – 4.94%)		
America Movil ADR Series L	26,471	2.45
Femsa ADS	7,849	0.72
Grupo Financiero Banorte	5,712	0.53
Grupo Financiero Inbursa	9,730	0.90
Megacable Holdings	2,304	0.21
Moctezuma	2,475	0.23
	54,541	5.04
MONGOLIA (2011 – 0.00%)		
Mongolian Mining	2,663	0.25

The Portfolio

CONTINUED

	Fair Value $'000	Proportion of Fund (%)
NIGERIA (2011 – 1.26%)		
First City Monument Bank	1,369	0.13
Guaranty Trust Bank	3,637	0.34
Guaranty Trust Bank GDR	3,412	0.31
Nigerian Breweries	4,863	0.45
United Bank for Africa	1,816	0.17
	15,097	1.40
ROMANIA (2011 – 0.68%)		
NCH Balkan Fund*	7,291	0.67
RUSSIA (2011 – 7.39%)		
Eurasia Drilling Co	2,551	0.24
FESCO	2,206	0.20
Global Ports Investments	3,290	0.30
LSR Group – GDR	2,848	0.26
LSR Group	360	0.04
Magnit	12,230	1.13
Nomos Bank GDR	2,774	0.26
Novatek GDR Reg S	13,156	1.22
Novorossiysk Commercial Sea Port GDR	3,381	0.31
O'Key Group Llc GDR Reg S	450	0.04
Raspadskaya	2,448	0.23
Sberbank RF	18,231	1.69
X5 Retail Group GDR Reg S	9,718	0.90
	73,643	6.82
SAUDI ARABIA (2011 – 0.45%)		
Almarai – Deutsche Bank P Note	2,265	0.21
Almarai – HSBC Bank P Note	3,292	0.30
	5,557	0.51
SOUTH AFRICA (2011 – 10.83%)		
Anglo American	50,232	4.64
Bidvest	13,147	1.22
Pick 'n' Pay Stores	4,021	0.37
SABMiller	28,627	2.65
SABMiller (London Listing)	6,881	0.64
Standard Bank	4,470	0.41
	107,378	9.93
SOUTH KOREA (2011 – 9.88%)		
Korea Electric Power	20,108	1.86
MegaStudy	1,419	0.13
NHN Corp	6,309	0.59
Samsung Electronics (Ordinary)	32,805	3.03
Samsung Electronics (Preferred)	16,357	1.51
Samsung Fire & Marine	16,339	1.51
Shinhan Financial Group	14,453	1.34
	107,790	9.97
TAIWAN (2011 – 5.47%)		
MediaTek	6,277	0.58
RichTek Technology	2,040	0.19
Taiwan Semiconductor Manufacturing	49,658	4.59
	57,975	5.36

The Portfolio

CONTINUED

	Fair Value $'000	Proportion of Fund (%)
THAILAND (2011 – 2.45%)		
Bank of Ayudhya (foreign)	10,420	0.96
Bank of Ayudhya NVDR	4,987	0.46
Big Supercenter NVDR	748	0.07
Siam Commercial Bank (foreign)	6,290	0.58
Thai Beverages	8,206	0.76
	30,651	2.83
TURKEY (2011 – 2.01%)		
Akfen Holdings	1,558	0.14
Anadolu Efes Biracilik	10,251	0.95
Turkiye Garanti Bankasi	7,069	0.65
Yapi ve Kredi Bankasi	7,629	0.71
	26,507	2.45
UKRAINE (2011 – 0.06%)		
Ukraine Opportunity	513	0.05
UNITED KINGDOM (2011 – 1.74%)		
Tullow Oil	32,244	2.98
VIETNAM (2011 – 0.32%)		
Mekong Enterprise Fund II*	4,989	0.46
ZAMBIA (2011 – 2,41%)		
First Quantum Minerals	25,755	2.38
ZIMBABWE (2011 – 0.21%)		
Delta Corp	1,856	0.17
TOTAL INVESTMENTS	1,068,101	98.76
Net current assests	13,459	1.24
TOTAL NET ASSETS	1,081,560	100.00

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

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

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements (the "financial statements") of Genesis Emerging Markets Fund Limited ("the Fund") which comprise the consolidated statement of financial position as of 30th June 2012 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 and with the requirements of Guernsey law. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as of 30th June 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Report on other Legal and Regulatory Requirements

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

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

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

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

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

- the directors' statement set out on page 14 in relation to going concern;

- the part of the Corporate Governance Statement relating to the 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 Auditor
Guernsey, Channel Islands

27th September 2012

Consolidated Statement of Financial Position

as at 30th June 2012

Note		2012 $'000	2011 $'000
	ASSETS		
	Current assets		
2(b), 11	Financial assets at fair value through profit or loss	**1,068,101**	1,219,925
2(g)	Amounts due from brokers	**3,952**	5,340
2(d)	Dividends receivable	**2,810**	5,003
	Other receivables and prepayments	**160**	162
2(f)	Cash and cash equivalents	**10,407**	13,495
	TOTAL ASSETS	**1,085,430**	**1,243,925**
	LIABILITIES		
	Current Liabilities		
2(g)	Amounts due to brokers	**160**	2,636
2(j)	Capital gains tax payable	**1,664**	2,053
7	Payables and accrued expenses	**2,046**	2,034
	TOTAL LIABILITIES	**3,870**	6,723
	TOTAL NET ASSETS	**1,081,560**	1,237,202
	EQUITY		
4	Share premium	**134,349**	134,349
6	Capital reserve	**916,195**	1,068,728
	Revenue account	**31,016**	34,125
	TOTAL EQUITY	**1,081,560**	1,237,202
15	EQUITY PER PARTICIPATING PREFERENCE SHARE*	**$8.02**	$9.17

* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2011: 134,963,060).

Signed on behalf of the Board
Coen Teulings
Dr. John Llewellyn
27th September 2012

The notes on pages 36 to 60 form part of these financial statements

Consolidated Statement of Comprehensive Income

for the year ended 30th June 2012

Note		2012 $'000	2011 $'000
	INCOME		
2(b), 11	Net change in financial assets at fair value through profit or loss	**(152,351)**	265,037
2(c)	Net exchange losses	**(182)**	(554)
2(d)	Dividend income	**19,504**	25,396
2(d)	Deposit interest	**7**	21
	Miscellaneous income	**98**	–
		(132,924)	289,900
	EXPENSES		
10	Management fees	**(16,598)**	(17,629)
10	Custodian fees	**(1,406)**	(1,476)
12	Transaction costs	**(1,275)**	(990)
10	Directors' fees and expenses	**(289)**	(414)
10	Administration fees	**(198)**	(172)
	Audit fees	**(88)**	(53)
	Other expenses	**(140)**	(182)
	TOTAL OPERATING EXPENSES	**(19,994)**	(20,916)
	OPERATING (LOSS)/PROFIT	**(152,918)**	268,984
	FINANCE COSTS		
	Bank charges	**(1)**	(1)
	TOTAL FINANCE COSTS	**(1)**	(1)
2(j), 9	Capital gains tax	**(923)**	(3,340)
2(j), 9	Withholding taxes	**(1,800)**	(2,799)
		(2,723)	(6,139)
	(LOSS)/PROFIT AFTER TAX FOR THE YEAR ATTRIBUTABLE TO PARTICIPATING PREFERENCE SHARES	**(155,642)**	262,844
	Other Comprehensive Income	–	–
	TOTAL COMPREHENSIVE (LOSS)/INCOME	**(155,642)**	262,844
5	EARNINGS PER PARTICIPATING PREFERENCE SHARE*	**$(1.15)**	$1.95

* Calculated on an average number of 134,963,060 Participating Preference Shares outstanding (2011: 134,963,060).

The notes on pages 36 to 60 form part of these financial statements

Consolidated Statement of Changes in Equity

for the year ended 30th June 2012

2012

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

2011

	Share Premium $'000	Capital Reserve $'000	Revenue Account $'000	Total $'000
Balance at the beginning of the year	134,349	804,245	35,764	974,358
Total Comprehensive Income	–	–	262,844	262,844
Transfer to Capital Reserve	–	264,483	(264,483)	–
Balance at the end of the year	134,349	1,068,728	34,125	1,237,202

The notes on pages 36 to 60 form part of these financial statements

Consolidated Statement of Cash Flows

for the year ended 30th June 2011

	2012 $'000	2011 $,000
OPERATING ACTIVITIES		
Dividends received	**21,795**	22,288
Taxation paid	**(3,112)**	(4,119)
Purchase of investments	**(208,526)**	(202,054)
Proceeds from sale of investments	**206,911**	204,663
Interest received	**7**	21
Operating expenses paid	**(19,981)**	(20,438)
Foreign exchange loss	**–**	(1)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	**(2,906)**	360
Effect of exchange losses on cash and cash equivalents	**(182)**	(554)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,088)**	(194)
Net cash and cash equivalents at the beginning of the year	**13,495**	13,689
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**10,407**	13,495
Comprising:		
Cash and cash equivalents	**10,407**	13,495

The notes on pages 36 to 60 form part of these financial statements

1. GENERAL

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

The Fund's registered office is 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 as adopted by the European Union ("IFRS") and interpretations by the International Financial Reporting Interpretations Committee of the International Accounting Standards Board.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(a) Basis of Preparation (continued)

New standards, amendments and interpretations effective from 1st July 2011

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 2012:

IAS 24 (Revised) 'Related party disclosures' (effective 1st January 2011).
The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of the revised standard did not have any significant impact on the related party disclosure of the Fund.

Improvements to IFRSs (2010) (effective 1st January 2011).
Improvements to IFRS issued in 2010 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. Improvements to IFRSs comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards, including IFRS 7 Financial Instruments: Disclosures. The adoption of these amendments did not result in any significant changes to the current accounting policies or disclosures of the Fund's consolidated financial statements.

Amendment to IFRS 7; Financial instruments: Transfer of financial assets (effective 1st July 2011).
The amendment enhances disclosures for the transfer of financial assets that do not qualify for derecognition in their entirety and also adds a new set of disclosures for transfer of assets where derecognition is achieved in their entirety. This amendment has no significant impact on the financial statements.

New standards, amendments and interpretations issued but not yet effective

The following standards and interpretations have been issued and are expected to be relevant to the Fund in future periods, with effective dates on or after 1st July 2012:

Amendment to IAS 1 - Presentation of items of other comprehensive income (effective 1st July 2012).

IAS 28 (2011) - Investment in Associate and Joint ventures (effective 1st January 2013).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(a) Basis of Preparation (continued)
IFRS 10 - Consolidated financial statements and IAS 27 – Separate Financial Statements (2011) (effective 1st January 2013). The objective of IFRS 10 is to establish principles for the presentation of consolidated financial statements when an entity controls one or more entities.

IFRS 12 - Disclosures of interests in other entities (effective 1st January 2013).

IFRS 13 - Fair value measurement (effective 1st January 2013). The standard improves consistency and reduces complexity by providing precise definition of fair value and a single source of fair value measurements and requirements for use across IFRSs. The requirement does not extend the use of fair value accounting but provides guidance on how it should be applied when its use is already required or permitted by other standards within IFRS.

Amendment to IAS 12 – "Income Taxes" on deferred tax (effective 1st January 2012).

Amendment to IFRS 7 – Financial instruments: asset and liability offsetting (effective 1st January 2013).

Amendment to IFRS 10, 11, 12 – Transition guidance (effective 1st January 2013).

Amendment to IAS 32 – Financial instruments assets and liabilities offsetting (effective 1st January 2014).

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

Early adoption of standards
The Fund did not early adopt new or amended standards/interpretations for the year ended 30th June 2012.

(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. These investments are managed and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The investments of the Fund are principally in listed equities.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(b) Financial Instruments (continued)

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

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

Fair value measurement

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(b) Financial Instruments (continued)

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

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

Amortised cost measurement

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(b) Financial Instruments (continued)

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

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

Identification and measurement of impairment

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(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 in which capital would be returned on a break up basis. The Directors have also considered the currency to which underlying investments are exposed. On balance the Directors believe that US 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'.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

(g) Due To and Due From Brokers
Amounts due to brokers are payables for securities purchased that have been contracted for but not yet delivered on the statement of financial position date. Amounts due from brokers include receivables for securities sold that have been contracted for but not yet delivered on the statement of financial position date.

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

(k) Basis of Consolidation
The Consolidated Statement of Financial Position, Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flows include the accounts of the Company and its subsidiary undertaking made up to 30th June 2012. 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 of the Fund or accrue dividends and are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds net of tax.

(m) Purchase of Own Shares
The cost of purchases of the 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**	**Share Capital $'000**	**Share Premium $'000**
As at 30th June 2012	**134,964,060**	–	**134,349**
As at 1st July 2011	134,964,060	–	134,349

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 2012	**134,964,060**

Share Premium

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

Founder Shares

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

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

Participating Preference Shares

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

The holders of Participating Preference Shares rank ahead of holders of any other class of share in issue in a winding up. They have the right to receive any surplus assets available for distribution. The Participating Preference Shares 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 Fund.

4. SHARE CAPITAL AND SHARE PREMIUM CONTINUED

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

5. EARNINGS PER SHARE

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

	2012 $'000	2011 $'000
(Loss)/profit after tax for the year attributable to Participating Preference Shares	(155,642)	262,844
Weighted average number of Participating Preference Shares outstanding	134,963,060	134,963,060
Basic (loss)/earnings per Participating Preference Shares – basic and diluted	$(1.15)	$1.95

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

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

6. CAPITAL RESERVE

The capital reserve as at 30th June 2012 consists of the following accumulated amounts:

	2012 $'000	2011 $'000
Realised gains on investments sold	743,072	661,971
Unrealised appreciation on revaluation of investments	182,056	415,508
Exchange losses	(8,906)	(8,724)
Transfer to share premium	(27)	(27)
	916,195	1,068,728

7. PAYABLES AND ACCRUED EXPENSES

	2012 $'000	2011 $'000
Management fees	1,352	1,522
Custodian fees	389	262
Directors' fees	170	160
Audit fees	67	48
Administration fees	30	27
Other accrued expenses	38	15
	2,046	2,034

8. PURCHASE OF OWN SHARES

Genemar Limited, a wholly owned subsidiary of the Company, was incorporated in Guernsey on 22nd June 1999. Its only activity 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 Fund. The cost of these shares is shown as a reduction in Shareholders' Funds. Genemar Limited has not purchased any of the Fund's shares during the year (2011: nil) and there have been no purchases between the end of the reporting period and the date of this report.

9. TAXATION

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

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

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

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

10. RELATED PARTIES AND OTHER MATERIAL AGREEMENTS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(a) 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 in arrears and is equal to 1.5% per annum, calculated and accrued on the net asset value of the Fund as at each weekly Valuation Day, except for investments in 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% (2011: 1.49%). Where, in order to gain access to a particular market, investment is made in a vehicle directly managed by Genesis, no fee will be payable by the Fund on that proportion of its assets so invested, unless no management fee is charged to that vehicle.

(b) Administration fees

The Administrator, HSBC Securities Services (Guernsey) Limited, is entitled to receive a fee, payable monthly, based on time incurred. Administration fees were $198,000 (2011: $172,000) for the year.

10. RELATED PARTIES AND OTHER MATERIAL AGREEMENTS CONTINUED

(c) 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 0.13% (2011: 0.12%) per annum of the average net assets of the Fund.

(d) Directors' fees and expenses

Included in Directors' fees and expenses are Directors' fees for the year of $173,000 in total (2011: $170,000). Also included are travelling, hotel and other expenses which the Directors are entitled to when properly incurred by them in travelling to, attending and returning from meetings and while on other business of the Fund.

Directors' related party interests are stated on page 15 as part of the Directors' Report.

(e) Other group investments

The Genesis Indian Investment Company Limited and Genesis Smaller Companies SICAV are related parties of the Fund by virtue of having a common Manager in Genesis Asset Managers, LLP. The Fund's holdings in these funds are summarised in the portfolio statement on pages 26 to 29, subscriptions and redemptions during the year under review are detailed in the table below. No dividends were received from these funds during the year (2011: nil). There were no other transactions between the Fund and such related parties during the year except as disclosed in Notes 10 (a), (b), (c) and (d) above and there are no outstanding balances between these entities at 30th June 2012.

	2012	
	Subscriptions $'000	**Redemptions $'000**
Genesis Indian Investment Company Limited	**–**	**24,085**
Genesis Smaller Companies SICAV	**1,639**	**7,218**

	2011	
	Subscriptions $'000	Redemptions $'000
Genesis Indian Investment Company Limited	11,003	8,458
Genesis Smaller Companies SICAV	1,000	25,149

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012 $'000	2011 $'000
Financial assets at fair value through profit or loss:		
Designated at fair value through profit or loss:		
Listed equity securities	**901,479**	1,003,213
Unlisted equity securities	**166,622**	216,712
Total financial assets at fair value through profit or loss:	**1,068,101**	1,219,925
Other net changes in fair value of financial assets at fair value through profit or loss:		
Realised gains	**81,101**	81,509
Unrealised gains	**(233,452)**	183,528
Net change in financial assets at fair value through profit or loss	**(152,351)**	265,037

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

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

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

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

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

	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**
At 30th June 2012			
Investment in equity securities	**900,966**	**145,572**	**–**
Investee Funds	**–**	**–**	**21,563**
	900,966	**145,572**	**21,563**

	Level 1 $'000	Level 2 $'000	Level 3 $'000
At 30th June 2011			
Investment in equity securities	998,700	196,346	–
Investee Funds	–	–	24,879
	998,700	196,346	24,879

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

Valuation basis for Investee Funds	**2012 $'000**	2011 $'000
Most recently traded price	**1,812**	4,513
Administrator's net asset value	**19,358**	19,791
Adjusted Administrator's net asset value	**393**	395
	21,563	24,879

The following table summarises the change in value associated with Level 3 financial instruments carried at fair value for the year ended 30th June 2012:

	2012 Level 3 $'000	2011 Level 3 $'000
Balance at 1st July	**24,879**	24,982
Net purchase/(sales)	**96**	(2,733)
Realised (loss)/gain	**(1)**	310
Unrealised (loss)/gain	**(3,411)**	2,320
Balance at 30th June	**21,563**	24,879

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

Unrealised losses as at year end amounting to $3,378,000 (2011: gains of $33,000) related to Level 3 securities. Gains and losses (realised and unrealised) included in the Consolidated Statement of Comprehensive Income for the year are reported in 'Net change in financial assets at fair value through profit or loss'.

There were no movements between the levels during the year.

12. COSTS OF INVESTMENTS TRANSACTIONS

	2012	2011
	$'000	$'000
Acquiring	**597**	568
Disposing	**678**	423
	1,275	991

13. SEGMENT INFORMATION CONTINUED

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

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

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

There were no changes in reportable segments during the year.

The table following analyses the Fund's operating income per geographical location. The basis for attributing the operating income is consistent with the portfolio statement on pages 26 to 29.

13. SEGMENT INFORMATION CONTINUED

	2011 $'000	2010 $'000
Argentina	(455)	–
Austria	(1,393)	1,890
Brazil	(28,609)	21,685
Chile	883	2,001
China	(24,341)	14,339
Colombia	(703)	3,241
Croatia	(2,421)	574
Egypt	(543)	670
Ghana	(102)	–
Greece	(3,278)	2,260
Hungary	(5,895)	5,839
India	(22,130)	18,677
Indonesia	(1,102)	11,789
Iran	(2)	340
Jordan	103	–
Kenya	–	774
Luxembourg	(3,523)	31,435
Malaysia	(3,117)	8,822
Mauritius	220	1,286
Mexico	1,568	13,646
Mongolia	(1,338)	–
Nigeria	(1,671)	(70)
Peru	–	2,045
Romania	(1,144)	897
Russia	(24,506)	33,994
Saudi Arabia	1,070	(90)
South Africa	(18,617)	42,169
South Korea	4,877	17,684
Taiwan	5,799	13,923
Thailand	5,788	8,241
Turkey	(1,898)	3,616
Ukraine	(280)	299
United Kingdom	5,147	4,249
Vietnam	993	1,150
Zambia	(11,907)	21,925
Zimbabwe	(397)	1,050
TOTAL INCOME	(132,924)	289,900

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

13. SEGMENT INFORMATION CONTINUED

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

	2012 $'000	2011 $'000
Equity securities	(132,847)	290,433
Miscellaneous income	98	–
Cash and cash equivalents	(175)	(533)
	(132,924)	289,900

As at 30th June 2012 and 30th June 2011, the Fund has no assets classified as non-current assets. A full breakdown of the Fund's financial assets at fair value through profit and loss is shown in the Country exposure of the Fund's portfolio on page 24.

14. FINANCIAL RISK MANAGEMENT

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

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

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

Portfolios are constructed with reference to the following consideration:
– the Manager seeks to build a portfolio of quoted shares of approximately 160 to 200 issuers. The portfolio will consist of those stocks identified from the Manager's fundamental research.

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

(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.

14. FINANCIAL RISK MANAGEMENT CONTINUED

(b) Market Price Risk (continued)

Market price risk exposure

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

Market price risk management

Market price risk can be moderated in a number of ways by the Manager through:
(i) a disciplined stock selection and investment process; and
(ii) limitation of exposure to a single investment through diversification and through amongst others, the implementation of investment restrictions.

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

The Fund's portfolio at the end of reporting period reflects the diversified strategy. The tables on Country Exposure of the Portfolio, Sector Exposure of the Portfolio and composition of the Portfolio (see pages 24 to 29) illustrate the allocation of the portfolio assets according to these criteria as at 30th June 2012.

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

Given that a historical volatility of 22.42% (2011: 13.46%) of the Fund's ("NAV") was observed during the year, and assuming the same level of volatility in the coming year, the NAV and profit stands to increase or decrease by the amounts set out below:

	2012	2011
	$'000	$'000
Financial assets at fair value through profit or loss	**1,068,101**	1,219,925
Net asset value and profit impact	**239,468**	164,202

(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.

14. FINANCIAL RISK MANAGEMENT CONTINUED

(c) Foreign Currency Risk (continued)

Foreign currency risk exposure

The following table sets out the Fund's material exposures to foreign currency risk as at 30th June 2012:

Currency	Net non-monetary assets and (liabilities) $'000	Net monetary assets and (liabilities) $'000	Total foreign currency risk $'000
Brazilian Real	49,103	(1,024)	48,079
Canadian Dollar	25,755	–	25,755
Egyptian Pound	14,667	–	14,667
Euro	11,939	–	11,939
Hong Kong Dollar	134,219	(15)	134,204
Hungarian Forint	11,413	–	11,413
Indonesian Rupiah	42,224	1,038	43,262
Korean Won	107,790	211	108,001
Malaysian Ringgit	12,838	48	12,886
Mexican Peso	20,221	188	20,409
Nigerian Naira	11,685	(23)	11,662
South African Rand	100,497	1,206	101,703
Sterling	40,294	(52)	40,242
Taiwan Dollar	57,975	–	57,975
Thailand Baht	22,445	781	23,226
Turkish Lira	26,507	–	26,507
United States Dollar	332,799	9,243	342,042
Other currencies	45,730	1,858	47,588
Total	1,068,101	13,459	1,081,560

14. FINANCIAL RISK MANAGEMENT CONTINUED

(c) Foreign Currency Risk (continued)

Foreign currency risk exposure

Comparative figures as at 30th June 2011 are as follows:

Currency	Net non-monetary assets and (liabilities) $'000	Net monetary assets and (liabilities) $'000	Total foreign currency risk $'000
Brazilian Real	64,889	(1,653)	63,236
Canadian Dollar	29,763	–	29,763
Egyptian Pound	15,237	–	15,237
Euro	19,527	–	19,527
Hong Kong Dollar	151,087	375	151,462
Hungarian Forint	16,934	–	16,934
Indonesian Rupiah	62,591	804	63,395
Korean Won	114,928	–	114,928
Malaysian Ringgit	25,669	26	25,695
Mexican Peso	21,898	142	22,040
Nigerian Naira	12,376	19	12,395
South African Rand	127,681	–	127,681
Sterling	27,812	(25)	27,787
Taiwan Dollar	67,683	1,899	69,582
Thailand Baht	23,125	(119)	23,006
Turkish Lira	24,964	–	24,964
United States Dollar	393,908	14,671	408,579
Other currencies	19,853	1,138	20,991
Total	1,219,925	17,277	1,237,202

Foreign currency risk management

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

The degree of sensitivity of the Fund's assets to foreign currency risk depends on the net exposure of the Fund to each specific currency and the volatility of that specific currency in the year. At 30th June 2012, had the average exchange rate of the US dollar weakened by a reasonable possible movement of 100 basis points in relation to the basket of currencies in which the Fund's net assets are denominated, weighted by the Fund's exposure to each currency with all other variables held constant, the Fund estimates net assets and the change in net assets per the Consolidated Statement of Comprehensive Income would have increased by $7,395,000 (2011: $8,286,000).

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

The Manager does not consider it realistic or useful to examine foreign currency risk in isolation. The Manager considers the standard deviation of the NAV (which is struck in

14. FINANCIAL RISK MANAGEMENT CONTINUED

(c) Foreign Currency Risk (continued)
US dollars) as the appropriate risk measurement for the portfolio as a whole as it reflects market price risk generally. Please see Market Price Risk section in Note 14(b).

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

The liquidity risk profile of the Fund as at 30th June 2012 was as follows:

	2012	2011
	$'000	$'000
Amounts due within one month		
Amounts due to brokers	**160**	2,636
Payables and accrued expenses	**2,046**	2,034
Amounts due within one year		
Capital gains tax payable	**1,664**	2,053
Total liabilities	**3,870**	**6,723**

There were no amounts due beyond one year.

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

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

Interest rate risk exposure
The Fund has the ability to borrow funds in order to increase the amount of capital available for investment subject to the limits set out in the Private Offering Memorandum. It may also hold interest bearing securities and cash. Interest rate movements may affect the level of income receivable on cash deposits and cash equivalents and interest payable on borrowing. However, the majority of the Fund's net financial assets are non interest bearing (99.04% on average over the 12 month period to 30th June 2012 (2011: 98.91%)). 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.

14. FINANCIAL RISK MANAGEMENT CONTINUED

(e) Interest rate risk exposure (continued)

The following table summarises the Fund's exposure to interest rate risk as at 30th June 2012. It includes the Fund's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

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

Interest rate risk exposure as at 30th June 2011

	Interest-bearing $'000	Non interest-bearing $'000	Total $'000
Financial assets at fair value through profit or loss	–	1,219,925	1,219,925
Amounts due from brokers	–	5,340	5,340
Dividends receivable	–	5,003	5,003
Other receivables and prepayments	–	162	162
Cash and cash equivalents	13,495	–	13,495
TOTAL ASSETS	13,495	1,230,430	1,243,925
Amounts due to brokers	–	2,636	2,636
Capital gains tax payable	–	2,053	2,053
Payables and accrued expenses	–	2,034	12,034
TOTAL LIABILITIES	–	6,723	6,723
Equity shares	–	1,237,202	1,237,202
TOTAL LIABILITIES INCLUDING EQUITY SHARES	–	1,243,925	1,243,925
Total interest sensitivity gap	13,495	(13,495)	–

14. 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 2012, 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 $104,000 (2011: $135,000). We estimate that if interest rates had risen by 100 basis points, the increase in net assets and profit would amount to approximately the same amount but in the opposite direction.

(f) Credit Risk

Credit risk exposure

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the Fund. The Fund is exposed to counterparty credit risk on cash and cash equivalents and amounts due from brokers. Risk relating to unsettled transactions is considered small due to the credit quality of the custodians used by the Fund. The Manager, on behalf of the Fund, regularly reviews the brokers and custodians used by the Fund, including their internal controls, in order to mitigate these risks. The Fund has no receivables past their due dates as at 30th June 2012 (2011: 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.

	2012 Amounts due within 1 year $'000	2011 Amounts due within 1 year $'000
Amounts due to brokers	**3,952**	5,340
Dividends receivable	**2,810**	5,003
Other receivable and prepayments	**160**	162
Cash and cash equivalents	**10,407**	13,495
Total	**17,329**	24,000

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

14. FINANCIAL RISK MANAGEMENT CONTINUED

(g) Capital Risk Management

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

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

	2012 Total $'000	**Per Participating Preference Share $'000**
Published net asset value	**1,087,287**	**8.06**
Change from mid-market pricing to bid pricing for investments	**(5,727)**	**(0.04)**
Net asset value under IFRS	**1,081,560**	**8.02**

	2011 Total $	Per Participating Preference Share $
Published net asset value	1,241,698	9.20
Change from mid-market pricing to bid pricing for investments	(4,496)	(0.03)
Net asset value under IFRS	1,237,202	9.17

16. ULTIMATE CONTROLLING PARTY

In the opinion of the Directors on the basis of the shareholdings advised to them, the Fund has no immediate or ultimate controlling party.

17. EVENTS AFTER THE BALANCE SHEET DATE

The Fund announced the forthcoming appointment of Hélène Ploix as a Director of the Fund, effective 2nd November 2012, on 17th September 2012. There were no other significant post balance sheet events to report.

Performance Record

						Percentage increase from 6th July 1989	Percentage increase from 30th June 1989
Date	Fund NAV ($)	FX Rate	Fund NAV (£)	MSCI EM (TR) ($)	MSCI EM (TR) (£)	Fund NAV (£)	MSCI EM (TR) (£)
31.12.89	0.58	1.61	0.36	231.65	143.61	11.85	28.00
29.06.90	0.77	1.74	0.44	258.08	147.93	35.93	31.85
31.12.90	0.61	1.93	0.31	207.21	107.25	(2.36)	(4.41)
28.06.91	0.78	1.62	0.48	281.28	173.52	48.98	54.66
31.12.91	0.93	1.87	0.50	331.35	177.67	54.92	58.35
30.06.92	1.07	1.90	0.56	355.82	186.90	74.15	66.58
31.12.92	0.95	1.51	0.63	369.14	244.02	95.19	117.49
30.06.93	1.11	1.49	0.74	421.83	282.35	129.80	151.65
31.12.93	1.58	1.48	1.07	645.38	436.81	231.72	289.32
30.06.94	1.47	1.55	0.95	578.58	373.77	194.69	233.14
31.12.94	1.58	1.56	1.01	598.17	382.26	213.61	240.71
30.06.95	1.53	1.59	0.96	578.48	363.54	197.48	224.02
31.12.95	1.46	1.55	0.94	567.01	364.99	190.54	225.31
30.06.96	1.70	1.55	1.10	627.49	403.71	239.66	259.82
31.12.96	1.75	1.71	1.02	601.21	351.17	217.06	212.99
30.06.97	2.21	1.67	1.33	707.94	425.11	310.84	278.89
31.12.97	1.82	1.64	1.11	531.56	323.41	243.65	188.25
30.06.98	1.52	1.67	0.91	431.27	258.25	182.34	130.17
31.12.98	1.30	1.66	0.78	396.86	238.66	141.60	112.71
30.06.99	1.55	1.57	0.98	555.08	352.48	204.13	214.16
31.12.99	1.86	1.62	1.15	660.41	408.84	257.15	264.40
30.06.00	1.76	1.51	1.17	607.65	401.62	261.43	257.96
31.12.00	1.47	1.50	0.98	458.26	306.40	205.32	173.09
30.06.01	1.55	1.41	1.10	450.73	320.05	241.19	185.26
31.12.01	1.57	1.45	1.08	447.39	308.44	234.47	174.91
30.06.02	1.61	1.52	1.06	456.63	299.88	228.38	167.28
31.12.02	1.55	1.61	0.96	420.54	261.32	197.61	132.91
30.06.03	1.84	1.65	1.11	488.40	295.55	244.99	163.42
31.12.03	2.53	1.79	1.42	657.22	368.02	339.01	228.01
30.06.04	2.61	1.81	1.44	652.07	359.94	346.96	220.81
31.12.04	3.38	1.92	1.76	827.78	431.56	445.78	284.64
30.06.05	3.67	1.79	2.05	879.58	490.86	535.43	337.50
31.12.05	4.59	1.72	2.67	1,113.71	648.45	727.93	477.95
30.06.06	4.80	1.85	2.60	1,195.39	646.51	704.76	476.22
31.12.06	5.92	1.96	3.02	1,476.63	754.15	836.49	572.16
30.06.07	7.05	2.01	3.52	1,738.72	866.89	989.80	672.65
31.12.07	7.96	1.99	4.00	2,064.00	1,036.87	1,139.16	824.15
30.06.08	7.40	1.99	3.72	1,823.79	916.43	1,053.17	716.80
31.12.08	3.97	1.44	2.76	966.34	672.10	755.31	499.03
30.06.09	5.47	1.65	3.32	1,316.39	799.36	928.94	612.46
31.12.09	7.40	1.62	4.57	1,729.96	1,070.52	1,318.22	854.14
30.06.10	7.26	1.49	4.85	1,625.46	1,085.95	1,403.59	867.90
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
30.09.11	7.34	1.56	4.69	1,615.42	1,033.27	1,354.64	820.94
31.12.11	7.64	1.56	4.91	1,687.30	1,084.10	1,421.11	866.25
30.03.12	8.65	1.60	5.40	1,925.64	1,204.33	1,576.88	973.41
29.06.12	8.06	1.57	5.14	1,756.77	1,119.89	1,492.04	898.14

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.

Administration

REGISTERED OFFICE

Arnold House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 3NF, Channel Islands

INFORMATION WEBSITE

www.giml.co.uk

MANAGER

Genesis Asset Managers, LLP
Heritage Hall, P.O. Box 225, Le Marchant Street, St. Peter Port, Guernsey GY1 4HY, Channel Islands

CUSTODIAN AND REGISTRAR

HSBC Custody Services (Guernsey) Limited
Arnold House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 3NF, Channel Islands

INVESTMENT ADVISER

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

SUB-CUSTODIAN

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

ADMINISTRATOR AND SECRETARY

HSBC Securities Services (Guernsey) Limited
Arnold House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 3NF, Channel Islands

SUB-REGISTRAR AND TRANSFER AGENT

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

STOCKBROKERS

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

Smith & Williamson Securities
25 Moorgate, London EC2R 6AY, United Kingdom

INDEPENDENT AUDITORS

PricewaterhouseCoopers, CI LLP
Royal Bank Place, 1 Glategny Esplanade, St. Peter Port, Guernsey GY1 4ND, Channel Islands

LEGAL ADVISERS

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

Notice of Meeting

Notice is hereby given of the twenty third 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 2nd November 2012 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 2012.

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 increase the limit on aggregate Directors' remuneration contained in Article 89(a) from $200,000 to $400,000.

5
To elect Hélène Ploix as a Director of the Fund.

6
To re-elect Coen Teulings as a Director of the Fund.

7
To re-elect Michael Hamson as a Director of the Fund.

8
To re-elect Saffet Karpat as a Director of the Fund.

9
To re-elect John Llewellyn as a Director of the Fund.

10
To re-elect Geng Xiao as a Director of the Fund.

None of the Directors has a service contract.

SPECIAL RESOLUTION
11

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

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 Participating Preference Share is an amount equal to 105% of the average of the middle market quotations for a Participating Preference Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Participating Preference Share is purchased;

(iii) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Fund to be held in 2013 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.

Printed by Barnard & Westwood Ltd 23 Parkenham Street, London WC1X 0LB By Appointment to Her Majesty The Queen Printers and Bookbinders

GENESIS EMERGING MARKETS FUND LIMITED

Arnold House
St. Julian's Avenue, St. Peter Port
Guernsey GY1 3NF, Channel Islands