Utilico Emerging Markets Trust plc

For the period 7 December 2017 to 31 May 2018

Company Registration No. 11102129

Initial accounts filed pursuant to Section 839 Companies Act 2006

LEI: 2138005TJMCWR2394O39

COMPANY INFORMATION

DIRECTORS
John Rennocks (Chairman)
Garth Milne (Deputy Chairman)
Susan Hansen
Garry Madeiros OBE
Anthony Muh

REGISTERED OFFICE
The Cottage, Ridge Court
The Ridge, Epsom,
Surrey KT18 7EP

AIFM, JOINT PORTFOLIO MANAGER AND SECRETARY
ICM Investment Management Limited
PO Box 208, Epsom, Surrey, KT18 7YF

JOINT PORTFOLIO MANAGER
ICM Limited
34 Bermudiana Road
Hamilton HM 11, Bermuda

ADMINISTRATOR
JPMorgan Chase Bank N.A. – London Branch
25 Bank Street, Canary Wharf
London E14 5JP

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

CUSTODIAN
JPMorgan Chase Bank N.A. – London Branch
25 Bank Street, Canary Wharf
London E14 5JP

REGISTRAR
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE

LEGAL ADVISOR TO THE COMPANY
Norton Rose Fulbright LLP
3 More London Riverside,
London SE1 2AQ

REGISTERED AUDITOR
KPMG LLP
15 Canada Square,
London E14 5GL

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

BROKER
Stockdale Securities Limited
100 Wood Street,
London EC2V 7AN

PUBLIC RELATIONS
Montford Communications Limited
2nd Floor, Berkeley Square House,
Berkeley Square, Mayfair, London W1J 6BD

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE INITIAL ACCOUNTS

The directors are responsible for preparing the initial accounts in accordance with section 839 of the Companies Act 2006. Under that law they have elected to prepare the initial accounts in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU).

Under company law the directors must not approve the initial accounts unless they are satisfied that they have been properly prepared within the meaning of section 839(4) of the Companies Act 2006. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for:

- keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006;
- such internal control as they determine is necessary to enable the preparation of initial accounts that are free from material misstatement, whether due to fraud or error;
- taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities; and
- considering whether the company, subsequent to the balance sheet date of the initial accounts, has sufficient distributable profits to make a distribution at the time the distribution is made.

Approved by the Board on 7 August 2018 and signed on its behalf by:

John Rennocks
Chairman

Independent auditor's report to the directors of Utilico Emerging Markets Trust plc under section 839(5) of the Companies Act 2006

Opinion

We have audited the initial accounts of Utilico Emerging Markets Trust plc for the period from 7 December 2017 to 31 May 2018 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes, including the accounting policies in note 1.

In our opinion the initial accounts for the period from 7 December 2017 to 31 May 2018 have been properly prepared within the meaning of section 839 (4) of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the initial accounts. We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement on page 2, the directors are responsible for preparing the initial accounts in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. 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; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for considering whether the company, subsequent to the balance sheet date, has sufficient distributable profits to make a distribution at the time the distribution is made.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the initial accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

We are not required to form an opinion on whether the company has sufficient distributable reserves to make the distribution proposed at the time it is made.

The purpose of our work and to whom we owe our responsibilities

This report is made solely to the company's directors as a body in accordance with section 839 of the Companies Act 2006. Our work has been undertaken so that we as the company's auditor might state to the company's directors those matters we are required to state to them in a report under section 839 of that Act and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors as a body for our work under section 839 of that Act, for this report, or for the opinions we have formed.

Paul McKechnie
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
7 August 2018

STATEMENT OF COMPREHENSIVE INCOME
for the period from on 7 December 2017 to 31 May 2018

	Note	Revenue £'000	Capital £'000	Total £'000
Losses on investments	9	-	(45,017)	(45,017)
Losses on derivative instruments	21	-	(2,504)	(2,504)
Net foreign currency gains	21	-	2,604	2,604
Income from investments	3	2,766	18,270	21,036
Total income/(loss)		2,766	(26,647)	(23,881)
Management fee	4	(185)	(431)	(616)
Other administrative expenses	5	(384)	-	(384)
Other expenses		(569)	(431)	(1,000)
Profit/(loss) before finance costs and taxation		2,197	(27,078)	(24,881)
Finance costs	6	(24)	(55)	(79)
Profit/(loss) before taxation		2,173	(27,133)	(24,960)
Taxation	7	(198)	-	(198)
Profit/(loss) for the period		**1,975**	**(27,133)**	**(25,158)**
Earnings per ordinary share - pence	8	**0.84**	**(11.57)**	**(10.73)**

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period. The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

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

The notes to the initial accounts on pages 9 to 25 form part of these accounts.

STATEMENT OF CHANGES IN EQUITY
for the period from 7 December 2017 to 31 May 2018

	Note	Called up share capital £'000	Redee-mable deferred shares £'000	Merger reserve £'000	Capital redemption reserve £'000	Special reserve £'000	Retained earnings Capital reserve £'000	Retained earnings Revenue reserve £'000	Total £'000
From incorporation 7 December 2017									
Shares issued	16,18	2,345	-	577,416	-	-	-	-	579,761
Transfer on issue of redeemable deferred shares	17,18	-	500,000	(500,000)	-	-	-	-	-
Shares purchased by the Company	17,19	-	(500,000)	-	500,000	-	-	-	-
Transfer to special reserve	19,20	-	-	-	(500,000)	500,000	-	-	-
Fund launch fees	18	-	-	(649)	-	-	-	-	(649)
(Loss)/profit for the period	21,22	-	-	-	-	-	(27,133)	1,975	(25,158)
Balance at 31 May 2018		**2,345**	**-**	**76,767**	**-**	**500,000**	**(27,133)**	**1,975**	**553,954**

The notes to the initial accounts on pages 9 to 25 form part of these accounts.

STATEMENT OF FINANCIAL POSITION

	Note	**31 May 2018 £'000**
Non-current assets		
Investments	9	766,901
Current assets		
Other receivables	10	1,868
Derivative financial assets	11	161
Cash and cash equivalents		6,740
		8,769
Current liabilities		
Other payables	12	(216,695)
Derivative financial liabilities	11	(21)
		(216,716)
Net current liabilities		(207,947)
Total assets less current liabilities		558,954
Non-current liabilities		
Bank loan	13	(5,000)
Net assets		**553,954**
Capital and reserves		
Called up share capital	16	2,345
Redeemable deferred shares	17	-
Merger reserve	18	76,767
Capital redemption reserve	19	-
Special reserve	20	500,000
Capital reserve	21	(27,133)
Revenue reserve	22	1,975
Total equity shareholders' funds		**553,954**
Net asset value per ordinary share	23	**236.22p**

The notes to the initial accounts on pages 9 to 25 form part of these accounts.

Approved by the Board on 7 August 2018 and signed on its behalf by

John Rennocks
Chairman

Company Registration No. 11102129

STATEMENT OF CASH FLOWS
for the period from 7 December 2017 to 31 May 2018

	Period ended 31st May 2018 £'000
Operating activities	
Loss before taxation	(24,960)
Deduct dividends receivable	(20,993)
Deduct investment income – interest receivable	(43)
Add back interest paid payable	79
Add back loss on investments	45,017
Add back losses on derivative instruments	2,504
Add back net foreign currency gains	(2,604)
Effect of increase in trade and other receivables	(230)
Effect of increase in trade and other payables	1,036
Net cash outflow from operating activities before interest, taxation and dividends	**(194)**
Taxation	(198)
Interest paid	(67)
Dividends received	1,127
Investment income – interest received	44
Net cash inflow from operating activities after interest, taxation and dividends	**712**
Investing activities	
Purchases of Investments	(4,137)
Sales of Investments	5,835
Settlement of derivatives	(2,644)
Net cash outflow from investing activities	**(946)**
Financing activities	
Fund launch fees	(630)
Drawdown of loan	5,000
Net cash inflow from financing activities	**4,370**
Increase in cash and cash equivalents	4,136
Cash and cash equivalents at the start of the period	-
Effect of movement in foreign exchange	2,604
Cash and cash equivalents at the end of the period	**6,740**

The notes to the initial accounts on pages 9 to 25 form part of these accounts.

NOTES TO THE INITIAL ACCOUNTS
For the period from incorporation on 7 December 2017 to 31 May 2018

1. ACCOUNTING POLICIES

The Company is an investment company incorporated in the United Kingdom with a premium listing on the London Stock Exchange. The Company commenced trading on 3 April 2018 and this is its first interim accounts to 31 May 2018 and thus there are no comparatives.

(a) Basis of accounting

The accounts have been prepared on a going concern basis (see note 26) in accordance with IFRS, which comprise standards and interpretations approved by the IASB and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect and to the extent that they have been adopted by the European Union.

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

The Board has determined by having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, that Sterling is the functional and reporting currency.

Where presentational recommendations set out in the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP"), issued in the UK by the AIC in November 2014 and updated in January 2017 and February 2018, do not conflict with the requirements of IFRS, the Directors have prepared the accounts on a basis consistent with the recommendations of the SORP.

In accordance with the SORP, the Statement of Comprehensive Income has been analysed between a revenue return (dealing with items of a revenue nature) and a capital return (relating to items of a capital nature). Revenue returns include, but are not limited to, dividend income, operating expenses, finance costs and taxation (insofar as they are not allocated to capital, as described in notes 1(h), 1(i) and 1(k) below). Net revenue returns are allocated via the revenue return to the Revenue Reserve. Capital returns include, but are not limited to, profits and losses on the disposal and the valuation of non-current investments, derivative instruments and on cash and borrowings, operating costs and finance costs (insofar as they are not allocated to revenue as described in note 1(i) and 1(k) below). Net capital returns are allocated via the capital return to Capital Reserves.

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

(b) Financial instruments

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

(c) Valuation of investments and derivative instruments

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

(d) Subsidiary undertakings

Subsidiary undertakings of the Company, which are held as part of the investment portfolio, are accounted for as investments at fair value through profit and loss.

(e) Cash and cash equivalents

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

(f) Debt instruments

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

(g) Foreign currency

Foreign currency assets and liabilities are expressed in Sterling at rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated at the rates of exchange ruling at the dates of those transactions. Exchange profits and losses on currency balances are credited or charged to the Statement of Comprehensive Income and analysed as capital or revenue as appropriate. Forward foreign exchange contracts are valued in accordance with quoted market rates.

(h) Other income

Dividends receivable are shown gross of withholding tax and are analysed as revenue return within the Statement of Comprehensive Income (except where, in the opinion of the Directors, their nature indicates they should be recognised as capital return) on the ex-dividend date or, where no ex-dividend date is quoted, when the Company's right to receive payment is established. Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is allocated as revenue in the Statement of Comprehensive Income. Any excess in the value of the shares received over the amount of the cash dividend foregone is allocated as capital in the Statement of Comprehensive Income. Interest on debt securities is accrued on a time basis using the effective interest rate method. Bank and short-term deposit interest is recognised on an accruals basis.

(i) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the Statement of Comprehensive Income and analysed under revenue return except as stated below:

– the management fees payable to ICM and ICMIM and research fees are allocated 70% to capital return and 30% to revenue return.

– expenses incidental to the acquisition or disposal of Investments are allocated to capital return.

– expenses for restructuring the Company are wholly allocated to capital return.

– performance related management fees (calculated under the terms of the Investment Management Agreement) are allocated to capital return.

(j) Directors' fees

Directors' fees are charged quarterly through the revenue column of the Statement of Comprehensive Income. The net fee entitlement after any applicable tax deductions of each Director is satisfied in ordinary shares of the Company, purchased in the market on behalf of, or issued to, each Director as soon as possible after each quarter end. The number of ordinary shares allocated is determined by dividing the net fee entitlement by the lower of the market value and the Net Asset Value ("NAV") on the date of allocation.

(k) Finance costs

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

Finance costs are allocated 70% to capital return and 30% to revenue return.

(l) Taxation

Taxation currently payable is calculated using tax rules and rates in force at the period end, based on taxable profit for the period, which differs from the net return before tax. Note 7(b) sets out those items which are not subject to UK Corporation Tax.

Deferred tax is provided on an undiscounted basis on all timing differences that have originated but not reversed by the balance sheet date, based on the tax rates that have been enacted at the balance sheet date and that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of timing differences can be deducted. In line with the recommendations of the SORP, the allocation method used to calculate the tax relief on expenses charged to capital is the "marginal" basis. Under this basis, if taxable income is capable of being offset entirely by expenses charged through the revenue account, then no tax relief is transferred to the capital account.

(m) Dividends payable

Dividends paid by the Company are accounted for in the period in which the Company is liable to pay them and are reflected in the Statement of Changes in Equity.

(n) Merger reserve

The surplus of the net assets of Utilico Emerging Markets Limited received from the issue of new ordinary shares over the nominal value of such shares is credited to this account which is non-distributable. The nominal value of the shares issued is recognised in called up share capital.

(o) Capital reserves

Capital reserves are distributable reserves. The following items are accounted for through the Statement of Comprehensive Income as capital returns and transferred to capital reserves:

Capital reserve – arising on investments sold

– gains and losses on disposal of investments and derivative instruments

– exchange differences of a capital nature

– expenses allocated in accordance with note 1(i) and 1 (k)

Capital reserve – arising on investments held

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

2 Significant accounting judgements, estimates and assumptions

The presentation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the valuation of unquoted investments, details of which are set out in accounting policy 1(c).

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3 Income from investments

		Period ended 31 May 2018	
	Revenue £'000	**Capital £'000**	**Total £'000**
Overseas dividends	2,481	-	2,481
UK dividends	242	-	242
UK interest	43	-	43
Dividend received from subsidiary	-	18,270	18,270
Total income	**2,766**	**18,270**	**21,036**

4 Management fee

	Period ended 31 May 2018		
	Revenue £'000	Capital £'000	Total £'000
Management fee	**185**	**431**	**616**

The Company has appointed ICM Investment Management Limited ("ICMIM") as its Alternative Investment Fund Manager and joint portfolio manager with ICM Limited ("ICM"), for which they are entitled to a management fee and a performance fee. The aggregate fees payable by the Company are apportioned between the joint portfolio managers as agreed by them. ICMIM also acts as UEM's Company Secretary for which it receives a company secretarial fee (as described in note 25).

The relationship between ICMIM and ICM is compliant with the requirements of the EU Alternative Investment Fund Managers Directive and also such other requirements applicable to ICMIM by virtue of its regulation by the Financial Conduct Authority.

The annual management fee is 0.65% per annum of net assets, payable quarterly in arrears. The management fee is allocated 70% to capital return and 30% to revenue return. The investment management agreement may be terminated upon six months' notice.

In addition, the Investment Managers are entitled to a performance fee payable in respect of each financial period, equal to 15% of the amount of any outperformance in that period by equity funds attributable to shareholders of the higher of (i) the post-tax yield on the FTSE Actuaries Government Securities UK Gilt 5 to 10 years Index, plus inflation (on the RPIX basis), plus 2%; and (ii) 8%. The maximum amount of a performance fee payable in respect of any financial year is 1.85% of the average net assets of the Company and any performance fee in excess of this cap is written off. The NAV must also exceed the high watermark established when the performance fee was last paid, adjusted for capital events and dividends paid since that date. The high watermark was 234.46p per ordinary share as at 03 April 2018. For the period ended 31 May 2018 the attributable shareholders' funds were below the high watermark and therefore no performance fee has been accrued.

Half of the performance fee is payable in cash and half in ordinary shares of the Company ("Performance Shares"), based on the NAV per ordinary share at the year end. ICM will purchase the Performance Shares in the market at a price equal to or below the NAV per ordinary share at the time of purchase. If ICM is unable to purchase some or all of the Performance Shares in the market at or below the NAV per ordinary share, the Company will issue to ICM shares at NAV equivalent to any shortfall. The full performance fee is payable to ICM as soon as practicable following the year end date in order to reduce the risk to the Company of material movements in the price of ordinary shares between the year end date and the date of payment. Any subsequent adjustment to the fee arising out of the audit process is paid to or recouped from ICM in cash within seven days of the publication of the Report and Accounts.

5 Other administrative expenses

	Period ended 31 May 2018		
	Revenue £'000	Capital £'000	Total £'000
Auditors remuneration – for audit services	42	-	42
Depositary fee	29	-	29
Directors' fees	31	-	31
Other expenses	282	-	282
	384	-	**384**

Total Auditor's remuneration for other services amounts to £nil.

6 Finance Costs

		Period ended 31 May 2018	
	Revenue £'000	**Capital £'000**	**Total £'000**
Loan interest	22	52	74
Bank overdraft interest	2	3	5
	24	**55**	**79**

7 Taxation

(a) Analysis of change in period:

		Period ended 31 May 2018	
Tax on ordinary activities	**Revenue £'000**	**Capital £'000**	**Total £'000**
Overseas taxation	**198**	**-**	**198**

(b) Factors affecting current tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax for a company of 19.00%. The differences are explained below:

		Period ended 31 May 2018	
	Revenue £'000	**Capital £'000**	**Total £'000**
Net profit/(loss) before taxation	2,173	(27,133)	(24,960)
Corporation tax at 19.00%	413	(5,155)	(4,742)
Effects of:			
Non-taxable dividend income	(517)	-	(517)
Non-taxable capital loss on investments	-	5,063	5,063
Capital expenses deducible for tax purposes	(92)	92	-
Overseas taxation	198	-	198
Excess expenses for the period	196	-	196
Total tax charge for the period	**198**	**-**	**198**

Due to the Company's status as an investment trust and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments

There is an unrecognised deferred tax asset of £176,000 (based on a prospective corporation tax rate of 17%) which relates to unutilised excess expenses. The deferred tax asset would only be recovered if the Company were to generate sufficient profits to utilise these expenses. It is considered highly unlikely that this will occur and therefore, no deferred tax asset has been recognised.

8 Earnings per ordinary share
The loss per ordinary share figure is based on the net loss for the period of £25,158,000 and on 234,508,636 ordinary shares, being the weighted average number of ordinary shares in issue during the period of trading.

The loss per ordinary share figure detailed above can be further analysed between revenue and capital, as below.

	Period ended 31 May 2018 £'000
Revenue return	1,975
Capital return	(27,133)
Total return	**(25,158)**
Weighted average number of ordinary shares in issue during the period	234,508,636
Revenue return per ordinary share	0.84p
Capital return per ordinary share	(11.57)p
Total return per ordinary share	**(10.73)p**

9 Investments

	Period ended 31 May 2018 £'000
Cost of investments at beginning of period	-
Purchases	817,785
Sales proceeds	(5,872)
Gains on investments sold in the period	2,530
Cost of investments at end of period	814,443
Net unrealised loss at end of period	(47,542)
Valuation at 31 May 2018	**766,901**

Gains/(losses) on investments	**Period ended 31 May 2018 £'000**
Net gain on the sale of investments	2,530
Other capital charges	(5)
Movement in unrealised loss	(47,542)
Losses on investments	**(45,017)**

Subsidiary undertakings

The following are subsidiaries of the Company, held as part of the investment portfolio, and are accounted for as investments at fair value through profit and loss in these Company initial accounts:

	Registered address	Number of ordinary shares held	Holding and voting rights %	Fair value £'000
Utilico Emerging Markets Limited (1)	34 Bermudiana Road Hamilton HM11 Bermuda	234,508,636 ordinary shares	100	534,249
Global Equity Risk Protection Limited (2)	34 Bermudiana Road Hamilton HM11 Bermuda	3,920 Class B shares linked to a segregated account in GERP	100	-
UEM (HK) Limited (2)	Unit 305-7, 3/F, Laford Centre 838 Lai Chi Kik Road Cheung Sha Wan, Kowloon Hong Kong	1,000 ordinary shares	100	5,477
Utilico Emerging Markets (Mauritius) (2)	6th Floor, Tower A 1 Cybercity Ebène Republic of Mauritius	Loan †	-	35,473

† The terms of the loan agreement with Utilico Emerging Markets (Mauritius) provides that Utilico Emerging Markets Limited retains effective control of the company since it can only appoint directors with the approval of Utilico Emerging Markets Limited.

All the above subsidiaries carry on business as investment companies.

(1) for transactions in the period see note 25, related party transactions
(2) there were no transactions in the period and held through Utilico Emerging Markets Limited

Associated undertakings
The following associated undertakings at 31 May 2018 are held as part of the investment portfolio and consequently are accounted for as investments at fair value through profit and loss in these Company initial accounts:

	East Balkan Properties plc
Country of incorporation	Isle of Man
Country of listing	Unlisted
Country of operations	Bulgaria
Number of ordinary shares held	37,485,480
Percentage of ordinary shares held	23.8

There were no transactions in the period.

Significant interests
In addition to the above, the Company has a holding of 3% or more of any class of share capital of the following undertakings, which are material in the context of the accounts:

Company	Country of registration and incorporation	Class of instruments held	2018 % of class of instruments
APT Satellite Holdings Limited	Hong Kong	Ordinary shares	4.3
Ocean Wilsons Holdings Limited	Bermuda	Ordinary shares	5.7

10 Other receivables

	As at 31 May 2018 £'000
Prepayments and accrued income	1,606
Sales for future settlement	32
Other debtors	230
	1,868

11 Derivative financial assets

	Current assets £'000	Current liabilities £'000	Net current assets £'000
Forward foreign currency contracts	161	(21)	140

12 Other payables

	As at 31 May 2018 £'000
Interest payable	12
Investment management fee	616
Loan due to subsidiary	215,628
Other creditors and accruals	439
	216,695

13 Bank loan – non-current liabilities

	As at 31 May 2018 £'000
GBP 5M repayable April 2021	**5,000**

The Company has an unsecured senior multicurrency revolving facility of £50,000,000 with Scotiabank Europe PLC, expiring on 3 April 2021. Commitment fees are charged on any undrawn amounts at commercial rates. The terms of the loan facility, including those related to accelerated repayment and costs of repayment, are typical of those normally found in facilities of this nature. At 31 May 2018 £45,000,000 of the facility is undrawn.

14 Operating segments

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

15 Fair value of financial assets and financial liabilities
The financial assets and financial liabilities are carried in the statement of financial position at their fair value or the statement amount is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals and cash at bank).

Fair value hierarchy
IFRS 13 'Financial Instruments: Disclosures' require an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	31 May 2018 Total £'000
Investments	473,150	53,865	239,886	**766,901**
Forward foreign currency contracts	-	140	-	**140**
	473,150	54,005	239,886	**767,041**

A reconciliation of fair value measurements in level 3 for the period is set out in the following table:

	Total £'000
Opening balance	-
Purchases	240,000
Sales	-
Fair value movements	(114)
Balance at 31 May 2018	**239,886**

The value of convertible securities represents nil% of the Company's portfolio and the value of fixed income securities represents 0.1% of the Company's portfolio. The total number of companies included in the portfolio is 38.

16 Called up share capital

As at 31 May 2018	Number	31 May 2018 £'000
Issued, called up and fully paid		
Ordinary shares of 1p each	234,508,636	2,345
Redeemable deferred shares	-	-

On incorporation, the share capital of the Company was £1.00 represented by one ordinary share of nominal value £1 which was subdivided into 100 shares with a nominal value of 1p each on 14 February 2018. Following the scheme of arrangement (the "Scheme") to redomicile Utilico Emerging Markets Limited ("UEM Limited") to the UK becoming effective and implemented in accordance with its terms on 3 April 2018, a further 234,508,536 ordinary shares were issued.

Upon the Company acquiring all of UEM Limited's shares pursuant to the Scheme, a merger reserve was created in the books of the Company which reflected the difference between the fair value of UEM Limited as at the implementation of the Scheme and the nominal value of the ordinary shares issued pursuant to the Scheme. £500m of the merger reserve was then capitalised by way of a bonus issue of a new class of redeemable deferred shares and all the redeemable deferred shares were then immediately redeemed and cancelled. This gave rise to a capital redemption reserve equal to the aggregate nominal value of the redeemed shares and a resolution to cancel the amount standing to the credit of the Company's capital redemption reserve was approved by a special resolution passed on 14 February 2018. Following the High Court of England and Wales approving on 15 May 2018 the Company's application to cancel this reserve a special reserve was created which, together with the Company's accumulated capital and revenue reserves, can be used to pay dividends and buy back shares.

17 Redeemable deferred shares

	Number	31 May 2018 £'000
From 7 December 2017		
Transfer on issue of redeemable deferred shares (see notes 16 and 18)	50,000,000,000	500,000
Shares purchased by the Company (see notes 16 and 19)	(50,000,000,000)	(500,000)
At 31 May 2018	**-**	**-**

18 Merger reserve

	31 May 2018 £'000
From 7 December 2017	-
Issue of ordinary shares (see note 16)	577,416
Transfer on issue of redeemable deferred shares (see notes 16 and 17)	(500,000)
Fund launch fees	(649)
At 31 May 2018	**76,767**

19 Capital redemption reserve

	31 May 2018 £'000
From 7 December 2017	-
Shares purchased by the Company (see notes 16 and 17)	500,000
Transfer to special reserve (see notes 16 and 20)	(500,000)
At 31 May 2018	**-**

20 Special reserve

	31 May 2018 £'000
From 7 December 2017	-
Transfer from Capital redemption reserve (see note 16 and 19)	500,000
At 31 May 2018	**500,000**

21 Capital reserve

	Other £'000	Capital reserves Investment holdings gain £'000	Total £'000
From 7 December 2017	-	-	-
Losses on derivative instruments	(2,504)	-	(2,504)
Net foreign currency gains	2,604	-	2,604
Realised gains on investments	2,530	-	2,530
Unrealised losses on investments	-	(47,542)	(47,542)
Finance costs charged to capital	(55)	-	(55)
Management fee charged to capital	(431)	-	(431)
Other capital changes	(5)	-	(5)
Dividend received from subsidiary	18,270	-	18,270
Balance as at 31 May 2018	**20,409**	**(47,542)**	**(27,133)**

Included within the capital reserve movement for the period is £10,000 of transaction costs on purchases of investments and £1,000 of transaction costs on sale of investments.

22 Revenue reserve

	£'000
From 7 December 2017	-
Profit for the period attributable to ordinary shareholders	1,975
Balance as at 31 May 2018	**1,975**

23 Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to the equity shareholders of £553,954,000 and on 234,508,636 ordinary shares, being the number of ordinary shares in issue at the period end.

24 Reconciliation of liabilities arising from financing activities

	From 7 December 2017 £'000	Cash flows £'000	Balance at 31 May 2018 £'000
Bank loans	-	5,000	**5,000**

25 Related party transactions
The management fee payable to the Investment Managers for the period was £616,000 of which £616,000 was outstanding in the financial statements at the period end.

ICMIM also provides company secretarial services to the Company, with the Company paying 45 per cent of the costs associated with this post. The company secretarial fee payable to the Manager for the period was £10,000, of which £10,000 was outstanding at the period end.

On 23 February 2018, Utilico Emerging Markets Limited ("UEM Limited") issued a circular proposing to re-domicile UEM Limited to the United Kingdom (the "Scheme"). Under the terms of the Scheme, Shareholders would exchange all their ordinary shares held in UEM Limited as at the Scheme Record Date for ordinary shares in the Company on a one for one basis, and UEM Limited would become a wholly-owned subsidiary of the Company. As a result, the Company would indirectly acquire all of UEM Limited's assets and liabilities (including its investment portfolio) upon the successful implementation of the Scheme.

The Scheme was approved by the shareholders of UEM Limited and became effective on 28 March 2018 when it was sanctioned by the Supreme Court of Bermuda. On 3 April 2018 234,508,636 ordinary shares of one penny each in the capital of the Company were admitted to the premium listing segment of the Official List and trading in such ordinary Shares on the London Stock Exchange's main market for listed securities became effective.

On 9 April 2018, UEM Limited transferred to the Company, investments with an aggregate original cost of £215,628,000 in exchange for a loan to the Company for the same amount. The loan remained outstanding at 31 May 2018.

At the period end the Company holds an investment in UEM Limited with a fair value of £318,652,000.

There were no transactions between the Company's associates and the Company other than investments in the ordinary course of the Company's business. The Board received aggregate remuneration of £31,000 (see note 5). At the period end, £31,000 remained outstanding to the Directors. There were no further transactions with the Board during the period. There were no transactions with ICM, ICMIM, ICM Investment Research Limited and ICM Corporate Services (Pty) Ltd, subsidiaries of ICM, other than investment management, secretarial costs and performance fees as set out in note 4.

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

As at the period end, the Company had a £50m unsecured multicurrency loan facility with Scotiabank Europe PLC, expiring on 3 April 2021. Drawdowns under the facility are detailed in note 13 to the accounts.

27 Contingent liabilities and capital commitments
There were no contingent liabilities or capital commitments outstanding as at 31 May 2018.

28 Post balance sheet events
The Board of UEM Limited approved the transfer to UEM Trust on 6 June 2018 investments with an aggregate original cost of £43,110,000, increasing the loan to UEM Trust for the same amount and on 16 July 2018, investments with an aggregate original cost of £130,350,000, further increasing the loan to UEM Trust for the same amount.
Since the period end no additional ordinary shares have been issued.

29 Financial risk management

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

(a) Market risks

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

Currency exposure

The principal currencies to which the Company was exposed during the period are set out below. The exchange rates applying against Sterling at 31 May 2018, and the average rates during the period, were as follows:

	31 May 2018	Average for the period
ARS - Argentine Peso	33.2130	29.8954
AUD - Australian Dollar	1.7586	1.8110
EUR - Euros	1.1399	1.1420
HKD - Hong Kong Dollar	10.4378	10.8225
MXN - Mexican Peso	26.6295	26.0302
PHP - Philippine Peso	69.9064	71.8682
USD - United States Dollar	1.3306	1.3790

The Company's assets and liabilities at 31 May 2018 (shown at fair value, except derivatives at gross exposure value), by currency based on the country of primary exposure, are shown below:

	ARS £'000	AUD £'000	EUR £'000	GBP £'000	HKD £'000	MXN £'000	PHP £'000	USD £'000	Total £'000
Current assets	57	-	-	21,100	508	209	-	28,215	50,089
Creditors	9	-	(26,330)	(221,692)	-	-	-	(15,023)	(263,036)
Foreign currency exposure on net monetary items	66	-	(26,330)	(200,592)	508	209	-	13,192	(212,947)
Investments held at fair value through profit or loss	961	11,271	4,916	568,409	78,502	19,039	30,428	53,375	766,901
Total net foreign currency exposure	**1,027**	**11,271**	**(21,414)**	**367,817**	**79,010**	**19,248**	**30,428**	**66,567**	**553,954**
Percentage of net exposures	**0.2%**	**2.0%**	**(3.9%)**	**66.4%**	**14.3%**	**3.5%**	**5.5%**	**12.0%**	**100.0%**

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

Weakening of Sterling	ARS £'000	AUD £'000	EUR £'000	HKD £'000	MXN £'000	PHP £'000	USD £'000
Income Statement return after tax							
Revenue return	5	-	-	56	25	73	1
Capital return	107	1,252	(546)	8,722	2,115	3,381	5,931
Total return	**112**	**1,252**	(546)	**8,778**	**2,140**	**3,454**	**5,932**
NAV per share							
Basic - pence	**0.05**	**0.53**	**(0.23)**	**3.74**	**0.91**	**1.47**	**2.53**

Strengthening of Sterling	ARS £'000	AUD £'000	EUR £'000	HKD £'000	MXN £'000	PHP £'000	USD £'000
Income Statement return after tax							
Revenue return	(5)	-	-	(56)	(25)	(73)	(1)
Capital return	(107)	(1,252)	546	(8,722)	(2,115)	(3,381)	(5,931)
Total return	**(112)**	**(1,252)**	546	**(8,778)**	**(2,140)**	**(3,454)**	**(5,932)**
NAV per share							
Basic - pence	**(0.05)**	**(0.53)**	**0.23**	**(3.74)**	**(0.91)**	**(1.47)**	**(2.53)**

These analyses are broadly representative of the Company's activities during the current period as a whole, although the level of the Company's exposure to currencies fluctuates in accordance with the investment and risk management processes.

Interest rate exposure
The exposure of the financial assets and liabilities to interest rate risks at 31 May 2018 is shown below

	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating rates			
- Cash	6,740	-	6,740
- Loans	-	(5,000)	(5,000)
	6,740	**(5,000)**	**1,740**

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

	2% increase in rate £'000	2% decrease in rate £'000
Revenue return	105	(105)
Capital return	(70)	70
Net assets	**35**	**(35)**

Other market risk exposures
The portfolio of investments, valued at £766,901,000 as at 31 May 2018 is exposed to market price changes.

Based on the portfolio of investments at 31 May 2018 and assuming other factors remain constant, a decrease or increase in the fair values of the portfolio by 20% would have had the following approximate effects on the Income Statement capital return after tax and on the basic NAV per ordinary share:

	Increase in value	Decrease in value
Income Statement capital return £'000s	140,494	(152,682)
NAV per share		
Basic - pence	59.91	(65.11)

(b) Liquidity risk exposure
The Company is required to raise funds to meet commitments associated with financial instruments. These funds may be raised either through the realisation of assets or through increased borrowing. The risk of the Company not having sufficient liquidity at any time is not considered by the Board to be significant given: the number and value of quoted liquid investments held in the Company's portfolio (43 valued at £767m at 31 May 2018); and the existence of the Scotiabank loan facility agreement expiring on 3 April 2021.

Cash balances are held with reputable banks.

The Investment Managers review liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting. The Company had loan facilities of £50m as set out in note 13. The remaining contractual maturities of the financial liabilities at 31 May 2018, based on the earliest date on which payment can be required, were as follows:

	Three months or less £'000	Three months and one year £'000	More than one year £'000	Total £'000
Creditors:				
Loan from Subsidiary	-	215,628	-	215,628
Bank loans and interest	39	83	5,203	5,325
Other creditors	1,055	-	-	1,055
Derivative financial instruments	21	-	-	21
	1,115	**215,711**	**5,203**	**222,029**

(c) Credit risk and counterparty exposure
The Company is exposed to potential failure by counterparties to deliver securities for which the Company has paid, or to pay for securities which the Company has delivered. The Board approves all counterparties used by the Company in such transactions, which must be settled on the basis of delivery against payment (except where local market conditions do not permit). A list of pre-approved counterparties is maintained and regularly reviewed by ICMIM and by the Board. Broker counterparties are selected based on a combination of criteria, including credit rating, balance sheet strength and membership of a relevant regulatory body. The rate of default in the past has been negligible. Cash and deposits are held with reputable banks.

The Company has an on-going contract with its custodians for the provision of custody services. The contracts are reviewed regularly.

Details of securities held in custody on behalf of the Company are received and reconciled monthly. To the extent that the Investment Managers carry out duties (or cause similar duties to be carried out by third parties) on the Company's behalf, the Company is exposed to counterparty risk. The Board assesses this risk continuously through regular meetings with the Investment Managers.

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

(d) Fair value of financial assets and financial liabilities
The assets and liabilities of the Company are, in the opinion of the Directors, reflected in the balance sheet at fair value, or at a reasonable approximation thereof. Borrowings under loan facilities do not have a value materially different from their capital repayment amount. Borrowings in foreign currencies are converted into Sterling at exchange rates ruling at each valuation date. Unquoted investments are valued based on professional assumptions and advice that is not wholly supported by prices from current market transactions or by observable market data. The Directors make use of recognised valuation techniques and may take account of recent arms' length transactions in the same or similar investments. The Directors regularly review the principles applied by the Investment Managers to those valuations to ensure they comply with the Company's accounting policies and with fair value principles.

30 Securities Financing Transactions ("SFT")
The Company has not, in the period from 7 December 2017 to 31 May 2018, participated in any repurchase transactions; securities lending or borrowing; buy-sell back transactions; margin lending transactions; or total return swap transactions (collectively called SFT). As such, it has no disclosure to make in satisfaction of the EU regulations on transparency of SFT, issued in November 2015.