UIL LIMITED

2018
REPORT AND ACCOUNTS

MANAGED BY ICM

UIL LIMITED

CONTENTS

UIL LIMITED

INVESTMENT OBJECTIVE

UIL Limited's investment objective is to maximise shareholder returns by identifying and investing in investments worldwide where the underlying value is not reflected in the market price.

NATURE OF THE COMPANY

UIL Limited ("UIL" or the "Company") is a closed end investment company, whose ordinary shares are listed on the premium segment of the Official List of the Financial Conduct Authority and are traded on the Main Market of the London Stock Exchange. UIL is a Bermuda exempted company incorporated with liability limited by shares. The business of the Company consists of investing the pooled funds of its shareholders in accordance with its investment objective and policy, generating a return for shareholders and spreading the investment risk. The Company has borrowings and gearing is also provided via zero dividend preference ("ZDP") shares, issued by its wholly owned subsidiary UIL Finance Limited ("UIL Finance"), the proceeds from which can also be invested with the aim of enhancing returns to shareholders. This gearing increases the potential risk to ordinary shareholders should the value of the investments fall. The joint portfolio managers of the Company are ICM Investment Management Limited ("ICMIM") and ICM Limited ("ICM"), together referred to as the "Investment Managers".

The Company's shares are traded on the Main Market of the London Stock Exchange.

The Company's ordinary shares and ZDP shares can be held in an individual savings account ("ISA").

The Company's shares qualify to be considered as a mainstream investment product suitable for ordinary retail investors.

GEOGRAPHICAL INVESTMENT EXPOSURE

FINANCIAL CALENDAR	
Year end	30 June
Annual General Meeting ("AGM")	21 November 2018
Half year	31 December
Quarterly dividends, payable in	September, December, March and June
Q4 interim dividend – Ex-dividend – Paid	6 September 2018 21 September 2018

FORWARD–LOOKING STATEMENTS

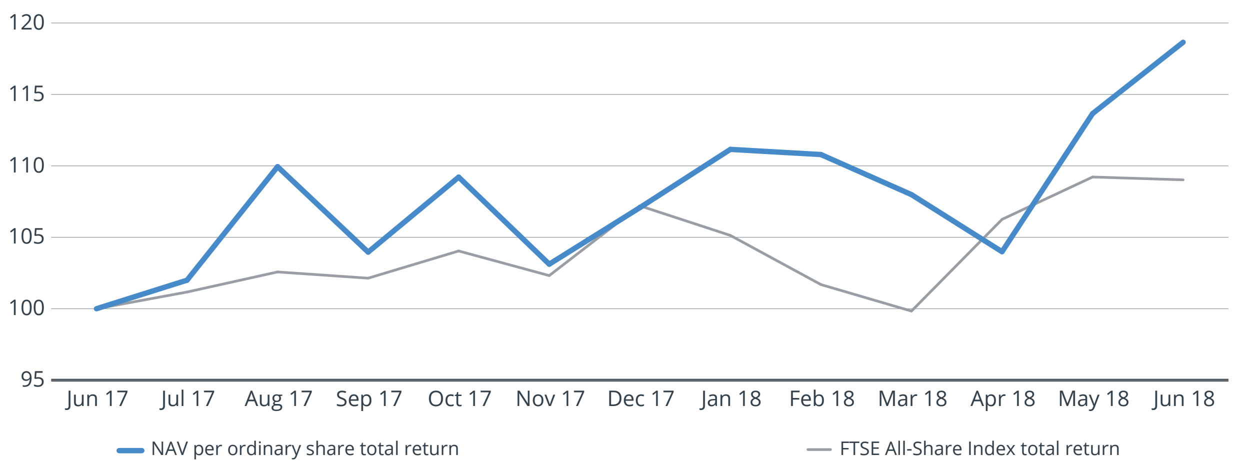
This annual report may contain "forward-looking statements" with respect to the financial condition, results of operations and business of the Company and the Group. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current views and on information known to them at the date of this report. Nothing in this publication should be construed as a profit forecast.

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

CURRENT YEAR PERFORMANCE

- **Net asset value ("NAV") total return of 18.7%**
- **Dividend per ordinary share maintained at 7.50p**

NAV TOTAL RETURN COMPARATIVE PERFORMANCE*
June 2017 to June 2018



*Rebased to 100 at 30 June 2017

Source: ICM

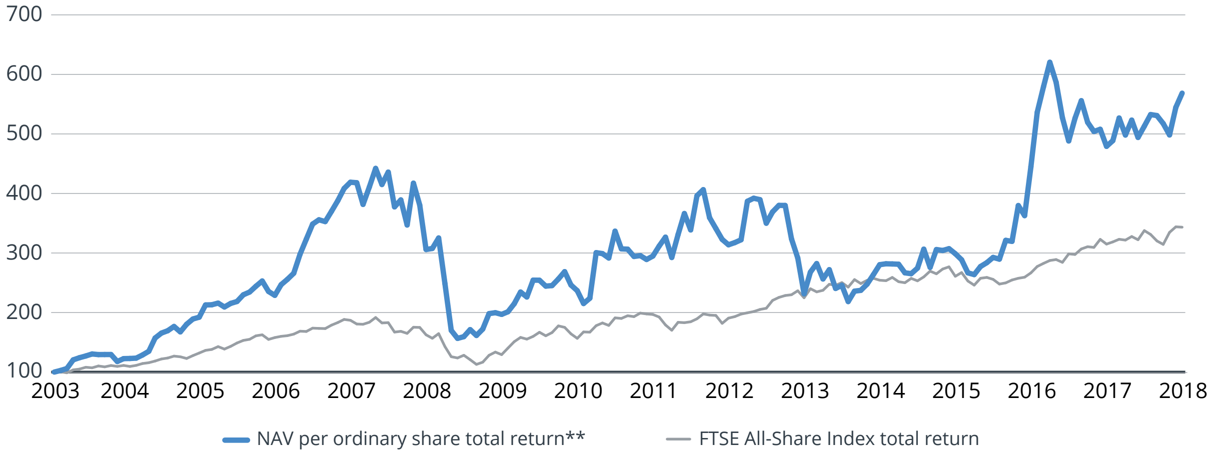
Other key features

- Invested £68.7m (2017: £121.3m) and realised £72.9m (2017: £155.7m)
- Gearing reduced to 87.3% from 97.2%
- 50.0m 2024 and 25.0m 2026 ZDP shares issued
- Technology investments increased to 25.9% of the total portfolio (2017: 22.3%)
- Unlisted investments are 21.0% of the total portfolio (2017: 20.5%)
- Bought back 703,819 shares for £1.2m at an average price of 172.67p per share

PERFORMANCE SINCE INCEPTION

- **Annual compound NAV total return since inception of 12.4%**
- **Dividends per ordinary share have increased from 1.60p to 7.50p**

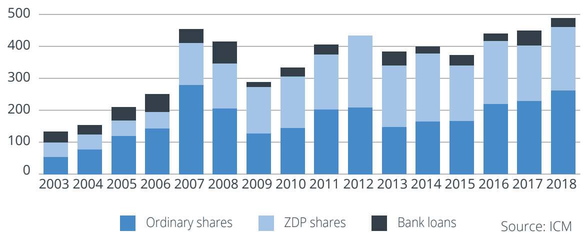
HISTORIC NAV TOTAL RETURN PERFORMANCE*
from August 2003 to June 2018



*Rebased to 100 at 14 August 2003
**Adjusted for the exercise of warrants and convertibles

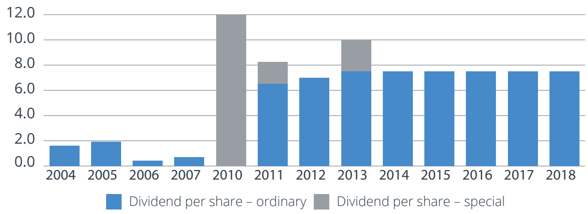
Source: ICM

ALLOCATION OF GROSS ASSETS (£m)
from August 2003 to June 2018



Source: ICM

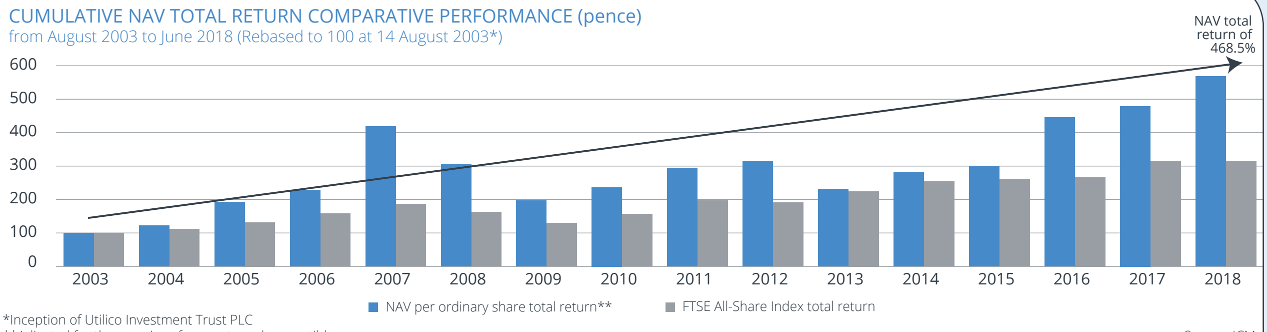
DIVIDENDS PER ORDINARY SHARE (pence)
from June 2004 to June 2018



No dividends were paid between 2007 and 2010

Source: ICM

CUMULATIVE NAV TOTAL RETURN COMPARATIVE PERFORMANCE (pence)
from August 2003 to June 2018 (Rebased to 100 at 14 August 2003*)



*Inception of Utilico Investment Trust PLC
**Adjusted for the exercise of warrants and convertibles

Source: ICM

GROUP PERFORMANCE SUMMARY

	30 JUNE 2018	30 JUNE 2017	CHANGE % 2018/17
NAV total return[1] (for the year) (%)	**18.7**	7.7	n/a
Share price total return[1] (for the year) (%)	**11.3**	31.3	n/a
Annual compound NAV total return (since inception) (%)	**12.4**	11.9	n/a
NAV per ordinary share (pence)	**291.79**	252.86	15.4
Ordinary share price (pence)	**174.50**	164.00	6.4
Discount[1] (%)	**40.2**	35.1	n/a
Returns and dividends (pence)			
Revenue return per ordinary share	**6.67**	6.38	4.5
Capital return per ordinary share	**38.96**	12.46	212.7
Total return per ordinary share	**45.63**	18.84	142.2
FTSE All-Share Index total return	**7,389**	6,777	9.0
Dividend per ordinary share	**7.50**	7.50	0.0
ZDP shares[2] (pence)			
2018 ZDP shares			
Capital entitlement[3] per ZDP share	**156.78**	146.19	7.2
ZDP share price	**159.50**	154.75	3.1
2020 ZDP shares			
Capital entitlement[3] per ZDP share	**131.52**	122.64	7.2
ZDP share price	**142.50**	140.38	1.5
2022 ZDP shares			
Capital entitlement[3] per ZDP share	**113.01**	106.37	6.2
ZDP share price	**124.50**	119.50	4.2
2024 ZDP shares			
Capital entitlement[3] per ZDP share	**103.10**	n/a	n/a
ZDP share price	**107.50**	n/a	n/a
2026 ZDP shares			
Capital entitlement[3] per ZDP share	**100.87**	n/a	n/a
ZDP share price	**102.25**	n/a	n/a
Equity holders' funds (£m)			
Gross assets[4]	**488.3**	449.7	8.6
Bank debt	**27.8**	47.8	(41.8)
ZDP shares	**199.4**	173.8	14.7
Equity holders' funds	**261.1**	228.1	14.5
Revenue account (£m)			
Income	**10.6**	10.7	(0.9)
Costs (management and other expenses)	**2.8**	2.9	(3.4)
Finance costs	**1.6**	1.8	(11.1)
Financial ratios of the Group (%)			
Ongoing charges figure excluding performance fees[1]	**2.2**	2.1	n/a
Ongoing charges figure including performance fees[1]	**4.4**	2.6	n/a
Bank debt, overdraft and ZDP shares gearing on net assets[1]	**87.3**	97.2	n/a

(1) See Alternative Performance Measures on pages 107 and 108
(2) Issued by UIL Finance, a wholly owned subsidiary of UIL
(3) See page 52
(4) Gross assets less current liabilities excluding loans and ZDP shares

CHAIRMAN'S STATEMENT

It is pleasing to report that UIL achieved a NAV total return per ordinary share of 18.7% for the year to 30 June 2018. This outperformed the FTSE All Share Total Return Index over the same period, which was up by 9.0%. Over the three years to 30 June 2018, UIL's NAV total return was 90.3%, representing a gain of over £110.0m, well ahead of most relevant indices.

Since inception in August 2003, UIL has distributed £61.0m in dividends, invested £23.9m in ordinary share buybacks and added net gains to our NAV of some £215.0m for a total return of 468.5% (adjusted for the exercise of warrants and convertibles). This represents an average annual compound total return since inception of 12.4%. The FTSE All Share Total Return Index average annual compound total return for the same period was 8.6%.

I noted in the half-yearly report that the goldilocks scenario for equities (positive gross domestic product ("GDP") growth, low inflation, low interest rates) had continued from the end of 2017 into the start of 2018. We had, however, expressed concern that the rising dislocation between Quantitative Easing ("QE") and Quantitative Tightening ("QT") in a number of countries would likely result in increased volatility. This volatility is now evident and markets are starting to be tested. In January and February 2018, the S&P 500 lost over 10% from peak to trough and failed to regain that January peak of 2,823.81 and closed on 30 June 2018 at 2,718.37. Since then the S&P 500 has exceeded that peak and was 2901.52 as at 31 August 2018. Emerging markets ("EM") have experienced an even greater level of volatility than developed markets.

While most markets have gained over the past twelve months, corporate earnings have been rising at a faster rate. This has resulted in a number of compelling investment opportunities.

The gain in UIL's portfolio is as a result of the Investment Managers' individual stock selection, strong conviction in the Company's existing investments and by remaining fully invested throughout the reporting period. UIL's investments are guided by three core views. First, that the world's financial markets are over indebted; second, disruptive technological change offers strong investment upside; and third, EM provide higher GDP growth opportunities than developed markets. The Investment Managers are focused on finding compelling investment opportunities at valuations that do not reflect their true long-term value. ICM is a relentless bottom up investor.

It is pleasing to report that UIL achieved a NAV total return per ordinary share of 18.7% for the year to 30 June 2018. This outperformed the FTSE All Share Total Return Index over the same period, which was up by 9.0%. Over the three years to 30 June 2018, UIL's NAV total return was 90.3%, representing a gain of over £110.0m, well ahead of most relevant indices.

While I don't usually comment on individual investment positions it would be remiss of me not to note the stellar performance of Afterpay Touch Group Limited ("APT"). Having started the year trading at AUD 2.68 and ending the year at AUD 9.35, APT's performance has been outstanding. It is even more pleasing to see APT trading at over AUD 16.00 today. The Investment Managers sold down half the holding into this rising strength, however, APT remains UIL's fifth largest holding. APT's disruptive business model is a truly global business opportunity and one that we have significant expectations for further upside.

UIL continues to invest in and develop a number of platforms: Utilico Emerging Markets Trust plc ("UEM") (EM); Somers Limited ("Somers") (financial services); Zeta Resources Limited ("Zeta") (resource and commodities); and Infratil Limited ("Infratil") (utility infrastructure in Australasia). In addition, UIL has established a strong track record of investing in the FinTech and PayTech sectors and is looking to establish a "platform" to capitalise on this position.

CHAIRMAN'S STATEMENT
(continued)

Allectus Capital Limited ("Allectus") will focus on this key area for UIL. Pleasingly, the majority of our existing platforms have continued to make significant progress over the last 12 months.

A negative aspect of the platform investments continues to be the 'discount on discount'. UEM's share price on 30 June 2018 was 197.00p, which represented a discount of 13.6% to the diluted NAV of 228.11p. A look-through valuation of UEM, Somers and Zeta would increase UIL's NAV by 24.6% to 363.69p per share.

The discount factor encouraged the Investment Managers, supported by the Board, to continue to buy back shares. This year UIL bought back 0.7m ordinary shares (0.8%) at an average price of 172.67p, which represented a discount of 40.8% to the closing NAV. These buybacks were accretive to UIL's NAV per share and earnings per share ("EPS"). Further buybacks need to be balanced with the need for the Company to maintain adequate cover for the ZDP shareholders and to maintain liquidity for the redemption of the ZDP shares when due for repayment.

In November 2017 UIL successfully rolled 17.1m of its existing 2018 ZDP shares into 26.7m new 2024 ZDP shares and placed 3.3m of the new 2024 ZDP shares for cash. The new 2024 ZDP shares have a lower compounding rate of 4.75% and will reduce UIL's funding costs going forward. In April 2018 UIL launched a new £25.0m issue of 2026 ZDP shares with the objective of reducing the bank facility from the proceeds raised. This extends the ZDP cycle for UIL and results in lower bank debt and a lower redemption value every two years as the ZDP shares will be spread over four issues. UIL initially placed 10.6m 2026 ZDP shares at the 100.00p placing price and has subsequently placed 1.0m at an average price of 101.53p. UIL held 13.4m shares on its balance sheet at the year end and intends to place these out in response to market demand.

It is pleasing to see our four issues of ZDP shares trading at much tighter gross redemption yields than last year and that the ZDP market remains relatively buoyant. As a result of UIL's investment performance the cover for the ZDP shares has improved considerably.

Revenue return for the year to 30 June 2018 was £6.0m, ahead of the prior year of £5.8m, (an increase of 4.1%). This resulted in revenue return EPS of 6.67p versus the prior year's 6.38p, an increase of 4.5%. The better outcome at an EPS level is due in part to the share buybacks outlined above.

The Board maintained total dividends for the year to 30 June 2018 at 7.50p per share which represents a yield on the closing share price of 174.50p of 4.3%. Looking forward, the Board expects to maintain the current dividend profile. Undistributed revenue reserves carried forward reduced from £9.5m to £9.0m equal to some 10.02p per share.

The capital return for the year ended 30 June 2018 was £35.0m. This reflects portfolio gains of £48.4m and gains on derivatives and foreign exchange of £4.1m. Ongoing charges are 2.2% excluding performance fees and 4.4% including performance fees payable by UIL and the other companies managed by ICM (2017: 2.1% excluding performance fees and 2.6% including performance fees). These charges include operational, recurring costs payable not only by the Group but also a proportion of costs incurred at other investment companies held within the portfolio.

With effect from 1 July 2018 the provision of administration services to UIL was moved from F&C Management Limited to JPMorgan Chase Bank N.A. (in relation to fund accounting, fund valuation and reporting administration services) and through ICMIM, to Waverton Investment Management (in relation to middle office and market dealing services). JPMorgan remains UIL's custodian and depositary.

I would like to thank F&C Management Limited for their support and contribution to UIL and its predecessors going back to 1993. I would also like to thank the management team at ICM and Waverton for achieving this move. It is never easy with a highly regulated framework with which UIL is required to comply.

OUTLOOK

The world's markets have seen a sharp increase in volatility. The main driving factor is the shift from QE to QT by the USA. This in turn is leading to US Dollar strengthening and a 'risk off' approach by investors to many markets. We expect this to continue and the consequence to likely be a slowing of EM economies and possibly a global recession and this will in turn feed back to the developed economies over the next 24 months.

Against the above backdrop, stock selection is of increasing importance. ICM's relentless bottom up approach to investment should benefit UIL's portfolio.

Peter Burrows AO
Chairman
14 September 2018

INVESTMENT MANAGERS' REPORT

UIL's NAV total return of 18.7% for the twelve months to 30 June 2018 was a rewarding result given the market volatility in 2018.

The stand out performances have been the technology investments, especially APT and Optal Limited ("Optal") up by 248.9% and 66.7% respectively. Share price performance at both companies was driven by strong operational performances.

UIL continues to develop its core platform investments, which offer the following benefits:

- Focused strategy. Each platform has a narrow mandate and as such is driven by the objective of finding and making investments within its mandate.
- Dedicated research analysts. The research analysts for each platform are focused on both understanding existing portfolio businesses and identifying compelling new investments.
- Financial support. Ability to draw on UIL's support and financial backing.
- Deep knowledge. Utilising the Investment Managers' knowledge across many jurisdictions to optimise investment opportunities and undertake corporate finance led transactions.

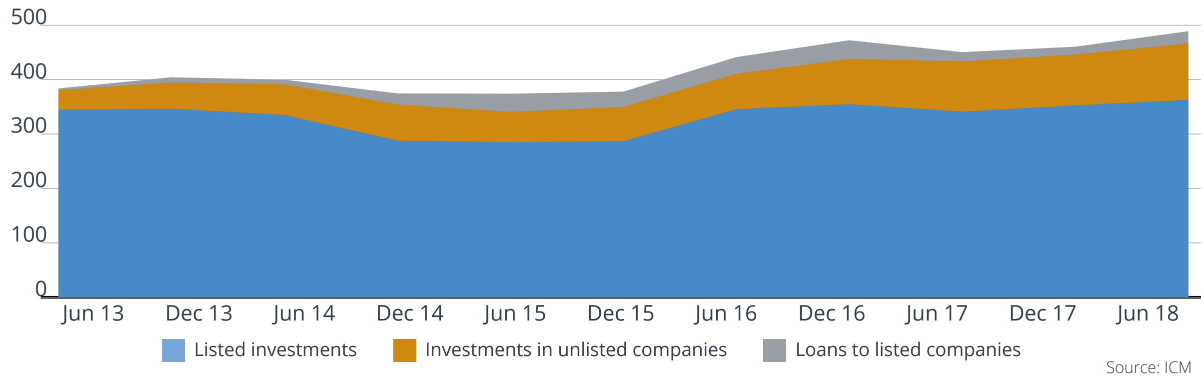
The platforms have been set up to provide a sharper focus, leading to better investment opportunities and decision making by analysts within their defined sectors.

Platform investments represent 56.1% of the total portfolio as at 30 June 2018, amounting to a total investment of £276.8m. During the year to 30 June 2018, UIL made net withdrawals of £15.5m, (prior year £23.5m) from its platform investments. Key realisations included £18.1m from Zeta and £10.5m from Infratil.

Offsetting the benefits outlined above is the discount drag that UIL suffers on its platform investments. As at 30 June 2018 there were discounts to published NAVs of 13.6% for UEM (some £12.0m); 18.4% for Somers (some £25.1m) and 30.9% for Zeta (some £27.3m). Together this amounts to a discount on these investments of some £64.4m. Adding these discounts back would see UIL's shareholders' funds increase by 24.6% to 363.69p.

A key driver in shaping the current portfolio is the Investment Managers' three medium-term core views. First, that the world's financial markets are over indebted; second, that technological change offers strong investment upside and third, that EM offers higher GDP growth opportunities than developed markets. UIL's Investment Managers' emphasis is on individual stock selection, remaining fully invested and focusing on finding investments at valuations that do not reflect their true long-term value, while at the same time being a supportive shareholder of investee companies. ICM is a relentless bottom up investor.

INVESTMENTS (£m)
from 30 June 2013 to 30 June 2018



Source: ICM

PORTFOLIO

The portfolio's exposure to infrastructure and utilities was in line with last year, with 27.4% invested in these sectors. The prior year's exposure was 25.8%. The big increases in sector exposures are in technology, up to 25.9% (prior year 22.3%) of the portfolio and financial services, up to 22.7% (prior year 20.0%), mainly as a result of investment outperformance.

As at 30 June 2018 the top ten investments accounted for 89.2% of the portfolio versus the prior year's 86.5%. Concentration risk, however, is significantly reduced owing to platforms holding a number of underlying investments. It should be noted that for both sector and geographic analysis, we continue to present the portfolio on a look-through basis.

PLATFORM INVESTMENTS

UIL currently has six individual platform investments – Somers, UEM, Zeta, Infratil, Bermuda First Investment Company Limited ("BFIC") and Allectus. These investments represent five of the top ten portfolio investments and excluding Allectus, these five investments account for 56.1% of the total portfolio as at 30 June 2018 (prior year 56.5%). These are reviewed under the ten largest holdings starting on page 16.

In addition, Allectus is an unlisted investment company, holding unlisted investments in technology companies, primarily related to Fintech. ICM's Allectus team are actively seeking and making early stage investments in potentially disruptive technology businesses.

DIRECT INVESTMENTS

UIL has five direct investments in its top ten holdings. These include: Resolute Mining Limited ("Resolute"), APT, Optal, Vix Technology Limited ("VixTech") and Vix Verify Global Pty Ltd ("Vix Verify"). The top ten investments are reviewed individually under the ten largest holdings starting on page 16.

UNLISTED INVESTMENTS

Unlisted investments at UIL were valued at £103.6m (21.0% of the total portfolio) as at 30 June 2018, up from £92.2m (20.5% of the portfolio) as at 30 June 2017. Included in the unlisted investments in the top ten are Optal, VixTech and Vix Verify, each of which are reviewed under the ten largest holdings starting on page 16.

Together the unlisted investments and the loans to the listed platforms are reported as level 3 investments amounting to £126.1m, as compared to the prior year of £109.0m.

SECTOR REVIEWS

Technology – 25.9% (prior year 22.3%)

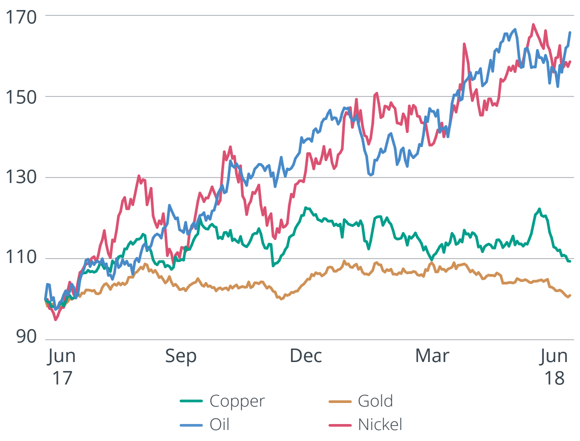
UIL holds a number of investments in the technology sector, both directly and through Allectus (eleventh largest investment). APT is UIL's fifth largest holding in the portfolio as at 30 June 2018 while Optal is the sixth largest holding and VixTech is the eighth largest holding.

Financial Services – 22.7% (prior year 20.0%)

UIL's largest investment in financial services is Somers, UIL's largest investment holding which accounts for 22.6% of UIL's total portfolio as at 30 June 2018 (prior year 19.1%)

COMMODITIES MOVEMENTS

from June 2017 to June 2018



Source: Bloomberg

INVESTMENT MANAGERS' REPORT
(continued)

Gold Mining – 15.6% (prior year 18.1%)

UIL's largest investment in gold mining is in Resolute, which is held both directly by UIL (13.1% of the total portfolio) and indirectly through Zeta.

Resources (including gold mining) – 25.0% (prior year 21.7%)

UIL's largest investment in resources is Zeta, which accounts for 12.3% of the total portfolio as at 30 June 2018 (prior year 12.1%).

DERIVATIVES

UIL was for the most part inactive in stock market derivatives during the year as the Investment Managers expected the markets to perform well in 2018 driven by strong corporate earnings, notwithstanding increased volatility.

UIL operates a Sterling liability neutral policy and therefore hedged its predominantly Sterling ZDP liabilities with an appropriate mix of currency hedges.

Currency hedging resulted in profits of £3.3m due to Sterling's relative weakness. UIL has hedged a mixture of Australian Dollar, US Dollar, New Zealand Dollar and Euro to ensure ZDP liabilities were matched with certain assets. At the period end UIL's forward currency sale contracts in place were for nominal AUD 183.0m, USD 87.3m, NZD 14.7m and EUR 6.0m.

GEARING

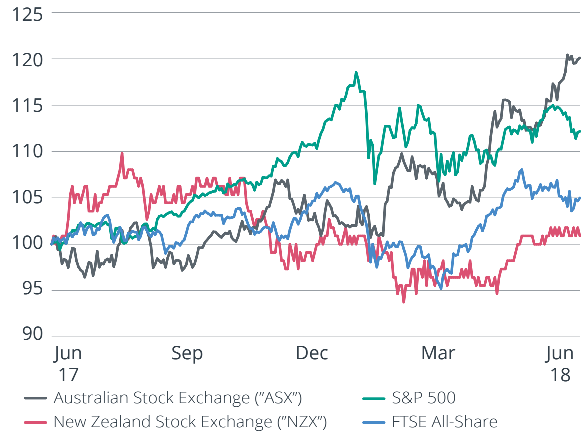
We are pleased to highlight that UIL's initial goal set in 2013 of reducing gearing to 100.0% or below has been delivered again this year. Gearing (including the ZDP shares) has steadily reduced from 160.4% in 2013 to 87.3% as at 30 June 2018.

It is also worth noting UIL's average cost of borrowing (ZDP shares and bank debt) has now fallen to 5.9% in 2018.

ZDP SHARES

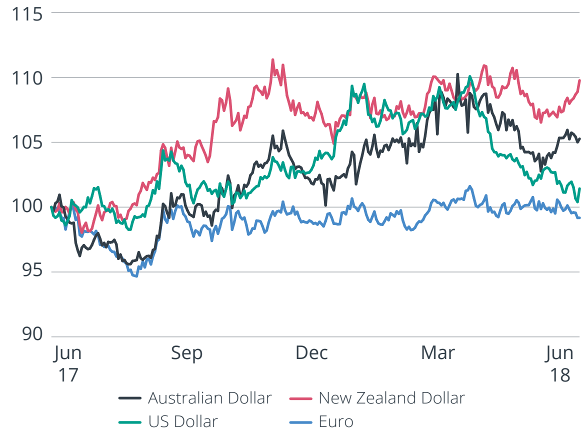
UIL's wholly owned subsidiary, UIL Finance, commenced the year with £173.8m of ZDP shares in issue. With the new 2024 and 2026 ZDP shares issued in the financial year under review, the ZDP shares were at £233.9m as at 30 June 2018. UIL

INDICES MOVEMENTS
from June 2017 to June 2018



Source: Bloomberg

CURRENCY MOVEMENTS vs STERLING
from June 2017 to June 2018



Source: Bloomberg

holds 0.3m 2018 ZDP shares, 20.0m 2024 ZDP shares and 13.4m 2026 ZDP shares on its balance sheet. As at 30 June 2018, the net issued ZDP shares on a consolidated basis to outside investors are some £199.4m.

Further details on the ZDP shares are included in note 15 to the accounts.

DEBT

Bank debt decreased from £47.8m as at 30 June 2017 to £27.8m as at 30 June 2018 and was drawn in both Australian and Canadian Dollars.

Scotiabank's £50.0m committed senior secured multicurrency revolving facility has been extended to March 2020.

REVENUE RETURNS

Revenue returns were £6.0m, up by 4.1% on the previous year's £5.8m. Management fees decreased by 10.0% reflecting the increased investments in platforms and resultant reduction of fees at a UIL level in order to avoid double charging. The revenue return EPS of 6.67p was up from the prior year's 6.38p, an increase of 4.5% driven by revenue return increases and a lower number of shares in issue following the buybacks during the financial year.

CAPITAL RETURNS

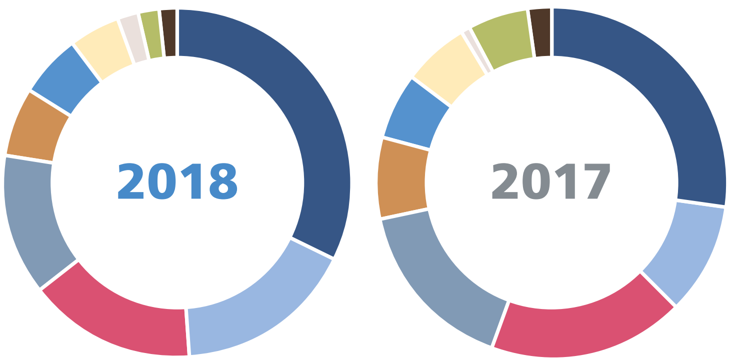
Capital returns were £35.0m, up by 211.0% on the prior year's £11.3m. The gains on investments were £48.4m reflected in the main by very strong technology investee gains together with gains on derivatives and foreign exchange of £4.1m. These were offset by the investment management performance fee of £5.3m.

Ongoing charges, excluding performance fees, were 2.2% on average net assets.

ICM Investment Management Limited and ICM Limited
Investment Managers
14 September 2018

GEOGRAPHICAL & SECTOR SPLIT OF INVESTMENTS

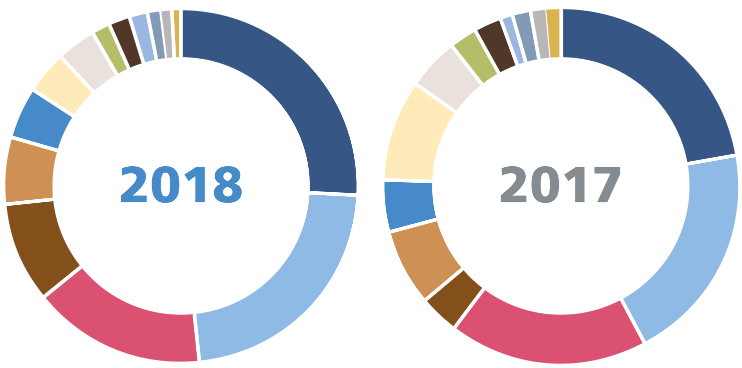
GEOGRAPHICAL SPLIT OF INVESTMENTS



COUNTRY	% OF TOTAL 2018	2017
Australia	32.4	27.3
UK and Channel Islands	16.7	10.3
Gold mining	15.6	18.1
Bermuda	13.0	16.1
Asia	6.3	7.4
Latin America	5.9	6.1
Europe excluding UK	4.8	6.2
New Zealand	1.9	5.7
North America	1.9	0.8
Africa	1.5	2.0

Source: ICM

SECTOR SPLIT OF INVESTMENTS



SECTOR	% OF TOTAL 2018	2017
Technology	25.9	22.3
Financial services	22.7	20.0
Gold mining	15.6	18.1
Resources	9.4	3.6
Electricity	6.1	7.1
Other	4.7	4.7
Oil & gas	3.7	9.1
Telecoms	3.6	4.8
Ports	1.9	2.6
Airports	1.9	2.3
Toll roads	1.5	1.2
Renewables	1.2	1.6
Infrastructure	1.0	1.3
Water & waste	0.8	1.3

Source: ICM

TEN LARGEST HOLDINGS

2018	*2017*	Company Description	Fair Value £'000s	% of total investments
1	*1*	**Somers Limited** Financial services investment company	111,499	22.6%
2	*2*	**Utilico Emerging Markets Trust plc** Emerging markets investment company	75,931	15.4%
3	*3*	**Resolute Mining Limited** Gold mining company	64,687	13.1%
4	*4*	**Zeta Resources Limited** Resources Investment company	60,978	12.3%
5	*5*	**Afterpay Touch Group Limited** Electronic payment services company	47,361	9.6%
6	*9*	**Optal Limited** Electronic payment services company	26,860	5.4%
7	*7*	**Bermuda First Investment Company Limited** Bermuda investment company	17,655	3.6%
8	*8*	**Vix Technology Limited** Automated fare collection systems	15,315	3.1%
9	*6*	**Infratil Limited** Infrastructure company	10,769	2.2%
10	*10*	**Vix Verify Global Pty Ltd** Technology investment company	9,243	1.9%
		Ten largest holdings	440,298	89.2%
		Other investments	53,077	10.8%
		Total investments	493,375	100.0%

The value of the ten largest holdings represents 89.2% (2017: 86.5%) of the Group's total investments. The value of convertible securities represents 7.1% (2017: 7.9%) of the Group's portfolio and the value of fixed income securities represents 6.7% (2017: 10.1%) of the Group's portfolio. The total number of companies included in the portfolio is 43 (2017: 43).

REVIEW OF THE TEN LARGEST HOLDINGS

1. SOMERS LIMITED

www.somers.limited

Market cap	USD 322.1m	UIL investment	USD 146.4m
Ordinary shareholders' funds	USD 378.3m	UIL portfolio weighting	22.6%
Gross assets	USD 424.0m	UIL percentage interest in Somers	44.2%
Somers' group AUM	USD 18.7bn		
Dividend yield	3.0%		

(Somers is a financial services investment holding company whose shares are listed on the Bermuda Stock Exchange ("BSX"). Somers reported a NAV per share increase to USD 19.09 as at 30 June 2018 up from USD 17.63 as at 30 June 2017, an increase of 8.3%. Somers declared dividends of 49.0c up from 46.0c in the prior year, an increase of 6.5%. Adding back dividends, the total NAV return over the twelve months to 30 June 2018, was 11.1%. Somers is managed by ICM.

During the twelve months to 30 June 2018 Somers' share price increased from USD 13.00 to USD 16.25. This represents a total return to UIL of 29.0%, after adding back dividends.

Somers is classified as an investment company under IFRS 10 and, accordingly, values its underlying investments at fair value.

Somers' four largest investments are a 62.3% holding in Homeloans Limited ("Homeloans") (a leading non-bank Australian financial institution with AUD 12.1bn assets under management), a 100% shareholding in Bermuda Commercial Bank Limited ("BCB") (one of the four licensed banks in Bermuda), a 65.7% shareholding in UK specialist bank, PCF Group plc ("PCF") and a 62.5% holding in Waverton Investment Management Limited ("Waverton") (a UK wealth manager with £5.6bn assets under management).

Homeloans reported normalised profit after tax of AUD 26.2m for the year ended 30 June 2018 with a 19.4% increase in total settlements to AUD 4.3bn for the full year. Homeloans' assets under management ("AuM") was AUD 12.1bn as at 30 June 2018.

Waverton's AuM was £5.6bn as at 30 June 2018 (30 September 2017: £5.2bn). For the nine months ended 30 June 2018, Waverton earned revenue of £27.7m (30 June 2017: £26.5m) and profit before tax of £6.1m (30 June 2017: £7.0m). The year on year revenue growth was aided by solid global equity markets. However, their own profit levels were negatively impacted by MiFID II related costs.

Somers increased its direct investment in PCF to 56% following the acquisition, during the year, of 94.5m shares from BCB. PCF reported an increase in interim profit before tax of 20% to £2.1m (2017: £1.7m). In July 2017 PCF commenced deposit-taking activities as a fully operational bank and PCF reported that as at 31 March 2018 customer deposits had reached £108.0m.

BCB maintained a high capital ratio of 40.3% and a highly liquid balance sheet with 52.1% in cash and liquid assets.

UIL's shareholding in Somers increased in the year as UIL elected to receive script dividends for its dividend payment.)

Homeloans Limited	Waverton Investment Management Limited	Bermuda Commercial Bank Limited	PCF Bank
Non-bank Lender	*Private Wealth Management*	*Banking*	*Banking*
Australian and New Zealand Mortgage Securitisation business. Listed on the Australian Securities Exchange	UK Private Wealth Management business	Licensed bank in Bermuda	A London Stock Exchange listed bank
AUM in excess of AUD 12 billion	AUM in excess of £5.6 billion	Focus on Commercial Banking and Private Banking/Wealth Management	Focus on retail banking and business banking
62.3% owned	62.5% owned	100% owned	65.7% owned

REVIEW OF THE TEN LARGEST HOLDINGS

2. UTILICO EMERGING MARKETS TRUST PLC

www.uemtrust.co.uk

Market Cap	£463.4m	UIL investment	£75.9m
NAV	£534.9m	UIL portfolio weighting	15.4%
Dividend yield	3.6%	UIL percentage interest in UEM	16.4%

UEM is a closed-end investment company, whose ordinary shares are listed on the premium segment of the Official List of the Financial Conduct Authority and are traded on the Main Market of the London Stock Exchange. UEM invests predominantly in emerging markets with a focus on infrastructure and utility assets. UEM is managed by ICM and ICMIM.

UEM's NAV total return fell by 2.6% in the twelve months to 30 June 2018, due to the emergence of significant EM market volatility, particularly in the April-June period. UEM's performance trailed the MSCI Emerging Markets Total Return Index (Sterling adjusted) which grew by 6.5%. UEM's underperformance versus the MSCI Emerging Markets Index was primarily due its lack of exposure to certain sectors, such as the Chinese technology sector which has seen material investor interest. Over the period, UEM's share price fell by 10.3%, with the discount to NAV widening from 9.3% to 13.4%. Dividends per share increased to 7.00p from 6.65p.

UEM's positive total return performance over three, five and ten years to 31 March 2018 of 36.8%, 48.5% and 125.0% respectively remains comfortably ahead of the MSCI Emerging Markets Total Return Index (Sterling adjusted) which has posted returns of 36.3%, 38.1% and 90.6%. The Investment Managers' stock selection ability has once again been recognised by the industry with UEM selected as one of Money Observer's rated funds for 2018.

In the year to 30 June 2018, EM saw a material increase in volatility which impacted both stock markets and currencies. Some EM indices performed well, with the India SENSEX up by 18.4%, the Brazil BOVESPA up by 15.7% and the Hong Kong Hang Seng up by 12.4%. However, others such as China's Shanghai Composite, the Mexico Bolsa and the Bursa Malaysia weakened, falling by 10.8%, 4.4% and 4.1% respectively over the year. EM currencies were generally weaker with the Brazilian Real, Mexican Peso and Philippine Peso falling by 15.3%, 9.4% and 7.0% against Sterling respectively over the period.

In February 2018, Utilico Emerging Markets Limited announced a proposal to re-domicile from Bermuda to the United Kingdom and on 3 April 2018, following the completion of a scheme of arrangement pursuant to section 99 of the Bermuda Companies Act, the company became a wholly owned subsidiary of Utilico Emerging Markets Trust plc, a newly incorporated closed ended investment trust established in the UK.

In the twelve months under review UIL increased its shareholding in UEM by 19.8% following the exercise of its subscription shares.

REVIEW OF THE TEN LARGEST HOLDINGS

3. RESOLUTE MINING LIMITED

www.rml.com.au

Market Cap	AUD 945.4m	UIL investment	AUD 115.6m
Gold production	284,185oz	UIL portfolio weighting	13.1%
Dividend yield	1.6%	UIL percentage interest in Resolute	12.2%

Resolute is an Australian domiciled gold mining company listed on the ASX with two operating mines, one in southern Mali and the other in northeast Australia. In addition, the company owns a gold mining project in Ghana.

Resolute's share price in the year ended 30 June 2018 rose by 7.1% to AUD 1.275 on the back of higher AUD gold prices and successful exploration results. Production in the year to 30 June 2018 of c.280,000oz of gold was down on the previous year's production of c.330,000oz.

Resolute's principal producing assets are the Syama gold mine in Mali and Ravenswood in Australia. Gold ounces produced at Syama decreased by 18.3% to 194,211oz. Production was down on the previous year as Resolute processed lower grade ore from stockpiles. Resolute has begun work on a significant extension to Syama's mine life through the development of underground mining, which is expected to commence operations by the end of 2018. With lower volumes, cash costs per ounce at Syama rose by 33.5% to AUD 1,196oz. At Ravenswood gold ounces produced fell by 2.2% to 89,975oz. Production volumes are expected to remain flat until the Ravenswood expansion project in 2019. Cash costs per ounce at Ravenswood increased by 6.2% to AUD 1,330oz. With regards to Bibiani in Ghana, Resolute updated its 2016 feasibility study, and will make a final investment decision on this site once the development of the Syama underground mine has been completed.

As at 30 June 2018 Resolute had cash and bullion on hand of AUD 79.6m, down from AUD 282.5m in the prior year as a result of the significant capital expenditures on the Syama underground mining development. Total borrowings were AUD 33.8m. Dividends were maintained at 2.0 cents per share.

During the year, Resolute made a number of investments in junior African gold exploration companies, with the aim of gaining access to prospective gold resources. As at 30 June 2018, Resolute had a total of AUD 34.8m in listed investments.

Resolute has provided guidance for gold production of 300,000oz at an All-In-Sustaining-Cost of AUD 1,280oz (USD960oz) for the year to 30 June 2019.

UIL's shareholding in Resolute was unchanged over the period.

REVIEW OF THE TEN LARGEST HOLDINGS

4. ZETA RESOURCES LIMITED

www.zetaresources.limited

Market Cap	AUD 116.9m	UIL investment	AUD 109.9m
Ordinary shareholders' funds	AUD 167.0m	UIL portfolio weighting	12.3%
Dividend yield	0.0%	UIL percentage interest in Zeta	59.7%

Zeta is an ASX listed investment company, focused on investing in resource companies. In the year ended 30 June 2018, Zeta's net assets per share rose by 56.9% and its share price rose by 8.1%. Zeta's share price closed the year at a 30.1% discount to net tangible assets ("NTA") per share. Zeta is managed by ICM.

The commodity prices of Zeta's major underlying investments were all up to varying different degrees in USD, with Brent oil up by 65.8%, gold up by 0.9%, nickel up by 58.6%, and copper up by 12.5%. Even after accounting for this tailwind, the performance of Zeta's investments overall was pleasing.

Zeta has a concentrated portfolio, having built up cornerstone shareholdings in gold, nickel, copper, and bauxite companies. The company has focused on adding value to its existing investments. Zeta has encouraged the efficient use of capital in its investments.

During the year, Zeta realised its investment in oil and gas producer New Zealand Oil and Gas Limited ("NZOG") by selling the majority of its holding into a takeover bid. In May 2018, Zeta shareholders approved the acquisition of Axelrock Limited ("Axelrock"). By doing so, Zeta substantially increased its interests in the unlisted bauxite company Alliance Mining Commodities Limited, GME Resources, and oil and gas seismic exploration firm Seacrest NL, all of which are underlying investment positions of Axelrock.

Zeta's five largest holdings as at 30 June 2018 were: Panoramic, an Australian nickel company; Resolute, a gold mining company, (discussed separately); Copper Mountain, a Canadian copper producer; AMC, an unlisted bauxite company whose principal asset is in Guinea; and GME Resources, an Australian nickel and cobalt exploration company.

Panoramic Resources Limited

Nickel

West Australian nickel company

Over 300,000 tonnes of nickel resources

Resolute Mining Limited

Gold

ASX-listed mid-cost gold producer

Producing mines in Mali and Queensland, Australia

GME Resources Limited

Nickel & Gold

ASX-listed junior nickel and gold explorer

Substantial nickel resources in Western Australia

Alliance Mining Commodities Limited

Bauxite

Unlisted bauxite development company

World-class bauxite asset in Guinea, West Africa

Copper Mountain Mining Corporation

Copper

TSX-ASX-listed copper producer

Recently acquired Australian junior copper firm Altona Mining

Bligh Resources Limited

Gold

ASX-listed junior gold explorer

Substantial identified gold resource in Western Australia

REVIEW OF THE TEN LARGEST HOLDINGS

5. AFTERPAY TOUCH GROUP LIMITED

www.afterpaytouch.com

Market Cap	AUD 2,036.2m	UIL investment	AUD 84.6m
Ordinary shareholders' funds	AUD 183.6m	UIL portfolio weighting	9.6%
Gross assets	AUD 392.2m	UIL percentage interest in APT	4.2%
Dividend yield	0.0%		

APT is an Australian listed, a consumer orientated, FinTech company formed by the merger of Afterpay Holdings Limited and Touchcorp Limited in June 2017.

APT offers consumers the ability to pay for purchases (online or in store) in instalments over an eight week period with no interest charge. The service is funded by retailers, who benefit from larger average basket sizes and a higher propensity for consumers to purchase.

At 30 June 2018, the service was available through 16,500 retailers (online and instore), primarily in Australia and New Zealand, up from 6,000 in June 2017. APT services were launched in the United States in May 2018, with Urban Outfitters, a major US fashion retailer, one of the customers at launch. Initial trading has been very encouraging, with 150,000 unique customers attracted in the first three months of operation. APT intends to launch its services in the UK in the next few months.

The value of transactions processed through the service increased 289% in the year to 30 June 2018. 2.0m customers used the service during the year, with purchases averaging AUD 1,100 per customer over the twelve-month period. APT believes that there is still potential for strong growth in Australia and USA, as well as internationally.

APT operates in-store terminals for the sale of mobile phone top-ups and other voucher/ticket-based products and provides payment services to government and healthcare providers. These units reported a stable performance in the full year to June 2018.

APT's share price more than tripled during the year advancing by 248.9%, with the stock entering the ASX 200 Index in June 2018. UIL sold approximately half of its shares during the period, realising £33.4m.

REVIEW OF THE TEN LARGEST HOLDINGS

6. OPTAL LIMITED

www.optal.com

Market Cap	Unlisted	UIL investment	EUR 30.4m
Ordinary shareholders' funds	EUR 35.3m	UIL portfolio percentage	5.4%
Gross assets	EUR 46.6m		
Dividend yield	2.1%		

Optal is an unlisted, UK domiciled developer of global payments and its key application is providing services to eNett, a virtual payment card solution for the travel industry. The system allows travel agents to make payments to service providers (e.g. hotels, airlines, tour operators) over the universally accepted Mastercard system in a secure, cost effective and efficient way using a virtual account number (VAN) created solely for each single transaction.

Optal is the primary VAN issuer for eNett, which is majority owned by the US-listed Travelport, with Optal owning the residual 23.5%. eNett reported very strong revenue growth of 81% in the first half of 2018.

For its full year to December 2017, Optal grew revenues by 28.1% to EUR 202.5m. Despite being a fast growing fintech business, Optal is profitable, cash generative and pays regular dividends to shareholders.

Optal is also seeking to develop other solutions outside of the travel payment industry. It is currently working with a number of UK insurance companies to trial payments to service providers (such as vehicle recovery contractors and car bodywork repair shops).

Optal is exploring options with regard to a potential liquidity event for shareholders in 2018, given that it is currently unlisted. The carrying value of Optal was increased during the year, reflecting its impressive performance.

UIL's investment in Optal was unchanged in the period under review.

REVIEW OF THE TEN LARGEST HOLDINGS

7. BERMUDA FIRST INVESTMENT COMPANY LIMITED

Market Cap	Unlisted	UIL investment	USD 23.3m
Ordinary shareholders' funds	USD 25.5m	UIL portfolio weighting	3.6%
Dividend yield	0.0%	UIL percentage interest in BFIC	95.8%

BFIC is an investment holding company which has several investments in local Bermudian companies which are listed on the BSX. BFIC's two major investments are Ascendant Group Limited ("Ascendant"), Bermuda's monopoly energy company and One Communications Limited ("OneComm"), a holding company for telecommunication companies in Bermuda and the Cayman Islands. BFIC is managed by ICM.

As at 30 June 2018, BFIC had total assets of USD 48.0m and net assets of USD 25.5m.

Ascendant's share price has increased significantly over the last twelve months on the back of improved financial results at both its regulated and unregulated businesses, and the result of approval from the Regulatory Authority for BELCO's (Bermuda's electricity company and a 100% subsidiary of Ascendant) capital replacement programme.

OneComm completed() its deep fibre project in Bermuda and continues to invest in its infrastructure in the Cayman Islands. OneComm's financial results are now starting to reflect the significant investment made by the company and results should continue to improve as the level of CAPEX returns to a more normal level. This should enable the company to consider the payment of a dividend. As at 30 June 2018 BFIC had total assets of USD 48.1m and net assets of USD 25.5m.

The Bermuda economy continues to improve with investment and tourism improving following the Island's hosting of the America's Cup in 2017.

In the year to 30 June 2018, UIL's shareholding was unchanged.

REVIEW OF THE TEN LARGEST HOLDINGS

8. VIX TECHNOLOGY LIMITED

www.vixtechnology.com

Market Cap	Unlisted	UIL investment	AUD 103.0m
		UIL portfolio percentage	3.1%
		UIL percentage interest in VixTech	39.8%

VixTech is an unlisted, integrated payment solutions company with a global footprint that has developed solutions for over 200 cities and regions in 25 countries, enabling millions of people worldwide to experience the convenience of low-cost, smartcard travel through integrated systems processing billions of transactions per annum. VixTech's products are the cornerstone of some of the world's largest smartcard payment and billing systems and include flagship transportation solutions such as the Hong Kong Octopus Card, Singapore EzLink, Beijing ACC and Melbourne Metcard. During the financial year 2018, VixTech's innovative expertise is regularly recognised and this year it was awarded the Best Smart Ticketing Programme award at TT Global 2018 for its work with Stagecoach Group for implementing ground breaking ticketing technology.

VixTech continues to undergo a significant corporate restructuring program in order to improve its long-term efficiency in global operations, by developing a product-focused business model. VixTech therefore continues to roll out its OneVix strategy which promotes greater integration, the outsourcing of non-core functions and a commitment to its common technology SaaS platform. VixTech now has a number of large clients committed to its SaaS platform.

Given the restructuring that VixTech has experienced during the financial years 2017 and 2018, revenues remain partly deferred whilst investment costs and restructuring costs remain high. For the year end 2018, revenues were USD 107.0m with adjusted EBITDA being negative USD 5.0m. As the new corporate structure evolves and product developed, future earnings are expected to improve along with profitability. UIL and ICM (VixTech's two shareholders) continue to support the investment needs of the business pro rata to their shareholding and during the financial year ending June 2018, UIL loaned AUD 8.8m to VixTech.

UIL's shareholding in VixTech remained unchanged during the twelve months to 30 June 2018.

REVIEW OF THE TEN LARGEST HOLDINGS

9. INFRATIL LIMITED

www.infratil.com

Market Cap	NZD 1,890.4m	UIL investment	NZD 21.0m
NAV	NZD 3,133.0m	UIL portfolio weighting	2.2%
Dividend yield	5.0%	UIL percentage interest in Infratil	1.1%

Infratil is an infrastructure holding company managed by H.R.L. Morrison & Co, listed on the NZX and ASX, their principal businesses include Trustpower and Tilt Renewables, both 51.0% shareholdings; Wellington Airport (66.0% shareholding), Canberra Data Centres (CDC, 48.0% shareholding), RetireAustralia (50.0% shareholding) and NZ Bus (100.0% shareholding). Infratil has a 45.0% stake in Longroad Energy, a US-based renewables developer.

From an operational standpoint, Infratil had a successful year with underlying EBITDAF in its financial year to 31 March 2018growing by 7.7% and net operating cash flow increasing by 20.7%. This growth was principally driven by Infratil's largest investment, Trustpower, which delivered 19.8% EBITDAF growth due to strong hydrology boosting its electricity generation in New Zealand as well as higher average electricity prices.

Infratil has been investing materially in renewable energy for a number of years and reported a weaker performance at Tilt Renewables due to poorer wind resource, with electricity generated falling by 12.3%. Longroad Energy is at a relatively early stage of development with three projects totalling 683MW of wind and solar generation assets and over 6,000MW of projects under development.

Infratil's group performance was helped by improving utilisation and full-year consolidation of Canberra Data Centres, which contributed to a five-fold increase in EBITDAF. At the same time, Wellington Airport reported 3.0% growth in passenger throughput, predominantly driven by the domestic market due to incremental capacity expansion by Air New Zealand as well as strong competition by Jetstar. Perth Energy losses narrowed significantly.

Weaker performance was seen at NZ Bus, which reported a 23.6% decline in EBITDAF following material changes and losses in contracts with Auckland Transport and Greater Wellington Regional Council. Infratil has announced it is undertaking a strategic review of NZ Bus. RetireAustralia reported EBITDAF decline of 41.7%, while ANU Student Accommodation EBITDAF more than doubled.

The robust levels of cash earnings have supported increased dividends to Infratil's shareholders, including UIL, with dividends per share increasing by 6.3% from 16.75 NZ cents from 15.75 NZ cents.

In the year to 30 June 2018 UIL reduced its holding in Infratil by 50.3% with the sale of 6.3m shares, realising £10.5m.

REVIEW OF THE TEN LARGEST HOLDINGS

10. VIX VERIFY GLOBAL PTY LTD

www.vixverify.com

Market Cap	Unlisted	UIL investment	AUD 16.5m
Ordinary shareholders funds	AUD (0.6m)	UIL portfolio weighting	1.9%
Gross assets	AUD 9.2m	UIL percentage interest in Vix Verify	39.8%

Vix Verify is an unlisted disruptive global business headquartered in Australia, which provides identity verification products to customers such as banks, telecommunications providers, online gaming companies and government agencies, particularly when transacting online. Their systems are used to check identities and verify the validity of identification documents, for various purposes including fraud reduction, the prevention of money laundering and terrorism financing and checking immigration status. Vix Verify's Australian and New Zealand based business continues to perform well.

In the year to 30 June 2018, revenues grew by 20.5% and Vix Verify reported a net profit of AUD 67,000 compared to a loss of AUD 2.6m as at 30 June 2017.

UIL hold its shares in Vix Verify through a CFD, which confers the same economic benefit as if the shares were held directly by UIL.

STRATEGIC REPORT AND BUSINESS REVIEW

UIL is an investment company holding investments with gross assets (less current liabilities excluding debt) of £488.3m as at 30 June 2018. Its principal activity is portfolio investment.

INVESTMENT OBJECTIVE

The Company's investment objective is to maximise shareholder returns by identifying and investing in investments worldwide where the underlying value is not reflected in the market price.

STRATEGY AND BUSINESS MODEL

The Company invests in accordance with the objective given above. It has no employees and outsources its activities to third party service providers. The strategy the Board of non-executive directors follows to achieve that investment objective is to appoint external managers to deliver investment performance, with the Board setting investment policy and risk guidelines, together with investment limits. The Board oversees and monitors the activities of the service providers, including the Investment Managers, who are the Company's principal service providers.

ICMIM, an English incorporated company which is authorised and regulated by the Financial Conduct Authority as an alternative investment fund manager ("AIFM") pursuant to the AIFM Rules, was appointed to act as the Company's AIFM with effect from 13 April 2015 and as joint portfolio manager alongside ICM. ICMIM acted as company secretary during the year ended 30 June 2017 and ICM was appointed to this role in place of ICMIM with effect from 1 July 2017.

ICMIM and ICM managed the portfolio throughout the year. Successful implementation of the investment strategy is achieved by identifying undervalued stocks in the relevant sectors, which generally generate an income stream, with the aim to maximise value for shareholders through a relatively concentrated portfolio of investments. This model, combined with the use of gearing, should crystallise financial returns, generating a total return through both capital and income.

The investment team responsible for the management of the portfolio is headed by Duncan Saville and Charles Jillings.

The Board, together with the Investment Managers, consider how the business strategy and model has to be adapted to comply with new legislation and regulations.

F&C Management Limited up to 30 June 2018 and JP Morgan Chase Bank N.A. London Branch from 1 July 2018 (the "Administrator") have been appointed to undertake general administration services, including fund accounting, fund valuation and reporting services. Other administrative functions are contracted to external service providers.

INVESTMENT POLICY AND RISK

The Company will identify and invest in opportunities where the underlying value is not reflected in the market price. This perceived undervaluation may arise from factors such as technological change, market motivation, prospective financial engineering opportunities, competition, underperforming management or shareholder apathy.

The Company aims to maximise value for shareholders through a relatively concentrated portfolio of investments.

Historically the Company had invested a significant proportion of its gross assets in existing infrastructure, utility and related sectors but, following the change in mandate in 2007, this direct exposure has reduced as the Company has, in addition, invested in other sectors. The Company has been reclassified in the Association of Investment Companies ("AIC") database as a "Flexible Investment".

Subject to compliance with the Listing Rules in force from time to time, UIL may invest in other investment companies or vehicles, including any managed by the Investment Managers, where such investment would be complementary to the Company's investment objective and policy.

The Company has the flexibility to invest in shares, bonds, convertibles and other types of securities, including non-investment grade bonds and to invest in unlisted securities.

The Company may also use derivative instruments such as American Depositary Receipts, promissory notes, foreign currency hedges, interest rate hedges, contracts for difference, financial futures, call and put options and warrants and similar instruments for investment purposes and efficient portfolio management, including protecting the Company's portfolio and balance sheet from major corrections and reducing, transferring or eliminating investment risks in its investments. These investments will be long term in nature.

The Company has the flexibility to invest in markets worldwide although investments in the utilities and infrastructure sectors are principally made in the developed markets of Australasia, Western Europe and North America, as UIL's exposure to the emerging markets infrastructure and utility sectors is primarily through its holding in UEM. UIL has the flexibility to invest directly in these sectors in emerging markets with the prior agreement of UEM.

The Company believes it is appropriate to support investee companies with their capital requirements whilst at the same time maintaining an active and constructive shareholder approach through encouraging a review of the capital structure and business efficiencies. The Investment Managers' team maintains regular contact with investee companies and UIL may often be among the largest shareholders. There are no limits on the proportion of an investee company that UIL may hold and UIL may take legal or management control of a company from time to time.

As required by the Listing Rules, there will be no material change to the investment policy without prior approval of the FCA and shareholders. The approval of the ZDP shareholders is also required where the investment policy of the Company is changed materially.

INVESTMENT LIMITS

The Board has prescribed the following limits on the investment policy, all of which are at the time of investment unless otherwise stated.

There are no fixed limits on the allocation of investments between sectors and markets, however the following investment limits apply:

- investments in unlisted companies will, in aggregate, not exceed 25% of gross assets at the time that any new unlisted investment is made. This restriction does not apply to loans to listed platform companies and to the Company's holding of shares linked to a segregated account of Global Equity Risk Protection Limited ("GERP"), an unquoted Bermuda segregated accounts company. This account, which is structured as the Bermuda equivalent of a protected cell, exists for the sole purpose of carrying out derivative transactions on behalf of the Company (see below);
- no single investment will exceed 30% of gross assets at the time such investment is made, save that this limit shall not prevent the exercise of warrants, options or similar convertible instruments acquired prior to the relevant investment reaching the 30% limit; and
- derivative transactions are carried out by GERP on behalf of the Company to enable it to make investments more efficiently and for the purposes of efficient portfolio management. GERP spreads its investment risks by having the ability to establish an overall net short position in index options, contracts for difference, swaps and equity options. GERP may not hold more than 50% of the value of UIL's segregated portfolio in index options and GERP may not hold more than 100% of the relevant debt or of the relevant market value in foreign currency by way of foreign exchange options or forwards.

None of the above restrictions will require the realisation of any assets of the Company where any restriction is breached as a result of an event outside of the control of the Investment Managers which occurs after the investment is made, but no further relevant assets may be acquired or loans made by the Company until the relevant restriction can again be complied with.

STRATEGIC REPORT AND BUSINESS REVIEW
(continued)

VALUATION METHODOLOGY

Investments are measured at the Board's estimate of fair value at the reporting date, in accordance with IFRS 13 – Fair Value measurement.

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

Publicly traded securities

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

Market bid prices are used even in situations where the Company holds a large position and a sale could reasonably affect the quoted price. Active market quotations are included in level one and inactive in level two. Where there is an inactive market the bid price is used unless there is reason to believe it is incorrect.

Unquoted securities

Unlisted loans to listed companies are valued at the principal amount loaned or if impaired at the impaired value.

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

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

Recent investments

For an initial or most recent relevant transaction, the approach used is cost for a limited period following the transaction, where the transaction represents fair value.

Established investments

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

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

Discounted earnings multiples will use maintainable earnings discounted at appropriate rates to reflect the value of the business. Generally, the latest historical accounts are used unless reliable forecast results for the current year are available. Earnings are adjusted where appropriate for exceptional or non-recurring items.

BORROWING AND GEARING POLICY

The Board carefully considers the Company's policy in respect of the level of equity exposure. The Board takes responsibility for the Company's gearing strategy and sets guidelines to control it, which it may change from time to time. The Company may, from time to time, use bank borrowings for short-term liquidity purposes. In addition it has longer term borrowings in the form of the ZDP shares that its subsidiary UIL Finance has issued. Details of the ZDP shares in issue and any changes during the year are included in note 15 to the accounts.

Under UIL's Bye-laws, the Group is permitted to borrow (excluding the gearing provided through the Group's capital structure) an aggregate amount equal to 100% of the Group's gross assets. Borrowings will be drawn down in any currency appropriate for the portfolio.

The Board has set a current limit on gearing (being total borrowings excluding the ZDP shares measured against gross assets) not exceeding 33.3% at the time of drawdown. Borrowings may be drawn down in Sterling, US Dollars or any currency for which there are corresponding assets within the portfolio (at the time of draw down, the value drawn must not exceed the value of the relevant assets in the portfolio).

The Company has a £50m multicurrency revolving facility with Scotiabank Europe plc which expires on 22 March 2020; as at 30 June 2018 £27.8m was drawn down under the facility. Further details are included in note 16 to the accounts.

DERIVATIVES

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

A review of the investment portfolio, borrowings and hedging is included in the Investment Managers' report and also within the notes to the accounts.

KEY PERFORMANCE INDICATORS

Delivery of shareholder value is achieved through the increase in capital value of the Company's shares and by its income return.

The Board reviews performance by reference to a number of Key Performance Indicators ("KPIs") that include the following:

- NAV total return relative to the FTSE All-Share Index
- Share price
- Discount to NAV
- Revenue earnings
- Ongoing charges figure

While some elements of performance against KPIs are beyond management control, they provide measures of the Group's absolute and relative performance and are therefore monitored by the Board on a regular basis.

30 JUNE	2018	2017
NAV total return (%)	18.7	7.7
FTSE All-Share Index total return (%)	9.0	18.1
Share price (pence)	174.50	164.00
Discount to NAV (%)	40.2	35.1
Percentage of issued shares bought back during the year (based on opening share capital) (%)	0.8	0.5
Revenue EPS (pence)	6.67	6.38
Ongoing charges figure – excluding performance fees (%)	2.2	2.1

STRATEGIC REPORT AND BUSINESS REVIEW
(continued)

The Company achieved a positive performance in the year reflecting successful implementation of the business strategy by the Investment Managers.

A graph showing the historic NAV total return performance compared to the FTSE All-Share Index can be found on page 5. The Investment Managers' Report, on pages 10 to 13, provides a commentary on how this performance was achieved.

The ten year record on page 109 shows historic data for the Company's metrics.

Discount to NAV: The Board monitors the premium/discount at which the Company's shares trade in relation to the assets. During the year the Company's shares traded at a discount relative to NAV in a range of 34.6% to 42.4% and an average discount of 39.1%. The Board and the Investment Managers closely monitor both movements in the Company's share price and significant dealings in the shares. In order to avoid substantial overhangs or shortages of shares in the market the Board asks shareholders to approve resolutions which allow for the buyback of shares and their issuance which can assist in the management of the discount. The Company bought back, and cancelled, 703,819 ordinary shares during the year, representing 0.8% of its issued share capital.

Earnings and dividends per share: The Board's objective is to maintain or increase the total annual dividend. The Board and the Investment Managers attach great importance to maintaining dividends per share. The Board has the flexibility to pay dividends from capital reserves.

Dividends form a key component of the total return to shareholders and the level of potential dividend payable and income from the portfolio is reviewed at every Board meeting. The Company has declared four quarterly interim dividends, each of 1.875p, in respect of the year ended 30 June 2018. The fourth quarterly interim dividend was declared on 21 August 2018 and will be paid on 21 September 2018 to shareholders on the register as at 7 September 2018. The total dividend for the year was 7.50p, the same as in the previous year.

Ongoing charges: These are the industry measure of costs as a percentage of NAV. The expenses of the Company are reviewed at every Board meeting, with the aim of managing costs incurred and their impact on performance. The ongoing charges figure appears high when compared to other investment companies as the expenses are expressed as a percentage of average net assets (after the deduction of the ZDP shares) and comprises all operational, recurring costs that are payable by the Company or incurred within underlying investee funds. This ratio is sensitive to the size of the Company as well as the level of costs.

FINANCIAL POSITION

As at 30 June 2018, the Group's net assets were valued at £261.1m (2017: £228.1m). These comprised a portfolio of mainly equity investments and net liabilities.

UIL has a leveraged balance sheet structure, with the ordinary shares leveraged by the ZDP shares and bank debt.

Due to the readily realisable nature of the Company's assets, cash flow does not have the same significance as for an industrial or commercial company. The Company's principal cash flows arise from the purchase and sales of investments and the income from investments against which must be set the costs of borrowing and management expenses.

PRINCIPAL RISKS AND RISK MITIGATION

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

The Board considers carefully the Company's principal risks and seeks to mitigate these risks through continual and regular review, policy setting, compliance with and enforcement of contractual obligations and active communication with the Investment Managers and the Company's Administrator.

The Board applies the principles and recommendations of the UK Code on Corporate Governance and the AIC's Code on Corporate Governance (the "AIC Code") as described on page 50. The Company's internal controls are described in more detail on page 44. Through these procedures, and in accordance with Internal Control: Revised Guidance for Directors on the Combined Code (the "FRC guidance"), the Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and has regularly reviewed the effectiveness of the internal control systems for the year. This process has been in place throughout the year under review and to the date hereof and will continue to be regularly reviewed by the Board going forward.

Most of the Company's principal risks are market-related and similar to those of other investment companies which invest globally in various currencies around the world. The principal ongoing risks and uncertainties currently faced by the Company, and the controls and actions to mitigate those risks are described below. Further details of risks and risk management policies as they relate to the financial assets and liabilities of the Company are detailed in note 30 to the accounts.

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

The Board monitors the performance of the Company and has established guidelines to ensure that the investment policy that has been approved is pursued by the Investment Managers.

The investment process employed by the Investment Managers combines assessment of economic and market conditions in the relevant countries with stock selection. Fundamental analysis forms the basis of the Company's stock selection process, with an emphasis on sound balance sheets, good cash flows, the ability to pay and sustain dividends, good asset bases and market conditions. The political risks associated with investing in these countries are also assessed. Overall, the investment process aims to achieve absolute returns through an active fund management approach.

The Company's results are reported in Sterling, whilst the majority of its assets are priced in foreign currencies. The impact of adverse movements in exchange rates can significantly affect the returns in Sterling of both capital and income. Such factors are out of the control of the Board and the Investment Managers and may give rise to distortions in the reported returns to shareholders. It can be difficult and expensive to hedge some currencies.

In addition, the ordinary shares of the Company may trade at a discount to their NAV. The Board monitors the price of the Company's shares in relation to their NAV and the premium/discount at which they trade. The Board may buy back shares if there is a significant overhang of stock in the market, having regard to the percentage of shares in public hands.

The Board regularly reviews strategy in relation to a range of issues including the balance between quoted and unquoted stocks, the allocation of assets between geographic regions and sectors and gearing. Periodically the Board holds a separate meeting devoted to strategy, the most recent one being held in November 2017.

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

There is no guarantee that the Company's strategy and business model will be successful in achieving its investment objective. The value of an investment in the Company and the income derived from that investment may go down as well as up and an investor may not get back the amount invested. Past performance of the Company is not necessarily indicative of future performance.

No material change in overall risk in the year.

STRATEGIC REPORT AND BUSINESS REVIEW
(continued)

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

The ordinary shares rank behind bank debt and ZDP shares, making them a geared instrument.

The gearing level is high due to the capital structure of the balance sheet. Whilst the gearing should enhance total return where the return on the Company's underlying securities is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling. As at 30 June 2018, gearing on net assets, including bank loans, any overdrafts and ZDP shares, was 87.3%. The Board reviews the level of gearing at each Board meeting.

No material change in overall risk in the year.

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

ICMIM monitors compliance with the banking covenants when each drawdown is made and at the end of each month. The Board reviews compliance with the banking covenants at each Board meeting.

No material change in overall risk in the year.

Key staff: loss by the Investment Managers of key staff could affect investment returns

The quality of the management team is a crucial factor in delivering good performance. There are training and development programs in place for employees of the Investment Managers and the recruitment and remuneration packages have been developed in order to retain key staff.

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

No material change in overall risk in the year.

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

Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to successfully pursue its investment policy. The Company's main service providers are listed on page 106. The Audit & Risk Committee monitors the performance of the service providers.

All listed investments are held in custody for the Company by JPMorgan Chase Bank N.A., Jersey ("JPMorgan"); the unlisted investments are held in custody by BCB (together "the Custodians"). Following the appointment of J.P. Morgan Europe Limited ("JPMEL") as the Company's Depositary services provider, JPMEL also monitors the movement of cash and assets across the Company's accounts. The Audit & Risk Committee reviews the Administrator's annual internal controls report.

The Board reviews operational issues at each Board meeting and the Audit & Risk Committee receives reports on the operation of internal controls and the risk of cybercrime, as explained in more detail within "Internal Controls" on page 44. The risk of cybercrime is high, as it is with most organisations, but the Board regularly seeks assurances from the Investment Managers and other service providers on the preventative steps that they are taking to reduce this risk.

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

OUTLOOK AND FUTURE TRENDS

The main trends and factors likely to affect the future development, performance and position of the Company's business can be found in the Investment Managers' Report section of this Strategic Report. Further details as to the risks affecting the Company are set out above under "Principal Risks and Risk Mitigation".

VIABILITY STATEMENT

In accordance with the provisions of the UK Corporate Governance Code, published by the Financial Reporting Council in September 2014 (the "Code"), the Directors have assessed the prospects of the Company over the next three years. The Board has determined that a three year period is a reasonable time horizon to consider the continuing viability of the Company, given the current regulatory environment, as they do not expect there to be any significant change to the current principal risks and to the mitigating controls in place over this period.

In its assessment of the viability of the Company, the Board has considered each of the Company's principal risks and uncertainties detailed above, as well as the impact of a sustained, but not catastrophic, fall in equity markets, and related falls in income streams, on the Company's ability to repay the £140.7m ultimate liability in respect of the 2018 and 2020 ZDP share issues and its bank debt, whilst maintaining its objective of maximising shareholder returns. In arriving at its conclusions, the Board has also considered the Company's income and expenditure projections and the fact that a significant percentage of the Company's investments comprise readily realisable securities which could be sold to meet funding requirements, if necessary.

Additionally, the Board has considered the impact of failure of any or all of its key service providers over the ensuing three years and has satisfied itself that suitable alternative providers could be engaged at short notice and at similar cost, if necessary.

The Board has considered the Company's business model, investment objective and policy, as well as the processes in place to monitor operating costs, share price discount, asset allocation, portfolio risk profile, gearing, counterparty exposure, liquidity risk and financial controls. The Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three years.

This Strategic Report and Business Review was approved by the Board of Directors on 14 September 2018.

By order of the Board
ICM Limited
Company Secretary

14 September 2018

INVESTMENT MANAGERS AND TEAM

The Investment Managers are focused on finding investments at valuations that do not reflect their true long term value. Their investment approach is to have a deep understanding of the business fundamentals of each investment and its environment versus its intrinsic value. The Investment Managers are long term investors and see markets as a place to exchange assets. ICM is a relentless bottom up investor.

ICM manages over £15.0bn in funds, directly and indirectly, in a range of mandates. ICM has over 50 staff based in offices in Bermuda, Cape Town, Dublin, Hong Kong, London, Melbourne, Singapore, Sydney and Wellington.

UIL has a broad investment mandate. To better execute the mandate UIL has set up a number of platforms to focus the investment process and decisions. The Investment Managers have mirrored these platforms in establishing investment teams dedicated to each.

The investment teams are led by Duncan Saville and Charles Jillings.

Duncan Saville, a director of ICM, is a chartered accountant with corporate finance and asset management experience. He was formerly a non-executive director of Utilico Investment Trust plc and is an experienced director having been or is a non-executive director of a number of utility, financial service, resource and technology companies.

Charles Jillings, a director of ICM and chief executive of ICMIM, is responsible for the day-to-day running of the Company and the investment portfolio. He is a qualified chartered accountant and has extensive experience in corporate finance and asset management. He is an experienced director having previously been a non-executive director in the water, waste and financial services sectors.

Core teams assisting them at a senior level, including consultants, are:

Utilities & Infrastructure

Jacqueline Broers, who has been involved in the running of UIL and UEM since September 2010. Mrs Broers is focused on the transport sector worldwide with particular emphasis on emerging markets. Prior to joining the investment team, Mrs Broers worked in the corporate finance team at Lehman Brothers and Nomura. Mrs Broers is a qualified chartered accountant.

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

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

Fixed Income

Gavin Blessing, joined ICM in 2012. He has over 20 years of experience, mostly in the corporate fixed income markets, both investment grade and high yield. He worked as a credit research analyst and portfolio manager at Goldman Sachs Asset Management in London for 10 years and subsequently as head of credit origination at ISTC in Dublin, Ireland. Prior to joining ICM he was head of bond credit research at Canaccord Genuity in Dublin. Mr Blessing is a qualified chartered accountant and CFA charterholder.

Resources

Dugald Morrison, based in Wellington, New Zealand, is responsible for ICM NZ Limited and in addition is focused on the resources sector worldwide. He is an experienced investment analyst, having worked in stockbroking, investment banking and investment management firms in New Zealand, the United Kingdom and the United States since 1987. He is a non-executive director of RESIMAC New Zealand. Mr Morrison is a member of the New Zealand Institute of Directors.

Technology

Jason Cheong, based in Sydney, Australia is responsible for ICM's technology investing activities. He is the portfolio manager for Allectus Capital, having worked in private equity, investment banking and corporate law in Australia and the UK. Prior to joining ICM, he was an investment manager at Brookfield Asset Management. Mr Cheong is a qualified solicitor, admitted to practice in Australia.

Financial services

Alasdair Younie is a director of ICM, based in Bermuda. Mr Younie is responsible for the day to day running of the Somers Group and its Bermuda investments portfolio. Mr Younie has extensive experience in financial markets and corporate finance. He worked for six years within the corporate finance department of Arbuthnot Securities Limited in London. He is a director of Ascendant Group Limited, Bermuda Commercial Bank Limited, Bermuda First Investment Company Limited, Somers Limited and West Hamilton Holdings Limited. Mr Younie is a member of the Institute of Chartered Accountants in England and Wales.

Corporate finance

Sandra Pope is a director of ICMIM. She has over 25 years' experience in corporate finance, having previously worked in corporate finance at Deloitte Haskins & Sells, Hill Samuel Bank and Close Brothers for 10 years and has worked for the ICM Group since 1999. Mrs Pope is a qualified chartered accountant and is a director of several private companies.

Operations

Brad Goddard has over 25 years' experience in international markets and finance and their related operations with the ICM Group. Brad has been involved with UIL since its inception and prior to that, he was involved with The Special Utilities Investment Trust plc. Brad is currently working closely with Somers' investee companies to achieve greater operational synergies across the Somers group.

Accounting

Werner Van Kets has managed various operational and financial aspects of ICM Corporate Services (Pty) Ltd since its inception, which provides accounting and other corporate support services to the ICM group. His previous work experience includes Deloitte (South Africa) and Credit Suisse in London. Werner is a qualified chartered accountant.

Company Secretary, ICM Limited

Alastair Moreton, a chartered accountant, joined the team in 2017 to provide company secretarial services to the Company and UEM. He has over thirty years' experience in corporate finance with Samuel Montagu, HSBC, Arbuthnot Securities and Stockdale Securities, where he was responsible for the company's closed end fund corporate clients.

ICMIM, a company authorised and regulated by the FCA as an AIFM pursuant to the AIFM Rules, is the Company's AIFM with sole responsibility for risk management, subject to the overall policies, supervision, review and control of the Board and is joint portfolio manager of the Company, alongside ICM.

DIRECTORS

Peter Burrows AO* (Chairman) was appointed a Director in September 2011 and Chairman in November 2015. Mr Burrows is an experienced stockbroker and founded his own independent specialist private client stock broking firm, Burrows Limited, in 1986. Mr Burrows was previously the chairman and director of a number of listed and unlisted companies and is currently chairman of ASX-listed Sunvest Corporation Limited. Mr Burrows was made an officer in the Order of Australia (AO) for his services to medical research, tertiary education and finance.

Alison Hill, FCMA, CGMA*, was appointed a Director in November 2015 and is an executive director and chief executive officer of The Argus Group in Bermuda, which provides insurance, retirement and financial services. Ms Hill has over twenty five years' experience in global corporations in the financial services sector. Ms Hill is a trustee and a member of committees of a number of non-corporate organisations in Bermuda. Ms Hill is a Fellow of the Chartered Institute of Management Accountants and a Chartered Global Management Accountant.

Warren McLeland, was appointed a Director in September 2013. He was formerly a stockbroker, investment banker and Chief Executive Officer of Resimac Ltd. He acts as an adviser in funds management and business strategy to companies operating in the Asia Pacific region. He is chairman of Somers Limited, director of Homeloans Limited and is an experienced non-executive director.

Christopher Samuel*, who was appointed a Director in November 2015, was Chief Executive of Ignis Asset Management until mid-2014, when it was taken over by Standard Life. He has worked in financial services throughout his career with over twenty years of Board level experience in the investment management sector. He is currently Chairman of Defaqto and Blackrock Throgmorton Trust plc as well as a non-executive director of Alliance Trust PLC, JP Morgan Japanese Investment Trust plc and Sarasin LLP. Mr Samuel is a Chartered Accountant.

David Shillson, LLM (Hons), who was appointed a Director in November 2015, is an experienced corporate and commercial lawyer and a senior partner of Kensington Swan, a New Zealand law firm. He has significant experience acting for a mix of non-government, central and local government clients, particularly in acquisitions and investment structuring, advising on transactional and governance matters across the utilities (ports, airports), technology, energy, transport (rail and roads) and finance sectors. Mr Shillson is a member of the New Zealand Law Society and the New Zealand Institute of Directors.

Eric Stobart, FCA* (Chairman of Audit and Management Engagement Committees) was appointed a Director in May 2007. He has spent most of his career in merchant and commercial banking, latterly as Director of Public Policy and Regulation for what is now Lloyds Banking Group. He is a non-executive chairman of Capita Managing Agency Limited and a member of the audit and risk committee of London Business School. He is also a trustee of the Anglian Water Group Pension Schemes, the Dixons Retail Pension Scheme, Lloyd's Superannuation Fund and the Royal Hospital for Neuro-Disability Pension Scheme. Mr Stobart is a chartered accountant with an MBA from London Business School.

* Independent Director and member of the Audit Committee and Management Engagement Committee

REPORT OF THE DIRECTORS

The Directors submit the Annual Report and Accounts of the Company and Group for the year ended 30 June 2018. The Corporate Governance Statement commencing on page 49, the Audit & Risk Committee Report on page 59 and the Directors' Remuneration Policy and Remuneration Report on page 55 all form part of this Report of the Directors. There are no instances where the Company is required to make disclosures in respect of Listing Rule 9.8.4R.

STATEMENT REGARDING ANNUAL REPORT AND ACCOUNTS

The Directors consider that, following advice from the Audit & Risk Committee, the Annual Report and Accounts, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

STATUS OF THE COMPANY

The Company is a Bermuda exempted closed end investment company with company registration number 39480. The Company's ordinary shares are listed on the premium segment of the Official List of the Financial Conduct Authority and are traded on the Main Market of the London Stock Exchange. It is a member of the AIC in the UK.

The Company's subsidiary undertaking, UIL Finance, carries on business as an investment company.

The Company also holds shares in a segregated account in GERP, an unquoted Bermuda segregated accounts company. This account, which is structured as the Bermuda law equivalent of a protected cell, exists for the sole purpose of carrying out derivative transactions on behalf of the Company. As at the year end, the Company was the majority shareholder of BFIC, an investment holding company investing in Bermuda companies, Zeta, a resources focused holding and development company listed on the ASX and two unlisted non-trading companies. Details of these investments are given in note 10 to the accounts.

RESULTS AND DIVIDENDS

Details of the Company's performance in the year to 30 June 2018 are set out in the Chairman's Statement and Investment Managers' Report. The results for the year are set out in the attached accounts, which are prepared on a going concern basis as disclosed in note 29 to the accounts; details of the dividends declared in respect of this financial year are included in note 8 to the accounts.

The dividends in respect of the year, which total 7.50p per ordinary share, have been declared and are paid as four interim dividends in order to maintain quarterly payments (in December, March, June and September) as the Board and its Investment Managers believe, from discussions with shareholders, that the timely and regular payment of dividends is valued by the Company's shareholders.

THE EU ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFMD")

The Company is a non-EU Alternative Investment Fund for the purposes of the AIFMD. The Company has appointed ICMIM, an English incorporated company which is regulated by the FCA, as its AIFM with effect from 13 April 2015, with sole responsibility for risk management and ICM and ICMIM jointly to provide portfolio management services.

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

REPORT OF THE DIRECTORS
(continued)

The Company has also appointed JPMEL as its depositary services provider, with effect from 13 April 2015. JPMEL's responsibilities, which are set out in the IDD on the Company's website at www.uil.limited, include general oversight over the issue and cancellation of the Company's shares, the calculation of the NAV, cash monitoring and asset verification and record keeping. JPMEL receives a fee of 2.2bps on UIL's NAV for its services, subject to a minimum fee of £25,000 per annum, payable monthly in arrears.

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

FUND MANAGEMENT ARRANGEMENTS

The joint portfolio managers are ICMIM and ICM. The aggregate fees payable by the Company under the Investment Management Agreement ("IMA") are 0.5% per annum of gross assets after deducting current liabilities (excluding borrowings incurred for investment purposes), payable quarterly in arrears, with such fees to be apportioned between ICMIM and ICM as agreed by them. The Investment Managers may also become entitled to a performance-related fee. Note 3 to the accounts provides detailed information in relation to the management fee and performance fee.

The IMA may be terminated upon one year's notice in writing given by the Company or by the Investment Managers acting together.

ICMIM acted as company secretary during the year ended 30 June 2017 and ICM was appointed to this role in place of ICMIM with effect from 1 July 2017.

The Board continually reviews the policies and performance of the Investment Managers. The Board's philosophy and the Investment Managers' approach are that the portfolio should consist of shares thought attractive irrespective of their inclusion or weighting in any index. Over the long term, the Board expects the combination of the Company's and Investment Managers' approach to generate a positive return for shareholders. The Board is satisfied with the terms of appointment of ICMIM and ICM.

REGULATORY AND COMPETITIVE ENVIRONMENT

The Company is obliged to comply with Bermuda law, the Listing Rules of the FCA and International Financial Reporting Standards ("IFRS"). The financial statements are also presented, where relevant, in compliance with the Statement of Recommended Practice ("SORP") for Investment Trusts issued by the AIC in November 2014 and updated in January 2017. The Company is exempt from taxation, except insofar as it is withheld from income received and capital gains taxes in some jurisdictions. Under Bermuda law, the Company may not distribute income or capital reserves by way of a dividend unless, after distribution of the dividend, the Company would be able to pay its liabilities as they become due and the realisable value of the Company's assets would be greater than the aggregate of its liabilities and its issued share capital and share premium account. The Company is registered with the IRS in the USA under the Foreign Account Tax Compliance Act.

In addition to annual and half-yearly accounts published under these rules, the Company announces net asset values weekly via the London Stock Exchange's Regulatory News Service and provides more detailed statistical information on a monthly basis on its website and to the AIC in order to allow investors and brokers to review its performance. The Company also reports to shareholders on performance against the investment objective, Directors' dealings in the shares of the Company, corporate governance, investment activities and share buybacks.

The accounting policies of the Company are detailed in note 1 to the accounts on pages 75 to 77.

DIRECTORS

The Company has a Board of six non-executive Directors who oversee and monitor the activities of the Investment Managers and other service providers and ensure that the Company's investment policy is adhered to. Details of the Board's responsibilities and the information it relies upon are set out below. The Board is supported by an Audit & Risk Committee and a Management Engagement Committee, which deal with specific aspects of the Company's affairs as summarised on pages 59 and 41 respectively.

The Directors have a range of business, financial and asset management skills as well as experience relevant to the direction and control of the Company. Brief biographical details of the members of the Board are shown on page 36.

Under the Company's Bye-Laws, the number of Directors on the Board shall be not less than two and not more than 10 (or such other number as the Company by resolution may from time to time determine).

There is no chief executive position within the Company, as day-to-day management of the Company's affairs has been delegated to the Investment Managers under the terms of the IMA.

CHAIRMAN

The Chairman of the Company is Peter Burrows, a non-executive Director, who the Board considers to be independent. He has been a Director since 2011 and Chairman of the Board of Directors since November 2015. Mr Burrows is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role.

SENIOR INDEPENDENT DIRECTOR

It is considered unnecessary to identify a senior independent director due to the nature of an investment company and the relationship between the Board and the Investment Managers. Any of the Directors is available if shareholders have concerns which have not been resolved through the normal channels of contact with the Chairman or Investment Managers, or for which such channels are inappropriate.

BOARD RESPONSIBILITIES

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

Directors have a duty to promote the success of the Company taking into consideration the likely consequences of any decision in the long-term; the need to foster the Company's business relationships with its Investment Managers and advisers; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between shareholders of the Company. The Directors are also responsible for the proper conduct of the Company's affairs and for promoting the success of the Company by directing and supervising its affairs within a framework of effective controls which enable risk to be assessed and managed. In addition, the Directors are responsible for ensuring that the Company's policies and operations are in the best interests of all of its shareholders and that the interests of creditors and suppliers to the Company are properly considered.

REPORT OF THE DIRECTORS
(continued)

The Board is committed to the prevention of corruption in the conduct of the Company's affairs and, taking account of the nature of the Company's business and operations, has put in place procedures that the Board considers adequate to prevent persons associated with it from engaging in bribery for and on behalf of the Company.

A formal schedule of matters reserved for decision by the Board and detailing the responsibilities of the Board has been established. The main responsibilities include setting the Company's objectives, policies and standards, considering any major acquisitions or disposals of portfolio companies (more than 15% of the portfolio), ensuring that the Company's obligations to shareholders and others are understood and complied with, approving accounting policies and dividend policy, managing the capital structure, setting long-term objectives and strategy, assessing and managing risk (including supervising and reviewing the performance of ICMIM as the Company's AIFM with responsibility for risk management), reviewing investment performance, monitoring the net borrowing position, approving recommendations made by the Audit & Risk Committee, reviewing Directors' remuneration, undertaking nomination responsibilities and assessing the Investment Managers on an ongoing basis. The Board also seeks to ensure that shareholders are provided with sufficient information in order to understand the risk/reward balance to which they are exposed by holding their shares, through the portfolio details given in the annual and half-yearly financial reports, monthly factsheets and weekly NAV disclosures.

There is an agreed procedure for Directors, in the furtherance of their duties, to take legal advice at the Company's expense, having first consulted with the Chairman.

SUPPLY OF INFORMATION

To enable the Directors to fulfil their roles, the Investment Managers ensure that all Directors have timely access to all relevant management, financial and regulatory information.

On being appointed to the Board, Directors are fully briefed as to their responsibilities and are continually updated throughout their term in office on industry and regulatory matters. The Board and the Investment Managers have also put arrangements in place to address the ongoing training requirements of Directors which include briefings from the Investment Managers' staff or external advisers and which ensure that Directors can keep up to date with new legislation and changing risks. The Board holds meetings with various specialists including the auditor at least once a year at which specific topics are addressed.

The Board meets on a regular basis at least four times each year. Additional meetings are arranged as necessary. Regular contact is maintained between the Investment Managers, the Chairman and the other Directors between formal meetings.

Board meetings follow a formal agenda, which includes a review of the investment portfolio with a report from the Investment Managers on the current investment position and outlook, strategic direction, performance against stock market indices and the Company's peer group, asset allocation, gearing policy, cash management, revenue forecasts for the financial year, marketing and shareholder relations, corporate governance, regulatory changes and industry and other issues. The Board also receives reports from the Board's Committees (Audit & Risk and Management Engagement).

BOARD DIVERSITY, APPOINTMENT, RE-ELECTION AND TENURE

The Board as a whole undertakes the responsibilities which would otherwise be assumed by a nomination committee. It considers the size and structure of the Board, including the balance of expertise and skills brought by individual Directors. It has regard to board diversity and recognises the value of progressive refreshing of, and succession planning for, company boards, which matters are discussed by the Board as a whole at least annually. The Board also seeks to have Directors with knowledge and experience of relevant sectors, who understand the key influences on businesses in their area, whether they are economic, political, regulatory or other issues. On the issue of diversity, any new appointment is considered on the basis of the skills and experience that the individual would bring to the Board, regardless of gender.

The Board is of the view that length of service does not necessarily compromise the independence or contribution of directors of an investment company, where continuity and experience can add significantly to the strength of the Board. This is supported by the views on independence expressed in the AIC Code. No limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. The Board has put in place a policy whereby Directors who have served for nine years or more will be subject to annual re-election.

The Board reviews succession planning at least annually. Appointments of new Directors will be made on a formalised basis with the Chairman agreeing in conjunction with his colleagues the skills and expertise required and other relevant selection criteria, and the methods of recruitment (where appropriate using an external recruitment agency), selection and appointment. The potential Director would meet with Board members prior to formal appointment. An induction process will be undertaken with new appointees to the Board being given a full briefing on the workings and processes of the Company and the management of the Company by the Chairman, the Investment Managers, the company secretary and other appropriate persons. All appointments are subject to subsequent confirmation by shareholders in general meeting.

The Bye-laws require that a Director shall retire and be subject to re-election at the first AGM after appointment and at least every three years thereafter.

One-third of the Board is subject to retirement by rotation each year and in addition, any Director who is not considered to be independent stands down annually and seeks re-election. Mr Samuel will retire by rotation at the forthcoming AGM; Mr Stobart, who has been a director for over nine years, will be seeking re-election at the AGM; and Mr McLeland and Mr Shillson, who are not considered to be independent (Mr McLeland is a director of other companies associated with the Investment Managers and Mr Shillson is a partner of Kensington Swan, a New Zealand law firm which has acted for members of the UIL and ICM groups) retire annually and will do so at the forthcoming AGM and, being eligible, offers themselves for re-election. The Bye-laws provide that the Company may, in a special general meeting, remove any Director from the Board.

The Board has considered the re-election of Mr Samuel, Mr Stobart, Mr McLeland and Mr Shillson and has reviewed the composition of the Board as a whole and borne in mind the need for a proper balance of skills and experience. Following an appraisal of the performance of these Directors, the Board believes that these Directors should be put forward for re-election. The Board feels that all four Directors make a valuable contribution based on their individual skills, knowledge and experience. They have commitment to their roles and the Board believes that their re-election would be in the best interests of the Company.

AUDIT & RISK COMMITTEE

The composition and activities of the Audit & Risk Committee are summarised in the Audit & Risk Committee Report on pages 59 to 62. Copies of the terms of reference are available on the Company's website at www.uil.limited.

MANAGEMENT ENGAGEMENT COMMITTEE

The Board has appointed a Management Engagement Committee, chaired by Mr Stobart, which operates within written terms of reference clearly setting out its authority and duties. Copies of the terms of reference are available on the Company's website at www.uil.limited.

REPORT OF THE DIRECTORS
(continued)

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

The Investment Managers' performance is considered by the Board at every meeting, with formal evaluation by the Management Engagement Committee annually. During the year, the Board received detailed reports and views from the Investment Managers on investment policy, asset allocation, gearing and risk at each Board meeting, with ad hoc market/company updates if there were significant movements in the intervening period.

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

REMUNERATION COMMITTEE

The Board as a whole undertakes the work which would otherwise be undertaken by a Remuneration Committee. Its work is summarised in the Directors' Remuneration Report which starts on page 55.

BOARD, COMMITTEE AND DIRECTORS' PERFORMANCE APPRAISAL

The Directors recognise the importance of the AIC Code's recommendations in respect of evaluating the performance of the Board as a whole, the Audit & Risk Committee and the Management Engagement Committee and individual Directors. The performance of the Board, Audit & Risk Committee and Management Engagement Committee and Directors has been assessed during the year in terms of:

- attendance at meetings;
- the independence of individual Directors;
- the ability of Directors to make an effective contribution to the Board and Committees through the range and diversity of skills and experience each Director brings to their role; and
- the Board's ability to challenge the Investment Managers' recommendations, suggest areas of debate and set the future strategy of the Company.

The Board opted to conduct performance evaluation through questionnaires and discussion between the Directors, the Chairman and the chairmen of the Committees. This process is conducted by the Chairman, having regard to the performance evaluation questionnaire, reviewing individually with each of the Directors their performance, contribution and commitment to the Company and the possible further development of skills. In addition, the Chair of the Audit & Risk Committee reviews the performance of the Chairman with the other Directors, taking into account the views of the Investment Managers. The relevant points arising from these meetings are then reported to, and discussed by, the Board as a whole. This process has been carried out in respect of the year under review and will be conducted on an annual basis. The result of this year's performance evaluation process was that the Board, the Committees of the Board and the Directors individually were all assessed to have performed satisfactorily. No follow-up actions were required.

It is not felt appropriate currently to employ the services of, or to incur the additional expense of, an external third party to conduct the evaluation process as an appropriate process is in place; this will, however, be kept under review.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The Board meets at least quarterly, with additional Board and Board committee meetings being held on an *ad hoc* basis to consider particular issues as they arise.

The quorum for any Board meeting is two Directors, however attendance by all Directors at each meeting is strongly encouraged. A committee of the Board is constituted to deal with any matters between scheduled Board meetings. The following table sets out the number of formal Board meetings (excluding Board committee meetings) and other committee meetings held during the year under review and the number of meetings attended by each Director who held office at the end of the year under review.

	BOARD	AUDIT COMMITTEE	MANAGEMENT ENGAGEMENT COMMITTEE
Number of meetings held during the year	5	3	1
Peter Burrows	5	3	1
Alison Hill	5	3	1
Warren McLeland	5	n/a	n/a
Christopher Samuel	5	3	1
David Shillson	4	n/a	n/a
Eric Stobart	5	3	1

Apart from the meetings detailed above, there were a number of meetings held by committees of the Board to approve the final versions of the interim and annual financial statements, the declaration of quarterly dividends and other *ad hoc* items.

DIRECTORS' REMUNERATION AND SHAREHOLDINGS

The Directors' Remuneration Report, which can be found on page 55, contains information on the policy and annual remuneration of the Directors and their share interests in the Company. Shareholders will be asked to approve the Directors' annual report on remuneration on page 56, (excluding the remuneration policy which is next due for approval in 2020).

DIRECTORS' INTERESTS

The Directors' interests in the ordinary share capital of the Company are disclosed in the Directors' Remuneration Report on page 57.

No Director was a party to, or had any interests in, any contract or arrangement with the Company at any time during the year or at the year end. There are no agreements between the Company and its Directors concerning compensation for loss of office.

A Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The Directors have declared any potential conflicts of interest to the Company. Potential conflicts of interest are reviewed regularly by the Board. The Directors have undertaken to advise the company secretary and/or Chairman as soon as they become aware of any potential conflicts of interest.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company maintains Directors' and officers' liability insurance which provides appropriate cover for any legal action brought against its Directors.

REPORT OF THE DIRECTORS
(continued)

SAFE CUSTODY OF ASSETS

The Company's listed investments are held in safe custody by JPMorgan Chase Bank N.A., Jersey, as custodian. Operational matters with the Custodian are carried out on the Company's behalf by ICMIM and the Administrator in accordance with the IMA and the Administration Agreement. The Custodian is paid a variable fee dependent on the number of trades transacted and the location of the securities held.

The Company's unlisted investments continue to be held in safe custody by BCB.

INTERNAL FINANCIAL AND NON-FINANCIAL CONTROLS

The Directors acknowledge that they are responsible for ensuring that the Company maintains a sound system of internal financial and non-financial controls ("internal controls") to safeguard shareholders' investments and the Company's assets.

The Company's system of internal control is designed to manage rather than eliminate risk of failure to achieve the Company's investment objective and/or adhere to the Company's investment policy and/or investment limits. The system can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

The Investment Managers, Administrator and Custodians maintain their own systems of internal controls and the Board and the Audit & Risk Committee receive regular reports from the Investment Managers.

The Board meets regularly, at least four times a year. It reviews financial reports and performance against relevant stock market criteria and the Company's peer group, amongst other things. The effectiveness of the Company's system of internal controls, including financial, operational, compliance and risk management systems is reviewed at least bi-annually against risk parameters approved by the Board. The Board confirms that the necessary actions are taken to remedy any significant failings or weaknesses identified from its review. No significant failings or weaknesses occurred during the year ended 30 June 2018 or subsequently up to the date of this annual financial report.

The Board has reviewed and accepted the Investment Managers' anti-bribery and corruption and whistleblowing policies.

COMPANY SECRETARY

The Board has direct access to the advice and services of the company secretary, who is an employee of ICM. The company secretary, with advice from the Company's lawyers and financial advisers, is responsible for ensuring that the Board and Committee procedures are followed and that applicable rules and regulations are complied with. The company secretary is also responsible to the Board for ensuring timely delivery of information and reports and that the statutory obligations of the Company are met. The company secretary is responsible for advising the Board, through the Chairman, on all governance matters.

ADMINISTRATION

The provision of accounting and administration services to the Company has been delegated to the Administrator. The Administrator during the year ended 30 June 2018 was F&C Management Limited which provided general administration services, including fund accounting, fund valuation, dealing and reporting services to the Company and UIL Finance for a fee, payable monthly in arrears, of £320,000 per annum from 1 October 2017 (2017: £310,000). With effect from 1 July 2018, JP Morgan Chase Bank N.A. – London Branch was appointed Administrator and ICMIM appointed Waverton Investment Management Limited to provide certain support services (including middle office, market dealing and information technology support services). The Agreement with the Administrator provides for an annual fee based on

UIL's month end NAV (5 bps on first £100m NAV, 3 bps on next £150m, 2 bps on next £250m) and the Company or the Administrator may terminate this agreement upon six months' notice in writing after an initial term of one year. Waverton is entitled to receive an annual fee of 3bps of UIL's NAV and UIL will reimburse ICMIM for its costs and expenses incurred in relation to this agreement. Other administrative functions are contracted to external service providers.

Annually, the Management Engagement Committee also considers the ongoing administrative requirements of the Company and assesses the services provided. The Board, based on the recent review of activities by the Management Engagement Committee, believes that the continuing appointments of ICM as company secretary and JP Morgan Chase Bank N.A. - London Branch as administrator remain in the best interests of the Company and its shareholders.

SHARE CAPITAL

As at 30 June 2018 the issued share capital of the Company and the total voting rights were 89,493,389 ordinary shares of 10p each. Full details of changes to the Company's authorised and issued share capital during the year can be found in note 17 to the accounts.

Since the year end, the Company has bought back no further ordinary shares. As at 14 September 2018 the issued share capital and total voting rights were 89,493,389 ordinary shares of 10p each.

At the last AGM, the Company was granted authority to make market purchases of up to 14.99% of its ordinary shares. A total of 703,819 ordinary shares were bought back and cancelled during the year.

UIL Finance, a wholly owned subsidiary of the Company, issued a total of 50.0m 2024 ZDP shares on 2 November 2017 and 25.0m 2026 ZDP shares on 26 April 2018.

SUBSTANTIAL SHARE INTERESTS

As at [14] September 2018, the Company had received notification from Mr Duncan Saville that he had an interest in 63,409,821 ordinary shares (70.9% of UIL's issued share capital) which included the holdings of General Provincial Life Pension Fund Limited (56,001,533 ordinary shares (62.6%)) and Permanent Mutual Limited (6,712,477 ordinary shares (7.5%)).

CORPORATE GOVERNANCE, SOCIALLY RESPONSIBLE INVESTMENT AND VOTING

The Company has developed a policy on corporate governance, socially responsible investment and voting. The Company believes that the interests of its shareholders are served by investing in companies that adopt best practice in corporate governance and social responsibility. Where the Investment Managers become aware that best practice in corporate governance and social responsibility is not followed, the Company and the Investment Managers will encourage changes towards this goal.

As an investment company, environmental policy has limited application. The Investment Managers consider various factors when evaluating potential investments. While a company's policy towards the environment and social responsibility, including with regard to human rights, is considered as part of the overall assessment of risk and suitability for the portfolio, the Investment Managers do not necessarily decide to, or not to, make an investment on environmental and social grounds alone.

The Company is not within the scope of the Modern Slavery Act 2015 because it has no or insufficient turnover and is therefore not obliged to make a human trafficking statement.

The exercise of voting rights attached to shares held by the Company lies with the Investment Managers. Their Stewardship and Voting policy is included on the Company's website at www.uil.limited. Generally, the Investment

REPORT OF THE DIRECTORS
(continued)

Managers will vote in favour of all resolutions at general meetings, unless they see clear investment reasons for doing otherwise. The Board periodically receives a report on instances where the Investment Managers have voted against the recommendation of the management on any resolution. It also expects to be informed of any sensitive voting issues involving the Company's investments.

GREENHOUSE GAS EMISSIONS

The Company has no employees or property and it does not combust any fuel or operate any facility. The Company does not purchase electricity, heat, steam or cooling for its own use. Accordingly, the quantifiable amount of carbon dioxide equivalent produced by the Company annually is zero tonnes. All services are outsourced on a fee basis that is independent of any energy expended on its behalf and it is not practical for the Company to attempt to quantify emissions in respect of such proxy energy use.

FACILITATING RETAIL INVESTMENTS

The Company currently conducts its affairs so that its securities can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The securities are excluded from the FCA's restrictions which apply to non-mainstream investment products because the investment returns received in connection with the shares are wholly or predominantly linked to, contingent on, highly sensitive to or dependent on, the performance of or changes in the value of shares, debentures or government and public securities.

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

The Company's ordinary shares and ZDP shares are eligible for inclusion in an ISA.

THE COMMON REPORTING STANDARD

New tax legislation under The OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (the "Common Reporting Standard") was introduced on 1 January 2016. The legislation requires the Company, as an investment company, to provide personal information on shareholders to the Company's local tax authority in Bermuda. The Bermuda tax authority may in turn exchange the information with the tax authorities of another country or countries in which the shareholder may be tax resident, where those countries (or tax authorities in those countries) have entered into agreements to exchange financial account information.

All new shareholders, excluding those whose shares are held as depositary interests, who are entered on the share register will be sent a certification form for the purposes of collecting this information.

RELATIONS WITH SHAREHOLDERS

The Company welcomes the views of shareholders and places great importance on communication with shareholders. The Investment Managers hold meetings with the Company's largest shareholders and report back to the Board on these meetings. The Chairman and other Directors are available to discuss any concerns with shareholders, if required.

The prime medium by which the Company communicates with shareholders is through the half-yearly and annual financial reports, which aim to provide shareholders with a full understanding of the Company's activities and its results.

This information is supplemented by the calculation and publication weekly, via a Regulatory Information Service, of the NAV of the Company's ordinary shares and by monthly factsheets produced by the Investment Managers.

Shareholders can visit the Company's website: www.uil.limited in order to access copies of half-yearly and annual financial reports, Company factsheets and regulatory announcements.

ANNUAL GENERAL MEETING

The Company's AGM will be held on 21 November 2018.

The notice of the AGM and related notes can be found on pages 103 to 105. All resolutions are ordinary resolutions unless otherwise identified.

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

Resolution 10 Authority for the Company to purchase its own shares

The Directors' authority to buy back shares was renewed at last year's AGM and will expire at the end of the AGM in 2018.

The Directors are proposing to renew the authority at the forthcoming AGM, and are seeking authority to purchase in the market up to 13,410,000 ordinary shares (equivalent to approximately 14.99% of the issued ordinary shares as at the date of this report) as set out in Resolution 10 in the Notice of AGM. This authority, unless it is varied, revoked or renewed, will expire at the conclusion of the Company's AGM in 2019.

Any purchases will be made at prices below the prevailing NAV per ordinary share. The maximum price that can be paid is the higher of: (a) 105% of the average of the mid-market quotations of the ordinary shares for the five business days immediately before the date of purchase; and (b) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. Any ordinary shares purchased by the Company may be held in treasury or cancelled.

Any purchases are regarded as investment decisions. It is proposed that any purchase of shares would be funded from the Company's own cash resources or, if appropriate, from short-term borrowings.

The Board intends to seek a renewal of such authority at subsequent AGMs.

Resolution 11 Disapplication of pre-emption rights

The Company's Bye-laws provide that, unless otherwise determined by a special resolution, the Company is not able to allot ordinary shares for cash without offering them to existing shareholders first in proportion to their shareholdings. Resolution 11 will grant the Company authority to dis-apply these pre-emption rights in respect of up to £447,400 of relevant securities in the Group (equivalent to 4,474,000, ordinary shares of 10p each, representing approximately 5% of its ordinary shares in issue as at the date of this report). This will allow the Company flexibility to issue further ordinary shares for cash without conducting a rights issue or other pre-emptive offer in circumstances where the Directors believe it may be advantageous to shareholders to do so. Any such issues would only be made at prices greater than NAV and would therefore increase the assets underlying each share. The issue proceeds would be available for investment in line with the Company's investment policy.

Resolution 11 is a Special Resolution and will require the approval of a 75% majority of votes cast in respect of it.

REPORT OF THE DIRECTORS
(continued)

RECOMMENDATION

The Board considers the resolutions to be proposed at the AGM to be in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend that shareholders should vote in favour of all the resolutions to be proposed at the AGM.

By order of the Board
ICM Limited, Secretary
14 September 2018

CORPORATE GOVERNANCE

THE COMPANY'S GOVERNANCE NETWORK

Responsibility for good governance lies with the Board. The Board is committed to maintaining high standards of corporate governance and is accountable to shareholders for the governance of the Company's affairs.

The governance framework of the Company reflects the fact that as an investment company it has no employees and outsources investment management and company secretarial services to the Investment Managers and administration to the Administrator and other external service providers.

THE BOARD

Six non-executive directors (NEDs)

Chairman: Peter Burrows

Key Objectives:

- to set strategy, values and standards;
- to provide leadership within a framework of prudent and effective controls which enable risk to be assessed and managed; and
- to constructively challenge and scrutinise performance of all outsourced activities.

AUDIT & RISK COMMITTEE

All the independent Directors

Chairman: Eric Stobart

Key Objective:

- to oversee the financial reporting and control environment.

MANAGEMENT ENGAGEMENT COMMITTEE

All the independent Directors

Chairman: Eric Stobart

Key Objectives:

- to review the performance of the Investment Managers and the Administrator; and
- to review the performance of other service providers.

NOMINATION COMMITTEE FUNCTION

The Board as a whole performs this function

Key Objectives:

- to regularly review the Board's structure and composition; and
- to consider any new appointments.

REMUNERATION COMMITTEE FUNCTION

The Board as a whole performs this function

Key Objective:

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

INTRODUCTION

As a Bermuda incorporated company with a premium listing on the Official List, the Company is required to comply with the UK Corporate Governance Code issued by the Financial Reporting Council. The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for Investment

CORPORATE GOVERNANCE
(continued)

Companies. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. Bermuda does not have its own corporate governance code.

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

COMPLIANCE WITH THE AIC CODE

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function
- nomination of a senior independent director

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of UIL, being a Bermuda incorporated investment company with external investment managers. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

In common with most investment companies, the Company does not have an internal audit function. All of the Company's management and administration functions are delegated to the Investment Managers and Administrator, whose controls are monitored by the Board and which include audit and risk assessment. It is therefore felt that there is no need for the Company to have its own internal audit function. However, this is reviewed annually by the Audit & Risk Committee. Action will be taken to remedy any significant failings or weaknesses identified from the review of the effectiveness of the internal control system.

In view of the requirement of the Bye-laws that all Directors retire by rotation, the Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by the AIC Code. In addition, the Board has considered provision B.7.1 in the UK Corporate Governance Code issued by the Financial Reporting Council published in September 2014 recommending that all directors of FTSE 350 companies should be subject to annual re-election. The Board believes that the current election system, with each Director being re-elected to the Board at least every three years or re-elected annually if they have served more than nine years or are "non-independent", is sufficient.

The Company does not have a Nomination or Remuneration Committee.

Details of the Company's ten largest investments are published monthly and in this report; a full list of investments is not published.

Information on how the Company has applied the principles of the AIC Code and the UK Corporate Governance Code is provided in the Report of the Directors as follows:

- The composition and operation of the Board and its Committees is summarised on pages 39 to 42, and 49, and pages 59 to 62 in respect of the Audit & Risk Committee.
- The Company's approach to risk management and internal control is summarised on pages 31 and 32 and page 44.
- The contractual arrangements with, and assessment of, the Investment Managers are summarised on page 38.

- The Company's capital structure and voting rights are summarised on pages 45 and 52. The substantial shareholders in the Company are listed on page 45.
- Powers to buy back the Company's shares or to issue shares on a non pre-emptive basis, which are sought annually, are summarised on page 47.

Details of how the Company communicates with its shareholders are included in the Report of the Directors, under "Relations with shareholders" on pages 46 and 47.

By order of the Board
ICM Limited
Company Secretary

14 September 2018

CAPITAL STRUCTURE

UIL has a leveraged balance sheet structure, with the ordinary shares leveraged by the ZDP shares, bank debt and other loans.

ORDINARY SHARES

The number of ordinary shares in issue, and the voting rights, as at 30 June 2018 was 89,493,389 shares. The ordinary shares are entitled to all the revenue profits of the Company available for distribution and resolved to be distributed by the Directors by way of a dividend. The Directors consider the payment of dividends on a quarterly basis.

On a winding up, holders of ordinary shares will be entitled, after payment of all debts and the satisfaction of all liabilities of the Company, to the winding up revenue profits of the Company and thereafter, after paying to UIL Finance for its ZDP shareholders their accrued capital entitlement, to all the remaining assets of the Company.

ZDP SHARES

The ZDP shares are issued by UIL Finance, a wholly-owned subsidiary of UIL. The ZDP shares carry no entitlement to income and the whole of any return will take the form of capital.

2018 ZDP shares

32,716,029 2018 ZDP shares were in issue as at 30 June 2018. The 2018 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on winding up) and the 2020, 2022, 2024 and 2026 ZDP shares, but rank behind the bank debt for capital repayment of 160.52p per 2018 ZDP share on 31 October 2018. The capital repayment is equivalent to a redemption yield of 7.25% per annum based on the initial capital entitlement of 100p.

2020 ZDP shares

39,000,000 2020 ZDP shares were in issue as at 30 June 2018. The 2020 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on winding up) and the 2022, 2024 and 2026 ZDP shares but rank behind the bank debt and the 2018 ZDP shares for capital repayment of 154.90p per 2020 ZDP share on 31 October 2020. The capital repayment is equivalent to a redemption yield of 7.25% per annum based on the initial capital entitlement of 100p.

2022 ZDP shares

50,000,000 2022 ZDP shares were in issue as at 30 June 2018. The 2022 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on winding up) and the 2024 and 2026 ZDP shares but rank behind the bank debt, the 2018 and the 2020 ZDP shares for capital repayment of 146.99p per 2022 ZDP share on 31 October 2022. The capital repayment is equivalent to a redemption yield of 6.25% per annum based on the initial capital entitlement of 100p.

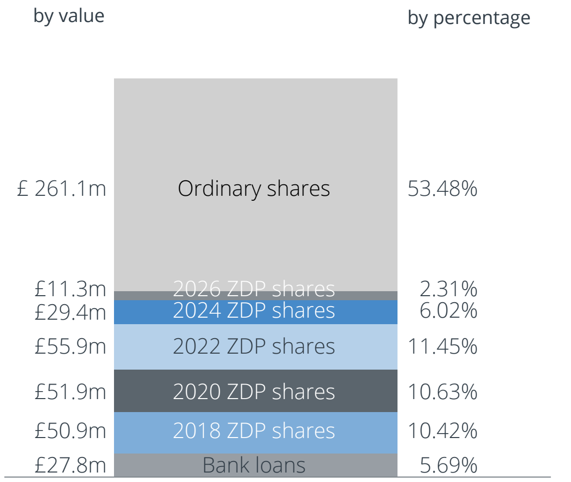
2024 ZDP shares

50,000,000 2024 ZDP shares were in issue as at 30 June 2018. The 2024 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on winding up) and the 2026 ZDP shares but rank behind the bank debt, the 2018, 2020 and the 2022 ZDP shares for capital repayment of 138.35p per 2024 ZDP share on 31 October 2024. The capital repayment is equivalent to a redemption yield of 4.75% per annum based on the initial capital entitlement of 100p.

2026 ZDP shares

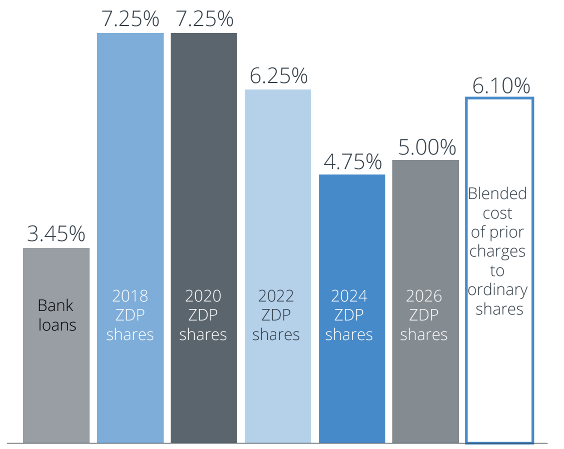
25,000,000 2026 ZDP shares were in issue as at 30 June 2018. The 2026 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on winding up) but rank behind the bank debt, the 2018, 2020, 2022 and the 2024 ZDP shares for capital repayment of 151.50p per 2026 ZDP share on 31 October 2026. The capital repayment is equivalent to a redemption yield of 5.00% per annum based on the initial capital entitlement of 100p.

SPLIT OF GROSS ASSETS
as at 30 June 2018



Source: ICM

CONSOLIDATED FUNDING COST STRUCTURE
as at 30 June 2018



Source: ICM

BANK DEBT

At the year end UIL had a £50.0m multi-currency loan facility provided by Scotiabank, secured against the Company's assets by way of a debenture.

SENSITIVITY OF RETURNS AND RISK PROFILES

Ordinary shares rank behind the ZDP shares (save for any undistributed revenue profit on a winding up) and bank debt such that they represent a geared instrument. For every £100 of gross assets of the Company as at 30 June 2018, the ordinary shares could be said to be interested in £53.48 of those assets after deducting the prior claims as above. This makes the ordinary shares more sensitive to movements in gross assets. Based on these amounts, a 1.0% movement in gross assets would change the NAV attributable to ordinary shares by 1.9%.

The interest cost of UIL's bank debt, combined with the annual accruals in respect of ZDP shares, represents a blended cost to the ordinary shares of 6.1% as at 30 June 2018.

Based on their final entitlement of 160.52p per share, the final entitlement of the 2018 ZDP shares was covered 6.50 times by gross assets as at 30 June 2018. Should the gross assets fall by 84.6% over the remaining life of the 2018 ZDP shares, then the 2018 ZDP shares would not receive their final entitlement in full. Should gross assets fall by 94.7%, equivalent to an annual fall of 100.0%, the 2018 ZDP shares would receive no payment at the end of their life.

Based on their final entitlement of 154.90p per share, the final entitlement of the 2020 ZDP shares was covered 3.71 times by gross assets as at 30 June 2018. Should the gross assets fall by 73.1% over the remaining life of the 2020 ZDP shares, then the 2020 ZDP shares would not receive their final entitlement in full. Should gross assets fall by 84.6%, equivalent to an annual fall of 55.1%, the 2020 ZDP shares would receive no payment at the end of their life.

Based on their final entitlement of 146.99p per share, the final entitlement of the 2022 ZDP shares was covered 2.44 times by gross assets as at 30 June 2018. Should the gross assets fall by 59.0% over the remaining life of the 2022 ZDP shares, then the 2022 ZDP shares would not receive their final entitlement in full. Should gross assets fall by 73.1%, equivalent to an annual fall of 26.1%, the 2022 ZDP shares would receive no payment at the end of their life.

CAPITAL STRUCTURE
(continued)

Based on their final entitlement of 138.35p per share, the final entitlement of the 2024 ZDP shares was covered 1.84 times by gross assets as at 30 June 2018. Should the gross assets fall by 45.7% over the remaining life of the 2024 ZDP shares, then the 2024 ZDP shares would not receive their final entitlement in full. Should gross assets fall by 59.0%, equivalent to an annual fall of 13.1%, the 2024 ZDP shares would receive no payment at the end of their life.

Based on their final entitlement of 151.50p per share, the final entitlement of the 2026 ZDP shares was covered 1.63 times by gross assets as at 30 June 2018. Should the gross assets fall by 38.5% over the remaining life of the 2026 ZDP shares, then the 2026 ZDP shares would not receive their final entitlement in full. Should gross assets fall by 45.7%, equivalent to an annual fall of 7.1%, the 2026 ZDP shares would receive no payment at the end of their life.

DIRECTORS' REMUNERATION REPORT
for the year ended 30 June 2018

The Board is composed solely of non-executive Directors, none of whom has a service contract with the Company and therefore no remuneration committee has been appointed. The Board as a whole undertakes the responsibilities which would otherwise be assumed by a remuneration committee.

Full details of the Company's policy with regards to Directors' fees and fees paid during the year ended 30 June 2018 are shown below. There were no changes to the policy during the year.

Under company law, the auditor is required to audit certain disclosures provided. Where disclosures have been audited they are indicated as such. The auditor's report is contained on pages 64 to 68.

STATEMENT BY THE CHAIRMAN

The Board's policy on remuneration is set out below. A key element is that fees payable to Directors should reflect the time spent by them on the Company's affairs and should be sufficient to attract and retain individuals with suitable knowledge and experience.

DIRECTORS' REMUNERATION POLICY

The Board considers the level of the Directors fees at least annually. The Company's Bye-laws currently limit the aggregate fees payable to the Directors to a total of £250,000 per annum. Within that limit, it is the responsibility of the Board as a whole to determine the level of Directors' fees.

The Board's policy is to set Directors' remuneration at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in continuing to achieve the investment objective. Time committed to the Company's business and the specific responsibilities of the Chairman, Directors and the chairman of the Audit & Risk Committee are taken into account. The policy aims to be fair and reasonable in relation to comparable investment companies.

The fees are fixed and are payable in cash, quarterly in arrears. Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in connection with the performance of their duties and attendance at Board and general meetings and committee meetings. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

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

The Directors' Remuneration Policy was approved by shareholders at the Company's AGM in November 2017. Over 99% of the votes cast were in favour of resolution and less than 1% were against. The Directors' Remuneration Policy will next be put to shareholders for approval at the AGM to be held In 2020, unless changes are proposed to be made in the meantime.

The Directors' Remuneration Report was approved by shareholders at the Company's AGM in November 2017. Over 99% of the votes cast were in favour of the resolution and less than 1% were against. The Board has not received any views from shareholders in respect of the levels of Directors' remuneration.

The Board reviews the fees payable to the Chairman and Directors annually. The fees payable to the Chairman and Directors were reviewed and increased with effect from 1 July 2017 such that the Directors received fees of £32,500 per annum, the chairman of the Audit & Risk Committee received £42,000 and the Chairman of the Board received £44,000 in the year to 30 June 2018.

DIRECTORS' REMUNERATION REPORT
(continued)

The review in respect of 2018/2019 has resulted in the fees being increased with effect from 1 July 2018 as detailed in the table below.

	2019 £'000s	2018* £'000s	2017* £'000s
Chairman	45.0	44.0	43.0
Directors	33.3	32.5	31.8
Chairman of Audit & Risk Committee	43.0	42.0	41.0

*Actual

Based on the levels of fees effective from 1 July 2018, Directors remuneration for the year ending 30 June 2019 would be as follows:

YEAR ENDING	2019 £'000s
Peter Burrows (Chairman)	45.0
Alison Hill	33.3
Warren McLeland	33.3
Christopher Samuel	33.3
David Shillson	33.3
Eric Stobart	43.0
Total	221.0

DIRECTORS' ANNUAL REPORT ON REMUNERATION

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

During the year ended 30 June 2018, the Chairman received a fee of £44,000, the chairman of the Audit & Risk Committee received a fee of £42,000 and the remaining Directors received a fee of £32,500 per annum.

The amounts paid to each Director are set out in the following table, which has been audited. These fees were for services to the Company solely in the capacity of non-executive Directors and have no performance related element.

REMUNERATION FOR QUALIFYING SERVICES TO THE COMPANY (AUDITED)

DIRECTOR(1)	2018 £'000s	2017 £'000s
Peter Burrows	44.0	43.0
Alison Hill	32.5	31.8
Warren McLeland	32.5	31.8
Christopher Samuel	32.5	31.8
David Shillson	32.5	31.8
Eric Stobart(2)	42.0	41.0
Total	216.0	211.2

(1) The Directors' entitlement to fees is calculated in arrears as set out in note 1(j) on page 77
(2) Mr Stobart's fee includes entitlement of £9,500 (2017, £9,200) for being chairman of the Audit & Risk Committee

DIRECTORS' INTERESTS AND INDEMNIFICATION

There were no contracts of significance to which the Company was a party and in which a Director is, or was, materially interested during the year.

The Company has insurance in place which indemnifies the Directors against certain liabilities arising in carrying out their duties.

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

DIRECTORS' BENEFICIAL SHARE INTERESTS

Ordinary shares of 10p each

AT 30 JUNE	2018	2017
Peter Burrows(1)	539,617	539,617
Alison Hill	28,970	9,755
Warren McLeland	52,849	33,634
Christopher Samuel	40,000	20,000
David Shillson	65,460	46,245
Eric Stobart	50,000	50,000

(1) Mr Burrows holds a further 100,000 shares in a non-beneficial capacity

Since the year end, Ms Hill, Mr McLeland and Mr Shillson have each acquired a further 4,588 ordinary shares in the Company. No Director held any interest, beneficial or otherwise, in the issued shares of the Company other than as stated above.

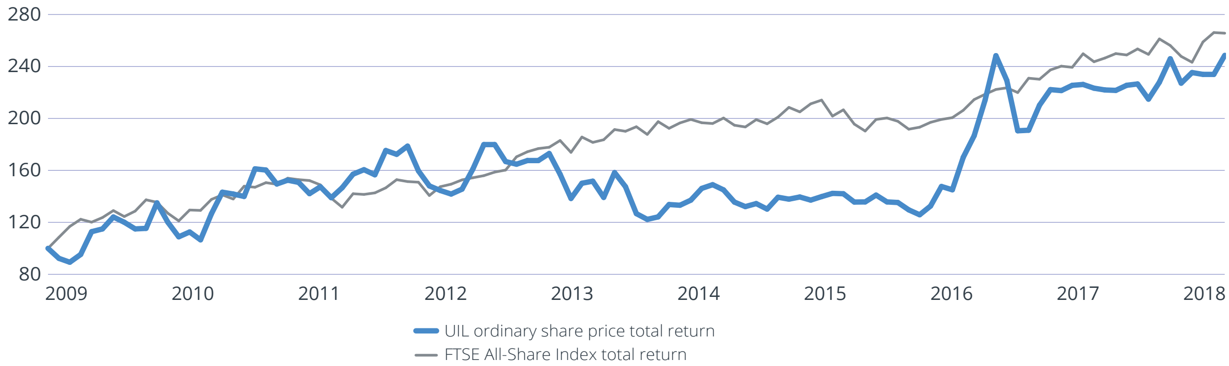
COMPANY PERFORMANCE

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Managers pursuant to the IMA, as referred to in the Report of the Directors' on page 38. The graph below compares, for the nine years ended 30 June 2018, the share

DIRECTORS' REMUNERATION REPORT
(continued)

price total return to ordinary shareholders (assuming all dividends are reinvested) to the FTSE All-Share Index total return (GBP adjusted). An explanation of the performance of the Company for the year ended 30 June 2018 is given in the Chairman's Statement and Investment Managers' Report.

SHARE PRICE TOTAL RETURN
from June 2009 to June 2018 (rebased to 100 at 30 June 2009)



Source: ICM

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table compares the remuneration paid to the Directors with aggregate distributions paid to shareholders in the year to 30 June 2018 and the prior year. This disclosure is a statutory requirement, however the Directors consider that comparison of Directors' remuneration with annual dividends does not provide a meaningful measure relative to the Company's overall performance as an investment company with an objective of providing shareholders with long-term total return.

	2018 £'000s	2017 £'000s	CHANGE £'000s
Aggregate Directors' emoluments	**216**	211	5
Aggregate shareholder distributions(1)	**6,738**	6,774	(36)

(1) The dividend per share was the same in both years at 7.50p per ordinary share; the total dividend paid has reduced in 2018 due to the reduction in the number of shares in issue following buybacks of shares by the Company.

On behalf of the Board
Peter Burrows
Chairman
14 September 2018

AUDIT & RISK COMMITTEE REPORT

As chairman of the Audit & Risk Committee, I am pleased to present the Audit & Risk Committee's report to shareholders for the year ended 30 June 2018.

ROLE AND RESPONSIBILITIES

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

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

COMPOSITION

The Audit & Risk Committee is composed of the independent Directors of the Company and is chaired by Eric Stobart. It is considered that there is a range of recent and relevant financial experience amongst the members of the Audit & Risk Committee.

RESPONSIBILITIES AND REVIEW OF THE EXTERNAL AUDIT

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

- regular review of the portfolio, particularly of the unlisted investments;
- considering and recommending to the Board for approval the contents of the half yearly and annual financial statements and reviewing the external auditor's report;
- considering the Company's viability statement;
- considering the narrative elements of the annual financial report, including whether the annual financial report taken as a whole is fair, balanced and understandable and provides the necessary information for shareholders;
- evaluation of reports received from the auditor with respect to the annual financial statements and its review of the interim report;
- management of the relationship with the external auditor, including its appointment and the evaluation of the scope, effectiveness, independence and objectivity of its audit, with particular regard to non-audit fees;
- evaluation of the effectiveness of the internal control and risk management systems, including reports received on the operational controls of the Company's service providers;
- monitoring developments in accounting and reporting requirements that impact on the Company's compliance with relevant statutory and listing requirements; and
- review of AAF and SSAE 16 reports or their equivalent from the Administrator and the Custodian.

AUDITOR AND AUDIT TENURE

KPMG LLP ("KPMG") has been the auditor of the Company since 2012, following a competitive tender process. The audit partner is Jonathan Martin. The Audit & Risk Committee has considered the independence of the auditor and the objectivity of the audit process and is satisfied that KPMG has fulfilled its obligations to shareholders as independent auditor to the Company.

AUDIT & RISK COMMITTEE REPORT
(continued)

It is the Company's policy not to seek substantial non-audit services from its auditor, unless they relate to a review of the interim report or reporting on financial information in circulars or prospectuses, as the Board considers the auditor is best placed to provide these services. If the provision of significant non-audit services were to be considered, the Audit & Risk Committee would consider whether the particular skills of the audit firm made it a suitable supplier of those services and that there was no threat to the objectivity and independence of the audit. Non-audit fees paid to KPMG during the year amounted to £31,000 for the year ended 30 June 2018 (2017: £4,000) and related to work in connection with the issue of the ZDP shares and the review of the interim accounts; more details are included in note 4A to the accounts.

The partner and manager of the audit team at KPMG presented their audit plan to the Audit & Risk Committee and subsequently reported on the nature, scope and results of their audit at the meeting when the draft annual financial report was considered.

Members of the Audit & Risk Committee meet in camera with the external auditor at least once annually.

The audit plan and timetable were presented by and agreed with KPMG in advance of the financial year end. Items of audit focus were discussed, agreed and given particular attention during the audit process. KPMG reported to the Audit & Risk Committee on these items, amongst other matters. This report was considered by the Audit & Risk Committee and discussed with KPMG and the Investment Managers prior to approval of the annual financial report.

ACCOUNTING MATTERS AND SIGNIFICANT AREAS

The Audit & Risk Committee considered the appropriateness of the accounting policies at the meeting when it reviewed the annual financial statements and agreed with KPMG when discussing the audit plan the more significant accounting matters in relation to the Company's annual financial statements. For the year end the accounting matters that were subject to specific consideration by the Audit & Risk Committee and consultation with KPMG where necessary were as follows:

SIGNIFICANT AREA	HOW ADDRESSED
Carrying value of the listed investments	Actively traded listed investments are valued using stock exchange prices provided by third party pricing vendors. The Audit & Risk Committee regularly reviews the portfolio. The Audit & Risk Committee reviews the annual internal control report produced by the Administrator, which is reported on by independent external accountants and which details the systems, processes and controls around the daily pricing of the securities. KPMG independently tests the pricing of the listed investments.
Value of the unlisted investments	Investments that are unlisted or not actively traded are valued using a variety of techniques to determine a fair value, as set out in note 1(d) to the accounts, and all such valuations are carefully reviewed by the Audit & Risk Committee with the Investment Managers. The Audit & Risk Committee receives detailed information on all the unlisted investments and it discusses and challenges the valuations with the Investment Managers. It considers market comparables and discusses any proposed revaluations with the Investment Managers. The Audit & Risk Committee checks with KPMG that it has reviewed and tested the proposed valuations for reasonability.

The above was satisfactorily addressed through consideration of reports provided by, and discussed with, the Investment Managers and KPMG. As a result, and following a thorough review process, the Audit & Risk Committee advised the Board that it is satisfied that, taken as a whole, the annual financial report for the year to 30 June 2018 is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion, the Audit & Risk Committee has assumed that the reader of the report would have a reasonable level of knowledge of the investment company industry.

The Chairman of the Audit & Risk Committee will be present at the AGM to respond to any questions relating to the financial statements.

EXTERNAL AUDIT, REVIEW OF ITS EFFECTIVENESS AND AUDITOR REAPPOINTMENT

The Audit & Risk Committee advises the Board on the appointment of the external auditor, its remuneration for audit and non-audit work and its cost effectiveness, independence and objectivity.

As part of the review of the effectiveness of the audit process, a formal evaluation process incorporating views from the members of the Audit & Risk Committee and relevant personnel at the Investment Managers is followed and feedback is provided to KPMG. Areas covered by this review include:

- the calibre of the audit firm, including reputation and industry presence;
- the extent of quality controls including review processes, second director oversight and annual reports from its regulator;
- the performance of the audit team, including skills of individuals, specialist knowledge, partner involvement, team member continuity and quality and timeliness of audit planning and execution;
- audit communication including planning, relevant accounting and regulatory developments, approach to significant accounting risks, communication of audit results and recommendations on corporate reporting;
- ethical standards including independence and integrity of the audit team, lines of communication to the Audit & Risk Committee and partner rotation; and
- reasonableness of the audit fees.

For the 2018 financial year, the Audit & Risk Committee is satisfied that the audit process was effective.

Resolutions proposing the reappointment of KPMG as the Company's auditor and authorising the Directors to determine its remuneration will be put to the shareholders at the forthcoming AGM.

AUDIT INFORMATION

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the UK Companies Act 2006.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Company's risk assessment process and the way in which significant risks are managed is a key area of focus for the Audit & Risk Committee. Work here was driven by the Audit & Risk Committee's assessment of the risks arising in the Company's operations and identification of the controls exercised by the Board and its delegates, the Investment Managers, the Administrator and other service providers. These are recorded in risk matrices prepared by ICMIM as the Company's AIFM with responsibility for risk management which continue to serve as effective tools to highlight

AUDIT & RISK COMMITTEE REPORT
(continued)

and monitor the principal risks, details of which are provided in the Strategic Report and Business Review. The Audit & Risk Committee also received and considered, together with representatives of the Investment Managers, reports in relation to the operational controls of the Investment Managers, Administrator, Custodians and share registrar. These reviews identified no issues of significance.

INTERNAL AUDIT

Due to the nature of the Company, being an externally managed investment company with no executive employees, the Company does not have its own internal audit function. The Committee and the Board have concluded that there is no current need for such a function, based on the satisfactory operation of controls within the Company's service providers.

COMMITTEE EVALUATION

The Audit & Risk Committee's activities formed part of the review of Board effectiveness performed in the year. Details of this process can be found under "Board, Committee and Directors' performance appraisal" in the Report of the Directors.

Eric Stobart
Chairman of the Audit & Risk Committee
14 September 2018

ELECTRONIC PUBLICATION

The annual report and accounts are published on the Company's website, www.uil.limited, the maintenance and integrity of which is the responsibility of ICMIM. The work carried out by the auditor does not involve consideration of the maintenance and integrity of the website and accordingly, the auditor accepts no responsibility for any changes that have occurred in the financial statements since they were originally presented on the website. Visitors to the website need to be aware that the legislation governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Report and Accounts and the Group and parent Company financial statements in accordance with applicable law and regulations.

The Directors are required under Bermudan law to prepare Group and parent Company financial statements for each financial year. The Group financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable law and the Directors have elected to prepare the parent Company financial statements on the same basis.

Under Bermudan company law the financial statements are required to give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company 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 IFRS as adopted by the EU;
- assess the Group and parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report and a Corporate Governance Statement that complies with that law and those regulations. The Directors have decided to prepare voluntarily a Directors' Remuneration Report as if the Company was required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the UK Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The Directors are 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 its financial statements comply with the Bermuda Companies Act (1981). They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the annual report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Approved by the Board on 14 September 2018 and signed on its behalf by:

Peter Burrows
Chairman

KPMG

Independent auditor's report

to the members of UIL Limited

1. Our opinion is unmodified

We have audited the financial statements of UIL Limited ("the Company") for the year ended 30 June 2018 which comprise the Group and Company Income Statements, Group and Company Statement of Changes in Equity, Balance Sheets and Statements of Cash Flow and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

— give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2018 and of the Group's and parent Company's profit for the year then ended;

— have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;

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 Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 29 October 2012. The period of total uninterrupted engagement is for the 6 financial years ended 30 June 2018. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: group financial statements as a whole	£5.0m (2017: £5.0m) 1% (2017: 1%) of total assets	
Risks of material misstatement		**vs 2017**
Recurring risks	Valuation of listed investments	◄►
	Valuation of unlisted investments	◄►

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance for both the parent company and group, were as follows (unchanged from 2017):

	The risk	Our response
Valuation of listed investments (£367.3 million; 2017: £340.1million) *Refer to page 60 (Audit Committee Report), page 76 (accounting policy) and pages 82 to 84 (financial disclosures).*	**Low risk, high value:** The company's portfolio of quoted investments makes up 74% of the group's total assets (by value) and is considered to be the key driver of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: — **Control design:** Documenting and assessing the design and implementation of the investment valuation processes and controls; — **Pricing:** Agreeing the pricing of 100% of the listed investments in the portfolio to third party pricing sources; and — **Custodian confirmations:** Agreeing 100% of investment holdings in the portfolio to independently received third party confirmations.
Valuation of unlisted investments (£126.1 million; 2017: £109.0million) *Refer to page 60 (Audit Committee Report), page 76 (accounting policy) and pages 82 to 84 (financial disclosures).*	**Subjective valuation:** 25% of the group's total assets (by value) is held in investments where no quoted market price is available. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as prices of recent orderly transactions, earnings multiples and net assets. There is a significant risk over the valuation of these investments.	— Our procedures included: — **Control design:** Documenting and assessing the design and implementation of the investment valuation processes and controls; — **Control observation:** Attending the year-end Audit Committee meeting where we assessed the effectiveness of the Audit Committee's challenge and approval of unlisted investment valuations; — **Historical comparisons:** Assessment of investment realisations in the period, comparing actual sales proceeds to prior year end valuations to understand the reasons for significant variances and determine whether they are indicative of bias or error in the company's approach to valuations; — **Methodology choice**: In the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines, we challenged the appropriateness of the valuation bases selected; — **Comparing valuations:** Where a recent transaction has been used to value a holding, we obtained an understanding of the circumstances surrounding the transaction and whether it was considered to be on an arms-length basis and suitable as an input into a valuation.

KPMG

2. Key audit matters: our assessment of risks of material misstatement (cont.)

	The risk	Our response
Valuation of unlisted investments (cont.) (£126.1 million; 2017: £109.0million) *Refer to page 60 (Audit Committee Report), page 76 (accounting policy) and pages 82 to 84 (financial disclosures).*	**Subjective valuation (cont.):** 25% of the group's total assets (by value) is held in investments where no quoted market price is available. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as prices of recent orderly transactions, earnings multiples and net assets. There is a significant risk over the valuation of these investments.	— Our procedures included (cont.): — **Our valuations experience**: Challenging the investment manager on key judgements affecting investee company valuations, such as discount factors and the choice of benchmark for earnings multiples. We compared key underlying financial data inputs to external sources, investee company audited accounts and management information as applicable. We challenged the assumptions around maintainability of earnings based on the plans of the investee companies and whether these are achievable and we obtained an understanding of existing and prospective investee company cashflows to understand whether borrowings can be serviced or whether refinancing may be required. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report; — **Assessing transparency:** Consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unquoted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.

3. Our application of materiality and an overview of the scope of our audit

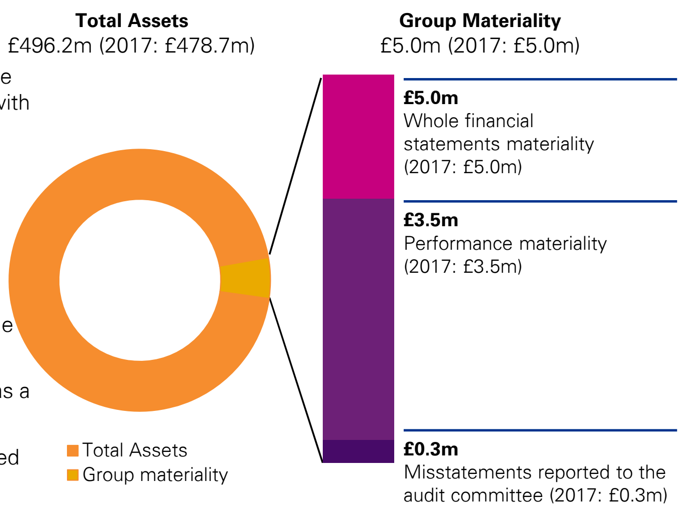
Materiality for the group's financial statements as a whole was set at £5.0 million (2017: £5.0 million), determined with reference to a benchmark of total assets, of which it represents 1% (2017: 1%).

In addition, we applied materiality of £0.3 million (2017: £0.3 million) to management and administration fees for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the group's members' assessment of the financial performance of the group.

Materiality for the parent company financial statements as a whole was set at £5.0 million (2017: £5.0 million).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.3 million (2017: £0.3 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality levels set out above at our offices in London, United Kingdom.



4. We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in note 29 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- if the related statement under the Listing Rules set out on page 33 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Directors' remuneration report

In addition to our audit of the financial statements, the directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the directors have decided to prepare as if the company were required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the Companies Act 2006.

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, as if those requirements applied to the company.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Strategic Report on page 33 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation within the Strategic Report on page 33 of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

6. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 63, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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 Group and parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements 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.

7. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with section 90(20) of the Companies Act 1981 of Bermuda and the terms of our engagement by the company. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Martin
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
14 September 2018

GROUP INCOME STATEMENT

Notes	for the year to 30 June	2018 Revenue return £'000s	2018 Capital return £'000s	2018 Total return £'000s	2017 Revenue return £'000s	2017 Capital return £'000s	2017 Total return £'000s
9	Gains on investments	–	48,366	48,366	–	31,238	31,238
12	Gains/(losses) on derivative financial instruments	–	3,298	3,298	–	(11,346)	(11,346)
	Foreign exchange (losses)/gains	(97)	777	680	(67)	3,058	2,991
2	Investment and other income	10,671	–	10,671	10,775	–	10,775
	Total income	10,574	52,441	63,015	10,708	22,950	33,658
3	Management and administration fees	(1,491)	(5,337)	(6,828)	(1,656)	–	(1,656)
4	Other expenses	(1,316)	(1)	(1,317)	(1,205)	(3)	(1,208)
	Profit before finance costs and taxation	7,767	47,103	54,870	7,847	22,947	30,794
	Gains on transactions of ZDP shares held intra group	–	4	4	–	617	617
5	Finance costs	(1,592)	(12,083)	(13,675)	(1,837)	(12,273)	(14,110)
	Profit before taxation	6,175	35,024	41,199	6,010	11,291	17,301
6	Taxation	(179)	–	(179)	(250)	(30)	(280)
	Profit for the year	5,996	35,024	41,020	5,760	11,261	17,021
7	**Earnings per ordinary share – pence**	6.67	38.96	45.63	6.38	12.46	18.84

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

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the Company. There are no minority interests.

COMPANY INCOME STATEMENT

Notes	for the year to 30 June	2018 Revenue return £'000s	2018 Capital return £'000s	2018 Total return £'000s	2017 Revenue return £'000s	2017 Capital return £'000s	2017 Total return £'000s
9	Gains on investments	–	49,712	49,712	–	31,001	31,001
12	Gains/(losses) on derivative financial instruments	–	3,298	3,298	–	(10,346)	(10,346)
	Foreign exchange (losses)/gains	(97)	777	680	(67)	3,053	2,986
2	Investment and other income	10,671	–	10,671	10,775	–	10,775
	Total income	10,574	53,787	64,361	10,708	23,708	34,416
3	Management and administration fees	(1,491)	(5,337)	(6,828)	(1,641)	–	(1,641)
4	Other expenses	(1,316)	(1)	(1,317)	(1,196)	(3)	(1,199)
	Profit before finance costs and taxation	7,767	48,449	56,216	7,871	23,705	31,576
5	Finance costs	(1,592)	(12,821)	(14,413)	(1,837)	(12,697)	(14,534)
	Profit before taxation	6,175	35,628	41,803	6,034	11,008	17,042
6	Taxation	(179)	–	(179)	(250)	(30)	(280)
	Profit for the year	5,996	35,628	41,624	5,784	10,978	16,762
7	**Earnings per ordinary share – pence**	6.67	39.63	46.30	6.40	12.15	18.55

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

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the Company.

GROUP STATEMENT OF CHANGES IN EQUITY

for the year to 30 June 2018

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance at 30 June 2017	**9,020**	**19,313**	**233,866**	**32,069**	**(75,667)**	**9,468**	**228,069**
	Profit for the year	–	–	–	–	**35,024**	**5,996**	**41,020**
	Transfer for change in treatment of subsidiary (see note 1)	–	–	–	–	**(243)**	**243**	–
8	Ordinary dividends paid	–	–	–	–	–	**(6,738)**	**(6,738)**
17	Shares purchased by the Company	**(71)**	**(1,146)**	–	–	–	–	**(1,217)**
	Balance at 30 June 2018	**8,949**	**18,167**	**233,866**	**32,069**	**(40,886)**	**8,969**	**261,134**

for the year to 30 June 2017

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance at 30 June 2016	9,065	20,031	233,866	32,069	(86,928)	10,482	218,585
	Profit for the year	–	–	–	–	11,261	5,760	17,021
8	Ordinary dividends paid	–	–	–	–	–	(6,774)	(6,774)
17	Shares purchased by the Company	(45)	(718)	–	–	–	–	(763)
	Balance at 30 June 2017	9,020	19,313	233,866	32,069	(75,667)	9,468	228,069

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year to 30 June 2018

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance at 30 June 2017	9,020	19,313	233,866	32,069	(75,910)	9,711	228,069
	Profit for the year	–	–	–	–	35,628	5,996	41,624
8	Ordinary dividends paid	–	–	–	–	–	(6,738)	(6,738)
17	Shares purchased by the Company	(71)	(1,146)	–	–	–	–	(1,217)
	Balance at 30 June 2018	**8,949**	**18,167**	**233,866**	**32,069**	**(40,282)**	**8,969**	**261,738**

for the year to 30 June 2017

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance at 30 June 2016	9,065	20,031	233,866	32,069	(86,888)	10,701	218,844
	Profit for the year	–	–	–	–	10,978	5,784	16,762
8	Ordinary dividends paid	–	–	–	–	–	(6,774)	(6,774)
17	Shares purchased by the Company	(45)	(718)	–	–	–	–	(763)
	Balance at 30 June 2017	9,020	19,313	233,866	32,069	(75,910)	9,711	228,069

BALANCE SHEETS

Notes	at 30 June	GROUP 2018 £'000s	GROUP 2017 £'000s	COMPANY 2018 £'000s	COMPANY 2017 £'000s
	Non-current assets				
9	Investments	**493,375**	449,116	**528,544**	449,261
	Current assets				
11	Other receivables	**1,699**	25,190	**1,699**	25,190
12	Derivative financial instruments	**503**	818	**503**	818
	Cash and cash equivalents	**647**	3,573	**647**	3,423
		2,849	29,581	**2,849**	29,431
	Current liabilities				
13	Bank loans	**–**	(47,846)	**–**	(47,846)
14	Other payables	**(6,852)**	(26,472)	**(240,771)**	(200,245)
12	Derivative financial instruments	**(1,089)**	(2,532)	**(1,089)**	(2,532)
15	Zero dividend preference shares	**(50,858)**	–	**–**	–
		(58,799)	(76,850)	**(241,860)**	(250,623)
	Net current liabilities	**(55,950)**	(47,269)	**(239,011)**	(221,192)
	Total assets less current liabilities	**437,425**	401,847	**289,533**	228,069
	Non-current liabilities				
16	Bank loans	**(27,795)**	–	**(27,795)**	–
15	Zero dividend preference shares	**(148,496)**	(173,778)	**–**	–
	Net assets	**261,134**	228,069	**261,738**	228,069
	Equity attributable to equity holders				
17	Ordinary share capital	**8,949**	9,020	**8,949**	9,020
18	Share premium account	**18,167**	19,313	**18,167**	19,313
19	Special reserve	**233,866**	233,866	**233,866**	233,866
20	Non-distributable reserve	**32,069**	32,069	**32,069**	32,069
21	Capital reserves	**(40,886)**	(75,667)	**(40,282)**	(75,910)
22	Revenue reserve	**8,969**	9,468	**8,969**	9,711
	Total attributable to equity holders	**261,134**	228,069	**261,738**	228,069
23	**Net asset value per ordinary share – pence**	**291.79**	252.86	**292.47**	252.86

Approved by the Board on 14 September 2018 and signed on its behalf by

P Burrows
Chairman

E St C Stobart
Director

STATEMENTS OF CASH FLOWS

Notes	for the year to 30 June	GROUP 2018 £'000s	GROUP 2017 £'000s	COMPANY 2018 £'000s	COMPANY 2017 £'000s
24	Cash flows from operating activities	**2,116**	1,314	**2,122**	1,340
	Investing activities:				
	Purchases of investments	**(64,046)**	(67,267)	**(64,313)**	(72,371)
	Sales of investments	**70,115**	109,560	**71,092**	124,709
	Purchases of derivatives	**–**	(23,202)	**–**	(23,202)
	Sales of derivatives	**2,170**	–	**2,170**	–
	Cash flows from investing activities	**8,239**	19,091	**8,949**	29,136
	Cash flows before financing activities	**10,355**	20,405	**11,071**	30,476
	Financing activities:				
	Equity dividends paid	**(6,738)**	(6,774)	**(6,738)**	(6,774)
	Movements on loans	**(18,962)**	25,148	**(18,962)**	25,148
	Cash flows from issue of ZDP shares	**13,921**	27,258	**12,943**	17,208
	Cash flows from redemption of ZDP shares	**(417)**	(62,741)	**–**	(62,744)
	Cash paid for ordinary shares purchased for cancellation	**(1,381)**	(599)	**(1,381)**	(599)
	Cash flows from financing activities	**(13,577)**	(17,708)	**(14,138)**	(27,761)
	Net increase in cash and cash equivalents	**(3,222)**	2,697	**(3,067)**	2,715
	Cash and cash equivalents at the beginning of the year	**3,573**	(114)	**3,423**	(277)
	Effect of movement in foreign exchange	**(404)**	990	**(409)**	985
	Cash and cash equivalents at the end of the year	**(53)**	3,573	**(53)**	3,423
	Comprised of:				
	Cash	**647**	3,573	**647**	3,423
	Bank overdraft	**(700)**	–	**(700)**	–
	Total	**(53)**	3,573	**(53)**	3,423

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The Company, UIL Limited, is an investment company incorporated in Bermuda and traded on the London Stock Exchange. The Company commenced trading on 20 June 2007.

The Group Accounts comprise the results of the Company and UIL Finance Limited ("UIL Finance") (2017 comprised the results of the Company, UIL Finance and Global Equity Risk Protection Limited ("GERP")). The Board reviewed the current structure and the recent principle activity of GERP and determined it would be more appropriate to treat GERP as an investment company and held as part of the investment portfolio. Under IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities, subsidiaries of the Company, held as part of the investment portfolio, are accounted for as investments at fair value through profit and loss (see note 10).

The Group is engaged in a single segment of business, focusing on maximising shareholder returns by identifying and investing in investments where the underlying value is not reflected in the market price.

(a) Basis of accounting

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

The 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.

There have been no significant changes to the accounting policies during the year to 30 June 2018.

Where presentational recommendations set out in the revised Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP"), issued in the UK by the Association of Investment Companies ("AIC") in November 2014 and updated in 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 the belief that this will aid comparison with similar investment companies incorporated and listed in the United Kingdom.

In accordance with the SORP, the Income Statement has been analysed between a revenue return (dealing with items of a revenue nature) and a capital return (relating to items of a capital nature). Revenue returns include, but are not limited to, dividend income, operating expenses, finance costs and taxation (insofar as they are not allocated to capital, as described in notes 1(j) and 1(k)). 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. Net capital returns are allocated via the capital return to capital reserves.

Dividends on ordinary shares may be paid out of the revenue reserve and the capital reserves.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018 and have not been applied in preparing these consolidated accounts. None of these, including IFRS 9 'Financial Instruments' regarding the classification and measurement of financial assets, are expected to have a significant effect on the consolidated accounts of the Company. The Company does not plan to adopt IFRS 9 early.

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the valuation of unlisted investments, details of which are set out in accounting policy 1(d).

(b) Basis of consolidation

The consolidated Accounts include the Accounts of the Company and its operating subsidiary, UIL Finance. All intra group transactions, balances, income and expenses are eliminated on consolidation. Other subsidiaries and associate undertakings held as part of the investment portfolio (see 1(d) below) are not accounted for in the Group Accounts, but are carried at fair value through profit or loss.

NOTES TO THE ACCOUNTS
(continued)

1. ACCOUNTING POLICIES (continued)

(c) Financial instruments

Financial instruments include non-current assets, derivative assets and liabilities and long-term debt instruments. For those financial instruments carried at fair value, accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of instruments depends on the lowest significant applicable input, as follows:

Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Included within this category are investments listed on any recognised stock exchange or quoted on any secondary market.

Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be convertible loans in listed investee companies, securities for which the quoted price has been recently suspended, forward exchange contracts and certain other derivative instruments.

Level 3 – External inputs are unobservable. Value is the Directors' best estimate of fair value, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instruments. Included in Level 3 are investments in private companies or securities, whether invested in directly, via loans or through pooled private equity vehicles.

(d) Valuation of investments and derivative financial instruments held at fair value through profit or loss

Investment purchases and sales are accounted for on the trade date, inclusive of transaction costs. Investments used for efficient portfolio management are classified as being at fair value through profit or loss. As the Company's business is investing in financial assets with a view to profiting from their total return in the form of dividends, interest or increases in fair value, its investments (including those ordinarily classified as subsidiaries under IFRS 10 but exempted by that financial reporting standard from the requirement to be consolidated) are designated as being at fair value through profit or loss on initial recognition. Derivatives including forward foreign exchange contracts and options are accounted for as a financial asset/liability at fair value through profit or loss. The Company manages and evaluates the performance of these investments and derivatives on a fair value basis in accordance with its investment strategy and information about the Company is provided internally on this basis to the Company's Directors and key management personnel. Gains and losses on investments and on derivatives are analysed within the Income Statement as capital returns. Quoted investments are shown at fair value using market bid prices. The fair value of unquoted investments is determined by the Board in accordance with the International Private Equity and Venture Capital Valuation guidelines. In exercising its 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, net asset values, earnings multiples, recent orderly transactions in similar securities and other relevant factors.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the cash flow statement only.

(f) Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. No debt instruments held during the year required hierarchical classification. Finance charges, including interest, are accrued using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year. See 1(k) below for allocation of finance costs between revenue and capital return within the Income Statement.

(g) Zero dividend preference shares

The ZDP shares, due to be redeemed in 2018, 2020, 2022, 2024 and 2026 at a redemption value, including accrued capitalised returns (see note 15) of 160.52 pence per share, 154.90 pence per share, 146.99 pence per share, 138.35 pence per share and 151.50 pence per share respectively, have been classified as liabilities, as they represent an obligation on behalf of the Group to deliver to their holders a fixed and determinable amount at the redemption date. They are accordingly accounted for at amortised cost, using the effective interest method. ZDP shares held by the Company are deemed cancelled for Group purposes.

1. ACCOUNTING POLICIES (continued))

(h) 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 Income Statement and analysed as capital or revenue as appropriate. Forward foreign exchange contracts are valued in accordance with quoted market rates.

(i) Investment and other income

Dividends receivable are brought into the Income Statement and analysed as revenue return (except where, in the opinion of the Directors, their nature indicates they should be recognised as capital) on the ex-dividend date or, where no ex-dividend date is quoted, when the Group's right to receive payment is established. Where the Group or 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 recognised as revenue return. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital return. Interest on debt securities is accrued on a time basis using the effective interest method. Bank and short-term deposit interest is recognised on an accruals basis. These are brought into the Income Statement and analysed as revenue returns.

(j) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the Income Statement and analysed under revenue return except for those expenses incidental to the acquisition or disposal of investments and performance related fees (calculated under the terms of the management agreement), which are analysed under the capital return, as the Directors believe such fees arise from capital performance.

(k) Finance costs

Finance costs are accounted for using the effective interest method, recognised through the Income Statement and analysed under the revenue return except those finance costs of the ZDP shares which are analysed under the capital return.

(l) Dividends payable

Dividends paid by the Company are accounted for in the year in which the Company is liable to pay them and are reflected in the Statement of Changes in Equity. Under Bermuda law, the Company is unable to pay dividends unless it has revenue and other reserves (excluding share capital and share premium) which together have a positive value exceeding the cost of the dividend.

(m) Capital reserves

The following items are accounted for through the Income Statement as capital returns and transferred to capital reserves:

Capital reserve – arising on investments sold

- gains and losses on the disposal of investments and derivative instruments
- exchange differences of a capital nature
- expenses allocated in accordance with notes 1(j) and 1(k)

Capital reserve – arising on investments held

- increases and decreases in the valuation of investments and derivative instruments held at the year end

(n) Use of estimates and judgements

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(d). 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.

NOTES TO THE ACCOUNTS
(continued)

2. INVESTMENT AND OTHER INCOME

Group and Company	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
Investment income:						
Dividends	**8,315**	**–**	**8,315**	7,094	–	7,094
Interest	**2,334**	**–**	**2,334**	3,681	–	3,681
	10,649	**–**	**10,649**	10,775	–	10,775
Other income						
Interest on cash and short-term deposits	**22**	**–**	**22**	–	–	–
Total income	**10,671**	**–**	**10,671**	10,775	–	10,775

3. MANAGEMENT AND ADMINISTRATION FEES

Group	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
Payable to:						
ICM/ICMIM – management fee, secretarial and administration fees	**1,174**	**–**	**1,174**	1,346	–	1,346
– performance fee	**–**	**5,337**	**5,337**	–	–	–
F&C Management Limited – administration fee	**317**	**–**	**317**	310	–	310
	1,491	**5,337**	**6,828**	1,656	–	1,656

Company	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
Payable to:						
ICM/ICMIM – management and secretarial fees	**1,174**	**–**	**1,174**	1,331	–	1,331
– performance fee	**–**	**5,337**	**5,337**	–	–	–
F&C Management Limited – administration fee	**317**	**–**	**317**	310	–	310
	1,491	**5,337**	**6,828**	1,641	–	1,641

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. ICM also acts as UIL's Company Secretary for which it receives a company secretarial fee (as described below).

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

The annual management fee is based on total assets less current liabilities (excluding borrowings and excluding the value of all holdings in companies managed or advised by the Investment Managers or any of its subsidiaries from which it receives a management fee), payable quarterly in arrears. The agreement with ICM and ICMIM may be terminated upon one year's notice given by the Company or by ICM and ICMIM, acting together.

3. MANAGEMENT AND ADMINISTRATION FEES (continued)

In addition, the Investment Managers are entitled to a capped performance fee payable in respect of each financial period, equal to 15% of the amount by which the Company's total net asset value attributable to holders of ordinary shares outperforms the higher of (i) the post-tax yield on the FTSE Actuaries Government Securities UK Gilts 5 to 10 years' index, plus inflation (on the RPIX basis); and (ii) 5.0%, during the period (the "Reference Rate"). The opening equity funds for calculation of the performance fee are the higher of (i) the equity funds on the last day of a calculation period in respect of which a performance fee was last paid, adjusted for capital events and dividends paid since that date (the "high watermark"); and (ii) the equity funds on the last day of the previous calculation period increased by the Reference Rate during the calculation period and adjusted for capital events and dividends paid since the previous calculation date. In a period where the Investment Managers or any of their associates receive a performance fee from any ICM managed investment in which UIL is an investor, the performance fee payable by UIL will be reduced by a proportion corresponding to UIL's percentage holding in that investment applied to the underlying investment performance fee, subject to the provision that the UIL performance fee cannot be a negative figure. In calculating any performance fee payable, a cap of 2.5% of closing NAV (adjusted for capital events and dividends paid) will be applied following any of the above adjustments and any excess over this cap shall be written off. Based on the NAV calculated at the year end, the performance fee due to ICM and ICMIM in respect of the year ended 30 June 2018 was estimated to be £5,310,000 (2017: £nil). ICM and ICMIM received this fee in cash on 13 July 2018. The full performance fee per these audited accounts is £5,337,000. The subsequent adjustment of £27,000 due to ICM and ICMIM will be paid within 7 days of the publication of the Report and Accounts.

From 1 July 2017 ICM also provides company secretarial services to the Company (prior to 1 July 2017 ICMIM provided the company secretarial services), with the Company paying 45% of the incurred costs associated with this post (2017: 33.3%).

For the financial year ended 30 June 2018, F&C Management Limited ("F&C") provided accounting, dealing and administration services to the Company for a fee of £320,000 per annum (prior to 1 October 2017: £310,000), payable monthly in arrears. On 24 April 2018, the Company gave six months notice to terminate the administration agreement under the terms of the Agreement.

With effect from 1 July 2018, JP Morgan Chase Bank N.A. – London Branch was appointed Administrator and ICMIM appointed Waverton Investment Management Limited to provide certain support services (including middle office, market dealing and information technology support services). The Company or the Administrator may terminate the agreement with the Administrator upon six months' notice in writing after an initial term of one year.

NOTES TO THE ACCOUNTS
(continued)

4. OTHER EXPENSES

Group	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
Auditor's remuneration (see note 4A)	**76**	**–**	**76**	65	–	65
Broker and consultancy fees	**133**	**–**	**133**	73	–	73
Custody fees	**231**	**–**	**231**	207	–	207
Directors' fees for services to the Company						
(see Directors' Remuneration Report on pages 55 to 58)	**216**	**–**	**216**	211	–	211
Travel expenses	**185**	**–**	**185**	196	–	196
Professional and legal fees	**163**	**–**	**163**	152	–	152
Sundry expenses	**312**	**1**	**313**	301	3	304
	1,316	**1**	**1,317**	1,205	3	1,208

Company	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
Auditor's remuneration (see note 4A)	**76**	**–**	**76**	63	–	63
Broker and consultancy fees	**133**	**–**	**133**	73	–	73
Custody fees	**231**	**–**	**231**	207	–	207
Directors' fees for services to the Company						
(see Directors' Remuneration Report on pages 55 to 58)	**216**	**–**	**216**	211	–	211
Travel expenses	**185**	**–**	**185**	196	–	196
Professional and legal fees	**163**	**–**	**163**	152	–	152
Sundry expenses	**312**	**1**	**313**	294	3	297
	1,316	**1**	**1,317**	1,196	3	1,199

4A. AUDITOR'S REMUNERATION

Fees paid to the Group's auditor are summarised below:

Group Auditor – KPMG LLP Annual audit fees	Group 2018 £'000s	Group 2017 £'000s	Company 2018 £'000s	Company 2017 £'000s
Audit of the Group and Company's annual financial statements	**70**	55	**70**	55
Audit of financial statements of subsidiaries	**–**	6	**–**	4
Total audit fees	**70**	61	**70**	59
Other non-audit services – review of interim financial statements	**6**	4	**6**	4
Total auditor's remuneration allocated to the income statement	**76**	65	**76**	63
Other non-audit services – reporting accountants for the issue of ZDP shares and included within the ZDP share issue costs	**25**	–	**25**	–
Total auditor's remuneration for the year	**101**	65	**101**	63

5. FINANCE COSTS

Group	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
Loans and bank overdrafts	**1,592**	**–**	**1,592**	1,837	–	1,837
ZDP shares	**–**	**12,083**	**12,083**	–	12,273	12,273
	1,592	**12,083**	**13,675**	1,837	12,273	14,110

Company	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
Loans and bank overdrafts	**1,592**	**–**	**1,592**	1,837	–	1,837
Intra-group loan account	**–**	**12,821**	**12,821**	–	12,697	12,697
	1,592	**12,821**	**14,413**	1,837	12,697	14,534

6. TAXATION

Group and Company	Revenue £'000s	Capital £'000s	2018 Total £'000s	Revenue £'000s	Capital £'000s	2017 Total £'000s
Overseas taxation	**179**	**–**	**179**	250	–	250
Bermuda overseas investment taxation	**–**	**–**	**–**	–	30	30
	179	**–**	**179**	250	30	280

Except as stated above, profits of the Company and subsidiaries for the year are not subject to any taxation within their countries of residence (2017: same).

7. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share from continuing operations is based on the following data:

	Group 2018 £'000s	Group 2017 £'000s	Company 2018 £'000s	Company 2017 £'000s
Revenue	**5,996**	5,760	**5,996**	5,784
Capital	**35,024**	11,261	**35,628**	10,978
Total	**41,020**	17,021	**41,624**	16,762
	Number	Number	**Number**	Number
Weighted average number of shares in issue during the year for earnings per share calculations	**89,892,773**	90,356,380	**89,892,773**	90,356,380

NOTES TO THE ACCOUNTS
(continued)

8. DIVIDENDS

Group and Company	Record date	Payment date	2018 Total £'000s	2017 Total £'000s
2016 Fourth quarterly of 1.875p	09-Sep-16	28-Sep-16	–	1,695
2017 First quarterly of 1.875p	02-Dec-16	21-Dec-16	–	1,693
2017 Second quarterly of 1.875p	10-Mar-17	22-Mar-17	–	1,693
2017 Third quarterly of 1.875p	09-Jun-17	22-Jun-17	–	1,693
2017 Fourth quarterly of 1.875p	08-Sep-17	22-Sep-17	**1,691**	–
2018 First quarterly of 1.875p	08-Dec-17	14-Dec-17	**1,691**	–
2018 Second quarterly of 1.875p	09-Mar-18	23-Mar-18	**1,678**	–
2018 Third quarterly of 1.875p	08-Jun-18	22-Jun-18	**1,678**	–
			6,738	6,774

The Directors declared a fourth quarterly dividend in respect of the year ended 30 June 2018 of 1.875p per share which will be paid on 21 September 2018 to all ordinary shareholders on the register at close of business on 7 September 2018. The total cost of the dividend, which has not been accrued in the results for the year to 30 June 2018, is £1,678,000 based on 89,493,389 ordinary shares in issue.

9. INVESTMENTS

Group	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2018 Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2017 Total £'000s
Investments brought forward								
Cost	**132,779**	**128,183**	**123,894**	**384,856**	174,702	117,332	91,904	383,938
Gains/(losses)	**72,474**	**6,679**	**(14,893)**	**64,260**	74,976	(10,938)	4,221	68,259
Valuation	**205,253**	**134,862**	**109,001**	**449,116**	249,678	106,394	96,125	452,197
Movements in the year:								
Transfer between levels*	**2,725**	**(2,725)**	**–**	**–**	(330)	(19,949)	20,279	–
Adjustment for fair value of GERP (see note 1)	**–**	**145**	**–**	**145**	–	–	–	–
Purchases at cost	**16,524**	**1,800**	**50,354**	**68,678**	5,070	28,488	87,784	121,342
Sales								
proceeds	**(49,228)**	**(69)**	**(23,633)**	**(72,930)**	(68,011)	(1,013)	(86,637)	(155,661)
realised net gains/(losses) on sales	**31,881**	**2,461**	**(2,791)**	**31,551**	21,560	(33)	13,710	35,237
Gains/(losses) on investments held at year end	**5,070**	**18,611**	**(6,866)**	**16,815**	(2,714)	20,975	(22,260)	(3,999)
Valuation at 30 June	**212,225**	**155,085**	**126,065**	**493,375**	205,253	134,862	109,001	449,116
Analysed at 30 June								
Cost	**133,874**	**143,581**	**148,352**	**425,807**	132,779	128,183	123,894	384,856
Gains/(losses)	**78,351**	**11,504**	**(22,287)**	**67,568**	72,474	6,679	(14,893)	64,260
Valuation	**212,225**	**155,085**	**126,065**	**493,375**	205,253	134,862	109,001	449,116

*Transfers due to investee company shares resuming regular trading in the period (2017: illiquidity or delisting of investee companies)

Level 1 includes investments listed on any recognised stock exchange or quoted on any secondary market

Level 2 includes holdings linked directly to companies whose prices are quoted and quoted investments that are thinly traded

Level 3 includes investments in private companies and other unquoted securities

9. INVESTMENTS (continued)

Company	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2018 Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2017 Total £'000s
Investments brought forward								
Cost	**132,779**	**141,835**	**123,894**	**398,508**	183,703	130,976	91,904	406,583
Gains/(losses)	**72,474**	**(6,828)**	**(14,893)**	**50,753**	75,246	(23,426)	4,221	56,041
	205,253	**135,007**	**109,001**	**449,261**	258,949	107,550	96,125	462,624
Movements in the year:								
Transfer between levels*	**2,725**	**(2,725)**	**–**	**–**	(330)	(19,949)	20,279	–
Purchases at cost	**51,323**	**1,800**	**50,354**	**103,477**	10,166	28,496	87,784	126,446
Sales								
proceeds	**(50,204)**	**(69)**	**(23,633)**	**(73,906)**	(83,160)	(1,013)	(86,637)	(170,810)
realised net gains/(losses) on sales	**31,895**	**2,461**	**(2,791)**	**31,565**	22,612	(33)	13,710	36,289
Gains/(losses) on investments held at year end	**6,402**	**18,611**	**(6,866)**	**18,147**	(2,984)	19,956	(22,260)	(5,288)
Valuation at 30 June	**247,394**	**155,085**	**126,065**	**528,544**	205,253	135,007	109,001	449,261
Analysed at 30 June								
Cost	**167,711**	**143,581**	**148,352**	**459,644**	132,779	141,835	123,894	398,508
Gains/(losses)	**79,683**	**11,504**	**(22,287)**	**68,900**	72,474	(6,828)	(14,893)	50,753
Valuation	**247,394**	**155,085**	**126,065**	**528,544**	205,253	135,007	109,001	449,261

*Transfers due to investee company shares resuming regular trading in the period (2017: illiquidity or delisting of investee companies)

Level 1 includes investments listed on any recognised stock exchange or quoted on any secondary market

Level 2 includes investment in GERP, holdings linked directly to companies whose prices are quoted and quoted investments that are thinly traded

Level 3 includes investments in private companies and other unquoted securities

	Group		Company	
Gains on investments held at fair value	**2018 £'000s**	2017 £'000s	**2018 £'000s**	2017 £'000s
Gains on investments sold	**31,551**	35,237	**31,565**	36,289
Gains/(losses) on investments held	**16,815**	(3,999)	**18,147**	(5,288)
Total gains on investments	**48,366**	31,238	**49,712**	31,001

Associated undertakings

Under IFRS10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities, the following associated undertakings at 30 June 2018 are held as part of the investment portfolio and consequently are accounted for as investments at fair value through profit and loss:

	Allectus Capital Limited ("Allectus")	Somers Limited ("Somers")	Vix Technology Limited ("VixTech")	Vix Verify
Country of registration and incorporation	Bermuda	Bermuda	Singapore	Australia
Number of ordinary shares held	477,720	8,762,807	55,742,658	44,327,353
Percentage of ordinary shares held	39.8%	44.2%	39.8%	39.8%

NOTES TO THE ACCOUNTS
(continued)

9. INVESTMENTS (continued)

Transactions with associated undertakings

Allectus	Loans of USD 5.0m were advanced to Allectus. At year end the loan balance was £6.0m.
Somers	UIL received 171,820 ordinary shares in February 2018 as part of a dividend reinvestment program. UIL borrowed £3.4m from Somers in January 2018 and repaid this in May 2018. £20,866 interest was paid to Somers on this loan. Loans of £3.4m were advanced to Somers. At year end the loan balance was £3.6m. FX forwards were entered into with Somers during the year, UIL bought £22.0m from Somers in exchange for USD 29.9m and also bought AUD 72.5m in exchange for USD 57.0m.
VixTech	Loans of AUD 8.8m were advanced to VixTech. At year end the loan balance was £14.7m.
Vix Verify	There were no transactions between UIL and Vix Verify during the year.

Significant interests

In addition to the above, the Group and Company have a holding of 3% or more of any class of share capital of the following investments, which are material in the context of the Accounts:

Company	Country of registration and incorporation	Class of instruments held	**2018 % of class of instruments held**	2017 % of class of instruments held
Optal Limited	United Kingdom	Ordinary shares	**5.3%**	5.3%
Resolute Mining Limited	Australia	Ordinary shares	**12.2%**	12.3%
Utilico Emerging Markets Trust plc	United Kingdom	Ordinary shares	**16.4%**	15.2%

10. SUBSIDIARY UNDERTAKINGS

The following was a subsidiary undertaking of the Company as at 30 June 2018 (as at 30 June 2017: UIL Finance and GERP).

	Country of registration and incorporation	**Number and class of shares held**	**Holdings and voting rights %**
UIL Finance	Bermuda	10 ordinary shares of 10p nil paid share	100

The subsidiary was incorporated, and commenced trading, on 17 January 2007 to carry on business as an investment company.

Under IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities, 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.

	Country of registration and incorporation	**Number of shares held**	**2018 Holding and voting rights %**	Number of shares held	2017 Holding and voting rights %
Bermuda First Investment Company Limited ("BFIC")	Bermuda	**1,891,195**	**94.2**	1,891,195	95.8
Coldharbour Technology Limited ("Coldharbour")	United Kingdom	**12,260,694**	**91.9**	2,633,613	69.3
Energy Holdings Ltd	Bermuda	**100**	**100.0**	100	100.0
GERP	Bermuda	**3,920**	**100.0**	100	100.0
UIL Holdings Pte Ltd	Singapore	**100**	**100.0**	100	100.0
Zeta Resources Limited ("Zeta")	Bermuda	**172,191,580**	**59.7**	85,539,612	85.5

10. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Transactions with subsidiaries held as investments

BFIC	BFIC drew down USD 0.5m (£0.4m) on its loan during the year. At year end the loan balance was £1.3m.
Coldharbour	UIL purchased £5.1m equity shares during the year with 5.1m warrants attached.
Energy Holdings Ltd	There were no transactions between UIL and Energy Holdings Ltd during the year.
GERP	Loans of £15k were advanced to GERP during the year. At year end the loan balance was £15k.
UIL Holdings Pte Ltd	There were no transactions between UIL and UIL Holdings Pte Ltd during the year.
Zeta	Zeta repaid loans of AUD 52.2m (£29.2m) and drew down loans of AUD 39.7m (£22.2m) and CAD 21.3m (£12.3m) during the year. At year end the loan balance was £22.4m.

11. OTHER RECEIVABLES

Group and Company	2018 £'000s	2017 £'000s
Investment debtors	–	24,496
Accrued income	1,665	652
Prepayments and other debtors	34	42
	1,699	25,190

12. DERIVATIVE FINANCIAL INSTRUMENTS

Group and Company	Current assets £'000s	Current liabilities £'000s	2018 Net current assets/ (liabilities) £'000s	Current assets £'000s	Current liabilities £'000s	2017 Net current assets/ (liabilities) £'000s
Forward foreign exchange contracts – GBP/AUD	297	–	297	–	(1,495)	(1,495)
Forward foreign exchange contracts – GBP/EUR	–	(14)	(14)	–	(503)	(503)
Forward foreign exchange contracts – GBP/NZD	70	–	70	–	(335)	(335)
Forward foreign exchange contracts – GBP/USD	136	–	136	818	–	818
Forward foreign exchange contracts – USD/AUD	–	(1,040)	(1,040)			
Forward foreign exchange contracts – USD/EUR	–	(35)	(35)	–	(199)	(199)
Total derivative financial instruments	503	(1,089)	(586)	818	(2,532)	(1,714)

The above derivatives are classified as level 2 as defined in note 1(c).

Changes in derivatives

Changes in total net current derivative financial instruments are as follows:

	Group 2018 £'000s	Group 2017 £'000s	Company 2018 £'000s	Company 2017 £'000s
Valuation brought forward	(1,714)	(13,570)	(1,714)	(14,570)
Net acquisitions	–	23,202	–	23,202
Net settlements	(2,170)	–	(2,170)	–
Gains/(losses)	3,298	(11,346)	3,298	(10,346)
Valuation carried forward	(586)	(1,714)	(586)	(1,714)

NOTES TO THE ACCOUNTS
(continued)

13. BANK LOANS – CURRENT LIABILITY

Group and Company	2018 £'000s	2017 £'000s
AUD 81.0m repaid January 2018	–	47,846

For details of the loan facilities, see note 16.

14. OTHER PAYABLES

	Group		Company	
	2018 £'000s	2017 £'000s	**2018 £'000s**	2017 £'000s
Bank overdraft	**700**	–	**700**	–
Investment creditors	**5**	25,511	**5**	25,511
Cost of ordinary shares repurchased	**–**	164	**–**	164
Intra-group loans	**–**	–	**233,919**	173,778
Accrued finance costs	**71**	114	**71**	114
Accrued expenses	**6,076**	683	**6,076**	678
	6,852	26,472	**240,771**	200,245

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

15. ZERO DIVIDEND PREFERENCE SHARES

ZDP shares – current liabilities	2018 £'000s	2017 £'000s
2018 ZDP shares	**50,858**	–
ZDP Shares – non-current liabilities		
2018 ZDP shares	**–**	72,622
2020 ZDP shares	**51,940**	48,704
2022 ZDP shares	**55,873**	52,452
2024 ZDP shares	**29,408**	–
2026 ZDP shares	**11,275**	–
	148,496	173,778
Total ZDP shares liabilities	**199,354**	173,778

Authorised ZDP shares of the Company at 30 June 2018 are as follows:	Number	£'000s
2018 ZDP shares	**53,072,561**	**3,148**
2020 ZDP shares	**50,000,000**	**3,026**
2022 ZDP shares	**78,117,685**	**4,154**
2024 ZDP shares	**76,717,291**	**2,917**
2026 ZDP shares	**25,000,000**	**2,500**

Authorised ZDP shares of the Group at 30 June 2017 are as follows	Number	£'000s
2016 ZDP shares	**45,046,966**	**4,505**
2018 ZDP shares	**70,198,945**	**4,164**
2020 ZDP shares	**50,000,000**	**3,026**
2022 ZDP shares	**78,117,685**	**4,154**

15. ZERO DIVIDEND PREFERENCE SHARES (continued)

On 28 September 2017, by written resolution, UIL Finance diminished its existing authorised share capital from £15,848,832 to £11,344,135 by the cancellation of all of the 2016 ZDP shares comprised in its authorised but unissued share capital and then increased its authorised share capital from £11,344,135 to £13,245,385 by the creation of 50,000,000 2024 ZDP shares of 3.8025p each. On 2 November 2017, 17,126,384 2018 ZDP shares were converted into 26,717,110 2024 ZDP shares.

On 22 March 2018, by written resolution, UIL Finance increased its authorised share capital from £13,245,385 to £15,745,385 by the creation of 25,000,000 2026 ZDP shares of 10.0p each.

2018	**Number**	**2018 £'000s**	**Number**	**2020 £'000s**	**Number**	**2022 £'000s**	**Number**	**2024 £'000s**	**Number**	**2026 £'000s**	**Total £'000s**
Balance at 30 June 2017	**49,842,413**	**72,622**	**39,000,000**	**48,704**	**50,000,000**	**52,452**	**–**	**–**	**–**	**–**	**173,778**
Issue of ZDP shares	**–**	**–**	**–**	**–**	**–**	**–**	**30,000,000**	**30,000**	**11,579,465**	**11,579**	**41,579**
Issue costs of ZDP shares	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,626)**	**–**	**(410)**	**(2,036)**
Redemption of 2018 ZDP shares	**(17,126,384)**	**(25,644)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(25,644)**
ZDP shares purchased by the Company	**(260,760)**	**(406)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(406)**
Finance costs (see note 5)	**–**	**4,286**	**–**	**3,236**	**–**	**3,421**	**–**	**1,034**	**–**	**106**	**12,083**
Balance at 30 June 2018	**32,455,269**	**50,858**	**39,000,000**	**51,940**	**50,000,000**	**55,873**	**30,000,000**	**29,408**	**11,579,465**	**11,275**	**199,354**

2017	Number	2016 £'000s	Number	2018 £'000s	Number	2020 £'000s	Number	2022 £'000s	Total £'000s
Balance at 30 June 2016	32,546,966	61,327	49,842,413	67,548	25,000,000	28,134	40,999,212	40,352	197,361
Issue of ZDP shares	–	–	–	–	14,000,000	18,005	9,000,788	9,341	27,346
Issue costs of ZDP shares	–	–	–	–	–	(345)	–	(123)	(468)
Redemption of 2016 ZDP shares	(32,546,966)	(62,734)	–	–	–	–	–	–	(62,734)
Finance costs (see note 5)	–	1,407	–	5,074	–	2,910	–	2,882	12,273
Balance at 30 June 2017	–	–	49,842,413	72,622	39,000,000	48,704	50,000,000	52,452	173,778

On 28 September 2017, UIL Finance announced plans for a rollover offer of 2018 ZDP shares into 2024 ZDP shares (the "Rollover Offer"); a placing of up to 30,000,000 2024 ZDP shares (less the number of 2024 ZDP shares arising on the conversion of 2018 ZDP shares pursuant to the Rollover Offer); and a UIL Limited subscription of up to 20,000,000 2024 ZDP shares.

Holders of 17,126,384 2018 ZDP shares elected to roll over into the new 2024 ZDP shares and 26,717,110 new 2024 ZDP shares were issued on the basis of each 2018 ZDP share converting into 1.56 2024 ZDP shares. UIL Finance placed 3,282,890 new 2024 ZDP shares at 100 pence per share with certain institutional and other investors, raising gross proceeds of £3.3m and issued 20,000,000 2024 ZDP shares to UIL Limited.

The 50,000,000 new 2024 ZDP shares were admitted to the standard segment of the Official List and to trading on the London Stock Exchange on 2 November 2017.

UIL Limited held 20,000,000 2024 ZDP shares as at 30 June 2018.

On 23 March 2018, UIL Finance published a prospectus in connection with the Initial Issue (comprising the Initial Placing, Intermediaries Offer and Offer for Subscription) of up to 25,000,000 2026 ZDP shares and a Placing Programme of up to 25,000,000 2026 ZDP shares (less the number of 2026 ZDP shares issued pursuant to the Initial Issue).

UIL Finance raised gross proceeds of approximately £10.6m through the issue of 10,616,760 new 2026 ZDP shares at 100 pence per 2026 ZDP share through the Initial Placing, Intermediaries Offer and Offer for Subscription. In addition, the remaining 14,383,240 new 2026 ZDP shares were issued to UIL at a price of 100 pence per 2026 ZDP share.

NOTES TO THE ACCOUNTS
(continued)

15. ZERO DIVIDEND PREFERENCE SHARES (continued)

The 25,000,000 2026 ZDP shares were admitted to the standard segment of the Official List and to trading on the London Stock Exchange's on 26 April 2018.

In the period from 26 April 2018 to 30 June 2018, UIL sold 962,705 2026 ZDP shares in the open market, receiving £1.0m. UIL held 13,420,535 2026 ZDP shares as at 30 June 2018. Since the year end no further 2026 ZDP shares have been sold by the Company.

In the year 260,760 2018 ZDP shares were purchased by the Company at a cost of £416,000 and held intra-group. Since the year end a further 562,804 2018 ZDP shares have been purchased by the Company at a cost of £899,000 and held intra-group.

The intra group transactions are eliminated on consolidation.

2018 ZDP shares
Based on the initial entitlement of a 2018 ZDP share of 100p on 26 January 2012, a 2018 ZDP share will have a final capital entitlement at the end of its life on 31 October 2018 of 160.52p equating to a 7.25% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2018 ZDP share as at 30 June 2018 was 156.78p (2017: 146.19p).

2020 ZDP shares
Based on the initial entitlement of a 2020 ZDP share of 100p on 31 July 2014, a 2020 ZDP share will have a final capital entitlement at the end of its life on 31 October 2020 of 154.90p equating to a 7.25% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2020 ZDP share as at 30 June 2018 was 131.52p (2017: 122.64p).

2022 ZDP shares
Based on the initial entitlement of a 2022 ZDP share of 100p on 23 June 2016, a 2022 ZDP share will have a final capital entitlement at the end of its life on 31 October 2022 of 146.99p equating to a 6.25% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2022 ZDP share as at 30 June 2018 was 113.01p (2017: 106.37p).

2024 ZDP shares
Based on the initial entitlement of a 2024 ZDP share of 100p on 2 November 2018, a 2024 ZDP share will have a final capital entitlement at the end of its life on 31 October 2024 of 138.35p equating to a 4.75% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2024 ZDP share as at 30 June 2018 was 103.10p (2017: n/a).

2026 ZDP shares
Based on the initial entitlement of a 2026 ZDP share of 100p on 26 April 2018, a 2026 ZDP share will have a final capital entitlement at the end of its life on 31 October 2026 of 151.10p equating to a 5.00% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2026 ZDP share as at 30 June 2018 was 100.87p (2017: n/a).

The ZDP shares are traded on the London Stock Exchange and are stated at amortised cost using the effective interest method. The ZDP shares carry no entitlement to income however they have a pre-determined final capital entitlement which ranks behind all other liabilities and creditors of UIL Finance and UIL but in priority to the ordinary shares of the Company save in respect of certain winding up revenue profits.

The growth of each ZDP accrues daily and is reflected in the capital return and net asset value per ZDP share on an effective interest rate basis. The ZDP shares do not carry any voting rights at general meetings of the Company. However the Company will not be able to carry out certain corporate actions unless it obtains at separate meetings approval of each class of ZDP shareholders. Separate approval of each class of ZDP shareholders must be obtained in respect of any proposals which would affect their respective rights, including any resolution to wind up the Company. In addition the approval of ZDP shareholders by the passing of a special resolution at separate class meetings of the ZDP shareholders is required in relation to any proposal to modify, alter or abrogate the rights attaching to any class of the ZDP shares and in relation to any proposal by the Company or its parent company which would reduce the Group's cover of the existing 2018 ZDP shares below 1.5 times and the Group's cover of the existing 2020 ZDP shares, 2022 ZDP shares, 2024 ZDP shares and 2026 ZDP shares below 1.35 times.

On a liquidation of UIL and/or UIL Finance, to the extent that the relevant classes of ZDP shares have not already been redeemed, the shares shall rank in the following order of priority in relation to the repayment of their accrued capital entitlement as at the date of liquidation:

15. ZERO DIVIDEND PREFERENCE SHARES (continued)

(i) the 2018 ZDP shares shall rank in priority to the 2020 ZDP shares, the 2022 ZDP shares, the 2024 ZDP shares and the 2026 ZDP shares;
(ii) the 2020 ZDP shares shall rank in priority to the 2022 ZDP shares, the 2024 ZDP shares and the 2026 ZDP shares;
(iii) the 2022 ZDP shares shall rank in priority to the 2024 ZDP shares and the 2026 ZDP shares; and
(iv) the 2024 ZDP shares shall rank in priority to the 2026 ZDP shares.

The entitlement of ZDP shareholders of a particular class shall be determined in proportion to their holdings of ZDP shares of that class.

16. BANK LOANS – NON-CURRENT LIABILITY

Group and Company	2018 £'000s	2017 £'000s
AUD 29.1m repayable April 2021	**16,279**	–
CAD 20.0m repayable April 2021	**11,516**	–
Balance carried forward	**27,795**	–

The Company has a committed loan facility of £50,000,000 from Scotiabank Europe plc ("Scotiabank") expiring on 22 March 2020. Commissions 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. Scotiabank has a floating charge over the assets of the Company in respect of amounts owing under the loan facility.

17. ORDINARY SHARE CAPITAL

	Number	£'000s
Equity share capital:		
Ordinary shares of 10p each with voting rights		
Authorised	**250,000,000**	**25,000**

2018	Total shares in issue Number	Total shares in issue £'000s
Balance at 30 June 2017	**90,197,208**	**9,020**
Purchased for cancellation	**(703,819)**	**(71)**
	89,493,389	**8,949**

2017	Total shares in issue Number	Total shares in issue £'000s
Balance at 30 June 2016	90,653,789	9,065
Purchased for cancellation	(456,581)	(45)
Balance at 30 June 2017	90,197,208	9,020

During the year the Company bought back for cancellation 703,819 ordinary shares at a total cost of £1,217,000.

No further ordinary shares have been purchased for cancellation since the year end.

In addition to receiving the income distributed by way of dividend, the ordinary shareholders will be entitled to any balances on the revenue reserve at the winding up date, together with the assets of the Company remaining after payment of the ZDP shareholders' entitlement. The ordinary shareholders participate in all general meetings of the Company on the basis of one vote for each share held.

NOTES TO THE ACCOUNTS
(continued)

18. SHARE PREMIUM ACCOUNT

Group and Company	2018 £'000s	2017 £'000s
Balance brought forward	**19,313**	20,031
Purchase of ordinary shares	**(1,146)**	(718)
Balance carried forward	**18,167**	19,313

This is a non-distributable reserve arising on the issue of share capital.

19. SPECIAL RESERVE

Group and Company	2018 £'000s	2017 £'000s
Balance brought forward and carried forward	**233,866**	233,866

The special reserve can be used to purchase the Company's own shares in accordance with Bermuda law. The reserve will not constitute winding up revenue profits in the event of the Company's liquidation, but it constitutes a reserve under Bermuda law for assessing the sufficiency of reserves for the purpose of making dividend payments to ordinary shareholders.

20. NON-DISTRIBUTABLE RESERVE

Group and Company	2018 £'000s	2017 £'000s
Balance brought forward and carried forward	**32,069**	32,069

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

21. CAPITAL RESERVES

Group	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	2018 Capital reserves total £'000s	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	2017 Capital reserves total £'000s
Gains on investments sold	31,551	–	31,551	35,237	–	35,237
Gains/(losses) on investments held	–	16,815	16,815	–	(3,999)	(3,999)
Gains/(losses) on derivative financial instruments sold	2,170	–	2,170	(24,109)	–	(24,109)
Gains on derivative financial instruments held	–	1,128	1,128	–	12,763	12,763
Foreign exchange gains	777	–	777	3,058	–	3,058
Performance fee (see note 3)	(5,337)	–	(5,337)	–	–	–
Other capital charges	(1)	–	(1)	(3)	–	(3)
Gains on transactions of ZDP shares held intra group	4	–	4	617	–	617
ZDP shares finance charges	(12,083)	–	(12,083)	(12,273)	–	(12,273)
Taxation	–	–	–	(30)	–	(30)
	17,081	17,943	35,024	2,497	8,764	11,261
Balance brought forward	(138,213)	62,546	(75,667)	(140,710)	53,782	(86,928)
Transfer for change in treatment of subsidiary (see note 1)	(243)	–	(243)	–	–	–
Balance at 30 June	(121,375)	80,489	(40,886)	(138,213)	62,546	(75,667)

Company	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	2018 Capital reserves total £'000s	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	2017 Capital reserves total £'000s
Gains on investments sold	31,565	–	31,565	36,289	–	36,289
Gains/(losses) on investments held	–	18,147	18,147	–	(5,288)	(5,288)
Gains/(losses) on derivative financial instruments sold	2,170	–	2,170	(23,202)	–	(23,202)
Gains on derivative financial instruments held	–	1,128	1,128	–	12,856	12,856
Foreign exchange gains	777	–	777	3,053	–	3,053
Performance fee (see note 3)	(5,337)	–	(5,337)	–	–	–
Other capital charges	(1)	–	(1)	(3)	–	(3)
Intra-group loan account finance charges	(12,821)	–	(12,821)	(12,697)	–	(12,697)
Taxation	–	–	–	(30)	–	(30)
	16,353	19,275	35,628	3,410	7,568	10,978
Balance brought forward	(124,949)	49,039	(75,910)	(128,359)	41,471	(86,888)
Balance at 30 June	(108,596)	68,314	(40,282)	(124,949)	49,039	(75,910)

Group and Company

Included within the capital reserve movement for the year is £nil (2017: £nil) of dividend receipts recognised as capital in nature, £2,000 (2017: £4,000) of transaction costs on purchases of investments and £49,000 (2017: £119,000) of transaction costs on sales of investments.

NOTES TO THE ACCOUNTS
(continued)

22. REVENUE RESERVE

	Group		Company	
	2018 £'000s	2017 £'000s	**2018 £'000s**	2017 £'000s
Amount transferred to revenue reserve	**5,996**	5,760	**5,996**	5,784
Dividends paid in the year	**(6,738)**	(6,774)	**(6,738)**	(6,774)
Balance brought forward	**9,468**	10,482	**9,711**	10,701
Transfer for change in treatment of subsidiary (see note 1)	**243**	–	**–**	–
Balance at 30 June	**8,969**	9,468	**8,969**	9,711

23. NET ASSET VALUE PER ORDINARY SHARE

Group and Company

Net asset value per ordinary share is based on net assets at the year end of £261,134,000 for the Group and £261,738,000 for the Company (2017: £228,069,000 for the Group and for the Company) and on 89,493,389 ordinary shares in issue at the year end (2017: 90,197,208).

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

	Group		Company	
	2018 £'000s	2017 £'000s	**2018 £'000s**	2017 £'000s
Profit before taxation	**41,199**	17,301	**41,803**	17,042
Adjust for non-cash flow items:				
Gains on investments	**(48,366)**	(31,238)	**(49,712)**	(31,001)
(Gains)/losses on derivative financial instruments	**(3,298)**	11,346	**(3,298)**	10,346
Foreign exchange gains	**(680)**	(2,991)	**(680)**	(2,986)
Non-cash flows on income	**(2,976)**	(6,736)	**(2,976)**	(6,736)
Decrease/(increase) in accrued income	**(1,013)**	2,031	**(1,013)**	2,031
Decrease/(increase) in other debtors	**9**	(3)	**9**	(3)
Increase in creditors	**5,341**	228	**5,347**	230
Gains on transactions of ZDP shares held intra group	**(4)**	(617)	**–**	–
ZDP shares finance costs	**12,083**	12,273	**–**	–
Intra-group loan account finance costs	**–**	–	**12,821**	12,697
Tax on overseas income	**(179)**	(250)	**(179)**	(250)
	(39,083)	(15,957)	**(39,681)**	(15,672)
Other cash flow adjustments:				
Bermuda overseas investment taxation	**–**	(30)	**–**	(30)
Cash flows from operating activities	**2,116**	1,314	**2,122**	1,340

25. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group

2018	**Balance at 30 June 2017 £'000s**	**Cash flows £'000s**	**Foreign exchange movement £'000s**	**Non-cash flow changes: Finance costs £'000s**	**Non-cash flow changes: Gains on transactions of ZDP shares held intra group £'000s**	**Increase of accrued costs £'000s**	**Balance at 30 June 2018 £'000s**
Bank loans	**47,846**	**(18,962)**	**(1,089)**	**–**	**–**	**–**	**27,795**
ZDP shares	**173,778**	**13,504**	**–**	**12,083**	**(4)**	**(7)**	**199,354**
	221,624	**(5,458)**	**(1,089)**	**12,083**	**(4)**	**(7)**	**227,149**

2017	Balance at 30 June 2016 £'000s	Cash flows £'000s	Foreign exchange movement £'000s	Non-cash flow changes: Finance costs £'000s	Non-cash flow changes: Gains on sales of ZDP shares held intra group £'000s	Decrease of accrued costs £'000s	Balance at 30 June 2017 £'000s
Bank loans	24,699	25,148	(2,001)	–	–	–	47,846
ZDP shares	197,361	(35,483)	–	12,273	(617)	244	173,778
	222,060	(10,335)	(2,001)	12,273	(617)	244	221,624

Company

2018	**Balance at 30 June 2017 £'000s**	**Cash flows £'000s**	**Non-cash flows on issues of ZDP shares £'000s**	**Foreign exchange movement £'000s**	**Non-cash flow changes: Finance costs £'000s**	**Decrease of accrued costs £'000s**	**Balance at 30 June 2018 £'000s**
Bank loans	**47,846**	**(18,962)**	**–**	**(1,089)**	**–**	**–**	**27,795**
Intra-group loans	**173,778**	**12,943**	**34,383**	**–**	**12,821**	**(7)**	**233,918**
	221,624	**(6,019)**	**34,383**	**(1,089)**	**12,821**	**(7)**	**261,713**

2017	Balance at 30 June 2016 £'000s	Cash flows £'000s	Foreign exchange movement £'000s	Non-cash flow changes: Finance costs £'000s	Decrease of accrued costs £'000s	Balance at 30 June 2017 £'000s
Bank loans	24,699	25,148	(2,001)	–	–	47,846
Intra-group loans	206,373	(45,536)	–	12,697	244	173,778
	231,072	(20,388)	(2,001)	12,697	244	221,624

26. ULTIMATE PARENT UNDERTAKING

In the opinion of the Directors, from 26 June 2018 the Group's ultimate parent undertaking is Somers Isles Private Trust Company Limited ("SIPTCL"), a company incorporated in Bermuda and owned by Mr Duncan Saville (prior to 26 June 2018, the Group's ultimate parent undertaking was General Provincial Life Pension Fund Limited ("GPLPF") which is incorporated in Bermuda).

NOTES TO THE ACCOUNTS
(continued)

27. RELATED PARTY TRANSACTIONS

The following are considered related parties of UIL:
UIL's majority shareholder is "GPLPF which holds 62.6% of UIL's shares. GPLPF is ultimately controlled by SIPTCL.

Subsidiaries of UIL:
BFIC, Coldharbour, Energy Holdings Limited, GERP, UIL Finance, UIL Holdings Pte Ltd and Zeta (on consolidation, transactions between the Company, UIL Finance and GERP have been eliminated).

Controlled Entities:
Allectus, Somers, VixTech and Vix Verify.

Subsidiaries of the above subsidiaries and controlled entities:
BCB, PCFG, Stockdale Securities Limited, Waverton, West Hamilton Holdings Limited, Homeloans Limited ("Homeloans") and Zeta Energy Pte. Ltd ("Zeta Energy").

Key management entities and persons:
ICM and ICMIM and the board of directors of ICM who are Duncan Saville, Charles Jillings, Alasdair Younie and of ICMIM, Charles Jillings and Sandra Pope.

Persons exercising control of UIL:
The Board of UIL.

Companies controlled by key management persons:
Platform Technology Limited ("PTL"), Permanent Investment Limited ("PIL"), Permanent Mutual Limited ("PML"), Mitre Finance Limited, Mitre Investments Limited and Azure Limited.

The following transactions were carried out during the year to 30 June 2018 between the Company and its related parties above:

UIL Finance
Loans from UIL Finance to UIL of £173.8m as at 30 June 2017 increased by £60.1m, to £233.9m as at 30 June 2018. The loans are repayable on any ZDP share repayment date.

In the year to 30 June 2018, the number of ZDP shares subscribed for and sold in the market by UIL is detailed in note 15 to the accounts.

GERP
During the year UIL loaned GERP £15,000 for working capital (2017: nil).

BFIC, Coldharbour, Zeta, UIL Holdings and Energy Holdings
Transactions are disclosed in note 10.

Allectus, Somers, Vix Verify and VixTech
Transactions are disclosed in note 9.

BCB, PCF Bank, Waverton and Seacrest LP Interests
There were no transactions between these entities and UIL in the year.

ICM and ICMIM
ICM and ICMIM are joint portfolio managers of UIL. These were no other transactions with ICM or ICMIM or ICM Investment Research Limited and ICM Corporate Services (Pty) Ltd, both wholly owned subsidiaries of ICM, other than investment management, secretarial costs, administration fees and performance fees as set out in note 3, and reimbursed expenses included within note 4 of £114,000 (2017: £108,000). At the year end £279,000 (2017: £297,000) remained outstanding to ICM and ICMIM in respect of management and company secretarial fees and £5,337,000 (2017: nil) in respect of performance fees.

27. RELATED PARTY TRANSACTIONS (continued)

Duncan Saville, Charles Jillings, Alasdair Younie and Sandra Pope

Mr Saville is a director of Allectus, BFIC, GERP, Homeloans, Newtel Holdings Limited, PIL, PML, PTL, SIPTCL, Somers, Vix Holdings, Vix Limited, VixTech, Vix Verify, West Hamilton Holdings Limited, Zeta Energy and Zeta Investments Pty Limited.

Mr Jillings is a director of Allectus, GERP, Merrion Capital Group, PIL, PML, SIPTCL, Somers, and Waverton Investment Management Limited.

Mr Younie is a director of Ascendant Group Limited, BCB Limited, BFIC, GERP, One Communications Limited, PIL, PML, SIPTCL, Somers, VixTech, West Hamilton Holdings Limited and Zeta Investments Limited.

Mr Jillings received dividends from UIL of £26,250.

There were no other transactions in the year between UIL and Duncan Saville, Charles Jillings, Alasdair Younie or Sandra Pope.

The Board

As detailed in the Directors' Remuneration Report on page 57, the Board received aggregate remuneration of £216,000 (2017: £211,000) included within "Other expenses" in note 4 for services as Directors. As at 30 June 2018, £54,000 (2017: £53,000) remained outstanding to the Directors. In addition to their fees, the Directors received dividends totalling £62,627 (2017: £58,499) during the year under review in respect of their shareholdings in the Company.

There were no further transactions with the Board during the year.

PTL

PTL is 100% owned by Mr Saville and holds the regulated businesses of Newtel Holdings Limited ("Newtel"). 100% of economic interest in Newtel accrues to UIL through a promissory note. Similarly UIL holds an economic interest in Vix Verify through a CFD with PTL.

PIL and PML

PIL and PML are both controlled by SIPTCL and hold 46.0% and 3.1% of Somers ordinary shares respectively. PML received dividends of £476,623 from UIL.

There were no other transactions between the Company and PIL or between the Company and PML in the year.

SIPTCL

SIPTCL was established on 26 June 2018 and is 100% owned by Mr Saville.

Other

GPLPF received dividends of £4,200,115 from UIL. Azure Limited received dividends of £3,465 from UIL. There were no other transactions between the above associates and the Company other than investments in the ordinary course of UIL's business.

28. OPERATING SEGMENTS

Operating segments are considered to be secondary reporting segment. The Directors are of the opinion that the Company's activities comprise a single operating segment, which is investing in equity, debt and derivative securities to maximise shareholder returns.

29. GOING CONCERN

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

As at the year end, the Company had a £50m multicurrency loan facility with Scotiabank expiring on 22 March 2020. Drawdowns under the facility are detailed in note 16. The Company will either extend or replace the facility or repay the outstanding debt when due from portfolio realisations..

NOTES TO THE ACCOUNTS
(continued)

30. FINANCIAL RISK MANAGEMENT

The Group's investment objective is to maximise shareholder returns by identifying and investing in investments worldwide where the underlying value is not reflected in the market price.

The Group seeks to meet its investment objective 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 Group has the power to take out both short and long term borrowings. In pursuing the objective, the Group is exposed to financial risks which could result in a reduction of either or both of the value of the net assets and the profits available for distribution by way of dividend. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit and counterparty risk. The Board of Directors, together with the Investment Managers, is responsible for the Group's risk management. The Directors' policies and processes for managing the financial risks are set out in (a), (b) and (c) below.

The Company's risks include the risks within UIL Finance and therefore only the Group risks are analysed below as the differences are not considered to be significant. 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 and best practice, and include the valuation of financial assets and liabilities at fair value except as noted in (d) below and in note 15 in respect of ZDP shares. The Group does not make use of hedge accounting rules.

(a) Market risks

The fair value of equity and other financial securities held in the Group's portfolio and derivative financial instruments fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues, including the market perception of future risks. The Board sets policies for managing these risks within the Group's objective 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 monitors on-going market risk within the portfolio. The Group's other assets and liabilities may be denominated in currencies other than Sterling and may also be exposed to interest rate risks. The Investment Managers and the Board regularly monitor these risks. The Group does not normally hold significant cash balances. Borrowings are limited to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the Group's exposure to future changes in exchange rates.

Gearing may be short- or long-term, in Sterling and foreign currencies, and enables the Group to take a long-term view of the countries and markets in which it is invested without having to be concerned about short-term volatility. Income earned in foreign currencies is converted to Sterling on receipt. The Board regularly monitors the effects on net revenue of interest earned on deposits and paid on gearing.

Currency exposure

The principal currencies to which the Group was exposed were the Australian Dollar, Bermuda Dollar, Euro, New Zealand Dollar and US Dollar. The exchange rates applying against Sterling at 30 June and the average rates for the year were as follows:

	2018	**Average**	2017
AUD – Australian Dollar	**1.7869**	**1.7421**	1.6934
BMD – Bermuda Dollar	**1.3203**	**1.3471**	1.2989
EUR – Euro	**1.1308**	**1.1308**	1.1389
NZD – New Zealand Dollar	**1.9500**	**1.8904**	1.7740
USD – US Dollar	**1.3203**	**1.3471**	1.2989

30. FINANCIAL RISK MANAGEMENT (continued)

The Group's assets and liabilities at 30 June (shown at fair value, except derivatives at gross exposure value), by currency excluding Sterling based on the country of primary exposure, are shown below:

2018	**AUD £'000s**	**BMD £'000s**	**EUR £'000s**	**NZD £'000s**	**USD £'000s**	**Other £'000s**	**Total £'000s**
Other receivables	**1,016**	**49**	**–**	**–**	**19**	**460**	**1,544**
Cash and cash equivalents	**272**	**–**	**4**	**127**	**244**	**–**	**647**
Derivative financial instruments – liabilities	**(103,370)**	**–**	**(5,344)**	**(7,526)**	**(66,051)**	**–**	**(182,291)**
Long-term borrowings	**(16,280)**	**–**	**–**	**–**	**–**	**(11,516)**	**(27,796)**
Net monetary (liabilities)/assets	**(118,362)**	**49**	**(5,340)**	**(7,399)**	**(65,788)**	**(11,056)**	**(207,896)**
Investments	**159,630**	**64,047**	**23,774**	**9,135**	**9,543**	**144,919**	**411,048**
Net financial assets	**41,268**	**64,096**	**18,434**	**1,736**	**(56,245)**	**133,863**	**203,152**

2017	AUD £'000s	BMD £'000s	EUR £'000s	NZD £'000s	USD £'000s	Other £'000s	Total £'000s
Other receivables	509	49	–	–	24,496	–	25,054
Derivative financial instruments – assets	–	–	–	–	14,970	–	14,970
Cash and cash equivalents	(153)	22	7	–	1,330	–	1,206
Short-term borrowings	(47,846)	–	–	–	–	–	(47,846)
Other payables	–	–	–	–	(25,510)	–	(25,510)
Derivative financial instruments – liabilities	(82,683)	–	(19,779)	(31,586)	(47,765)	–	(181,813)
Net monetary (liabilities)/assets	(130,173)	71	(19,772)	(31,586)	(32,479)	–	(213,939)
Investments	122,739	72,400	27,827	25,454	3,612	150,996	403,028
Net financial assets	(7,434)	72,471	8,055	(6,132)	(28,867)	150,996	189,089

Based on the financial assets and liabilities held, and exchange rates applying, at 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 net asset value (NAV) per share:

					2018					2017
Weakening of Sterling	**AUD £'000s**	**BMD £'000s**	**EUR £'000s**	**NZD £'000s**	**USD £'000s**	AUD £'000s	BMD £'000s	EUR £'000s	NZD £'000s	USD £'000s
Income Statement										
Revenue profit for the year	**311**	**380**	**59**	**113**	**–**	472	183	65	158	-
Capital profit for the year	**4,472**	**7,116**	**2,048**	**193**	**(6,252)**	(883)	8,047	895	(681)	(3,207)
Total profit for the year	**4,783**	**7,496**	**2,107**	**306**	**(6,252)**	(411)	8,230	960	(523)	(3,207)
NAV per share										
Basic – pence	**5.34**	**8.38**	**2.36**	**0.34**	**(6.99)**	(0.46)	9.12	1.06	(0.58)	(3.56)

NOTES TO THE ACCOUNTS
(continued)

30. FINANCIAL RISK MANAGEMENT (continued)

Strengthening of Sterling	2018 AUD £'000s	2018 BMD £'000s	2018 EUR £'000s	2018 NZD £'000s	2018 USD £'000s	2017 AUD £'000s	2017 BMD £'000s	2017 EUR £'000s	2017 NZD £'000s	2017 USD £'000s
Income Statement										
Revenue profit for the year	**(311)**	**(380)**	**(59)**	**(113)**	**–**	(472)	(183)	(65)	(158)	-
Capital profit for the year	**(4,472)**	**(7,116)**	**(2,048)**	**(193)**	**6,252**	883	(8,047)	(895)	681	3,207
Total profit for the year	**(4,783)**	**(7,496)**	**(2,107)**	**(306)**	**6,252**	411	(8,230)	(960)	523	3,207
NAV per share										
Basic – pence	**(5.34)**	**(8.38)**	**(2.36)**	**(0.34)**	**6.99**	0.46	(9.12)	(1.06)	0.58	3.56

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

Interest rate exposure

The exposure of the financial assets and liabilities to interest rate risks at 30 June is shown below:

	2018 Total £'000s	2018 Within one year £'000s	2018 More than one year £'000s	2017 Total £'000s	2017 Within one year £'000s	2017 More than one year £'000s
Exposure to floating rates						
– Cash	**647**	**647**	**–**	3,573	3,573	–
– Bank overdraft	**(700)**	**(700)**	**–**	–	–	–
– Borrowings	**(27,795)**	**–**	**(27,795)**	(47,846)	(47,846)	–
	(27,848)	**(53)**	**(27,795)**	(44,273)	(44,273)	–
Exposure to fixed rates						
Zero dividend preference shares	**(199,354)**	**(50,858)**	**(148,496)**	(173,778)	-	(173,778)
Net exposures						
– At period end	**(227,202)**	**(50,911)**	**(176,291)**	(218,051)	(44,273)	(173,778)
– Maximum in year	**(233,949)**	**(46,524)**	**(187,425)**	(243,742)	(32,915)	(210,827)
– Minimum in year	**(204,155)**	**(27,434)**	**(176,721)**	(216,395)	(44,264)	(172,131)

	Total £'000s	Exposure to floating interest rates £'000s	Fixed interest rates £'000s	Total £'000s	Exposure to floating interest rates £'000s	Fixed interest rates £'000s
Net exposures						
– Maximum in year	**(233,949)**	**(35,479)**	**(198,470)**	(243,742)	(82,915)	(160,827)
– Minimum in year	**(204,155)**	**(27,434)**	**(176,721)**	(216,395)	(44,264)	(172,131)

30. FINANCIAL RISK MANAGEMENT (continued)

Exposures vary throughout the year as a consequence of changes in the make-up of the net assets of the Group arising out of the investment and risk management processes. Interest received on cash balances or paid on overdrafts is at ruling market rates. Finance costs on the ZDP shares are fixed (see note 15). Interest paid on borrowings is at ruling market rates (2017: same) The Group's total returns and net assets are sensitive to changes in interest rates on cash and borrowings. Based on the financial assets and liabilities held, and the interest rates pertaining, at each Balance Sheet date, a decrease or increase in interest rates by 2% would have had the following approximate effects on the Group Income Statement revenue and capital returns after tax and on the NAV per share.

	2018 Increase in rate £'000s	**2018 Decrease in rate £'000s**	2017 Increase in rate £'000s	2017 Decrease in rate £'000s
Revenue profit for the year	**(557)**	**557**	(885)	885
Capital profit for the year	**–**	**–**	–	–
Total profit for the year	**(557)**	**557**	(885)	885
NAV per share				
Basic – pence	**(0.62)**	**0.62**	(0.98)	0.98

Other market risk exposures

The portfolio of investments, valued at £493,375,000 at 30 June 2018 (2017: £449,116,000) is exposed to market price changes. The Group enters into currency and index options in managing its exposure to other market risks.

The Investment Managers assess these exposures at the time of making each investment decision. The Board reviews overall exposures at each meeting against indices and other relevant information. An analysis of the portfolio by country and major industrial sector is set out on page 14. The Investment Managers have operated a strategic market position via the purchase and sale of equity index put and call options, principally on the S&P500 Index. The level of the position is kept under constant review, and will depend upon several factors including the relative performance of markets, the price of options as compared to the market, and the Investment Managers' view of likely future volatility and market movements.

Based on the portfolio of investments at the balance sheet date, and assuming other factors, including derivative financial instrument exposure, remain constant, a decrease or increase in the fair values of the portfolio by 20% would have had the following approximate effects on the Income Statement Capital Return after tax and on the NAV per share:

	2018 Increase in value	**2018 Decrease in value**	2017 Increase in value	2017 Decrease in value
Income Statement capital profit for the year (£'000s)	**98,675**	**(98,675)**	89,823	(89,823)
NAV per share				
Basic – pence	**110.26**	**(110.26)**	99.59	(99.59)

(b) Liquidity risk exposure

The Group and the Company are required to raise funds to meet commitments associated with financial instruments including ZDP shares. These funds may be raised either through the realisation of assets or through increased borrowing. The risk of the Group or the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given: the number of quoted investments held in the Group's portfolio, 14 at 30 June 2018 (20 at 30 June 2017); the liquid nature of the portfolio of investments; the industrial and geographical diversity of the portfolio (see charts on page 14); and the existence of an on-going loan facility agreement. Cash balances are held with reputable banks.

NOTES TO THE ACCOUNTS
(continued)

30. FINANCIAL RISK MANAGEMENT (continued)

The Investment Managers review liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting. The Group has bank loan facilities of £50.0m as set out in note 16 to the accounts and ZDP share liabilities of £199.4m as set out in note 15. The contractual maturities of the financial liabilities, based on the earliest date on which payment can be required, were as follows:

				2018				2017
	Three months or less £'000s	**More than three months but less than one year £'000s**	**More than one year £'000s**	**Total £'000s**	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Bank overdraft	**700**	**–**	**–**	**700**	–	–	–	–
Other creditors	**6,152**	**–**	**–**	**6,152**	26,472	–	–	26,472
Derivative financial instruments	**182,292**	**–**	**–**	**182,292**	181,814	–	–	181,814
Bank loans	**–**	**–**	**27,890**	**27,890**	–	48,380	–	48,380
ZDP shares	**–**	**–**	**245,051**	**245,051**	–	–	213,913	213,913
	189,144	**–**	**272,941**	**462,085**	208,286	48,380	213,913	470,579

(c) Credit risk and counterparty exposure

The Group is exposed to potential failure by counterparties to deliver securities for which the Group has paid, or to pay for securities which the Group has delivered. The Board approves all counterparties used in such transactions, which must be settled on a 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 the Administrator and 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. Cash and deposits are held with reputable banks. The Group 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 Group 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 Group's behalf, the Group is exposed to counterparty risk. The Board assesses this risk continuously through regular meetings with management.

In summary, compared to the amounts included in the balance sheet, the maximum exposure to credit risk was as follows:

Current assets	**30 June £'000s**	**2018 Maximum exposure in the year £'000s**	30 June £'000s	2017 Maximum exposure in the year £'000s
Cash at bank	**647**	**21,901**	3,573	7,147
Financial assets through profit and loss				
– derivatives (put options and call options)	**–**	**–**	–	25,761
– derivatives (forward foreign exchange contracts)	**181,706**	**192,308**	187,621	229,975

None of the Group's financial assets are past due or impaired. The Group's principal custodian is JPMorgan Chase Bank N.A.. BCB acts as custodian for unquoted investments. UIL has an indirect interest in BCB.

(d) Fair values of financial assets and liabilities

The assets and liabilities of the Group are, in the opinion of the Directors, reflected in the Balance Sheet at fair value except for ZDP shares which are carried at amortised cost using effective interest rate basis (see note 15). 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 exchanges rates ruling at each valuation date.

30. FINANCIAL RISK MANAGEMENT (continued)

The fair values of ZDP shares derived from their quoted market price at 30 June, were:

Current assets	**2018 £'000s**	2017 £'000s
2018 ZDP shares	**51,766**	77,131
2020 ZDP shares	**55,575**	54,748
2022 ZDP shares	**62,250**	59,750
2024 ZDP shares	**32,250**	–
2026 ZDP shares	**11,840**	–

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

Level 3 financial instruments

Valuation methodology

The Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied and the valuation. The level 3 assets comprise of a number of unlisted investments at various stages of development and each has been assessed based on its industry, location and business cycle. The valuation methodologies include cost of recent investment or last funding round, listed peer comparison or peer group multiple, dividend yield or net assets as appropriate. Where applicable, the Directors have considered observable data and events to underpin the valuations. A discount has been applied, where appropriate, to reflect both the unlisted nature of the investments and business risks.

The level 3 financial instruments are split between unlisted companies and loans to listed companies.

Sensitivity of level 3 financial investments measured at fair value to changes in key assumptions.

The following table shows the sensitivity of the fair value of level three financial investments to changes in key assumptions.

	Carrying amount £'000s	**2018 Effect of possible alternative assumptions £'000s**	Carrying amount £'000s	2017 Effect of possible alternative assumptions £'000s
Unlisted companies	**70,796**	**7,080**	71,637	7,164
Loans to unlisted companies	**55,269**	**5,527**	37,363	3,736
Total	**126,065**	**12,607**	109,000	10,900

(e) Capital risk management

The objective of the Group is stated as being to maximise shareholder returns by identifying and investing in investments where the underlying value is not reflected in the market price. In pursuing this long term objective, the Board has a responsibility for ensuring the Group's ability to continue as a going concern. It must therefore maintain its capital structure through varying market conditions. This involves the ability to: issue and buy back share capital within limits set by the shareholders in general meeting; borrow monies in the short and long term; and pay dividends to shareholders out of current year earnings as well as out of brought forward reserves. Changes to ordinary share capital are set out in note 17 to the accounts.

Dividends are set out in note 8 to the accounts. Borrowings are set out in notes 13 and 16 to the accounts. ZDP shares are set out in note 15 to the accounts.

NOTES TO THE ACCOUNTS
(continued)

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

In accordance with the AIFMD, information in relation to the Group's leverage and the remuneration of the Company's AIFM, ICMIM, is required to be made available to investors. Detailed regulatory disclosures including those on the AIFM's remuneration policy are available on the Company's website or from ICMIM on request.

The Group's maximum and actual leverage as at 30 June 2018 are shown below:

Leverage exposure	**Gross method**	**Commitment method**
Maximum permitted limit	**425%**	**425%**
Actual	**213%**	**213%**

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

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in UIL Limited, please forward this document and the accompanying Form of Proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Notice is hereby given that the 2018 Annual General Meeting of UIL Limited will be held at the Raffles Makati, 1 Raffles Drive, 1224 Makati, Manila, Philippines on Wednesday, 21 November 2018 at 9.00am (local time) for the following purposes:

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

ORDINARY BUSINESS:

1. To confirm the Minutes of the last General Meeting.
2. To receive and adopt the Report of the Directors, the report of the independent auditor and the accounts for the year ended 30 June 2018.
3. To approve the Directors' Remuneration Report for the year ended 30 June 2018.
4. To re-elect Mr C Samuel as a Director.
5. To re-elect Mr E Stobart as a Director.
6. To re-elect Mr W McLeland as a Director.
7. To re-elect Mr D Shillson as a Director
8. To re-appoint KPMG LLP as auditor of the Company.
9. To authorise the Directors to determine the auditor's remuneration.

SPECIAL BUSINESS:

10. **As an Ordinary Resolution:** That in substitution for the Company's existing authority to make market purchases of ordinary shares of 10p in the Company ("Ordinary Shares"), the Company be and it is generally and unconditionally authorised to make market purchases of Ordinary Shares, provided that:
    (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 13,410,000 (being the equivalent of approximately 14.99% of the issued Ordinary Shares as at the date of this notice);
    (b) the minimum price which may be paid for an Ordinary Share shall be 10p;
    (c) the maximum price (exclusive of expenses payable by the Company) which may be paid for an Ordinary Share shall be the higher of:
        (i) 105% of the average of the middle market quotations of the Ordinary Shares for the five business days prior to the date on which such shares are contracted to be purchased; and
        (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out;
    (d) such purchases shall be made in accordance with the Companies Act 1981 of Bermuda;
    (e) unless renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting to be held in 2019 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after the expiration of such authority.

NOTICE OF ANNUAL GENERAL MEETING
(continued)

11. **As a Special Resolution:** That, for the purpose of Bye-law 4A of the Company's Bye-laws, the Company may issue Relevant Securities (as defined in the Bye-laws) representing up to 4,474,000 Ordinary Shares, equivalent to approximately 5% of the total number of Ordinary Shares in issue as at the date of this notice otherwise than on a pre-emptive basis, provided that such disapplication shall expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting by Special Resolution (as defined in the Bye-laws)) at the earlier of the conclusion of the annual general meeting to be held in 2019 or 18 months from the date of this resolution but so that this power shall enable the Company to make such offers or agreements before such expiry which would or might otherwise require Relevant Securities to be issued after such expiry and the Directors may issue Relevant Securities in pursuance of such offer or agreement as if such expiry had not occurred.

By order of the Board
ICM Limited, Secretary
14 September 2018

Notes

1. Only the holders of ordinary shares registered on the register of members of the Company at close of business on 16 November 2018 shall be entitled to attend and vote or to be represented at the meeting in respect of the ordinary shares registered in their name at that time. Changes to entries on the register after close of business on 16 November 2018 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any person holding 5% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules need not make a separate notification to the Company and the Financial Conduct Authority.
4. Any such person holding 5% or more of the voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such person complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.
5. A form of proxy is provided with this notice of meeting. The return of a form of proxy will not preclude a member from attending the meeting and voting in person if he/she wishes to do so. To be valid, a form of proxy for use at the meeting and the power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be deposited with the Company's registrars, Computershare Investor Services (Bermuda) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 4:00 pm (GMT) on 16 November 2018. Shareholders may also lodge their votes electronically by visiting the website www.eproxyappointment.com (the on-screen instructions will give details on how to complete the voting process).

   In view of this requirement, investors holding ordinary shares in the Company through depository interests should ensure that Forms of Instruction are returned to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 4:00 pm (GMT) on 15 November 2018 or give an instruction via the CREST system as detailed below.

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

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by not later than 4:00 pm (GMT) on 15 November 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. The register of Directors' holdings is available for inspection at the registered office of the Company during normal business hours on any weekday and will be available at the place of the meeting from 15 minutes prior to the commencement of the meeting until the conclusion thereof.
7. No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Company's Bye-laws. The letters of appointment are available for inspection on request at the Company's registered office and at the annual general meeting.
8. The fourth quarterly dividend of 1.875p per ordinary share in respect of the year ended 30 June 2018 will be paid on 21 September 2018 to the relevant holders on the register at the close of business on 7 September 2018.

COMPANY INFORMATION

DIRECTORS
Peter Burrows, AO (Chairman)
Alison Hill
Warren McLeland
Christopher Samuel
David Shillson
Eric St C Stobart

REGISTERED OFFICE
34 Bermudiana Road, Hamilton HM 11, Bermuda
Company Registration Number: 39480
LEI: 213800CTZ7TEIE7YM468

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

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

ASSISTANT SECRETARY
BCB Charter Corporate Services Limited
34 Bermudiana Road, Hamilton HM 11, Bermuda

ADMINISTRATOR (TO 30 JUNE 2018)
F&C Management Limited (trading as BMO Global Asset Management)
Exchange House, Primrose Street, London EC2A 2NY
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Authorised and regulated in the UK by the Financial Conduct Authority

ADMINISTRATOR (FROM 1 JULY 2018)
JP Morgan Chase Bank N.A. – London Branch
25 Bank Street, Canary Wharf, London E14 5JP
United Kingdom
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

BROKER
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Authorised and regulated in the UK by the Financial Conduct Authority

COMPANY BANKER
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LEGAL ADVISOR TO THE COMPANY
(as to English law)

Norton Rose Fulbright LLP
3 More London Riverside, London SE1 2AQ
United Kingdom

LEGAL ADVISOR TO THE COMPANY
(as to Bermuda law)

Appleby (Bermuda) Limited
Canon's Court, 22 Victoria Street, Hamilton HM 12
Bermuda

REPORTING ACCOUNTANTS AND REGISTERED AUDITOR
KPMG LLP
15 Canada Square, London E14 5GL, United Kingdom
Member of the Institute of Chartered Accountants in England and Wales

DEPOSITARY SERVICES PROVIDER
J.P. Morgan Europe Limited
25 Bank Street, Canary Wharf, London E14 5JP
United Kingdom
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

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

Bermuda Commercial Bank Limited
34 Bermudiana Road, Hamilton HM 11, Bermuda

REGISTRAR
Computershare Investor Services (Bermuda) Limited
5 Reid Street, Hamilton HM 11, Bermuda
Telephone 0370 707 4040

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

ALTERNATIVE PERFORMANCE MEASURES

The European Securities and Markets Authority defines an Alternative Performance Measure ("APM") as being a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable accounting framework. The Group uses the following APMs:

Discount/Premium – if the share price is lower than the NAV per ordinary share, the shares are trading at a discount. Shares trading at a price above NAV per ordinary share are said to be at a premium. As at 30 June 2018 the ordinary share price was 174.50p and the net asset value per ordinary share was 291.79p, the discount was therefore 40.2%.

Gearing – represents the excess amount above shareholders' funds of gross assets less current liabilities expressed as a percentage of the shareholders funds.

	2018 £'000s	2017 £'000s	
Bank overdraft	**700**	–	
Bank loans	**27,795**	47,846	
ZDP shares	**199,354**	173,778	
Total debt	**227,849**	221,624	(a)
Equity holders' funds	**261,134**	228,069	(b)
Gearing	**87.3%**	97.2%	(a)/(b)

NAV per ordinary share – the value of the Group's net assets divided by the number of ordinary shares in issue (see note 23).

NAV/share price total return – the return to shareholders calculated on a per ordinary share basis by adding dividends paid in the period to the increase or decrease in the Share Price or NAV in the period. The dividends are assumed to have been re-invested in the form of shares or net assets, respectively, on the date on which the dividends were paid.

2018	**Dividend rate (pence)**	**NAV (pence)**	**Share price (pence)**
30 June 2017	**n/a**	**252.86**	**164.00**
22 September 2017	**1.875**	**267.46**	**163.25**
14 December 2017	**1.875**	**256.62**	**158.00**
23 March 2018	**1.875**	**271.44**	**167.50**
22 June 2018	**1.875**	**280.20**	**172.50**
30 June 2018	**n/a**	**291.79**	**174.50**
Total return		**18.7%**	**11.3%**

2017	Dividend rate (pence)	NAV (pence)	Share price (pence)
30 June 2016	n/a	241.12	164.00
28 September 2016	1.875	334.25	187.75
21 December 2016	1.875	261.72	147.50
22 March 2017	1.875	276.63	159.50
22 June 2017	1.875	275.66	164.00
30 June 2017	n/a	252.86	164.00
Total return		7.7%	31.3%

ALTERNATIVE PERFORMANCE MEASURES
(continued)

Annual compound NAV total return since inception – the annual return to shareholders calculated on a per ordinary share basis by adding dividends paid in the period and adjusting for the exercise of warrants and Convertible Unsecured Loan Stock ("CULS") in the period to the increase or decrease in the NAV in the period. The dividends are assumed to have been re-invested in the form of shares or net assets, respectively, on the date on which the dividends were paid. The adjustment for the exercise of warrants and CULS is made on the date the warrants and CULS were exercised.

Annual compound	
NAV 13 August 2003 (pence)	**99.47**
Total dividend, warrants and CULS adjustment factor	**1.93796**
NAV 30 June 2018 (pence)	**291.79**
Adjusted NAV at 30 June 2018 (pence)	**565.48**
Annual compound NAV total return since inception	**12.40%**

Ongoing charges – all operating costs expected to be regularly incurred and that are payable by the Group or suffered within underlying investee funds, expressed as a proportion of the average weekly net asset values of the Group (valued in accordance with accounting policies) over the reporting year. The costs of buying and selling investments and derivatives are excluded, as are interest costs, taxation, non-recurring costs and the costs of buying back or issuing ordinary shares.

Ongoing charges calculation (excluding performance fees)	*page*	2018 £'000s	2017 £'000s	
Management and administration fees	69	**1,491**	1,656	
Other expenses	69	**1,316**	1,205	
Expenses suffered within underlying funds		**2,580**	2,575	
Total expenses for ongoing charges calculation		**5,387**	5,436	(a)
Average weekly net asset values of the Group		**243,894**	260,871	(b)
Ongoing Charges	6	**2.2%**	2.1%	(a)/(b)

Ongoing changes calculation (including performance fees)	*page*	2018 £'000s	2017 £'000s	
Management and administration fees	69	**6,828**	1,656	
Other expenses	69	**1,316**	1,205	
Expenses suffered within underlying funds		**2,580**	3,970	
Total expenses for ongoing charges calculation		**10,724**	6,831	(c)
Average weekly net asset values of the Group		**243,894**	260,871	(d)
Ongoing Charges	6	**4.4%**	2.6%	(c)/(d)

HISTORICAL PERFORMANCE

at 30 June	2018	2017	2016	2015	2014	2013[1]	2012	2011	2010	2009
NAV per ordinary share (pence)	291.79	252.86	241.12	169.00	165.84	148.33	209.67	201.63	166.39	146.87
Ordinary share price (pence)	174.50	164.00	130.75	117.00	128.00	130.00	144.00	147.25	116.50	117.00
Discount/(premium) (%)	40.2	35.1	45.8	30.8	22.8	12.4	31.3	27.0	30.0	20.3
Returns and dividends (pence)										
Revenue return per ordinary share	6.67	6.38	6.23	7.84	7.03	12.06	11.99	7.65	10.49	2.77
Capital return per ordinary share	38.96	12.46	68.45	2.47	19.85	(63.65)	2.73	26.05	21.15	(82.62)
Total return per ordinary share	45.63	18.84	74.68	10.31	26.88	(51.59)	14.72	33.70	31.64	(79.85)
FTSE All-Share Index total return	7,389	6,777	5,737	5,614	5,471	4,837	4,101	4,234	3,370	2,782
Dividend per ordinary share	7.50	7.50	7.50	7.50	7.50	10.00[2]	7.00	8.25	–	–
Capital distribution per ordinary share	-	–	–	–	–	–	–	–	12.00	–
ZDP shares[3] (pence)										
2018 ZDP shares										
Capital entitlement per ZDP share	156.78	146.19	136.32	127.09	118.50	110.50	103.03	n/a	n/a	n/a
ZDP share price	159.50	154.75	147.25	141.75	128.25	113.38	104.00	n/a	n/a	n/a
2020 ZDP shares										
Capital entitlement per ZDP share	131.52	122.64	114.35	106.61	n/a	n/a	n/a	n/a	n/a	n/a
ZDP share price	142.50	140.38	130.00	122.38	n/a	n/a	n/a	n/a	n/a	n/a
2022 ZDP shares										
Capital entitlement per ZDP share	113.01	106.37	100.12	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ZDP share price	124.50	119.50	104.50	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2024 ZDP shares										
Capital entitlement per ZDP share	103.10	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ZDP share price	107.50	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2026 ZDP shares										
Capital entitlement per ZDP share	100.87	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ZDP share price	102.25	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Equity holders' funds (£m)										
Gross assets[4]	488.3	449.7	440.7	373.4	399.1	383.0	434.5	408.7	334.2	288.9
Bank debt	27.8	47.8	24.7	34.4	22.2	42.5	0.0	30.9	29.3	17.0
ZDP shares	199.4	173.8	197.4	172.4	212.5	193.4	224.4	172.8	161.2	145.1
Other debt	–	–	–	–	–	–	1.2	3.5	–	–
Equity holders' funds	261.1	228.1	218.6	166.6	164.4	147.1	208.9	201.5	143.7	126.8
Revenue account (£m)										
Income	10.6	10.7	10.5	11.2	10.4	16.2	15.9	11.9	13.8	8.5
Costs (management and other expenses)	2.8	2.9	1.9	1.8	2.1	3.2	3.0	2.9	2.4	2.4
Finance costs	1.6	1.8	1.7	1.1	0.9	0.8	0.8	2.0	1.4	2.6
Financial ratios of the Group (%)										
Ongoing charges figure[5]	2.2	2.1	3.3	2.0	2.2	1.8	1.7	2.0	0.7	0.8
Bank debt, other loans and ZDP shares gearing on net assets	87.3	97.2	101.6	124.1	144.4	160.4	108.0	102.8	132.6	127.9

(1) Restated on adoption of IFRS10 Consolidated Financial Statements
(2) Includes the special dividend of 2.50p per share
(3) Issued by UIL Finance, a wholly owned subsidiary of UIL
(4) Gross assets less current liabilities excluding loans
(5) See Alternative Performance Measures on pages 107 and 108

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