UIL LIMITED

2017

REPORT AND ACCOUNTS

MANAGED BY ICM

UIL LIMITED

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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 Bermuda exempted company incorporated with liability limited by shares. 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. 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")	22 November 2017
Half year	31 December
Quarterly dividends, payable in	September, December, March and June
Q4 interim dividend – Ex-dividend – Paid	7 September 2017 22 September 2017

FORWARD–LOOKING STATEMENTS

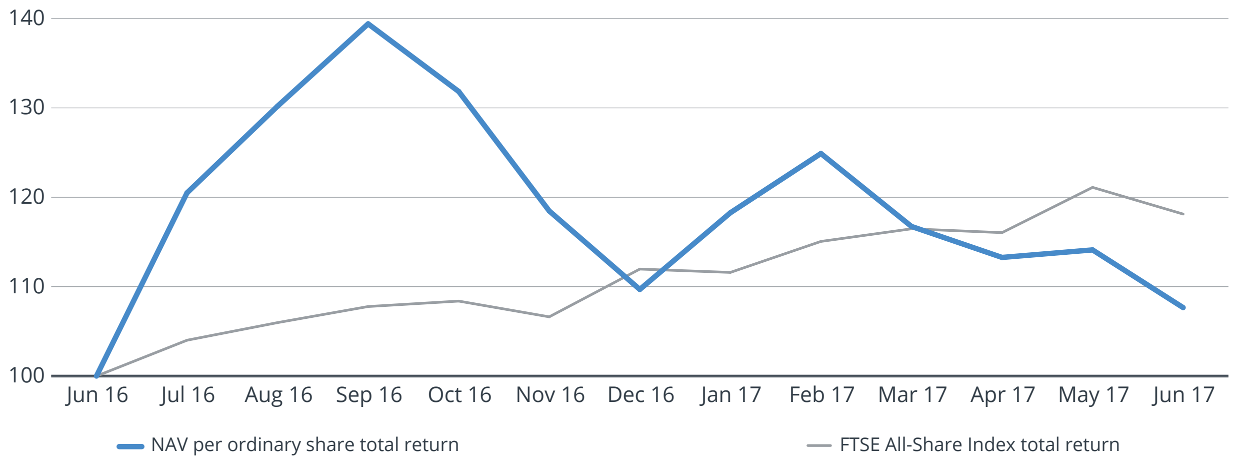
This annual report may contain "forward-looking statements" with respect to the financial condition, results of operations and business of the Company and the Group. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to 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 7.7%**
- **Dividend per ordinary share maintained at 7.50p**

TOTAL RETURN COMPARATIVE PERFORMANCE*
June 2016 to June 2017



*Rebased to 100 at 30 June 2016

Source: ICM

Other attributes

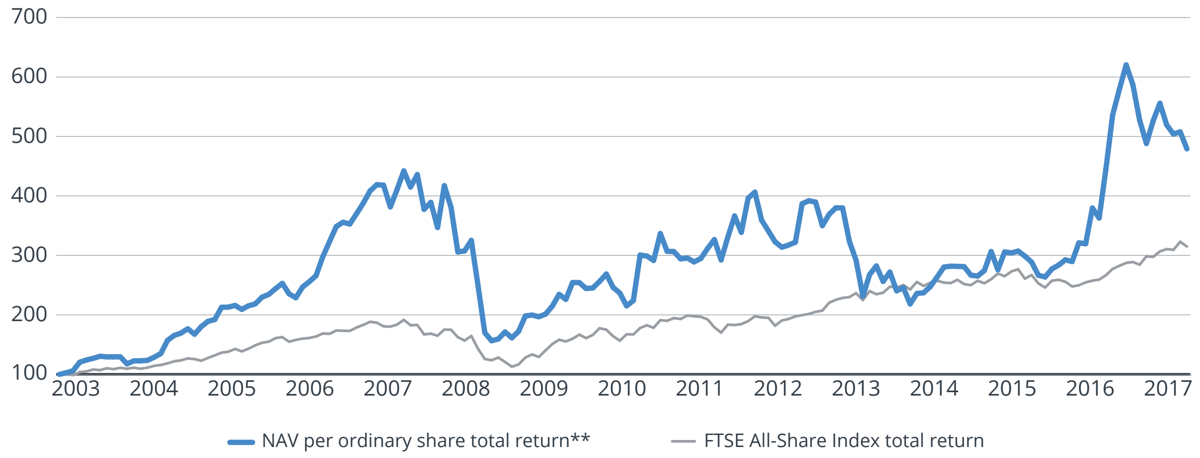
- Invested £121.3m and realised £155.7m
- Gearing reduced to 97.2%
- 2016 ZDP shares of £62.7m repaid in full on expiry
- 2022 ZDP shares issued and closed at a yield to maturity of 4.0%
- Technology investments now 22.3% of the total portfolio
- Unlisted investments are 20.5% of the total portfolio
- Ongoing charges 2.6% (including performance fee)

PERFORMANCE SINCE INCEPTION

- **Annual compound NAV total return since inception of 11.9%**
- **Dividends per ordinary share have increased from 1.60p to 7.50p**

HISTORIC TOTAL RETURN PERFORMANCE*

from August 2003 to June 2017

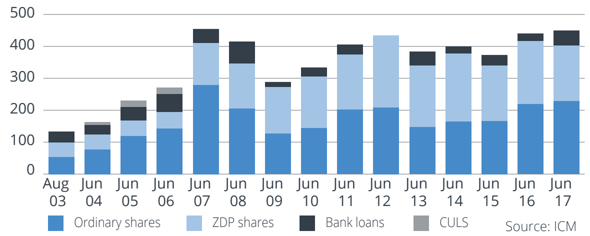


*Rebased to 100 at 14 August 2003
**Adjusted for the exercise of warrants and convertibles

Source: ICM

ALLOCATION OF GROSS ASSETS (£m)

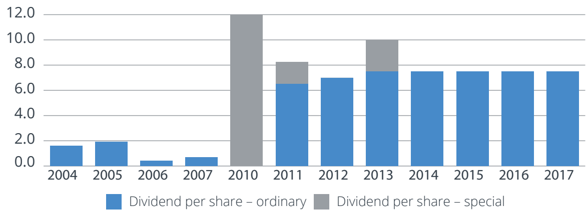
from August 2003 to June 2017



Source: ICM

DIVIDENDS PER ORDINARY SHARE (pence)

from June 2004 to June 2017

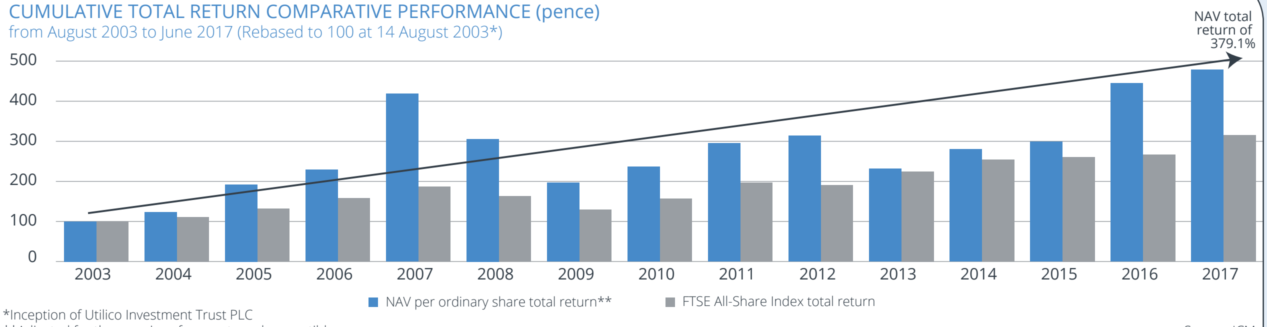


No dividends were paid between 2007 and 2010

Source: ICM

CUMULATIVE TOTAL RETURN COMPARATIVE PERFORMANCE (pence)

from August 2003 to June 2017 (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 2017	30 JUNE 2016	CHANGE % 2017/16
NAV total return[1] (for the year) (%)	**7.7**	48.9	n/a
Annual compound NAV total return (since inception) (%)	**11.9**	12.3	n/a
NAV per ordinary share (pence)	**252.86**	241.12	4.9
Ordinary share price (pence)	**164.00**	130.75	25.4
Discount (%)	**35.1**	45.8	n/a
FTSE All-Share Total Return Index	**6,777**	5,737	18.1
Returns and dividends (pence)			
Revenue return per ordinary share	**6.38**	6.23	2.4
Capital return per ordinary share	**12.46**	68.45	(81.8)
Total return per ordinary share	**18.84**	74.68	(74.8)
Dividend per ordinary share	**7.50**	7.50	0.0
ZDP shares[2] (pence)			
2016 ZDP shares			
Capital entitlement per ZDP share	**n/a**	188.31	n/a
ZDP share price	**n/a**	191.00	n/a
2018 ZDP shares			
Capital entitlement per ZDP share	**146.19**	136.32	7.2
ZDP share price	**154.75**	147.25	5.1
2020 ZDP shares			
Capital entitlement per ZDP share	**122.64**	114.35	7.2
ZDP share price	**140.38**	130.00	8.0
2022 ZDP shares			
Capital entitlement per ZDP share	**106.37**	100.12	6.2
ZDP share price	**119.50**	104.50	14.4
Equity holders' funds (£m)			
Gross assets[3]	**449.7**	440.7	2.0
Bank debt	**47.8**	24.7	93.5
ZDP shares	**173.8**	197.4	(12.0)
Equity holders' funds	**228.1**	218.6	4.3
Revenue account (£m)			
Income	**10.7**	10.5	1.9
Costs (management and other expenses)	**2.9**	1.9	52.6
Finance costs	**1.8**	1.7	5.9
Financial ratios of the Group (%)			
Revenue yield on average gross assets	**2.4**	2.9	n/a
Ongoing charges figure excluding performance fees[4]	**2.1**	3.3	n/a
Ongoing charges figure including performance fees[4]	**2.6**	3.3	n/a
Bank loans, overdraft and ZDP shares gearing on net assets	**97.2**	101.6	n/a

(1) Total return is calculated as change in NAV per ordinary share, plus dividends reinvested
(2) Issued by UIL Finance, a wholly owned subsidiary of UIL
(3) Gross assets less current liabilities excluding loans and ZDP shares
(4) Expressed as a percentage of average net assets. Ongoing charges comprise all operational, recurring costs that are payable by the Group or suffered within underlying investee funds, in the absence of any purchases or sales of investments

CHAIRMAN'S STATEMENT

I am pleased to report in my second year as Chairman that UIL has achieved a NAV total return per ordinary share of 7.7% for the year to 30 June 2017. While underperforming the FTSE All Share Total Return Index for the same period, which was up by 18.1%, over the two years to 30 June 2017, UIL's NAV total return was 60.4%, which represents an uplift in NAV of some £60.0m and is well ahead of most indices.

Over the 14 years since inception in August 2003, UIL has distributed £54.3m in dividends, invested £22.7m in share buybacks and added net gains to our NAV of some £160.0m for a total return of 379.1% (adjusted for the exercise of warrants and convertibles). This represents an average annual compound total return since inception of 11.9%. The FTSE All Share Total Return Index average annual compound total return for the same period was 8.6%.

In the first six months to 31 December 2016, we noted the divergence of performance in major economies, had expected higher market volatility and anticipated changes in some trading relationships. This in fact has not been the case at a headline level. Volatility has reduced and the world's gross domestic product ("GDP") looks to be in a positive synchronised growth across most global markets. Inflation remains weak and as such, we are experiencing a "goldilocks" type environment for investors. That noted, we would draw attention to the fact that dispersions within markets is at an all-time high and that technology shares are gaining ground at the expense of more traditional businesses. Given this dispersion in performance this should be a stock pickers' market. We would stress, however, that much of this growth is coming from credit expansion and the world's debt levels continue to rise to worrying levels. We continue to note that a significant proportion of the world's government debt now yields negative returns. Whilst there is significant debate about what is "normal", the end outcome of a return to normal remains a very deep concern.

I am pleased to report in my second year as Chairman that UIL has achieved a NAV total return per ordinary share of 7.7% for the year to 30 June 2017. While underperforming the FTSE All Share Total Return Index, which was up by 18.1% for the same period, over the two years to 30 June 2017, UIL's NAV total return was 60.4%, which represents an uplift in NAV of some £60.0m and is well ahead of most indices.

The gain in UIL's portfolio is a result of the Investment Managers' individual stock selection, strong conviction in the fund's investments and remaining fully invested throughout the period. UIL's investments are driven by three core views which continue to be held by the Investment Managers. First, the world's financial markets are over indebted; second, technological change offers strong investment upside; and third, emerging markets provide higher GDP growth opportunities than developed markets. The Investment Managers are focused on finding investment opportunities at valuations that do not reflect their true long-term value.

Our move to establish UIL as a broader based investor in 2007, with a consequent change in the mandate, has enabled the establishment of several investment platforms which have generally benefited from a sharper focus and more in-depth knowledge of those market segments. It has also enabled UIL to benefit from ICM's broader stock selection abilities.

UIL continues to invest in and develop its platforms: Utilico Emerging Markets Limited ("UEM") (emerging markets); Infratil Limited ("Infratil") (utility infrastructure in Australasia); Somers Limited ("Somers") (financial services); and Zeta Resources Limited ("Zeta") (commodities). 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. Allectus Capital Limited ("Allectus") is the key focus in this area. Pleasingly, the majority of our existing platforms have made significant progress over the last 12 months.

CHAIRMAN'S STATEMENT
(continued)

A negative aspect of the platforms continues to be the 'discount on discount'. UEM's share price on 30 June 2017 was 219.50p, a discount of 9.3% to the diluted NAV for UEM of 241.92p. A look-through valuation of UEM, Somers and Zeta would increase UIL's NAV by 16.7% to 295.01p per share. If some brokers' look-through valuation for Infratil of NZD 4.00 per share was reflected in UIL's NAV, this would increase the look-through valuation by a further 3.2% to 303.10p.

The discount has encouraged the Investment Managers, supported by the Board, to continue to buy back shares. Last year, 8.0% was bought back and this year an additional 0.5m ordinary shares (0.5%) were bought back at an average price of 167.00p, a discount of 34.0% 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 against the need to maintain adequate cover for the ZDP shareholders and liquidity for the redemption of the ZDP shares when due for repayment.

UIL redeemed the 2016 ZDP shares in full on 31 October 2016. As part of this, UIL drew down on a pre-established £25.0m bridge facility with Scotiabank Europe plc which was repaid in May 2017.

Our target in terms of the refinancing of the 2016 ZDP shares was a debt to equity ratio of 1 to 1 or better and we have subsequently delivered on this target. As at 30 June 2017 UIL's gross assets were up by 2.0% on the prior year at £449.7m while bank debt and ZDP shares are almost unchanged at £221.6m, resulting in equity holders' funds increasing by 4.3% to £228.1m and a debt to equity ratio of 1.0 times. It is worth noting that the ZDP shares are lower in absolute terms at £173.8m down from £197.4m. The 2022 ZDP shares, which replaced in part the 2016 ZDP shares, have a gross redemption yield ("GRY") of 6.25% versus the 2016 ZDP share GRY of 7.25%, lowering our cost of funding. The bank debt has risen, but its margin is 1.6%.

It is pleasing to see our three issues of ZDP shares trading at much tighter GRYs than last year and that the ZDP market remains relatively buoyant. The Board is considering proposals to refinance the 2018 ZDP shares and will announce further details in due course.

Revenue return for the year to 30 June 2017 was £5.8m, in line with the prior year of £5.7m, (up by 1.5%). This resulted in revenue return EPS of 6.38p versus the prior year's 6.23p, up by 2.4%. The better outcome at an EPS level is due to the share buybacks.

The Board maintained total dividends at 7.50p per share which represents a yield on the closing share price of 164.00p of 4.6%. Looking forward, the Board expects to maintain the current dividend profile. Undistributed revenue reserves carried forward reduced to £9.5m from £10.5m equal to some 10.50p per share.

The capital return was £11.3m. This reflects portfolio gains of £31.2m, offset by losses on derivative financial instruments, mainly FX transactions to hedge the Sterling ZDP liability, of £11.3m.

Ongoing charges are 2.1% excluding performance fees and 2.6% including performance fees payable by the other companies managed by ICM, (2016: 3.3% both excluding and including performance fees). These include operational, recurring costs payable by the Group and a proportion of costs incurred at other investment companies held within the portfolio.

OUTLOOK

We have made the point for some time that markets in general remain outside normal historic parameters. From a monetary policy perspective, we remain in an environment where unconventional tools are being deployed, such as negative interest rates in a number of countries and quantitative easing ("QE") still being implemented in both Europe and Japan.

From a political perspective, we continue to witness a rise in populist politics with a move away from established parties and candidates as voters seek change. We are also witnessing an increase in geopolitical tensions in places such as North Korea and Turkey.

All of these factors, individually and collectively, create uncertainty and ultimately could have negative implications for markets. These issues are a concern from an investment perspective.

However, despite this uncertain backdrop, it is encouraging to see that most economies are still delivering positive GDP growth with low inflation and especially low wage inflation which should be positive for corporates and in turn investment markets.

While macro and political events will influence markets, UIL's investment approach and performance is driven by individual stock selection. The Board remains confident that the Investment Managers will continue to find attractive long term investments in the prevailing macroeconomic environment.

Peter Burrows AO
Chairman
19 September 2017

INVESTMENT MANAGERS' REPORT

UIL's NAV total return of 7.7% for the twelve months to 30 June 2017 was a pleasing result in challenging markets and builds on last year's 48.9% return.

As noted in the Chairman's Statement, market volatility has markedly reduced. For the year to 30 June 2017, the price of gold was down by 6.1% reversing half of last year's gains of 12.8%, whilst oil was down by 3.5% (prior year down by over 21.0%) and nickel was down by 0.7% (prior year down by over 21.0%). Sterling has been weak but more measured and was down against the US Dollar, Euro, Australian Dollar and New Zealand Dollar by 2.8%, 5.4%, 5.7% and 5.5% respectively for the twelve months to 30 June 2017 (in the prior year, it was down by 15.0%, 14.8% 12.3% and 19.3% respectively). Dispersions within individual markets are at elevated levels and markets remain difficult for investors.

The stand out performers, especially in the last six months, have been our commodity and technology investments. Zeta's share price rose by 105.6% as the portfolio recovered and the discount was eliminated.

UIL has continued its move towards core platform investments, which offer the following benefits:

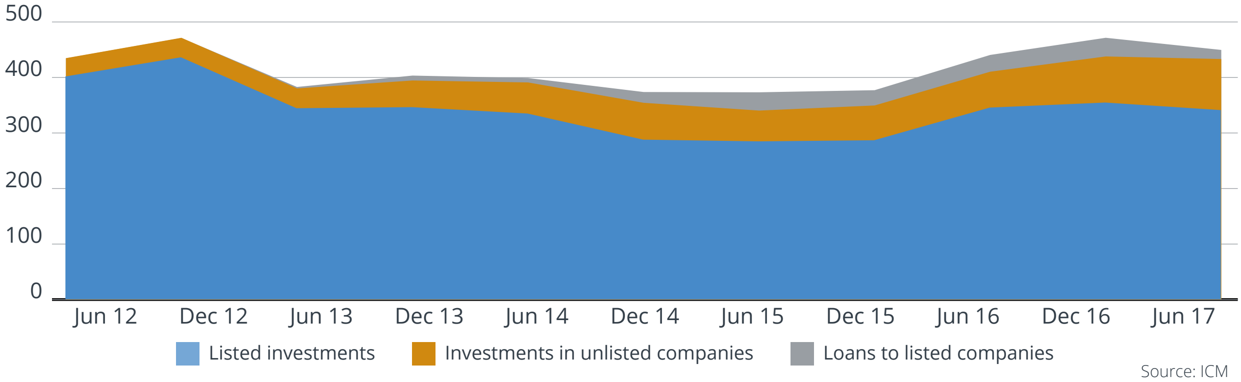
- Focused strategy. Each platform has a narrow mandate and as such is driven by the need to find and make investments within its mandate.
- Dedicated research analysts. The research analysts for each platform are focused on both understanding their portfolio businesses and identifying compelling investments.
- 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.

In short, the platforms have been set up to provide sharper focus, leading to better investment opportunities and decisions within their sectors.

We first articulated the platform approach in early 2012 and today these represent 56.5% of the total portfolio, amounting to £253.9m.

During the year to 30 June 2017, UIL made net withdrawals of £23.5m, (prior year £22.4m) from its platform investments. Key realisations included £17.7m from UEM, £10.1m from Zeta, £2.9m from Bermuda First Investment Company Limited ("BFIC") and £2.7m from Infratil. Key investments were £21.7m into Somers and £3.0m into Allectus Capital Limited ("Allectus"), formerly named Vix Investments Limited. In addition, Allectus distributed its Optal Limited ("Optal") holding to its shareholders in specie and as a result UIL received Optal shares to the value of £13.6m. These investments are each reviewed in detail below.

INVESTMENTS (£m)
from 30 June 2012 to 30 June 2017



Source: ICM

It is noted that UIL suffers a discount drag on its platform investments. The initial investments are often made based on NAV. Following this, the shares in the platform companies have traded at a discount. As UIL marks these investments to market there is an immediate negative effect from investments made and this has muted UIL's positive NAV performance.

As at 30 June 2017 there were discounts to published NAVs of 9.3% for UEM (some £7.5m) and 26.3% for Somers (some £30.6m). In addition, Infratil's shares were trading at NZD 2.97 as at 30 June 2017, significantly below a number of brokers' valuation of NZD 4.00, a discount of 25.8% (some £7.3m). Together this amounts to a discount on these investments of some £45.3m. Adding this back would see UIL's shareholders' funds increase by 19.9% to 303.10p.

A key driver in shaping the portfolio is the Investment Managers' three core views. First, the world's financial markets are over indebted; second, technological change offers strong investment upside and third, emerging markets offer higher GDP growth opportunities. UIL's Investment Managers' emphasis is about stock selection, remaining fully invested and focused on finding investments at valuations that do not reflect their true long-term value, while being a supportive shareholder of investee companies. The shape of the portfolio has been driven by these core views. Resolute Mining Limited ("Resolute") has offered real defence against the global QE financial response to global indebtedness; Afterpay Touch Group Limited ("APT") and other technology owned investments have provided excellent exposure to disruptive technologies and have delivered strong performances and UEM has demonstrated the benefits of investing in emerging markets through essential infrastructure and utility service companies.

PORTFOLIO

The portfolio exposure to infrastructure and utilities was in line with last year, with 25.8% invested in these sectors. The prior year was 26.4% and the year before 39.4%. The big increases are in technology, up to 22.3% and Financial Services, up to 20.0%.

As at 30 June 2017 the top ten investments accounted for 86.5% of the portfolio versus the prior year's 88.4% and the year before was 87.5% of the total portfolio, although concentration risk is significantly reduced owing to platform holdings on a number of 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 platform investments – Somers, UEM, Zeta, Infratil, BFIC and Allectus. Together these investments represent five out of the top ten investments and those five account for 56.5% of the total portfolio as at 30 June 2017, prior year 51.5%.

Somers is now UIL's largest investment, accounting for 19.1% of the total portfolio. Somers reported NAV per share increased to USD 17.63 as at 30 June 2017 from USD 16.71 as at 30 June 2016, an increase of 5.5%. Somers, a financial services investment holding company, is listed on the Bermuda Stock Exchange ("BSX"). During the twelve months to 30 June 2017 Somers' share price decreased from USD 13.75 to USD 13.00. Somers is classified as an investment company under IFRS 10 and, accordingly, values its investments at fair value.

Somers' three largest investments are Bermuda Commercial Bank Limited ("BCB"), Homeloans Limited ("Homeloans") and Waverton Investment Management Limited ("Waverton").

BCB maintained a high capital ratio of 23.2% and a highly liquid balance sheet with 43.0% in cash and high quality liquid assets. BCB has a majority interest in PCF Group plc ("PCF") which reported a 16.0% increase in underlying profits and a 13.0% increase in business volumes in their 31 March 2017 interim results. On 18 July 2017 PCF received notification

INVESTMENT MANAGERS' REPORT
(continued)

from its dual regulators, the Prudential Regulation Authority and the Financial Conduct Authority, that it can commence deposit-taking activities as a fully operational bank.

During the year, Somers acquired a 79% shareholding in RESIMAC Limited (which subsequently merged with ASX-listed, Homeloans; Somers' resultant holding in Homeloans was 58.9%) for AUD 88.5m. Homeloans reported normalised profit after tax of AUD 18.7m for the year ended 30 June 2017 and a 20% increase in total settlements to AUD 3.6bn for the year. Homeloans' assets under management ("AuM") were AUD 10.2bn as at 30 June 2017.

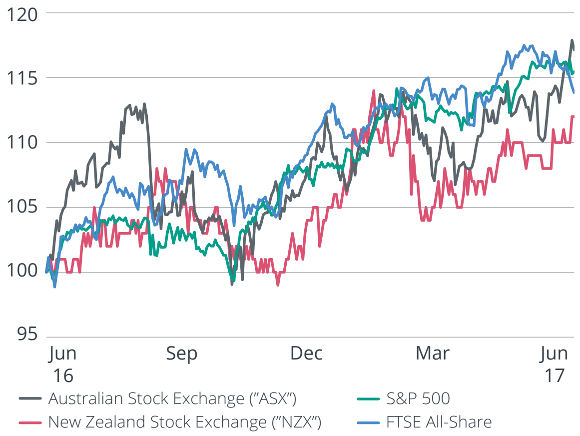
Waverton's AuM were £5.2bn as at 30 June 2017 (30 September 2016: £5.0bn). For the nine months ended 30 June 2017, Waverton earned revenue of £26.5m (June 2016: £23.7m) and profit before tax of £6.8m (June 2016: £5.5m). The year on year financial gains were aided by strong global equity markets.

UEM is UIL's second largest investment accounting for 16.4% of the total portfolio as at the year end. UEM's undiluted NAV total return increased by 19.0% in the twelve months to 30 June 2017, a strong performance aided by improved emerging markets ("EM"). This performance lagged the MSCI Emerging Markets Total Return Index (Sterling adjusted) which grew by 27.4%, primarily due to the lack of exposure to more cyclical sector investments. Over the same period, UEM's share price rose by 14.3%, with the discount to diluted NAV widening slightly from 12.4% to 13.1%.

The Investment Managers' stock selection continues to be recognised with UEM being selected as one of Money Observer's rated funds for 2017. UEM's performance over three and five years to 31 March 2017 has remained ahead of the broader Emerging Markets Index, achieving positive total returns of 44.3% and 68.5% respectively versus the MSCI Emerging Markets Total Return Index (Sterling adjusted) which had returns of 38.1% and 32.7% over these timeframes.

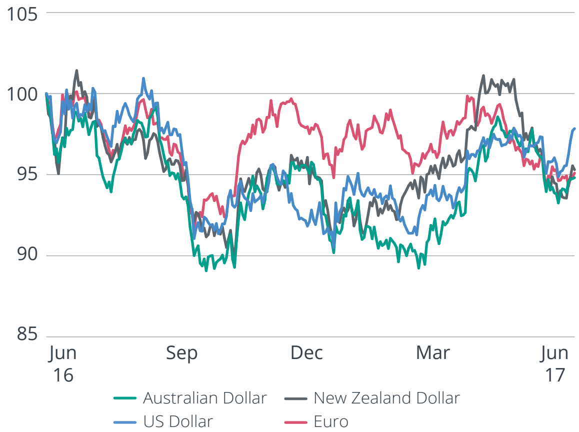
The market environment in EM in the year to 30 June 2017 was positive, with some particularly strong returns seen in specific markets such as Brazil, Hong Kong and Romania, with the Ibovespa, Hang Seng and Bucharest BET indices up by 22.1%, 23.9% and 21.3% respectively. In addition, there were some positive currency movements against Sterling, including the Romanian Leu and Indian Rupee up by 4.9% and 7.0% respectively. However, it is worth noting that the major impact of Sterling depreciation occurred immediately following the Brexit vote on 23 June 2016, which meant that in the twelve months to 30 June 2017 several EM currencies to which UEM is exposed weakened versus Sterling, such as

INDICES MOVEMENTS
from June 2016 to June 2017



Source: Bloomberg

CURRENCY MOVEMENTS vs STERLING
from June 2016 to June 2017



Source: Bloomberg

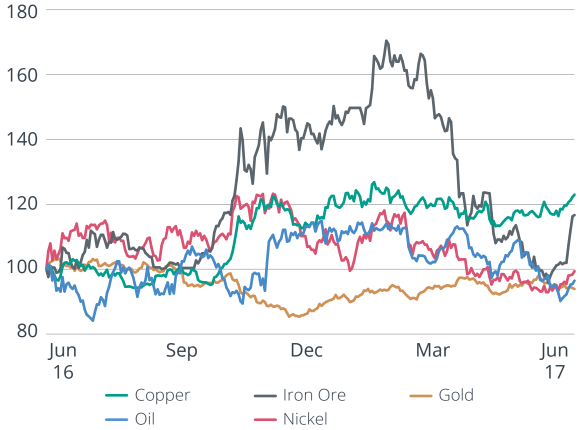
the Philippine Peso and Malaysian Ringgit, which fell by 4.0% and 3.3% respectively.

In the year to 30 June 2017 UIL reduced its holding in UEM by 21.3% with the sale of 8.7m shares, realising £17.7m.

Zeta is UIL's fourth largest investment at 12.1% of the total portfolio. Zeta's net tangible assets ("NTA") per share in the year to 30 June 2017 rose by 19.7%. Over this same period, Zeta's share price rose by 105.6%, from AUD 0.18 to AUD 0.37. The share price was at a 0.3% premium to NTA at the end of June 2017. During the year, the commodity prices of Zeta's major investments were all down in varying degrees, with Brent oil down by 3.5%, USD gold down by 6.1% (AUD gold down by 9.0%), and nickel down by 0.7%. In this context, the underlying performance of Zeta's investments overall was pleasing.

COMMODITIES MOVEMENTS

from June 2016 to June 2017



Source: Bloomberg

Aside from Resolute (discussed below), Zeta's three largest investments are oil and gas producer New Zealand Oil and Gas Limited ("NZOG"), Australian-based oil junior Pan Pacific Petroleum NL ("PPP"), and Australian nickel company, Panoramic Resources Limited ("Panoramic"). During the year, NZOG received an offer to purchase its major producing asset at a price in excess of its entire market capitalisation. After concluding the sale, NZOG returned NZD 100.0m in cash to shareholders by way of a share cancellation. During the year to June 2017, NZOG's share price rose 33.3%. Similarly, PPP sold their key assets and near the end of the year announced an agreement with Zeta to merge via a scheme of arrangement. PPP's shares closed the year up 27.6%. During the year, Panoramic successfully listed its gold assets via an initial placing offer ("IPO") of Horizon Gold on ASX. Panoramic's share price closed the financial year up by 76.0%.

Infratil is UIL's sixth largest investment. Infratil had a positive year of operating performance and capital allocation, reporting consolidated underlying EBITDAF from continuing operations up by 12.4% in the year to 31 March 2017, ahead of guidance. The period saw an exceptionally active investment programme, with Infratil investing NZD 728.0m in existing assets and new acquisitions, more than three times the level of its previous financial year. This included the acquisition of 48.0% of Canberra Data Centres (CDC) (AUD 386.0m) and NZD 85.0m in the ANU Student Accommodation acquisition. In addition, NZD 79.0m was invested in the expansion of the main terminal, land-transport hub and onsite hotel at Wellington Airport and NZD 33.0m was invested in a 45.0% stake in Longroad Energy, a USA-based wind and solar start-up with a targeted 10GW pipeline.

In the period under review Infratil's major asset Trustpower was split into two listed businesses, with the renewable wind farm assets spun off into a new entity named Tilt Renewables and the "residual" Trustpower retaining its hydro power assets and also its gas, electricity and telecoms retail business. Residual Trustpower was a major contributor to the improved EBITDAF performance at a group level as very strong hydro inflows in the year to 31 March 2017 were experienced, with energy production up by 41.0% from its Australian hydro stations.

In April 2017, Infratil sold its 19.9% investment in Metlifecare for NZD 238.0m realising an annualised return of 15.8% on this investment after accounting for dividends. In that period Infratil has continued to maintain the growth in dividends per share, which increased by 10.5%.

INVESTMENT MANAGERS' REPORT
(continued)

UIL further reduced its holding in Infratil by 10.7% with the sale of 1.5m shares at an average price of NZD 3.29, realising £2.7m, in a year where Infratil's share price declined by 6.9%.

BFIC's is UIL's seventh largest investment. Bermuda's economy continued to emerge from a deep recession with GDP growing in 2016 by 0.75%. In the first half of 2017 Bermuda benefitted from the hosting of the 35th America's Cup. Combined with double digit increases in tourism and increased infrastructure development the economic outlook is generally positive. BFIC's two major investments remain One Communications Limited ("OCL"), formerly KeyTech Limited and Ascendant Group Limited ("Ascendant"). OCL has focused in the last year on significant investment in its fixed line and wireless networks in Bermuda and the fixed line network in the Cayman Islands. Its core financial results are starting to show the results of the corporate transactions completed in the previous year with the company benefitting from the 100% ownership of CellOne (one of Bermuda's two mobile phone operations) and the reduction in net debt. Ascendant continued to report improved financial results following strong sales at the power company, BELCO. A significant capital investment programme to improve BELCO's generation and transmission and distribution network, including moving to liquefied natural gas as a power source, has recently been submitted to the regulator and a positive response should set the company on a positive growth trend. During the year BFIC disposed of its entire holding in Argus Group Limited (generating a profit of USD 0.8m) and used USD 3.6m of the proceeds to reduce UIL's loan note exposure to USD 4.3m.

As at 30 June 2017, BFIC had net assets of USD 30.3m. BFIC's shares voluntarily de-listed from the BSX in late May 2017 due to the lack of liquidity. As such the holding in BFIC has been moved from level two to level three. In order to value the underlying assets, UIL has looked to the fair value of both Ascendant and OCL, its two significant investments.

Allectus is an unlisted investment company, holding a number of unlisted investments in technology companies, primarily related to Fintech.

DIRECT INVESTMENTS

UIL has five direct investments in the top ten: Resolute, APT, Vix Technology Limited ("VixTech"), Optal and Vix Verify Global Pty Ltd ("Vix Verify").

Resolute is UIL's third largest investment accounting for 14.2% of the portfolio as at year end. Resolute is an Australian-domiciled gold mining company and its share price in the year ended 30 June 2017 fell by 7.4% to AUD 1.19 on the back of lower gold prices. Production in the year to 30 June 2017 of c.330,000oz of gold was up on the previous year's production of c.315,000oz.

Resolute's principal producing assets include the Syama gold mine in Mali and Ravenswood in Australia. Gold ounces produced at Syama increased by 13.5% to 237,830oz. Production benefited from earlier refurbishment and technical improvements to the roaster, and with significant stockpiles having accumulated in the previous year, throughput was up this year. Cash costs at Syama rose by 8.0% to AUD 896oz. At Ravenswood gold ounces produced fell by 12.8% to 92,004oz. Production volumes are expected to continue to decline until the Ravenswood expansion project ramps up in 2019. Cash costs per ounce at Ravenswood increased by 21.2% to AUD 1,252oz.

As at 30 June 2017 Resolute had cash and bullion on hand of AUD 282.5m, up from AUD 102.0m the prior year following a fund raising. Total borrowings were AUD 35.0m.

During the year, Resolute completed a feasibility study for the Ravenswood expansion project, which is expected to increase the life of that mine by a further 13 years. The company is currently working through the process of obtaining regulatory approvals, and is hoping to commence work during the coming financial year.

At Bibiani in Ghana, following the completion of a feasibility study, Resolute continues drilling to prove up resources and hopefully increase reserves.

Resolute has provided guidance for gold production of 300,000oz at an All-In-Sustaining-Cost of AUD 1,280oz (USD 960oz) for the year to 30 June 2018.

APT is UIL's fifth largest investment accounting for 6.3% of UIL's total portfolio as at the year end. APT was formed at the end of June 2017, with the merger of Afterpay Holdings Limited ("Afterpay") and Touchcorp Limited.

Afterpay had an extremely strong year, growing approximately ten-fold in terms of customers and transaction volumes between June 2016 and June 2017. Afterpay allows Australian consumers the option to pay for goods in instalments over an eight week period with no interest charges and funded by supplier discounts. It is offered by over 7,200 merchants both in-store and online with 1.0m unique customers having used the service since launch. The company believes that there is still potential for further strong growth both in Australia and internationally.

Historically, the companies had a close relationship, with Touchcorp owning 27.7% of Afterpay. However, the merger brings the technology behind Afterpay (developed by Touchcorp) fully in house. Touchcorp will continue to develop its own payment processing systems and service its existing clients.

While holders of Afterpay had a share price return of 87.4% for the year to 30 June 2017, the original Touchcorp holders experienced only a 0.9% gain over the same period.

VixTech is UIL's eighth largest investment, accounting for 3.9% of the total portfolio at the year end. VixTech is an industry leader in smart-booking, transport ticketing, automated fare collection, payments, and access and passenger information systems, partnering with transport authorities in more than 200 cities and regions across the globe.

As part of a drive to improve the long-term efficiency of global operations, the company is currently undergoing a major restructuring focused on the transition to a more product-focused business model.

The 2017 financial year marked the launch of the company's OneVix strategy, promoting greater integration, the outsourcing of non-core functions and a commitment to the common technology SaaS platform.

Four large client projects have already committed to the new SaaS platform, however deferred revenues associated with those projects as the new product is being developed together with material investment costs and one off restructuring costs all contributed to a significant deterioration in short-term earnings, with negative EBITDA for the year. The SaaS product will remain a priority over the course of the next year and development costs are likely to remain elevated, however profitability is expected to improve significantly with the returns from existing and new project revenue streams.

Optal is UIL's ninth largest investment and is a developer of global payment solutions. 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 a single transaction. Optal is the primary VAN issuer for eNett, which is majority owned by the US listed Travelport, with Optal owning 23.5% of the company. eNett's management expects its revenues to grow at a 20-30% CAGR over the next 5 years, although growth in recent years has been higher, albeit from a smaller base.

Despite being a fast growing fintech business, Optal is profitable, cash generative and paid a substantial dividend to shareholders during the year. The company is attempting to develop other solutions outside of the travel payments

INVESTMENT MANAGERS' REPORT
(continued)

industry. In addition, they are exploring options to provide a potential liquidity event for shareholders in 2018, given that it is currently unlisted.

Optal was previously the largest investment within Allectus but UIL now holds shares in Optal directly.

Vix Verify is an unlisted global business based in Australia, which provides identity verification products to customers such as banks, telecommunications providers, online gaming companies and government agencies, particularly when transacting online. Vix Verify's 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 statuses.

The company's Australian and New Zealand based business continues to perform well. In the year to June 2017, revenues grew by 18.0%.

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

UIL exited Augean and Allectus moved out of the top ten following the *in specie* distribution of Optal.

UNLISTED INVESTMENTS

Unlisted investments were valued at £92.2m, 20.5% of the total portfolio, as at 30 June 2017, up from £65.5m (14.5% of the portfolio), as at 30 June 2016. Much of the increase comes from BFIC delisting and revaluations. In addition, UIL has made loans to listed platform companies totalling £16.8m, some 3.7% of the portfolio, down from £30.6m, 6.8% of the total portfolio as at the previous year end. As these companies are listed, these loans are not regarded as an investment in an unlisted company.

Together the unlisted investments and the loans to the listed platforms are reported as level 3 investments amounting to £109.0m, as compared to the prior year of £96.1m.

SECTOR REVIEWS

Technology – 22.3%, prior year 21.0%

UIL holds a number of investments in the technology sector, both directly and through Allectus (seventeenth largest Investment). APT is UIL's fifth largest holding in the portfolio as at 30 June 2017, which successfully listed in Australia in March 2015 and is reviewed above. While VixTech provides ticketing payment solutions and is UIL's eighth largest investment and Optal is the ninth largest.

Outside of the top ten, UIL holds shares in a small number of listed and unlisted technology companies which offer a range of software, hardware and specialist engineering solutions.

Financial Services – 20.0%, prior year 15.4%

UIL's largest investment in financial services is in Somers, which accounts for 19.1% of UIL's portfolio as at 30 June 2017, prior year 14.7%; Somers is reviewed above. The increase is nearly all due to further investment into Somers.

Gold Mining – 18.1%, prior year 23.7%

UIL's largest investment in gold mining is in Resolute, which is held directly through UIL (14.2% of the total portfolio) and indirectly through Zeta. Resolute is reviewed above.

The fall in gold mining is due to realisations and value decline.

Oil & Gas – 9.1%, prior year 9.6%

UIL's largest investment in oil & gas is through Zeta, which accounts for 12.1% of UIL's portfolio as at 30 June 2017; Zeta is reviewed above.

Oil & gas was little changed during the year.

DERIVATIVES

Equity: UIL continued to hold a modest market derivatives portfolio, mainly through S&P500 index options which resulted in a loss of £1.0m for the year to 30 June 2017.

Foreign exchange: Currency hedging resulted in losses of £10.3m due to Sterling's weakness. UIL has hedged a mixture of New Zealand Dollar, Australian Dollar, Euro and US Dollar to ensure ZDP liabilities were matched with certain assets. At the period end UIL's forward currency sale contracts in place were for nominal NZD 56.3m, AUD 140.9m, EUR 22.5m and USD 62.3m.

UIL has run a Sterling liability neutral policy and therefore hedged its predominantly Sterling liabilities with an appropriate mix of portfolio asset currency exposures.

GEARING

UIL's initial goal set four years ago of reducing gearing to 100.0% or below has been delivered and is pleasing to note.

Gearing (including the ZDP shares) has steadily reduced from 160.4% four years ago, 124.1% two years ago, 101.6% last year and 97.2% as at 30 June 2017.

ZDP SHARES

UIL's wholly owned subsidiary, UIL Finance, started the year with £197.4m of ZDP shares in issue, including £62.7m of 2016 ZDP shares due for redemption on 31 October 2016.

The 2016 ZDP shares were repaid on time and in full from cash including a bridging facility of £25.0m provided by Scotiabank, which was repaid in May 2017.

The ZDP cover has risen through the year and the yield to maturity reduced. This is a positive result and it was pleasing to see the 50m new 2022 ZDP shares trading at 119.50p as at 30 June 2017 which implied a yield to maturity of 4.0%. Further details on the ZDP shares are included in note 16 to the accounts.

DEBT

Bank debt increased from £24.7m at the start of the financial year to £75.0m as at 31 December 2016 in connection with the redemption of the 2016 ZDP shares and then reduced to £47.8m as at 30 June 2017.

Scotiabank's £50.0m facility expires on 22 March 2018 and UIL intends to start discussions on extending the facility early in the new year.

REVENUE RETURNS

Revenue returns were £5.8m, in line with the previous year's £5.7m. The total income increased by 2.0%. Management fees increased by 95.1% reflecting the move from a voluntarily reduced fee of 0.25% per annum to the original fee of 0.5% per annum. The revenue return EPS of 6.38p was up from the prior year's 6.23p, an increase of 2.4% mainly driven by the lower number of average shares in issue after the buy backs last year.

INVESTMENT MANAGERS' REPORT
(continued)

The Investment Managers' management fees were unchanged throughout the year to 30 June 2016. In July 2016 the UIL NAV exceeded the adjusted high watermark and as a result the management fee discount no longer applied and the fee reverted back to 0.5% per annum.

CAPITAL RETURNS

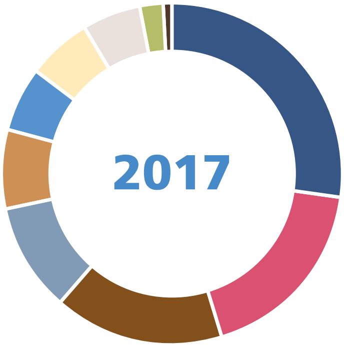
Capital returns were £11.3m. This return builds on the prior year's return of £62.3m and reflects portfolio gains of £31.2m offset by losses on derivative financial instruments, mainly FX transactions to hedge the short Sterling ZDP share positions of £11.3m.

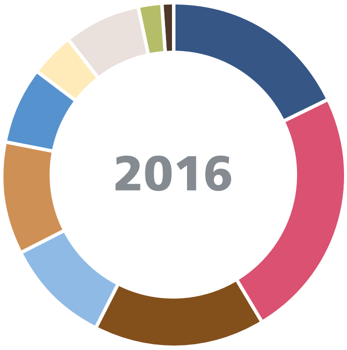
Ongoing charges, excluding performance fees, were 2.1%.

ICM Investment Management Limited and ICM Limited
Investment Managers
19 September 2017

GEOGRAPHICAL & SECTOR SPLIT OF INVESTMENTS

GEOGRAPHICAL SPLIT OF INVESTMENTS

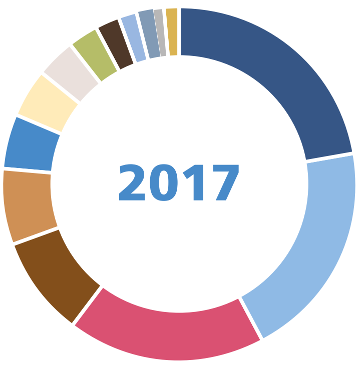


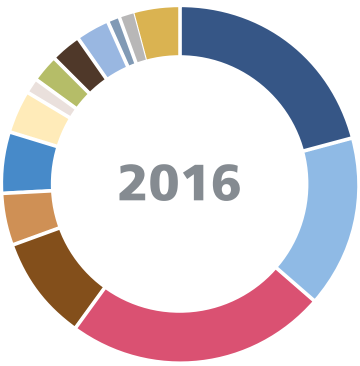


COUNTRY	% OF TOTAL 2017	2016
Australia	27.3	17.9
Gold mining	18.1	23.7
Bermuda	16.1	16.0
UK and Channel Islands	10.3	10.1
Asia	7.4	10.6
Europe excluding UK	6.2	7.2
Latin America	6.1	4.0
New Zealand	5.7	7.4
Africa	2.0	2.1
North America	0.8	1.0

Source: ICM

SECTOR SPLIT OF INVESTMENTS





SECTOR	% OF TOTAL 2017	2016
Technology	22.3	21.0
Financial Services	20.0	15.4
Gold mining	18.1	23.7
Oil & Gas	9.1	9.6
Electricity	7.1	4.7
Telecoms	4.8	5.5
Other	4.7	3.9
Resources	3.6	1.2
Ports	2.6	2.5
Airports	2.3	3.0
Renewables	1.6	3.1
Infrastructure	1.3	1.1
Water & waste	1.3	4.1
Toll roads	1.2	1.2

Source: ICM

TEN LARGEST HOLDINGS

2017	2016	Company Description	Fair Value £'000s	% of total investments
1	*3*	**Somers Limited** Financial services investment company	85,979	19.1%
2	*2*	**Utilico Emerging Markets Limited** Emerging markets investment company	73,872	16.4%
3	*1*	**Resolute Mining Limited** Gold mining company	63,707	14.2%
4	*4*	**Zeta Resources Limited** Resources investment company	54,385	12.1%
5	*7*	**Afterpay Touch Group Limited*** Electronic payment services company	28,321	6.3%
6	*6*	**Infratil Limited** Infrastructure company	20,927	4.6%
7	*8*	**Bermuda First Investment Company Limited** Bermuda investment company	18,749	4.2%
8	*5*	**Vix Technology Limited** Automated fare collection systems	17,372	3.9%
9	–	**Optal Limited** Electronic payment services company	15,996	3.6%
10	–	**Vix Verify Global Pty Ltd** Technology investment company	9,258	2.1%
		Ten largest holdings	388,566	86.5%
		Other investments	60,550	13.5%
		Total investments	449,116	100.0%

*Afterpay and Touchcorp merger

REVIEW OF THE TEN LARGEST HOLDINGS

SOMERS LIMITED

www.somers.limited
Market Cap USD 190.6m

Somers is a financial services investment holding company whose shares are listed on the BSX.

Its major assets are its wholly owned subsidiary, BCB (one of the four licensed banks in Bermuda), a 59% holding in Homeloans Limited (a leading non-bank Australian financial institution with AUD 10.2bn assets under management) and a 62.5% holding in Waverton Investment Management Limited (a UK wealth manager with £5.2bn assets under management). Other investments include a 57% interest in West Hamilton Holdings Limited, a 23% interest in Merrion Capital Holdings Limited and a 75.0% stake in Stockdale Securities Limited.

Somers reported a NAV per share of USD 17.63 as at 30 June 2017 on shareholders' funds of USD 268.6m. As at 30 June 2017 Somers' market capitalisation was USD 190.6m and its dividend yield was 3.5%. In the year to 30 June 2017, Somers' share price decreased by 5.5%.

UTILICO EMERGING MARKETS LIMITED

www.uem.limited
Market Cap £464.0m

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.

In the twelve months to 30 June 2017 UEM's undiluted NAV increased by 19.0% on a total return basis, behind the MSCI Emerging Markets Total Return Index (Sterling adjusted) which improved by 27.4%. This return reflects strong underlying performance of the portfolio constituents, particularly its investments in Brazil, Romania, India and Argentina. Currency movements were more mixed following the major depreciation of Sterling immediately after the Brexit vote in June 2016.

UEM's total return performance over three and five years to 31 March 2017 was 44.3% and 68.5% respectively. This remains well ahead of the MSCI Emerging Markets Total Return Index (Sterling adjusted) which has delivered comparable returns of 38.1% and 32.7% respectively.

In the year to 30 June 2017 UEM's share price increased by 14.3%, while dividends increased to 6.65p per share from 6.40p.

REVIEW OF THE TEN LARGEST HOLDINGS (continued)

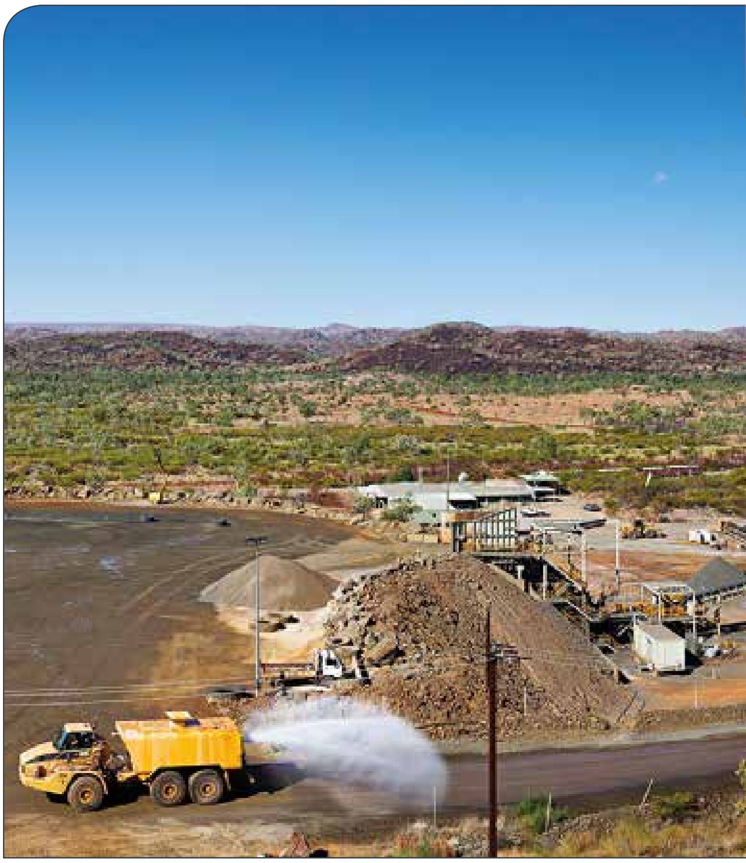
RESOLUTE MINING LIMITED

www.rml.com.au
Market Cap AUD 877.0m

Resolute is a gold producer 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 project in Ghana. Production in the year to 30 June 2017 of 330,000oz of gold was up on the previous year's production of 315,169oz, and all-in sustaining costs declined from AUD 1,200/oz in the previous year to AUD 1,132/oz in the year ended June 2017.

While the overall average gold price during the year ended 30 June 2017 was lower than the previous year, Resolute was successful in achieving an average sales price in excess of the average. During the year, the company built up a significant holding in liquid assets, ending the period with cash, bullion and investments of AUD 290m. The company also enjoyed some significant exploration success in Mali and has commenced work on a major project to expand the life of its Australian mine.

The gold price closed at USD 1,242/oz as at 30 June 2017, down by 6.1% from the prior year. During the year ended 30 June 2017, Resolute's share price fell by 7.0%.



ZETA RESOURCES LIMITED

www.zetaresources.limited
Market Cap AUD 37.0m

Zeta is an ASX listed investment company, focused on investing in resource companies. As at 30 June 2017, its five largest holdings were: Panoramic, an Australian nickel company; Resolute (discussed separately above); NZOG, a New Zealand-based oil and gas company; PPP, an ASX-listed oil junior; and Seacrest, an unlisted specialist oil and gas seismic exploration firm.

Zeta has a concentrated portfolio, having slowly built up cornerstone shareholdings in gold, nickel, natural gas, and oil companies. The company has focused on adding value to its existing investments. Zeta has encouraged the efficient use of capital in its investments, with some of the investee companies rationalising their assets and returning cash to shareholders.

In the year ended 30 June 2017, Zeta's net assets per share rose by 19.7% and its share price rose by 105.6%. Zeta's share price closed the year at a 0.3% premium to net tangible assets per share.

AFTERPAY TOUCH GROUP LIMITED

www.afterpaytouch.com
Market Cap AUD 633.5m

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

The company's Afterpay service offers Australian consumers the ability to pay for purchases (online or in store) in instalments over an eight week period with no interest charge. The service footprint has grown approximately ten-fold over the year to 30 June 2017. It is now offered by over 7,200 merchants and had been used by 1.0m customers as at 30 June 2017. The company believes there is still potential for strong growth both in Australia and internationally, and there is an imminent launch in New Zealand.

The technology behind Afterpay 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.

INFRATIL LIMITED

www.infratil.com
Market Cap NZD 1,666.2m

Infratil is an infrastructure holding company managed by H.R.L. Morrison & Co and listed on the NZX and ASX. Principal businesses in which it is invested include Trustpower and Tilt Renewables, both 51.0% shareholding; Wellington Airport (66.0% shareholding), Canberra Data Centres (CDC, 48.0% shareholding), RetireAustralia (50.0% shareholding) and NZ Bus (100.0% shareholding). Infratil acquired the stake in CDC in September 2016 and recently acquired a 45.0% stake in Longroad Energy, a US-based renewables business.

In its financial year to March 2017, Infratil recorded a 12.4% increase in underlying EBITDAF. Strong growth at Trustpower, RetireAustralia and Wellington Airport more than offset a flat result at Tilt Renewables and a negative contribution from Perth Energy. In April 2017, Infratil completed the sale of its 19.9% stake in Metlifecare for NZD 238.0m, recording a net gain of NZD 93.9m and realising an annualised investment return of 15.8%. As at 31 March 2017, Infratil's net parent surplus stood at NZD 66.1m.

In the year to 30 June 2017, Infratil's share price declined by 6.9%.

REVIEW OF THE TEN LARGEST HOLDINGS
(continued)

BERMUDA FIRST INVESTMENT COMPANY LIMITED

www.bfic.limited
unlisted

BFIC is an investment holding company which has a number of investments in local Bermudian companies which are listed on the BSX. Its two main investments are One Communications, a holding company for telecommunication companies in Bermuda and the Cayman Islands and Ascendant, Bermuda's monopoly energy company.

As at 30 June 2017, BFIC had net assets of BMD 30.3m. BFIC's shares and loan notes were de-listed from the BSX during the year and BFIC's assets are now fair valued.

VIX TECHNOLOGY LIMITED

www.vixtechnology.com
unlisted

VixTech is an unlisted, integrated payment solutions company with a global footprint. The company'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.

VixTech 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.

In the year ended 30 June 2017, the company recorded a significant decline in earnings, with negative EBITDA for the year due mainly to revenues from existing contracts being deferred while material investment costs in a new SaaS platform and high one off restructuring costs contributed to the significant deterioration in short-term earnings.

OPTAL LIMITED

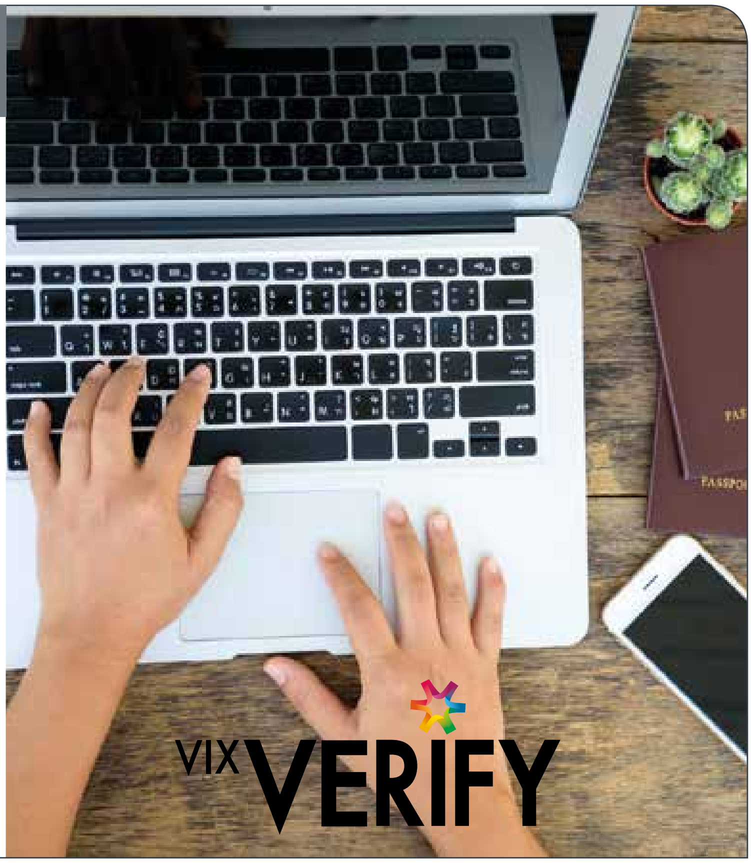
www.optal.com
unlisted

Optal is an unlisted, UK domiciled developer of global payment solutions.

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 providers over the Mastercard system in a secure, cost effective and efficient way using a virtual account number (VAN) created solely for a 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% of the company. eNett's management expects its revenue to grow at a 20-30% CAGR over the next 5 years, although growth in recent years has been higher, albeit from a smaller base.

Optal is profitable, cash generative and paid a dividend of EUR 12.5m to shareholders during the year.

VIX VERIFY GLOBAL PTY LTD



www.vixverify.com
unlisted

Vix Verify is an unlisted 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. Vix Verify's 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.

The company's Australian and New Zealand based business continues to perform well. In the year to June 2017, revenues grew by 18.0%.

UIL's exposure to Vix Verify is through a CFD issued by Platform Technology Limited.

STRATEGIC REPORT AND BUSINESS REVIEW

UIL is an investment company holding investments with gross assets of £449.7m as at 30 June 2017. 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 (the "Administrator") has been appointed to undertake general administration services, including dealing. 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. Any such change would also require the approval of the ZDP shareholders.

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

STRATEGIC REPORT AND BUSINESS REVIEW
(continued)

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.

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 16 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 2018; as at 30 June 2017 £47.8m was drawn down under the facility. Further details are included in note 17 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 ("KPI") 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	2017	2016
NAV total return (%)	7.7	48.9
FTSE All-Share Index total return (%)	18.1	2.2
Share price (pence)	164.00	130.75
Discount to NAV (%)	35.1	45.8
Percentage of issued shares bought back during the year (based on opening share capital) (%)	0.5	8.0
Revenue EPS (pence)	6.38	6.23
Ongoing charges figure – excluding performance fees (%)	2.1	3.3

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 18, provides a commentary on how this performance was achieved.

The ten year record on page 107 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 35.1% to 51.9% and an average discount of 44.5 %. 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, 456,581 ordinary shares during the year, representing 0.5% 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 2017. The fourth quarterly interim dividend was declared on 15 August 2017 and will be paid on 22 September 2017 to shareholders on the register as at 8 September 2017. 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 suffered 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 2017, the Group's net assets were valued at £228.1m (2016: £218.6m). 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, bank debt and other loans.

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 carefully considers 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 on-going 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 31 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 2016.

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 the 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 2017, gearing on net assets, including bank loans, any overdrafts and ZDP shares, was 97.2%. 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 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 Committee reviews the Administrator's annual internal control report which details the controls around the reconciliation of the Administrator's records to those of the Custodians. The Administrator reviews the control reports published by JPMorgan and draws any issues to the attention of the Board.

The Board reviews operational issues at each Board meeting and the Audit 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 £190m ultimate liability in respect of the 2018 and 2020 ZDP share issues and loans, 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 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 19 September 2017.

By order of the Board
ICM Limited
Company Secretary

19 September 2017

INVESTMENT MANAGERS AND TEAM

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.

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 manages over £16.0bn in funds, directly and indirectly, in a range of mandates. ICM has over 40 staff based in offices in Bermuda, Cape Town, Dublin, Hong Kong, London, Melbourne, Singapore, Sydney and Wellington.

UIL has a broad investment opportunity. 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. 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. Mr Morrison is focused on the resources sector worldwide and he is a non-executive director of RESIMAC. 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.

Corporate finance

Alasdair Younie is a director of ICM, based in Bermuda. Mr Younie is responsible for the day to day running of the Somers Group. 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.

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 also 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.

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.

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 firm, Burrows Limited, in 1986. Mr Burrows was previously the chairman and director of a number of listed and unlisted companies. 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*, who was appointed a Director in November 2015, 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, appointed in September 2013, was formerly a stockbroker and investment banker. Mr McLeland is now a director of Homeloans Limited. In addition, 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 and 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, and 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, Sarasin LLP and The London Community Foundation. 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 2017. The Corporate Governance Statement commencing on page 49, the Audit Committee Report on page 58 and the Directors' Remuneration Policy and Remuneration Report on page 54 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 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. It changed its name from Utilico Investments Limited to UIL Limited on 17 November 2015. 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 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. The segregated account in GERP is classified as a subsidiary of the Company and its financial results are included within the accounts of the Group.

Details of the subsidiary companies are given in note 11 to the accounts.

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 11 to the accounts.

RESULTS AND DIVIDENDS

Details of the Company's performance in the year to 30 June 2017 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 30 to the accounts; details of the dividends declared in respect of this financial year are included in note 9 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

REPORT OF THE DIRECTORS
(continued)

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.

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. From 1 January 2014 the Investment Managers agreed to reduce the management fee payable by the Company to 0.25% per annum until such time as the performance fee high watermark was regained; the management fee reverted to 0.5% per annum with effect from 1 July 2016 following achievement of the high watermark. Note 4 to the accounts provides detailed information in relation to the management fee. The Investment Managers may also become entitled to a performance-related 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. It 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 74 to 76.

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 Committee and a Management Engagement Committee, which deal with specific aspects of the Company's affairs as summarised on pages 58 and 42 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

REPORT OF THE DIRECTORS
(continued)

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.

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 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, 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 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. Ms Hill 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 Ms Hill, 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.

REPORT OF THE DIRECTORS
(continued)

AUDIT COMMITTEE
The composition and activities of the Audit Committee are summarised in the Audit Committee Report on pages 58 to 61. 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.

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 54.

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 Committee and the Management Engagement Committee and individual Directors. The performance of the Board, Audit 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 chairman 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 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	4	n/a	n/a
Christopher Samuel	4	3	1
David Shillson	5	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 54, 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 55, including the remuneration policy.

DIRECTORS' INTERESTS

The Directors' interests in the ordinary share capital of the Company are disclosed in the Directors' Remuneration Report on page 56.

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.

REPORT OF THE DIRECTORS
(continued)

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.

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 Committee receive regular reports from the Investment Managers and Administrator.

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 2017 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. It has also noted the whistleblowing policy of the Administrator.

The Administrator produces an annual report on policies and procedures in operation in respect of Investment Trust Fund Accounting in accordance with AAF (AAF 01/06) issued by the Institute of Chartered Accountants in England and Wales for its clients. This sets out the control policies and procedures with respect to the duties carried out by the Administrator on the Company's behalf. The effectiveness of these controls is monitored by the Administrator's group audit committee, which receives regular reports from the Administrator's internal audit department. The Company's Audit Committee has received and reviewed the statement for the period ended 31 October 2016, together with a report from the Administrator's group audit committee on the effectiveness of the internal controls maintained on behalf of the Company.

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, dealing and administration services to the Company has been delegated to the Administrator. The Administrator provides dealing, financial and general administrative services to the Company and UIL Finance for a fee, payable monthly in arrears, of £310,000 per annum (2016: £310,000 per annum). The Administrator and any of its delegates are also entitled to reimbursement of certain expenses incurred by it in connection with its duties. The Company or the Administrator may terminate this agreement upon six months' notice in writing.

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 F&C Management Limited as administrator remain in the best interests of the Company and its shareholders.

SHARE CAPITAL

As at 30 June 2017 the issued share capital of the Company and the total voting rights were 90,197,208 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 18 to the accounts.

Since the year end, the Company has bought back no further ordinary shares. As at 19 September 2017 the issued share capital and total voting rights were 90,197,208 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 456,581 ordinary shares were bought back and cancelled during the year.

UIL Finance, a wholly owned subsidiary of the Company, issued a total of 14.0m 2020 ZDP shares on 14 July 2016.

SUBSTANTIAL SHARE INTERESTS

As at 19 September 2017, the Company had received notification of the following holdings of voting rights:

	NUMBER OF ORDINARY SHARES HELD	% HELD
General Provincial Life Pension Fund (L) Limited	56,001,533	62.1
Permanent Mutual Limited	6,354,977	7.0

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

REPORT OF THE DIRECTORS
(continued)

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 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 22 November 2017.

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 11 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 2017.

The Directors are proposing to renew the authority at the forthcoming AGM, and are seeking authority to purchase in the market up to 13,520,000 ordinary shares (equivalent to approximately 14.99% of the issued ordinary shares as at the date of this report) as set out in Resolution 11 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 2018.

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.

REPORT OF THE DIRECTORS
(continued)

Resolution 12 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 12 will grant the Company authority to dis-apply these pre-emption rights in respect of up to £450,900 of relevant securities in the Group (equivalent to 4,509,000, 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 12 is a Special Resolution and will require the approval of a 75% majority of votes cast in respect of it.

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
19 September 2017

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 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 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, as there could be risks in respect of continuity and stability on the Board with annual re-elections.

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, 42 and 49, and pages 58 to 61 in respect of the Audit 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 page 45. 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 page 47.

By order of the Board
ICM Limited
Company Secretary

19 September 2017

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 2017 was 90,197,208 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

49,842,413 2018 ZDP shares were in issue as at 30 June 2017. 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 and 2022 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 2017. 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 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 2017. The 2022 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 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.

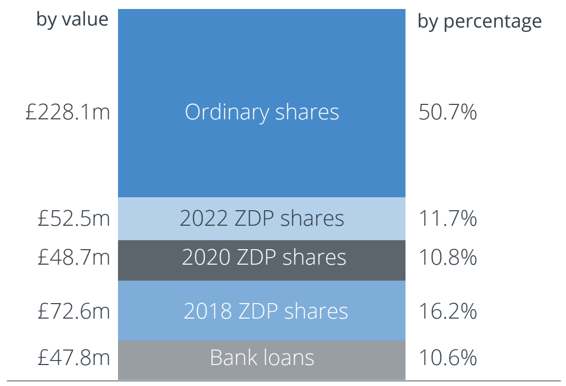
BANK DEBT

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

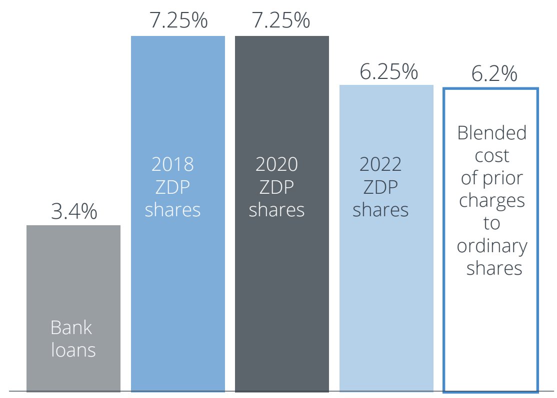
Ordinary shares rank behind the ZDP shares (save for any undistributed revenue profit on a winding up) and bank debt such that they represent a geared instrument. For every £100 of gross assets of the Company as at 30 June 2017, the ordinary shares could be said to be interested in £50.72 of those assets 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 2.0%.

SPLIT OF GROSS ASSETS
as at 30 June 2017



Source: ICM

CONSOLIDATED FUNDING COST STRUCTURE
as at 30 June 2017



Source: ICM

The interest cost of UIL's bank debt, combined with the annual accruals in respect of ZDP shares, currently represents a blended cost to the ordinary shares of 6.2%.

Based on their final entitlement of 160.52p per share, the final entitlement of the **2018 ZDP shares** was covered 3.51 times by gross assets as at 30 June 2017. Should the gross assets fall by 71.5% 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 89.3%, equivalent to an annual fall of 81.3%, 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 2.38 times by gross assets as at 30 June 2017. Should the gross assets fall by 58.1% 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 71.5%, equivalent to an annual fall of 31.4%, 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 1.72 times by gross assets as at 30 June 2017. Should the gross assets fall by 41.7% 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 58.1%, equivalent to an annual fall of 15.0%, the 2022 ZDP shares would receive no payment at the end of their life.

DIRECTORS' REMUNERATION REPORT
for the year ended 30 June 2017

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 2017 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 63 to 67.

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 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 2014. Over 99% of the votes cast were in favour of resolution and less than 1% were against. An ordinary resolution will be put to shareholders at the forthcoming AGM to approve the current policy for a further three years, until the conclusion of 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 2016. 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 2016 such that the Directors received fees of £31,800 per annum, the chairman of the Audit Committee received £41,000 and the Chairman of the Board received £43,000 in the year to 30 June 2017.

The review in respect of 2017/2018 has resulted in the fees being increased with effect from 1 July 2017 as detailed in the table below.

	2018 £'000s	2017* £'000s	2016* £'000s
Chairman	44.0	43.0	42.0
Directors	32.5	31.8	31.0
Chairman of Audit Committee	42.0	41.0	40.0

*Actual

Based on the levels of fees effective from 1 July 2017, Directors remuneration for the year ending 30 June 2018 would be as follows:

YEAR ENDING	2018 £'000s
Peter Burrows (Chairman)	44.0
Alison Hill	32.5
Warren McLeland	32.5
Christopher Samuel	32.5
David Shillson	32.5
Eric Stobart	42.0
Total	216.0

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 2017, the Chairman received a fee of £43,000, the chairman of the Audit Committee received a fee of £41,000 and the remaining Directors received a fee of £31,800 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.

DIRECTORS' REMUNERATION REPORT
(continued)

REMUNERATION FOR QUALIFYING SERVICES TO THE COMPANY (AUDITED)

DIRECTOR[(1)]	2017 £'000s	2016 £'000s[(1)]
Peter Burrows (Director and then Chairman from 16 November 2015)	43.0	37.9
Alison Hill[(3)]	31.8	19.4
Warren McLeland	31.8	31.0
Christopher Samuel[(3)]	31.8	19.4
David Shillson[(3)]	31.8	19.4
Eric Stobart[(4)]	41.0	40.0
Roger Urwin (Chairman until his retirement on 16 November 2015)	–	15.9
Graham Cole[(2)]	–	11.7
Total	211.2	194.7

(1) The Directors' entitlement to fees is calculated in arrears as set out in note 1(j) on page 76
(2) Retired 16 November 2015
(3) Appointed 16 November 2015
(4) Mr Stobart's fee includes entitlement of £9,200 (2016, £9,000) for being chairman of the Audit 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	2017	2016
Peter Burrows[(1)]	539,617	539,617
Alison Hill	9,755	–
Warren McLeland	33,634	23,879
Christopher Samuel	20,000	20,000
David Shillson	46,245	32,333
Eric Stobart	50,000	50,000

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

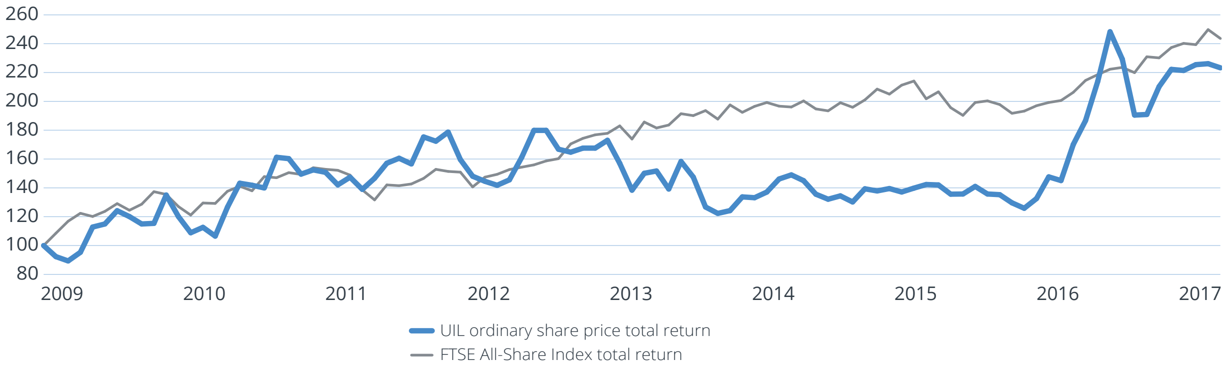
Since the year end, Ms Hill, Mr McLeland and Mr Shillson have each acquired a further 4,593 ordinary shares in the Company. No Director held any interest, beneficial or otherwise, in the issued shares of the Company other than as stated above.

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 eight years ended 30 June 2017, the share 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 2017 is given in the Chairman's Statement and Investment Managers' Report.

SHARE PRICE TOTAL RETURN

from June 2009 to June 2017 (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 2017 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.

	2017 £'000s	2016 £'000s	CHANGE £'000s
Aggregate Directors' emoluments	211	195	16
Aggregate shareholder distributions(1)	6,774	6,799	(25)

(1) The dividend per share was the same in both years at 7.50p per ordinary share; the total dividend paid has reduced in 2017 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
19 September 2017

AUDIT COMMITTEE REPORT

As chairman of the Audit Committee, I am pleased to present the Audit Committee's report to shareholders for the year ended 30 June 2017.

ROLE AND RESPONSIBILITIES

The Company has established a separately chaired Audit 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 Committee are available on the website www.uil.limited/investor_relations/other_documents.

The Audit 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 Committee receives information from the Investment Managers and the Administrator on their internal controls. Representatives of the Investment Managers and the Administrator attend the meetings.

COMPOSITION

The Audit 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 Committee.

RESPONSIBILITIES AND REVIEW OF THE EXTERNAL AUDIT

During the year the principal activities of the Audit 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 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.

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 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 £4,000 for the year ended 30 June 2017 (2016: £59,000) and related to the review of the interim accounts, more details are included in note 5A to the accounts.

The partner and manager of the audit team at KPMG presented their audit plan to the Audit Committee and subsequently reported on the nature, scope and results of their audit at the meeting when the draft annual financial report was considered. Representatives of the Administrator's investment trust and business risk departments also attended the Audit Committee meetings at which the half yearly and annual financial reports were considered in order to inform the Audit Committee on internal control, risk and regulatory matters that might have a bearing on the Company's business.

Members of the Audit 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 Committee on these items, amongst other matters. This report was considered by the Audit Committee and discussed with KPMG and the Investment Managers prior to approval of the annual financial report.

ACCOUNTING MATTERS AND SIGNIFICANT AREAS

The Audit 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 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 Committee regularly reviews the portfolio. The Audit 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 Committee with the Investment Managers. The Audit 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 Committee checks with KPMG that it has reviewed and tested the proposed valuations for reasonability.

AUDIT COMMITTEE REPORT
(continued)

The above was satisfactorily addressed through consideration of reports provided by, and discussed with, the Investment Managers, the Administrator and KPMG. As a result, and following a thorough review process, the Audit Committee advised the Board that it is satisfied that, taken as a whole, the annual financial report for the year to 30 June 2017 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 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 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 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 Committee and relevant personnel at the Investment Managers and the Administrator 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 Committee and partner rotation; and
- reasonableness of the audit fees.

For the 2017 financial year, the Audit 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 Committee. Work here was driven by the Audit 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 and by the Administrator, which continue to serve as effective tools to highlight and monitor the principal risks, details of which are provided in the Strategic Report and Business Review. The Audit 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 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" on page 42.

Eric Stobart
Chairman of the Audit Committee
19 September 2017

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 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 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 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 19 September 2017 and signed on its behalf by:

Peter Burrows
Chairman

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 2017 which comprise the Group and Company Income Statements, Statements of Changes in Equity, Balance Sheets, Statements of Cash-Flows 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 2017 and of the profit of the Group and the parent Company 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 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 appointed as auditor by the shareholders on 29 October 2012. The period of total uninterrupted engagement is the five years ended 30 June 2017. 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.

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. We summarise below the key audit matters (unchanged from 2016), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Key audit matters		Versus 2016
Recurring risks	Valuation of unlisted investments	◀▶
	Carrying amount of listed investments	◀▶

Group and Parent: Valuation of Unlisted Investments (£127.9 million (2016: £124.8 million)).

Refer to page 59 (Audit Committee Report), page 75 (Accounting Policy) and pages 81 to 83 (Financial Disclosures).

The risk: Subjective valuation

24% of the Groups total assets are comprised of unlisted investments for which there is no quoted market price available. Unlisted investments are measured at fair value, which is in accordance with the International Private Equity & Venture Capital Guidelines ('IPEV Guidelines') by using measurements of value such as price of recent orderly transactions and choice of benchmark earnings multiples. The investment may be structured as debt and equity in which a loan is extended by UIL to the investment company. There is a significant risk over the valuation of these investments.

Our response; our procedures to address the risk included:

— Methodology choice; in the context of observed industry best practice and the provisions of IPEV Guidelines, we challenged the appropriateness of the valuation basis selected.

— Valuations experience; using valuations expertise and knowledge of the investments to challenge the Investment Manager on key judgements affecting the investee company valuations, such as discount factors and earnings multiples. Comparing key underlying financial data inputs such as listed multiples, net debt, financial data to available external third party sources, Investee Company audited accounts and management information as applicable. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report;

— Verification of cost where a proxy for fair value; corroborating a sample of unlisted investments to the legal documentation supporting the invested cost and the percentage of the investment acquired.

— Comparing valuation; 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 to a valuation.

— Contradictory evidence; performing press searches and market research to identify potentially contradictory information in respect of key inputs.

Our results: We found the resulting valuation of unlisted investments to be acceptable.

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

Group and Parent: Carrying amount of listed Investments (£321.3million (2016: £327.4 million)).

Refer to page 59 (Audit Committee Report), page 75 (Accounting Policy) and pages 81 to 83 (Financial Disclosures).

The risk: Low risk, high value

The Group's portfolio of listed investments constitutes 70% of the total Group assets (by value) and is considered to be one of the key drivers of the Group's performance results. We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgement, on the basis that they comprise listed, quoted and liquid investments. However due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

Our response; our procedures to address the risk included:

— Pricing; we used our specialist to agree the valuation of 100 per cent of investments in the portfolio to externally quoted prices.

— Custodian Confirmations; agreeing 100% of the listed investment holdings to independently received third party confirmations.

Our results: We found the resulting carrying amount of listed investments to be acceptable.

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

The materiality for the Group financial statements as a whole was set at £4.968 million (2016: £4.6 million), determined with reference to a benchmark of Total Assets of which it represents 1% (2016: 1%).

In addition, we applied a materiality of £300,000 (2016: £310,000) 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 Company's members' assessment of the financial performance of the company.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.25 million (2016: £0.2 million) and, in addition any other identified misstatements that warrant reporting on qualitative grounds are also communicated.

Our audit of the Group and the parent Company was undertaken to the materiality level specified above and was all principally performed at the office of the managers, ICM Investment Management Limited, in Epsom, United Kingdom and 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 30 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.

In addition to our audit of the financial statements, the Directors have engaged us to review certain other disclosures as if the Company were required to comply with the Listing Rules applicable to companies incorporated in the UK. Under the terms of our engagement we are required to report to you if the Directors' statement in relation to going concern set out on page 94 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 Viability statement (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 in the Viability statement 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 model and strategy; or
- 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.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 62, the Directors are responsible for: the preparation of financial statements that 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, other irregularities, 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, other irregularities 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. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting 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(2) 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 auditors 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

19 September 2017

GROUP INCOME STATEMENT

Notes	for the year to 30 June	2017 Revenue return £'000s	2017 Capital return £'000s	2017 Total return £'000s	2016 Revenue return £'000s	2016 Capital return £'000s	2016 Total return £'000s
10	Gains on investments	–	31,238	31,238	–	103,464	103,464
13	Losses on derivative financial instruments	–	(11,346)	(11,346)	–	(22,013)	(22,013)
	Foreign exchange (losses)/gains	(67)	3,058	2,991	181	(6,388)	(6,207)
2	Investment and other income	10,775	–	10,775	10,318	–	10,318
	Total income	10,708	22,950	33,658	10,499	75,063	85,562
3	Income not receivable	–	–	–	(887)	–	(887)
4	Management and administration fees	(1,656)	–	(1,656)	(849)	–	(849)
5	Other expenses	(1,205)	(3)	(1,208)	(1,083)	(2)	(1,085)
	Profit before finance costs and taxation	7,847	22,947	30,794	7,680	75,061	82,741
	Gains on sales of ZDP shares held intra group	–	617	617	–	–	–
6	Finance costs	(1,837)	(12,273)	(14,110)	(1,739)	(12,734)	(14,473)
	Profit before taxation	6,010	11,291	17,301	5,941	62,327	68,268
7	Taxation	(250)	(30)	(280)	(268)	–	(268)
	Profit for the year	5,760	11,261	17,021	5,673	62,327	68,000
8	**Earnings per ordinary share – pence**	6.38	12.46	18.84	6.23	68.45	74.68

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	2017 Revenue return £'000s	2017 Capital return £'000s	2017 Total return £'000s	2016 Revenue return £'000s	2016 Capital return £'000s	2016 Total return £'000s
10	Gains on investments	–	31,001	31,001	–	103,674	103,674
13	Losses on derivative financial instruments	–	(10,346)	(10,346)	–	(21,944)	(21,944)
	Foreign exchange (losses)/gains	(67)	3,053	2,986	181	(6,420)	(6,239)
2	Investment and other income	10,775	–	10,775	10,318	–	10,318
	Total income	10,708	23,708	34,416	10,499	75,310	85,809
3	Income not receivable	–	–	–	(887)	–	(887)
4	Management and administration fees	(1,641)	–	(1,641)	(834)	–	(834)
5	Other expenses	(1,196)	(3)	(1,199)	(1,075)	(2)	(1,077)
	Profit before finance costs and taxation	7,871	23,705	31,576	7,703	75,308	83,011
6	Finance costs	(1,837)	(12,697)	(14,534)	(1,739)	(12,745)	(14,484)
	Profit before taxation	6,034	11,008	17,042	5,964	62,563	68,527
7	Taxation	(250)	(30)	(280)	(268)	–	(268)
	Profit for the year	5,784	10,978	16,762	5,696	62,563	68,259
8	**Earnings per ordinary share – pence**	6.40	12.15	18.55	6.25	68.71	74.96

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 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**
9	Ordinary dividends paid	**–**	**–**	**–**	**–**	**–**	**(6,774)**	**(6,774)**
18	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**

for the year to 30 June 2016

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 2015	9,856	28,414	233,866	32,069	(149,255)	11,608	166,558
	Profit for the year	–	–	–	–	62,327	5,673	68,000
9	Ordinary dividends paid	–	–	–	–	–	(6,799)	(6,799)
	Shares purchased by the Company	(791)	(8,383)	–	–	–	–	(9,174)
	Balance at 30 June 2016	9,065	20,031	233,866	32,069	(86,928)	10,482	218,585

COMPANY STATEMENT OF CHANGES IN EQUITY

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**
9	Ordinary dividends paid	**–**	**–**	**–**	**–**	**–**	**(6,774)**	**(6,774)**
18	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**

for the year to 30 June 2016

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 2015	9,856	28,414	233,866	32,069	(149,451)	11,804	166,558
	Profit for the year	–	–	–	–	62,563	5,696	68,259
9	Ordinary dividends paid	–	–	–	–	–	(6,799)	(6,799)
	Shares purchased by the Company	(791)	(8,383)	–	–	–	–	(9,174)
	Balance at 30 June 2016	9,065	20,031	233,866	32,069	(86,888)	10,701	218,844

BALANCE SHEETS

Notes	at 30 June	GROUP 2017 £'000s	GROUP 2016 £'000s	COMPANY 2017 £'000s	COMPANY 2016 £'000s
	Non-current assets				
10	Investments	**449,116**	452,197	**449,261**	462,624
	Current assets				
12	Other receivables	**25,190**	2,945	**25,190**	2,945
13	Derivative financial instruments	**818**	1,067	**818**	–
	Cash and cash equivalents	**3,573**	174	**3,423**	11
		29,581	4,186	**29,431**	2,956
	Current liabilities				
14	Loans	**(47,846)**	–	**(47,846)**	–
15	Other payables	**(26,472)**	(1,101)	**(200,245)**	(207,467)
13	Derivative financial instruments	**(2,532)**	(14,637)	**(2,532)**	(14,570)
16	Zero dividend preference shares	**–**	(61,327)	**–**	–
		(76,850)	(77,065)	**(250,623)**	(222,037)
	Net current liabilities	**(47,269)**	(72,879)	**(221,192)**	(219,081)
	Total assets less current liabilities	**401,847**	379,318	**228,069**	243,543
	Non-current liabilities				
17	Loans	**–**	(24,699)	**–**	(24,699)
16	Zero dividend preference shares	**(173,778)**	(136,034)	**–**	–
	Net assets	**228,069**	218,585	**228,069**	218,844
	Equity attributable to equity holders				
18	Ordinary share capital	**9,020**	9,065	**9,020**	9,065
19	Share premium account	**19,313**	20,031	**19,313**	20,031
20	Special reserve	**233,866**	233,866	**233,866**	233,866
21	Non-distributable reserve	**32,069**	32,069	**32,069**	32,069
22	Capital reserves	**(75,667)**	(86,928)	**(75,910)**	(86,888)
23	Revenue reserve	**9,468**	10,482	**9,711**	10,701
	Total attributable to equity holders	**228,069**	218,585	**228,069**	218,844
24	**Net asset value per ordinary share – pence**	**252.86**	241.12	**252.86**	241.41

Approved by the Board on 19 September 2017 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 2017 £'000s	GROUP 2016 £'000s	COMPANY 2017 £'000s	COMPANY 2016 £'000s
25	Cash flows from operating activities	**1,314**	4,217	**1,340**	4,238
	Investing activities:				
	Purchases of investments	**(67,267)**	(46,049)	**(72,371)**	(46,582)
	Sales of investments	**109,560**	65,169	**124,709**	65,169
	Purchases of derivatives	**(23,202)**	(8,302)	**(23,202)**	(4,716)
	Sales of derivatives	**–**	3,022	**–**	–
	Cash flows from investing activities	**19,091**	13,840	**29,136**	13,871
	Cash flows before financing activities	**20,405**	18,057	**30,476**	18,109
	Financing activities:				
	Equity dividends paid	**(6,774)**	(6,799)	**(6,774)**	(6,799)
	Movements on loans	**25,148**	(11,483)	**25,148**	(11,483)
	Cash flows from issue of ZDP shares	**27,258**	12,435	**17,208**	12,435
	Cash flows from redemption of ZDP shares	**(62,741)**	–	**(62,744)**	–
	Cost of shares purchased for cancellation	**(599)**	(9,174)	**(599)**	(9,174)
	Cash flows from financing activities	**(17,708)**	(15,021)	**(27,761)**	(15,021)
	Net increase in cash and cash equivalents	**2,697**	3,036	**2,715**	3,088
	Cash and cash equivalents at the beginning of the year	**(114)**	1,225	**(277)**	1,042
	Effect of movement in foreign exchange	**990**	(4,375)	**985**	(4,407)
	Cash and cash equivalents at the end of the year	**3,573**	(114)	**3,423**	(277)
	Comprised of:				
	Cash	**3,573**	174	**3,423**	11
	Bank overdraft	**–**	(288)	**–**	(288)
	Total	**3,573**	(114)	**3,423**	(277)

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, UIL Finance Limited ("UIL Finance") and Global Equity Risk Protection Limited ("GERP"). Details of the subsidiaries and associates are included in notes 10 and 11 to the Accounts.

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 2017.

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 January 2017, 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 are expected to have a significant effect on the consolidated accounts of the Company except for IFRS 9 'Financial Instruments'. IFRS 9 'Financial Instruments' could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

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 subsidiaries, UIL Finance and GERP. 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.

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 in the balance sheet comprise cash at bank.

(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 and 2022 at a redemption value, including accrued capitalised returns (see note 16) of 160.52 pence per share, 154.90 pence per share and 146.99 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.

NOTES TO THE ACCOUNTS
(continued)

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.

2. INVESTMENT AND OTHER INCOME

Group and Company	Revenue £'000s	Capital £'000s	2017 Total £'000s	Revenue £'000s	Capital £'000s	2016 Total £'000s
Investment income:						
Dividends	**7,094**	**–**	**7,094**	6,679	–	6,679
Interest	**3,681**	**–**	**3,681**	3,636	–	3,636
	10,775	**–**	**10,775**	10,315	–	10,315
Other income						
Interest on cash and short-term deposits	**–**	**–**	**–**	3	–	3
Total income	**10,775**	**–**	**10,775**	10,318	–	10,318

3. INCOME NOT RECEIVABLE

Group and Company	Revenue £'000s	Capital £'000s	2017 Total £'000s	Revenue £'000s	Capital £'000s	2016 Total £'000s
Accrued dividend not received	**–**	**–**	**–**	887	–	887

4. MANAGEMENT AND ADMINISTRATION FEES

Group	Revenue £'000s	Capital £'000s	2017 Total £'000s	Revenue £'000s	Capital £'000s	2016 Total £'000s
Payable to:						
ICM/ICMIM – management fee, secretarial and administration fees	**1,346**	**–**	**1,346**	539	–	539
F&C Management Limited – administration fee	**310**	**–**	**310**	310	–	310
	1,656	**–**	**1,656**	849	–	849

Company	Revenue £'000s	Capital £'000s	2017 Total £'000s	Revenue £'000s	Capital £'000s	2016 Total £'000s
Payable to:						
ICM/ICMIM – management and secretarial fees	**1,331**	**–**	**1,331**	524	–	524
F&C Management Limited – administration fee	**310**	**–**	**310**	310	–	310
	1,641	**–**	**1,641**	834	–	834

NOTES TO THE ACCOUNTS
(continued)

4. MANAGEMENT AND ADMINISTRATION FEES (continued)

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.

The fee payable reverted to 0.5% per annum with effect from 1 July 2016 as the high watermark of net asset value of 284.81p per share had been regained (from 1 January 2014 to 30 June 2016 the fee payable was reduced to 0.25% per annum).

In addition, the Investment Managers are entitled to a 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. A performance fee was last paid in respect of the 12 month period to 30 June 2007. As at that date the equity shareholders' funds were £279.0m.

As at 30 June 2017, the attributable shareholders' funds were below the high watermark and therefore no performance fee has been accrued (30 June 2016: same).

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 one-third of the costs associated with this post.

ICM Corporate Services (Pty) Ltd is a 100% owned subsidiary of ICM and provides administration services to GERP for a fee of £15,000 per annum. The agreement is terminable upon one month's notice in writing.

F&C Management Limited ("F&C") provides accounting, dealing and administration services to the Company for a fee of £310,000 per annum, payable monthly in arrears. The agreement with F&C may be terminated upon six months' notice given by either party in writing.

5. OTHER EXPENSES

Group	Revenue £'000s	Capital £'000s	2017 Total £'000s	Revenue £'000s	Capital £'000s	2016 Total £'000s
Auditor's remuneration (see note 5A)	**65**	**–**	**65**	65	–	65
Broker and consultancy fees	**73**	**–**	**73**	51	–	51
Custody fees	**207**	**–**	**207**	166	–	166
Directors' fees for services to the Company						
(see Directors' Remuneration Report on pages 54 to 57)	**211**	**–**	**211**	195	–	195
Travel expenses	**196**	**–**	**196**	171	–	171
Professional and legal fees	**152**	**–**	**152**	134	–	134
Sundry expenses	**301**	**3**	**304**	301	2	303
	1,205	**3**	**1,208**	1,083	2	1,085

Company	Revenue £'000s	Capital £'000s	2017 Total £'000s	Revenue £'000s	Capital £'000s	2016 Total £'000s
Auditor's remuneration (see note 5A)	**63**	**–**	**63**	63	–	63
Broker and consultancy fees	**73**	**–**	**73**	51	–	51
Custody fees	**207**	**–**	**207**	166	–	166
Directors' fees for services to the Company						
(see Directors' Remuneration Report on pages 54 to 57)	**211**	**–**	**211**	195	–	195
Travel expenses	**196**	**–**	**196**	171	–	171
Professional and legal fees	**152**	**–**	**152**	134	–	134
Sundry expenses	**294**	**3**	**297**	295	2	297
	1,196	**3**	**1,199**	1,075	2	1,077

5A. AUDITOR'S REMUNERATION

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

	Group		Company	
Group Auditor – KPMG LLP **Annual audit fees**	**2017 £'000s**	2016 £'000s	**2017 £'000s**	2016 £'000s
Audit of the Group and Company's annual financial statements	**55**	55	**55**	55
Audit of financial statements of subsidiaries	**6**	6	**4**	4
Total audit fees	**61**	61	**59**	59
Other non-audit services – review of interim financial statements	**4**	4	**4**	4
Total auditor's remuneration allocated to the income statement	**65**	65	**63**	63
Other non-audit services – reporting accountants for the issue of ZDP shares and included within the ZDP share issue costs	**–**	55	**–**	55
Total auditor's remuneration for the year	**65**	120	**63**	118

NOTES TO THE ACCOUNTS
(continued)

6. FINANCE COSTS

Group	Revenue £'000s	Capital £'000s	2017 Total £'000s	Revenue £'000s	Capital £'000s	2016 Total £'000s
Loans and bank overdrafts	**1,837**	**–**	**1,837**	1,739	–	1,739
ZDP shares	**–**	**12,273**	**12,273**	–	12,734	12,734
	1,837	**12,273**	**14,110**	1,739	12,734	14,473

Company	Revenue £'000s	Capital £'000s	2017 Total £'000s	Revenue £'000s	Capital £'000s	2016 Total £'000s
Loans and bank overdrafts	**1,837**	**–**	**1,837**	1,739	–	1,739
Intra-group loan account	**–**	**12,697**	**12,697**	–	12,745	12,745
	1,837	**12,697**	**14,534**	1,739	12,745	14,484

7. TAXATION

Group and Company	Revenue £'000s	Capital £'000s	2017 Total £'000s	Revenue £'000s	Capital £'000s	2016 Total £'000s
Overseas taxation	**250**	**–**	**250**	268	–	268
Bermuda overseas investment taxation	**–**	**30**	**30**	–	–	–
	250	**30**	**280**	268	–	268

Except as stated above, profits of the Company and subsidiaries for the year are not subject to any taxation within their countries of residence (2016: same).

8. EARNINGS PER ORDINARY SHARE

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

	Group		Company	
	2017 £'000s	2016 £'000s	**2017 £'000s**	2016 £'000s
Revenue	**5,760**	5,673	**5,784**	5,696
Capital	**11,261**	62,327	**10,978**	62,563
Total	**17,021**	68,000	**16,762**	68,259
	Number	Number	**Number**	Number
Weighted average number of shares in issue during the year for earnings per share calculations	**90,356,380**	91,060,816	**90,356,380**	91,060,816

9. DIVIDENDS

Group and Company	Record date	Payment date	2017 Total £'000s	2016 Total £'000s
2015 Fourth quarterly of 1.875p	21 Aug 15	16 Sep 15	–	1,700
2016 First quarterly of 1.875p	20 Nov 15	21 Dec 15	–	1,700
2016 Second quarterly of 1.875p	19 Feb 16	08 Mar 16	–	1,700
2016 Third quarterly of 1.875p	03 Jun 16	23 Jun 16	–	1,699
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**	–
			6,774	6,799

The Directors declared a fourth quarterly dividend in respect of the year ended 30 June 2017 of 1.875p per share which will be paid on 22 September 2017 to all ordinary shareholders on the register at close of business on 8 September 2017. The total cost of the dividend, which has not been accrued in the results for the year to 30 June 2017, is £1,691,000 based on 90,197,208 ordinary shares in issue.

10. INVESTMENTS

Group	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2017 Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2016 Total £'000s
Investments brought forward								
Cost	**174,702**	**117,332**	**91,904**	**383,938**	303,113	–	86,026	389,139
Gains/(losses)	**74,976**	**(10,938)**	**4,221**	**68,259**	(18,537)	–	(3,674)	(22,211)
Valuation	**249,678**	**106,394**	**96,125**	**452,197**	284,576	–	82,352	366,928
Movements in the year:								
Transfer between levels*	**(330)**	**(19,949)**	**20,279**	**–**	(90,344)	89,952	392	–
Purchases at cost	**5,070**	**28,488**	**87,784**	**121,342**	8,650	14,955	23,592	47,197
Sales								
proceeds	**(68,011)**	**(1,013)**	**(86,637)**	**(155,661)**	(45,715)	(218)	(19,459)	(65,392)
realised net gains/(losses) on sales	**21,560**	**(33)**	**13,710**	**35,237**	11,627	–	1,367	12,994
(Losses)/gains on investments held at year end	**(2,714)**	**20,975**	**(22,260)**	**(3,999)**	80,884	1,705	7,881	90,470
Valuation at 30 June	**205,253**	**134,862**	**109,001**	**449,116**	249,678	106,394	96,125	452,197
Analysed at 30 June								
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

*Transfers due to 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

NOTES TO THE ACCOUNTS
(continued)

10. INVESTMENTS (continued)

Company	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2017 Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2016 Total £'000s
Investments brought forward								
Cost	**183,703**	**130,976**	**91,904**	**406,583**	303,113	13,109	86,026	402,248
Gains/(losses)	**75,246**	**(23,426)**	**4,221**	**56,041**	(18,537)	(12,428)	(3,674)	(34,639)
	258,949	**107,550**	**96,125**	**462,624**	284,576	681	82,352	367,609
Movements in the year:								
Transfer between levels*	**(330)**	**(19,949)**	**20,279**	**–**	(90,344)	89,952	392	–
Purchases at cost	**10,166**	**28,496**	**87,784**	**126,446**	17,651	15,490	23,592	56,733
Sales								
proceeds	**(83,160)**	**(1,013)**	**(86,637)**	**(170,810)**	(45,715)	(218)	(19,459)	(65,392)
realised net gains/(losses) on sales	**22,612**	**(33)**	**13,710**	**36,289**	11,627	–	1,367	12,994
(Losses)/gains on investments held at year end	**(2,984)**	**19,956**	**(22,260)**	**(5,288)**	81,154	1,645	7,881	90,680
Valuation at 30 June	**205,253**	**135,007**	**109,001**	**449,261**	258,949	107,550	96,125	462,624
Analysed at 30 June								
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
Valuation	**205,253**	**135,007**	**109,001**	**449,261**	258,949	107,550	96,125	462,624

*Transfers due to 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

Gains on investments held at fair value	Group 2017 £'000s	Group 2016 £'000s	Company 2017 £'000s	Company 2016 £'000s
Gains on investments sold	**35,237**	12,994	**36,289**	12,994
(Losses)/gains on investments held	**(3,999)**	90,470	**(5,288)**	90,680
Total gains on investments	**31,238**	103,464	**31,001**	103,674

Associated undertakings

Under IFRS10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities, the following associated undertakings at 30 June 2017 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")
Country of registration and incorporation	Bermuda	Bermuda	Singapore
Number of ordinary shares held	477,720	8,590,987	55,738,677
Percentage of ordinary shares held	39.8%	44.2%	39.8%

10. INVESTMENTS (continued)

Transactions with associated undertakings

Allectus (formerly Vix Investments Limited)	Loans of USD 1.3m were advanced to Allectus At the year end the balance of the loan was USD 2.9m
Somers	UIL received 196,131 ordinary shares by way of stock dividends with a distribution value of USD 2.6m UIL received 2.5m ordinary shares from the exercise of bonus warrants
VixTech	Loans of AUD 17.5m were advanced to VixTech

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	**2017 % of class of instruments held**	2016 % of class of instruments held
Resolute Mining Limited	Australia	Ordinary Shares	**12.3%**	19.3%
Utilico Emerging Markets Limited	Bermuda	Ordinary Shares	**15.2%**	19.3%

11. SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company at 30 June 2017 and 30 June 2016:

Company	Country of registration and incorporation	Number and class of shares held	Holdings and voting rights %
UIL Finance Limited(1)	Bermuda	10 ordinary shares of 10p nil paid share	100
Global Equity Risk Protection Limited(2)	Bermuda	3,920 Class A shares linked to a segregated account in GERP	100

(1) The subsidiary was incorporated, and commenced trading, on 17 January 2007 to carry on business as an investment company.
(2) The subsidiary, an unquoted Bermuda segregated accounts company, was incorporated, and commenced trading, on 4 May 2006. The segregated 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. The holding represents 100% of the issued Class A shares that have no voting rights.

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 ordinary shares held	2017 Holding and voting rights %	Number of ordinary shares held	2016 Holding and voting rights %
Bermuda First Investment Company Limited ("BFIC")	Bermuda	1,891,195	95.8	1,582,360	78.8
Energy Holdings Ltd	Bermuda	100	100.0	100	100.0
UIL Holdings Pte Ltd	Singapore	100	100.0	100	100.0
Zeta Resources Limited ("Zeta")	Bermuda	85,539,612	85.5	85,489,612	85.5

NOTES TO THE ACCOUNTS
(continued)

11. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Transactions with subsidiaries held as investments

BFIC	Purchase of 308,835 ordinary shares at a cost of USD 3.1m USD 6.7m repaid in loans
Energy Holdings Ltd	The subsidiary was incorporated on 21 June 2016 and remains dormant.
UIL Holdings Pte Ltd	The subsidiary was incorporated on 28 August 2015 and remains dormant.
Zeta	Purchase of 50,000 ordinary shares at a cost of AUD 0.2m Loans of AUD 17.0m repaid

12. OTHER RECEIVABLES

Group and Company	**2017 £'000s**	2016 £'000s
Investment debtors	**24,496**	223
Accrued income	**652**	2,683
Prepayments and other debtors	**42**	39
	25,190	2,945

13. DERIVATIVE FINANCIAL INSTRUMENTS

Group	**Current assets £'000s**	**Current liabilities £'000s**	**2017 Net current assets/ (liabilities) £'000s**	Current assets £'000s	Current liabilities £'000s	2016 Net current assets/ (liabilities) £'000s
Forward foreign exchange contracts – GBP/AUD	**–**	**(1,495)**	**(1,495)**	–	(6,222)	(6,222)
Forward foreign exchange contracts – GBP/EUR	**–**	**(503)**	**(503)**	–	(1,233)	(1,233)
Forward foreign exchange contracts – GBP/NZD	**–**	**(335)**	**(335)**	–	(4,491)	(4,491)
Forward foreign exchange contracts – GBP/USD	**818**	**–**	**818**	–	(2,376)	(2,376)
Forward foreign exchange contracts – USD/AUD	**–**	**(199)**	**(199)**	–	(248)	(248)
Total forward foreign exchange contracts	**818**	**(2,532)**	**(1,714)**	–	(14,570)	(14,570)
S&P futures and options – USD	**–**	**–**	**–**	1,067	(67)	1,000
Total derivative financial instruments	**818**	**(2,532)**	**(1,714)**	1,067	(14,637)	(13,570)

Classified (see note 1(c)) as:	**£'000s**	**£'000s**	**£'000s**	£'000s	£'000s	£'000s
Level 1	**–**	**–**	**–**	1,067	(67)	1,000
Level 2	**818**	**(2,532)**	**(1,714)**	–	(14,570)	(14,570)
	818	**(2,532)**	**(1,714)**	1,067	(14,637)	(13,570)

Company	**Current assets £'000s**	**Current liabilities £'000s**	**2017 Net current assets/ (liabilities) £'000s**	Current assets £'000s	Current liabilities £'000s	2016 Net current assets/ (liabilities) £'000s
Forward foreign exchange contracts – GBP/AUD	**–**	**(1,495)**	**(1,495)**	–	(6,222)	(6,222)
Forward foreign exchange contracts – GBP/EUR	**–**	**(503)**	**(503)**	–	(1,233)	(1,233)
Forward foreign exchange contracts – GBP/NZD	**–**	**(335)**	**(335)**	–	(4,491)	(4,491)
Forward foreign exchange contracts – GBP/USD	**818**	**–**	**818**	–	(2,376)	(2,376)
Forward foreign exchange contracts – USD/AUD	**–**	**(199)**	**(199)**	–	(248)	(248)
Total derivative financial instruments	**818**	**(2,532)**	**(1,714)**	–	(14,570)	(14,570)

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		**Company**	
	2017 £'000s	2016 £'000s	**2017 £'000s**	2016 £'000s
Valuation brought forward	**(13,570)**	3,163	**(14,570)**	2,658
Net acquisitions	**23,202**	8,302	**23,202**	4,716
Net settlements	**–**	(3,022)	**–**	–
Losses	**(11,346)**	(22,013)	**(10,346)**	(21,944)
Valuation carried forward	**(1,714)**	(13,570)	**(1,714)**	(14,570)

NOTES TO THE ACCOUNTS
(continued)

14. LOANS – CURRENT LIABILITY

Group and Company	2017 £'000s	2016 £'000s
AUD 81.0m repayable March 2018	47,846	–

The Company has a committed loan facility of £50,000,000 from Scotiabank Europe plc ("Scotiabank") expiring on 22 March 2018. During the year a further £25,000,000 bridging loan facility from Scotiabank was drawn from the end of October 2016 and repaid in May 2017. 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.

15. OTHER PAYABLES

	Group		Company	
	2017 £'000s	2016 £'000s	2017 £'000s	2016 £'000s
Bank overdraft	–	288	–	288
Investment creditors	25,511	–	25,511	–
Cost of ordinary shares repurchased	164	–	164	–
Intra-group loans	–	–	173,778	206,373
Accrued finance costs	114	64	114	64
Accrued expenses	683	749	678	742
	26,472	1,101	200,245	207,467

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

16. ZERO DIVIDEND PREFERENCE SHARES

	Group	
ZDP shares – current liabilities	2017 £'000s	2016 £'000s
2016 ZDP shares	–	61,327
ZDP shares – non-current liabilities		
2018 ZDP shares	72,622	67,548
2020 ZDP shares	48,704	28,134
2022 ZDP shares	52,452	40,352
	173,778	136,034
Total ZDP shares liabilities	173,778	197,361

Authorised ZDP shares of the Company at 30 June 2017 and 30 June 2016 are as follows:	Number	£'000s
2016 ZDP shares of 10p each	45,046,966	4,505
2018 ZDP shares of 5.9319p each	70,198,945	4,164
2020 ZDP shares of 6.0514p each	50,000,000	3,026
2022 ZDP shares of 5.3180p each	78,117,685	4,154

16. ZERO DIVIDEND PREFERENCE SHARES (continued)

ZDP shares issued by the Group are as follows:

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 6)	**–**	**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**

2016	Number	2014 £'000s	Number	2016 £'000s	Number	2018 £'000s	Number	2020 £'000s	Total £'000s
Balance at 30 June 2015	47,500,000	83,493	49,842,413	62,816	25,000,000	26,132	–	–	172,441
Issue of ZDP shares	–	–	–	–	–	–	40,999,212	40,999	40,999
Issue costs of ZDP shares	–	–	–	–	–	–	–	(696)	(696)
Conversion of ZDP shares	(14,953,034)	(28,117)	–	–	–	–	–	–	(28,117)
Finance costs (see note 6)	–	5,951	–	4,732	–	2,002	–	49	12,734
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

On 1 July 2016, UIL Finance Limited announced plans to issue up to 14m 2020 ZDP shares pursuant to the Placing Programme at a price of 128p per 2020 ZDP Share. The 14m 2020 ZDP shares were admitted to the Official List and to trading and dealings on the London Stock Exchange on 14 July 2016. A total of 10,774,185 new 2020 ZDP shares were placed with certain institutional investors at a price of 128p per 2020 ZDP share raising gross proceeds of £13.8m. The remaining 3,225,815 new 2020 ZDP shares were acquired by UIL Limited at a price of 128p per 2020 ZDP share and held by UIL Limited for investment purposes in accordance with its investment policy. In the period UIL Limited sold all the 3,225,815 2020 ZDP shares in the open market.

UIL held 9,000,788 2022 ZDP shares as at 30 June 2016. In the year UIL Limited sold all the 9,000,788 2022 ZDP shares in the open market.

On 31 October 2016 the remaining 32,546,966 2016 ZDP shares that were in issue, inclusive of 503,008 2016 ZDP shares purchased in the open market in the period by UIL, were redeemed at 192.78p per 2016 ZDP share.

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 2017 was 146.19p (2016: 136.32p).

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 2017 was 122.64p (2016: 114.35p).

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 2017 was 106.37p (2016: 100.12p).

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.

NOTES TO THE ACCOUNTS
(continued)

16. ZERO DIVIDEND PREFERENCE SHARES (continued)

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 the separate approval of the ZDP shareholders (treated as a single class) at a separate meeting. 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 and 2022 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:
(i) the 2018 ZDP shares shall rank in priority to the 2020 ZDP shares and the 2022 ZDP shares; and

(ii) the 2020 ZDP shares shall rank in priority to the 2022 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.

17. BANK LOANS – NON-CURRENT LIABILITY

Group and Company	**2017 £'000s**	2016 £'000s
AUD 20.5m repaid September 2016	–	11,441
EUR 16.0m repaid September 2016	–	13,258
Balance carried forward	–	24,699

For details of the loan facilities, see note 14.

18. ORDINARY SHARE CAPITAL

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

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**

2016	Total shares in issue Number	Total shares in issue £'000s
Balance at 30 June 2015	98,557,214	9,856
Purchased for cancellation	(7,903,425)	(791)
Balance at 30 June 2016	90,653,789	9,065

During the year the Company bought back for cancellation 456,581 ordinary shares at a total cost of £763,000.

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.

19. SHARE PREMIUM ACCOUNT

Group and Company	2017 £'000s	2016 £'000s
Balance brought forward	**20,031**	28,414
Purchase of ordinary shares	**(718)**	(8,383)
Balance carried forward	**19,313**	20,031

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

20. SPECIAL RESERVE

Group and Company	2017 £'000s	2016 £'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.

21. NON-DISTRIBUTABLE RESERVE

Group and Company	2017 £'000s	2016 £'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.

NOTES TO THE ACCOUNTS
(continued)

22. CAPITAL RESERVES

Group	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	2017 Capital reserves total £'000s	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	2016 Capital reserves total £'000s
Gains on investments sold	**35,237**	**–**	**35,237**	12,994	–	12,994
(Losses)/gains on investments held	**–**	**(3,999)**	**(3,999)**	–	90,470	90,470
Losses on derivative financial instruments sold	**(24,109)**	**–**	**(24,109)**	(5,029)	–	(5,029)
Gains/(losses) on derivative financial instruments held	**–**	**12,763**	**12,763**	–	(16,984)	(16,984)
Foreign exchange gains/(losses)	**3,058**	**–**	**3,058**	(6,388)	–	(6,388)
Other capital charges	**(3)**	**–**	**(3)**	(2)	–	(2)
Gains on sales of ZDP shares held intra group	**617**	**–**	**617**	–	–	–
ZDP shares finance charges	**(12,273)**	**–**	**(12,273)**	(12,734)	–	(12,734)
Taxation	**(30)**	**–**	**(30)**			
	2,497	**8,764**	**11,261**	(11,159)	73,486	62,327
Balance brought forward	**(140,710)**	**53,782**	**(86,928)**	(129,551)	(19,704)	(149,255)
Balance at 30 June	**(138,213)**	**62,546**	**(75,667)**	(140,710)	53,782	(86,928)

Company	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	2017 Capital reserves total £'000s	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	2016 Capital reserves total £'000s
Gains on investments sold	**36,289**	**–**	**36,289**	12,994	–	12,994
(Losses)/gains on investments held	**–**	**(5,288)**	**(5,288)**	–	90,680	90,680
Losses on derivative financial instruments sold	**(23,202)**	**–**	**(23,202)**	(4,716)	–	(4,716)
Gains/(losses) on derivative financial instruments held	**–**	**12,856**	**12,856**	–	(17,228)	(17,228)
Foreign exchange gains/(losses)	**3,053**	**–**	**3,053**	(6,420)	–	(6,420)
Other capital charges	**(3)**	**–**	**(3)**	(2)	–	(2)
Intra-group loan account finance charges	**(12,697)**	**–**	**(12,697)**	(12,745)	–	(12,745)
Taxation	**(30)**	**–**	**(30)**			
	3,410	**7,568**	**10,978**	(10,889)	73,452	62,563
Balance brought forward	**(128,359)**	**41,471**	**(86,888)**	(117,470)	(31,981)	(149,451)
Balance at 30 June	**(124,949)**	**49,039**	**(75,910)**	(128,359)	41,471	(86,888)

Group and Company

Included within the capital reserve movement for the year is £nil (2016: £nil) of dividend receipts recognised as capital in nature, £4,000 (2016: £3,000) of transaction costs on purchases of investments and £119,000 (2016: £84,000) of transaction costs on sales of investments.

23. REVENUE RESERVE

	Group		Company	
	2017 £'000s	2016 £'000s	**2017 £'000s**	2016 £'000s
Amount transferred to revenue reserve	**5,760**	5,673	**5,784**	5,696
Dividends paid in the year	**(6,774)**	(6,799)	**(6,774)**	(6,799)
Balance brought forward	**10,482**	11,608	**10,701**	11,804
Balance at 30 June	**9,468**	10,482	**9,711**	10,701

24. 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 £228,069,000 for the Group and for the Company (2016: £218,585,000 for the Group and £218,844,000 for the Company) and on 90,197,208 ordinary shares in issue at the year end (2016: 90,653,789).

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

	Group		Company	
	2017 £'000s	2016 £'000s	**2017 £'000s**	2016 £'000s
Profit before taxation	**17,301**	68,268	**17,042**	68,527
Adjust for non-cash flow items:				
Gains on investments	**(31,238)**	(103,464)	**(31,001)**	(103,674)
Losses on derivative financial instruments	**11,346**	22,013	**10,346**	21,944
Foreign exchange (gains)/losses	**(2,991)**	6,207	**(2,986)**	6,239
Non-cash flows on income	**(6,736)**	(2,038)	**(6,736)**	(2,038)
Income not receivable	**–**	887	**–**	887
Decrease/(increase) in accrued income	**2,031**	(153)	**2,031**	(153)
(Increase)/decrease in other debtors	**(3)**	14	**(3)**	14
Increase in creditors	**228**	18	**230**	16
Gains on sales of ZDP shares held intra group	**(617)**	–	**–**	–
ZDP share finance costs	**12,273**	12,734	**–**	–
Intra-group loan account finance costs	**–**	–	**12,697**	12,745
Tax on overseas income	**(250)**	(269)	**(250)**	(269)
	(15,957)	(64,051)	**(15,672)**	(64,289)
Other cash flow adjustments:				
Bermuda overseas investment taxation	**(30)**	–	**(30)**	–
Cash flows from operating activities	**1,314**	4,217	**1,340**	4,238

NOTES TO THE ACCOUNTS
(continued)

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group

			Non-cash flow changes				
2017	**Balance at 30 June 2016 £'000s**	**Cash flows £'000s**	**Foreign exchange movement £'000s**	**Finance costs £'000s**	**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**

			Non-cash flow changes				
2016	Balance at 30 June 2015 £'000s	Cash flows £'000s	Foreign exchange movement £'000s	Finance costs £'000s	Gains on sales of ZDP shares held intra group £'000s	Decrease of accrued costs £'000s	Balance at 30 June 2016 £'000s
Bank loans	34,351	(11,483)	1,831	–	–	–	24,699
ZDP shares	172,441	12,435	–	12,734	–	(249)	197,361
	206,792	952	1,831	12,734	–	(249)	222,060

Company

			Non-cash flow changes				
2017	**Balance at 30 June 2016 £'000s**	**Cash flows £'000s**	**Foreign exchange movement £'000s**	**Finance costs £'000s**	**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**
Intra-group loans	**206,373**	**(45,536)**	**–**	**12,697**	**–**	**244**	**173,778**
	231,072	**(20,388)**	**(2,001)**	**12,697**	**–**	**244**	**221,624**

			Non-cash flow changes				
2016	Balance at 30 June 2015 £'000s	Cash flows £'000s	Foreign exchange movement £'000s	Finance costs £'000s	Gains on sales of ZDP shares held intra group £'000s	Decrease of accrued costs £'000s	Balance at 30 June 2016 £'000s
Bank loans	34,351	(11,483)	1,831	–	–	–	24,699
Intra-group loans	172,441	12,435	–	12,745	9,001	(249)	206,373
	206,792	952	1,831	12,745	9,001	(249)	231,072

27. ULTIMATE PARENT UNDERTAKING

In the opinion of the Directors, the Group's ultimate parent undertaking is General Provincial Life Pension Fund Limited which is incorporated in Bermuda.

28. RELATED PARTY TRANSACTIONS

The following are considered related parties of UIL:
UIL's majority shareholder General Provincial Life Pension Fund Limited ("GPLPF") which holds 62.1% of UIL's shares.

Subsidiaries of UIL:
BFIC, 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:
Somers, Allectus, VixTech and Vix Verify.

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

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 and Mitre Investments Limited.

The following transactions were carried out during the year to 30 June 2017 between the Company and its related parties above:

UIL Finance
Loans from UIL Finance to UIL of £206.4m as at 30 June 2016 decreased by £32.6m, to £173.8m as at 30 June 2017. Interest is payable at 7.05% per annum. The loans are repayable on demand.

In the year to 30 June 2017, the number of ZDP shares subscribed for and sold in the market by UIL is detailed in note 16 to the accounts (2016: UIL subscribed for 9,000,788 2022 ZDP shares on issue).

GERP
During the year UIL made net payments to GERP of £8,000 (2016: £0.5m) in settlement of investment transactions.

BFIC, Zeta, UIL Holdings and Energy Holdings
Transactions are disclosed in note 11.

Somers, Allectus, Vix Verify and VixTech
Transactions are disclosed in note 10.

BCB, PCFG, Stockdale Securities Limited, Waverton, West Hamilton Holdings Limited, Homeloans, and Zeta Energy Pte. Ltd
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 and administration fees as set out in note 4, reimbursed expenses included within note 5 of £108,000 (2016: £85,000) and in 2016 ICMIM received £100,000 for advice on the 2016 ZDP share refinancing. At the year end £297,000 (2016: £247,000) remained outstanding to ICM and ICMIM in respect of management and company secretarial fees.

NOTES TO THE ACCOUNTS
(continued)

28. RELATED PARTY TRANSACTIONS (continued)

Duncan Saville, Charles Jillings, Alasdair Younie and Sandra Pope

Mr Saville is a director of Somers, VixTech, GERP, West Hamilton Holdings Limited, Zeta Energy Pte. Ltd, New Zealand Oil and Gas Limited and PTL. Mr Saville was a director of Touchcorp Limited during the year.
Mr Jillings is a director of PIL, Somers, Waverton and GERP.
Mr Younie is a director of BCB, BFIC, Somers, West Hamilton Holdings Limited, GERP and PTL.
Mr Jillings received dividends from UIL of £26,250.

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

The Board

As detailed in the Directors' Remuneration Report on page 56, the Board received aggregate remuneration of £211,000 (2016: £195,000) included within "Other expenses" in note 5 for services as Directors. As at 30 June 2017, £53,000 (2016: £51,500) remained outstanding to the Directors. In addition to their fees, the Directors received dividends totalling £58,499 (2016: £46,275) 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 CFD and similarly UIL holds an economic interest in Vix Verify through a CFD with PTL.

PIL and PML

PIL and PML are both 100% owned by Mr Saville and hold 34.3% and 5.5% 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.

Other

GPLPF received dividends of £4,200,115 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.

29. 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.

30. 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 2018. Drawdowns under the facility are detailed in note 14. The Company will either extend or replace the facility or repay the outstanding debt when due from portfolio realisations.

31. 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 GERP 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 16 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:

	2017	**Average**	2016
AUD – Australian Dollar	**1.6934**	**1.6967**	1.7953
BMD – Bermuda Dollar	**1.2989**	**1.2781**	1.3368
EUR – Euro	**1.1389**	**1.1665**	1.2033
NZD – New Zealand Dollar	**1.7740**	**1.7887**	1.8770
USD – US Dollar	**1.2989**	**1.2781**	1.3368

NOTES TO THE ACCOUNTS
(continued)

31. 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:

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

2016	AUD £'000s	BMD £'000s	EUR £'000s	NZD £'000s	USD £'000s	Other £'000s	Total £'000s
Other receivables	1,895	122	–	–	800	40	2,857
Derivative financial instruments – assets	7,054	–	–	–	54,812	–	61,866
Cash and cash equivalents	(20)	10	–	–	163	(239)	(86)
Other payables	–	–	–	–	–	(558)	(558)
Derivative financial instruments – liabilities	(79,321)	–	(18,683)	(37,810)	(44,564)	–	(180,378)
Long-term borrowings	(11,441)	–	(13,258)	–	–	–	(24,699)
Net monetary (liabilities)/assets	(81,833)	132	(31,941)	(37,810)	11,211	(757)	(140,998)
Investments	80,952	72,501	32,769	33,428	4,447	182,538	406,635
Net financial assets	(881)	72,633	828	(4,382)	15,658	181,781	265,637

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:

					2017					2016
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	472	183	65	158	-	226	376	-	153	-
Capital profit for the year	(883)	8,047	895	(681)	(3,207)	(284)	8,057	92	(487)	1,651
Total profit for the year	(411)	8,230	960	(523)	(3,207)	(58)	8,433	92	(334)	1,651
NAV per share										
Basic – pence	(0.46)	9.12	1.06	(0.58)	(3.56)	(0.06)	9.30	0.10	(0.37)	1.82

31. FINANCIAL RISK MANAGEMENT (continued)

Strengthening of Sterling	AUD £'000s	BMD £'000s	EUR £'000s	NZD £'000s	2017 USD £'000s	AUD £'000s	BMD £'000s	EUR £'000s	NZD £'000s	2016 USD £'000s
Income Statement										
Revenue profit for the year	**(472)**	**(183)**	**(65)**	**(158)**	**-**	(226)	(376)	-	(153)	-
Capital profit for the year	**883**	**(8,047)**	**(895)**	**681**	**3,207**	284	(8,057)	(92)	487	(1,651)
Total profit for the year	**411**	**(8,230)**	**(960)**	**523**	**3,207**	58	(8,433)	(92)	334	(1,651)
NAV per share										
Basic – pence	**0.46**	**(9.12)**	**(1.06)**	**0.58**	**3.56**	0.06	(9.30)	(0.10)	0.37	(1.82)

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:

	Total £'000s	Within one year £'000s	2017 More than one year £'000s	Total £'000s	Within one year £'000s	2016 More than one year £'000s
Exposure to floating rates						
– Cash	**3,573**	**3,573**	**-**	174	174	-
– Bank overdraft	**-**	**-**	**-**	(288)	(288)	-
– Borrowings	**(47,846)**	**(47,846)**	**-**	(24,699)	-	(24,699)
	(44,273)	**(44,273)**	**-**	(24,813)	(114)	(24,699)
Exposure to fixed rates						
Zero dividend preference shares	**(173,778)**	**-**	**(173,778)**	(197,361)	(61,327)	(136,034)
Net exposures						
– At period end	**(218,051)**	**(44,273)**	**(173,778)**	(222,174)	(61,441)	(160,733)
– Maximum in year	**(243,742)**	**(32,915)**	**(210,827)**	(235,283)	(140,758)	(94,525)
– Minimum in year	**(216,395)**	**(44,264)**	**(172,131)**	(205,567)	(33,126)	(172,441)

	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	**(243,742)**	**(82,915)**	**(160,827)**	(235,283)	(52,309)	(182,974)
– Minimum in year	**(216,395)**	**(44,264)**	**(172,131)**	(205,567)	(33,126)	(172,441)

NOTES TO THE ACCOUNTS
(continued)

31. 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 16). Interest paid on borrowings is at ruling market rates (2016: 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.

		2017		2016
	Increase in rate £'000s	**Decrease in rate £'000s**	Increase in rate £'000s	Decrease in rate £'000s
Revenue profit for the year	**(885)**	**885**	(496)	496
Capital profit for the year	**–**	**–**	–	–
Total profit for the year	**(885)**	**885**	(496)	496
NAV per share				
Basic – pence	**(0.98)**	**0.98**	(0.55)	0.55

Other market risk exposures

The portfolio of investments, valued at £449,116,000 at 30 June 2017 (2016: £452,197,000) 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 19. 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:

		2017		2016
	Increase in value	**Decrease in value**	Increase in value	Decrease in value
Income Statement capital profit for the year (£'000s)	**89,823**	**(89,823)**	90,439	(90,439)
NAV per share				
Basic – pence	**99.59**	**(99.59)**	99.76	(99.76)

(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, 20 at 30 June 2017 (26 at 30 June 2016); the liquid nature of the portfolio of investments; the industrial and geographical diversity of the portfolio (see charts on page 19); and the existence of an on-going loan facility agreement. Cash balances are held with reputable banks.

31. 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 14 to the accounts and ZDP share liabilities of £173.8m as set out in note 16. The contractual maturities of the financial liabilities, based on the earliest date on which payment can be required, were as follows:

	2017				2016			
	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	**–**	**–**	**–**	**–**	288	–	–	288
Other creditors	**26,472**	**–**	**–**	**26,472**	813	–	–	813
Derivative financial instruments	**181,814**	**–**	**–**	**181,814**	180,378	–	–	180,378
Bank loans	**–**	**48,380**	**–**	**48,380**	–	–	24,832	24,832
ZDP shares	**–**	**–**	**213,913**	**213,913**	–	62,744	178,997	241,741
	208,286	**48,380**	**213,913**	**470,579**	181,479	62,744	203,829	448,052

(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 and F&C 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 and internal auditors of F&C.

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**	**2017 Maximum exposure in the year £'000s**	30 June £'000s	2016 Maximum exposure in the year £'000s
Cash at bank	**3,573**	**7,147**	174	8,219
Financial assets through profit and loss				
– derivatives (put options and call options)	**–**	**25,761**	23,564	103,542
– derivatives (forward foreign exchange contracts)	**187,621**	**229,975**	154,869	154,869

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 16). 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.

NOTES TO THE ACCOUNTS
(continued)

31. FINANCIAL RISK MANAGEMENT (continued)

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

Current assets	**2017 £'000s**	2016 £'000s
2016 ZDP shares	**-**	62,165
2018 ZDP shares	**77,131**	73,393
2020 ZDP shares	**54,748**	32,500
2022 ZDP shares	**59,750**	42,844

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. Where sensible, the Directors have considered observable data and events to underpin the valuations. All unlisted valuations which are based on observable data have been discounted by 10.0% to 30.0% to reflect both the unlisted nature of the investment and business risks.

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

(i) Unlisted companies

Vix Technology Limited ("VixTech") Bermuda incorporated

Valuation inputs: 12.2 times 2020 EV/EBITDA. Discount of 30.0% applied.

Valuation methodology: VixTech has been valued based on peer comparisons and in particular EV/EBITDA. Listed peer valuations averaged 12.2 times for 2019. Based on a nominal EBITDA of USD 5.6m for the year to 30 June 2020, and after applying a 30.0% unlisted discount, the valuation is USD 23.0m. Following the realisation of restructuring losses and the adoption of a more conservative business plan, the execution risk discount has been removed. UIL holds a 39.8% equity interest in VixTech and as at 30 June 2017 carried this investment at USD 9.2m (£7.1m).

Sensitivities: Should the 2020 EBITDA of VixTech move by USD 1.0m, the gain or loss in valuation for UIL would be USD 3.4m (£2.6m). Should the peer group multiple ascribed to VixTech's EBITDA be reduced/increased by USD 1.0m, the gain or loss in valuation for UIL would be USD 1.6m (£1.2m).

Optal Limited ("Optal") UK incorporated

Valuation inputs: 12 times 2018 EBITDA. 20% unlisted discount applied.

Valuation methodology: Based on a peer group valuation of 12 times 2018 EBITDA estimates (including associate income from Enett)

Sensitivities: The company is ungeared. Should the EBITDA fall by EUR 1.0m the gain or loss would be EUR 0.5m (£0.4m).

Bermuda First Investment Company Limited ("BFIC") Bermuda incorporated

Valuation inputs: Market value for portfolio of investments.

Valuation methodology: UIL has used the portfolio's NAV less a 30% unlisted discount.

Sensitivities: Should the value of BFIC fall by 10% the gain or loss would be USD 2.4m (£1.9m)

Vix Verify Global Pty Ltd ("Vix Verify") Bermuda incorporated

Valuation inputs: Peer group multiples 17.7 times 2017 EV/EBITDA. 30% unlisted discount.

Valuation methodology: The valuation is on a sum of parts basis, putting the AUS/NZ on a peer group multiple.

Sensitivities: Should the EBITDA of Vix Verify fall by AUD 1.0m the gain or loss would be AUD 4.9m (£2.9m)

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Seacrest Limited ("Seacrest") Bermuda incorporated

Valuation inputs: The unlisted investment comprises an equity interest in Seacrest and a carried interest in the management fee for Seacrest. The company's sole asset is its holding in Azimuth, a joint venture between Seacrest and PGS (the listed Norwegian seismic data service company). The valuation of Azimuth is based on fair value GAAP accounting. Using the General Partner's valuation of the Seacrest portfolio a discount is applied to each Azimuth subsidiary. The extent of the discount depends on whether the assets are in a mature or frontier basin.

Valuation methodology: UIL has used a fair value valuation of Seacrest of USD 0.72 per share based on the value of Azimuth, described above; £4.8m.

Sensitivities: Given Azimuth is an exploration company its risks are significant in both directions. Should commercially recoverable oil not be discovered then the value will fall to nil. Should substantial commercially recoverable oil be discovered the valuation uplifts are significant.

iHod Limited ("iHod") UK incorporated

Valuation inputs: Market Approach Basis. Unlisted discount of 30% and execution risk discount of 20% has been applied.

Valuation methodology: Last fundraise value per share of 324.18p.

Sensitivities: The company is currently finalising the development of one of its products, the Energypod. It had hoped to introduce this product to the market by end-2016 but this target has slipped into 2017 due to teething problems with certain parts being supplied by third parties. If iHoD looks to commercialise the product itself, it will be necessary to have a substantial capital raising of c.USD 32m and will potentially be seeking a valuation of c.USD 100m.

Other unlisted companies

Valuation methodology: UIL has a further twelve unlisted holdings valued from £0.02m to £3.2m each. These holdings were valued at a mixture of book value for recent investments and realisable values, together a total value of £15.1m.

(ii) Loans to listed companies

Zeta Resources Limited ("Zeta") Bermuda incorporated

Valuation inputs: Gross asset to gross debt cover of over 3.7 times. The prior year loans were valued on a similar basis with debt cover being over 2.0 times.

Valuation methodology: The loan to Zeta (AUD 28.5m) carried interest at 7.5% to 30 June 2017. The loan is repayable on 31 December 2017. The asset cover and nature of Zeta's portfolio is such that the loans are carried at book value plus accrued interest.

Sensitivities: Should Zeta's assets increase/decline by 7.5% there would be no impact on UIL's loans to Zeta.

(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 18 to the accounts.

Dividends are set out in note 9 to the accounts. Borrowings are set out in notes 14 and 17 to the accounts. ZDP shares are set out in note 16 to the accounts.

NOTES TO THE ACCOUNTS
(continued)

32. 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 at 30 June 2017 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum permitted limit	**425%**	**425%**
Actual	**282%**	**282%**

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 2017 Annual General Meeting of UIL Limited will be held at the Mandarin Oriental, 48 Oriental Avenue, 10500 Bangkok, Thailand on Wednesday, 22 November 2017 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 2017.
3. To approve the Directors' Remuneration Report for the year ended 30 June 2017.
4. To approve the Directors' Remuneration Policy.
5. To re-elect Ms A Hill as a Director.
6. To re-elect Mr E Stobart as a Director.
7. To re-elect Mr W McLeland as a Director.
8. To re-elect Mr D Shillson as a Director
9. To re-appoint KPMG LLP as auditor of the Company.
10. To authorise the Directors to determine the auditor's remuneration.

SPECIAL BUSINESS:

11. **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 13,520,000 (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 Bermuda Companies Act 1981;
    (e) unless renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting to be held in 2018 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)

12. **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 4,509,000 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 2018 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
19 September 2017

Notes

1. Only the holders of ordinary shares registered on the register of members of the Company at close of business on 17 November 2017 shall be entitled to attend and vote or to be represented at the meeting in respect of the shares registered in their name at that time. Changes to entries on the register after close of business on 17 November 2017 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 17 November 2017. 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 shares in the Company through a depository interest 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 16 November 2017 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 16 November 2017. 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 2017 will be paid on 22 September 2017 to the relevant holders on the register at the close of business on 8 September 2017.

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
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Authorised and regulated in the UK
by the Financial Conduct Authority

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

COMPANY BANKER
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United Kingdom

LEGAL ADVISOR TO THE COMPANY
(as to English law)

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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 and regulated in the UK
by the Financial Conduct Authority

CUSTODIANS
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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 BS13 6ZY
United Kingdom

HISTORICAL PERFORMANCE

at 30 June	2017	2016	2015	2014	2013[1]	2012	2011	2010	2009	2008[2]
NAV per ordinary share (pence)	**252.86**	241.12	169.00	165.84	148.33	209.67	201.63	166.39	146.87	225.20
Ordinary share price (pence)	**164.00**	130.75	117.00	128.00	130.00	144.00	147.25	116.50	117.00	234.00
Discount/(premium) (%)	**35.1**	45.8	30.8	22.8	12.4	31.3	27.0	30.0	20.3	(3.9)
FTSE All-Share Total Return Index	**6,777**	5,737	5,614	5,471	4,837	4,101	4,234	3,370	2,782	3,499
Returns and dividends (pence)										
Revenue return per ordinary share	**6.38**	6.23	7.84	7.03	12.06	11.99	7.65	10.49	2.77	3.56
Capital return per ordinary share	**12.46**	68.45	2.47	19.85	(63.65)	2.73	26.05	21.15	(82.62)	(103.32)
Total return per ordinary share	**18.84**	74.68	10.31	26.88	(51.59)	14.72	33.70	31.64	(79.85)	(99.76)
Dividend per ordinary share	**7.50**	7.50	7.50	7.50	10.00[3]	7.00	8.25	–	–	–
Capital distribution per ordinary share	**–**	–	–	–	–	–	–	12.00	–	–
ZDP shares[4] (pence)										
2016 ZDP shares										
– Capital entitlement per ZDP share	**n/a**	188.31	175.55	163.70	152.64	142.33	132.69	123.72	115.37	107.57
– ZDP share price	**n/a**	191.00	184.63	177.13	165.50	148.50	133.50	108.75	102.50	103.75
2018 ZDP shares										
– Capital entitlement per ZDP share	**146.19**	136.32	127.09	118.50	110.50	103.03	n/a	n/a	n/a	n/a
– ZDP share price	**154.75**	147.25	141.75	128.25	113.38	104.00	n/a	n/a	n/a	n/a
2020 ZDP shares										
– Capital entitlement per ZDP share	**122.64**	114.35	106.61	n/a	n/a	n/a	n/a	n/a	n/a	n/a
– ZDP share price	**140.38**	130.00	122.38	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2022 ZDP shares										
– Capital entitlement per ZDP share	**106.37**	100.12	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
– ZDP share price	**119.50**	104.50	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Equity holders' funds (£m)										
Gross assets[5]	**449.7**	440.7	373.4	399.1	383.0	434.5	408.7	334.2	288.9	414.6
Bank debt	**47.8**	24.7	34.4	22.2	42.5	0.0	30.9	29.3	17.0	69.2
ZDP shares	**173.8**	197.4	172.4	212.5	193.4	224.4	172.8	161.2	145.1	140.2
Other debt	**–**	–	–	–	–	1.2	3.5	–	–	–
Equity holders' funds	**228.1**	218.6	166.6	164.4	147.1	208.9	201.5	143.7	126.8	205.2
Revenue account (£m)										
Income	**10.7**	10.5	11.2	10.4	16.2	15.9	11.9	13.8	8.5	10.5
Costs (management and other expenses)	**2.9**	1.9	1.8	2.1	3.2	3.0	2.9	2.4	2.4	3.1
Finance costs	**1.8**	1.7	1.1	0.9	0.8	0.8	2.0	1.4	2.6	3.6
Financial ratios of the Group (%)										
Revenue yield on average gross assets	**2.4**	2.9	2.9	2.6	4.2	4.0	3.1	4.2	2.6	2.3
Ongoing charges figure	**2.1[6]**	3.3[6]	2.0[6]	2.2[6]	1.8[6]	1.7[6]	2.0[6]	0.7	0.8	0.7
Bank loans, other loans and ZDP shares gearing on net assets	**97.2**	101.6	124.1	144.4	160.4	108.0	102.8	132.6	127.9	102.0

(1) Restated on adoption of IFRS10 Consolidated Financial Statements
(2) Restated consolidating GERP
(3) Includes the special dividend of 2.50p per share
(4) Issued by UIL Finance, a wholly owned subsidiary of UIL.
(5) Gross assets less current liabilities excluding loans
(6) The ongoing charges figures is expressed as a percentage of average net assets, ongoing charges comprise all operational, recurring costs that are payable by the Group or suffered within underlying investee funds, in the absence of any purchases or sales of investments, excluding performance fee and income not receivable

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