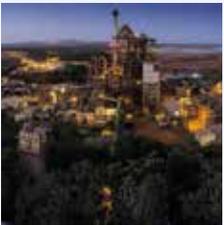


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HALF-YEARLY FINANCIAL REPORT

FOR THE SIX MONTHS TO 31 DECEMBER 2018



A DIVERSE PORTFOLIO BY GEOGRAPHY AND SECTOR

UIL Limited (“UIL” or “the Company”) aims to increase value for shareholders through a high conviction portfolio.

REVENUE EARNINGS PER SHARE

4.21p 30.7% ↑*

DIVIDENDS PER SHARE

3.75p +0.0%*

NAV TOTAL RETURN

2.7% 4.0% ↓*

GEARING

78.5% 13.6% ↓*

*Based on comparative half-year period to 31 December 2017

TRUSTED

A closed-end fund focused on long-term total return

DIVERSIFIED

A diverse portfolio by both geography and sector

PROVEN

Strong global asset manager with a record of outperformance

OBJECTIVE OF THE COMPANY



To maximise shareholder returns by identifying and investing in compelling long-term investments worldwide, where the underlying value is not reflected in the market share price.

CHAIRMAN'S STATEMENT



I am pleased to report that, despite strong market headwinds, UIL achieved a positive net asset value ("NAV") total return of 2.7% for the six months to 31 December 2018. Conversely, the FTSE All Share Total Return Index ("FTSE") fell by 11.0% over the same period. Since inception in August 2003, UIL has delivered a 483.8% NAV growth versus the FTSE's 205.6%, resulting in a compound annual growth rate for UIL of 12.1%. UIL has now achieved growth in NAV over each of the last five and a half years and has paid dividends in each of those years.

The share price total return for the six months was 1.8%. Despite the positive NAV gain, the reduction in absolute debt, gearing levels and attractive dividend payments, the ordinary share price discount has widened to 41.2% as at 31 December 2018 from a discount of 40.2% as at 30 June 2018.

As set out in the Chairman's statement for the 2014 annual report, the Board and Investment Managers determined during that year to reduce the absolute debt for UIL, which stood at £235.9m as at 30 June 2013 and improve gearing. I am pleased to note that debt and gearing have reduced every year since this statement was made. Gearing reduced from 160.4% as at 30 June 2013 to stand at a record low for UIL of 78.5% as at 31 December 2018 and absolute debt now stands at £207.8m. In addition, in 2014 the Board resolved to pay a quarterly dividend. Pleasingly over the last five and a half years dividends paid have been at 7.50p each year (1.875p a quarter) and as at 31 December 2018, based on a share price of 174.00p, the dividend yield was 4.3%. The sustainability of these dividends should provide shareholders with added confidence in UIL.

There are two opposing forces at work in global markets at the moment: populist leadership and Central Bank activity. Populist leaders have been elected to challenge the existing "political establishment" while Central Banks have been seeking to move policies back to a more "normal" setting. In the US, President Trump is pursuing a range of populist policies including tax cuts for corporates and a USA first policy. The US Federal Reserve on the other hand is pursuing a policy aimed at tightening financial conditions including Quantitative Tightening ("QT") and raising interest rates. The populists are looking to deliver policy changes with little regard for more traditional economic forces while the Central Banks are looking to contain the likely inflationary impact of the policies that are being implemented.

The US economy has been buoyed by President Trump's policies (including tax cuts) and has been tempered by the Federal Reserve (interest rate increases and QT). The currency and economic markets are caught somewhere in the middle; with good gross domestic product ("GDP") numbers but with rising financing costs. In addition, the US Dollar has strengthened, underpinned by QT and rising rates. For the rest of the world the impact of US policies means that the cost of US debt is rising. In addition, the limited supply of US Dollars is being exacerbated by the tax driven repatriation of offshore profits by US Corporates.

Given that the US Dollar is still the world's reserve currency, fewer US Dollars in circulation leads to broad economic contraction. This has put pressure on other global economies as has the challenge posed by the emergence of disruptive technology businesses, which dominate local and global markets. Much of the equity market growth has been driven by higher earnings, but higher debt levels across the world's economies have contributed as well. These three factors add to market volatility.

In my statement for the year to 30 June 2018, I noted that there had been a sharp increase in volatility and we expect this to continue, driven

by the issues outlined above. While market volatility was anticipated, the extent of the market weakness that we have seen over recent months was not. In the six months to 31 December 2018 the China A Share market was down 12.4%, the FTSE down 11.0% and the US S&P down 7.8%.

In the UK, Brexit has crowded out most topics as exit concerns have risen. Unsurprisingly, over the six months to 31 December 2018, Sterling weakened 3.5% against the US Dollar and 1.5% against the Euro. The Australian economy has also weakened and the Australian Dollar declined 2.8% against Sterling. In the face of weakening demand and over-supply, the oil price has seen a dramatic decrease from USD 79.44 to USD 53.80 per barrel, a decline of 32.3%. Gold rose by 2.3% over the six months to 31 December 2018 ending the half year at USD 1,282/oz. It is worth noting that, in AUD terms, gold ended at near all-time highs of AUD 1,819/oz, up 7.5%.

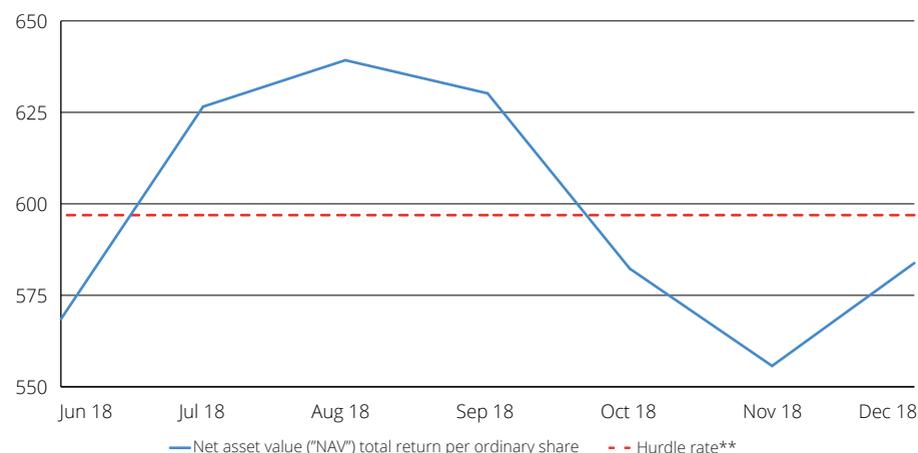
UIL's portfolio has continued to benefit from its technology investments and in particular, its

investments in Afterpay Touch Group Limited ("Afterpay"), an Australian fintech retailing platform and Optal Limited ("Optal"), a UK fintech business payment platform, both of which delivered very strong operational performances over the period.

Last year UIL rolled 17.1m of its existing 2018 zero dividend preference ("ZDP") shares into a new issue of 2024 ZDP shares. In October 2018 UIL redeemed the outstanding 2018 ZDP shares in full at a redemption cost of £51.2m. UIL realised £61.8m from investments in the six months enabling the redemption. In addition, UIL cancelled £20.0m 2024 ZDP shares it was holding on its balance sheet as standby for the 2018 ZDP redemption.

UIL has issued 25.0m 2026 ZDP shares with a view to extending the ZDP redemption profile and lowering its cost of debt. As at 31 December 2018 11.6m of the 2026 ZDP shares are held by third party investors and 13.4m are held by UIL with a view to being placed out. The 2024 ZDP shares and 2026 ZDP shares have a compounding capital growth rate of 4.75% and 5.00% respectively.

TOTAL RETURN PERFORMANCE* (pence) from 30 June 2018 to 31 December 2018

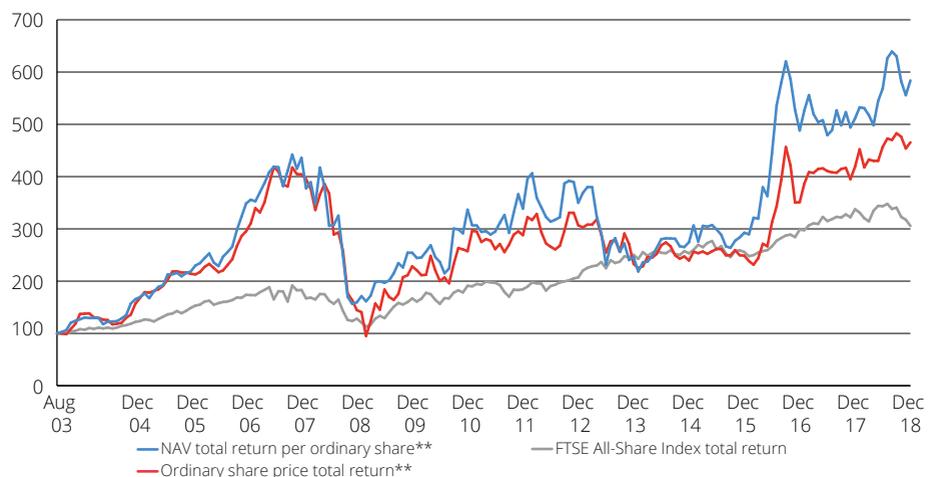


*Rebased to 100 as at 14 August 2003 (inception)
**See page 30

Source: ICM

HISTORIC TOTAL RETURN NAV AND SHARE PRICE PERFORMANCE* (pence)

Since inception to December 2018



*Rebased to 100 at 14 August 2003

**Adjusted for the exercise of warrants and convertibles

Source: ICM

The combination of the above has seen UIL's gearing reduce to 78.5% as at 31 December 2018 from 87.3% as at 30 June 2018, the debt profile extended to 2026 and the Company's average funding costs as at 31 December 2018 reduce further to 5.6% from 5.9% as at 30 June 2018.

The profit on the revenue account in the half-year was up by 29.7% at £3.8m (31 December 2017: £2.9m). The Board has maintained the quarterly dividends of 1.875p per ordinary share, with the third quarterly dividend to be paid on 29 March 2019 to shareholders on the register as at 8 March 2019.

In compliance with the Key Information Document ("KID") requirements which came into effect in January 2018, a KID has been published for UIL's ordinary shares and each of UIL Finance Limited's ZDP shares at a financial cost to the shareholders. The Board would suggest some caution to shareholders using the KID. In particular, while the performance

scenarios have been calculated using the methodology prescribed by EU rules, these should not be taken as a guide to the future and actual performance may turn out to be materially different.

OUTLOOK

The world's economies are slowing as reported by the International Monetary Fund. In addition, trade friction is rising as America First, China 2025 and Brexit drive changes in global relationships. All this leaves the Board cautious about the outlook for the markets.

As we have noted before, stock selection remains our focus and ICM's proven bottom-up long-term approach should benefit UIL in changing times.

Peter Burrows
Chairman
19 February 2019

GROUP PERFORMANCE SUMMARY

	Half-year 31 Dec 2018	Half-year 31 Dec 2017	Annual 30 Jun 2018	% change Jun-Dec 2018
NAV total return ⁽¹⁾ (%)	2.7	6.7	18.7	n/a
Share price total return ⁽¹⁾ (%)	1.8	2.0	11.3	n/a
Annual compound NAV total return (since inception) ⁽²⁾ (%)	12.1	12.0	12.4	n/a
NAV per ordinary share (pence)	295.85	266.08	291.79	1.4
Ordinary share price (pence)	174.00	163.50	174.50	(0.3)
Discount ⁽¹⁾ (%)	41.2	38.6	40.2	n/a
FTSE All-Share Total Return Index	6,577	7,266	7,389	(11.0)
Equity holders' funds (£m)				
Gross assets ⁽³⁾	468.1	459.7	488.3	(4.1)
Bank loans	49.6	37.1	27.8	78.4
ZDP shares	153.7	182.6	199.4	(22.9)
Equity holders' funds	264.8	240.0	261.1	1.4
Revenue account (£m)				
Income	6.0	5.2	10.6	15.4 ⁽⁴⁾
Costs (management and other expenses)	1.5	1.4	2.8	7.1 ⁽⁴⁾
Finance costs	0.7	0.8	1.6	(12.5) ⁽⁴⁾
Financial ratios of the Group (%)				
Ongoing charges figure excluding performance fees ⁽¹⁾	2.3 ⁽⁵⁾	2.1 ⁽⁵⁾	2.2	n/a
Ongoing charges figure including performance fees ⁽¹⁾	2.3 ⁽⁵⁾	2.5 ⁽⁵⁾	4.4	n/a
Bank loans, overdraft and ZDP shares gearing on net assets ⁽¹⁾	78.5	92.1	87.3	n/a
Returns and dividends (pence)				
Revenue return per ordinary share	4.21	3.22	6.67	30.7 ⁽⁴⁾
Capital return per ordinary share	3.59	13.76	38.96	(73.9) ⁽⁴⁾
Total return per ordinary share	7.80	16.98	45.63	(54.1) ⁽⁴⁾
Dividend per ordinary share	3.75	3.75	7.50	0.0 ⁽⁴⁾

(1) See full details of the explanation and calculation of Alternative Performance Measures in the Report and Accounts as at 30 June 2018

(2) Since inception includes data relating to Utilico Investment Trust plc, UIL's predecessor, which started trading in August 2003

(3) Gross assets less current liabilities excluding loans and ZDP shares

(4) Percentage change based on comparative half-year period to 31 December 2017

(5) For comparative purposes the figures have been annualised

INVESTMENT MANAGERS' REPORT



Stock selection remains our focus and ICM's proven bottom-up long-term approach should benefit UIL in changing times.



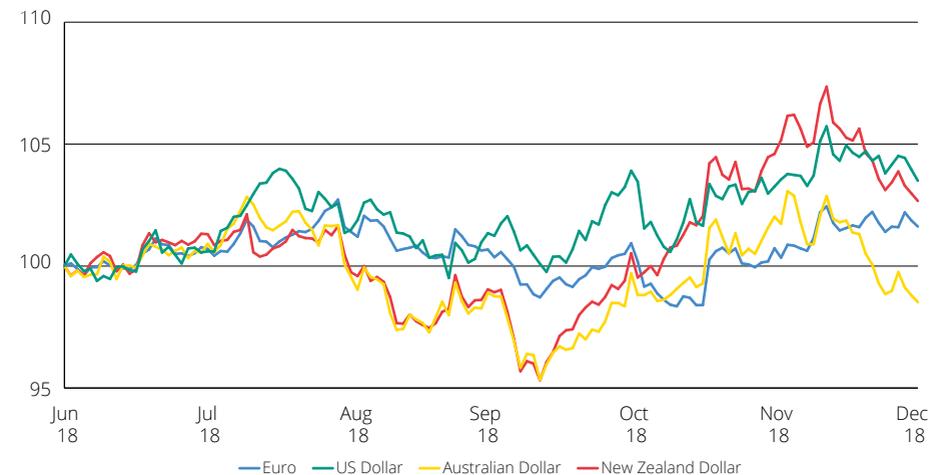
UIL's NAV total return was 2.7% for the six months to 31 December 2018 and builds on the significant gains made by UIL in recent years. Since inception, UIL's NAV total return has been 483.8% and the share price total return was 365.4%.

As noted in the Chairman's statement, in the six months to 31 December 2018 volatility returned to equity, currency, debt and commodity markets. Much of this volatility has been driven by the emergence of populist leaders challenging the existing political establishment while Central Banks have been seeking to move policies back to a more "normal" setting. In the US, President

Trump is pursuing a range of populist policies including tax cuts for corporates and a USA first policy. The US Federal Reserve, on the other hand, is pursuing a policy aimed at tightening financial conditions including QT and raising interest rates. The "populists" are looking to deliver policy changes with little regard for more traditional economic forces while the Central Bank is looking to contain the impact of the inflationary policies that are being implemented.

We are conscious that this volatility is impacting all asset classes, with global GDP growth softening and debt continuing to rise across the world's economies. However, regardless of the broader market environment, we remain bottom up investors looking for compelling value from our investee portfolio companies. This focus on the individual businesses should over the longer term deliver above average returns. However, markets will dictate carrying values in the shorter term.

CURRENCY MOVEMENTS VS STERLING* from 30 June 2018 to 31 December 2018



*Rebased to 100 at 30 June 2018

Source: Bloomberg

While the issues outlined above have been a headwind for the broader markets, UIL has seen its investment position improve. Driven by positive developments in its investee companies, such as the automation investment at Resolute Mining Limited ("Resolute") through to Afterpay's entrance into the US market with the addition of 7,500 new customers per day. UIL's NAV is up, debt is down, gearing is down and dividends are being maintained at current levels.

PORTFOLIO

The technology investments in UIL have been strong contributors to performance with Afterpay rising 32.6% and Optal rising 49.2%. Offsetting this, Zeta Resources Limited ("Zeta") and Resolute have both been relatively weak performers on the back of softer commodity prices. These are all reviewed in the ten largest holdings section on page 16. Overall, the investment portfolio gained £11.7m in value.

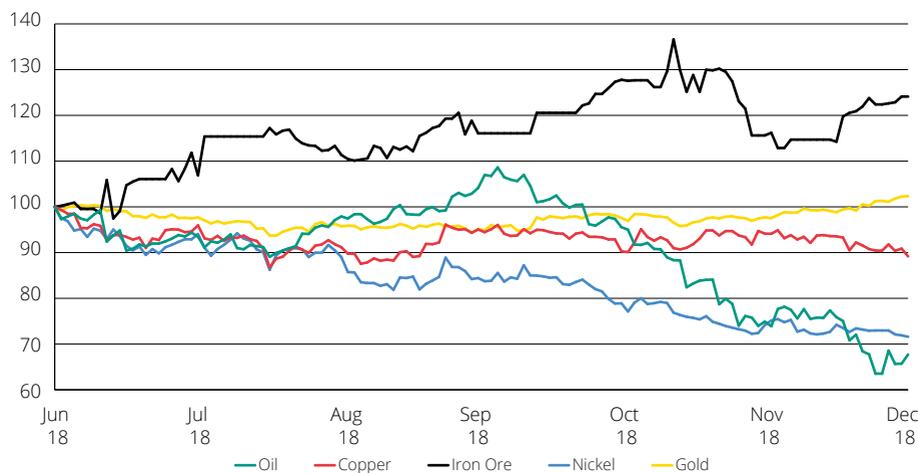
PORTFOLIO ACTIVITY

During the six months to 31 December 2018, UIL invested £24.8m, including £4.2m in Coldharbour Technology Limited ("Coldharbour"), £3.0m in Allectus Capital Limited ("Allectus"), £2.9m in lending to Vix Tech Pte Limited ("VixTech"), £1.4m in lending to Somers Limited ("Somers"), £1.2m in lending to Zeta and £0.6m additional investment in Afterpay. UIL realised £61.8m, including £33.0m from Afterpay, £11.2m from Infratil Limited, £8.3m from the sale of Vix Verify Global Pty Ltd, £3.1m from Utilico Emerging Markets Trust plc ("UEM") and loan repayments from both Bermuda First Investment Company Limited ("BFIC") and Somers of £1.4m and £1.3m respectively.

On 5 February 2019, Somers announced the conditional sale of its investment in Bermuda Commercial Bank Limited.

COMMODITY PRICE MOVEMENTS*

from 30 June 2018 to 31 December 2018



*Rebased to 100 at 30 June 2018

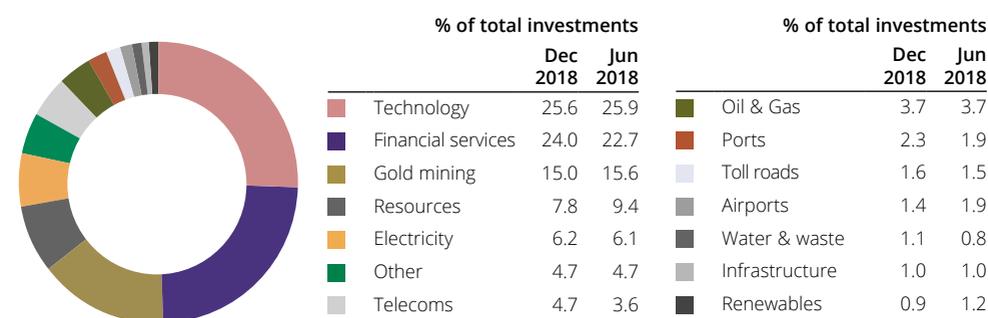
Source: Bloomberg

The geographical split of the portfolio, on a look-through basis, shows Australia reducing to 26.1% of total investments (30 June 2018: 32.4%) and UK increasing from 16.7% as at 30 June 2018 to 21.9% as at the end of December 2018. In the sector split, financial services increased to 24.0% of the portfolio (30 June 2018: 22.7%) in the six-month period.

£61.8m from investments in the six months to facilitate the redemption. In addition, UIL cancelled £20.0m of 2024 ZDP shares it was holding on its Company balance sheet as standby for the 2018 ZDP redemption.

The ZDP shares are reviewed separately in the interim report.

SECTOR SPLIT OF INVESTMENTS



Source: ICM

LEVEL 3 INVESTMENTS

UIL's investments in level 3 companies increased by 4.5% of the total portfolio in the six months under review. Platform loans increased to £37.3m, 7.7% of the total portfolio.

UIL holds 13.4m 2026 ZDP shares which it carries at market value. On consolidation the holding is eliminated. UIL currently intends to place these shares out in firmer markets.

GEARING

It is pleasing to note UIL's initial goal set five years ago of reducing gearing to 100.0% or below has been delivered. Gearing (including the ZDP shares) has steadily reduced from 160.4% as at 30 June 2013 to 78.5% as at 31 December 2018.

DEBT

Bank loans decreased from £27.8m as at 30 June 2018 to £nil in September 2018, reflecting portfolio realisations ahead of the 2018 ZDP repayment of £51.2m. The bank facility of £50.0m was then fully drawn to fund the ZDP repayments. The facility is drawn in AUD 69.0m and CAD 20.0m.

More pleasing is the continuing reduction of financing costs with the average costs reducing from 6.3% in June 2013 to 5.6% as at 31 December 2018.

The £50.0m secured multicurrency revolving bank facility with Scotiabank was extended through to March 2020.

ZDP SHARES

In October 2018, UIL redeemed the outstanding £51.2m of 2018 ZDP shares in full, realising

DERIVATIVES

During the six months to 31 December 2018 there continued to be significant

currency hedges in place in the portfolio. As at 31 December 2018, these hedges were higher than average as we aimed to increase the portfolio's exposure to Sterling following the Brexit induced weakness. These hedges included AUD 225.1m, USD 60.0m, EUR 12.0m and NZD 7.4m. These hedges generated a loss on the capital account of £3.0m (31 December 2017: gain of £4.1m).

REVENUE RETURN

Revenue total income was up by 15.4% from £5.2m to £6.0m reflecting increased interest on loans. Management and administration fees and other expenses increased by 7.1% to £1.5m (31 December 2017: £1.4m) reflecting, in the main, higher custody fees on investment values. Financing costs reduced by 12.5% to £0.7m (31 December 2017: £0.8m) on lower debt levels.

Revenue profit was up 29.7% to £3.8m (31 December 2017: £2.9m) and earnings per ordinary share ("EPS") increased 30.7% to 4.21p (3.22p as at 31 December 2017).

CAPITAL RETURN

Capital total income was £9.7m (31 December 2017: £19.3m). This represented gains on investments and foreign exchange which were reduced by a loss on derivative positions.

FORWARD-LOOKING STATEMENTS

This half-yearly financial report may contain forward-looking statements with respect to the financial condition, results of operations and business of the Company and its investments. 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 as at the date of this half-yearly financial report. Nothing should be construed as a profit forecast.

Management fees of £0.8m in the prior year represented accrued performance fees due to ICM Limited and ICM Investment Management Limited under the investment management agreement.

Finance costs were 6.8% higher at £6.5m (31 December 2017: £6.0m) reflecting costs associated with the ZDP shares in issue.

The resultant profit for the six months to 31 December 2018 on the capital return was £3.2m (31 December 2017: £12.4m) and EPS was 3.59p (31 December 2017: 13.76p).

EXPENSE RATIO

The ongoing charges figure, excluding performance fees, increased from 2.1% as at 31 December 2017 to 2.3% as at 31 December 2018. Including performance fees (accrued by UIL and by underlying investee funds) the ongoing charges figure decreased from 2.5% to 2.3%.

Note all expenses are borne by the ordinary shareholders.

Charles Jillings

ICM Investment Management Limited
and ICM Limited
19 February 2019



Since inception in August 2003, UIL has delivered a 483.8% NAV growth versus the FTSE's 205.6%, resulting in a compound annual growth rate for UIL of 12.1%.

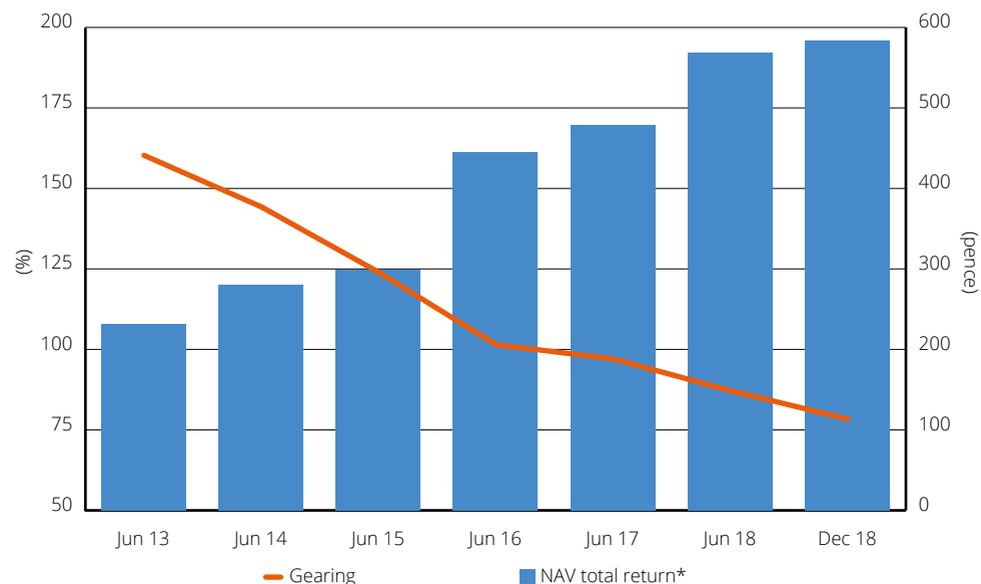
ZDP SHARES

	Half-year 31 Dec 2018	Half-year 31 Dec 2017	Annual 30 Jun 2018	% change Jun-Dec 2018
ZDP shares ⁽¹⁾ (pence)				
2020 ZDP shares				
Capital entitlement per ZDP share	136.25	127.04	131.52	3.6
ZDP share price	147.00	143.75	142.50	3.2
2022 ZDP shares				
Capital entitlement per ZDP share	116.52	109.67	113.01	3.1
ZDP share price	128.50	124.50	124.50	3.2
2024 ZDP shares				
Capital entitlement per ZDP share	105.54	100.75	103.10	2.4
ZDP share price	108.50	105.25	107.50	0.9
2026 ZDP shares				
Capital entitlement per ZDP share	103.38	n/a	100.87	2.5
ZDP share price	104.00	n/a	102.25	1.7

(1) Issued by UIL Finance Limited, a wholly owned subsidiary of UIL

GEARING

from 30 June 2013 to 31 December 2018



*Rebased to 100 as at 14 August 2003

Source: ICM

TOTAL BORROWINGS

	Jun 2013 £'000s	Jun 2014 £'000s	Jun 2015 £'000s	Jun 2016 £'000s	Jun 2017 £'000s	Jun 2018 £'000s	Dec 2018 £'000s
2014	72,705	76,138					
2016	72,734	77,928	83,493	61,327			
2018	47,957	58,427	62,816	67,548	72,622	50,858	
2020			26,132	28,134	48,704	51,940	53,655
2022				40,352	52,452	55,873	57,681
2024						29,408	30,799
2026						11,275	11,580
Total	193,396	212,493	172,441	197,361	173,778	199,354	153,715
Bank debt	42,732	25,649	34,362	24,987	47,846	28,495	54,120
Total debt	236,128	238,142	206,803	222,348	221,624	227,849	207,835

ZDP SHARES - TIMES COVERED BY UIL'S GROSS ASSETS*

	Jun 2013	Jun 2014	Jun 2015	Jun 2016	Jun 2017	Jun 2018	Dec 2018
2014	3.19	3.96					
2016	1.82	2.08	2.95	5.13			
2018	1.32	1.47	1.80	2.68	3.51	6.50	
2020			1.52	2.18	2.38	3.71	4.32
2022				1.60	1.72	2.44	2.61
2024						1.84	2.13
2026						1.63	1.83

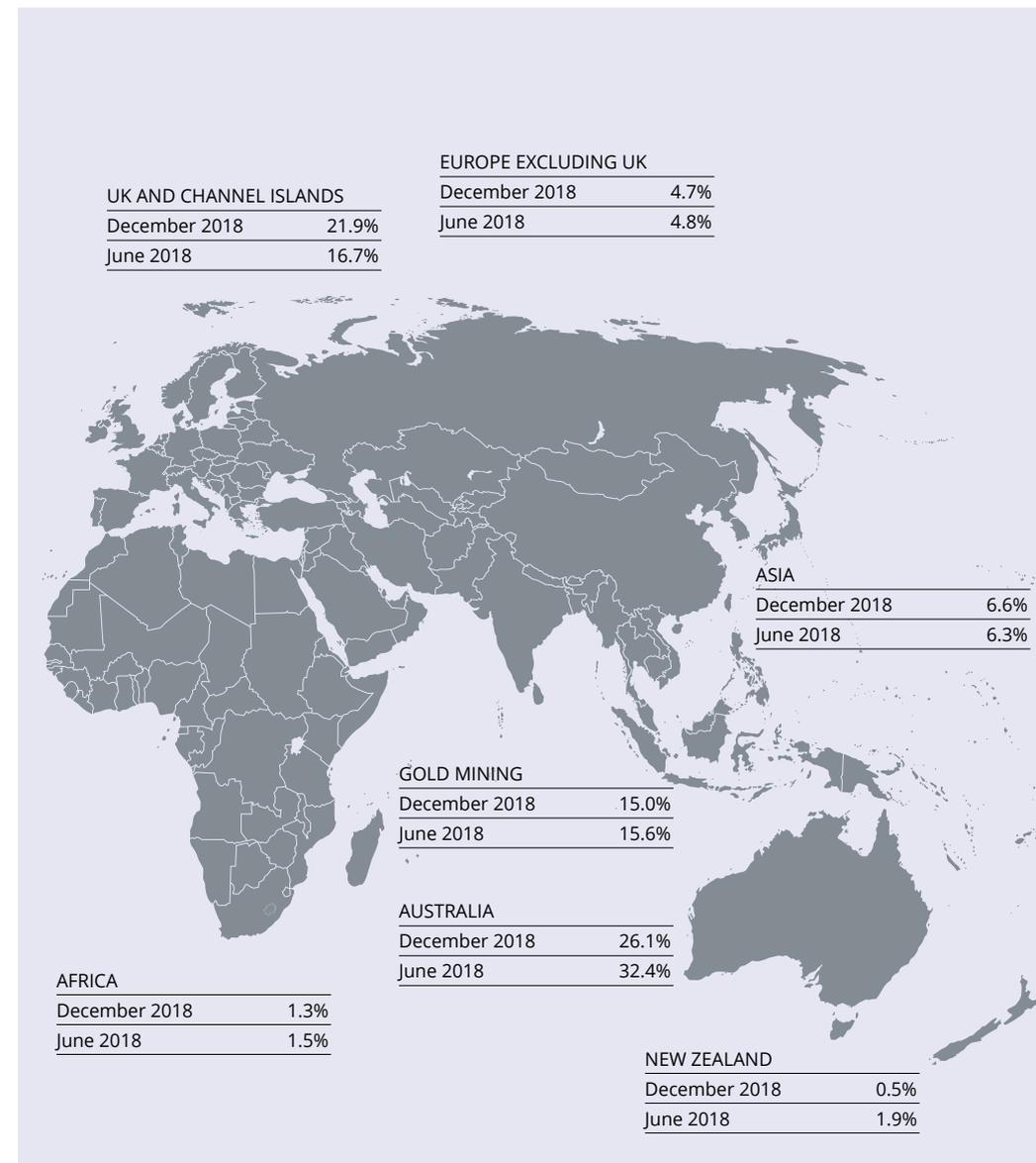
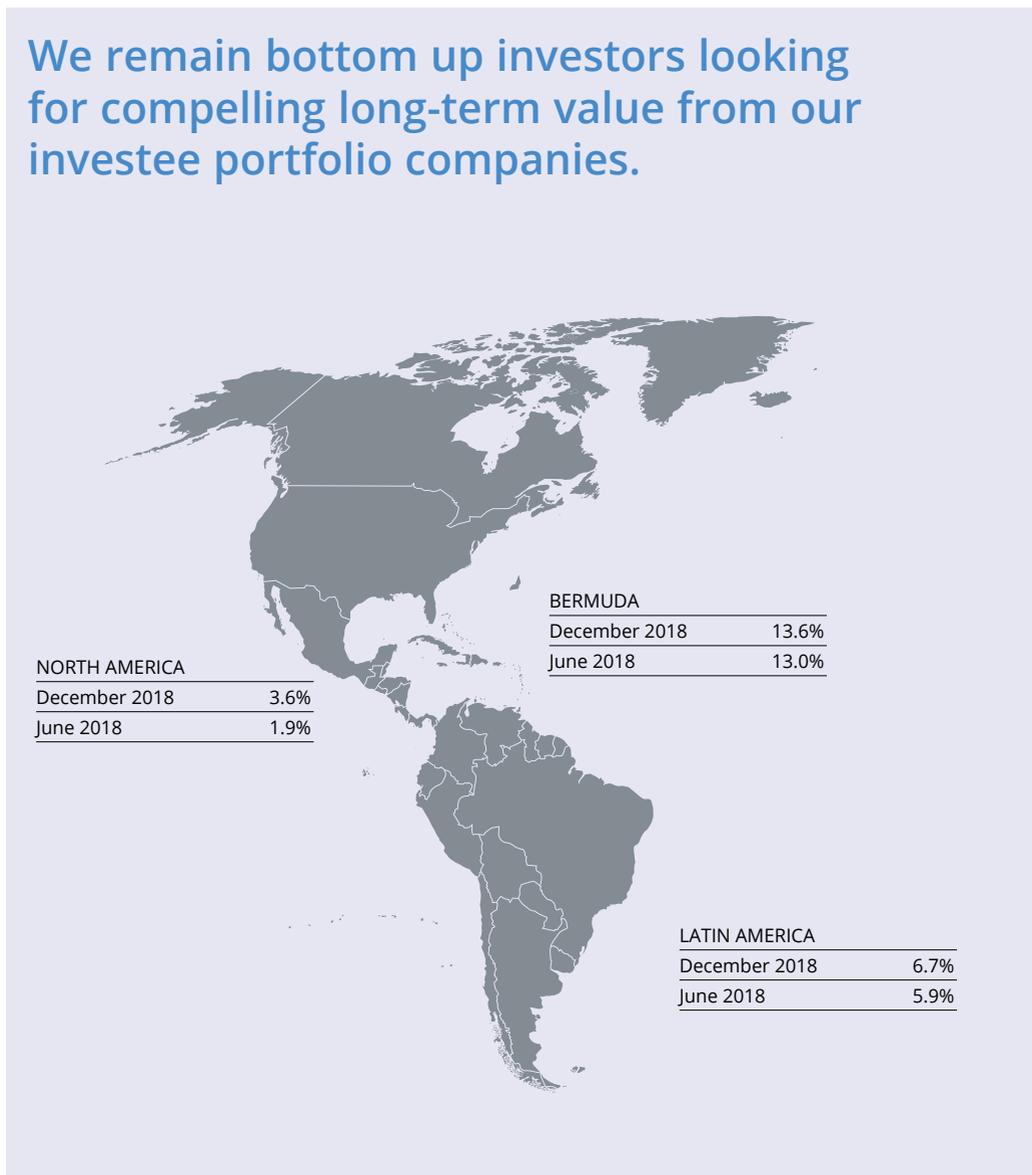
*Gross assets divided by the aggregate redemption liabilities of the ZDP shares and any bank debt or other borrowings ranking in priority to the ZDP shares.

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

GEOGRAPHICAL SPLIT OF INVESTMENTS

(% OF TOTAL INVESTMENTS)

We remain bottom up investors looking for compelling long-term value from our investee portfolio companies.



TEN LARGEST HOLDINGS

ON A LOOK-THROUGH BASIS

31 Dec 2018	30 Jun 2018	Company	Fair value £'000s	% of total investment
1	(1)	Somers Limited Financial services investment company	111,857	23.9
2	(2)	Utilico Emerging Markets Trust plc Emerging markets investment company	74,819	16.0
3	(3)	Resolute Mining Limited Gold mining company	57,629	12.3
4	(4)	Zeta Resources Limited Resources investment company	51,832	11.1
5	(6)	Optal Limited Electronic payment services company	40,675	8.7
6	(5)	Afterpay Touch Group Limited Electronic payment services company	37,570	8.0
7	(7)	Bermuda First Investment Company Limited Bermuda investment company	24,147	5.1
8	(8)	Vix Tech Pte Limited Automated fare collection systems	15,139	3.2
9	-	Allectus Capital Limited Fintech investment company	9,912	2.1
10	-	Coldharbour Technology Limited Marine technology company	7,386	1.6
Ten largest holdings			430,966	92.0
Other investments			37,708	8.0
Total investments			468,674	100.0



TOTAL ASSETS 10.6% ↑
DIVIDEND 4.2% ↑

Somers Limited ("Somers") is a financial services investment holding company listed on the Bermuda Stock Exchange. Somers' share price was USD 15.50 as at 31 December 2018, down from USD 16.25 as at 30 June 2018.

During the period Resimac Group Limited ("Resimac"), Somers' largest investment, reported Assets under Management ("AuM") of AUD 12.1bn and Waverton Investment Management Limited ("Waverton") recorded AuM of £5.9bn. PCF Group plc ("PCF"), Somers' 65.1% owned UK specialist bank reported deposits of £191.0m, a loan book of £219.0m and a 75.0% increase in new business originations. Somers' remaining significant investment is its wholly owned investment in Bermuda Commercial Bank Limited (one of Bermuda's four licensed banks).

For the year ended 30 September 2018 Somers reported a net profit of USD 4.2m and total equity of USD 364.1m. Somers' diluted NAV per share was USD 18.15 as at 30 September 2018 (30 September 2017: USD 18.55). The annual profit reflected valuation increases for Resimac and PCF which were more than offset by unrealised foreign exchange losses resulting from Somers' exposure to Sterling and the Australian Dollar. Despite the annual profit, NAV per share decreased due to the payment during the year of USD 0.49 of dividends. Total borrowings increased to USD 41.5m from USD 4.5m to fund investment acquisitions. Somers is now UIL's largest investment accounting for 23.9% of the total portfolio.



SHARE PRICE 2.7% ↑
NAV TOTAL RETURN 3.7% ↑

Utilico Emerging Markets Trust plc ("UEM") invests predominantly in infrastructure and utility assets in emerging markets and is listed in the UK and traded on the London Stock Exchange. UEM re-domiciled from Bermuda to the UK at the start of the financial year. In the six months to 31 December 2018 emerging markets ("EM") have seen increased volatility, and have broadly weakened, with the MSCI Emerging Markets Total Return Index (GBP adjusted) declining 5.1%. This has mainly been driven by the US Federal Reserve continuing on its path of monetary tightening, a process that has drained liquidity from global markets, negatively impacting most EM economies and currencies.

Within EM there has been a wide dispersion of returns. In the face of broader EM weakness, it is notable that the Brazilian Ibovespa posted a particularly strong performance, up 20.8% in local currency terms over the period under review. This reflects the outcome of elections held in October which saw Brazil elect its first right-wing government in more than a decade, headed by Jair Bolsonaro. Bolsonaro's pro-market agenda promises key reforms which are expected to re-energise the Brazilian economy.

UEM strongly outperformed the MSCI Emerging Markets Index as a result of its bottom up investment performance in Brazil. In the six months to 31 December 2018 UEM saw its NAV increase by 3.7% on a total return basis, reflecting the underlying performance from the portfolio constituents. UIL sold 1.6m shares in UEM over the six-month period, reducing its holding by 4.0% and realising £3.1m.

TEN LARGEST HOLDINGS
(continued)



SHARE PRICE
9.8% ↑

GOLD (AUD)
7.5% ↑

Resolute Mining Limited's ("Resolute") gold production in the six months to 31 December 2018 was 129,199oz, down 9.5% on the same period in the prior year, due to a biennial production shut down for maintenance at Syama, coupled with transitions at both Syama and Ravenswood; at the former, from surface mining to underground mining, and at the latter the opposite.

For the year to 30 June 2019, Resolute has forecast production of 300,000oz at an all-in sustaining cost of AUD 1,280/oz. Gold in AUD terms was at an all time high during the period under review.

The Syama fully automated underground mine commenced sublevel cave ore production in December 2018. As at 31 December 2018, following substantial investment in the development of Syama underground, cash and bullion on hand and liquid investments were AUD 111.0m (2017: AUD 196.0m); total borrowings were AUD 173.0m (2017: AUD 35.0m). During the period Resolute paid a dividend of 2.0c per share.



SHARE PRICE
27.5% ↓

GOLD
2.3% ↑

Zeta Resources Limited ("Zeta") is a resource-focused investment company which is listed on the Australian Stock Exchange.

During the six-month period, commodity prices were mostly down. Oil prices fell, with the Brent crude oil price down by 32.3% to USD 53.80 per barrel. The gold price was up 2.3% to USD 1,282.45/oz, while the nickel price was down 28.0% to USD 4.80/lb. The price of aluminium was down 15.2% to USD 0.85/lb.

Given that Zeta employs leverage and in light of the overall fall in commodity prices, the net assets of Zeta fell by 32.5% from USD 167.0m to USD 112.7m. The net assets per share in Australian dollars also fell 32.5%, to AUD 0.39.

During the period Zeta commenced an on-market buy-back programme for up to 10.0m ordinary shares. At the end of December, 334,766 shares had been bought back since the start of the programme, at an average price of AUD 0.41.



SHARE PRICE
49.2% ↑

REVENUE
58.0% ↑

Optal Limited ("Optal") is a developer of global payment systems with a particular focus on the travel industry. The company owns a 23.5% stake in eNett, which owns a system that allows travel agents to book hotels, flights and car hire using a Mastercard Virtual Account created solely for that transaction.

eNett continues to grow rapidly, with revenues in the three months to September 2018 up 58.0% compared to the corresponding period in 2017. Additionally, Optal provides services to eNett and benefits from its growth in transaction volumes.

Optal is also diversifying into other business-to-business payment verticals, for example, to allow insurance companies to pay contractors (such as a car body repair shop or a veterinary surgeon) via the Mastercard system.



SHARE PRICE
32.6% ↑

RETAILERS SIGNED UP
>23,000

Afterpay Touch Group Limited ("Afterpay") primarily provides short term interest free credit to consumers in Australia, New Zealand and the USA. Afterpay takes on the credit risk and working capital requirements and in return charges the retailer a fee averaging 4.0% of the transaction price.

The Afterpay product continues to expand rapidly. In the six months to December 2018, Afterpay processed over AUD 2.2bn of gross transaction sales through its system, a 140.0% gain on the amount processed in the corresponding six-month period to 31 December 2017. The Afterpay service was used by over 3.1m customers during the calendar year and the number of retailers doubled.

The company launched services in the USA in May 2018 and by the end of December 2018, over 1,400 merchants and more than 650,000 consumers had transacted with the US operation. Afterpay is also looking to launch in the UK in early 2019, following the acquisition of ClearPay Finance in August 2018.

Afterpay's shares have been volatile, mainly due to concerns over the potential for increased regulatory scrutiny in Australia for non-bank lenders.

UIL has taken advantage of the strong market performance of Afterpay and reduced its shareholding by 39.4% in Afterpay, selling at an average price of AUD 15.50.

TEN LARGEST HOLDINGS (continued)



SHARE PRICE

51.5% ↑

Bermuda First Investment Company Limited (“BFIC”) is an investment company focused on Bermuda. It has two significant investments being Ascendant Group Limited (“Ascendant”) (valued at BMD 25.2m as at 31 December 2018) and One Communications Limited (“One”) (valued at BMD 24.7m as at 31 December 2018). Ascendant announced in January 2019 that it has begun a process of evaluating strategic alternatives.

BFIC’s policy is to work closely with the board and senior management of those two companies to increase the long-term value of the investments and to encourage the introduction of shareholder friendly initiatives. Both companies have and continue to invest significantly in their infrastructure whether it be Ascendant in new generation capacity or One which has just completed a deep fibre network investment in Bermuda. Whilst Bermuda as a jurisdiction faces many challenges, both internal and external, Ascendant and One are strongly positioned in their respective sectors and the new investment should drive earnings and future growth for both companies.



REVENUE

18.3% ↑

Vix Tech Pte Ltd (“VixTech”) is an unlisted company in which UIL has a 39.8% holding. It is a global leader in smart booking, ticketing, payments, real-time information and data management solutions for large-scale transport networks, working with over 200 customers worldwide. VixTech leverages more than 25 years of industry experience designing, operating and maintaining proven next-generation ticketing, payment and loyalty platforms to help governments and businesses manage more than five billion transactions a year and create new ways to connect with their customers.

VixTech has undergone a product refresh program to help improve its long-term efficiency in global operations by developing a product focused business model rather than a project focused business model. This move will enable VixTech to become scalable, reduce business risk as well as promote sustainable growth. This has impacted the performance in the short term. 2019-2020 should witness a turnaround in the business as top line improvement will enable operational leverage as a result of lower fixed cost base from the new product focus model.



NEW DISRUPTIVE TECHNOLOGY INVESTMENTS

+5

Allectus Capital Limited (“Allectus”) is an unlisted investment company with a value focused technology portfolio of mainly unlisted early-stage businesses. Allectus was formed to invest in, and partner with, potentially disruptive businesses in the technology sector. Allectus is managed by ICM and oversees and actively supports investments, principally in the Asia Pacific and United Kingdom, for ICM and UIL. The core thematic sectors are: fintech, AI and automation and digital health. Allectus invests on a high conviction, sector agnostic basis for relevant high growth companies.

In the six months ended 31 December 2018, Allectus made several new investments into fintech and digital health including, Pandia Health (a US based digital health provider for women), Own Solutions (European cash-to-digital exchange platform) and Waddle Loans (Australian based lending software platform focused on invoice financing). Allectus has also focused on adding value to its existing portfolio including the provision of growth capital to Switch Automation (a US based smart buildings/AI platform), Perfect Channel (a UK based B2B marketplace exchange-as-a-service platform) and Imagus (an Australian based facial recognition technology company).



BWT MARKET POTENTIAL BY 2024

>USD 100.0 BILLION

Coldharbour Technology Limited (“Coldharbour”) is a new entrant to UIL’s top ten investments. Coldharbour is a UK incorporated private company with a 100% stake in operating subsidiary Coldharbour Marine Ltd, in which UIL has been invested since 2013. UIL has a 95% equity stake in the company which is debt-free.

Coldharbour is a pre-revenue marine technology company which has developed a Ballast Water Treatment (“BWT”) system specifically designed for large oil tankers, LNG vessels, large bulkers and ore carriers. Coldharbour’s system uses an innovative inert gas technology. BWT is a new market which is the result of the adoption of a new treaty (The International Convention for the Control and Management of Ship’s Ballast Water and Sediments, 2004), which entered into force on 8th September 2017. This treaty, adopted by the International Maritime Organisation (IMO), is designed to help prevent the spread of potentially harmful aquatic organisms and pathogens in ships’ ballast water. Every existing ship which uses ballast water must comply with these regulations by September 2024, and new ships built after September 2017 must also comply with these regulations from launch.

Coldharbour’s BWT system has been approved by the UK Maritime & Coastguard Agency (UK MCA) and Lloyd’s Register Type. It received the US Coastguard (USCG) AMS approval for its system in June 2015 and is now in the process of obtaining the “full” USCG Type approval. This process is expected to be completed in 2019.

In the six months to 31 December 2018 UIL invested £4.2m in Coldharbour.

HALF-YEARLY FINANCIAL REPORT AND RESPONSIBILITY STATEMENT

The Chairman's Statement on pages 2 to 4 and the Investment Managers' Report starting on page 6 give details of the important events which have occurred during the period and their impact on the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Most of UIL's principal risks and uncertainties are market related and are similar to those of other investment companies investing mainly in listed equities in developed countries.

The principal risks and uncertainties were described in more detail under the heading "Principal Risks and Risk Mitigation" within the Business Review section of the Annual Report and Accounts for the year ended 30 June 2018 and have not changed materially since the date of that report.

The principal risks faced by UIL include not achieving long-term total returns for its shareholders, the adverse impact gearing could have, the sudden withdrawal of its bank facility, loss of key management, adverse currency movements and losses due to inadequate controls of third party service providers.

The Annual Report and Accounts is available on the Company's website, www.uil.limited

RELATED PARTY TRANSACTIONS

Details of related party transactions in the six months to 31 December 2018 are set out in note 11 to the accounts and details of the fees paid to the Investment Managers are set out in note 2 to the accounts.

Directors' fees were increased by approximately 2.3% with effect from 1 July 2018 to:

Chairman £45,000 per annum

Chairman of the Audit Committee £43,000 per annum

Directors £33,250 per annum

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with Chapter 4 of the Disclosure Guidance and Transparency Rules, the Directors confirm that to the best of their knowledge:

- The condensed set of financial statements contained within the half-year report for the six months to 31 December 2018 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and return of the Group;
- The half-yearly financial report, together with the Chairman's Statement and Investment Managers' Report, includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the financial statements as required by DTR 4.2.7R;
- The Directors' statement of principal risks and uncertainties above is a fair review of the principal risks and uncertainties for the remainder of the year as required by DTR 4.2.7R; and
- The half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year as required by DTR 4.2.8R.

On behalf of the Board

Peter Burrows

Chairman

19 February 2019

UNAUDITED STATEMENTS



UNAUDITED CONDENSED GROUP INCOME STATEMENT

Notes	Six months to 31 December 2018		
	Revenue return £'000s	Capital return £'000s	Total return £'000s
	-	11,668	11,668
	-	(3,021)	(3,021)
	(32)	1,023	991
	5,996	-	5,996
	5,964	9,670	15,634
2	(839)	-	(839)
	(625)	-	(625)
	4,500	9,670	14,170
	-	-	-
	(720)	(6,456)	(7,176)
	3,780	3,214	6,994
3	(9)	-	(9)
	3,771	3,214	6,985
4	4.21	3.59	7.80

Six months to 31 December 2017			Year to 30 June 2018		
Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s
-	14,250	14,250	-	48,366	48,366
-	4,102	4,102	-	3,298	3,298
(20)	908	888	(97)	777	680
5,257	-	5,257	10,671	-	10,671
5,237	19,260	24,497	10,574	52,441	63,015
(740)	(804)	(1,544)	(1,491)	(5,337)	(6,828)
(644)	-	(644)	(1,316)	(1)	(1,317)
3,853	18,456	22,309	7,767	47,103	54,870
-	-	-	-	4	4
(846)	(6,049)	(6,895)	(1,592)	(12,083)	(13,675)
3,007	12,407	15,414	6,175	35,024	41,199
(100)	-	(100)	(179)	-	(179)
2,907	12,407	15,314	5,996	35,024	41,020
3.22	13.76	16.98	6.67	38.96	45.63

The Group does not have any income or expense that is not included in the profit for the period and therefore the profit for the period is also the total comprehensive income for the period, 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.

UNAUDITED CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

Notes	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s
for the six months to 31 December 2018			
Balance at 30 June 2018	8,949	18,167	233,866
Profit for the period	-	-	-
5 Ordinary dividends paid	-	-	-
Balance at 31 December 2018	8,949	18,167	233,866

Notes	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s
for the six months to 31 December 2017			
Balance at 30 June 2017	9,020	19,313	233,866
Profit for the period	-	-	-
5 Ordinary dividends paid	-	-	-
Balance at 31 December 2017	9,020	19,313	233,866

Notes	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s
for the year to 30 June 2018			
Balance at 30 June 2017	9,020	19,313	233,866
Profit for the year	-	-	-
Transfer for change in treatment of subsidiary	-	-	-
5 Ordinary dividends paid	-	-	-
Shares purchased by the Company	(71)	(1,146)	-
Balance at 30 June 2018	8,949	18,167	233,866

Non- distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
32,069	(40,886)	8,969	261,134
-	3,214	3,771	6,985
-	-	(3,356)	(3,356)
32,069	(37,672)	9,384	264,763

Non- distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
32,069	(75,667)	9,468	228,069
-	12,407	2,907	15,314
-	-	(3,382)	(3,382)
32,069	(63,260)	8,993	240,001

Non- distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
32,069	(75,667)	9,468	228,069
-	35,024	5,996	41,020
-	(243)	243	-
-	-	(6,738)	(6,738)
-	-	-	(1,217)
32,069	(40,886)	8,969	261,134

UNAUDITED CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

Notes	31 Dec 2018 £'000s	31 Dec 2017 £'000s	30 Jun 2018 £'000s
Non-current assets			
6 Investments	468,674	461,451	493,375
Current assets			
Other receivables	929	1,273	1,699
6 Derivative financial instruments	4,284	1,287	503
Cash and cash equivalents	225	620	647
	5,438	3,180	2,849
Current liabilities			
Loans	-	(37,128)	-
Other payables	(5,512)	(3,022)	(6,852)
6 Derivative financial instruments	(484)	(1,911)	(1,089)
Zero dividend preference shares	-	(49,482)	(50,858)
	(5,996)	(91,543)	(58,799)
Net current liabilities	(558)	(88,363)	(55,950)
Total assets less current liabilities	468,116	373,088	437,425
Non-current liabilities			
Loans	(49,638)	-	(27,795)
Zero dividend preference shares	(153,715)	(133,087)	(148,496)
Net assets	264,763	240,001	261,134
Equity attributable to equity holders			
7 Ordinary share capital	8,949	9,020	8,949
Share premium account	18,167	19,313	18,167
Special reserve	233,866	233,866	233,866
Non-distributable reserve	32,069	32,069	32,069
Capital reserves	(37,672)	(63,260)	(40,886)
Revenue reserve	9,384	8,993	8,969
Total attributable to equity holders	264,763	240,001	261,134
Net asset value per ordinary share			
8 Basic – pence	295.85	266.08	291.79

UNAUDITED CONDENSED GROUP STATEMENT OF CASH FLOWS

Notes	Six months to 31 Dec 2018 £'000s	Six months to 31 Dec 2017 £'000s	Year to 30 Jun 2018 £'000s
9 Cash flows from operating activities	(4,043)	580	2,116
Investing activities:			
Purchases of investments	(22,724)	(18,452)	(64,046)
Sales of investments	60,788	21,193	70,115
Sales of derivatives	(7,406)	3,012	2,170
Cash flows from investing activities	30,658	5,753	8,239
Cash flows before financing activities	26,615	6,333	10,355
Financing activities:			
Equity dividends paid	(3,356)	(3,382)	(6,738)
Movements on loans	21,956	(9,595)	(18,962)
Cash flows from issue of ZDP shares	898	2,840	13,921
Cash flows from redemption of ZDP shares	(51,196)	-	(417)
Cost of shares purchased for cancellation	-	(164)	(1,381)
Cash flows from financing activities	(31,698)	(10,301)	(13,577)
Net decrease in cash and cash equivalents	(5,083)	(3,968)	(3,222)
Cash and cash equivalents at the beginning of the period	(53)	3,573	3,573
Effect of movement in foreign exchange	879	(237)	(404)
Cash and cash equivalents at the end of the period	(4,257)	(632)	(53)
Comprised of:			
Cash	225	620	647
Bank overdraft	(4,482)	(1,252)	(700)
Total	(4,257)	(632)	(53)

UNAUDITED NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

The Company is an investment company incorporated in Bermuda and traded on the London Stock Exchange.

The unaudited condensed Group Accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"), IAS 34 "Interim Financial Reporting" and the accounting policies set out in the audited statutory accounts of the Group for the year ended 30 June 2018.

In the current financial period the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment for financial assets and general hedge accounting. Except for ZDP shares and bank loans, the Group measures all balance sheet items at fair value, there are no impaired assets and does not enter into general hedge accounting. Financial liabilities valued at amortised cost under IAS 39 are bank loans payable and ZDP shares and will continue to be measured at amortised cost under IFRS 9. There is no material impact in relation to the adoption of this standard.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by the Directors in applying the Group's accounting policies and key sources of uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2018.

The condensed Group Accounts do not include all of the information required for full annual accounts and should be read in conjunction with the consolidated accounts of the Group for the

year ended 30 June 2018, which were prepared under full IFRS requirements.

The Group Accounts comprise the results of the Company and UIL Finance Limited.

2. MANAGEMENT AND ADMINISTRATION FEES

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.

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 they receive 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.

In addition, the Investment Managers are entitled to a capped performance fee payable in respect of each financial period, equal to 15% of the amount by which the Company's total net asset value attributable to holders of ordinary shares outperforms the higher of (i) the post-tax yield on the FTSE Actuaries Government Securities UK Gilts 5 to 10 years' index, plus inflation (on the RPIX basis); and (ii) 5.0%, during the period (the "Hurdle 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 hurdle 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 by UIL in respect of the 12 month period to 30 June 2018 (as at that date the equity shareholders' funds were £261.1m).

As at 31 December 2018, the attributable shareholders' funds were below the high watermark and therefore no performance fee has been accrued. The final amount payable

4. EARNINGS PER ORDINARY SHARE

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

	Six months to 31 Dec 2018 £'000s	Six months to 31 Dec 2017 £'000s	Year to 30 Jun 2018 £'000s
Revenue	3,771	2,907	5,996
Capital	3,214	12,407	35,024
Total	6,985	15,314	41,020
	Number	Number	Number
Weighted average number of shares in issue during the period for earnings per share calculations	89,493,389	90,197,208	89,892,773

is dependent upon the performance of the Company in the year to 30 June 2019.

ICM also provides company secretarial services to the Company, with the Company paying 45% of the incurred costs associated with this post.

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

3. TAXATION

The revenue taxation charge of £9,000 (31 December 2017: £100,000 and 30 June 2018: £179,000) relates to overseas taxation suffered on dividend income. Except as stated above, profits of the Company and subsidiaries for the period are not subject to any taxation within their countries of residence.

5. DIVIDENDS

	Record date	Payment date	31 Dec 2018 £'000s	31 Dec 2017 £'000s	30 Jun 2018 £'000s
2017 Fourth quarterly interim of 1.875p	08-Sep-17	22-Sep-17	-	1,691	1,691
2018 First quarterly interim of 1.875p	08-Dec-17	14-Dec-17	-	1,691	1,691
2018 Second quarterly interim of 1.875p	09-Mar-18	23-Mar-18	-	-	1,678
2018 Third quarterly interim of 1.875p	08-Jun-18	22-Jun-18	-	-	1,678
2018 Fourth quarterly interim of 1.875p	07-Sep-18	21-Sep-18	1,678	-	-
2019 First quarterly interim of 1.875p	07-Dec-18	21-Dec-18	1,678	-	-
			3,356	3,382	6,738

The Directors have declared a second quarterly dividend in respect of the year ending 30 June 2019 of 1.875p per ordinary share payable on 29 March 2019 to shareholders on the register at close of business on 8 March 2019.

The total cost of this dividend, which has not been accrued in the results for the six months to 31 December 2018, is £1,678,000 based on 89,493,389 ordinary shares in issue at the date of this half-yearly report.

6. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The tables below set out the fair value measurements hierarchy at the relevant period end:

These fair value measurements are categorised into a hierarchy consisting of the following three levels:

Level 1 – valued using unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 – valued by reference to valuation techniques using other observable inputs not included within Level 1.

Level 3 – valued by reference to valuation techniques using unobservable inputs.

	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	31 Dec 2018 Total £'000s
Investments	185,753	141,695	141,226	468,674
Derivative financial instruments – forward foreign currency contracts	-	4,284	-	4,284
Financial liabilities held at fair value through profit or loss				
Derivative financial instruments – forward foreign currency contracts	-	484	-	484

	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	31 Dec 2017 Total £'000s
Investments	223,382	130,600	107,469	461,451
Derivative financial instruments – forward foreign currency contracts	-	1,287	-	1,287
Financial liabilities held at fair value through profit or loss				
Derivative financial instruments – forward foreign currency contracts	-	1,911	-	1,911

	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	30 Jun 2018 Total £'000s
Investments	212,225	155,085	126,065	493,375
Derivative financial instruments – forward foreign currency contracts	-	503	-	503
Financial liabilities held at fair value through profit or loss				
Derivative financial instruments – forward foreign currency contracts	-	1,089	-	1,089

During the period investments valued at £402,000 were transferred from level 2 to level 1 due to investee company shares resuming regular trading and investments valued at £1,293,000 were transferred from level 2 to

level 3 due to illiquidity of investee companies (31 Dec 2017 and 30 June 2018: investments valued at £2,725,000 were transferred from level 2 to level 1 due to investee company shares resuming regular trading).

7. ORDINARY SHARE CAPITAL

Equity share capital:	Number	£'000s
Ordinary shares of 10p each with voting rights		
Authorised	250,000,000	25,000
	Total shares in issue Number	Total shares in issue £'000s
Balance at 30 June 2018 and 31 December 2018	89,493,389	8,949

No ordinary shares have been purchased since the end of the period under review.

8. NET ASSET VALUE PER SHARE

Net asset value per ordinary share is based on net assets at the period end of £264,763,000 (31 December 2017: £240,001,000 and 30 June 2018: £261,134,000) and on 89,493,389 ordinary shares in issue at the period end (31 December 2017: 90,197,208 and 30 June 2018: 89,493,389).

9. RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 Dec 2018 £'000s	31 Dec 2017 £'000s	30 Jun 2018 £'000s
Profit before taxation	6,994	15,414	41,199
Adjust for non-cash flow items:			
Gains on investments	(11,668)	(14,250)	(48,366)
Losses/(gains) on derivative financial instruments	3,021	(4,102)	(3,298)
Foreign exchange gains	(991)	(888)	(680)
Non-cash flow income	(3,519)	(1,841)	(2,976)
Decrease/(increase) in accrued income	779	(554)	(1,013)
Decrease/(increase) in other debtors	20	(25)	9
(Decrease)/increase in creditors	(5,126)	877	5,341
Gains on sales of ZDP shares held intra group	-	-	(4)
ZDP share finance costs	6,456	6,049	12,083
Tax on overseas income	(9)	(100)	(179)
	(11,037)	(14,834)	(39,083)
Cash flows from operating activities	(4,043)	580	2,116

10. OPERATING SEGMENTS

The Directors are of the opinion that the Group's activities comprise a single operating segment, namely that of investing in equity, debt and derivative securities to maximise shareholder returns.

11. RELATED PARTY TRANSACTIONS

With effect from 1 July 2018 the fees paid to Directors were increased as set out on page 22 of this half-yearly report. Peter Burrows received dividends of £25,861 (£3,750 of non-beneficial dividends included in this amount). Eric Stobart received dividends of £1,875. Warren McLeland received dividends of £2,239. Chris Samuel received dividends of £1,875. David Shillson received dividends of £2,805. Allison Hill received dividends of £1,343.

General Provincial Life Pension Fund Limited received dividends of £2.1m from UIL.

The following transactions were carried out during the period to 31 December 2018 between the Group and its related parties (as disclosed on page 94 of the annual accounts for the year ended 30 June 2018).

Allectus – UIL advanced an additional USD 3.9m.

BFIC repaid the loan of USD 1.75m and an additional loan of £0.4m was advanced to BFIC.

Charles Jillings received dividends of £13,125.

Coldharbour – UIL purchased 8,400,000 shares at a cost of £4.2m, with 8,400,000 warrants attached at £4.2m.

Somers paid UIL dividends of £1,412,054. UIL received 113,242 ordinary shares as part of a dividend reinvestment program. UIL advanced to Somers an additional loan of £0.7m and repaid USD 0.9m.

VixTech loans were consolidated into a 0% interest loan and UIL advanced an additional AUD 5.2m.

Vix Verify was acquired by GB Group plc and UIL received cash for the sale in October 2018.

Zeta – on market purchases of 95,336 shares at a cost of AUD 20,882. UIL loaned Zeta an additional AUD 2.0m. Interest of AUD 0.4m and CAD 0.4m has been capitalised.

There were no transactions in the period with the other related parties.

12. FINANCIAL RISK MANAGEMENT – LEVEL 3 FINANCIAL INSTRUMENTS

Valuation methodology

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

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

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

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

	31 Dec 2018		31 Dec 2017		30 Jun 2018	
	Carrying amount £'000s	Effect of possible alternative assumptions £'000s	Carrying amount £'000s	Effect of possible alternative assumptions £'000s	Carrying amount £'000s	Effect of possible alternative assumptions £'000s
Unlisted Companies	81,581	8,158	65,960	6,596	71,637	7,164
Loans to Unlisted Companies	59,645	5,965	41,509	4,151	37,363	3,736
Total	141,226	14,123	107,469	10,747	109,000	10,900

13. GOING CONCERN

The majority of the Company's assets consist of equity shares in listed companies. 39.7% of the total portfolio as at 31 December 2018 is in Level 1 investments which, 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 period end, the Company had a £50m multicurrency loan facility with Scotiabank expiring on 22 March 2020. The Company will either extend or replace the facility or repay the outstanding debt when due from portfolio realisations.

14. RESULTS

The condensed set of financial statements, forming the half-year accounts, has been neither audited nor reviewed by the Company's auditors. The latest published accounts are for the year ended 30 June 2018; the report of the auditors thereon was unqualified. The condensed financial statements shown above for the year ended 30 June 2018 are an extract from those accounts.

COMPANY INFORMATION

DIRECTORS

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

REGISTERED OFFICE

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AI FM AND JOINT PORTFOLIO MANAGER

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REGISTRAR TO THE DEPOSITARY INTERESTS AND CREST AGENT

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HISTORICAL PERFORMANCE

	31 Dec 2018	30 Jun 2018	30 Jun 2017	30 Jun 2016	30 Jun 2015	30 Jun 2014	30 Jun 2013 ⁽¹⁾	30 Jun 2012	30 Jun 2011	30 Jun 2010
NAV per ordinary share (pence)	295.85	291.79	252.86	241.12	169.00	165.84	148.33	209.67	201.63	166.39
Ordinary share price (pence)	174.00	174.50	164.00	130.75	117.00	128.00	130.00	144.00	147.25	116.50
Discount/ (premium) (based on diluted NAV per ordinary share) (%)	41.2	40.2	35.1	45.8	30.8	22.8	12.4	31.3	27.0	30.0
FTSE All-Share Total Return Index	6,577	7,389	6,777	5,737	5,614	5,471	4,837	4,101	4,234	3,370
Returns and dividends (pence)										
- Revenue return per ordinary share	4.21	6.67	6.38	6.23	7.84	7.03	12.06	11.99	7.65	10.49
- Capital return per ordinary share	3.59	38.96	12.46	68.45	2.47	19.85	(63.65)	2.73	26.05	21.15
Total return per ordinary share	7.80	45.63	18.84	74.68	10.31	26.88	(51.59)	14.72	33.70	31.64
Dividend per ordinary share	3.75	7.50	7.50	7.50	7.50	7.50	10.00 ⁽²⁾	7.00	8.25	-
Capital distribution per ordinary share	-	-	-	-	-	-	-	-	-	12.00
ZDP shares ⁽³⁾ (pence)										
2018 ZDP shares										
Capital entitlement per 2018 ZDP share	n/a	156.78	146.19	136.32	127.09	118.50	110.50	103.03	n/a	n/a
2018 ZDP share price	n/a	159.50	154.75	147.25	141.75	128.25	113.38	104.00	n/a	n/a
2020 ZDP shares										
Capital entitlement per 2020 ZDP share	136.25	131.52	122.64	114.35	106.61	n/a	n/a	n/a	n/a	n/a
2020 ZDP share price	147.00	142.50	140.38	130.00	122.38	n/a	n/a	n/a	n/a	n/a
2022 ZDP shares										
Capital entitlement per 2022 ZDP share	116.52	113.01	106.37	100.12	n/a	n/a	n/a	n/a	n/a	n/a
2022 ZDP share price	128.50	124.50	119.50	104.50	n/a	n/a	n/a	n/a	n/a	n/a
2024 ZDP shares										
Capital entitlement per 2024 ZDP share	105.54	103.10	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2024 ZDP share price	108.50	107.50	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2026 ZDP shares										
Capital entitlement per 2026 ZDP share	103.38	100.87	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2026 ZDP share price	104.00	102.25	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Equity holders funds (£m)										
Gross assets ⁽⁴⁾	468.1	488.3	449.7	440.7	373.4	399.1	383.0	434.5	408.7	334.2
Bank debt	49.6	27.8	47.8	24.7	34.4	22.2	42.5	-	30.9	29.3
ZDP shares	153.7	199.4	173.8	197.4	172.4	212.5	193.4	224.4	172.8	161.2
Equity holders' funds	264.8	261.1	228.1	218.6	166.6	164.4	147.1	208.9	201.5	143.7
Revenue account (£m)										
Income	6.0	10.6	10.7	10.5	11.2	10.4	16.2	15.9	11.9	13.8
Costs (management and other expenses)	1.5	2.8	2.9	1.9	1.8	2.1	3.2	3.0	2.9	2.4
Finance costs	0.7	1.6	1.8	1.7	1.1	0.9	0.8	0.8	2.0	1.4
Financial ratios of the Group (%)										
Ongoing charges figure excluding performance fees	2.3 ⁽⁵⁾	2.2	2.1	3.3	2.0	2.2	1.8	1.7	2.0	0.7
Bank debt, other loans and ZDP shares gearing on net assets	78.5	87.3	97.2	101.6	124.1	144.4	160.4	108.0	102.8	132.6

(1) Restated figures for changes in accounting policies

(2) Includes the special dividend of 2.50p per share

(3) Issued by UIL Finance Limited, a wholly owned subsidiary of UIL Limited

(4) Gross assets less current liabilities excluding loans

(5) For comparative purposes the figures have been annualised