UTILICO

UTILICO LIMITED

Report and accounts
for the six months to 31 December 2008

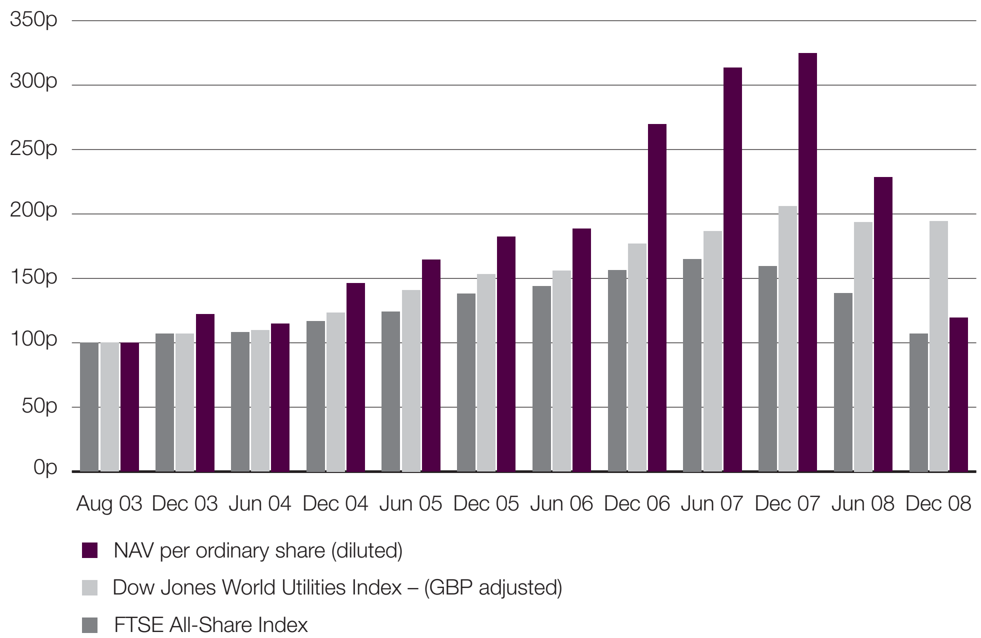
www.utilico.bm

Utilico/Int/08

Our objective is to provide long term capital appreciation by investing predominantly in infrastructure, utility and related companies.

Utilico Limited ("Utilico") was incorporated on 17 January 2007 and commenced trading on 20 June 2007. These interim results are for the period 1 July 2008 to 31 December 2008. All numbers used for comparative purposes that relate to periods prior to 20 June 2007 are from Utilico Limited's predecessor Utilico Investment Trust plc.

Rebased diluted NAV per ordinary share comparative performance to 31 December 2008
*Rebased to 100 at 14 August 2003**



**Inception of Utilico Investment Trust plc*

Source: Utilico Limited

	31 Dec 2008	30 Jun 2008	Change
Ordinary shares			
Capital Value			
Net asset value per ordinary share (undiluted)	**118.94p**	225.20p	(47.2%)
Net asset value per ordinary share (diluted)	**118.94p**	225.20p	(47.2%)
Share prices and indices			
Ordinary share price	**92.00p**	234.00p	(60.7%)
Discount/(premium) based on diluted NAV per ordinary share	**22.7%**	(3.9%)	n/a
FTSE All-Share Index	**2,209**	2,856	(22.7%)
Zero dividend preference shares(1)			
2012 ZDP Shares (7.00%)			
Capital entitlement per ZDP share	**136.98p**	132.39p	3.5%
ZDP share price	**140.00p**	135.50p	3.3%
2014 ZDP Shares (7.25%)			
Capital entitlement per ZDP share	**111.43p**	107.57p	3.6%
ZDP share price	**107.50p**	108.50p	(0.9%)
2016 ZPD Shares (7.25%)			
Capital entitlement per ZDP share	**111.43p**	107.57p	3.6%
ZDP share price	**82.00p**	103.75p	(21.0%)
Warrants			
2012 warrant price	**7.00p**	79.50p	(91.2%)
Equity holders funds (£m)			
Gross assets(2)	**284.8**	414.6	(31.3%)
Bank debt	**38.0**	69.2	(45.1%)
ZDP debt	**144.1**	140.2	2.8%
Equity holders' funds	**102.7**	205.2	(49.9%)
Financial ratios of the Group(3)			
Revenue yield on average gross assets	**2.1%**	2.3%	n/a
Total expense ratio(4) on average gross assets	**0.7%**	0.7%	n/a
Bank loans and ZDP shares gearing on gross assets	**63.9%**	50.5%	n/a

Returns and dividends	Six months to 31 Dec 08	Six months to 31 Dec 07(5)
Revenue return per ordinary share (undiluted)	**0.62p**	3.09p
Capital return per ordinary share (undiluted)	**(107.31p)**	8.15p
Total return per ordinary share (undiluted)	**(106.69p)**	11.24p
Dividend per ordinary share	**–**	–

(1) Issued by Utilico Finance Limited, a wholly owned subsidiary of Utilico Limited in June 2007. 2012 ZDP shares previously issued by Utilico Investment Trust plc.
(2) Gross assets less current liabilities excluding loans.
(3) For comparative purposes the total expense and revenue figures have been annualised.
(4) Excluding performance fee.
(5) Actual period under review is 20 June 2007 (start of trading for Utilico Limited) to 31 December 2007.

UTILICO LIMITED
SIX MONTHS TO 31 DECEMBER 2008

The first six months of the year to 31 December 2008 have been extremely testing. The developed world's banking systems have come close to outright collapse, commodities rose to unsustainable levels and collapsed, and currencies have been driven to the extreme. Equity markets have retreated faced with escalating uncertainty and a rising panic at times by investors. There have been three outright beneficiaries during the process. The US dollar has strengthened in a flight to security, treasury bonds have risen (yields have plunged) as demand has been intense and the gold price has strengthened against most currencies.

The equity markets have in this period displayed two key features; rising volatility with significant corrections happening in days rather than months with imbalances driven to the extreme quickly and aggressively, together with the emergence of a concerted drive by investors to deleverage which on some days resembled panic. Utilico's portfolio has not been immune from this process.

In the six months to 31 December 2008, the FTSE All-Share Index fell 22.7%. Utilico's NAV per share fell by 47.2% to 118.94p. This reflects the gearing within Utilico's capital structure. At 31 December 2008 Utilico's NAV per share has retreated to levels last seen in June 2004.

Against this background Utilico has been active. We have reduced holdings in a number of investments including Unique Flughafen Zurich AG ("Zurich Airport") and Flughafen Wien AG ("Vienna Airport") as well as exited from Compagnie Grand-Ducale d'Électricité du Luxembourg' ("Cegedel"). This process is ongoing as the Managers look to balance the risk profile in these volatile markets. We have also substantially reduced our own bank debt and bought back 4.75m ordinary shares at a cost of £8.8m at wide discounts. While the principle was right the timing was exposed by the sharp sell off in October.

Early in the first half the Managers moved to a more positive stance, in particular moving the hedge position to a market neutral position and investing in positions with increased optionality. Following the sharp deterioration in the market in the autumn, the Managers reverted to the previous strategy. This has included reducing the bank debt and reintroducing a market hedge.

Most investments continue to make operational progress including ERG Limited ("ERG"). TrustPower Ltd, The Jersey Electricity Company Limited, Zurich Airport, Newtel Holdings Limited and Renewable Energy Generation Limited ("REG") all reported stronger operational results. Keytech Limited and Belco Holdings Limited ("Belco") have seen some weakness as conditions have weakened for the Bermuda economy.

In addition Utilico invested £15.5m in Resolute Mining Ltd ("Resolute"). This investment offers exposure to gold, through a preferential instrument (convertible loans) with a high yield and conversion rights at attractive valuations.

Revenue returns have held up well. The Utilico Emerging Markets Limited ("UEM") dividend of £2.1m was received in January 2009; last year this was paid in December 2007. Adding this back the total restated income would be £5.7m (prior year £5.6m) and the restated profit before taxation would be £2.8m (prior year £2.6m). The restated diluted earnings per share would be 3.00p (prior year 2.75p). Utilico continues to be unable to declare a dividend due to the capital account deficit exceeding revenue reserves.

Costs continue to be a key focus of the Managers. The total expense ratio of 0.7% on average gross assets is commendable.

Along with much of the investment company market, Utilico has seen the discounts on its shares widen, including the discount on its 7.0% 2016 ZDP shares. The Managers have bought in 1.05m 2016 ZDP shares on attractive discounts with the resultant effect of reducing the group's gearing. These are currently being held as an investment by the parent company.

Outlook

The outlook for equity markets this year is difficult to determine. In the real economy, inflation is receding (for now), to be replaced by deepening concerns over the sharp downturn in the wider economy and increasing state intervention. Of concern is the ability to both source and fund this intervention and the rise of protectionism and political instability. The dearth of credit in the developed markets continues to stall those markets and will result in a deepening recession until those credit markets are reopened. The outcome and depth of the recession will depend on the ability of the world's governmental institutions to intervene effectively and restore confidence.

J. Michael Collier
February 2009

As noted in the Chairman's statement, Utilico's interim period to 31 December 2008 has been a difficult one. In the first half, Utilico's NAV per share fell by 47.2% reflecting in the main, the market's weakness (the FTSE All-Share fell 22.7%) and the 2.8 times effective gearing on the ordinary shares.

Following the market deterioration in September and faced with turmoil in October we took the decision to reduce the absolute put position and halve Utilico's bank debt by the end of October 2008. This has been accomplished.

As a result Utilico is in a stronger position to exploit the opportunities in the current markets.

PORTFOLIO

We have again presented the top ten holdings and the geographic and sectoral split on a look through basis, splitting the underlying portfolios of Infratil Ltd, UEM and Ecofin Water & Power Opportunities plc ("Ecofin") into their component parts as though they were held by Utilico directly.

Much of the top ten remain unchanged. The key change to the top ten has been the realisation of Cegedel and the new investment in Resolute.

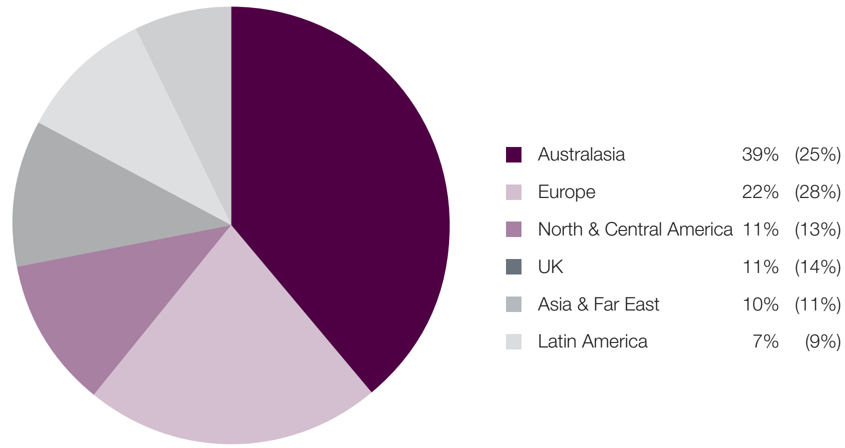
Amongst the rest the movements, for the most part, reflect the change in relative value including the impact of exchange rates.

Utilico ordinary share price and diluted NAV performance
From 14 August 2003 to 31 December 2008

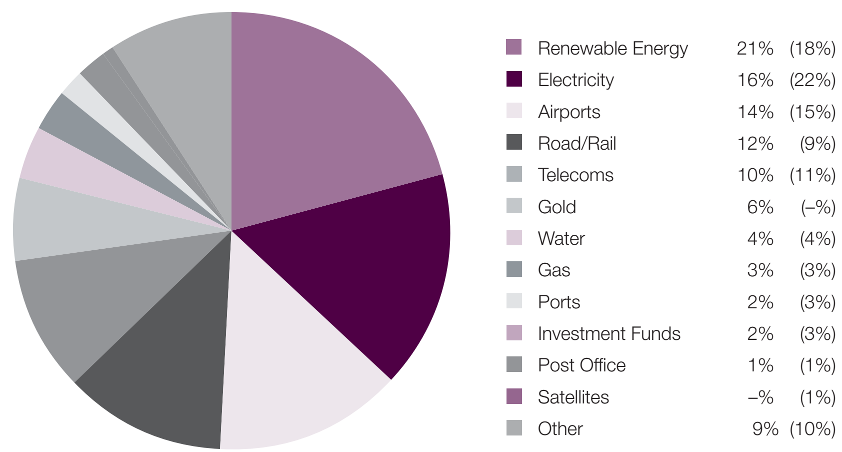
Source: Utilico Limited

UTILICO LIMITED
SIX MONTHS TO 31 DECEMBER 2008

Geographical split of investments
As at 31 December 2008



Sectoral split of investments
As at 31 December 2008



Source: Utilico Limited
Figures in brackets 30 June 2008

UTILICO LIMITED
SIX MONTHS TO 31 DECEMBER 2008

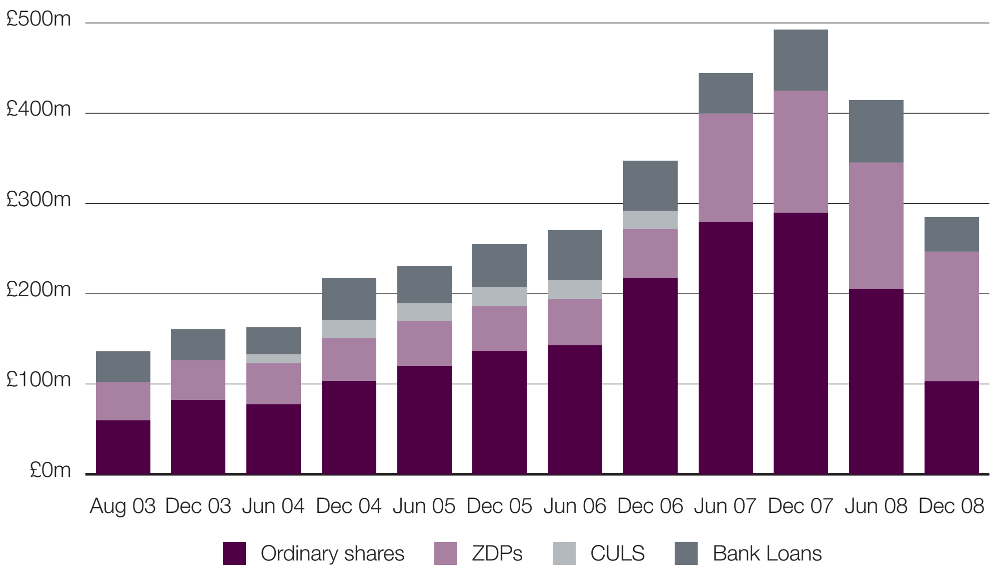
Our two direct airport investments in Europe have declined due to weak share prices and realisations. In the case of Vienna Airport we realised £6.7m causing it to drop out of the top ten.

REG has seen its shares marked down by over 50.0% and as a result it has moved down from third to eighth in the portfolio.

Infratil's (which holds the investment in TrustPower and Infratil Airports Europe Limited amongst others) share price declined by 10.9% to NZ$1.63. However, the strengthening NZ dollar reversed the loss such that there was a gain of 0.2% in the six months. Infratil reported an increase in consolidated operating profit of 13.4% for the six months to September 2008. Throughout 2008 and into 2009 Infratil has been buying back ordinary shares in the market.

TrustPower, which accounts for 47.6% of Infratil's portfolio, reported good interim results to September 2008. Electricity generation was up 5.0% and earnings per share ("EPS") was up 3.9%. Wellington Airport continues to respond well to the economic conditions. In the month of December 2008 overall passenger numbers were up as a result of strong international traffic growth of 7.2%. Infratil Airports Europe Limited is faced with negative financial conditions. Against this background Infratil has restructured its put option on Lubeck Airport whereby it can sell its 90.0% interest back to the city of Lubeck for Euro 23.5m in cash exercisable between October 2009 and January 2010.

Allocation of gross assets less current liabilities (excluding debt)
From 14 August 2003 to 31 December 2008



Note: August and December 2003 are based on proforma figures assuming ZDP shares were in issue at the launch of Utilico in August 2003

Source: Utilico Limited

UEM saw its share price decline by 36.4% as the emerging markets retreated in the face of world economic downturn. In part this reflected a NAV reduction combined with a widening in the discount to NAV of 13.7%. UEM's underlying investments continue to make progress. This is best reflected by the fact that the dividends for the first half increased by 14.3% to 4.0p. Over the last twelve months UEM has declared a dividend of 5.3p representing a yield of some 5.6% based on the year-end share price of 94.0p. UEM's portfolio remains broadly unchanged. There has been some repositioning into defensive positions. Like Utilico, UEM has substantially reduced its bank debt.

Ecofin capital shares declined by 24.9%, a very creditable performance given their geared nature. Capital shareholders will, in April 2009, be given the option of accepting a cash tender offer at 97.5% of 31 March 2009 NAV, or swapping into Ecofin ordinary shares on an NAV equivalent basis. As at 31 December 2008 the discount to the published NAV was 13.8%. We fully expect to accept the cash tender offer. During the six months we reduced our holding of capital shares by almost one third, at an average price of 624.4p, realising £8.7m.

ERG's projects continue to make good progress and are generating positive cashflows. The uncertainty created by the cancellation of the Sydney contract has necessitated a restructuring of the business. The restructuring will see the operating parts of the business moved into a new company primarily owned by ERG's secured creditors, including Utilico Limited. We expect to achieve returns over time from the new company at least equal to the value of our secured debt, as the long term contracts complete. We continue to carry our ERG equity stake at zero value, although it is still listed and trading on the Australian Stock Exchange.

The Jersey Electricity Company Limited ("JEL") has seen its share price rise 2.8% as a result of stronger results. While we have been critical in the past of JEL's recognition of shareholders' interests, we are pleased to note this appears to be changing. JEL implemented a 19.0% tariff increase in January 2008 and has implemented a further increase in January 2009 of 24.0%. The increases have been necessary to recover higher costs on the import of energy. During the period under review JEL released its year end results to September 2008 with EPS up 30.0% and dividends up 27.0% at 148.00p.

Keytech's share price declined by 21% over the period. The company's results for the six months to September were disappointing, with revenues down by 1.5% and net profits falling by 43%. Unlike in prior periods, the growth in mobile and internet sales was not enough to offset the decline in revenues from the traditional fixed line voice business. The company is investing heavily in a high capacity undersea cable between Bermuda and the USA as well as upgrading its domestic infrastructure for higher fixed line and wireless data speeds. Margins came under pressure from the costs of running this new infrastructure with few customers as well as from increased costs related to the high oil prices during the period. The benefits of the capital expenditure programme should however be seen in future periods, although perhaps not materially in the company's second half to March 2009.

Zurich Airport's share price declined by 33% to CHF249.5 over the six month period to 31 December 2008. First half results were strong with year to date passenger growth of 9.3% and robust non-aeronautical revenue growth. Despite growth missing management expectations for the second half of the year passenger numbers for the full year fared better against peers coming in at 22.1m, an increase of 6.6% on 2007.

Newtel continues to make progress. During the six months Newtel reached EBITDA breakeven.

REG continued to make progress in developing its portfolio of wind and other renewable energy assets, having invested over £48.0m during the year, completing one wind farm in the UK and four Canadian wind farms, adding 41.3MW to the portfolio. Group revenue was up 247% to £3.6m and gross profits of £1.8m, up 238% on the prior year. The share price decreased by 53.2% during the period

Belco had a difficult start to 2008 with a combination of high fuel prices and mild weather causing a fall in electricity demand of 0.8% to June 2008. Crucially, in the higher margin residential segment demand fell by 5.4%. Higher depreciation and lower demand meant that first half earnings fell by 27.3%.

Utilico has invested £15.5m in Resolute, a Perth based Australian listed gold production, development and exploration company. This investment in Resolute is represented by loans, convertible loan notes ("CLN") and options. The loans of A$10.0m rank ahead of the CLN and the equity. The CLN's rank ahead of the equity, bearing interest at 12.0% per annum and convert at attractive rates (A$0.50) into shares in Resolute. The options are exercisable at A$0.60. Resolute is in the process of developing a new mine, Syama, in Mali in Africa, which required capital. The effective closure of the equity markets forced Resolute into a deeply discounted fund raising. Utilico participated in this fund raising, due to the deep discount and the diversification offered by a gold based investment.

During the period, Utilico sold its investment in the Luxembourg electricity company, Cegedel. The sale proceeds represented a 100% gain on cost over a two year period.

During the six months Utilico invested £41.8m, including £15.5m in Resolute. Disposals amounted to £54.8m. Key disposals include Cegedel at £11.1m, Ecofin capital shares at £8.7m, Vienna Airport at £6.7m and Telenor at £5.5m. Following the investment in Resolute the concentration within the top ten has increased to 51.1%.

As a result of this significant activity the investment in Australasia has increased from 25.0% to 39.0% of the portfolio. Europe has decreased from 28.0% to 22.0% with smaller decreases in Latin America, North America, UK and Asia.

On a sector basis the mix has broadly remained the same with the inclusion of gold offset by a reduction in electricity.

BANK DEBT

The bank debt was substantially reduced over the six months to 31 December 2008. Having started with bank debt of £69.2m, drawn as to £34.7m in Sterling and £34.5m in US dollars, the bank debt at 31 December 2008 stood at £38.0m, drawn as £16.3m in Sterling, £9.3m in Swiss francs and

£12.4m in Euros. Over the six months cash reduced from £4.7m to £2.3m. Bank debt gearing reduced as a result from 16.6% to 13.3%

MARKET INDEX PUT OPTIONS

The index option hedge was moved closer to a market neutral position during the reporting period. As a result there was both embedded value in the spread between the long positions bought and the short positions sold and an ability to roll the short positions to extract value while the markets moved sideways. This strategy neutralised the hedge against sharp corrections. The sharp market corrections of September and October resulted in the matched positions having significant value but the position no longer acted as a hedge.

The decision was taken to realise the matched positions for cash and use the majority of the cash to substantially reduce the bank debt position.

The S&P500 Index put options were then re-established in November and December and Utilico ended the half year with a closing position of £3.5m providing net put protection equivalent to £57.9m

OTHER HEDGING

We continued to maintain a hedge against the New Zealand dollar. At 31 December 2008, the hedge comprised NZ$147.0m hedged at an average rate of NZ$2.79 to Sterling.

REVENUE RETURN

Adjusting for UEM's dividend of £2.1m which was paid in January 2009 (last year it was paid in December 2007) the total income was broadly in line with prior years at £5.7m (2007 £5.6m). The management and administration fees reduced as a result of lower gross assets. Finance costs increased as a result of increased margins over the prior period.

The net effect, adjusting for the UEM dividend payments was a small increase in restated profit on the revenue account to £2.6m (2007 £2.5m).

As a result of the buyback and cancellation of ordinary shares, the diluted proforma earnings per share (bringing the UEM dividend into the period) on the revenue account increased by 9.0% to 3.00p.

CAPITAL RETURN

The capital return recorded a loss of £94.2m principally as a result of losses on investments of £75.5m and losses on exchange rates of £11.0m. The currency losses arose principally as a result of the strengthening US dollar.

OUTLOOK

The outlook for equity markets remains difficult. Furthermore, the scale of intervention in the markets compounds the uncertain outlook. We continue to believe our portfolio of utility and infrastructure assets remains attractive. The reduced debt and market hedge will give us the flexibility to withstand further market volatility. We remain optimistic over the long-term.

TEN LARGEST HOLDINGS ON A LOOK THROUGH BASIS[1]

31 Dec 2008	30 Jun 2008	Company (country)	Fair value £'000s	% of total investments
1	(1)	**TrustPower Ltd** *(New Zealand)* Integrated electricity company	32,483	11.3%
2	(2)	**ERG Limited** *(Australia)* Automated fare collection systems operator	22,974	8.0%
3	–	**Resolute Mining Ltd** *(Australia)* Gold mining company	16,972	5.9%
4	(6)	**The Jersey Electricity Company Limited** *(Jersey)* Integrated electricity company	15,273	5.3%
5	(7)	**Keytech Limited** *(Bermuda)* Telecommunications provider	13,698	4.8%
6	(4)	**Unique Flughafen Zurich AG** *(Switzerland)* Airport operator	11,252	3.9%
7	(9)	**Newtel Limited** *(Jersey)* Telcommunications provider	8,985	3.1%
8	(3)	**Renewable Energy Generation Ltd** *(UK)* Wind power	8,800	3.1%
9	–	**Belco Holdings Limited** *(Bermuda)* Integrated electricity company	8,141	2.9%
10	(10)	**Infratil Airports Europe Limited** *(UK and Germany)* Airport operator	8,004	2.8%
		Ten largest holdings	146,582	51.1%
		Other investments[2]	140,459	48.9%
		Total Investments	287,041	100.0%

(1) The values of the ten largest holdings are based on a look through basis. To achieve this, each of the investment companies (Infratil, UEM and Ecofin) portfolios are consolidated with that of Utilico on a proportionate basis, based on those companies' valuations of their own holdings.
(2) Includes GERP.

UTILICO LIMITED
SIX MONTHS TO 31 DECEMBER 2008

DIRECTORS' STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The Group's assets consist mainly of quoted equity securities and its principal risks are therefore market related. The large number of investments held, together with the geographic and sector diversity of the portfolio, enables the Company to spread its risk with regard to liquidity, market volatility, currency movements and revenue streams.

Other key risks faced by the Group relate to investment strategy, external events, management and resources, regulatory issues, operational matters and financial controls.

These risks, and the way in which they are managed, are described in more detail under the heading "Principal risks" within the Report of the Directors contained within the Group's Report and Accounts for the period ended 30 June 2008. The Group's principal risks and uncertainties have not changed materially since the date of that report.

DIRECTORS' STATEMENT OF RESPONSIBILITIES

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

(i) the condensed set of financial statements has been prepared in accordance with applicable International Accounting Standards and gives a true and fair view of the assets, liabilities, financial position and return of the Group;

(ii) the half-yearly 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;

(iii) the Directors' Statement of Principal Risks and Uncertainties shown above is a fair review of the principal risks and uncertainties for the remainder of the financial year; and

(iv) the half-yearly report includes details on related party transactions.

Signed on behalf of the Board
J Michael Collier
Chairman
22 February 2009

Notes		Period to 31 December 2008			Period to 31 December 2007			Period to 30 June 2008		
		Revenue return £'000s	**Capital return £'000s**	**Total return £'000s**	Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s
	Losses on investments	**–**	**(75,481)**	**(75,481)**	–	(1,359)	(1,359)	–	(92,075)	(92,075)
	(Losses)/gains on derivative instruments	**–**	**(2,989)**	**(2,989)**	–	13,171	13,171	–	23,313	23,313
	Exchange gains/(losses)	**36**	**(11,025)**	**(10,989)**	15	(2,351)	(2,336)	3	(5,753)	(5,750)
	Investment and other income	**3,559**	**–**	**3,559**	5,628	1,969	7,597	10,463	–	10,463
	Total income	**3,595**	**(89,495)**	**(85,900)**	5,643	11,430	17,073	10,466	(74,515)	(64,049)
2	Management and administration fees	**(869)**	**–**	**(869)**	(1,244)	111	(1,133)	(2,291)	111	(2,180)
	Other expenses	**(358)**	**(20)**	**(378)**	(371)	(20)	(391)	(768)	(21)	(789)
	Profit/(loss) before finance costs and taxation	**2,368**	**(89,515)**	**(87,147)**	4,028	11,521	15,549	7,407	(74,425)	(67,018)
	Finance costs	**(1,655)**	**(5,010)**	**(6,665)**	(1,412)	(5,020)	(6,432)	(3,618)	(9,809)	(13,427)
3	Reduction of ZDP shares liability	**–**	**308**	**308**	–	–	–	–	–	–
	Profit/(loss) before taxation	**713**	**(94,217)**	**(93,504)**	2,616	6,501	9,117	3,789	(84,234)	(80,445)
4	Taxation	**(168)**	**–**	**(168)**	(155)	–	(155)	(860)	–	(860)
	Profit/(loss) for the period	**545**	**(94,217)**	**(93,672)**	2,461	6,501	8,962	2,929	(84,234)	(81,305)
5	**Earnings per share (basic) - pence**	**0.62**	**(107.31)**	**(106.69)**	3.09	8.15	11.24	3.59	(103.35)	(99.76)
5	**Earnings per share (diluted) - pence**	**0.62**	**n/a**	**n/a**	2.75	7.28	10.03	3.27	n/a	n/a

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS.

The supplementary revenue return and capital return are both prepared under guidance published by the Association of Investment Companies in the UK.

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 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period to 31 December 2008	Ordinary share capital £'000s	Share premium account £'000s	Warrant reserve £'000s	Non-distributable reserve £'000s	Retained earnings Capital reserves £'000s	Retained earnings Revenue reserve £'000s	Total £'000s
Balance at 30 June 2008	9,200	242,188	3,051	32,067	(84,234)	2,929	205,201
(Loss)/profit for the period	–	–	–	–	(94,217)	545	(93,672)
Conversion of warrants	–	1	–	–	–	–	1
Ordinary shares repurchased by the Company	(563)	(8,238)	–	–	–	–	(8,801)
Balance at 31 December 2008	**8,637**	**233,951**	**3,051**	**32,067**	**(178,451)**	**3,474**	**102,729**

for the period to 31 December 2007	Ordinary share capital £'000s	Share premium account £'000s	Warrant reserve £'000s	Non-distributable reserve £'000s	Retained earnings Capital reserves £'000s	Retained earnings Revenue reserve £'000s	Total £'000s
Profit for the period	–	–	–	–	6,501	2,461	8,962
Issue of ordinary share capital and warrants	7,966	238,030	35,118	–	–	–	281,114
Issue costs of ordinary share capital	–	(545)	–	–	–	–	(545)
Conversion of warrants	17	112	(424)	424	–	–	129
Balance at 31 December 2007	**7,983**	**237,597**	**34,694**	**424**	**6,501**	**2,461**	**289,660**

for the period to 30 June 2008	Ordinary share capital £'000s	Share premium account £'000s	Warrant reserve £'000s	Non-distributable reserve £'000s	Retained earnings Capital reserves £'000s	Retained earnings Revenue reserve £'000s	Total £'000s
(Loss)/profit for the period	–	–	–	–	(84,234)	2,929	(81,305)
Issue of ordinary share capital and warrants	7,966	238,030	35,118	–	–	–	281,114
Issue costs of ordinary share capital	–	(547)	–	–	–	–	(547)
Conversion of warrants	1,234	6,719	(32,067)	32,067	–	–	7,953
Purchase of ordinary shares held in treasury	–	(2,014)	–	–	–	–	(2,014)
Balance at 30 June 2008	**9,200**	**242,188**	**3,051**	**32,067**	**(84,234)**	**2,929**	**205,201**

UNAUDITED CONSOLIDATED BALANCE SHEET

Notes		31 December 2008 £'000s	31 December 2007 £'000s	30 June 2008 £'000s
	Non current assets			
	Investments	**287,041**	454,397	408,671
	Current assets			
	Other receivables	**3,178**	4,708	2,745
	Derivative financial instruments	**–**	32,678	730
	Cash and cash equivalents	**2,309**	11,476	4,681
		5,487	48,862	8,156
	Current liabilities			
	Bank loans	**(25,565)**	(20,500)	(25,000)
	Other payables	**(1,017)**	(2,259)	(2,254)
	Derivative financial instruments	**(6,710)**	(8,753)	–
		(33,292)	(31,512)	(27,254)
	Net current (liabilities)/assets	**(27,805)**	17,350	(19,098)
	Total assets less current liabilities	**259,236**	471,747	389,573
	Non current liabilities			
	Bank loans	**(12,449)**	(46,670)	(44,166)
	Zero dividend preference shares	**(144,058)**	(135,417)	(140,206)
	Net assets	**102,729**	289,660	205,201
	Equity attributable to equity holders			
7	Ordinary share capital	**8,637**	7,983	9,200
	Share premium account	**233,951**	237,597	242,188
	Warrant reserve	**3,051**	34,694	3,051
	Non-distributable reserve	**32,067**	424	32,067
	Capital reserves	**(178,451)**	6,501	(84,234)
	Revenue reserve	**3,474**	2,461	2,929
	Total attributable to equity holders	**102,729**	289,660	205,201
	Net asset value per ordinary share			
8	Basic – pence	**118.94**	362.87	225.20
8	Diluted – pence	**118.94**	323.05	225.20

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

Notes		Period to 31 December 2008 £'000s	Period to 31 December 2007 £'000s	Period to 30 June 2008 £'000s
9	Cash flows from operating activities	**48,398**	(63,892)	(75,039)
	Cash flows from investing activities	**–**	–	–
	Cash flows before financing activities	**48,398**	(63,892)	(75,039)
	Financing activities:			
	Equity dividends paid	**–**	–	–
	Cash flows from borrowings	**(45,902)**	75,382	80,335
	Proceeds from warrants exercised	**1**	129	7,954
	Cost of purchase of ordinary shares	**(8,801)**	–	(2,014)
	Cash flows on issue of ordinary share capital	**–**	206	203
	Cash flows from financing activities	**(54,702)**	75,717	86,478
	Net (decrease)/increase in cash and cash equivalents	**(6,304)**	11,825	11,439
	Cash and cash equivalents at the beginning of the period	**4,681**	–	–
	Effect of movement in foreign exchange	**3,932**	(349)	(6,758)
	Cash and cash equivalents at the end of the period	**2,309**	11,476	4,681

1. SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared on the basis of the accounting policies set out in the Group's financial statements at 30 June 2008.

The results to 31 December 2007 and 30 June 2008 are for the period from commencement of trading on 20 June 2007 and thus are not fully comparable with the six month period to 31 December 2008.

The Company is an Investment Company incorporated in Bermuda on 17 January 2007 and quoted on the London Stock Exchange.

2. MANAGEMENT AND ADMINISTRATION FEES

Ingot Capital Management Pty Limited ("ICM") is appointed as Investment Manager for which it is entitled to a management fee and a performance fee. The management fee of 0.5% per annum is based on total assets less current liabilities (excluding borrowings and excluding the value of all holdings in companies managed or advised by the Manager or any of its subsidiaries), payable semi-annually in arrears. The agreement with ICM may be terminated upon one year's notice given by the Company and not less than six months notice given by ICM.

In addition, ICM is entitled to a performance fee payable in respect of each financial period, equal to 15% of the amount by which the Company's net asset value attributable to the holders of ordinary shares, outperforms the real after tax yield on the FTSE Actuaries Government Securities UK Gilt 5 to 10 years index during the period. The opening equity funds for calculation of the performance fee are the higher of the equity funds on the last day of a calculation period in respect of which a performance fee was last paid and the equity funds on the last day of the previous calculation period increased by the real percentage yield on the reference index during the calculation period. For the period to 31 December 2008 no fee has been accrued. The amount payable in respect of the full reporting period ending 30 June 2009 is dependent upon the performance of the Company in the year to 30 June 2009 and may therefore be greater than the fee accrued at 31 December 2008.

F&C Management Limited ("F&C") provides accounting, secretarial, dealing and administration services to the Company for a fixed fee of £295,000 per annum, payable monthly in arrears. The agreement with F&C may be terminated upon six months' notice given by either party in writing.

3. REDUCTION OF ZDP SHARES LIABILITY

The Company purchased in the market 1,050,000 (2016) ZDP shares, issued by its subsidiary Utilico Finance Limited, on 10 December 2008 for £848,000. The capital entitlement on these ZDP shares at this date was £1,156,000 creating a £308,000 consolidation gain.

4. TAXATION

The taxation charge of £168,000 (31 December 2007: £155,000 and 30 June 2008: £860,000) relates to overseas taxation suffered on dividend income. Taxation suffered on income in Utilico (NZ) Limited is New Zealand income tax. Profits of the Company and subsidiaries for the period are not subject otherwise to any other taxation within their countries of residence.

5. EARNINGS PER SHARE

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

	Period to 31 Dec 2008 £'000s	Period to 31 Dec 2007 £'000s	Period to 30 Jun 2008 £'000s
Revenue	**545**	2,461	2,929
Capital	**(94,217)**	6,501	(84,234)
Total	**(93,672)**	8,962	(81,305)
	Number	Number	Number
Weighted average number of shares in issue during the period for basic earnings per share calculations	**87,797,966**	79,704,955	81,501,932

Diluted earnings per ordinary share

Diluted earnings per share have been calculated in accordance with IAS 33, under which the Company's outstanding warrants are considered dilutive only if the exercise price is lower than the average market price of the ordinary shares during the period. The dilution is calculated by reference to the additional number of ordinary shares which warrant holders would have received on exercise as compared with the number of ordinary shares which the subscription proceeds would have purchased in the open market.

	Period to 31 Dec 2008 Number	Period to 31 Dec 2007 Number	Period to 30 Jun 2008 Number
Weighted average number of shares in issue during the period for basic earnings per share calculations	**87,797,966**	79,704,955	81,501,932
Dilutive potential shares	**–**	9,611,140	8,015,924
Weighted average number of shares for diluted earnings per share calculations	**87,797,966**	89,316,095	89,517,856

6. DIVIDENDS

There were no dividends paid or declared in the period.

7. ORDINARY SHARE CAPITAL

	Number	£'000s
Equity share capital:		
Ordinary shares of 10p each		
Authorised	**127,479,500**	**12,748**

	Shares held in Treasury Number	Shares entitled to dividend Number	Total shares in issue Number	Total shares in issue £'000s
Balance at 30 June 2008	880,000	91,118,323	91,998,323	9,200
Issued on exercise of warrants	–	294	294	–
Shares repurchased by Company	–	(4,745,660)	(4,745,660)	(475)
	880,000	86,372,957	87,252,957	8,725
Cancellation of shares held in treasury	(880,000)	–	(880,000)	(88)
Balance at 31 December 2008	**–**	**86,372,957**	**86,372,957**	**8,637**

Ordinary shares

4,745,660 ordinary shares were repurchased and cancelled during the period at a total cost of £8,801,000. On 20 August 2008 the 880,000 ordinary shares held in treasury were also cancelled. On 6 November 2008, 294 ordinary shares were issued on exercise of warrants.

Warrants

Holders of Utilico 2012 warrants have the right to subscribe for one ordinary share per warrant at £3.15 in cash on 30 April or on 31 October in any of the years 2009 to 2012 (inclusive).

At 31 December 2008 3,589,521 Utilico 2012 warrants were in issue (30 June 2008: 3,589,815). On 6 November 2008, 294 ordinary shares were issued on exercise of warrants.

8. NET ASSET VALUE PER SHARE

(a) Net asset value per ordinary share is based on net assets at the period end of £102,729,000 (31 December 2007: £289,660,000 and 30 June 2008: £205,201,000) and on 86,372,957 ordinary shares in issue at the period end (31 December 2007: 79,825,388 and 30 June 2008: 91,118,323 which excludes 880,000 shares held in treasury).

(b) Diluted net asset value per ordinary share is based on net assets at the period end and assumes the receipt of proceeds arising from the exercise of warrants outstanding. At 31 December 2008 and 30 June 2008 the diluted net asset value per ordinary share is not applicable as the market price of the ordinary shares at the period end is lower than the exercise price of the warrants. At 31 December 2007 the net asset value per ordinary share is based on the following:

	31 Dec 2007
Ordinary shares in issue at the period end	**79,825,388**
Ordinary shares created on exercise of all warrants	**15,762,750**
Number of ordinary shares for diluted calculation	**95,588,138**
Attributable net assets – £'000s	**308,793**
Diluted net asset value per ordinary share – pence	**323.05**

9. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAX TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	31 Dec 2008 £'000s	31 Dec 2007 £'000s	30 Jun 2008 £'000s
(Loss)/profit before taxation	**(93,504)**	9,117	(80,445)
Adjust for non-cash flow items:			
Losses on investments	**75,481**	1,359	92,075
Losses/(gains) on derivative financial instruments	**2,989**	(13,171)	(23,313)
Exchange losses	**10,989**	2,336	5,750
Reduction of ZDP shares liability	**(308)**	–	–
Stock interest	**–**	(851)	(180)
Increase in accrued income	**(146)**	(1,837)	(1,417)
Decrease in creditors	**(794)**	(15,058)	(14,695)
Increase/(decrease) in other debtors	**4**	(5)	134
ZDP share finance costs	**5,010**	5,020	9,809
Tax on overseas income	**(168)**	(153)	(860)
	93,057	(22,360)	67,303
Adjust for cash flow items not within Income Statement			
Net cash flows on investments	**44,394**	(47,091)	(93,677)
Net cash flows on derivatives	**4,451**	(3,558)	31,780
	48,845	(50,649)	(61,897)
Net cash flows from operating activities	**48,398**	(63,892)	(75,039)

10. BUSINESS SEGMENTS

Business segments are considered to be a secondary reporting segment. The Directors are of the opinion that the Company's activities comprise a single business segment, that of investing in equity, debt and derivative securities to produce a long-term capital appreciation and therefore no segmental reporting is provided.

11. RELATED PARTY TRANSACTIONS

There have been no significant changes to related party transactions as detailed in the Report and Accounts for the period ended 30 June 2008.

12. 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 period ended 30 June 2008; the report of the auditors thereon was unqualified. The condensed financial statements shown above for the period ended 30 June 2008 are an extract from those accounts.

By order of the Board
F&C Management Limited, Secretary
Exchange House, Primrose Street, London EC2A 2NY
22 February 2009

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