UTILICO INVESTMENTS LIMITED

Report and Accounts 2012

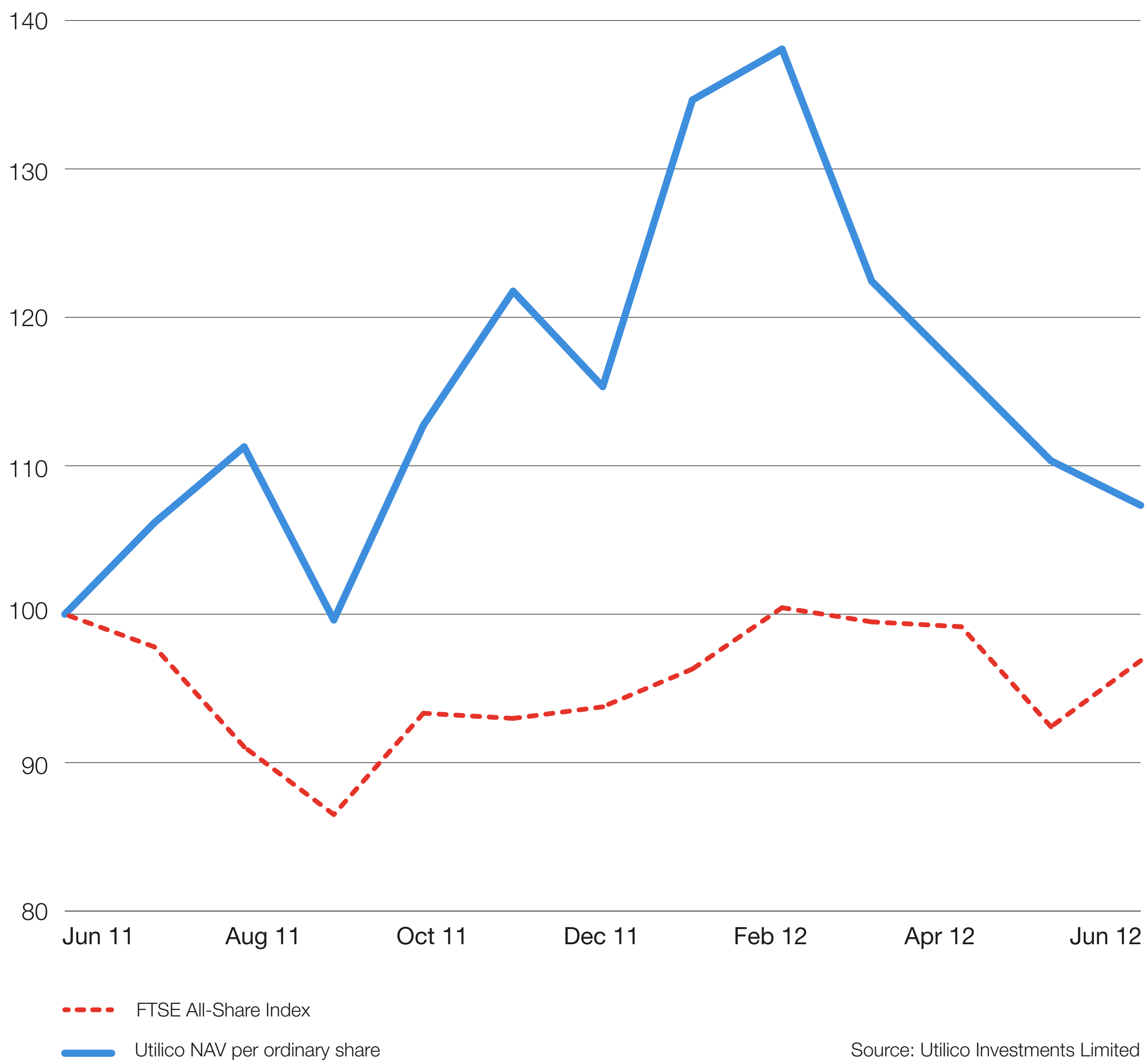
Managed by ICM Limited

GROUP FINANCIAL HIGHLIGHTS – YEAR TO 30 JUNE 2012

- Revenue return per ordinary share 11.99p (7.65p)
- Capital return per ordinary share 2.73p (26.05p)
- Total return per ordinary share 14.72p (33.70p)
- Ordinary dividend per share 7.00p
  (6.50p plus a special dividend of 1.75p per share)
- Cash raised from ZDP share placings of £41.2m

Figures in brackets are for the prior year

Utilico Investments Limited one year performance vs FTSE All-Share Index
from 30 June 2011 to 30 June 2012 (rebased to 100)



Source: Utilico Investments Limited

Total return per ordinary share of 238.12p

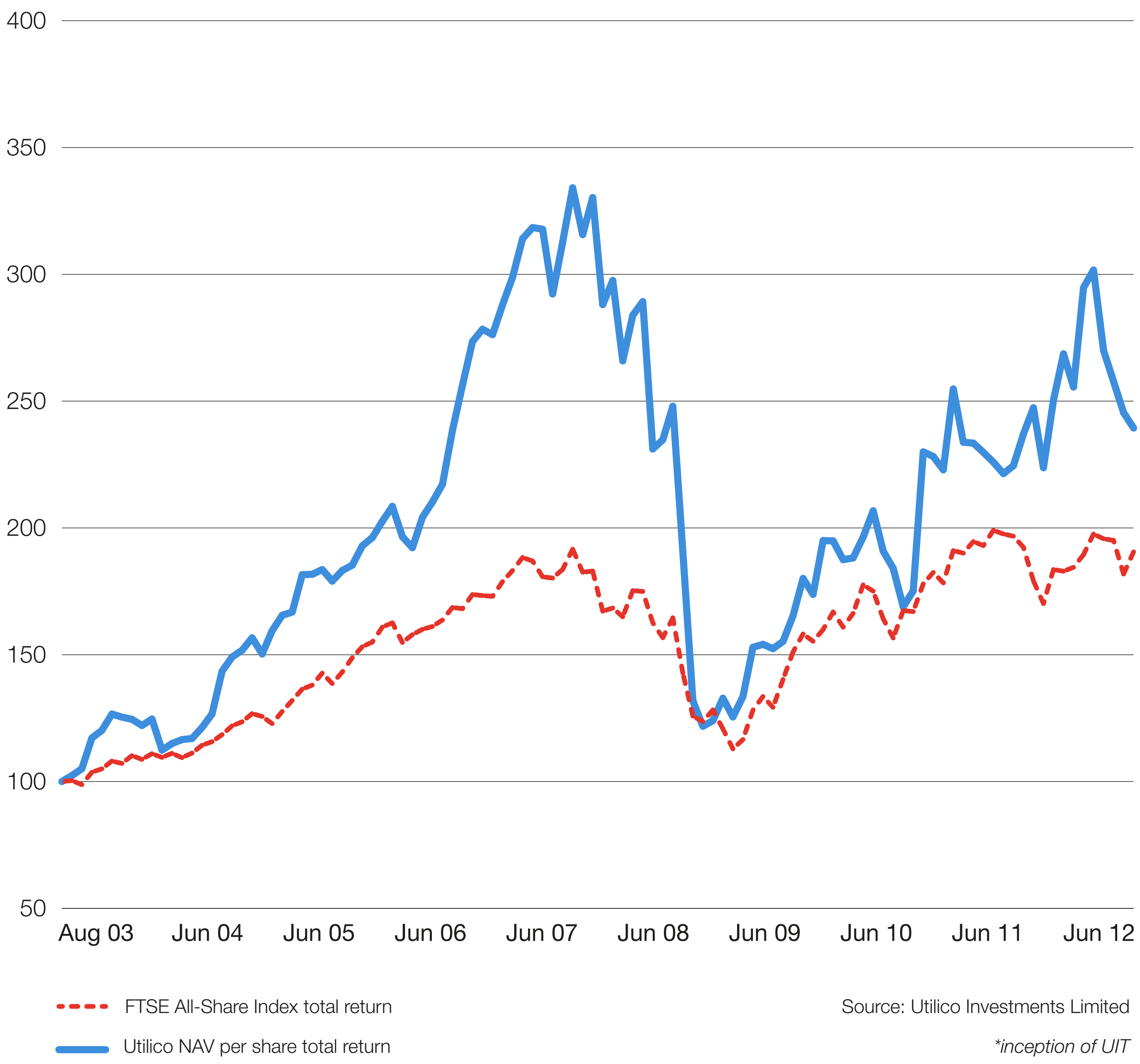
Average annual compound total return of 10.8%

Gross assets of £434.5m

Utilico Investments Limited ("Utilico" or "the Company") was incorporated under the name Utilico Limited on 17 January 2007 and began trading on 20 June 2007. All performance data relating to periods prior to 20 June 2007 are in respect of Utilico Investment Trust plc ("UIT"), Utilico's predecessor. UIT started trading in August 2003. On 18 January 2011 Utilico Limited changed its name to Utilico Investments Limited.

Utilico Investments Limited historic performance

from 14 August 2003 to 30 June 2012 (rebased to 100)*



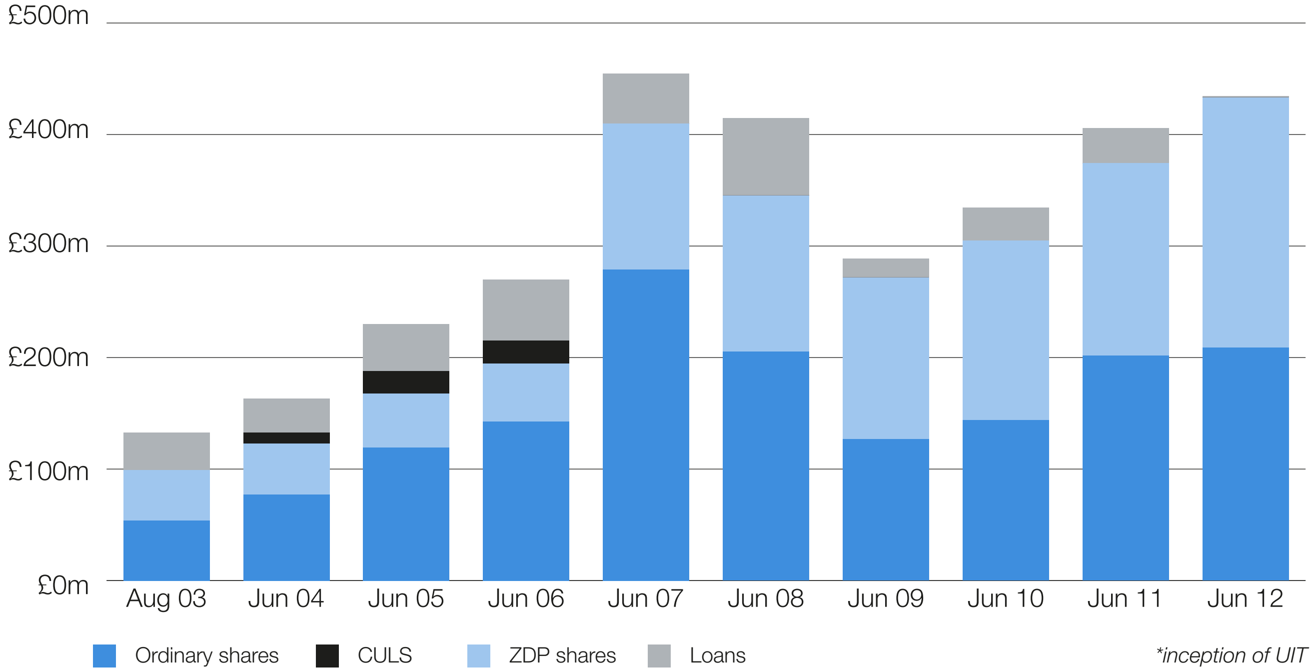
Source: Utilico Investments Limited

**inception of UIT*

GROUP FINANCIAL HIGHLIGHTS – YEAR TO 30 JUNE 2012

Allocation of gross assets

From 14 August 2003 to 30 June 2012*

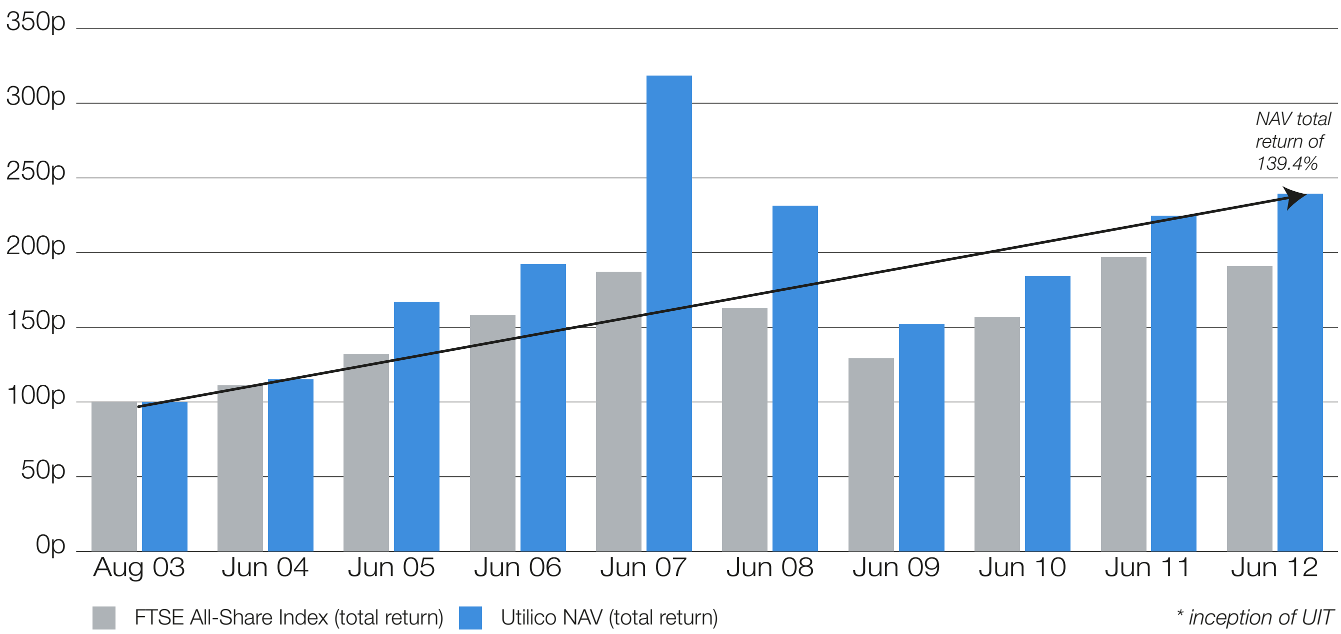


**inception of UIT*

Source: Utilico Investments Limited

Rebased total return comparative performance to 30 June 2012

*Rebased to 100 at 14 August 2003**

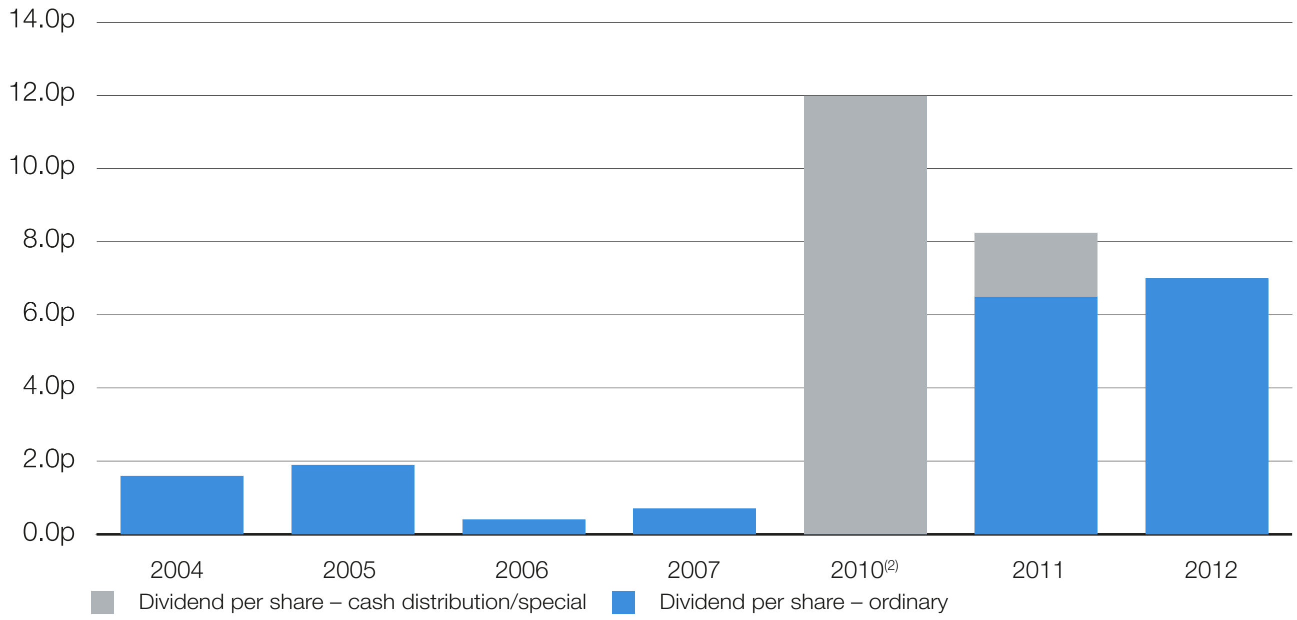


** inception of UIT*

Source: Utilico Investments Limited

Utilico Investments Limited dividend per share

From 2004 to 2012[(1)]



(1) No dividends were paid between 2007 and 2010
(2) 2010 refers to a cash distribution.

Source: Utilico Investments Limited

CONTENTS

FINANCIAL CALENDAR

Ordinary shares ex-dividend (final)	3 October 2012
Ordinary shares record date (final)	5 October 2012
Dividend payment (final)	19 October 2012
AGM	29 October 2012
Half year December 2012 announcement	February 2013

CONSOLIDATED PERFORMANCE SUMMARY

	30 June 2012	30 June 2011	Change 2011/12
Ordinary shares			
Total return (annual)[1]	7.3%	24.2%	n/a
Annual compound total return (since inception)	10.8%	11.2%	n/a
Net asset value per ordinary share	209.67p	201.63p	4.0%
Share prices and indices			
Ordinary share price	144.00p	147.25p	(2.2%)
Discount	31.3%	27.0%	n/a
FTSE All-Share Total Return Index	4,101	4,234	(3.1%)
Returns and dividends			
Revenue return per ordinary share	11.99p	7.65p	56.7%
Capital return per ordinary share	2.73p	26.05p	(89.5%)
Total return per ordinary share	14.72p	33.70p	(56.3%)
Dividend per ordinary share	7.00p	8.25p[2]	(15.2%)
Zero dividend preference (ZDP) shares[3]			
2012 ZDP shares			
Capital entitlement per ZDP share	173.52p	162.15p	7.0%
ZDP share price	175.50p	168.50p	4.2%
2014 ZDP shares			
Capital entitlement per ZDP share	142.33p	132.69p	7.3%
ZDP share price	154.00p	142.75p	7.9%
2016 ZDP shares			
Capital entitlement per ZDP share	142.33p	132.69p	7.3%
ZDP share price	148.50p	133.50p	11.2%
2018 ZDP shares			
Capital entitlement per ZDP share	103.03p	–	n/a
ZDP share price	104.00p	–	n/a
Warrants			
2012 warrant price – expired 30 April 2012	–	0.55p	n/a
Equity holders funds (£m)			
Gross assets[4]	434.5	408.7	6.3%
Bank debt	–	30.9	n/a
ZDP shares	224.4	172.8	29.9%
Other debt	1.2	3.5	(65.7%)
Equity holders' funds	208.9	201.5	3.7%
Revenue account (£m)			
Income	15.9	11.9	33.6%
Costs (management and other expenses)	3.0	2.9	3.4%
Finance costs	0.8	2.0	(60.0%)
Financial ratios of the Group			
Revenue yield on average gross assets	4.0%	3.1%	n/a
Ongoing charges figure[5]	1.7%	2.0%	n/a
Bank loans, ZDP shares and other loans gearing on gross assets	61.3%	50.7%	n/a

1. Total return is calculated as change in NAV per ordinary share, plus dividends reinvested.
2. Includes special dividend of 1.75p per share.
3. Issued by Utilico Finance Limited, a wholly owned subsidiary of Utilico Investments Limited.
4. Gross assets less current liabilities excluding loans and ZDP shares.
5. Expressed as a percentage of average net assets. Ongoing charges comprise all operational, recurring costs that are payable by the Company or suffered within underlying investee funds, in the absence of any purchases or sales of investments.

Utilico seeks to invest in undervalued investments and under its investment policy has the flexibility to make investments in a wide range of sectors and markets.

The Company will identify and invest in opportunities where the underlying value is not reflected in the market price. This perceived undervaluation may arise from any number of factors including technological, market motivation, prospective financial engineering opportunities, competition or shareholder apathy.

In the short to medium term it is anticipated that the Company will continue to have a significant proportion of its gross assets invested in developed markets in existing infrastructure, utility and related sectors, including (but not limited to) water and sewerage companies, waste, electricity, gas, telecommunications, ports, airports, service companies, rail, roads, any business with essential service or monopolistic characteristics and in any new utilities which may arise. The Company may also invest this segment of its portfolio in businesses which supply services to or otherwise support the infrastructure, utility and related sectors.

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

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

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

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

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

The Company aims to maximise value for shareholders through a relatively concentrated portfolio of investments. There will be no fixed limits on the allocation of investments between sectors and markets, however the following investment limits apply:

- investments in unlisted companies will in aggregate not exceed 20% of gross assets at the time that any new investment is made; and
- no single investment will exceed 30% of gross assets at the time such investment is made, save that this limit shall not prevent the exercise of warrants, options or similar convertible instruments acquired prior to the relevant investment reaching the 30% limit.

Under the Bye-laws, the Group is permitted to borrow an aggregate amount equal to 100% of the Group's gross assets. Borrowings may be drawn down in any currency appropriate for the portfolio.

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

As required by the Listing Rules, there will be no material change to the investment policy without prior approval of shareholders. Any such change would also require the approval of the ZDP shareholders.

Utilico Investments Limited achieved a net asset value total return per ordinary share of 7.3% in the year to 30 June 2012. The Board is declaring a final dividend of 3.50p, making a total dividend of 7.00p.

Most of our investee companies continue to make good progress with improving results. The economic challenges which we have outlined over the last three years remain a deep concern.

I am pleased to report that Utilico Investments Limited ("Utilico" or "the Company") achieved a total return per ordinary share of 7.3% in the twelve months to 30 June 2012. This is a good performance in challenging markets and ahead of the FTSE All-Share Total Return Index, which declined 3.1% over the twelve months.

Since August 2003 Utilico's net asset value ("NAV") per ordinary share plus cumulative dividends of 28.45p has increased 139.4%, resulting in an average annual compound total return per ordinary share of 10.8%. The FTSE All-Share Total Return Index achieved a 7.5% compound annual growth during the same period. The increase in Utilico's NAV over the twelve months under review was driven by continued gains on the portfolio, which amounted to £13.4m at 30 June 2012.

Much of the portfolio gains were from Resolute Mining Limited ("Resolute") and Infratil Limited ("Infratil") whose share prices were up 16.0% and 12.5% respectively. Resolute continues to make progress improving gold production and lowering average cash cost per ounce. Having seen its share price rise to A$2.30 it was unfortunate that the events in Mali weakened its market value considerably. The weakness in gold prices have also contributed to the recent share price setbacks. While Resolute looks good value longer term, the short term is likely to remain volatile.

The decision was taken to reduce the investment in Infratil which had risen to 25.7% of Utilico's portfolio as at 30 June 2011. During the year the Investment Manager placed out 20.0m Infratil shares representing 17.6% of the shareholding. This realised £28.2m for Utilico. At 30 June 2012 Utilico's holding in Infratil represented 20.4% of the portfolio.

The revenue income has risen strongly to £15.9m mainly as a result of substantial dividend distributions from our unlisted transport ticketing related investments. This, together with reduced funding costs, has resulted in the revenue earnings per share ("EPS") rising to 11.99p in the twelve months to 30 June 2012 (June 2011: 7.65p). The Directors have decided to declare a final dividend of 3.50p, making a total of 7.00p for the year (2011: 6.50p per share plus a special dividend of 1.75p per share). The revenue reserves carried forward are 7.85p per ordinary share, excluding the final declared dividend of 3.50p.

Utilico has secured an increased £50.0m bank facility with its existing bankers, Scotiabank Europe plc, with a maturity date of 22 March 2014. This is a positive step and reflects well on Utilico's relationship with Scotiabank.

Utilico is seeking to place out further 2018 ZDP shares next month. The funds raised from the issue of these shares, together with the increased bank facility, will give us flexibility in funding the redemption of the 2012 ZDP shares, which is due on 31 October 2012.

I would like to thank the Directors for their contribution and valued input and support, especially in these difficult markets.

Outlook

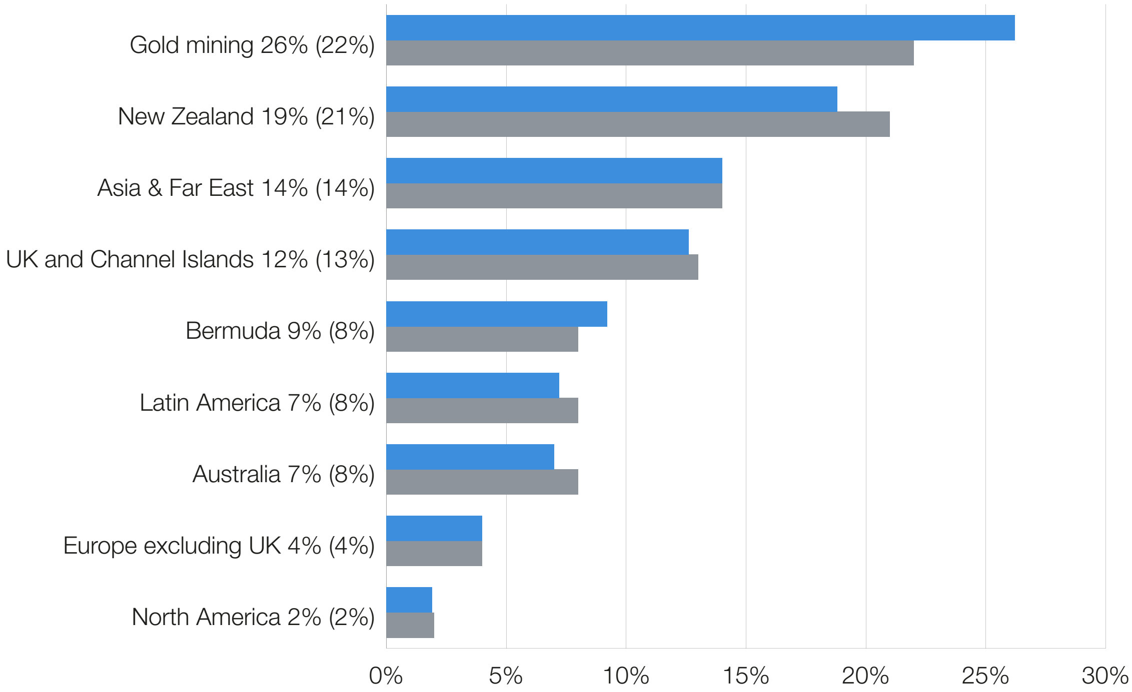
Most of our investee companies continue to make good progress with improving results. The economic challenges which we have outlined over the last three years remain a deep concern. A number of developed markets remain overleveraged both at a bank and sovereign level with artificially low interest rates, weakening economic activity and high political and central bank intervention. However, our portfolio looks well positioned to meet these challenges and deliver value longer term.

Dr Roger Urwin
19 September 2012

GEOGRAPHICAL AND SECTORAL BREAKDOWN

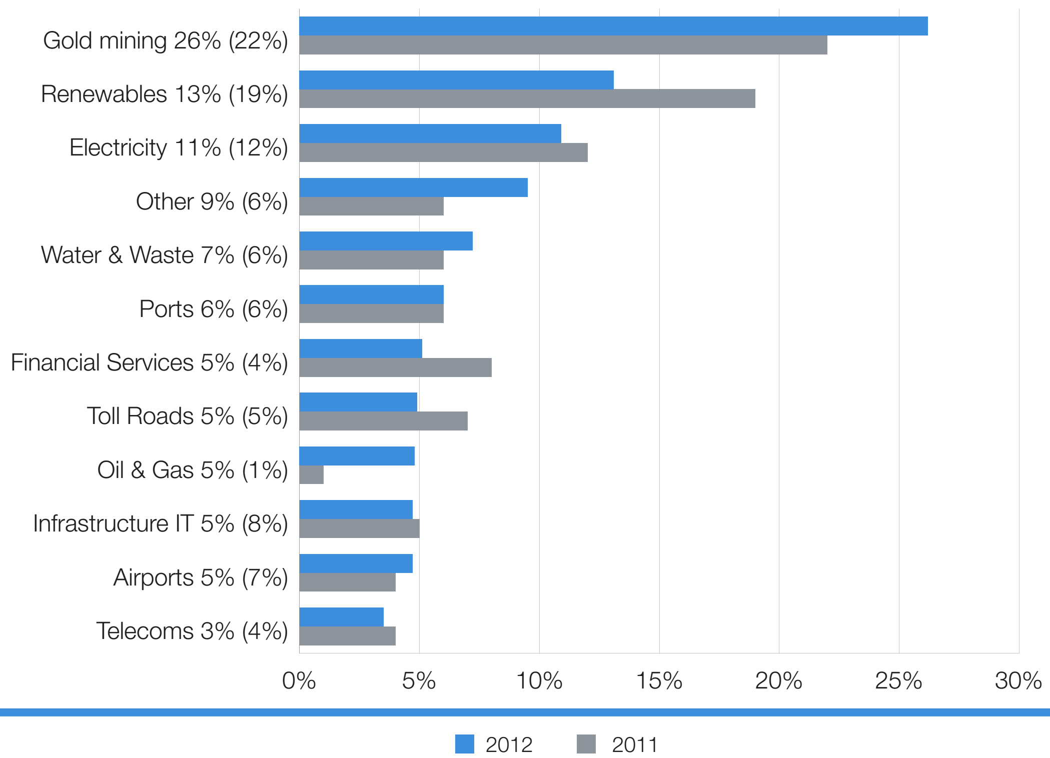
Geographical split of investments

as at 30 June 2012



Sectoral split of investments

as at 30 June 2012



Figures in brackets are for the prior year

Over the twelve month period under review, investors have been focused on the debt markets and in particular sovereign debt, the prospects for growth in the developed markets, inflation and asset bubbles in the developing markets.

While the current investment climate is a challenge, it presents a good opportunity to build a longer term portfolio based on fundamental values.

Utilico has performed well over the last twelve months achieving a total return of 7.3% in the year to 30 June 2012. This is ahead of the FTSE All-Share Total Return Index which was down 3.1% over the twelve months.

Since the inception of Utilico Investment Trust plc in August 2003, Utilico's total return (NAV per share adding back dividends and other distributions) has increased by 139.4%. This equates to an average annual compound return of 10.8% per annum. This compares well with the FTSE All-Share Total Return Index which has a compound average annual growth rate of 7.5% over the same period.

The last year has seen the markets' volatility increase with risk on to risk off back to risk on positions resulting in many asset classes and exchange rates showing significant movements over short time frames. This has clearly been challenging to most investors.

Portfolio

Utilico's portfolio continues to reflect a strong bias towards infrastructure and utilities, although the move away from this theme continued in the twelve months to 30 June 2012. Gold mining increased from 22.0% to 26.0% and we invested further into Oil & Gas, which expanded to 5.0% at year end. Over time and in line with the widened investment mandate, this increased diversity is expected to continue.

During the year we invested £47.5m. This included investing £6.8m into Resolute and £1.2m into Bermuda Commercial Bank Limited ("BCB"), both on the exercise of options held by Utilico. Utilico made purchases of £2.8m in Renewable Energy Generation Ltd ("REG") and £8.2m in Vix Group ("Vix") following the settlement of the litigation surrounding the Sydney ticketing contract. In addition, Utilico invested £10.0m in NZ Oil and Gas Company Ltd ("NZOG"), a new investment in the portfolio.

Disposals amounted to £45.3m and included £28.2m from the reduction of Utilico's position in Infratil and £1.6m from a reduction in Utilico's position in Jersey Electricity plc ("JEL").

There was minimal change in the geographic allocation of the portfolio as a result of the purchases and sales during the year. Gold mining was up 4.0% to 26.0%, mainly due to share price gains of Resolute and New Zealand reduced by 2.0% to 19.0% mainly as a result of the Infratil disposals.

On a sectoral basis gold mining was up 4.0% and renewables reduced from 19.0% to 13.0% as a result of the Infratil disposal and its renewables exposure.

At the year-end Utilico held unlisted and untraded investments of £32.3m, equal to 7.4% of gross assets. These types of investments amounted to £30.7m or 7.5% at 30 June 2011, £39.2m or 11.7% in 2010 and £49.8m or 17.2% in 2009.

Major Investments

Utilico's three largest investments Resolute, Utilico Emerging Markets Limited ("UEM") and Infratil accounted for 69.1% of the gross assets. This was a marginal reduction from 71.8% last year. Adding back realisations and dividend income (totalling £34.8m) these three investments returned 14.6% last year.

Resolute is now our largest holding at £110.7m. This has arisen as a result of additional investment of £6.8m and gains of £13.5m. Resolute continues to make significant progress and looks well placed to deliver further gains to investors.

Whilst UEM outperformed the markets during the twelve months to 30 June 2012, the value of the holding in UEM reduced by £1.9m, which was a reduction of 2.0% on the opening position of £97.3m. UEM's NAV total return in its financial year to 31 March 2012 was 3.1%, while the MSCI Emerging Markets Total Return Index (GBP adjusted) performance over that period was a negative 8.2%. UEM has been a top quartile performing closed-end investment fund over one and three years, a credible performance in these volatile markets. During the year, UEM migrated to the main market of the London Stock Exchange and was included in several indices including the FTSE 250 All-Share Index.

Infratil performed well during the year with its share price appreciating from NZ$1.80 to NZ$2.03, an increase of 12.8%. Added to the stronger New Zealand Dollar, those gains amounted to £22.2m in our portfolio. In addition, Infratil paid a dividend of 8.0¢ resulting in a payment to Utilico of £3.3m. During the year we reduced our holding by 17.6% through a placing to a US institution and to Infratil's investment manager. This resulted in a return of £28.2m to Utilico.

As with prior years, we have reviewed the major sectors that Utilico is exposed to, and the major holdings therein. In order to provide a better understanding of Utilico's underlying investments, the ten largest holdings and the sector and geographical analysis are presented on a "look through" basis as though investments held indirectly through Infratil and UEM were held on a proportionate basis directly by Utilico itself. We have only looked at subsectors of investments in the top ten. Further details on the top ten investments are set out on pages 12 to 17.

Gold mining – 26%

Our sole investment in gold mining is in Resolute. Resolute continues to make significant progress at an operational level. For the year to 30 June 2012 Resolute reported increased gold sales up 30% to A$576.7m and saw net profit rise to A$105.1m up 76% on the previous year. A strong increase in production at its Syama mine in Mali enabled the average cost of production to decrease in the year to A$761 per ounce. At the same time the average gold price realised was A$1,627 per ounce. At end-December 2011 Resolute completed a balance sheet restructuring with the exercise of its convertible bonds, dramatically reducing outstanding debt. Since that point it has initiated a share buyback program, buying back 21.3m shares for A$31.9m as at 30 June 2012. In July 2012, Resolute forecast that production would rise to 415,000 ounces at an average net cost of A$830 per ounce for the year to 30 June 2013.

In March 2012 a military coup was staged in Mali, which resulted in the resignation of President Toure and the Tuareg insurgency in Northern Mali. This has led to a significant decline in Resolute's share price, notwithstanding the fact that its Syama mine is in the far south of the country and operations were, and continue to be, unaffected by the civil unrest. Resolute's total market capitalisation is A$856m and its net cash, not including restricted cash, is A$43.1m. We continue to regard Resolute as being fundamentally undervalued.

Renewables – 13%

Climate change commitments for reducing greenhouse gases within the decade are prevalent in energy policy. This is at a time when support for nuclear energy has diminished in many major economies. While the poor economic backdrop in many developed countries (particularly Europe) has increased uncertainty over renewable subsidies, we continue to see the sector as offering attractive investment opportunities.

Utilico's main exposure to renewables is through TrustPower Limited ("TrustPower") and Renewable Energy Generation Limited ("REG").

TrustPower continues to make sound progress, delivering earnings growth of 17.4% in the twelve months to March 2012. The company has steadily increased generation capacity, and currently operates 730MW of hydro and wind capacity in New Zealand and Australia. TrustPower is well underway in progressing the 270MW Snowtown II wind farm project in Australia which will significantly increase its generating capacity in the medium term.

REG continues to make strong operational progress. During the year to 30 June 2012 REG increased its wind generation capacity by 24% to 51.2MW, which is expected to deliver another 28,500MWh per annum. Significantly, REG reported an increase in EBITDA and maiden bottom-line profits in its six-month results to December 2011. REG continues to add to its consented portfolio, with another 10MW wind capacity due to be commissioned during the year to June 2013. REG's current market capitalisation is only £47.1m, which we believe substantially undervalues the business given the installed asset base and prospective cash flow of these assets.

Electricity – 11%

Jersey Electricity plc ("JEL") has been experiencing tough operating conditions as a lack of tariff increases resulted in its normalised earnings falling by 12.3% in the year to September 2011 and by 7.3% in the six months to March 2012. While a tariff increase of 2.9% was implemented in May 2012, we remain concerned about the company's ability to procure an adequate return on new investments – notably JEL's proposals to build a third electricity interconnector to France at a cost of £60m. Indeed the recent outage of its oldest interconnector could require the company to rely more heavily on more expensive backup diesel generators until 2015. We are disappointed that the regulatory environment has not provided a clear investment framework to mitigate these issues, and ensure adequate long-term investment and returns in the Jersey electricity market. In our view JEL remains stubbornly undervalued with a market cap of £98m, inferring an EV/EBITDA multiple of only 4.1x and JEL should address this with more shareholder-friendly policies.

Infratil Energy Australia Pty Ltd ("IEA") has delivered a strong performance during the year. Customer numbers grew by 11% on last year to 457,000, and generation capacity increased by 3.6% to 285MW. This saw profits rise strongly to A$50m, up 16.3%. A very solid result.

Infrastructure IT – 5%

Vix Group – comprising Vix Technology (Australia) Pty Ltd and Vix Technology (Bermuda) Ltd – ("Vix") has made progress over the last twelve months. The court case in Sydney, Australia has been settled and the mobility business and OneLink Company have been boosted by the extension of the OneLink contract. OneLink runs the Melbourne transport ticketing system. The board of "Mobility" has also been strengthened with the addition of Graham Cole (Chairman of AgustaWestland Helicopters) who is now non-executive Chairman of Vix. Cash of A$11.3m has been returned to shareholders (A$4.5m to Utilico) and new investments have been made by Vix in CloudTc and Mastersoft. Utilico made investments of A$12.3m into Vix during the year to 30 June 2012 mainly to fund the settlement and court costs.

Airports – 5%

Wellington International Airport Ltd ("WIAL") performed solidly over the year, seeing passenger numbers increase by 1.2%, with international growth benefiting from the Rugby World Cup and expanded service offering from Air NZ and Qantas. Domestic passenger growth however remained flat.

During the course of the year, the company also finalised a new schedule of aeronautical prices for the next five years, which will ensure that Wellington remains competitive among its peers.

Financial Services – 5%

Bermuda Commercial Bank Limited ("BCB"), established in 1969, is one of Bermuda's four licensed banks and is regulated by the Bermuda Monetary Authority. It is Bermuda's only bank focused purely on corporate and private wealth clients, offering a range of financial solutions. Utilico holds 34.0% of BCB's ordinary shares. BCB has made good progress this year in a challenging environment and recorded a profit in the year to 30 September 2011 of US$2.6m and in the half year to 31 March 2012 a profit of US$3.2m, with shareholders funds of US$93.6m. Significant steps continue to be made in strengthening the operating environment and capabilities of the bank, including developing software systems, as well as continuing to expand its product offering.

BCB has an enviable balance sheet and strong capital ratios resulting in a Tier 1 capital adequacy ratio as at 31 March 2012 of 25.5%.

Oil and Gas – 5%

Z Energy Limited ("Z Energy") is the company that owns and manages the former Shell New Zealand downstream assets, acquired by Infratil in 2010. We expect Z Energy to achieve above average returns over the coming few years.

New Zealand Oil & Gas Limited ("NZOG") is an independent New Zealand oil and gas exploration and production company. NZOG has exposure to two low cost production assets in New Zealand: the Kupe gas and oil field (15% partner) and Tui area oil fields (12.5% partner). In addition, NZOG also has an exploration portfolio in New Zealand and in other regions in the world, including Indonesia and Tunisia. NZOG has substantial cash reserves to fund its exploration programme, provided that the company is able to find the right joint venture partners to reduce the financial risk of any one drilling programme being unsuccessful. In the year to 30 June 2012, NZOG reported revenue increases of 9.3% and net income of NZ$19.9m, against a loss of NZ$(76.5m) in the previous year.

Derivatives

Over the years there have been two parts to Utilico's derivatives position. First, portfolio derivatives, mainly through S&P500 Index options. Second, currency positions within Utilico's portfolio. Utilico's S&P500 Index market position has been increased in the year under review although it remains modest. Utilico has maintained significant currency positions to partially protect the Sterling value of certain investments. At the period end, forward currency sale contracts were in place for nominal NZ$101.0m, €11.9m and A$11.3m.

Debt

The level of bank debt utilised by Utilico reduced to nil by 30 June 2012, down from £31.0m at the previous year-end. Since the year-end the Company has negotiated an increase in the bank facility with Scotiabank Europe plc from £30.0m to £50.0m, with an expiry date in March 2014.

ZDP Shares

In December 2011 Utilico Finance Limited offered holders of the 2012 ZDP shares the opportunity to elect to roll part of their investment into new 2018 ZDP shares. This offer closed on 13 January 2012 with holders of 6.1m 2012 ZDP shares electing to roll into the 2018 ZDP shares. The Company issued £11.9m 2018 ZDP shares for cash to new investors and placed 10.0m 2014 ZDP shares and 10.0m 2016 ZDP shares raising £29.3m. The cash raised from the issue of 2014, 2016 and 2018 ZDP shares of £40.2m was used to reduce the bank debt at that time to nil.

The remaining 39.3m 2012 ZDP shares will be redeemed on 31 October 2012 for cash. The redemption cost net of the 1.26m 2012 ZDP shares held by Utilico is £67.6m. Utilico has authorised capacity to place a further 27.6m 2018 ZDPs which, together with the increased bank facility of £50.0m, can be used to meet the 2012 redemptions.

Revenue Returns

The revenue returns are up significantly in the twelve months to 30 June 2012 compared to the prior year, as a result of the dividend distributions from Utilico's unlisted transport ticketing related investments. Other dividends remained strong, with UEM increasing its dividends to Utilico by 5.8% to 5.5p per UEM share and Infratil increasing its dividends by 18.5% to 8.0c per Infratil share.

Management and administration fees and other expenses increased as a result of higher gross assets. Finance costs decreased as a result of reduced usage of the bank facility.

The combined effect of the above resulted in the revenue EPS increasing by 56.7% from 7.65p to 11.99p.

Capital Return

Capital returns reduced to £2.7m versus £24.1m in the year to June 2011 mostly due to reduced gains on investments of £13.4m, compared to £50.2m in the year to June 2011. The resulting capital EPS return was 2.73p, down from 26.05p last year.

ICM Limited
Investment Manager
19 September 2012

Forward–looking statements

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

TEN LARGEST HOLDINGS[1] ON A LOOK THROUGH BASIS

At 30 June

2012	*2011*	Company *(Country)*	Fair value £'000s	% of total investments
1	*1*	**Resolute Mining Limited** *(Australia)* Gold mining	110,722	26.2%
2	*2*	**TrustPower Limited** *(New Zealand)* Electricity generation and supply	37,258	8.8%
3	*6*	**Bermuda Commercial Bank Limited** *(Bermuda)* Banking	18,070	4.3%
4	*5*	**Vix Group**[2] *(Australia)* Automated fare collection systems	15,166	3.6%
5	*3*	**Jersey Electricity plc** *(Jersey)* Electricity generation and supply	14,616	3.5%
6	*10*	**Renewable Energy Generation Ltd** *(UK)* Wind power	12,679	3.0%
7	*4*	**Infratil Energy Australia Pty Ltd** *(Australia)* Electricity generation and supply	12,656	3.0%
8	–	**New Zealand Oil & Gas Ltd** *(New Zealand)* Oil & Gas	10,783	2.5%
9	*7*	**Z Energy Limited** *(New Zealand)* Oil & Gas	10,687	2.5%
10	*8*	**Wellington International Airport Limited** *(New Zealand)* Airport	10,525	2.5%
		Ten largest holdings	253,162	59.9%
		Other investments	170,081	40.1%
		Total Investments	423,243	100.0%

Notes

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

(2) Vix Group comprises Vix Technology (Australia) Pty Ltd and Vix Technology (Bermuda) Ltd.

The country shown is the location of the major part of the company's business.

The ten largest direct holdings of the Group can be viewed on page 75.

Resolute Mining Limited (Australia)

www.resolute-ltd.com.au

Market Cap A$875.5m

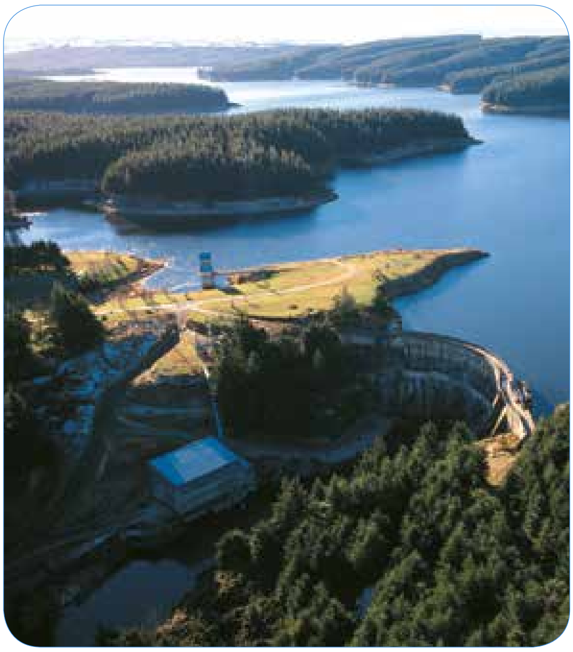
Resolute Mining Limited ("Resolute") is an unhedged gold producer. In the year to June 2012 Resolute's various operations yielded 398,000 ounces of gold, an increase of +20.4% YoY, at cash cost of A$758/oz. During the year Resolute's balance sheet was transformed by A$68m convertible loan note conversion and A$30m cash raised from listed options, which combined with operational cash flow enabled it to move into a net cash position of A$128m by end-June 2012 (from net debt of A$94m a year ago). The company also embarked on a share buyback program in the year, buying about 3.4% of outstanding share capital. In the 12 months to June 2012 Resolute's ordinary share price appreciated by 15.4%, albeit experiencing severe volatility during the period due to a coup in Mali and gold price fluctuations. Resolute's Syama operation in southern Mali has been unaffected by the civil unrest. Gold reserves in Syama have been upgraded by 27% to 3.7 million ounces following a positive Definitive Feasibility Study and approval of a US$241m expansion program. At the same time encouraging exploration results have been reported in Tanzania and Australia.

TrustPower Limited (New Zealand)

www.trustpower.co.nz

Market Cap NZ$2,464.9m

TrustPower ("TPW") is a New Zealand generator and supplier of electricity. Utilico's investment is held indirectly, via the investment in Infratil Limited, which in turn holds 50.5% of TPW's share capital. TPW owns and operates 630MW of electricity generation capacity in New Zealand and 99MW in Australia, all of which is hydro or wind based. During the year to March 2012 TPW strengthened its development pipeline with over 1,000MW of potential projects, including the 270MW Snowtown II wind farm. Electricity generation volumes in New Zealand and Australia increased by 12.9% and 17.8% respectively due to improved hydrological conditions and a recovery in wind speeds after a poor preceding year. At end-March 2012 TPW supplied electricity to 209,000 New Zealand retail customers, a decline of 5.4% YoY, but firmer energy pricing combined with stronger energy generation more than offset this. As such, profits (stated prior to non-cash depreciation, interest, and taxation) increased by 9.5% to NZ$300m. New Zealand's wholesale electricity prices remain below international levels, and any longer term increase will be beneficial for the company. TrustPower's share price increased by 4.6% during the year.



Bermuda Commercial Bank Limited (Bermuda)

www.bcb.bm

Market Cap BM$81.1m

BCB is one of Bermuda's four licensed banks, established in 1969 and listed on the Bermuda Stock Exchange. BCB is a corporate and private wealth bank, offering a range of services to its customers. The Bank recorded a net profit of $3.2m for the half year to March 2012, equating to fully diluted earnings per share of $0.44. This compares to a net profit of $1.4m for the six months to March 2011. Total revenue for the period was $10.2m compared to $5.7m in the prior year period. Interest income increased strongly to $9.5m from $4.8m. Fees and commissions revenue increased to $2.1m from $1.4m primarily following the amalgamation of Paragon Trust Limited and Charter Corporate Services Limited in October 2011. Improved earnings reflected solid customer deposits and strong interest earnings on the Bank's investments. Total assets increased marginally to $534.9m at 31 March 2012. The Bank's profit, together with the unrealised growth of its investment portfolio, boosted shareholders' equity to $93.6m at 31 March 2012. The bank's tier 1 capital ratio, which is a measure of strength and stability was 25.5%, higher than industry standards and its total capital ratio was 21.6%. At 31 March 2012, BCB's market capitalisation was BM$81.1m, its dividend yield was 1.7% and NAV per ordinary share was BM$12.76.

Vix Group (Australia)

www.vixtechnology.com

unlisted

Vix is an international provider of market-leading products and services to both the public and private sectors. Vix builds market leading product development and services businesses that develop and operate specialised solutions for the payments, telecommunications and transportation industries. 2011/2012 has proven to be a year of underperformance for Vix and in particular its business in the UK and in France. It received a one off volume payment from the Melbourne contract of approximately A$11.0m as well as an extension to the contract. During the year Vix's Beijing JV successfully completed an IPO in Hong Kong and Vix's stake was valued at approximately HK$100m. The unaudited figures for the year ended 30 June 2012 show total revenue of A$140.4m (2011: A$146m) with an EBITDA, including one-offs and restructuring costs, of A$6.7m (2011: A$2.9m). Returns were made to Utilico during the year on the back of the one-off Melbourne payment and certain outstanding project receivables.

Jersey Electricity plc (Jersey)

www.jec.co.uk

Market Cap £98.0m

Jersey Electricity plc ("JEL") supplies electricity to Jersey via two transmission cables connected to the European grid. The company has suffered from a lack of tariff increases to offset cost inflation, and lower demand due to milder weather. JEL reported energy generation down 0.1% in the year to September 2011, and down 4.3% in the interim six month period to March 2012, with normalised earnings falling 12.3% and 7.3% in the respective periods. In the past few months two major incidents have affected JEL's operations. In April a fault on a Guernsey-Jersey connection has put a circuit out of service until August. In June an unrelated incident impacted the Jersey-France submarine cables. The older cable remains out of service and may be so indefinitely, requiring JEL to generate more expensive on-island energy. As such JEL needs to ensure that it is compensated for the higher operating costs, as well as making an appropriate return on the investment in the third interconnector. JEL was allowed a tariff increase of 2.9% on 1 May 2012, the first for some time. JEL's share price decreased by 6.5% during the 12 months to June 2012.

Renewable Energy Generation Ltd (UK)

www.renewableenergygeneration.co.uk

Market Cap £47.5m

Renewable Energy Generation Ltd ("REG") operates 51.2MW of wind farms in the United Kingdom. During the twelve months to June 2012 REG commissioned a 10MW wind farm at Sancton Hill in Yorkshire, increasing its capacity by 25%. Significant investment in the development team and operational assets from a subscale position has meant that the company has only recently achieved profitability. In the interim six month period to December 2011 REG reported energy generation +88% YoY to 55.7GWh. REG is also developing a Bio-Power business based in Nottingham which generates electricity from fuel recovered from used cooking oil. While the development and expansion of operational assets supports good growth at REG, an uncertain political climate has been particularly unhelpful to the renewable industry. Initial proposals for reduced Renewable Obligation Certificate "ROC" subsidies for onshore wind have yet to be ratified, with reports of pressure from the Treasury to decrease these further. Given the significant investment required and long-term nature of the assets, this presents a challenge to the UK renewables market as a whole. REG's share price decreased by 0.2% during the 12 months to June 2012.

Infratil Energy Australia Pty Ltd (Australia)

www.infratil.com • www.lumoenergy.com.au

unlisted

Infratil Energy Australia ("IEA") is a business which Infratil started in 2005 to exploit Australia's deregulating power markets. Utilico's investment is held indirectly via its investment in Infratil. Since then through its brand, Lumo Energy, IEA has grown strongly to achieve a client base at 30 June 2012 of 457,000 customers, up 11% on the previous year. During the year to March 2012 generation capacity increased modestly by 3.6% to 285MW. IEA's generation assets are "peaking" power plants which produce electricity at times of high demand and high prices. Profits (stated prior to non-cash depreciation, interest, and taxation) increased by 16.3% to A$43m, a new record for this company. Infratil increased its valuation of IEA/Lumo by 13.3% in the year to March 2012. Separately it decreased its valuation of Perth Energy by 12.4%; Infratil's investment in Perth Energy is currently under review. On 1 July 2012 a CO2 tax of A$23 per tonne was introduced which is expected to raise the average weekly household power bill by c.10%. Underlying energy prices remain very low by international standards.

New Zealand Oil & Gas Ltd (New Zealand)

www.nzog.com

Market Cap NZ$326.0m

New Zealand Oil & Gas Ltd (NZOG) is an independent New Zealand oil & gas exploration and production company, with exposure to two relatively low cost production assets in New Zealand: the Kupe gas and oil field (15% partner) and Tui area oil fields (12.5% partner). In addition, NZOG also has an exploration portfolio in New Zealand, Indonesia and Tunisia. NZOG is listed on both the New Zealand and Australian stock exchanges. NZOG has recently announced an increase in reserves at its major production asset, Kupe. The concern with NZOG is that the company may commit exploration expenditure to the wrong projects and thereby erode shareholder value. From analysts' reports, while cashflow from operations continues to grow, the projected capex spend for the 2013 and 2014 financial years could exceed the cashflow generated from operations. Full year June 2012 results showed a 9.3% increase in revenue year-on-year at NZ$116.4m and EBITDA up at NZ$68.1m. Net income was of NZ$19.9m. The company is on track to grow revenue but an expected decrease in the oil price and an expected increase in the value of the New Zealand dollar will have a material impact on 2013 earnings.

Z Energy Limited (New Zealand)

www.infratil.com • www.z.co.nz

unlisted

Z Energy is the trading name given to Shell NZ's mid and downstream New Zealand assets purchased by Infratil and a partner in April 2010 for NZ$420m. Infratil has a 50% share in this business which operates retail fuel stations, owns and operates fuel storage and distribution assets, and supplies fuel to the marine sector. The business has an approximate 30% share of the New Zealand fuels market. Z Energy also holds a 17% stake in listed company, New Zealand Refining Limited, which owns and operates the Marsden Point oil refinery, supplying 70% of New Zealand's fuel requirements. Infratil has spent the past year changing Z Energy from being a small part of a global multi-national to a standalone business with its own identity. For the year ended 31 March 2012, financial results showed revenue up 14% to NZ$3,179m, EBITDA up 10% to NZ$172m, and net income down 56% to NZ$100m.

Wellington International Airport Limited (New Zealand)

www.wellingtonairport.co.nz

unlisted

Wellington International Airport ("Wellington") is New Zealand's second largest airport behind Auckland. Utilico's investment is held indirectly via its investment in Infratil, which owns 66.0% of Wellington.

Over the year to March 2012, total passenger numbers improved by 1.2% to 5.2m, with growth being driven by a 9.7% increase in international passengers, due to the Rugby World Cup and from expanded service offerings from Air NZ and Qantas. Domestic passenger growth however was flat due to Jetstar's growth being offset by Virgin's exit and the impact of the Christchurch earthquake and ash clouds. Reported EBITDAF was up by 7.3% to NZ$75.5m, due to an increase in aeronautical revenues by 7.7%, driven by the increase in international passengers.

Over the course of the year, Wellington Airport finalised the new schedule of aeronautical prices for the next five years. The review resulted in aeronautical revenues being increased and restructured with airport fees remaining in-between Auckland and Christchurch Airports ensuring travel to and from the capital remains competitive. The review also indicated passenger growth over the next five years is expected to increase by 15% which is positive for the company.

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

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

Ordinary shares

99,632,214 ordinary shares were in issue at 30 June 2012. The ordinary shares are entitled to all the revenue profits of the Company available for distribution and resolved to be distributed by the Directors by way of a dividend. The Directors consider the payment of dividends on a semi-annual basis.

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

Zero dividend preference shares

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

2012 ZDP shares

39,342,809 2012 ZDP shares were in issue at 30 June 2012. The 2012 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profits on a winding up) and the 2014, 2016 and 2018 ZDP shares but rank behind the bank debt for the capital repayment of 177.52p per ZDP share on 31 October 2012. The capital repayment is equivalent to a redemption yield of 7.0% per annum based on the initial capital entitlement of 100p.

2014 ZDP shares

47,500,000 2014 ZDP shares were in issue at 30 June 2012. The 2014 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on a winding up) and the 2016 and 2018 ZDP shares, but rank behind the bank debt and the 2012 ZDP shares for capital repayment of 167.60p per 2014 ZDP share on 31 October 2014. The capital repayment is equivalent to a redemption yield of 7.25% per annum based on the initial capital entitlement of 100p.

2016 ZDP shares

47,500,000 2016 ZDP shares were in issue at 30 June 2012. The 2016 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on a winding up) and the 2018 ZDP shares, but rank behind the bank debt, 2012 and 2014 ZDP shares for capital repayment of 192.78p per 2016 ZDP share on 31 October 2016. The capital repayment is equivalent to a redemption yield of 7.25% per annum based on the initial capital entitlement of 100p.

2018 ZDP shares

22,250,000 2018 ZDP shares were in issue at 30 June 2012. The 2018 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on winding up) but rank behind the bank debt, 2012, 2014 and 2016 ZDP shares for capital repayment of 160.52p per 2018 ZDP share on 31 October 2018. The capital repayment is equivalent to a redemption yield of 7.25% per annum based on the initial capital entitlement of 100p.

Bank debt

At the year end Utilico had a £30.0m multi currency loan facility provided by Scotiabank Europe plc, secured against the Company's assets by way of a debenture. Since the year end the Company has negotiated an increased facility of £50.0m with maturity extending to March 2014.

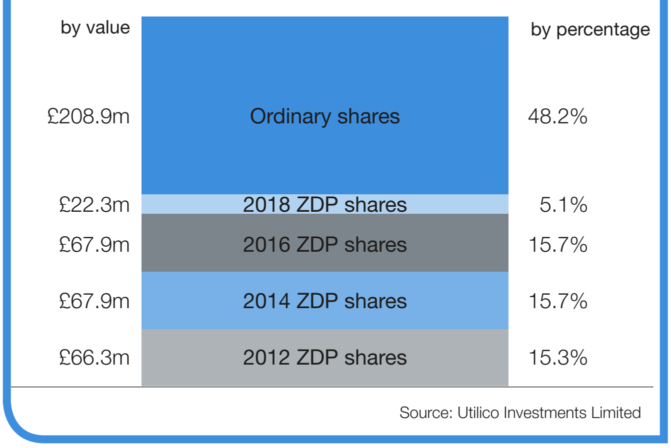
2012 Warrants

The 2012 warrants expired on 30 April 2012. A total of 700 warrants were exercised during the year resulting in the issue and allotment of 762 ordinary shares, ranking pari passu with the existing ordinary shares in issue. A total of 3,586,946 warrants were not exercised and have now lapsed.

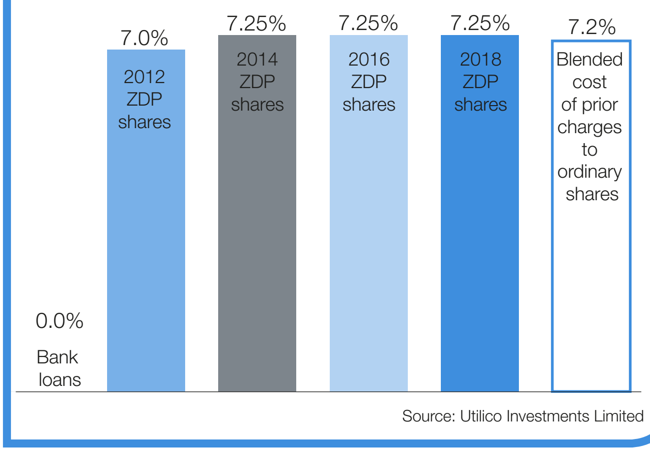
Ordinary shares rank behind the ZDP shares and bank debt such that they represent a geared instrument.

A 1.0% movement in gross assets would change the NAV attributable to ordinary shares by 2.1%.

Split of Gross Assets
as at 30 June 2012



Utilico's consolidated funding cost structure
as at 30 June 2012



SENSITIVITY OF RETURNS AND RISK PROFILES

Ordinary shares

Ordinary shares rank behind the ZDP shares (save for any undistributed revenue on a winding up) and bank debt such that they represent a geared instrument. For every £100 of gross assets of the Company at 30 June 2012, the ordinary shares could be said to be interested in £48.20 of those assets after deducting the prior claims as above. This makes the ordinary shares more sensitive to movements in gross assets. Based on these amounts, a 1.0% movement in gross assets would change the NAV attributable to ordinary shares by 2.1%.

The interest cost of Utilico's bank debt, combined with the annual accruals in respect of ZDP shares, currently represents a blended cost to the ordinary shares of 7.2%.

ZDP shares

2012 ZDP shares

Based on their final entitlement of 177.52p per share, the final entitlement of the 2012 ZDP shares was covered 6.20x times by gross assets on 30 June 2012. Should gross assets fall by 83.9% over the remaining life of the 2012 ZDP shares, then the 2012 ZDP shares would not receive their final entitlements in full. Should gross assets fall by 100.0%, equivalent to an annual fall of 100.0%, the ZDP shares would receive no payment at the end of their life.

2014 ZDP shares

Based on their final entitlement of 167.60p per share, the final entitlement of the 2014 ZDP shares was covered 2.90x times by gross assets on 30 June 2012. Should gross assets fall by 65.5% over the remaining life of the 2014 ZDP shares, then the 2014 ZDP shares would not receive their final entitlements in full. Should gross assets fall by 83.9%, equivalent to an annual fall of 54.2%, the 2014 ZDP shares would receive no payment at the end of their life.

2016 ZDP shares

Based on their final entitlement of 192.78p per share, the final entitlement of the 2016 ZDP shares was covered 1.80x times by gross assets on 30 June 2012. Should gross assets fall by 44.4% over the remaining life of the 2016 ZDP shares, then the 2016 ZDP shares would not receive their final entitlements in full. Should gross assets fall by 56.9%, equivalent to an annual fall of 14.6%, the 2016 ZDP shares would receive no payment at the end of their life.

2018 ZDP shares

Based on their final entitlement of 160.52p per share, the final entitlement of the 2018 ZDP shares was covered 1.57x by gross assets on 30 June 2012. Should the gross assets fall by 36.1% over the remaining life of the 2018 ZDP shares, then the 2018 ZDP shares would not receive their final entitlements in full. Should gross assets fall by 44.4%, equivalent to an annual fall of 8.8%, the 2018 ZDP shares would receive no payment at the end of their life.

INVESTMENT POLICY

The Directors are responsible for the determination of the Company's investment policy and have overall responsibility for the Company's day-to-day activities. The Company has, however, entered into an Investment Management Agreement with ICM Limited under which ICM provides investment management services including portfolio monitoring and research to the Company.

ICM is primarily responsible for the investment portfolio in conjunction with advice received from Mr Charles Jillings, as an employee of the Company.

ICM represented by Duncan Saville

Mr Saville, aged 55, a chartered accountant, is a director of Utilico's Investment Manager, ICM Limited. He is a non-executive director of Infratil Limited, Vix Technology Pty Limited, Touch Holdings Limited and Global Equity Risk Protection Limited. He was formerly a non-executive director of Utilico Investment Trust plc and is an experienced director having previously been a non-executive director in both the water and airport sectors.

Charles Jillings

Mr Jillings, aged 56, is an employee of the Company and he is responsible for the day-to-day running of the Company and the investment portfolio in conjunction with the Investment Manager. Mr Jillings qualified as a chartered accountant and previously worked in corporate finance at Hill Samuel for 10 years. He has been a director of a number of listed companies and he is a director of East Balkan Properties plc, Vix Technology Pty Limited and Global Equity Risk Protection Limited.

Assisting them are:

Jacqueline Broers

Jacqueline Broers, aged 32, has been involved in the running of Utilico and Utilico Emerging Markets Limited since September 2010. Prior to joining the investment team, Mrs Broers worked in the Corporate Finance team at Lehman Brothers/Nomura. Mrs Broers is also a qualified chartered accountant.

Jonathan Groocock

Jonathan Groocock, aged 34, has been involved in the running of Utilico and Utilico Emerging Markets Limited since February 2011. Prior to joining the investment team Mr Groocock was an equity research analyst at Investec and is a CFA charterholder.

Mark Lebbell

Mark Lebbell, aged 40, has been involved in the running of Utilico and Utilico Emerging Markets Limited since their inception and before that was involved with Utilico Investment Trust plc and The Special Utilities Investment Trust PLC since 2000. Mr Lebbell is an associate member of the Institute of Electrical Engineering and Technology.

Company Secretary, ICM Limited

Amanda Marsh, aged 56, a chartered secretary, joined the team in March 2012 and carries out the company secretarial duties of the Company, Utilico Finance Limited and Utilico Emerging Markets Limited (UEM) on behalf of ICM Limited. Miss Marsh has spent most of her career looking after closed end investment companies, most recently heading the former Merrill Lynch Investment Management investment trust company secretarial team until her departure in 2005.

With the exception of Mr Saville, all of the investment team and Miss Marsh are employees of Utilico and of ICM Investment Research Ltd, a wholly-owned subsidiary of ICM Limited.

Dr Roger Urwin CBE† (Chairman)

Dr Urwin, aged 66 and appointed in May 2007, has many years experience in the international utility sector, playing a major role in the restructuring and privatisation of the UK electricity industry. He was previously chief executive of National Grid plc, a non-executive director of Utilico Investment Trust plc and a former chairman of Alfred McAlpine plc. He is a director of Canadian Utilities Limited.

Peter Burrows AO†

Mr Burrows, aged 65 and appointed in September 2011, is a Bachelor of Economics and is currently a director of Bell Potter Securities Ltd, based in Australia. Mr Burrows has many years' experience as a stockbroker and founded his own independent specialist private client firm, Burrows Limited, in 1986. Mr Burrows was previously the chairman of Garratt's Limited, ASC Limited and Rabbit Photo Holdings Ltd and was previously a director of a number of other listed and unlisted companies. Mr Burrows has also been made an officer in the Order of Australia (AO) for his services to medical research, tertiary education and finance.

John Michael Collier

Mr Collier, aged 66 and appointed in May 2007, was educated in Bermuda, the UK and North America. He spent 33 years with the Bank of Butterfield in Bermuda and retired in 1996 as president and chief executive officer. He is currently chairman of Bermuda Commercial Bank Limited and of West Hamilton Holdings Limited. He stood down as chairman of the Ascendant Group of companies in May 2012 although he remains on the board as a non-executive director until 2013. He is a non-executive director of RESIMAC Limited.

Susan Hansen

Ms Hansen, aged 51 and appointed in May 2007, is a chartered accountant and MBA graduate and has worked in financial services since 1980. She has previous experience in chartered accountancy and investment banking, and is a director of RESIMAC Limited, a securitisation company, as well as the principal of a financial training organisation in New Zealand. She is a member of the Institute of Chartered Accountants in Australia.

Eric Stobart†

Mr Stobart, aged 64 and appointed in May 2007, is a chartered accountant and MBA graduate from London Business School. He spent most of his career in merchant and commercial banking, lately as Director of Public Policy and Regulation for Lloyds TSB Group plc (now Lloyds Banking Group plc). He is a non-executive director of Capita Managing Agency Limited, The Throgmorton Trust plc and Falcon Property Trust and a trustee of a number of Lloyds Banking Group Pension Schemes, of Dixons Retail Pension Scheme and of Lloyd's Superannuation Fund.

Warren McLeland (alternate to Ms Susan Hansen)

Mr McLeland, aged 66 is an alternate Director to Susan Hansen. He is a science and MBA graduate and was formerly a stockbroker and investment banker. He is now chief executive officer of RESIMAC Limited, a securitisation company. In addition, he acts as an adviser in funds management and business strategy to companies operating in the Asia Pacific region. He is Chairman of Bermuda National Limited and a non-executive director of Bermuda Commercial Bank Limited, Trust Company of Australia, Intellect Holdings Limited, Wilsons HTM Investment Group Limited and Permanent Investments Limited.

† Independent Director and member of the Audit Committee and Management Engagement Committee.

The Directors present their report and the financial statements of the Company and the Group for the year ended 30 June 2012. The Statement of Corporate Governance is incorporated by reference into this Report of the Directors.

Status of the Company

The Company is a Bermuda exempted, closed ended investment company with company registration number 39480. It is listed on the main market of the London Stock Exchange and is a member of the Association of Investment Companies ("AIC") in the UK.

The Company's subsidiary undertaking, Utilico Finance Limited ("UFL"), carries on business as an investment company. The Company holds shares linked to a segregated account in Global Equity Risk Protection Limited (GERP), an unquoted Bermuda segregated accounts company. This account, which is structured as the Bermuda law equivalent of a protected cell, exists for the sole purpose of carrying out derivatives transactions on behalf of the Company. In accordance with the IASB's interpretation in SIC-12, the segregated account in GERP is classified as a special purpose entity of the Company and its financial results are included within the accounts of the Group. Details of the subsidiary undertaking and of GERP and the interest in those undertakings are given in note 12 to the accounts.

Results and Dividend

The results for the year are set out in the attached accounts.

In the year to 30 June 2012 the net asset value total return of the Group was 7.3% compared with a negative total return of 3.1% by the FTSE All-Share Total Return Index over the same period. The Chairman's Statement and the Investment Manager's Report include a review of developments during the year together with information on investment activity within the portfolio and an assessment of future development.

The Company paid an interim dividend of 3.50p on 16 March 2012. The Directors have declared a final dividend of 3.50p per ordinary share payable on 19 October 2012 to ordinary shareholders on the register as at the close of business on 5 October 2012.

Business Review

The business review is designed to provide shareholders with an insight into the operations of the Group and the Company during the year. In particular, it gives information on:

- the Company's objective and investment policy;
- the regulatory and competitive environment within which the Company operates;
- the Board's strategy for achieving its stated objective;
- principal risks and risk mitigation; and
- shareholders' returns measured against key performance indicators.

Investment objective and policy

The investment objective of the Company is to maximise shareholder returns by identifying and investing in investments where the underlying value is not reflected in the market price. This perceived undervaluation may arise from any number of factors including technological, market motivation, prospective financial engineering opportunities, competition or shareholder apathy.

The Company has the flexibility to invest in shares, bonds, convertibles and other types of securities, including non-investment grade bonds and to invest in unlisted securities. The Company may also use derivative instruments such as American Depositary Receipts, promissory notes, foreign currency hedges, interest rate hedges, contracts for difference, financial futures, call and put options and warrants and similar instruments for investment purposes and efficient portfolio management, including protecting the Company's portfolio and balance sheet from major corrections and reducing, transferring or eliminating investment risks in its investments.

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

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

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

The Company aims to maximise value for shareholders through a relatively concentrated portfolio of investments. There are no fixed limits on the allocation of investments between sectors and markets, however the following investment limits apply:

- investments in unlisted companies will in aggregate not exceed 20% of gross assets at the time that any new investment is made; and
- no single investment will exceed 30% of gross assets at the time such investment is made, save that this limit shall not prevent the exercise of warrants, options or similar convertible instruments acquired prior to the relevant investment reaching the 30% limit.

Under Utilico's Bye-laws, the Group is permitted to borrow an aggregate amount equal to 100% of the Group's gross assets. Borrowings will be drawn down in any currency appropriate for the portfolio.

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

There will be no material change to the investment policy without prior approval of shareholders. Any such change would also require the approval of the ZDP shareholders.

Regulatory and Competitive Environment

The Company is obliged to comply with Bermuda law, the rules of the UK Listing Authority and IFRS. The financial statements are also presented, where relevant, in compliance with the Statement of Recommended Practice (SORP) for Investment Trusts issued by the AIC in January 2009. The Company is exempt from taxation, except insofar as it is withheld from income received. Under Bermuda law, the Company may not distribute income by way of a dividend unless, after distribution of the dividend, the realisable value of the Company's assets would be greater than the aggregate of its liabilities and its issued share capital and share premium account.

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

Key Performance Indicators

The key performance indicators ("KPIs") used to determine the progress and performance of the Group over time, and which are comparable to those reported by other companies with similar investment objectives, are set out below:

- Net asset value total return relative to the FTSE All-Share Index
- Share price
- Discount to net asset value
- Ongoing charges figure

30 June	2012	2011
Net asset value total return	7.3%	24.2%
FTSE All-Share Index total return	(3.1%)	25.6%
Share price	144.00p	147.25p
Discount to net asset value	31.3%	27.0%
Percentage of issued shares bought back during the year (based on opening share capital)	0.3%	–
Revenue earnings per share	11.99p	7.65p
Ongoing charges figure	1.7%	2.0%

Discount to net asset value: The Board monitors the premium/discount at which the Company's shares trade in relation to the assets. The shares traded at an average discount of 30.7% to NAV in the year to 30 June 2012. The Board and Investment Manager closely monitor both movements in the Company's share price and significant dealing in the shares. In order to avoid substantial overhangs or shortages of shares in the market the Board asks shareholders to approve resolutions which allow for the buyback of shares and their issuance which can assist in the management of the discount.

Principal risks and risk mitigation

The Board carefully considers the Company's principal risks and seeks to mitigate these risks through continual and regular review, policy setting, compliance with and enforcement of contractual obligations and active communication with the Investment Manager and the Company's Administrator (F&C Management Limited ("F&C" or the "Administrator")).

The Board applies the principles and recommendations of the UK Code on Corporate Governance and the AIC's Code on Corporate Governance as described on page 30. The Company's internal controls are described in more detail on page 34. Through these procedures, and in accordance with Internal Control: Revised Guidance for Directors on the Combined Code (the "FRC guidance") the Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Company and has regularly reviewed the effectiveness of the internal control systems for the year. This process has been in place throughout the year under review and to the date hereof and will continue to be regularly reviewed by the Board going forward.

The Company's assets consist mainly of listed and quoted securities and its principal risks are therefore market related or currency related. A more detailed explanation of these risks and the way this is managed are contained in note 31 to the Accounts. Other risks faced by the Group include the following:

External: any events or developments which can affect the general level of share prices including, for instance, terrorism, disease, inflation or deflation, economic recessions and movements in interest rates;

Key Staff: loss by the management of key staff could affect investment returns. The quality of the management team is a crucial factor in delivering good performance. There are training and development programs in place for employees and the recruitment and remuneration package has been developed in order to retain key staff;

Strategy: an inappropriate investment strategy including country and sector allocation, stock selection and the use of gearing could all lead to poor returns to shareholders. The Board regularly reviews strategy in relation to a range of issues including the balance between quoted and unquoted stocks, the allocation of assets between geographic regions and industrial sectors and gearing. Periodically the Board holds a separate meeting devoted to strategy, the most recent one being in June 2012;

Regulatory: breach of regulatory rules could lead to suspension of the Company's London Stock Exchange listing, financial penalties or a qualified audit report. The Investment Manager, working closely with the Administrator, monitors the Company's compliance with the Listing Rules of the UK Listing Authority and compliance with the principal rules is reviewed by the Directors at each Board Meeting and Appleby (Bermuda) Ltd ensures that the Company adheres to Bermuda law;

Operational: failure of the Investment Manager's or the Administrator's systems, or those of third party service providers, could lead to an inability to provide accurate reporting. The Board reviews operational issues at each Board Meeting and the Audit Committee receives reports on the operation of internal controls, as explained in more detail within Internal Controls on page 34;

Financial: inadequate controls by the Investment Manager or Administrator or third party service providers could lead to misappropriation of assets. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations. The Board reviews financial reports in detail at each Board Meeting; and

Banking: a breach of the Company's loan covenants might lead to funding being summarily withdrawn. At each Board Meeting the Board reviews compliance with the banking covenants.

Directors

The Board of Directors of Utilico and UFL are responsible for overall stewardship of the Company and the Group, including corporate strategy, corporate governance, risk and controls assessment, overall investment policy and gearing limits. Details of the Directors can be found on page 21.

As reported in last year's annual report, Mr W McLeland retired as a Director of the Company on 16 September 2011 and Mr P I Burrows was appointed as a Director on the same date. Mr McLeland was appointed as alternate Director to Ms Hansen.

Mr J M Collier stood down as Chairman of the Company on 23 September 2011 but remains on the Board as a non-independent Director. On the same date, Dr R J Urwin was elected as Chairman of the Board of Directors.

Mr E St C Stobart will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election (Resolution 4). Mr J M Collier and Ms S Hansen retire annually and will do so at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election (Resolutions 5 and 6).

The Board has considered the re-election of Mr Stobart, Mr Collier and Ms Hansen and following an appraisal of their performance, the Board believes that these Directors make a valuable contribution based on their individual skills, knowledge and experience that they have committed to the role and their re-election would be in the interests of the Company.

Each Director has signed a letter of appointment setting out the terms of their engagement as Directors, but does not have a service agreement with Utilico or UFL.

Directors' Remuneration and Shareholding

The Directors' Remuneration Report, which can be found on page 36, provides detailed information on the remuneration arrangements for the Directors of Utilico and UFL. Shareholders will be asked to approve the Directors' Remuneration Report at the Annual General Meeting for Utilico (Resolution 3). The Directors' remuneration is not conditional upon the resolution being passed.

The Directors who held office at the year end and their interests in each class of share of Utilico and UFL were:

2012	Utilico Ordinary shares	Utilico Warrants[3]	UFL 2012 ZDP shares
P I Burrows[1]	25,000	–	–
J M Collier	145,000	–	–
S Hansen	41,500	–	–
E St C Stobart	25,148	–	–
Dr R J Urwin	144,371	–	52,029

2011	Utilico Ordinary shares	Utilico Warrants[3]	UFL 2012 ZDP shares
J M Collier	120,000	–	–
S Hansen	37,000	–	–
W McLeland[2]	–	–	–
E St C Stobart	15,000	136	–
Dr R J Urwin	144,371	5,294	52,029

(1) Appointed 16 September 2011.
(2) Stood down 16 September 2011.
(3) Expired 30 April 2012.

In the period from 30 June to 19 September 2012, Ms Hansen purchased a further 4,783 ordinary shares, bringing her total holding to 46,283 ordinary shares.

Management

Utilico appointed ICM as its Investment Manager in September 2010 to provide portfolio monitoring, research and other investment management services to the Group and on 21 March 2012 it entered into a new investment management agreement with ICM, to continue to provide these services and also to provide company secretarial services. The fee payable for the investment management services remained unchanged at 0.5% per annum of the Group's gross assets after deducting current liabilities (excluding borrowings incurred for investment purposes) payable semi-annually in arrears. The Investment Manager will also be reimbursed for one-third of the costs of employing a company secretary and its reasonable out of pocket expenses, including travel and related costs. The Investment Management Agreement may be terminated upon one year's notice in writing given by Utilico and not less than six months' notice given by ICM.

The Investment Manager may also become entitled to a performance-related fee, details of which can be found in note 4 to the Accounts.

In the process of its governance of the Group, the Board reviews regular reports from the Investment Manager to assess the on-going performance of the Group as well as to assess the impact of national and international economic and political issues affecting the Group. Income forecasts are reviewed to enable costs to be controlled within budget. Other regularly reviewed reports include those covering the list of investments, the level of gearing and the shareholder register. The Board's assessment of the major risks faced by the Group, together with the principal controls in place to mitigate the risks, is set out later in this review.

Under the terms of the Investment Management Agreement, ICM is obliged to provide the services of an agreed number of individuals to act as employees of the Company. The remuneration paid to the employees is paid on behalf of the Company and deducted from ICM's management fee.

The Directors review the activities of the Investment Manager on an ongoing basis. In addition, the Management Engagement Committee carries out a formal annual review of the investment strategy, process and performance. Such a review was carried out in respect of the year under review. The Management Engagement Committee reported that it was satisfied with the performance and with the way the Group was currently being managed. Based on this assessment, it is the Board's opinion that the continuing appointment of ICM as Investment Manager on the agreed terms is in the interests of shareholders as a whole.

Administration

Following the transfer of the company secretarial function from F&C Management Limited to ICM, the Company and the Investment Manager entered into a new administration agreement with F&C Management Limited (the "Administrator"), dated 21 March 2012, under which the Administrator continues to provide accounting, dealing and general administrative services to the Company and Utilico Finance Limited for a fee, payable monthly in arrears, of £295,000 per annum. The Administrator and any of its delegates are also entitled to reimbursement of certain expenses incurred by it in connection with its duties. The Company or the Administrator may terminate this agreement upon six months' notice in writing.

Share Capital

As at 30 June and 19 September 2012 the issued share capital of the Company and the total voting rights were 99,632,214 ordinary shares of 10p each.

At the last AGM, the Company was granted authority to make market purchases of up to 14.99% of its ordinary shares and during the year under review 295,000 ordinary shares were bought back for cancellation.

During the year, holders of a total of 700 warrants exercised their right to subscribe for ordinary shares in the Company, resulting in the issue of a further 762 ordinary shares. The remaining warrants expired with no value after the final exercise date on 30 April 2012.

Full details of changes to the Company's authorised and issued share capital and its warrants during the year can be found in note 19 to the accounts. Details of changes in the ZDP shares issued by UFL, including the issue of a new class of 2018 ZDP shares during the year, can be found in note 18 to the accounts. Up to the date of this report, the Company has purchased in the market a total of 1,257,612 2012 ZDP shares issued by UFL, which it intends to hold until their redemption on 31 October 2012.

Substantial Share Interests

As at 19 September 2012, the following holdings, representing 3% or more of the issued share capital, had been notified to the Company:

	Number of ordinary shares held	% held
General Provincial Life Pension Fund (L) Limited	56,767,393	56.8
Foreign & Colonial Asset Management clients, including:	11,647,101	11.6
Foreign & Colonial Investment Trust plc	10,452,260	10.4
ICM Limited	3,494,000	3.5

Auditor

Grant Thornton UK LLP were the Company's auditor for the year ended 30 June 2012 and were responsible for the audit of these accounts. Grant Thornton also provided non-audit services to the Company during the year under review, the details of which are set out in note 5 to the accounts.

In keeping with FRC guidance, the Board decided to re-tender for the provision of audit services for the financial year ending 30 June 2013. Grant Thornton, the existing auditor, was invited to re-tender.

Following the tender, the Board decided to recommend KPMG Audit Plc for appointment as auditor to the Company and its subsidiary companies for the year ending 30 June 2013, including the interim review as at 31 December 2012. A resolution concerning the appointment of KPMG Audit Plc as auditor to the Company and Group will be proposed at the Annual General Meeting. A resolution authorising the Directors to determine the final fees payable to Grant Thornton and the fees payable to KPMG Audit Plc will be proposed at the Annual General Meeting.

Going Concern

The Directors believe that, in light of the controls and monitoring processes that are in place, the Company has adequate resources and arrangements to continue operating within its stated objective and policy for the foreseeable future. Accordingly, the accounts continue to be drawn up on the basis that the Company is a going concern.

Individual Savings Accounts

The Company's shares are eligible for inclusion in an Individual Savings Account in the United Kingdom. It is the current intention of the Directors that the Company will continue to conduct its affairs to satisfy this requirement.

Creditor Payment Policy

The Company's principal suppliers are the Investment Manager and the Administrator. The Investment Manager is paid semi-annually in arrears in accordance with the terms of the Investment Management Agreement. The Administrator is paid monthly in arrears in accordance with the terms of the Administration Agreement. Investment creditors are settled in accordance with the terms and conditions of the relevant markets in which they operate. Other suppliers are paid in accordance with the individual payment terms agreed with each supplier.

There were no trade creditors at the year end.

Duration of the Company

As Utilico and UFL are intended as long term investment vehicles they do not have a termination date or any periodic continuation votes.

Corporate Governance

The Company's compliance with, and departure from, the AIC's Code of Corporate Governance (the "AIC Code") issued in October 2010, is shown on pages 30 to 35.

The Statement of Corporate Governance describes how the principles and supporting principles within the UK Corporate Governance Code have been applied by the Company throughout the year ended 30 June 2012, except where disclosed within the Corporate Governance Statement.

Relations with Shareholders

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

Annual General Meeting

The notice of the forthcoming Annual General Meeting for Utilico to be held on 29 October 2012 is set out on page 73.

A separate Annual General Meeting will be held for shareholders of UFL immediately following the Annual General Meeting of Utilico on 29 October 2012. In accordance with the Bye-Laws of UFL, ZDP shareholders have the right to receive notice of, but shall not have the right as such to attend or vote at, any Annual General Meeting of UFL. A separate Notice accompanies this report for shareholders in UFL.

The following information to be discussed at the forthcoming Annual General Meeting is important and requires your immediate attention. If you are in doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents, including the form of proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Resolution 9 Authority for Utilico to purchase its own shares

Resolution 9 authorises Utilico to purchase in the market initially up to a maximum of 14,934,868 ordinary shares (equivalent to approximately 14.99% of the ordinary share capital at the date of this report). This authority will expire on 28 January 2014 unless it is varied, revoked or renewed prior to that date, at the Company's Annual General Meeting in 2013 or at any other general meeting by ordinary resolution. Any purchases will be made at prices below the prevailing net asset value per ordinary share (at a date determined by the Directors falling not more than 10 days before the date of purchase). Such purchases will be regarded as investment decisions. The maximum price to be paid will be no more than 5% above the average of the mid-market values of the ordinary shares for the five business days immediately before the date of purchase. Any ordinary shares purchased by the Company may be held in treasury or cancelled. Any ordinary shares may only be purchased at a price such that immediately after such purchase the ZDP Cover (as defined in the Company's Bye-Laws) would be at least 1.5 times.

A separate resolution is being put to shareholders of UFL to permit that company to buy back its ZDP shares of any class.

The Directors consider that it would be advantageous to shareholders for the Company to have the authority to make such purchases as and when it considers the timing to be favourable. However, use of this authority, if given, will ultimately depend upon market conditions and the Board's judgement of its likely effectiveness in increasing net asset value and/or reducing the discount.

Bermuda companies are permitted to hold shares acquired by way of market purchase in treasury rather than having to cancel them. Such shares may be subsequently cancelled or sold for cash. Accordingly, Utilico and UFL may hold each class of share purchased pursuant to share buy backs in treasury. This will give Utilico and UFL the ability to sell shares from treasury quickly and in a cost efficient manner and would provide Utilico and UFL with additional flexibility in the management of its capital base. The Board has recommended that ordinary shares held in treasury would not be re-issued at a price below the prevailing diluted net asset value and ZDP shares would not be re-issued at a price below their accrued capital entitlement.

It is proposed that any purchases of shares would be funded from Utilico's or UFL's respective cash resources or, if appropriate, from short-term borrowing.

Resolution 10 Disapplication of pre-emption rights

The Company is not able to allot ordinary shares for cash without offering them to existing Shareholders first in proportion to their shareholdings. Resolution 10 will grant the Company authority to dis-apply these pre-emption rights in respect of up to £498,161 nominal of relevant securities in the Group (equivalent to 4,981,610 ordinary shares of 10p each, representing 5.0% of its ordinary shares in issue as at

19 September 2012). This will allow the Company flexibility to issue further ordinary shares for cash without conducting a rights issue or other pre-emptive offer. The Directors current intention is to seek renewal of this authority annually.

Resolution 10 will require the approval of a 75% majority of votes cast in respect of it. New ordinary shares will not be issued pursuant to this authority at less than the prevailing net asset value per ordinary share at the date of issue, after taking into account any costs incurred by the Company in connection with such issue.

Recommendation

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

By order of the Board
ICM Limited,
Company Secretary
19 September 2012

Bermuda does not have its own corporate governance code. As a Bermuda incorporated company with a premium listing on the Official List, however, the Company is required to comply with the UK Corporate Governance Code issued by the Financial Reporting Council. The Board has considered the principles and recommendations of the AIC's Code of Corporate Governance (the "AIC Code") issued in October 2010 by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues which are of specific relevance to investment companies.

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

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

- The role of the chief executive
- Executive directors' remuneration
- The need for an internal audit function

For the reason set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of Utilico Investments Limited, being a Bermuda incorporated investment company, with no executive directors and an external investment manager. The Company has therefore not reported further in respect of these provisions.

In view of the requirement of the Bye-Laws that all Directors retire by rotation, the Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by the AIC Code. In addition, the Board has considered provision B.7.1 in the UK Corporate Governance Code issued by the Financial Reporting Council published in June 2010 recommending that all directors of FTSE350 companies should be subject to annual re-election. The Board believes that the current election system, with each Director being re-elected to the Board at least every three years or re-elected annually if they have served more than nine years, is sufficient, as there could be risks in respect of continuity and stability on the Board with annual re-elections. Any non-independent director is subject to annual re-election.

The Company does not have a Remuneration Committee, with Directors' remuneration being reviewed by the Board as a whole.

The Board

The Directors' biographical details on page 21 of this Report demonstrate the wide range of skills and experience that the Directors bring to the Board. The Directors have each signed a letter of appointment to formalise in writing the terms of their engagement as Directors. Copies of these letters are available for inspection at the Company's registered office during normal business hours and will also be available at the Annual General Meeting.

As mentioned above, one third of the Board rounded up is subject to retirement by rotation each year. In addition, all Directors are required to submit themselves for re-election at least every three years. Mr Collier and Ms Hansen retire annually as they are considered to be non-independent directors due to their directorships of related companies.

The Board consists solely of non-executive Directors. Dr Urwin was elected as Chairman of the Board on 23 September 2011 in place of Mr Collier; during the year both Mr Collier and Dr Urwin have been responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. Given the size and composition of the Board it is not felt necessary to appoint a Senior Independent Director. Mr Burrows, Mr Stobart and Dr Urwin are considered by the Board to be independent of the Company's Investment Manager; each of these Directors is independent in character and judgement, and there are no relationships or circumstances which the Board considers likely to affect the judgement of the independent Directors.

The Board, with only five Directors, operates without a Nomination Committee. The Directors recognise the value of progressive refreshing of, and succession planning for, company boards. The Directors will regularly review the structure of the Board, including the balance of expertise and skills brought by individual Directors. The Board subscribes to the view expressed in the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that a Director's tenure necessarily reduces his or her ability to act independently. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. The Board has, however, put into place a policy whereby Directors who have served for nine years or more will be subject to annual re-election. The Company has no executive Directors or employees.

Appointments of new Directors will be made on a formalised basis with the Chairman agreeing in conjunction with his colleagues a job specification and other relevant selection criteria, and the methods of recruitment (where appropriate using an external recruitment agency), selection and appointment. The potential Director will meet with the Board members prior to formal appointment. An induction process will be undertaken with new appointees to the Board being given a full briefing on the workings and processes of the Company and the management of the Company by the Chairman, the Investment Manager, the Secretary and other appropriate persons. All Directors receive other relevant training as necessary. They will be issued with a Directors' Handbook, which details relevant information on the Company and other key documentation. All appointments are subject to subsequent confirmation by shareholders in general meetings.

The AIC Code provides that the Board should undertake a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors. In order to review its effectiveness, the Board carries out a process of formal self-appraisal, based upon a series of questionnaires. The Directors consider how the Board functions as a whole and also reviews the individual performance of its members. This process is conducted by the Chairman, using information gathered through the questionnaires, reviewing individual Directors' performance, contribution and commitment to the Company and the possible further development of skills. In addition, the performance of the Chairman is reviewed and evaluated by the other Directors, taking into account the views of the Investment Manager, and of Mr Jillings. The relevant points arising from these meetings are then reported to, and discussed by, the Board as a whole. This process has been carried out in respect of the year under review and will be conducted on an annual basis. The Board confirms that the performance of each of the Directors continues to be effective and demonstrates commitment to the role and recommends to shareholders the approval of Resolutions 4, 5 and 6 contained in the Notice of Annual General Meeting relating to those Directors seeking re-election, being Mr Stobart, Mr Collier and Ms Hansen.

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

It is the responsibility of the Board to ensure that there is effective stewardship of the Company's affairs. Strategic issues and all operational matters of a material nature are determined by the Board. A formal schedule of matters reserved for the decision of the Board has been adopted. In order to enable them to discharge their responsibilities, all Directors have full and timely access to relevant information. The Board meets at least quarterly and at each meeting reviews investment performance, as well as other high-level management information including financial reports and reports of a strategic nature. It monitors compliance with the Company's objective and is directly responsible for investment strategy and approving asset allocation and gearing. Board and Committee meetings are held on an ad hoc basis to consider particular issues as they arise.

The quorum for any Board meeting is two Directors; however, attendance by all Directors at each meeting is strongly encouraged. The following table sets out the number of meetings (including Committee meetings) held during the year under review and the number of meetings attended by each Director. The telephonic Committee meetings were held at short notice to consider various matters.

	Board	TCee	AC	MEC	UFL
No of meetings	6	6	2	2	5
R J Urwin	6	4	2	2	2
P I Burrows*	6	1	2	2	2
J M Collier	5	0	2**	2**	0
S Hansen	6	2	2**	2**	1
E St C Stobart	6	0	2	2	1

TCee = Telephonic Board Committee
AC = Audit Committee
MEC = Management Engagement Committee
UFL – Utilico Finance Limited
* Mr Burrows was appointed as a Director on 16 September 2011
** In attendance by invitation.

The Board has established a procedure whereby Directors wishing to do so in the furtherance of their duties may take independent professional advice or training at the Company's expense.

ICM Limited, as Company Secretary, is responsible to the Board, inter alia, for ensuring that Board and Committee procedures are followed and applicable regulations are complied with. The Board has direct access to the advice and services of the Company Secretary.

During the year, the Board has maintained appropriate Directors' and Officers' liability insurance cover.

Management and administration

The Company has an Investment Management Agreement with ICM, which provides portfolio monitoring, research and other investment management services and company secretarial services to the Group. Under the terms of this Agreement, ICM procures the services of employees as detailed on page 20 of this report.

The provision of accounting, dealing and administration services has been delegated to the Administrator, F&C Management Limited.

The terms of the Investment Management and Administration Agreements are set out in note 4 to the accounts.

The operation of custodial services has been delegated to JPMorgan Chase Bank and Bermuda Commercial Bank Limited.

Audit Committee

The Board has appointed an Audit Committee. The Audit Committee, which is chaired by Mr Stobart, operates within written terms of reference clearly setting out its authority and duties. Copies of the terms of reference are available on the Company's website at www.utilico.bm.

The Audit Committee is comprised of Directors of the Company who are considered by the Board to be independent of management and will meet at least twice a year. It is considered that there is a range of recent and relevant financial experience amongst the members of the Audit Committee. The Chairman of the Board attends the Audit Committee meetings but does not have a vote.

The duties of the Audit Committee in discharging its responsibilities include reviewing the annual and interim accounts, the system of internal controls and the terms of appointment of the auditor together with their remuneration. It also ensures that auditor objectivity and independence is safeguarded in the provision of non-audit services by the auditor. It provides a forum through which the auditor may report to the Board of Directors. The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor, with particular regard to non-audit fees. Such fees amounted to £8,000 for the year ended 30 June 2012 (2011: £7,000) and related mainly to the review of the interim statements; more details are included in note 5 to the accounts. Notwithstanding such services the Audit Committee considered Grant Thornton UK LLP to be independent of the Group and that the provision of such non-audit services was not a threat to the objectivity and independence of the conduct of the audit.

Specifically, the Audit Committee considered, monitored and reviewed the following matters throughout the year:

- The audited results statement, annual and half-yearly reports and accounts
- The accounting policies of the Company;
- The effectiveness of the Company's internal control environment;

- The effectiveness of the audit process and independence and objectivity of Grant Thornton, their remuneration and terms of engagement;
- The engagement of Grant Thornton to supply non-audit services;
- The need for the Company to have its own internal audit function;
- The implications of proposed new accounting standards and regulatory changes;
- The implementation of an anti-bribery policy and procedures under the Bribery Act 2010;
- The receipt of AAF reports or their equivalent from the Company's custodians and a due diligence report from the Company's share registrars;
- The performance of the Company's third party service providers and administrators, including their list of approved counterparties;
- Directors' and Officers' Liability insurance; and
- The Committee's terms of reference.

A "whistle blowing" policy has been put into place for employees of the Company and of the Investment Manager, under which they may, in confidence, raise concerns about any possible improprieties in matters of financial reporting or other matters insofar as they may affect the Group. This policy will be reviewed from time to time by the Audit Committee. The Audit Committee will also review the "whistle blowing" policy that has been put into place by F&C as Administrator of the Company for use by its staff. The Company operates a "zero tolerance" policy with regard to bribery, as does its Investment Manager and Administrator.

The Audit Committee has access to the internal audit, risk and compliance director of the Administrator and to the Administrator's group audit committee, and reports its findings to the Board.

The Board retains ultimate responsibility for all aspects relating to the annual and interim accounts and other significant published financial information.

Auditor

The Audit Committee has direct access to the auditor, which was Grant Thornton UK LLP throughout the year ended 30 June 2012 and for the completion of these accounts. The auditor attends the Audit Committee meeting to review the annual results and provide a comprehensive review of the audit of the Group. The Audit Committee also has the opportunity to meet with the auditor without management being present.

The Audit Committee has reviewed the audit plan and findings of the work carried out by Grant Thornton UK LLP for the audit of the annual accounts. On the basis of this and their experience in auditing the affairs of the Group, the Audit Committee has assessed and is satisfied with the effectiveness of the external audit. The Audit Committee has taken into account the standing, experience and tenure of the audit partner, the nature and level of services provided and has received confirmation that the auditor has complied with all relevant and professional regulatory and independence standards. The Audit Committee considered Grant Thornton UK LLP to be independent of the Company, the Investment Manager and the Administrator in all respects.

In keeping with FRC guidance, the Board decided to re-tender for the provision of audit services for the financial year ending 30 June 2013. Grant Thornton, the existing auditors, were invited to re-tender.

Four firms of auditors, based in the UK but with offices or representation in Bermuda and South Africa, were invited to tender for the provision of audit services to the Group. Following a review of their presentations, three firms, including Grant Thornton, were invited to attend an interview with the Chairman of the Company's Audit Committee and representatives of the Investment Manager and of the Administrator. Following these interviews, the Board decided to recommend KPMG Audit Plc for appointment as auditor to the Company and its subsidiary companies for the year ending 30 June 2013, including the interim review as at 31 December 2012. A resolution concerning the appointment of KPMG Audit Plc as auditor to the Company and Group will be proposed at the Annual General Meeting.

Management Engagement Committee

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

The Management Engagement Committee is comprised of the independent Directors of the Company and will meet at least once a year. The Management Engagement Committee reviews the performance of, and fee paid to, the Investment Manager for the services provided under the Investment Management Agreement, together with the other terms of that agreement.

Internal Controls and Management of Risk

The Board has overall responsibility for the system of internal controls for Utilico and UFL and for reviewing their effectiveness and ensuring that the risk management and control processes are embedded in day-to-day operations. These controls aim to ensure that assets of the Group are safeguarded, proper accounting records are maintained and the financial information used within the business and for publication is reliable. Typical areas of risk material to investment companies in general, and which have been identified and are monitored as part of the control process, include excessive gearing, inappropriate long-term investment strategy, asset allocation and loss of management personnel.

Control of the risks identified, covering financial, operational, compliance and overall risk management, is exercised by the Board through regular reports provided by the Investment Manager on investment performance, performance attribution and other management issues. The Board has agreed with the Investment Manager the investment policy and restrictions under which the Investment Manager operates and the Investment Manager reports on compliance with this at every meeting. The Board also receives quarterly control reports from the Administrator and the Investment Manager that provide details of any known internal control failures. These reports incorporate a risk table that identifies the key risks to which the Company is exposed and the controls in place to mitigate them. These include risks for which the monitoring has been delegated to third party providers as well as those risks that are not directly the responsibility of the Investment Manager or the Administrator.

It is the Investment Manager's role to monitor and manage the Company's exposure to the risks associated with UFL and GERP. The Board receives quarterly reports from the Investment Manager on investment performance in GERP and the controls operated in respect of investments and cash are reviewed at each Audit Committee meeting.

The Administrator produces an annual Report of Internal Corporate Governance to the standards of the Assurance reports on internal controls of service organisations made available to third parties (AAF 01/06) issued by the Institute of Chartered Accountants in England and Wales for its clients. This sets out the control policies and procedures with respect to the duties carried out by the Administrator on the Company's behalf. The effectiveness of these controls is monitored by the Administrator's group audit and compliance committee, which receives regular reports from the Administrator's audit and risk department. The Company's Audit Committee has received and reviewed the statement for the year ended 31 December 2011, together with a report from the Administrator's group audit and compliance committee on the effectiveness of the internal controls maintained on behalf of the Group.

The systems of internal controls are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable, not absolute, assurance against material misstatement, loss or fraud.

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

Investor Relations

Communication with shareholders is given a high priority. The Company's annual report and accounts, containing a detailed review of performance and the investment portfolio, is sent to all shareholders. At the half year stage, an interim report, containing updated information in a more abbreviated form, is also sent to all shareholders. Updated information, including details of the current portfolio and a commentary (updated monthly) is also available on the Company's website at www.utilico.bm.

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

Shareholders wishing to communicate with the Chairman or other members of the Board may do so by writing to the Company at its registered office address, which can be found on page 77.

The Annual General Meeting is to be held in France, and shareholders who attend the meeting have an opportunity to question the Chairman and the Board, as well as the Investment Manager. The Chairman ensures that all Directors are made aware of the issues and concerns raised by shareholders.

The Chairman and other Directors are available at other times to discuss governance and strategy and to understand shareholders' issues and concerns. Proxy voting figures are announced to shareholders at the Annual General Meeting.

Corporate Governance, Socially Responsible Investment and Voting Policy

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

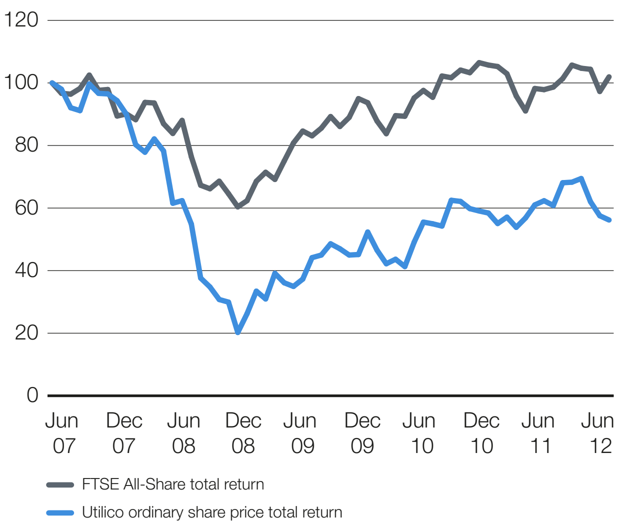
It is the Company's policy to exercise its voting rights at shareholder meetings of investee companies. The Company supports the boards of investee companies with its vote unless it sees clear investment reasons for doing otherwise.

The Boards of Utilico and UFL consist mainly of independent Directors and consider, at least annually or more frequently as required, the level of Directors' fees. The Company Secretary provides information on comparative levels of Directors' fees in advance of each review. There is no Remuneration Committee.

Performance of the Company over the last five years, as illustrated by its share price total return, is set out below.

Utilico Share Price Total Return

from 30 June 2007 to 30 June 2012
(rebased to 100 at 30 June 2007)



Source: Utilico Investments Limited

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

The Bye-Laws of Utilico limit the aggregate fees payable to the Directors to a total of £200,000 per annum. Subject to this overall limit, it is the Company's policy to determine the remuneration of the Directors having regard to the level of fees payable to directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company's affairs.

None of the Directors has a service agreement, but each has signed a letter of appointment setting out the terms of their engagement as Directors.

The fees paid to the Chairman and other Directors were increased with effect from 1 April 2011 to reflect the increased time commitment and escalating demands placed on the Board.

Directors' fees were increased by £2,500 to £27,500 and the Chairman's fee by £3,500 to £38,500 for the 2011/2012 year. The Chairman of the Audit Committee, Mr Stobart, received an additional £7,500 per annum.

No Director has received any fees for services to the subsidiary company or the special purpose entity. No element of the Directors' remuneration is performance-related.

No Director past or present has any entitlement to pensions, other benefits in kind or any other non-cash benefit. The Company has not awarded any share options or long term performance incentives to any of the Directors.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of Directors.

Remuneration for Qualifying Services

	Fees for services to the Company	
Director	Year to 30 June 2012 £'000s	Year to 30 June 2011 £'000s
R J Urwin (Chairman)[1]	36.5	25.0
P I Burrows[2]	21.6	–
J M Collier[3]	29.5	35.0
S Hansen	27.5	25.0
W McLeland[4]	5.8	25.0
E St C Stobart[5]	35.0	32.5
Total	155.9	142.5

1. Chairman from 23 September 2011
2. Appointed 16 September 2011
3. Chairman until 23 September 2011
4. Resigned as a Director on 16 September 2011 and was appointed as Alternate Director to Ms Hansen on the same date. Mr McLeland received a consultancy fee of £21,700 in the year to 30 June 2012
5. Mr E Stobart's fee includes £7,500 for being Chairman of the Audit Committee (2011: £7,500)

The information in the above table has been audited (see the Report of the Independent Auditor on page 38).

By order of the Board
ICM Limited,
Secretary
19 September 2012

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable Bermuda law and IFRS, as adopted by the European Union.

The Directors are required to prepare accounts for each financial period which present fairly the financial position, the financial performance and cash flows of the Group and the Company for that period. In preparing the accounts the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRS have been followed, subject to any material departure disclosed and explained in the accounts; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Group and Company accounts comply with Bermuda law. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

To the best of the knowledge of the Directors: (i) the accounts, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group, including its special purpose entity included in the consolidation, and the Company; (ii) the Chairman's Statement and Investment Manager's report includes a fair review of development and performance of the business and the Report of the Directors contains a description of the principal risks and uncertainties that the Group and the Company face. The financial risks are also provided in note 31 to the accounts.

Insofar as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Approved by the Board on 19 September 2012 and signed on its behalf by:

Dr R J Urwin
Chairman

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF UTILICO INVESTMENTS LIMITED

We have audited the accounts of Utilico Investments Limited for the year ended 30 June 2012 which comprise the Group and Utilico Investments Limited (Parent Company) statements of comprehensive income, the Group and the Parent Company statements of change in equity, the Group and the Parent Company balance sheets, the Group and the Parent Company cash flow statements, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In addition to our audit of the accounts, the Directors of Utilico Investments Limited have engaged us to report as to whether the information in the Directors' Remuneration Report, described as having been audited, has been properly prepared in accordance with the United Kingdom Companies Act 2006 and the related regulations, as if those requirements were to apply to the Parent Company.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 90(2) of the Companies Act 1981 of Bermuda. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 37, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information on the inside cover to page 37 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion:

- the accounts give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2012 and of the Group's and the Parent Company's profit for the year then ended;
- the Group and Parent Company's accounts have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the Group and Parent Company's accounts have been properly prepared in accordance with the Companies Act 1981 of Bermuda.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the Listing Rules, we are required to review:

- the directors' statement, set out on page 37, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on directors' remuneration.

Opinion on other matters

In our opinion the part of the Directors' Remuneration Report, which we were engaged to audit, has been properly prepared in accordance with the United Kingdom Companies Act 2006, as if those requirements were to apply to Utilico Investments Limited.

Grant Thornton UK LLP
Statutory Auditor
London
19 September 2012

GROUP STATEMENT OF COMPREHENSIVE INCOME

Notes		Year to 30 June 2012 Revenue return £'000s	Year to 30 June 2012 Capital return £'000s	Year to 30 June 2012 Total return £'000s	Year to 30 June 2011 Revenue return £'000s	Year to 30 June 2011 Capital return £'000s	Year to 30 June 2011 Total return £'000s
11	Gains on investments	–	13,403	13,403	–	50,200	50,200
14	Gains/(losses) on derivative instruments	–	942	942	–	(12,960)	(12,960)
	Exchange gains/(losses)	–	1,792	1,792	(1)	(1,594)	(1,595)
2	Investment and other income	15,850	–	15,850	11,935	43	11,978
	Total income	15,850	16,137	31,987	11,934	35,689	47,623
3	Income not receivable	(126)	–	(126)	–	–	–
4	Management and administration fees	(2,022)	–	(2,022)	(1,796)	–	(1,796)
5	Other expenses	(928)	(7)	(935)	(1,085)	(13)	(1,098)
	Profit before finance costs and taxation	12,774	16,130	28,904	9,053	35,676	44,729
6	Finance costs	(783)	(13,401)	(14,184)	(1,962)	(11,602)	(13,564)
	Profit before taxation	11,991	2,729	14,720	7,091	24,074	31,165
7	Taxation	(21)	–	(21)	(18)	–	(18)
	Profit for the year	11,970	2,729	14,699	7,073	24,074	31,147
8	**Earnings per ordinary share (basic) – pence**	11.99	2.73	14.72	7.65	26.05	33.70
8	**Earnings per ordinary share (diluted) – pence**	11.99	2.73	14.72	7.65	26.05	33.70

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

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

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

All items in the above statement derive from continuing operations.

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

COMPANY STATEMENT OF COMPREHENSIVE INCOME

Notes		Year to 30 June 2012			Year to 30 June 2011		
		Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s
11	Gains on investments	–	13,338	13,338	–	45,113	45,113
14	Gains/(losses) on derivative instruments	–	1,002	1,002	–	(7,810)	(7,810)
	Exchange gains/(losses)	–	1,772	1,772	–	(1,626)	(1,626)
2	Investment and other income	15,850	–	15,850	11,928	43	11,971
	Total income	15,850	16,112	31,962	11,928	35,720	47,648
3	Income not receivable	(126)	–	(126)	–	–	–
4	Management and administration fees	(2,022)	–	(2,022)	(1,796)	–	(1,796)
5	Other expenses	(899)	(7)	(906)	(1,053)	(13)	(1,066)
	Profit before finance costs and taxation	12,803	16,105	28,908	9,079	35,707	44,786
6	Finance costs	(783)	(13,388)	(14,171)	(2,028)	(11,602)	(13,630)
	Profit before taxation	12,020	2,717	14,737	7,051	24,105	31,156
7	Taxation	(21)	–	(21)	(9)	–	(9)
	Profit for the year	11,999	2,717	14,716	7,042	24,105	31,147
8	**Earnings per ordinary share (basic) – pence**	12.02	2.72	14.74	7.62	26.08	33.70
8	**Earnings per ordinary share (diluted) – pence**	12.02	2.72	14.74	7.62	26.08	33.70

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

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

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

All items in the above statement derive from continuing operations.

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

GROUP STATEMENT OF CHANGES IN EQUITY

for the year to 30 June 2012

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Warrant reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance at 30 June 2011	9,993	30,250	233,866	3,049	32,069	(113,833)	6,083	201,477
	Profit for the year	–	–	–	–	–	2,729	11,970	14,699
9	Ordinary dividends paid	–	–	–	–	–	–	(6,745)	(6,745)
20	Conversion of warrants	–	2	–	–	–	–	–	2
22	Transfer on cancellation of warrants	–	–	–	(3,049)	–	3,049	–	–
19	Shares purchased by the Company	(30)	(509)	–	–	–	–	–	(539)
	Balance at 30 June 2012	**9,963**	**29,743**	**233,866**	**–**	**32,069**	**(108,055)**	**11,308**	**208,894**

for the year to 30 June 2011

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Warrant reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance at 30 June 2010	8,637	223,501	10,365	3,050	32,068	(138,218)	4,317	143,720
	Profit for the year	–	–	–	–	–	24,074	7,073	31,147
9	Ordinary dividends paid	–	–	–	–	–	–	(4,996)	(4,996)
	Conversion of warrants	–	2	–	(1)	1	–	–	2
	Transfer to special reserve	–	(223,501)	223,501	–	–	–	–	–
	Issue of ordinary shares	1,356	30,867	–	–	–	–	–	32,223
	Issue costs of ordinary share capital	–	(619)	–	–	–	–	–	(619)
10	Transfer on loss of control of subsidiary	–	–	–	–	–	311	(311)	–
	Balance at 30 June 2011	9,993	30,250	233,866	3,049	32,069	(113,833)	6,083	201,477

for the year to 30 June 2012

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Warrant reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance at 30 June 2011	9,993	30,250	233,866	3,049	32,069	(113,938)	6,188	201,477
	Profit for the year	–	–	–	–	–	2,717	11,999	14,716
9	Ordinary dividends paid	–	–	–	–	–	–	(6,745)	(6,745)
20	Conversion of warrants	–	2	–	–	–	–	–	2
22	Transfer on cancellation of warrants	–	–	–	(3,049)	–	3,049	–	–
19	Shares purchased by the Company	(30)	(509)	–	–	–	–	–	(539)
	Balance at 30 June 2012	**9,963**	**29,743**	**233,866**	**–**	**32,069**	**(108,172)**	**11,442**	**208,911**

for the year to 30 June 2011

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Warrant reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance at 30 June 2010	8,637	223,501	10,365	3,050	32,068	(138,043)	4,142	143,720
	Profit for the year	–	–	–	–	–	24,105	7,042	31,147
9	Ordinary dividends paid	–	–	–	–	–	–	(4,996)	(4,996)
	Conversion of warrants	–	2	–	(1)	1	–	–	2
	Transfer to special reserve	–	(223,501)	223,501	–	–	–	–	–
	Issue of ordinary shares	1,356	30,867	–	–	–	–	–	32,223
	Issue costs of ordinary share capital	–	(619)	–	–	–	–	–	(619)
	Balance at 30 June 2011	9,993	30,250	233,866	3,049	32,069	(113,938)	6,188	201,477

Notes	at 30 June	GROUP 2012 £'000s	GROUP 2011 £'000s	COMPANY 2012 £'000s	COMPANY 2011 £'000s
	Non-current assets				
11	Investments	**423,243**	407,560	**432,165**	408,005
	Current assets				
13	Other receivables	**6,056**	1,623	**2,020**	1,623
14	Derivative financial instruments	**4,739**	1,625	**927**	1,251
	Cash and cash equivalents	**8,246**	1,293	**7,908**	1,206
		19,041	4,541	**10,855**	4,080
	Current liabilities				
15	Loans	**(1,253)**	(3,555)	**(1,253)**	(3,555)
16	Other payables	**(5,437)**	(1,362)	**(231,813)**	(174,108)
18	Zero dividend preference shares	**(66,275)**	–	**–**	–
14	Derivative financial instruments	**(2,304)**	(2,002)	**(1,043)**	(2,002)
		(75,269)	(6,919)	**(234,109)**	(179,665)
	Net current liabilities	**(56,228)**	(2,378)	**(223,254)**	(175,585)
	Total assets less current liabilities	**367,015**	405,182	**208,911**	232,420
	Non-current liabilities				
17	Bank loans	**–**	(30,943)	**–**	(30,943)
18	Zero dividend preference shares	**(158,121)**	(172,762)	**–**	–
	Net assets	**208,894**	201,477	**208,911**	201,477
	Equity attributable to equity holders				
19	Ordinary share capital	**9,963**	9,993	**9,963**	9,993
20	Share premium account	**29,743**	30,250	**29,743**	30,250
21	Special reserve	**233,866**	233,866	**233,866**	233,866
22	Warrant reserve	**–**	3,049	**–**	3,049
23	Non-distributable reserve	**32,069**	32,069	**32,069**	32,069
24	Capital reserves	**(108,055)**	(113,833)	**(108,172)**	(113,938)
25	Revenue reserve	**11,308**	6,083	**11,442**	6,188
	Total attributable to equity holders	**208,894**	201,477	**208,911**	201,477
26	**Net asset value per ordinary share**				
	Basic – pence	**209.67**	201.63	**209.68**	201.63

Approved by the Board on 19 September 2012 and signed on its behalf by

Dr R J Urwin   E St C Stobart

Notes	for the year to 30 June	GROUP 2012 £'000s	GROUP 2011 £'000s	COMPANY 2012 £'000s	COMPANY 2011 £'000s
27	Cash flows from operating activities	**2,453**	(3,919)	**215**	(3,874)
	Cash flows from investing activities	**–**	–	**–**	–
	Cash flows before financing activities	**2,453**	(3,919)	**215**	(3,874)
	Financing activities				
	Equity dividends paid	**(6,745)**	(4,996)	**(6,745)**	(4,996)
	Movements on loans	**(31,551)**	1,758	**(31,551)**	1,758
	Cash flows from ZDP shares	**(2,007)**	–	**–**	–
	Proceeds from warrants exercised	**2**	2	**2**	2
	Proceeds from issue of ordinary shares	**–**	126	**–**	126
	Proceeds from issue of zero dividend preference shares	**40,240**	–	**40,240**	–
	Cost of share buy back	**(539)**	–	**(539)**	–
	Cash flows from financing activities	**(600)**	(3,110)	**1,407**	(3,110)
	Net increase/(decrease) in cash and cash equivalents	**1,853**	(7,029)	**1,622**	(6,984)
	Cash and cash equivalents at the beginning of the year	**1,293**	6,495	**1,206**	6,362
	Effect of movement in foreign exchange	**1,733**	1,827	**1,713**	1,828
	Cash and cash equivalents at the end of the year	**4,879**	1,293	**4,541**	1,206
	Comprised of:				
	Cash	**8,246**	1,293	**7,908**	1,206
	Bank overdraft	**(3,367)**	–	**(3,367)**	–
	Total	**4,879**	1,293	**4,541**	1,206

1. ACCOUNTING POLICIES

The Company is an investment company incorporated in Bermuda and listed on The London Stock Exchange. The Company commenced trading on 20 June 2007.

The consolidated Accounts comprise the results of the Company and its subsidiary, Utilico Finance Limited ("UFL") and its special purpose entity, Global Equity Risk Protection Limited ("GERP"), together referred to as the "Group" (2011: UFL, GERP and Utilico NZ Limited ("UNZL") a subsidiary of Utilico until 28 February 2011 when UNZL was sold). Details of the subsidiary and special purpose entity are included in note 12 to the Accounts. The Group is engaged in a single segment of business, focusing on maximising shareholder returns by identifying and investing in investments where the underlying value is not reflected in the market price.

(a) Basis of accounting

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

There have been no significant changes to the accounting policies during the year to 30 June 2012.

The Accounts have been prepared on an historical cost basis, except for the measurement at fair value of investments and derivative financial instruments.

Where presentational recommendations set out in the revised Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP"), issued in the UK by the Association of Investment Companies ("AIC") in January 2009, do not conflict with the requirements of IFRS, the Directors have prepared the Accounts on a basis consistent with the recommendations of the SORP, in the belief that this will aid comparison with similar investment companies incorporated and listed in the United Kingdom.

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

Capital returns include, but are not limited to, profits and losses on the disposal and the valuation of non-current investments and derivative instruments and on cash and borrowings. Net capital returns are allocated via the capital return to capital reserves.

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

At the date of authorisation of these Accounts, the following standards and interpretations have not been applied in these Accounts since they were in issue but not yet effective:

International Accounting Standards (IAS/IFRS)	Effective date for accounting periods starting on or after
IFRS 9 Financial Instruments	1 January 2015
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IAS 28 (Revised), Investments in Associates and Joint Ventures	1 January 2013
Amendments to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets	1 January 2012

The Directors have chosen not to adopt these standards and interpretations early as they do not anticipate that they would have a material impact on the Group's Accounts in the period of initial application.

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

1. ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation

The consolidated Accounts include the Accounts of the Company, its subsidiary undertaking and its special purpose entity. All intra group transactions, balances, income and expenses are eliminated on consolidation. Associate undertakings held as part of the investment portfolio (see 1(d) below) are, in accordance with IAS 28 Investments in Associates, not accounted for in the Group accounts using the equity method of accounting, but are carried at fair value through profit or loss and accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

(c) Financial instruments

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

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

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

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

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

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

(e) Cash and cash equivalents

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

(f) Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. No debt instruments held during the year required hierarchical classification.

Finance charges, including interest, are accrued using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year. See 1(k) below for allocation of finance charges between revenue and capital return within the Statement of Comprehensive Income.

(g) Zero dividend preference shares

The ZDP shares, due to be redeemed in 2012, 2014, 2016 and 2018 at a redemption value of 177.52 pence per share, 167.60 pence per share, 192.78 pence per share and 160.52 pence per share respectively, have been classified as liabilities, as they represent an obligation on behalf of the Group to deliver to their holders a fixed and determinable amount at the redemption date. They are accordingly accounted for at amortised cost, using the effective interest method. ZDP shares held by the Company are deemed cancelled for Group purposes.

1. ACCOUNTING POLICIES (CONTINUED)

(h) Foreign currency

The functional and reporting currency is pounds Sterling because that is the currency the Group operates in and is the currency most relevant to the Company's shareholders. Foreign currency assets and liabilities are expressed in Sterling at rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated at the rates of exchange ruling at the dates of those transactions. Exchange profits and losses on currency balances are credited or charged to the Statement of Comprehensive Income and analysed as capital or revenue as appropriate. Forward foreign exchange contracts are valued in accordance with quoted market rates. The Statement of Comprehensive Income and Cash Flow Statement of the overseas subsidiaries are translated at weighted average rates of exchange for the relevant reporting period, other than material exceptional items which are translated at the rate on the date of the transaction and assets and liabilities are translated at exchange rates prevailing at the relevant balance sheet date.

(i) Investment and other income

Dividends receivable are brought into the Statement of Comprehensive Income and analysed as revenue return (except where, in the opinion of the Directors, their nature indicates they should be recognised as capital) on the ex-dividend date or, where no ex-dividend date is quoted, when the Group's right to receive payment is established.

Where the Group or the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised as revenue return. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital return.

Interest on debt securities is accrued on a time basis using the effective interest rate method. Bank and short-term deposit interest is recognised on an accruals basis. These are brought into the Statement of Comprehensive Income and analysed as revenue returns.

(j) Expenses

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

(k) Finance costs

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

(l) Dividends payable

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

(m) Capital reserves

The following items are allocated to capital reserves:

Capital reserve – arising on investments sold

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

Capital reserve – arising on investments held

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

2. INVESTMENT AND OTHER INCOME

GROUP	2012 Revenue £'000s	2012 Capital £'000s	2012 Total £'000s	2011 Revenue £'000s	2011 Capital £'000s	2011 Total £'000s
Investment income						
Dividends	14,545	–	14,545	9,074	–	9,074
Interest	1,289	–	1,289	2,850	–	2,850
	15,834	–	15,834	11,924	–	11,924
Other income						
Interest on cash and short-term deposits	16	–	16	11	–	11
Liquidation distribution from Utilico Investment Trust plc ("UIT")	–	–	–	–	43	43
Total income	15,850	–	15,850	11,935	43	11,978
Total income comprises:						
Dividends	14,545	–	14,545	9,074	–	9,074
Interest from investments	1,289	–	1,289	2,850	–	2,850
Other income	16	–	16	11	43	54
	15,850	–	15,850	11,935	43	11,978

COMPANY	2012 Revenue £'000s	2012 Capital £'000s	2012 Total £'000s	2011 Revenue £'000s	2011 Capital £'000s	2011 Total £'000s
Investment income						
Dividends	14,545	–	14,545	9,074	–	9,074
Interest	1,289	–	1,289	2,850	–	2,850
	15,834	–	15,834	11,924	–	11,924
Other income						
Interest on cash and short-term deposits	16	–	16	4	–	4
Liquidation distribution from UIT	–	–	–	–	43	43
Total income	15,850	–	15,850	11,928	43	11,971
Total income comprises:						
Dividends	14,545	–	14,545	9,074	–	9,074
Interest from investments	1,289	–	1,289	2,850	–	2,850
Other income	16	–	16	4	43	47
	15,850	–	15,850	11,928	43	11,971

3. INCOME NOT RECEIVABLE

GROUP AND COMPANY	Revenue £'000s	Capital £'000s	2012 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Accrued interest not to be received	126	–	126	–	–	–

4. MANAGEMENT AND ADMINISTRATION FEES

GROUP AND COMPANY	Revenue £'000s	Capital £'000s	2012 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Payable to:						
ICM Limited ("ICM") – management fee	1,715	–	1,715	1,501	–	1,501
ICM – administration fee	12	–	12	–	–	–
F&C Management Limited – administration fee	295	–	295	295	–	295
	2,022	–	2,022	1,796	–	1,796

Management fee

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 the value of all holdings in companies managed or advised by the Investment Manager or any of its subsidiaries), payable semi-annually in arrears. The agreement with ICM may be terminated by the Company giving 12 months' notice and by ICM giving six months' notice.

Included within the fees of £1,715,000 (2011: £1,501,000) paid to ICM is £103,000 (2010: £99,000) salary and PAYE costs relating to full time employees of the Company. These costs were deducted from the management fee payable by the Company to ICM. The average number of employees of the Company in the year was three.

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. A performance fee was last paid in respect of a 12 month period to 30 June 2007. As at that date the Equity holders' funds were £279.0m. In calculating any performance fee payable, the holding in UEM is removed from the calculation in order that any such fee is charged solely on the performance of the portfolio excluding the investment in UEM.

For the year to 30 June 2012, the attributable shareholders' funds were below the high watermark and therefore no performance fee has been accrued (30 June 2011: same).

Administration fee

From 1 March 2012, ICM has also provided company secretarial services to the Company, with the Company paying one-third of the costs associated with this post.

F&C Management Limited ("F&C") provides accounting, 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.

5. OTHER EXPENSES

GROUP	Revenue £'000s	Capital £'000s	2012 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Auditors' remuneration:						
– for audit services*	**72**	**–**	**72**	62	–	62
– for other services**	**8**	**–**	**8**	7	–	7
Broker and consultancy fees	**101**	**–**	**101**	67	–	67
Custody fees	**123**	**–**	**123**	62	–	62
Directors' fees:						
– fees for services to the Company (see Directors' Remuneration Report on page 36)	**156**	**–**	**156**	143	–	143
Travel expenses	**152**	**–**	**152**	176	–	176
Professional and legal fees	**74**	**–**	**74**	311	–	311
Sundry expenses	**242**	**7**	**249**	257	13	270
	928	**7**	**935**	1,085	13	1,098

COMPANY	Revenue £'000s	Capital £'000s	2012 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Auditor's remuneration:						
– for audit services*	**67**	**–**	**67**	58	–	58
– for other services**	**8**	**–**	**8**	7	–	7
Broker and consultancy fees	**101**	**–**	**101**	67	–	67
Custody fees	**123**	**–**	**123**	62	–	62
Directors' fees:						–
– fees for services to the Company (see Directors' Remuneration Report on page 36)	**156**	**–**	**156**	143	–	143
Travel expenses	**152**	**–**	**152**	176	–	176
Professional and legal fees	**74**	**–**	**74**	311	–	311
Sundry expenses	**218**	**7**	**225**	229	13	242
	899	**7**	**906**	1,053	13	1,066

* Auditors' remuneration in respect of audit services for the subsidiaries amounts to £7,000 of which £7,000 was paid by the Company (2011: £7,000 of which £7,000 was paid by the Company) and for audit services for the special purpose entity £5,000 (2011: £5,000).

** Total Auditors' remuneration for other services amounts to £38,000: £8,000 was for reviewing interim statements; and £30,000 as reporting accountants for the issue of ZDP shares and included within the ZDP share issue costs (2011: £7,000 for reviewing interim statements and loan covenants).

6. FINANCE COSTS

GROUP	Revenue £'000s	Capital £'000s	2012 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Loans and bank overdrafts	783	–	783	1,962	–	1,962
ZDP shares	–	13,401	13,401	–	11,602	11,602
	783	13,401	14,184	1,962	11,602	13,564

COMPANY	Revenue £'000s	Capital £'000s	2012 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Loans and bank overdrafts	783	–	783	1,962	–	1,962
Intra-group loans	–	13,388	13,388	66	11,602	11,668
	783	13,388	14,171	2,028	11,602	13,630

7. TAXATION

GROUP	Revenue £'000s	Capital £'000s	2012 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Overseas taxation	(21)	–	(21)	(18)	–	(18)

COMPANY	Revenue £'000s	Capital £'000s	2012 Total £'000s	Revenue £'000s	Capital £'000s	2011 Total £'000s
Overseas taxation	(21)	–	(21)	(9)	–	(9)

Profits of the Company and subsidiaries for the year are not subject to any taxation within their countries of residence.

8. EARNINGS PER ORDINARY SHARE

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

	GROUP 2012 £'000s	GROUP 2011 £'000s	COMPANY 2012 £'000s	COMPANY 2011 £'000s
Revenue	**11,970**	7,073	**11,999**	7,042
Capital	**2,729**	24,074	**2,717**	24,105
Total	**14,699**	31,147	**14,716**	31,147

	Number	Number	Number	Number
Weighted average number of shares in issue during the year for basic earnings per share calculations	**99,838,862**	92,425,809	**99,838,862**	92,425,809

Diluted earnings per ordinary share

Diluted earnings per share have been calculated in accordance with IAS 33 "Earnings per share", under which the Company's 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.

GROUP AND COMPANY	2012 Number	2011 Number
Weighted average number of shares in issue during the year for basic earnings per share calculations	**99,838,862**	92,425,809
Dilutive potential shares	**–**	–
Weighted average number of shares for diluted earnings per share calculations	**99,838,862**	92,425,809

9. DIVIDENDS

GROUP AND COMPANY	Record date	Payment date	2012 £'000s	2011 £'000s
2011 Interim of 3.25p	25 March 2011	26 April 2011	**–**	3,247
2011 Special of 1.75p	25 March 2011	26 April 2011	**–**	1,749
2011 Final of 3.25p	7 October 2011	28 October 2011	**3,248**	–
2012 Interim of 3.50p	2 March 2012	16 March 2012	**3,497**	–
			6,745	4,996

The Directors have declared a final dividend in respect of the year ended 30 June 2012 of 3.50p payable on 19 October 2012 to all ordinary shareholders on the register at close of business on 5 October 2012. The total cost of the dividend which has not been accrued in the results for the year to 30 June 2012, is £3,487,000 based on 99,632,214 ordinary shares in issue at the date of this report.

10. TRANSFER ON LOSS OF CONTROL OF SUBSIDIARY

GROUP	2012 Revenue £'000s	2012 Capital £'000s	2012 Total £'000s	2011 Revenue £'000s	2011 Capital £'000s	2011 Total £'000s
Reclassification of previous intra-group transactions on derecognition of control of Utilico NZ Limited	**–**	**–**	**–**	(311)	311	–

11. INVESTMENTS

GROUP	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2012 Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2011 Total £'000s
Investments brought forward								
Cost	371,960	–	56,007	427,967	350,325	669	66,737	417,731
Gains/(losses)	4,939	–	(25,346)	(20,407)	(67,789)	(669)	(27,565)	(96,023)
Valuation	376,899	–	30,661	407,560	282,536	–	39,172	321,708
Movements in the year:								
Purchases at cost	34,140	–	13,398	47,538	71,256	–	13,867	85,123
Sales								
– proceeds	(36,845)	–	(8,413)	(45,258)	(26,733)	–	(22,738)	(49,471)
– realised net gains/(losses) on sales	131	–	1,467	1,598	(22,888)	–	(2,528)	(25,416)
Profits/(losses) on investments held at year end	16,659	–	(4,854)	11,805	72,728	–	2,888	75,616
Valuation at 30 June	390,984	–	32,259	423,243	376,899	–	30,661	407,560
Analysed at 30 June								
Cost	369,489	–	62,356	431,845	371,960	–	56,007	427,967
Gains/(losses)	21,495	–	(30,097)	(8,602)	4,939	–	(25,346)	(20,407)
Valuation	390,984	–	32,259	423,243	376,899	–	30,661	407,560

COMPANY	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2012 Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2011 Total £'000s
Investments brought forward								
Cost	371,960	7,269	56,007	435,236	330,458	6,935	90,988	428,381
Gains/(losses)	4,939	(6,824)	(25,346)	(27,231)	(47,922)	(2,317)	(50,035)	(100,274)
	376,899	445	30,661	408,005	282,536	4,618	40,953	328,107
Movements in the year:								
Purchases at cost	36,147	10,242	13,398	59,787	71,256	1,003	13,867	86,126
Sales								
– proceeds	(36,845)	(3,707)	(8,413)	(48,965)	(26,733)	–	(24,608)	(51,341)
– realised net gains/(losses) on sales	131	–	1,467	1,598	(3,021)	–	(24,909)	(27,930)
Profits/(losses) on investments held at year end	16,663	(69)	(4,854)	11,740	52,861	(5,176)	25,358	73,043
Valuation at 30 June	392,995	6,911	32,259	432,165	376,899	445	30,661	408,005
Analysed at 30 June								
Cost	371,496	13,804	62,356	447,656	371,960	7,269	56,007	435,236
Gains/(losses)	21,499	(6,893)	(30,097)	(15,491)	4,939	(6,824)	(25,346)	(27,231)
Valuation	392,995	6,911	32,259	432,165	376,899	445	30,661	408,005

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

Level 2 includes investment in GERP on a look through basis.

Level 3 includes investments in private companies and other unquoted securities.

11. INVESTMENTS (CONTINUED)

Gains on investments

	GROUP 2012 £'000s	GROUP 2011 £'000s	COMPANY 2012 £'000s	COMPANY 2011 £'000s
Gains/(losses) on investments sold	**1,598**	(25,416)	**1,598**	(27,930)
Gains on investments held	**11,805**	75,616	**11,740**	73,043
Total gains on investments	**13,403**	50,200	**13,338**	45,113

Associate undertakings

The associate undertakings are held as part of the investment portfolio and consequently, in accordance with IAS28, are not accounted for in the Group accounts using the equity method of accounting.

The Company had the following associate undertakings at 30 June 2012:

	AK Jensen Group Limited *("AK Jensen")*(1)	Bermuda Commercial Bank Limited *("BCB")*(2)	OneLink Holdings Pty. Ltd. *("OneLink")*(3)	Renewable Energy Generation Limited *("REG")*(4)	Renewable Energy Holdings plc *("REH")*(5)	Sasial Vehicle Technologies Limited *("Sasial")*(6)	Utilico Emerging Markets Limited *("UEM")*(7)	Videlli Ltd *("Videlli")*(8)	Vix Technology (Australia) Pty Ltd *("Vix")*(9)	Vix Technology (Bermuda) Ltd *("Vix")*(10)
Country of registration, incorporation and operations	Bermuda	Bermuda	Australia	UK	Isle of Man	Cyprus	Bermuda	Australia	Australia	Bermuda
Number of ordinary shares held	16,680,471	2,464,501	1,366,800	27,865,585	19,987,092	1,420	59,259,303	205,244,617	44,327,352	3,981
Percentage of ordinary shares held	40.2%	34.9%	34.0%	27.0%	28.7%	47.9%	27.5%	24.0%	39.8%	39.8%
Income from associate undertaking included in the revenue account of the Group ('000s)	–	–	–	–	–	–	–	–	–	–
Value of interest in associated undertaking included in the balance sheet of the Group ('000s)	£1,116	£18,070	£4,269	£12,679	£4,499	£255	£95,407	£–	£9,206	£5,960
Financial Summary ('000s)	**US$**	**BM$**	**A$**	**£**	**£**	**€**	**£**	**A$**	**A$**	**BM$**
Gross assets	13,429	531,983	20,582	87,005	14,555	471	391,033	n/a	108,838	68,786
Gross liabilities	2,211	449,067	6,710	15,552	3,618	1,992	12,563	n/a	25,926	78,624
Gross revenues	12,013	22,642	44,168	9,818	–	750	18,391	n/a	72,978	95,310
Net profit/loss before tax	(2,509)	1,180	1,204	(3,018)	(16,015)	209	11,459	n/a	(6,287)	(8,208)
Share of taxation charge	–	–	(123)	91	–	25	(399)	n/a	–	–
Share of retained profits/(losses)	(1,009)	412	409	(814)	(4,598)	(148)	3,151	n/a	(2,502)	(3,267)
Share of net assets/(liabilities)	4,510	28,974	4,716	19,275	3,140	(1,080)	104,060	n/a	31,623	(3,916)

(1) Financials based on the latest AK Jensen accounts for the year to 31 December 2011 – shares held are non voting
(2) Financials based on the latest BCB accounts for the year to 30 September 2011
(3) Financials based on the latest OneLink accounts for the year to 30 June 2011
(4) Financials based on the latest REG accounts for the year to 30 June 2011
(5) Financials based on the latest REH accounts for the year to 31 December 2011
(6) Financials based on the latest Sasial accounts for the year to 31 December 2010
(7) Financials based on the latest UEM accounts for the year to 31 March 2012
(8) Videlli does not produce statutory accounts
(9) Financials based on the latest Vix Technology (Australia) Pty Ltd accounts for the year to 30 June 2012
(10) Financials based on the latest Vix Technology (Bermuda) Limited accounts for the year to 30 June 2012

11. INVESTMENTS (CONTINUED)

Transactions with associate undertakings	
AK Jensen	Sale of 816,939 shares for proceeds of US$40,487
BCB	Exercise of 200,500 Call Options at a cost of BM$1,413,525
OneLink	Capital returned of A$1,549,370 with dividends received of A$7,776,338 The Company repaid A$2,514,000 of the loan from OneLink and paid A$328,000 interest on the loan. At the year end A$26,000 is due from OneLink
REG	Purchase of 5,891,903 shares at a cost of £2,829,242
REH	No transactions
Sasial	Purchase of 960 shares at a cost of £250,000
UEM	No transactions
Videlli	No transactions
Vix Technology (Australia) Pty Ltd	Capital returned to Company of A$10,201,353, £250,000 and US$194,264 Additional loans of A$8,727,156, £350,000 and US$194,264
Vix Technology (Bermuda) Ltd	Additional loans of A$1,000,000

Significant interests

The Group has a holding of 3% or more of any class of share capital of the following undertakings, which are material in the context of the financial statements:

Undertaking	Country of registration and incorporation	Class of instrument held	% of class of instrument held
Augean plc	UK	Ordinary Shares	19.6%
Jersey Electricity plc	Jersey	Ordinary Shares	5.5%
Infratil Limited	New Zealand	Ordinary Shares	19.9%
Infratil Limited	New Zealand	Class B Warrants	17.4%
Keytech Limited	Bermuda	Ordinary Shares	18.6%
Resolute Mining Limited	Australia	Ordinary Shares	19.9%

12. SUBSIDIARY UNDERTAKINGS INCLUDING SPECIAL PURPOSE ENTITY

The following was a subsidiary undertaking of the Company at 30 June 2012 and 30 June 2011.

	Country of operation, registration and incorporation	Number & class of shares held	Holdings & voting rights %
Utilico Finance Limited	Bermuda	10 ordinary shares of 10p nil paid share	100

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

The Company holds 3,920 Class A shares linked to a segregated account in GERP, an unquoted Bermuda segregated accounts company incorporated on 4 May 2006. The segregated account, which is structured as the Bermuda law equivalent of a protected cell, exists for the sole purpose of carrying out derivative transactions on behalf of the Company. The holding represents 100% of the issued Class A shares that have no voting rights.

Under the IASB's interpretation SIC-12 the segregated account in GERP, represented by the A shares, is classified as a special purpose entity of the Company and its financial results are included within the Accounts of the Group (see note 1(b)).

13. OTHER RECEIVABLES

		GROUP		COMPANY
	2012 £'000s	2011 £'000s	**2012 £'000s**	2011 £'000s
Investment debtor	**398**	–	**398**	–
Margin accounts	**4,036**	–	**–**	–
Accrued interest	**15**	259	**15**	259
Accrued dividends	**1,547**	1,358	**1,547**	1,358
Other debtors	**60**	6	**60**	6
	6,056	1,623	**2,020**	1,623

14. DERIVATIVE FINANCIAL INSTRUMENTS

GROUP	Current assets £'000s	Current liabilities £'000s	2012 Net current assets/ (liabilities) £'000s	Current assets £'000s	Current liabilities £'000s	2011 Net current assets/ (liabilities) £'000s
Forward foreign exchange contracts – GBP/AUD	–	(75)	(75)	–	(425)	(425)
Forward foreign exchange contracts – GBP/EUR	–	(40)	(40)	–	(119)	(119)
Forward foreign exchange contracts – GBP/NZD	–	(777)	(777)	–	(987)	(987)
Forward foreign exchange contracts – GBP/USD	–	–	–	–	(381)	(381)
Forward foreign exchange contracts – USD/NZD	–	(151)	(151)	–	(90)	(90)
Total forward foreign exchange contracts	–	(1,043)	(1,043)	–	(2,002)	(2,002)
Call options – Bermuda Commercial Bank Limited	927	–	927	1,251	–	1,251
Contract for differences – Ebet Limited	351	–	351	374	–	374
S&P futures and options – USD	3,461	(1,261)	2,200	–	–	–
Total derivative financial instruments	4,739	(2,304)	2,435	1,625	(2,002)	(377)

Classified (see note 1(c)) as:			£'000s			£'000s
Level 1	3,461	(1,261)	2,200	–	–	–
Level 2	1,278	(1,043)	235	1,625	(2,002)	(377)
	4,739	(2,304)	2,435	1,625	(2,002)	(377)

COMPANY	Current assets £'000s	Current liabilities £'000s	2012 Net current assets/ (liabilities) £'000s	Current assets £'000s	Current liabilities £'000s	2011 Net current assets/ (liabilities) £'000s
Forward foreign exchange contracts – GBP/AUD	–	(75)	(75)	–	(425)	(425)
Forward foreign exchange contracts – GBP/EUR	–	(40)	(40)	–	(119)	(119)
Forward foreign exchange contracts – GBP/NZD	–	(777)	(777)	–	(987)	(987)
Forward foreign exchange contracts – GBP/USD	–	–	–	–	(381)	(381)
Forward foreign exchange contracts – USD/NZD	–	(151)	(151)	–	(90)	(90)
Total forward foreign exchange contracts	–	(1,043)	(1,043)	–	(2,002)	(2,002)
Call options – Bermuda Commercial Bank Limited	927	–	927	1,251	–	1,251
Total derivative financial instruments	927	(1,043)	(116)	1,251	(2,002)	(751)

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

14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Changes in derivatives

Total net current derivative financial instruments are as follows:

	GROUP 2012 £'000s	GROUP 2011 £'000s	COMPANY 2012 £'000s	COMPANY 2011 £'000s
Valuation brought forward	**(377)**	5,382	**(751)**	883
Net acquisitions	**14,055**	9,162	**899**	1,055
Settlements	**(12,185)**	(1,961)	**(1,266)**	5,121
Gains and losses	**942**	(12,960)	**1,002**	(7,810)
Valuation carried forward	**2,435**	(377)	**(116)**	(751)

15. LOANS – CURRENT LIABILITIES

GROUP AND COMPANY	2012 £'000s	2011 £'000s
Newtel Holdings Limited Loan	**–**	600
OneLink Holdings Pty. Ltd. Loan	**1,253**	2,955
	1,253	3,555

OneLink has loaned A$1,918,000 (2011: A$4,432,000) to Utilico. This loan is repayable on 31 May 2013 and bears interest at the cash rate applied by Australian and New Zealand Banking Group Limited to money market deposits as advised by the lender to the borrower in writing from time to time.

Newtel loaned £0.6m to Utilico with the right to repayment of the loan within seven days of requesting the funds. Interest is charged at the same rate that Newtel receives interest on its bank deposit account. The loan was repaid in the year.

16. OTHER PAYABLES

	GROUP 2012 £'000s	GROUP 2011 £'000s	COMPANY 2012 £'000s	COMPANY 2011 £'000s
Investment creditor	**945**	–	**945**	–
Bank overdraft	**3,367**	–	**3,367**	–
Accrued finance costs	**1**	16	**1**	16
Intra-group loans	**–**	–	**226,390**	172,762
Accrued expenses	**1,124**	1,346	**1,110**	1,330
	5,437	1,362	**231,813**	174,108

17. BANK LOANS – NON CURRENT LIABILITIES

GROUP AND COMPANY	2012 £'000s	2011 £'000s
NZ$60.15m repayable March 2013	**–**	30,943

The Company has a committed loan facility of £30,000,000 from Scotiabank Europe plc ("Scotia") which expires on 21 March 2013. Commissions are charged on any undrawn amounts at commercial rates. The terms of the loan facility, including those related to accelerated repayment and costs of repayment, are typical of those normally found in facilities of this nature.

Scotia has a floating rate charge over the assets of the Company in respect of amounts owing under the loan facility.

Since the year end, the bank facility with Scotia has been increased to £50,000,000, with an expiry date in March 2014.

18. ZERO DIVIDEND PREFERENCE SHARES

ZDP shares are issued by UFL and the figures below are for the Group.

ZDP shares – current liabilities	**2012 £'000s**	2011 £'000s
2012 ZDP Shares	**66,275**	–
ZDP shares – non-current liabilities		
2012 ZDP shares	**–**	73,756
2014 ZDP shares	**67,938**	49,532
2016 ZDP shares	**67,888**	49,474
2018 ZDP shares	**22,295**	–
	158,121	172,762
Total	**224,396**	172,762

GROUP

2012	**Number**	**2012 £'000s**	**Number**	**2014 £'000s**	**Number**	**2016 £'000s**	**Number**	**2018 £'000s**	**Total £'000s**
Authorised									
Utilico Finance 2012, 2014 and 2016 ZDP shares of 10p each	60,592,190	6,059	50,000,000	5,000	50,000,000	5,000	–	–	**n/a**
Utilico Finance 2018 ZDP shares of 5.9319p each	–	–	–	–	–	–	49,842,413	2,956	**n/a**
Issued									
Balance at 30 June 2011	45,486,200	73,756	37,500,000	49,532	37,500,000	49,474	–	–	**172,762**
Issue of ZDP shares	–	–	10,000,000	14,650	10,000,000	14,650	11,893,552	11,893	**41,193**
Issue costs of ZDP shares	–	–	–	(151)	–	(151)	–	(651)	**(953)**
Cancellation of 2012 ZDP shares and rollover to 2018 ZDP shares	(6,143,391)	(10,356)	–	–	–	–	10,356,448	10,356	**–**
ZDP shares held intra-group	(1,148,913)	(2,007)	–	–	–	–	–	–	**(2,007)**
Finance costs (see note 6)	–	4,882	–	3,907	–	3,915	–	697	**13,401**
Balance at 30 June 2012	**38,193,896**	**66,275**	**47,500,000**	**67,938**	**47,500,000**	**67,888**	**22,250,000**	**22,295**	**224,396**

2011	Number	2012 £'000s	Number	2014 £'000s	Number	2016 £'000s	Total £'000s
Authorised							
Utilico Finance ZDP shares of 10p each	60,592,190	6,059	50,000,000	5,000	50,000,000	5,000	n/a
Issued							
Balance at 30 June 2010	45,486,200	68,936	37,500,000	46,112	37,500,000	46,112	161,160
Finance costs (see note 6)	–	4,820	–	3,420	–	3,362	11,602
Balance at 30 June 2011	45,486,200	73,756	37,500,000	49,532	37,500,000	49,474	172,762

Pursuant to the prospectus relating to the "Rollover Offer of 2012 ZDP Shares into 2018 ZDP Shares and placing of 2014 ZDP Shares, 2016 ZDP Shares and 2018 ZDP Shares" published by UFL on 2 December 2011 and in accordance with the terms and conditions of the Rollover Offer, 6,143,391 2012 ZDP shares were cancelled and rolled-over into 10,356,448 new 2018 ZDP shares on 20 January 2012. UFL also issued 11,893,552 new 2018 ZDP shares at 100p per share raising £11.9m. The new 2018 ZDP shares were admitted to the Official List and to trading on the London Stock Exchange on 26 January 2012.

18. ZERO DIVIDEND PREFERENCE "ZDP" SHARES (CONTINUED)

Pursuant to the supplementary prospectus "Placing of 2014 ZDP Shares, 2016 ZDP Shares and 2018 ZDP Shares" published by UFL on 2 March 2012, 10 million new 2014 ZDP Shares at 146.5p per share and 10 million new 2016 ZDP Shares at 146.5p were issued on 9 March 2012. The new ZDP shares were admitted to the Official List and to trading on the London Stock Exchange on 15 March 2012.

UFL has the ability to complete further placings until the final closing date of 1 December 2012. Since the year end a further 108,699 2012 ZDP shares have been purchased by the Company at a cost of £192,000 and held intra-group.

2012 ZDP shares

ZDP shares with a redemption date of 31 October 2012 were issued by UIT on 7 May 2004. As part of the scheme of reconstruction implementing the proposals for the voluntary winding-up and reconstruction of UIT, each UIT ZDP shareholder received one UFL 2012 ZDP share for every UIT ZDP share held on 8 June 2007. Based on the initial entitlement of a UIT ZDP share of 100p on 7 May 2004, a 2012 ZDP share will have a final capital entitlement at the end of its life on 31 October 2012 of 177.52p, equating to a 7% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2012 ZDP share at 30 June 2012 was 173.52p (2011: 162.15p).

2014 ZDP shares

Based on the initial entitlement of a 2014 ZDP share of 100p on 15 June 2007, a 2014 ZDP share will have a final capital entitlement at the end of its life on 31 October 2014 of 167.60p equating to a 7.25% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2014 ZDP share at 30 June 2012 was 142.33p (2011: 132.69p).

2016 ZDP shares

Based on the initial entitlement of a 2016 ZDP share of 100p on 15 June 2007, a 2016 ZDP share will have a final capital entitlement at the end of its life on 31 October 2016 of 192.78p equating to a 7.25% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2016 ZDP share at 30 June 2012 was 142.33p (2011: 132.69p).

2018 ZDP shares

Based on the initial entitlement of a 2018 ZDP share of 100p on 26 January 2012, a 2018 ZDP share will have a final capital entitlement at the end of its life on 31 October 2018 of 160.52p equating to a 7.25% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2018 ZDP share at 30 June 2012 was 103.03p.

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

The growth of each ZDP accrues daily and is reflected in the capital return and net asset value per ZDP share on an effective interest rate basis.

The ZDP shares do not carry any voting rights at general meetings of the Company. However the Company will not be able to carry out certain corporate actions unless it obtains the separate approval of the ZDP shareholders (treated as a single class) at a separate meeting. Separate approval of each class of ZDP shareholders must be obtained in respect of any proposals which would affect their respective rights, including any resolution to wind up the Company. In addition the approval of ZDP shareholders by the passing of a special resolution at separate class meetings of the ZDP shareholders is required in relation to any proposal to modify, alter or abrogate the rights attaching to any class of the ZDP shares and in relation to any proposal by UFL which would reduce the cover of the existing ZDP shares below 1.5 times.

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

(i) the 2012 ZDP shares shall rank in priority to the 2014 ZDP shares, the 2016 ZDP shares and the 2018 ZDP shares;

(ii) the 2014 ZDP shares shall rank in priority to the 2016 ZDP shares and the 2018 ZDP shares; and

(iii) the 2016 ZDP shares shall rank in priority to the 2018 ZDP shares.

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

19. ORDINARY SHARE CAPITAL

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

2012	**Total shares in issue Number**	**Total shares in issue £'000s**
Balance at 30 June 2011	**99,926,452**	**9,993**
Purchased for cancellation	**(295,000)**	**(30)**
Issued on exercise of warrants	**762**	**–**
Balance at 30 June 2012	**99,632,214**	**9,963**

2011	Total shares in issue Number	Total shares in issue £'000s
Balance at 30 June 2010	86,373,863	8,637
Issued during the year	13,551,531	1,356
Issued on exercise of warrants	1,058	–
Balance at 30 June 2011	99,926,452	9,993

During the year 295,000 ordinary shares were purchased at a cost of £539,000 and cancelled. Since the year end no further ordinary shares have been purchased.

762 ordinary shares were issued during the year on the exercise of warrants.

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

Warrants

At 30 June 2011 3,587,646 Utilico 2012 warrants were in issue. On 14 November 2011, 303 Utilico 2012 warrants were exercised and on 30 April 2012, 397 warrants were exercised. Following the final exercise date on 30 April 2012, the remaining 3,586,946 warrants were cancelled.

The warrant subscription price was 288.75p with each warrant holder able to subscribe for 1.090909 ordinary shares per warrant held.

20. SHARE PREMIUM ACCOUNT

GROUP AND COMPANY	2012 £'000s	2011 £'000s
Balance brought forward	30,250	223,501
Transfer to special reserve	–	(223,501)
Premium received on issue of ordinary shares	–	30,867
Issue costs of ordinary share capital	–	(619)
Premium on conversion of warrants	2	2
Purchase of ordinary shares	(509)	–
Balance carried forward	29,743	30,250

This is a non-distributable reserve arising on the issue of share capital. Pursuant to the Special Resolution passed at a Special General Meeting of the Company held on 17 January 2011, the Company cancelled the share premium account at that date and transferred the balance to the special reserve.

21. SPECIAL RESERVE

GROUP AND COMPANY	2012 £'000s	2011 £'000s
Balance brought forward	233,866	10,365
Transfer from share premium account	–	223,501
Balance carried forward	233,866	233,866

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

22. WARRANT RESERVE

GROUP AND COMPANY	2012 £'000s	2011 £'000s
Balance brought forward	3,049	3,050
Transfer to non-distributable reserve on exercise of warrants	–	(1)
Transfer to capital reserve on cancellation of warrants	(3,049)	–
Balance carried forward	–	3,049

The imputed net proceeds on initial issue of warrants, based on the market value of the warrants on the first day of listing, were transferred out of share premium account to the warrant reserve. On exercise, the imputed net proceeds were transferred to a separate non-distributable reserve. On cancellation, the net imputed net proceeds were transferred to the capital reserve. Under Bermuda law, the warrant reserve constitutes a reserve for the purposes of assessing the sufficiency of reserves for the purpose of making dividend payments to ordinary shareholders.

23. NON-DISTRIBUTABLE RESERVE

GROUP AND COMPANY	2012 £'000s	2011 £'000s
Balance brought forward	**32,069**	32,068
Transfer from warrant reserve	**–**	1
Balance carried forward	**32,069**	32,069

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

24. CAPITAL RESERVES

GROUP	2012 Capital reserve (including amounts arising on investments sold) £'000s	2012 Capital reserve (including amounts arising on investments held) £'000s	2012 Capital reserves total £'000s	2011 Capital reserve (including amounts arising on investments sold) £'000s	2011 Capital reserve (including amounts arising on investments held) £'000s	2011 Capital reserves total £'000s
Gains/(losses) on investments sold	**1,598**	**–**	**1,598**	(25,416)	–	(25,416)
Gains on investments held	**–**	**11,805**	**11,805**	–	75,616	75,616
Gains/(losses) on derivative financial instruments sold	**581**	**–**	**581**	(8,361)	–	(8,361)
Gains/(losses) on derivative financial instruments held	**–**	**361**	**361**	–	(4,599)	(4,599)
Exchange gains/(losses)	**1,792**	**–**	**1,792**	(1,594)	–	(1,594)
Other capital income	**–**	**–**	**–**	43	–	43
Other capital charges	**(7)**	**–**	**(7)**	(13)	–	(13)
ZDP shares finance charges	**(13,401)**	**–**	**(13,401)**	(11,602)	–	(11,602)
Transfer from warrant reserve on cancellation of warrants	**3,049**	**–**	**3,049**	–	–	–
	(6,388)	**12,166**	**5,778**	(46,943)	71,017	24,074
Transfer on loss of control of subsidiary	**–**	**–**	**–**	311	–	311
Balance brought forward	**(91,413)**	**(22,420)**	**(113,833)**	(44,781)	(93,437)	(138,218)
Balance at 30 June	**(97,801)**	**(10,254)**	**(108,055)**	(91,413)	(22,420)	(113,833)

24. CAPITAL RESERVES (CONTINUED)

COMPANY	Capital reserve (including amounts arising on investments sold) £'000s	Capital reserve (including amounts arising on investments held) £'000s	2012 Capital reserves total £'000s	Capital reserve (including amounts arising on investments sold) £'000s	Capital reserve (including amounts arising on investments held) £'000s	2011 Capital reserves total £'000s
Gains/(losses) on investments sold	1,598	–	1,598	(27,930)	–	(27,930)
Gains on investments held	–	11,740	11,740	–	73,043	73,043
Losses on derivative financial instruments sold	(7)	–	(7)	(5,122)	–	(5,122)
Gains/(losses) on derivative financial instruments held	–	1,009	1,009	–	(2,688)	(2,688)
Exchange gains/(losses)	1,772	–	1,772	(1,626)	–	(1,626)
Other capital income	–	–	–	43	–	43
Other capital charges	(7)	–	(7)	(13)	–	(13)
Intra-group loan account finance charges	(13,388)	–	(13,388)	(11,602)	–	(11,602)
Transfer from warrant reserve on cancellation of warrants	3,049	–	3,049	–	–	–
	(6,983)	12,749	5,766	(46,250)	70,355	24,105
Balance brought forward	(84,901)	(29,037)	(113,938)	(38,651)	(99,392)	(138,043)
Balance at 30 June	**(91,884)**	**(16,288)**	**(108,172)**	(84,901)	(29,037)	(113,938)

Group and Company

Included within the capital reserve movement for the year is £0.5m (2011: £0.3m) of dividend receipts recognised as capital in nature, £80,000 (2011: £25,000) of transaction costs on purchases of investments and £33,000 (2011: £51,000) of transaction costs on sales of investments.

25. REVENUE RESERVE

	GROUP 2012 £'000s	GROUP 2011 £'000s	COMPANY 2012 £'000s	COMPANY 2011 £'000s
Amount transferred to revenue reserve	11,970	7,073	11,999	7,042
Dividends paid in the year	(6,745)	(4,996)	(6,745)	(4,996)
Transfer on loss of control of subsidiary	–	(311)	–	–
Balance brought forward	6,083	4,317	6,188	4,142
Balance at 30 June	**11,308**	6,083	**11,442**	6,188

26. NET ASSET VALUE PER SHARE

(a) Net asset value per ordinary share is based on net assets at the year end of £208,894,000 for the Group and £208,911,000 for the Company (2011: Group and Company £201,477,000) and on 99,632,214 ordinary shares in issue at the year end (2011: 99,926,452).

(b) Diluted net asset value per ordinary share was based on net assets at the year end and assumes the receipt of proceeds arising from the exercise of warrants outstanding. At 30 June 2012 the warrants had expired and there was no dilution (2011: the diluted net asset value was not applicable as the market price of the ordinary shares at the year end was lower than the exercise price of the warrants).

27. RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	GROUP		COMPANY	
	Year to 30 June 2012 £'000s	Year to 30 June 2011 £'000s	**Year to 30 June 2012 £'000s**	Year to 30 June 2011 £'000s
Profit before taxation	**14,720**	31,165	**14,737**	31,156
Adjust for non-cash flow items:				
Gains on investments	**(13,403)**	(50,200)	**(13,338)**	(45,113)
(Gains)/losses on derivative financial instruments	**(942)**	12,960	**(1,002)**	7,810
Exchange (gains)/losses	**(1,792)**	1,595	**(1,772)**	1,626
Non cash dividend transaction	**(1,862)**	–	**(1,862)**	–
Stock interest	**–**	(1,105)	**–**	(1,105)
Non cash flow expenses	**211**	–	**211**	–
Decrease in accrued income	**55**	201	**55**	201
(Increase)/decrease in other debtors	**(38)**	27	**(38)**	27
(Decrease)/increase in creditors	**(237)**	78	**(235)**	66
ZDP share finance costs	**13,401**	11,602	**–**	–
Intra-group loan account finance costs	**–**	–	**13,388**	11,668
Tax on overseas income	**(21)**	(18)	**(21)**	(9)
	(4,628)	(24,860)	**(4,614)**	(24,829)
Adjust for cash flow items not within Statement of Comprehensive Income				
Cash flows on investments	**(1,733)**	(3,023)	**(10,275)**	(4,025)
Cash flows on derivatives	**(1,870)**	(7,201)	**367**	(6,176)
Cash flows on margin accounts	**(4,036)**	–	**–**	–
	(7,639)	(10,224)	**(9,908)**	(10,201)
Cash flows from operating activities	**2,453**	(3,919)	**215**	(3,874)

28. ULTIMATE PARENT UNDERTAKING

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

29. RELATED PARTY TRANSACTIONS

Transactions during the year to 30 June 2012, between the Company, its subsidiary (UFL) and its special purpose entity (GERP) are disclosed below.

Loans from UFL to Utilico of £172.8m at 30 June 2011 were increased by £53.6m (£40.2m received for new ZDP shares issued and £13.4m for the amount of interest payable on the loans), to £226.4m at 30 June 2012. Interest is payable at 7% and 7.25% per annum. The loans are repayable on demand.

During the year Utilico made net payments to GERP of £6.5m in settlement of investment transactions.

On consolidation, transactions between the Company, its subsidiary and its special purpose entity have been eliminated.

The following are considered related parties of the Group: General Provincial Life Pension Fund (L) Limited ("GPLPF"), which holds 52.5% of the Company's ordinary shares; the associates of the Group set out under note 11, being AK Jensen Group Limited, Bermuda Commercial Bank Limited ("BCB"), OneLink Holdings Pty Ltd, Renewable Energy Holdings plc, Renewable Energy Generation Limited, Sasial Vehicle Technologies Limited, Utilico Emerging Markets Limited, Videlli Ltd, Vix Technology (Australia) Pty Ltd and Vix Technology (Bermuda) Ltd; the Board of Utilico Investments Limited; ICM, Utilico's investment manager; and Mr D Saville.

The Company disposed of the following unlisted investments to companies owned by Mr D Saville in July 2012. Mr D Saville is the sole owner of ICM:

(i) Newtel Holdings Limited and AK Jensen Group Limited (which had book values of £13,702 and £1,099,413 respectively) to Platform Technology Limited ("Platform"), a newly incorporated company, in return for a profit participating loan note expiring on 31 March 2017, in the sum of £1,113,115. The loan note provides the Company with the right to all income, dividends, realised profit or other return attributable to the investments to which the loan note relates, together with any accumulated but unpaid returns. In addition Platform accepted the assignment of a loan amounting to £115,920 previously provided by the Company to Financial Media Holdings Ltd.

(ii) Strathdon Investments PLC (which had a book value of zero following its de-listing) to Eclectic Investment Company Limited for cash consideration of £62,019.05.

The Company also made a loan of US$650,000 to Platform on 24 July 2012, the proceeds of which were used to invest in AK Jensen Group Limited, in return for a profit participating loan note expiring on 31 March 2017 in the sum of US$650,000. This loan note provides the Company with the right to all income, dividends, realised profit or other return attributable to the investments to which the loan note relates, together with any accumulated but unpaid returns.

There were no transactions during the year nor any outstanding balances with GPLPF. There were no other transactions between the above associates and the Company other than investments in the ordinary course of Utilico's business.

There were no transactions with ICM other than investment management fees as set out in note 4. At the year end £851,000 (2011: £726,000) of the management fee remained outstanding.

As detailed in the Directors' Remuneration Report on page 36, the Board received aggregate remuneration of £155,900 (2011: £142,500) included within "Other expenses" for services as Directors. At the year end £7,000 (2011: £nil) remained outstanding to the Directors. In addition to their fees, the Directors received dividends totalling £23,000 (2011: £16,000) during the year under review in respect of their shareholdings in the Company. There were no further transactions with the Board during the year.

30. OPERATING SEGMENTS

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

31. FINANCIAL RISK MANAGEMENT

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

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

The Company's risks include the risks within the 100% owned subsidiary and special purpose entity (see note 12) and therefore only the Group risks are analysed below as the differences are not considered to be significant. The accounting policies which govern the reported Balance Sheet carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 1 to the Accounts.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

The policies are in compliance with IFRS and best practice, and include the valuation of financial assets and liabilities at fair value except as noted in (d) below and in note 18 in respect of ZDP shares. The Group does not make use of hedge accounting rules.

(a) Market Risks

The fair value of equity and other financial securities held in the Group's portfolio and derivative financial instruments fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues, including the market perception of future risks. The Board sets policies for managing these risks within the Group's objective and meets regularly to review full, timely and relevant information on investment performance and financial results. The Investment Manager assesses exposure to market risks when making each investment decision and monitors on-going market risk within the portfolio.

The Group's other assets and liabilities may be denominated in currencies other than Sterling and may also be exposed to interest rate risks. The Investment Manager and the Board regularly monitor these risks. The Group does not normally hold significant cash balances. Borrowings are limited to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the Group's exposure to future changes in exchange rates.

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

Currency exposure

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

	2012	**Average**	2011
AUD – Australian Dollar	**1.5301**	**1.5283**	1.4996
BMD – Bermuda Dollar	**1.5685**	**1.5907**	1.6055
EUR – Euro	**1.2360**	**1.1824**	1.1073
NZD – New Zealand Dollar	**1.9514**	**1.9622**	1.9439
USD – US Dollar	**1.5685**	**1.5907**	1.6055

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's monetary assets and liabilities at 30 June 2012 and 30 June 2011 (shown at fair value, except derivatives at gross exposure value), by currency based on the country of primary operations, are shown below:

2012	AUD £'000s	BMD £'000s	EUR £'000s	NZD £'000s	USD £'000s	Other £'000s	Total £'000s
Other receivables	17	270	9	5	4,056	–	4,357
Derivative financial instruments – assets	351	927	–	–	34,938	–	36,216
Cash and cash equivalents	234	162	–	–	5	1	402
Short term borrowings	(1,253)	–	–	–	–	–	(1,253)
Other payables	(70)	–	–	(994)	(559)	–	(1,623)
Derivative financial instruments – liabilities	(7,352)	–	(9,628)	(51,771)	(37,781)	–	(106,532)
Net monetary (liabilities)/assets	(8,073)	1,359	(9,619)	(52,760)	659	1	(68,433)

2011	AUD £'000s	BMD £'000s	EUR £'000s	NZD £'000s	USD £'000s	Other £'000s	Total £'000s
Other receivables	32	264	126	1	7	–	430
Derivative financial instruments – assets	11,002	3,021	–	–	6,340	–	20,363
Cash and cash equivalents	–	2	–	–	84	2	88
Short term borrowings	(2,955)	–	–	–	–		(2,955)
Other payables	–	–	–	(359)	(3)	–	(362)
Derivative financial instruments – liabilities	(22,093)	(1,770)	(10,747)	(45,952)	(20,069)	–	(100,631)
Long term borrowings	–	–	–	(30,943)	–	–	(30,943)
Net monetary assets/(liabilities)	(14,014)	1,517	(10,621)	(77,253)	(13,641)	2	(114,010)

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

Weakening of Sterling

	2012					2011				
	AUD £'000s	BMD £'000s	EUR £'000s	NZD £'000s	USD £'000s	AUD £'000s	BMD £'000s	EUR £'000s	NZD £'000s	USD £'000s
Statement of Comprehensive Income return after tax										
Revenue return	720	156	16	387	4	272	128	15	469	34
Capital return	14,677	4,211	559	2,991	186	12,080	3,558	615	702	(514)
Total return	15,397	4,367	575	3,378	190	12,352	3,686	630	1,171	(480)
NAV per share										
Basic – pence	15.45	4.38	0.58	3.39	0.19	12.36	3.69	0.63	1.17	0.48

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Strengthening of Sterling

	2012 AUD £'000s	2012 BMD £'000s	2012 EUR £'000s	2012 NZD £'000s	2012 USD £'000s	2011 AUD £'000s	2011 BMD £'000s	2011 EUR £'000s	2011 NZD £'000s	2011 USD £'000s
Statement of Comprehensive Income return after tax										
Revenue return	(720)	(156)	(16)	(387)	(4)	(272)	(128)	(15)	(469)	(34)
Capital return	(14,677)	(4,211)	(559)	(2,991)	(186)	(12,080)	(3,558)	(615)	(702)	514
Total return	(15,397)	(4,367)	(575)	(3,378)	(190)	(12,352)	(3,686)	(630)	(1,171)	480
NAV per share										
Basic – pence	(15.45)	(4.38)	(0.58)	(3.39)	(0.19)	(12.36)	(3.69)	(0.63)	(1.17)	0.48

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

Interest rate exposure

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

	2012 Total £'000s	2012 Within one year £'000s	2012 More than one year £'000s	2011 Total £'000s	2011 Within one year £'000s	2011 More than one year £'000s
Exposure to floating rates						
Cash	8,246	8,246	–	1,293	1,293	–
Bank overdraft	(3,367)	(3,367)	–	–	–	–
Borrowings	(1,253)	(1,253)	–	(34,498)	(3,555)	(30,943)
	3,626	3,626	–	(33,205)	(2,262)	(30,943)
Exposure to fixed rates						
Zero dividend preference shares	(224,396)	(66,275)	(158,121)	(172,762)	–	(172,762)
	(224,396)	(66,275)	(158,121)	(172,762)	–	(172,762)
Net exposures						
At period end	(220,770)	(62,649)	(158,121)	(205,967)	(2,262)	(203,705)
Maximum in period	(220,770)	(62,649)	(158,121)	(205,967)	(2,262)	(203,705)
Minimum in period	(187,214)	(1,041)	(186,173)	(183,216)	(21,077)	(162,139)

	2012 Total £'000s	2012 Exposure to floating interest rates £'000s	2012 Fixed interest rates £'000s	2011 Total £'000s	2011 Exposure to floating interest rates £'000s	2011 Fixed interest rates £'000s
Net exposures						
Maximum in year	(220,770)	3,626	(224,396)	(205,967)	(33,205)	(172,762)
Minimum in year	(187,214)	(12,396)	(174,818)	(183,216)	8,344	(191,560)

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

Exposures vary throughout the year as a consequence of changes in the make-up of the net assets of the Group arising out of the investment and risk management processes. Interest received on cash balances or paid on overdrafts is at ruling market rates. Finance costs on ZDP shares are fixed (see note 18). Interest paid on borrowings is at ruling market rates (2011: same) The Group's total returns and net assets are sensitive to changes in interest rates on cash and borrowings. Based on the financial assets and liabilities held, and the interest rates pertaining, at each Balance Sheet date, a decrease or increase in interest rates by 2% would have had the following approximate effects on the Statement of Comprehensive Income revenue and capital returns after tax and on the NAV per share.

	2012 Increase in rate £'000s	**2012 Decrease in rate £'000s**	2011 Increase in rate £'000s	2011 Decrease in rate £'000s
Revenue return	**140**	n/a*	26	n/a*
Capital return	**–**	–	(619)	619
Total return	**140**	–	(593)	619
NAV per share				
Basic – pence	**0.14**	–	(0.59)	0.62

* Interest rates on cash balances are negligible at 30 June 2012 and 2011.

Other market risk exposures

The portfolio of investments, valued at £423,243,000 at 30 June 2012 (2011: £407,560,000) is exposed to market price changes. The Group enters into currency and index options in managing its exposure to other market risks.

The Investment Manager assesses these exposures at the time of making each investment decision. The Board reviews overall exposures at each meeting against indices and other relevant information. An analysis of the portfolio by country and major industrial sector is set out on page 7. A description of the derivative positions together with the Investment Manager's and Board's strategies for using these positions for efficient portfolio management is contained within the Investment Manager's Report under "Derivatives" on page 10.

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

	2012 Increase in value £'000s	**2012 Decrease in value £'000s**	2011 Increase in value £'000s	2011 Decrease in value £'000s
Statement of Comprehensive Income capital return	**84,649**	**(84,649)**	81,601	(81,601)
NAV per share				
Basic – pence	**84.96**	**(84.96)**	81.66	(81.66)

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk exposure

The Group and the Company are required to raise funds to meet commitments associated with financial instruments including ZDP shares. These funds may be raised either through the realisation of assets or through increased borrowing. The risk of the Group or the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given: the number of quoted investments held in the Group's portfolio, 49 at 30 June 2012 (46 at 30 June 2011); the liquid nature of the portfolio of investments; the industrial and geographical diversity of the portfolio (see charts page 7); and the existence of an on-going loan facility agreement. Cash balances are held with reputable banks.

The Investment Manager reviews liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting. The Group has bank loan facilities of £30.0m as set out in note 17 to the accounts, other loans of £1.3m (2011: £3.6m) as set out in note 15 and ZDP share liabilities of £224.4m as set out in note 18. The contractual maturities of the financial liabilities, based on the earliest date on which payment can be required, were as follows:

				2012				2011
	Three months or less £'000s	**More than three months but less than one year £'000s**	**More than one year £'000s**	**Total £'000s**	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Current liabilities								
Bank overdraft	**3,367**	**–**	**–**	**3,367**	–	–	–	–
Other creditors	**2,070**	**–**	**–**	**2,070**	1,362	–	–	1,362
Derivative financial instruments	**106,532**	**–**	**–**	**106,532**	100,631	–	–	100,631
Bank loans	**–**	**1,253**	**–**	**1,253**	600	2,955	33,179	36,734
ZDP shares	**–**	**67,802**	**206,896**	**274,698**	–	–	215,890	215,890
	111,969	**69,055**	**206,896**	**387,920**	102,593	2,955	249,069	354,617

(c) Credit risk and counterparty exposure

The Group is exposed to potential failure by counterparties to deliver securities for which the Group has paid, or to pay for securities which the Group has delivered. The Board approves all counterparties used in such transactions, which must be settled on a basis of delivery against payment (except where local market conditions do not permit). A list of pre-approved counterparties is maintained and regularly reviewed by the Administrator and the Board. Broker counterparties are selected based on a combination of criteria, including credit rating, balance sheet strength and membership of a relevant regulatory body. Cash and deposits are held with reputable banks. The Group has an on-going contract with its Custodians for the provision of custody services. The contracts are reviewed regularly. Details of securities held in custody on behalf of the Group are received and reconciled monthly. To the extent that ICM and F&C carry out duties (or cause similar duties to be carried out by third parties) on the Group's behalf, the Group is exposed to counterparty risk. The Board assesses this risk continuously through regular meetings with management and internal auditors of F&C. In summary, compared to the amounts included in the balance sheet, the maximum exposure to credit risk was as follows:

		2012		2011
Current assets	**Balance sheet £'000s**	**Maximum exposure £'000s**	Balance sheet £'000s	Maximum exposure £'000s
Cash at bank	**8,246**	**8,718**	1,293	8,718
Financial assets through profit or loss				
– derivatives (put options and call options)	**31,563**	**31,563**	3,395	65,506
– derivatives (forward foreign exchange contracts)	**67,708**	**96,859**	96,859	104,312

None of the Group's financial assets is past due or impaired. The Group's principal custodian is JPMorganChase Bank. BCB acts as custodian for certain Bermuda investments. Utilico has a direct interest in BCB and Michael Collier and Warren McLeland are on the Board of BCB (Eric Stobart resigned from the BCB Board during the year).

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair values of financial assets and liabilities

The assets and liabilities of the Group are, in the opinion of the Directors, reflected in the Balance Sheet at fair value except for ZDP shares which are carried at amortised cost using effective interest method in accordance with IAS39 (see note 18). Borrowings under loan facilities do not have a value materially different from their capital repayment amount. Borrowings in foreign currencies are converted into Sterling at exchanges rates ruling at each valuation date.

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

	2012 **£'000s**	2011 £'000s
2012 ZDP shares	**67,030**	76,644
2014 ZDP shares	**73,150**	53,531
2016 ZDP shares	**70,538**	50,063
2018 ZDP shares	**23,140**	–

Unquoted investments are valued based on professional assumptions and advice that is not wholly supported by prices from current market transactions or by observable market data. The Directors make use of recognised valuation techniques and may take account of recent arms' length transactions in the same or similar investments.

The Directors regularly review the principles applied by the Investment Manager to those valuations to ensure they comply with the Group's accounting policies and with fair value principles.

(e) Capital risk management

The objective of the Group is stated as being to maximise shareholder returns by identifying and investing in investments where the underlying value is not reflected in the market price. In pursuing this long term objective, the Board has a responsibility for ensuring the Group's ability to continue as a going concern. It must therefore maintain an optimal capital structure through varying market conditions. This involves the ability to: issue and buy back share capital within limits set by the shareholders in general meeting; borrow monies in the short and long term; and pay dividends to shareholders out of current year earnings as well as out of brought forward reserves. Changes to ordinary share capital are set out in note 19 to the Accounts. Dividends are set out in note 9 to the Accounts. Borrowings are set out in notes 15 and 17 to the Accounts. ZDP shares are set out in note 18 to the Accounts.

NOTICE OF ANNUAL GENERAL MEETING FOR SHAREHOLDERS OF UTILICO INVESTMENTS LIMITED

Notice is hereby given that the 2012 Annual General Meeting of Utilico Investments Limited will be held at Crowne Plaza Lille, Boulevard de Leeds, Lille 59777, France on Monday, 29 October 2012 at 6:00 pm (local time) for the following purposes:

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

ORDINARY BUSINESS:

1. Minutes of the last General Meeting to be read and confirmed.
2. To receive and adopt the Directors' report, auditor's report and the accounts for the year ended 30 June 2012.
3. To approve the Directors' Remuneration Report for the year ended 30 June 2012.
4. To re-elect Mr E St C Stobart as a Director.
5. To re-elect Mr J M Collier as a Director.
6. To re-elect Ms S Hansen as a Director.
7. To appoint KPMG Audit Plc as auditors.
8. To authorise the Directors to determine the auditors' remuneration.

SPECIAL BUSINESS:

9. That, in substitution for the Company's existing authority to make market purchases of ordinary shares of 10p in the Company ("Ordinary Shares"), the Directors be generally and unconditionally authorised to make market purchases of Ordinary Shares, provided that:

   (a) the maximum aggregate number of Shares hereby authorised to be purchased is 14.99% of the issued Ordinary Shares as at the date of this notice, being 14,934,868;

   (b) the maximum price which may be paid for an Ordinary Share is the lower of:

      (i) the amount determined by the rules of the UK Listing Authority at the time of purchase (which currently set a maximum equal to 5% above the average of the market value for an ordinary share taken from the Official List of the UK Listing Authority for the five business days immediately preceding the date of purchase, the price of the last independent trade, and the highest current bid on the trading venues where the purchase is carried out) and

      (ii) the net asset value per Ordinary Share on the date determined by the Directors, being not more than 10 days before the date of purchase;

   (c) the maximum price payable referred to in paragraph (b) above is exclusive of any expenses payable by the Company in connection with such purchase;

   (d) such purchases shall be made in accordance with the Bermuda Companies Act;

   (e) the authority to purchase Ordinary Shares conferred hereby shall expire on the date that is 15 months after the passing of this resolution unless it is varied, revoked or renewed prior to such time by the Company in general meeting by ordinary resolution; and

   (f) the Company may enter into any contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed or executed wholly or partly after the expiration of such authority.

10. As a Special Resolution: That the Company may allot or sell from treasury Relevant Securities (as defined in the Bye-Laws) representing up to 4,981,610 Ordinary Shares, equivalent to approximately 5% of the total number of Ordinary Shares in issue as at the date of this notice for cash as if Bye-Law 4.A.1 did not apply to such allotment or sale, provided that such disapplication shall expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting by Special Resolution (as defined in the Bye-Laws)) at the earlier of the conclusion of the annual general meeting to be held in 2013 or eighteen months from the date of this resolution but so that this power shall enable the Company to make such offers or agreements before such expiry which would or might otherwise require Relevant Securities to

be issued or sold after such expiry and the Directors may issue or sell Relevant Securities in pursuance of such offer or agreement as if such expiry had not occurred.

By order of the Board
ICM Limited, Secretary
19 September 2012

Notes:

1. Only the holders of ordinary shares registered on the register of members of the Company at 5:00 pm (London time) on 27 October 2012 shall be entitled to attend and vote or to be represented at the meeting in respect of the shares registered in their name at that time. Changes to entries on the register after 5:00 pm (London time) on 27 October 2012 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. The return of a form of proxy will not preclude a member from attending the meeting and voting in person if he/she wishes to do so. To be valid, a form of proxy for use at the meeting and the power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be deposited with the Company's registrars, Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 5:00 pm (London time) on 27 October 2012. In view of this requirement, investors holding shares in the Company through a depository interest should ensure that Forms of instruction are returned to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 5:00 pm (London time) on 26 October 2012.
4. The register of Directors' holdings is available for inspection at the registered office of the Company during normal business hours on any weekday and will be available at the place of the meeting from 15 minutes prior to the commencement of the meeting until the conclusion thereof.
5. No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Company's Bye-laws. The letters of appointment are available for inspection at the Company's registered office and at the annual general meeting.
6. The final dividend in respect of the year ended 30 June 2012 for the ordinary shares will be paid on 19 October 2012 to the relevant holders on the register at the close of business on 5 October 2012.

TEN LARGEST HOLDINGS HELD DIRECTLY BY THE GROUP

At 30 June

2012	*2011*	Company *(Country)*	Fair value £'000s	% of total investments
1	*3*	**Resolute Mining Limited** *(Australia)* Gold mining	110,722	26.2%
2	*2*	**Utilico Emerging Markets Limited** *(Bermuda)* Investments	95,407	22.5%
3	*1*	**Infratil Limited** *(New Zealand)* Infrastructure assets	86,170	20.4%
4	*6*	**Bermuda Commercial Bank Limited** *(Bermuda)* Banking	18,070	4.3%
5	*5*	**Vix Group**[1] *(Australia)* Automated fare collection systems	15,166	3.6%
6	*4*	**Jersey Electricity plc** *(Jersey)* Electricity generation and supply	14,616	3.5%
7	*7*	**Renewable Energy Generation Ltd** *(UK)* Wind power	12,679	3.0%
8	–	**New Zealand Oil & Gas Ltd** *(New Zealand)* Oil & gas	10,783	2.5%
9	*8*	**Keytech Limited** *(Bermuda)* Telecoms	7,466	1.7%
10	–	**Augean plc** *(UK)* Waste treatment	6,750	1.6%
		Ten largest holdings	377,829	89.3%
		Other investments	45,414	10.7%
		Total Investments held directly by the Group	423,243	100.0%

Notes

The country shown is the location of the major part of the company's business. The value of the convertible securities represents 0.7% (2011: 14.5%) of the Group's portfolio and the value of fixed income securities represents 4.1% (2011: 2.0%) of the Group's portfolio.

(1) Vix Group comprises Vix Technology (Australia) Pty Ltd and Vix Technology (Bermuda) Ltd.

GLOSSARY

Compound Annual Growth Rate ("CAGR")	The average annual growth over a specified period of time
Company	Utilico Investments Limited
Close Company	A company in which the directors control more than half the voting shares, or where such control is exercised by five or fewer people
CULS	The Convertible Unsecured Loan stock issued by UIT
Dilution	A reduction in NAV per share that arises through the issuance of additional shares or the exercise of warrants
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
F&C (or the Administrator)	F&C Management Limited
FTSE	Financial Times Stock Exchange Index
Gearing	The term applied to the effect of borrowings and prior charge share capital on assets that will increase the return on investment when the value of the Company's investments is rising but reduce the return when values are declining
GERP	Global Equity Risk Protection Limited
GPLPF	General Provincial Life Pension Fund (L) Limited
Gross Assets	Total assets less current liabilities excluding loans.
Group	Consists of Utilico Investments Limited, Utilico Finance Limited and GERP
ICM	ICM Limited
IFRS	International Financial Reporting Standards as adopted by the European Union
Investment Manager	ICM Limited
IRR	Internal rate of return, being the annualised rate of return recovered from holding an investment over a given period
NAV	Net asset value
Non-Executive Director	Directors who do not hold a service contract with the Company
S&P Index	Standard & Poor's 500 Index
Ongoing charges figure	From June 2011 Total expense ratio is calculated as "Ongoing charges figure". The ongoing charges figures is expressed as a percentage of average net assets, ongoing charges comprise all operational, recurring costs that are payable by the Company or suffered within underlying investee funds, in the absence of any purchases or sales of investments.
UEM	Utilico Emerging Markets Limited
UFL	Utilico Finance Limited
UIT	Utilico Investment Trust plc (Utilico's predecessor)
Unquoted	Investments in companies which are not listed on a investment exchange
UNZL	Utilico NZ Limited
Utilico	Utilico Investments Limited
Yield	Annual dividend income per share received from a company divided by its share price
ZDP	Zero Dividend Preference shares/shareholders

COMPANY INFORMATION

Utilico Investments Limited

Company Registration Number: 39480
www.utilico.bm

Directors

Dr Roger Urwin CBE (Chairman)
Peter Burrows AO
J. Michael Collier
Susan Hansen (Alternate: Warren McLeland)
Eric Stobart

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

UK Broker

Westhouse Securities Limited
One Angel Court
London EC2R 7HJ
Authorised and regulated in the UK by the Financial Services Authority

Legal Advisor to the Company (as to English law)

Norton Rose LLP
3 More London Riverside
London SE1 2AQ

Legal Advisor to the Company (as to Bermuda law)

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

Bermuda Resident Representative and Assistant Secretary

Appleby Services (Bermuda) Ltd
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Reporting Accountants and Registered Auditor

(for the year ended 30 June 2012)

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

(for the year ending 30 June 2013, subject to shareholder approval)

KPMG Audit Plc
15 Canada Square
London E14 5GL

Investment Manager and Secretary

ICM Limited
1st Floor, 19 Par-la-Ville Road
Hamilton HM11
Bermuda

Administrator

F&C Management Limited
Exchange House
Primrose Street
London EC2A 2NY
Telephone 020 7628 8000
Authorised and regulated in the UK by the Financial Services Authority

Custodians

JPMorgan Chase Bank N.A.
125 London Wall
London EC2Y 5AJ

Bermuda Commercial Bank Limited
19 Par-la-Ville Road
PO Box HM1748
Hamilton HM GX
Bermuda

Registrar

Computershare Investor Services (Jersey) Ltd
Queensway House
Hilgrove Street
St Helier
Jersey JE1 1ES
Channel Islands
Telephone 0870 707 4040

Depository and CREST Agent

Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH

Company Banker

Scotiabank Europe PLC
201 Bishopsgate, 6th floor
London EC2M 3NS

The Company's shares are traded on the Main Market of the London Stock Exchange.
The Company's ordinary shares can be held in an ISA.

NOTES

	14 August 2003	30 June 2004	30 June 2005(1)	30 June 2006	30 June 2007(2)	30 June 2008(3)	30 June 2009	30 June 2010	30 June 2011	30 June 2012	Change 2003/04	Change 2004/05	Change 2005/06	Change 2006/07	Change 2007/08	Change 2008/09	Change 2009/10	Change 2011/12	Change 2011/12
Ordinary shares																			
Capital Value																			
Net asset value per ordinary share (undiluted)	99.47p	120.20p	186.07p	222.35p	350.29p	225.20p	146.87p	166.39p	201.63p	**209.67p**	20.8%	54.8%	19.5%	57.5%	(35.7%)	(34.8%)	13.3%	21.2%	**4.0%**
Net asset value per ordinary share (diluted)	99.47p	114.39p	162.84p	187.68p	312.06p	225.20p	146.87p	166.39p	201.63p	**209.67p**	15.0%	42.4%	15.3%	66.3%	(27.8%)	(34.8%)	13.3%	21.2%	**4.0%**
Share prices and indices																			
Ordinary share price	85.67p	107.50p	159.25p	180.25p	299.00p	234.00p	117.00p	116.50p	147.25p	**144.00p**	25.5%	48.1%	13.2%	65.9%	(21.7%)	(50.0%)	(0.4%)	26.4%	**(2.2%)**
Discount/(premium) (based on diluted NAV per ordinary share)	13.9%	6.0%	2.2%	4.0%	4.2%	(3.9%)	20.3%	30.0%	27.0%	**31.3%**									
FTSE All-Share Total Return Index	2,160	2,392	2,840	3,396	4,023	3,499	2,782	3,370	4,234	**4,101**	10.7%	18.7%	19.6%	18.5%	(13.0%)	(20.5%)	21.1%	25.6%	**(3.1%)**
Returns and dividends																			
Revenue return per ordinary share (undiluted)	n/a	1.68p	1.65p	0.89p	1.84p	3.56p	2.77p	10.49p	7.65p	**11.99p**	n/a	(1.8%)	(46.1%)	106.7%	93.5%	(22.2%)	278.7%	(27.1%)	**56.7%**
Capital return per ordinary share (undiluted)	n/a	36.45p	65.48p	35.50p	178.01p	(103.32p)	(82.62p)	21.15p	26.05p	**2.73p**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	23.2%	**(89.5%)**
Total return per ordinary share (undiluted)	n/a	38.13p	67.13p	36.39p	179.85p	(99.76p)	(79.85p)	31.62p	33.70p	**14.72p**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6.6%	**(56.3%)**
Dividend per ordinary share	n/a	1.60p	1.90p	0.40p	0.80p	–	–	–	8.25p	**7.00p**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**(15.2%)**
Cash distribution per ordinary share	–	–	–	–	–	–	–	12.00p	–	**–**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**
Zero dividend preference (ZDP) shares(4)																			
2012 ZDP shares																			
Capital entitlement per ZDP share	n/a	101.01p	108.07p	115.63p	123.71p	132.39p	141.65p	151.55p	162.15p	**173.52p**	n/a	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	**7.0%**
ZDP share price	n/a	96.75p	115.25p	118.50p	126.75p	135.50p	150.75p	159.75p	168.50p	**175.50p**	n/a	19.1%	2.8%	7.0%	6.9%	11.3%	6.0%	5.5%	**4.2%**
2014 ZDP shares																			
Capital entitlement per ZDP share	n/a	n/a	n/a	n/a	100.29p	107.57p	115.37p	123.72p	132.69p	**142.33p**	n/a	n/a	n/a	n/a	7.3%	7.3%	7.2%	7.3%	**7.3%**
ZDP share price	n/a	n/a	n/a	n/a	103.25p	108.50p	116.50p	129.50p	142.75p	**154.00p**	n/a	n/a	n/a	n/a	5.1%	7.4%	11.2%	10.2%	**7.9%**
2016 ZDP shares																			
Capital entitlement per ZDP share	n/a	n/a	n/a	n/a	100.29p	107.57p	115.37p	123.72p	132.69p	**142.33p**	n/a	n/a	n/a	n/a	7.3%	7.3%	7.2%	7.3%	**7.3%**
ZDP share price	n/a	n/a	n/a	n/a	103.00p	103.75p	102.50p	108.75p	133.50p	**148.50p**	n/a	n/a	n/a	n/a	0.7%	(1.2%)	6.1%	22.8%	**11.2%**
2018 ZDP shares																			
Capital entitlement per ZDP share	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**103.03p**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**
ZDP share price	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**104.00p**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**
Warrants																			
2008 warrant price	19.50p	27.75p	62.75p	86.00p	260.00p	n/a	n/a	n/a(5)	n/a(5)	**n/a(5)**	42.3%	126.1%	37.1%	93.5%(6)	n/a	n/a	n/a	n/a	**n/a**
2012 warrant price	n/a	n/a	n/a	n/a	88.25p	79.50p	3.50p	2.00p	0.55p	**n/a(5)**	n/a	n/a	n/a	n/a	(9.9%)	(95.6%)	(42.9%)	(72.5%)	**n/a**
Equity holders funds (£m)																			
Gross assets(7)	133.5	163.0	229.8	270.1	454.6	414.6	288.9	334.2	408.7	**434.5**	22.1%	41.0%	17.5%	68.3%	(8.8%)	(30.3%)	15.7%	22.3%	**6.3%**
Bank debt	33.7	30.2	41.8	55.0	44.8	69.2	17.0	29.3	30.9	**–**	(10.4%)	38.4%	31.6%	(18.5%)	54.5%	(75.4%)	72.4%	5.5%	**n/a**
ZDP shares	–	45.6	48.3	51.8	130.8	140.2	145.1	161.2	172.8	**224.4**	n/a	5.9%	7.2%	152.5%	7.2%	3.5%	11.1%	7.2%	**29.9%**
Other debt	–	–	`–	–	–	–	–	–	3.5	**1.2**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**(65.7%)**
CULS(8)	–	10.0	20.3	20.6	–	–	–	–	–	**–**	n/a	103.0%	1.5%	n/a	n/a	n/a	n/a	n/a	**n/a**
Equity holders' funds	99.8	77.2	119.4	142.7	279.0	205.2	126.8	143.7	201.5	**208.9**	(22.6%)	54.7%	19.5%	95.5%	(26.5%)	(38.2%)	13.3%	40.2%	**3.7%**
Revenue account (£m)																			
Income	n/a	3.8	6.5	6.9	8.4	10.5	8.5	13.8	11.9	**15.9**	n/a	71.1%	6.2%	21.7%	25.0%	(19.0%)	62.4%	(13.8%)	**33.6%**
Costs (management and other expenses)	n/a	1.3	1.9	2.2	2.6	3.1	2.4	2.4	2.9	**3.0**	n/a	46.2%	15.8%	18.2%	19.2%	(22.6%)	0.0%	20.6%	**3.4%**
Finance costs	n/a	1.2	3.2	3.6	4.1	3.6	2.6	1.4	2.0	**0.8**	n/a	166.7%	12.5%	13.9%	(12.2%)	(27.8%)	(46.2%)	42.9%	**(60.0%)**
Financial ratios of the Group																			
Revenue yield on average gross assets	n/a	2.8%	3.1%	2.8%	2.3%	2.3%	2.6%	4.2%	3.1%	**4.0%**									
Ongoing charges figure(9) on average gross assets	n/a	1.0%	0.9%	0.9%	0.7%	0.7%	0.8%	0.7%	2.0%(10)	**1.7%(10)**									
Bank loans, other loans, CULS and ZDP shares gearing on gross assets	n/a	41.1%	47.2%	46.5%	38.6%	50.5%	56.1%	57.0%	50.7%	**61.3%**									

1. Restated for changes in accounting policies.
2. Utilico Investments Limited ("Utilico") began trading on 20 June 2007. An investment update was produced for the year ended 30 June 2007 which included figures from Utilico's predecessor Utilico Investment Trust plc. As such these numbers are neither audited nor reviewed under auditing standards.
3. Restated consolidating GERP.
4. Issued by Utilico Finance Limited, a wholly owned subsidiary of Utilico Investments Limited.
5. 2008 Warrants expired July 2008, 2012 Warrants expired April 2012.
6. Adjusted for June 2007 corporate action.
7. Gross assets less current liabilities excluding loans.
8. CULS converted June 2007 into ordinary shares.
9. Excluding performance fee and income not receivable.
10. From June 2011 Total expense ratio is calculated as "Ongoing charges figure" The ongoing charges figures is expressed as a percentage of average net assets, ongoing charges comprise all operational, recurring costs that are payable by the Company or suffered within underlying investee funds, in the absence of any purchases or sales of investments.

UTILICO INVESTMENTS LIMITED
UK Contact
PO Box 208
Epsom Surrey
KT18 7YF
Telephone: 01372 271 486

www.utilico.bm

UIL/ANN-12