UTILICO INVESTMENTS LIMITED

Managed by ICM Limited

Report and Accounts 30 June 2014

FINANCIAL HIGHLIGHTS – YEAR TO 30 JUNE 2014

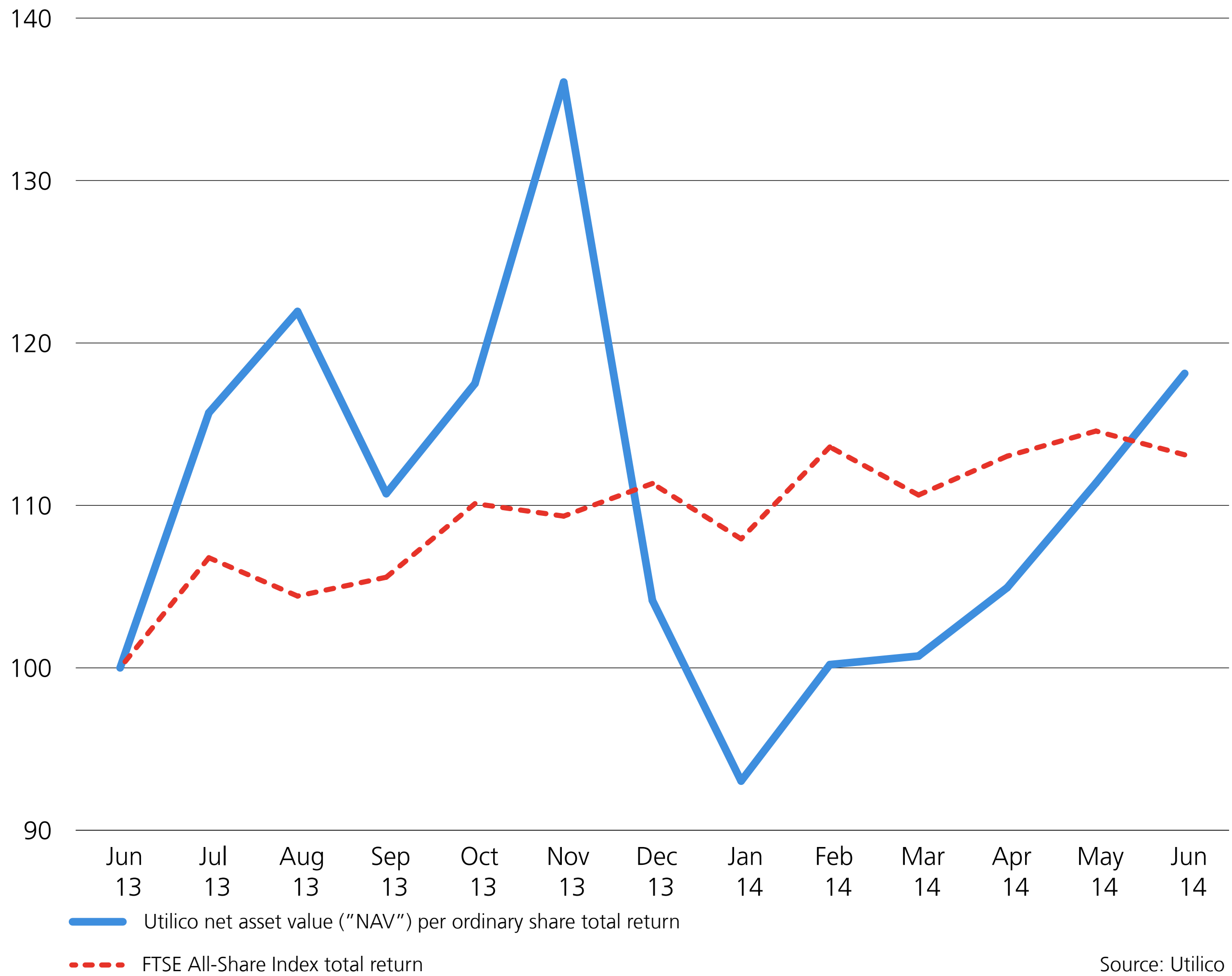
Total return per ordinary share 26.88p (-51.59p)

Annual total return 18.1% (-24.6%)

Ordinary dividend per share 7.50p (7.50p)

Figures in brackets are for the prior year.

Utilico Investments Limited ("Utilico") one year performance vs FTSE All-Share Index
From 30 June 2013 to 30 June 2014 (rebased to 100)



Source: Utilico

Key transactions in the year

- Acquisition of 62.5% of Waverton Investment Management ("Waverton") by Somers Limited ("Somers")
- Utilico invested a further £11.2m in Somers including exercising warrants of £10.5m
- Z Energy IPO'd at a significant uplift in value to Infratil Limited ("Infratil")
- Zeta Resources Limited ("Zeta") raised A$19.0m from the rights issue for which Utilico subscribed

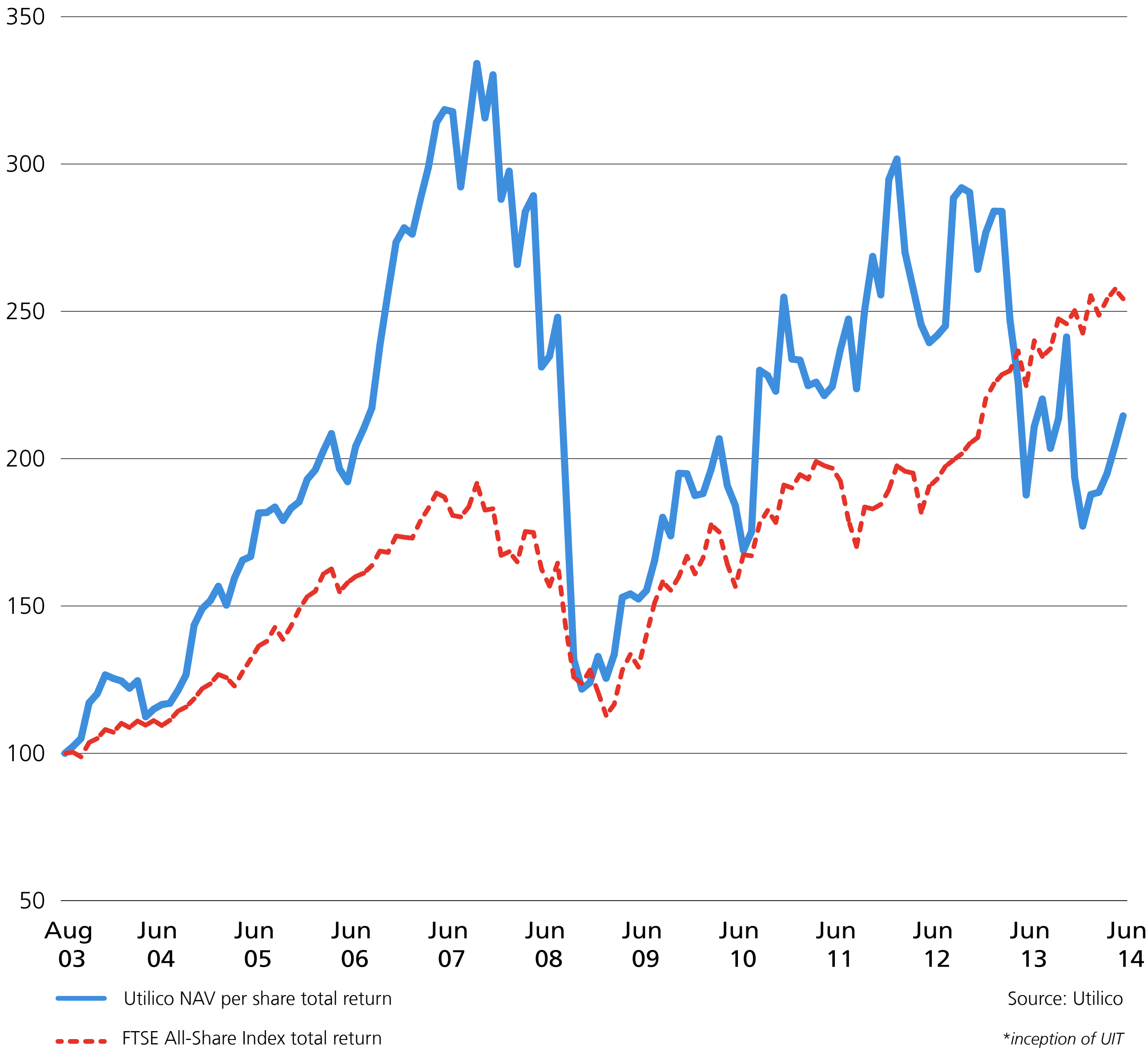
Total return per ordinary share of 213.42p

Average annual compound total return of 7.9%

Gross assets of £399.1m

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 2014 (rebased to 100)*

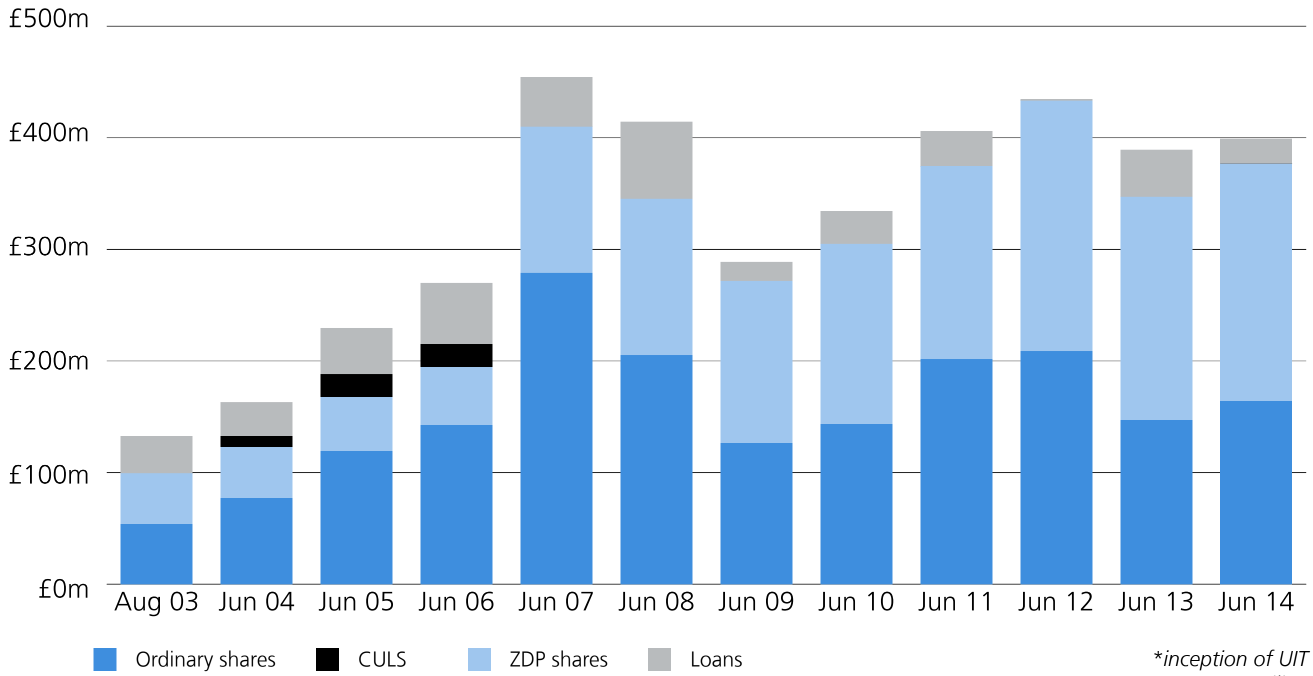


Source: Utilico

**inception of UIT*

Allocation of gross assets (including ZDP shares)

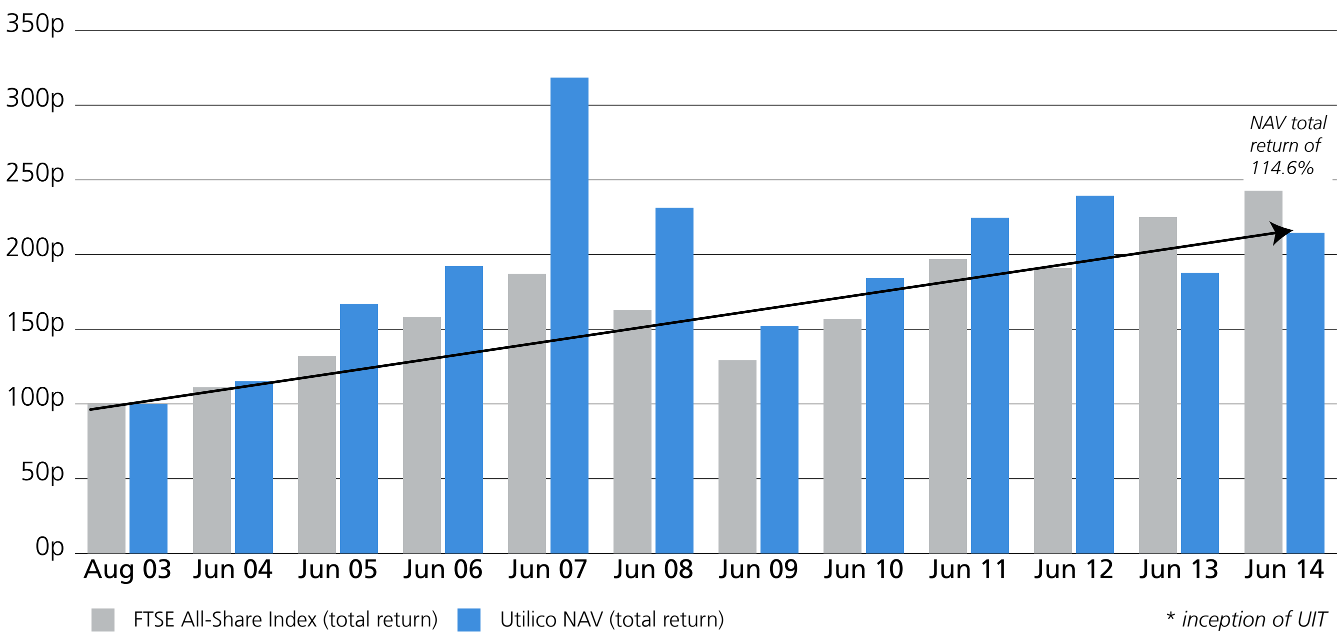
From 14 August 2003 to 30 June 2014*



**inception of UIT*
Source: Utilico

Total return comparative performance to 30 June 2014

*Rebased to 100 at 14 August 2003**

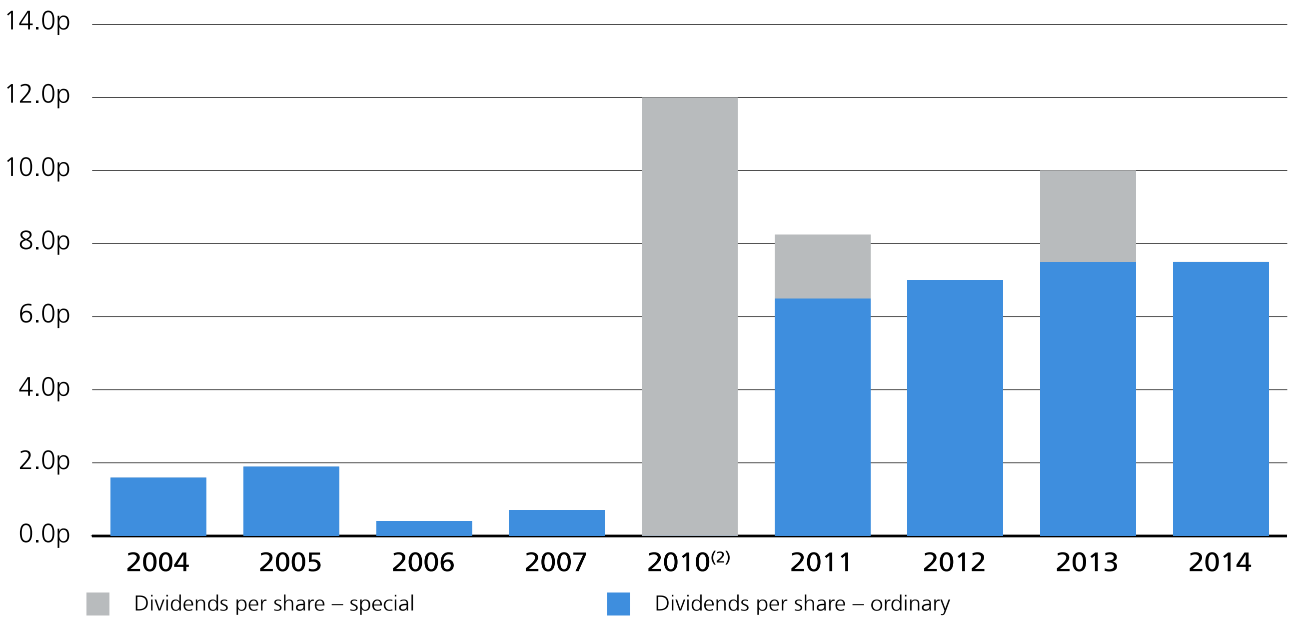


* *inception of UIT*
Source: Utilico

FINANCIAL HIGHLIGHTS

Utilico Investments Limited dividends per share

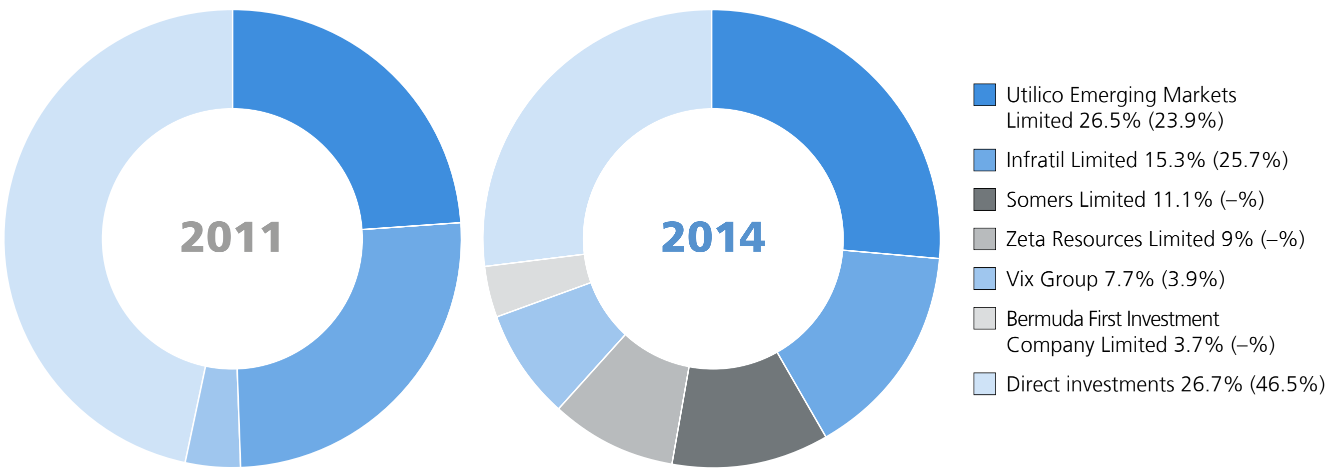
From 2004 to 2014[1]



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

Source: Utilico

Platform development over three years



Figures in brackets as at June 2011

Source: Utilico

CONTENTS

FINANCIAL CALENDAR

Year end	30 June
Annual General Meeting	19 November 2014
Half year	31 December
Half year December 2014 announcement	February 2015
Quarterly dividends, payable in	September, December, March and June
Q4 dividend – Ex-dividend	20 August 2014
– Paid	8 September 2014

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 view and on information known to them at the date of this report. Nothing in this publication should be construed as a profit forecast.

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

GROUP PERFORMANCE SUMMARY

	30 June 2014	30 June 2013*	Change 2013/14
Total return (annual)[1] *(%)*	**18.1**	(24.6)	n/a
Annual compound total return (since inception) *(%)*	**7.9**	7.0	n/a
Ordinary shares			
Net asset value per ordinary share *(p)*	**165.84**	148.33	11.8%
Ordinary share price *(p)*	**128.00**	130.00	(1.5%)
Discount *(%)*	**22.8**	12.4	n/a
FTSE All-Share Total Return Index	**5,471**	4,837	13.1%
Returns and dividends			
Revenue return per ordinary share *(p)*	**7.03**	12.06	(41.7%)
Capital return per ordinary share *(p)*	**19.85**	(63.65)	n/a
Total return per ordinary share *(p)*	**26.88**	(51.59)	n/a
Dividends per ordinary share *(p)*	**7.50**	10.00[2]	(25.0%)
Zero dividend preference ("ZDP") shares[3]			
2014 ZDP shares			
Capital entitlement per ZDP share *(p)*	**163.70**	152.64	7.2%
ZDP share price *(p)*	**166.25**	158.50	4.9%
2016 ZDP shares			
Capital entitlement per ZDP share *(p)*	**163.70**	152.64	7.2%
ZDP share price *(p)*	**177.13**	165.50	7.0%
2018 ZDP shares			
Capital entitlement per ZDP share *(p)*	**118.50**	110.50	7.2%
ZDP share price *(p)*	**128.25**	113.38	13.1%
Equity holders' funds			
Gross assets[4] *(£m)*	**399.1**	383.0	4.2%
Bank debt *(£m)*	**22.2**	42.5	(47.8%)
ZDP shares *(£m)*	**212.5**	193.4	9.9%
Equity holders' funds *(£m)*	**164.4**	147.1	11.8%
Revenue account			
Income *(£m)*	**10.4**	16.2	(35.8%)
Costs (management and other expenses) *(£m)*	**2.1**	3.2	(34.4%)
Finance costs *(£m)*	**0.9**	0.8	12.5%
Financial ratios of the Group			
Revenue yield on average gross assets *(%)*	**2.6**	4.2	n/a
Ongoing charges figure excluding performance fees[5] *(%)*	**2.2**	1.8	n/a
Ongoing charges figure including performance fees[5] *(%)*	**3.1**	3.0	n/a
Bank loans, net bank overdraft and ZDP shares gearing on net assets *(%)*	**144.4**	160.4	n/a

* 2013 figures have been restated, see note 1 to the accounts

(1) Total return is calculated as change in NAV per ordinary share, plus dividends reinvested

(2) Includes the special dividend of 2.50p 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 Group or suffered within underlying investee funds, in the absence of any purchases or sales of investments

Utilico Investments Limited's ("Utilico" or the "Company") investment objective is to maximise shareholder returns by identifying and investing in investments worldwide where the underlying value is not reflected in the market share price.

NATURE OF THE COMPANY

The Company is a Bermuda exempted closed end investment company, whose ordinary shares are listed on the Official List of the Financial Conduct Authority and are traded on the Main Market of the London Stock Exchange. The business of the Company consists of investing the pooled funds of its shareholders in accordance with its investment objective and policy, with the aim of spreading investment risk and generating a return for shareholders. The Company has borrowings ("gearing"), the proceeds from which can also be invested with the aim of enhancing returns to shareholders. This gearing increases the potential risk to shareholders should the value of the investments fall.

The Company has contracted with an external investment manager, ICM Limited (the "Investment Manager" or "ICM"), to manage its investments and for the company secretarial function. The Company's general administration is undertaken by F&C Management Limited (the "Administrator"); other administrative functions are contracted to external service providers. The Company has a Board of non-executive directors who oversee and monitor the activities of the Investment Manager and the other service providers and ensure that the investment policy is adhered to.

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

It is pleasing to report that Utilico achieved a total return per ordinary share of 18.1% in the twelve months to 30 June 2014 mainly driven by net portfolio gains of £36.7m. The FTSE All Share Total Return Index increased by 13.1% over the same period.

During the year Utilico achieved a number of positives. Utilico Emerging Markets Limited ("UEM") produced a positive return despite weak emerging markets and weak emerging currencies against a strong pound sterling; UEM won three industry awards for its strong performance. Somers took a significant step forward and completed the acquisition of Waverton in late July 2013, funded in part by a further £11.2m investment from Utilico. Waverton has performed strongly with assets under management up from £3.9bn on acquisition to over £5.0bn at 30 June 2014. Zeta has also performed strongly, with its NAV up by 24.3% over the year. Utilico supported Zeta by investing a further net £16.7m.

Over the twelve months Resolute Mining Limited ("Resolute") has invested heavily in optimising the Syama mine, proving up its reserves to 15 years and gaining control of Bibiani, an exciting prospect in Ghana. Resolute's shares have ended the twelve months to 30 June 2014 up 3.4%.

Significant decisions were made in terms of the longer term gearing of Utilico and the redemption of the 2014 ZDP shares. The Board, in conjunction with the Investment Manager, is determined to reduce the absolute level of debt which stood at £255.9m as at 31 December 2013. A target of £55.0m reduction in debt was set. As a result, in early January a process was started to reduce the holdings in both Infratil and UEM with a view both to better balance the portfolio and to use the proceeds to reduce Utilico's gearing. The investment in Infratil was reduced in January by £20.0m and the investment in Renewable Energy Generation ("REG") was reduced by £7.0m, representing 40.9% of Utilico's investment in REG. By 30 June 2014 bank debt had been reduced to £22.2m, down from £49.0m at 31 December 2013 as a result of realisations and the absolute level of debt stood at £234.7m as at 30 June 2014.

In late June Utilico announced its intention to create £25.0m 2020 ZDP shares and to seek further realisations from its portfolio. In early July Utilico announced it had successfully placed 13.8m UEM shares at 180.00p, realising £24.9m. The proceeds were used to reduce the bank debt to nil. Following

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Significant decisions were made to reduce the absolute level of debt and to create £25.0m 2020 ZDP shares, thus extending the debt maturity.

We expect continued challenging investment conditions, but this should create new investment opportunities.

a successful marketing of the 2020 ZDP shares, holders of some 9.4m 2014 ZDP shares rolled their holdings into 15.5m 2020 ZDP shares and some 9.5m 2020 ZDP shares were placed in the market. The 2020 ZDP shares started trading on 31 July 2014. Utilico is today well placed to meet the redemption of the 2014 ZDP shares in October, which will cost some £61.9m, through use of its undrawn bank facility of £50.0m and on-going realisation of portfolio holdings. The Board has therefore decided to close the Placing Programme as described in the Prospectus dated 2 July 2014 with immediate effect.

As anticipated in the interim report, revenue returns reduced in the twelve months to 30 June 2014. Total income was £10.4m, down 35.8% on the prior year. This has resulted in earnings per share ("EPS") of 7.03p versus 12.06p per ordinary share in 2013.

Utilico has moved to paying quarterly dividends. For the year to 30 June 2014 Utilico has paid four quarterly dividends of 1.875p amounting to 7.50p for the year. This is in line with the prior year. Looking forward the Directors expect to maintain the current dividend profile. Undistributed revenue reserve per share is around 9.66p.

In March 2014 ICM, Utilico's Investment Manager, offered to reduce its management fee to 0.25% with effect from 1 January 2014 until the high watermark of 284.81p is regained. The Board was pleased to accept this very welcome offer.

The ongoing charges figures excluding and including performance fees of 2.2% and 3.1% respectively, include operational, recurring costs payable by the Group and a proportion of costs incurred in other investment companies held within the portfolio. The direct operating costs of the Group as a ratio of average net assets is 1.4%.

Since the year end Michael Collier has retired from the Board of Utilico and we have appointed Graham Cole as a Director, both with effect from 11 September 2014. Graham is Chairman of Vix Technology, in which Utilico has a significant interest.

On behalf of the Board, I would like to thank Michael for his support, enthusiasm and guidance both as the first Chairman of the Company from its launch in 2007 until September 2011 and subsequently as a Director. We will miss his wise counsel at the Board meetings.

Outlook

We expect our investee companies and platform investments to continue to make good progress at the operating level. This should produce positive results for Utilico over the medium to long term. Short term there is much to be concerned with particularly in Europe and the Middle East. Political tensions will be a significant feature for investors over the next twelve months. We expect continued challenging investment conditions, but this should create new investment opportunities.

Dr Roger Urwin
15 September 2014

The Company achieved an 18.1% total return for the twelve months to 30 June 2014. The breadth of the gains was pleasing, with eight out of the top ten investments posting good positive returns.

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

- Focused strategy. Each platform has a narrow mandate and as such is driven by the need to find and make investments within its mandate.
- Dedicated research analysts. The research analysts for each platform are focused on both understanding their portfolio businesses and identifying compelling investments.
- The platforms can draw on Utilico's support and financial backing.
- The platforms can utilise ICM's wide knowledge across many jurisdictions to optimise investment structures and undertake corporate finance led transactions.

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

This move to core platforms is ongoing. During the year Utilico invested £11.2m in Somers (enabling it to complete the Waverton acquisition in July 2013); and £16.7m in Zeta (enabling it to take up investment opportunities in Panoramic Resources Limited ("Panoramic") and New Zealand Oil & Gas Limited ("NZOG")). Utilico reduced its holding in Infratil during the year, thus reducing its concentration within the Utilico portfolio from 21.5% in June 2013 to 15.3% in June 2014.

We first articulated the platform approach in early 2012. Over the three years from 2011 to 2014 our platform investments have grown from £217.7m to £275.4m. As at 30 June 2014 they represent 68.4% of the portfolio. Since the year end Utilico has placed out some 23.8% of its holding in UEM to bring that holding down to 20.8% of the portfolio.

It must be noted that Utilico has suffered a discount drag on the platform investments. The initial investments made were based on NAV. Following this, the shares in the platform companies have traded at a discount. As Utilico marks to market these investments there is an immediate negative effect from investments made and this has dragged Utilico's performance down.

As at 30 June 2014 there were discounts to published NAV's of 8.3% for UEM (some £9.6m); 12.8% for Somers (some £6.9m); and 30.9% for Zeta (some £16.1m). In addition, Infratil's shares were trading at NZ$2.44, well below the valuations of the sum of all its parts of over NZ$3.00, a discount of 18.8% (some £14.3m). Together this amounts to a discount on these investments of some £46.6m. Adding this back would see Utilico's shareholders' funds increase to £211.0m. We hope that as these platforms start to demonstrate consistent long-term returns, the demand for the platform listed shares will increase, resulting in a narrowing of the discounts.

In terms of gearing Utilico took steps in the second half of the year to reduce the outright level of debt and therefore gearing in the portfolio. The proceeds from

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the Infratil disposal and the 40.9% reduction in REG investment were used to reduce bank debt to £22.2m at year end from £49.0m at the half year.

As a result of portfolio gains shareholders' funds rose from £147.1m to £164.4m and gearing reduced from 160.4% to 142.8%. Adjusting for the UEM disposal in July 2014, gearing has fallen to 136.6% as at 31 July 2014. Longer term the aim is to see this closer to 100.0%. As noted above, if the discount on the platforms above was added back, shareholders' funds would increase to some £211.0m and gearing based on this and post the UEM disposal would be 111.2%.

As anticipated this time last year, the investment entities amendments to IFRS10 were adopted by the EU and there is no longer a need to consolidate Zeta and Bermuda First Investment Company Limited ("BFIC"). Utilico has chosen to adopt IFRS10 early and to restate the prior year figures to reflect this. All comparisons are between the current year and prior year restated figures.

Portfolio

The portfolio continues to evolve. However, there remains a strong bias towards infrastructure and utilities, with 49.0% invested in these sectors (2013: 60.4%).

During the year we invested £76.2m, including £16.7m net into Zeta; £11.2m into Somers; £6.9m into Vix Technology; £1.5m into BFIC (to fund investments); and £2.0m into Vix Limited.

Disposals amounted to £83.0m, including part realisations of Infratil raising £27.8m and of REG raising £8.6m. Utilico exited Jersey Electricity Limited ("JEL") raising £10.0m.

Whilst we disclose the top ten direct investments we continue to present the portfolio on a look through basis both as to sector and geographic split. Geographically, New Zealand is down due to the reduced investment in Infratil and Australia is up mainly due to Zeta's investment into Panoramic and its subsequent excellent performance. UK and Channel Islands is substantially down as a result of selling out of JEL and reducing the holding in REG. Within the sectors, there has been an increase in financial services mainly as a result of the investment by Somers in Waverton and in oil & gas mainly as a result of investment in NZOG.

At the year-end Utilico held unlisted and untraded investments of £64.6m, equal to 16.2% of the gross assets (2013: £39.0m and 10.2% of gross assets).

Major Platform Investments

Utilico has six platform investments - UEM, Infratil, Somers, Zeta, BFIC and Vix Limited. These together represent six out of the top 10 investments and account for 68.4% of the gross assets as at 30 June 2014.

UEM remains Utilico's largest investment accounting for 26.5% of the portfolio at the year end. In the year to 30 June 2014, UEM achieved a total return of 6.4%, ahead of the MSCI Emerging Markets Total Return Index (GBP adjusted) which grew by 1.4%. ICM's research analysts continue to find attractive investments for UEM; their stock selection has been good and the performance recognised by a number of awards that UEM has won recently. UEM won the Investment Company of the Year award 2013 for the Investment Week's Emerging Markets category for the second year running and the Moneywise Investment Trust Awards 2014 for the Global Emerging Markets category.

The strong underlying stock selection was significantly impacted by the strength of Sterling, which posed a major headwind to performance. UEM has a March year end and in the year to March 2014 it reported exchange rates negatively impacted its NAV by 14.2%.

Subsequent to the year-end, Utilico has disposed of 13.8m shares in UEM at 180.00p, reducing Utilico's shareholding in UEM by almost a quarter. This reflects a re-balancing of the portfolio following a period of outperformance by UEM relative to other constituents of Utilico's portfolio, and takes Utilico's emerging market exposure back to around 20%, a level which we believe is appropriate for Utilico for the long term.

Emerging market economies continue to achieve positive GDP growth and their outlook remains positive.

Infratil's share price was up 10.7% in the period under review, reflecting a combination of strong operational performance as well as asset realisations at valuations well in excess of market expectations.

The successful IPO of Z Energy in August 2013 was a particularly notable transaction for Infratil, enabling it to realise a 30% stake for net proceeds of NZ$398m. Infratil had partnered with NZ Superannuation Fund in August 2010 to acquire Shell's New Zealand fuels distribution business and a 17.1% stake in the New Zealand refining company. Infratil set about a complete restructuring of the business, including a rebranding to Z Energy and the insourcing of IT, finance and call centre services. This resulted in a c.60% increase in EBITDA over the subsequent four years. Having originally invested NZ$210m for a 50% stake, the IPO combined with dividend receipts has seen Infratil realise a fourfold return on its investment.

The success of the Z Energy IPO has led to a comprehensive reappraisal of the market value of Infratil's assets, and a modest re-rating of its assets by the market. In May 2014 Infratil announced a strategic review of its Australian energy assets, with a number of parties expressing interest in a range of options including outright purchase and merger combinations. Preferred partners have been selected and a final decision is expected to be reached in early September. This could see further value realisation with a commensurate positive effect on Infratil's shares.

In the year to June 2014 Utilico reduced its holding in Infratil by 32.4% with the sale of 23.7m shares at an average price of NZ$2.30, realising £27.7m.

Somers' share price has risen from US$12.00 to US$14.25 in the twelve months to 30 June 2014, an increase of 18.8%, but still a discount to book NAV of some 12.8%. This reflects the strong performance of the Somers' portfolio. For the six months ended 31 March 2014, Somers reported net income of US$10.8m on equity attributable to Somers' shareholders of US$183.8m. Somers book NAV per share was US$16.25 as at 31 March 2014.

A key step for Somers was the acquisition of a 62.5% interest in Waverton in August 2013. Utilico exercised warrants of £10.5m held in Somers to assist Somers to fund the investment.

Somers two biggest investments are Bermuda Commercial Bank Limited ("BCB") and Waverton, both of which reported strong results for the six months ended 31 March 2014. BCB reported net income for the six months of US$7.9m (2013: US$5.1m) on total assets of US$582.9m. Total customer deposits were US$449.2m.

Waverton reported revenue for the six months of US$25.3m and profit after tax of $4.3m. Importantly its significant increase in assets under management over the six months has been due to net new assets and this should improve profitability going forward. As at 30 June 2014 Waverton had AUM of £5.1bn.

The Waverton investment by Somers comprised £10.75m in equity and £14.0m by way of loans to the acquisition vehicle in which Somers holds 62.5% and Waverton's management and an employee trust hold 37.5%. Waverton has repaid approximately £4.4m of the loans outstanding and externally refinanced all of Somers' original loan.

Post the year end, Somers announced an investment of €3.3m in Merrion Capital Holdings ("Merrion"), an Irish financial services group. Merrion has AUM of some €0.8bn.

In the year ended 30 June 2014, Zeta's net tangible assets ("NTA") per share rose from A$0.77 per share (adjusted for a subsequent rights issue) at the start of the year to A$0.96 at the close, a rise of 24.3%. Over this same period Zeta's share price rose 65.0%, from A$0.40 to A$0.66. The share price discount to NTA at the end of June 2014 was 30.9%.

Zeta's investment performance was buoyed in particular by a significant shareholding in Panoramic, an Australian nickel producer. Subsequent to the initial purchase of shares by Zeta, Panoramic announced a potential major discovery of nickel, and furthermore the nickel price rose strongly in the wake of a decision by the Indonesian government to ban exports of raw nickel ore in order to foster the development of nickel refineries in Indonesia.

Having identified Panoramic as an attractive investment Utilico lent Zeta the funding to take advantage of an investment opportunity in Panoramic. This demonstrates the benefit of Utilico's platform approach, with the focused emphasis resulting in the in-house analysts' identifying the opportunity and using Utilico's balance sheet to support Zeta.

During the year Zeta announced a rights issue enabling existing shareholders to purchase one new share at A$0.50 for every existing one share held. Utilico took up its full entitlement and subscribed A$19.0m. Zeta used the proceeds to repay in full a loan from Utilico which had principally been used to fund the investment in Panoramic.

BFIC's share price was unchanged over the year to 30 June 2014. BFIC's investee companies have faced significant challenges over the year as the Bermudian economy continues to be weak. BFIC's two major investments, KeyTech Limited ("KeyTech") and Ascendant Group Limited ("Ascendant"), both reported tough trading conditions and sharply lower profits. As at 30 June 2014, BFIC had total assets of BM$32.0m and reported operating profit for the twelve months of BM$1.6m. BFIC's NAV per share was BM$4.52 as at 30 June 2014.

Post the year end, KeyTech announced a transformative transaction involving the disposal of its fixed line business, Bermuda Telephone Company ("BTC") and the acquisition of British Overseas Territory Cable & Telecommunications Limited ("BOTCAT"). BOTCAT owns WestStar TV Limited in Cayman and a significant interest in CableVision Holding Limited in Bermuda. Following completion of the acquisition, KeyTech will have a more resilient, flexible and hopefully profitable business to compete in an ever increasing competitive market place in both the Cayman Islands and Bermuda.

Vix Limited is an unlisted Bermuda holding company and its main investment is in Vix Investments Limited ("Vix Investments"). Vix Investments is an unlisted investment holding company with a technology investment portfolio of US$32.2m. The two key investments are PSP International Limited ("PSP") and Touchcorp Limited ("Touchcorp"), accounting for 61.0% and 23.0% of Vix Investments portfolio respectively.

PSP process B2B payments globally with a strong focus on supporting virtual cards to the travel industry through a 20% holding in eNett International ("eNett"). PSP revenues were up nearly 4.5x in the year to 31 December 2013 at A$9.2m and EBITDA turned positive at A$2.9m. For the year to 31 December 2014 revenues are expected to rise by over 4 times and EBITDA by over 3 times. During June 2014 PSP reduced its holding in eNett from 36.5% to 20.0%, realising proceeds of US$65.4m. Vix Investments holds 14.1% in PSP on a fully diluted basis.

Touchcorp operates real time systems enabling POS processing for its customers and clients. The business is profitable and growing. Revenues and EBITDA in the year to 30 December 2013 were A$17.1m and A$2.1m. The management team are looking to increase revenues and nearly double EBITDA in the current year. Vix Investments holds 23.7% of Touchcorp.

Major direct investments

Utilico has four direct investments in the top ten: Resolute, Vix Technology, REG and Augean plc ("Augean").

Following the halving of Resolute's share price in the year ended June 2013, both the price of gold and Resolute's shares stabilised in the year to June 2014, rising by 3.4% to A$0.62.

Overall production was down on the previous year. This was expected, as the company's operations at the Golden Pride project in Tanzania came to the end of its mine life. Production from the Syama mine in southern Mali reached record levels and the company made significant progress in optimising the mine's operations. This has supported additional investment into Syama this year.

Elsewhere the company moved to 90% ownership and operatorship of the Bibiani gold project in Ghana. Resolute has announced plans for a 20,000 metres drill programme to better delineate the underground resource.

Resolute produced over 342,000 ounces of gold in the year ended June 2014 at a cash cost of $922 per ounce; the company has forecast production for the year to June 2015 of 315,000 ounces at a cash cost of $890 per ounce.

Resolute has significantly increased its reserves at Syama following a successful drilling programme and extended the mine's life from 10 years to 15 years.

Vix Technology is an unlisted company offering integrated payment solutions for the public and private sector across the world. During the year to 30 June 2014 the company has made significant steps towards reducing its cost base and increasing its EBITDA margin, while ensuring that it continues to develop its product base. The company is involved in a number of projects in different development stages, ensuring that the pipeline of projects remains strong and the outlook for Vix Technology remains positive.

During the year ended June 2014 Vix Technology's unaudited revenue increased 2.4% to A$144.7m with EBITDA including R&D investment programs increasing to A$9.7m from A$1.1m. Vix Technology continues to hold a 11.2% interest in China City Rail Transportation Technology ("CCRTT"), the Hong Kong listed transportation solutions provider.

REG has continued to make solid operational progress over the year, with the sale of its 12MW wind farm at Goonhilly Downs in Cornwall to BlackRock further demonstrating the intrinsic value of the assets. Total consideration received for this transaction was £25.1m, resulting in a £9.4m profit on disposal. With an operational wind farm portfolio as at end-December 2013 of 39.2MW, as well as 18.5MW under construction, 31.2MW of projects consented, 140MW in the planning system awaiting determination and a further development pipeline of up to 1,000MW, REG is well positioned to capitalise on the increasing demand from financial investors for operational wind farm assets.

In the period under review REG received planning permission for an extension to its 12MW French Farm wind project in Peterborough. However, a few months later the Secretary of State for Communities and Local Government exercised his power to call-in the extension, which means that it will now be determined at public inquiry. It is clear that renewable subsidies and planning consent for onshore wind farms are becoming an increasingly political issue with escalating intervention from central and local government. This interference negatively affects investment into the renewables sector and heightens uncertainty over long-term returns on future project developments.

As of June 2013 REG Bio-Power operated 8MW of generation plant primarily servicing National Grid Short Term Operating Reserve contracts. It has recently initiated the construction of an 18MW bio-power plant at Whitemoor Business Park in Yorkshire, with financing secured from Caterpillar Financial Services (UK) Ltd and procurement contracts signed with Finning UK. The project is expected to cost £6.3m and is expected to be operational in the second half of 2014.

In the twelve months to June 2014 Utilico sold 11.4m shares in REG at an average price of 76.74p, reducing its holding by 40.9% and realising £8.6m. Over the period REG's share price fell 3.0%.

Augean has had a positive and eventful year, with the new CEO Dr. Stewart Davies joining in August 2013 and immediately initiating a strategic review of the loss-making Waste Networks division. This resulted in the decision to dispose of the associated transfer site assets, which realised net proceeds of £1.1m and resulted in a £4.0m goodwill impairment. Augean has subsequently invested heavily into its North Sea Services subsidiary in Aberdeen, and the Integrated Services division leased a High Temperature Incineration (HTI) facility in East Kent. In May 2014 it acquired the HTI plant and freehold title to the surrounding land for £1.9m.

The restructuring of the business away from lower-margin activities including the disposal of the loss-making Waste Networks business, has materially improved financials, with Augean reporting EBITDA growth of 19.8% in the year to December 2013 and a 40% increase in dividends per share. This positive momentum looks to have continued into 2014, with revenues in the first six months of 2014 growing by 6.4%, driven by 3.4% growth in landfill waste volumes and a quadrupling of radioactive waste volumes. While the scale of the Low Level Waste (LLW) and Naturally Occurring Radioactive Material (NORM) streams is currently small, these are of much higher value for Augean. The UK faces a major challenge in decommissioning its nuclear estate, with the Nuclear Decommissioning Authority estimating the future costs of the estate over the next century costing £65bn on a discounted basis. Augean is well placed to benefit from this long-term trend.

There has been no change in Utilico's shareholding of Augean during the year.

Sector Reviews

Utilico has five key sectors which account for 59% of the portfolio, which are reviewed below.

Financial Services – 14%

Our largest investment in financial services is in Somers which is reviewed above. We fully expect Somers to make further investments into the financial services sector as banks and operating companies globally seek to redress balance sheets which remain challenging, especially in Europe. After the year end and as mentioned previously, Somers invested €3.3m, mainly through a convertible loan note, in Merrion.

Oil & Gas – 13%

NZOG is held direct and indirectly through Zeta. In contrast to the prior year, NZOG had an active year in terms of exploration drilling. In Kisaran, Indonesia, testing of flow rates proved positive, such that the joint venture is now working on a development plan. In New Zealand, the semi-submersible drill rig, the Kan Tan IV, has undertaken a succession of drilling activities across various fields, including Matuku, Pateke, and Oi. Matuku and Oi were unsuccessful. Pateke was successful from the perspective of finding more in the Tui fields. However, a succession of problems increased the costs of that drilling. Corporately, NZOG moved to increase its share in the producing Tui oil field by acquiring an additional 15% stake from existing joint venture partner Mitsui for what we believe was a good price for the purchaser. NZOG's share in Tui is now 27.5%. It retains its 15% stake in producing gas field Kupe. NZOG's cash reserves have been somewhat depleted by the active drilling season, and as at 30 June 2014 cash balances were NZ$135.1m, down from NZ$158.0m a year before.

Seacrest LP ("Seacrest") is held direct and indirectly through Zeta. During the year the company completed the establishment of additional regional subsidiaries, through which Seacrest has amassed a large collection of interests in joint venture exploration permits, covering different geological basins in the North Sea, offshore Ireland, and offshore Namibia. Drilling has only occurred at one permit to date (at Handcross in offshore Nambia), but the company is now at the beginning of its drilling programme, and more results are expected in the coming year. During the year, the value of Seacrest was restated following an independent valuation, with the value increased from US$1.33 to US$1.71 per share.

Renewables – 13%

Utilico's main exposure to renewables is through TrustPower Limited ("TrustPower") and REG. In recent years the implementation of government policies on low-emission technologies has been highly supportive of investment in the renewable energy sector. However in several Western countries these policies are being re-examined in light of subdued post-crisis energy demand, concerns over the levels of renewable subsidies, the impact of variable generation on the grid and base load generators, as well as local issues such as opposition to onshore wind turbines. While this makes for a challenging backdrop, it is notable that there looks to be a material discount between the value of wind farm assets implied by the market capitalisation of many companies operating in this space, and the realisable value of those assets to financial investors such as pension funds. Companies which are able to exploit this valuation gap through the realisation of such assets offer attractive investment opportunities.

TrustPower is held indirectly through our investment in Infratil, which has a 50.5% stake in TrustPower's share capital. In its financial year to March 2014 TrustPower entered the gas trading and retailing business and undertook a major rebranding, with positive results. The number of electricity customers increased by 8.7% and during the year 14,000 new gas customers were started. However this was offset by an ongoing challenging retail environment, with customer electricity demand falling 4.6% and evidence of margin pressure. Generation activities in New Zealand were impacted by weak hydro production, with output falling 9.2%, partly compensated by wind generation improving by 5.5%. More positively the phased commissioning of Snowtown Stage 2 Wind Farm resulted in a 38.9% increase in output in Australia. At a group level, in the year to March 2014 TrustPower's EBITDAF declined 5.9% and underlying earnings fell by 14.8%. The full commissioning of Snowtown Stage 2 Wind Farm is due to complete by September 2014, which combined with the acquisition of 106MW of generation assets of Green State Power for A$72.2m, is set to improve earnings momentum.

REG has been reviewed above.

Gold Mining – 11%

Our largest investment in gold mining is through Resolute, which is held directly by UIL 10.1% and indirectly mainly through Zeta. Resolute has been reviewed above.

Infrastructure IT – 8%

Our two largest investments in infrastructure IT are Vix Technology and Vix Limited. Both are reviewed above.

Derivatives

Over the years there have been two parts to Utilico's derivative position. First, portfolio market derivatives, mainly through S&P500 Index options, which remained at a modest level during the year. However, the strong performance by the US markets and the S&P Index has resulted in losses of £1.7m in maintaining the current position.

Second, currency positions within Utilico's portfolio, a loss of £0.5m, which has continued to maintain significant currency positions in part to protect the Sterling value of certain investments. At the period end, forward currency sale contracts were in place for nominal NZ$136.0m, €11.9m and A$20.0m.

Debt

Bank debt increased in the year from £42.5m to £50.0m in January 2014. Since then it has reduced to £22.2m as at 30 June 2014; the £22.2m loan has been repaid since the year end.

The facility was extended in July 2014 to 22 March 2016 and it is intended that it will be redrawn in October to part fund the 2014 ZDP shares redemption.

ZDP Shares

Utilico started the year with 5.8m 2018 ZDP shares held as an investment on its balance sheet. These were placed out at a premium to NAV. During the year Utilico has purchased 1.0m 2014 ZDP shares and holds these on its balance sheet at the year end.

In late June proposals were put to Utilico Finance shareholders to create 25m 2020 ZDP shares. These proposals were passed in July 2014. Proposals were also made to the 2014 ZDP shareholders to roll up to £25.0m of their 2014 ZDP shares into 2020 ZDP shares.

On 25 July 2014 holders of 9.38m ZDP shares elected to roll their holdings into 2020 ZDP shares at the rate of 1.6525 2020 ZDP shares for each 2014 ZDP share. A further 9.5m 2020 ZDP shares were placed in the market at £1.00 per share. Together this resulted in 25m 2020 ZDP shares being issued on 31 July 2014.

Utilico is in a strong position to redeem the balance of 2014 ZDP shares, requiring some £61.9m, using its undrawn £50.0m bank facility and other cash and realisable assets. No further issues of ZDP shares are currently anticipated this year.

Capital Returns

Capital returns were positive in the year to 30 June 2014, amounting to a gain of £19.7m. This comprised a gain on investments of £36.7m offset by derivative and foreign exchange contracts losses of £2.8m and finance costs of £14.2m. The resulting EPS was 19.85p, compared with a prior year loss of 63.65p.

Revenue Returns

As flagged in the interim report, Utilico anticipated reduced revenue returns in the twelve months to 30 June 2014. Total income was £10.4m, down 35.8% on the prior year.

Management fees and costs were £1.2m, some 40% lower than the prior year. This is due to ICM reducing its management fee to 0.25% from 1 January 2014 until the performance high watermark of 284.81p is regained, and a reduction of the assets on which ICM can charge a fee, as platform assets from which ICM earns a fee directly are excluded for fee purposes at a Utilico level.

The combined effect of the above resulted in the revenue EPS decreasing to 7.03p (2013: 12.06p).

ICM Limited
Investment Manager
15 September 2014

Utilico is an investment company holding investments with a market value in excess of £402.5m as at 30 June 2014, and its investment objective is set out below. The strategy the Board follows to achieve that objective is to set investment policy and risk guidelines, together with investment limits, and to monitor how they are applied.

The business model the Board has adopted to achieve its objective is to appoint an external manager to whom it has contractually delegated the management of the portfolio. The Company has appointed ICM Limited (the "Investment Manager") to manage the portfolio in accordance with the Board's strategy of generating a capital and income return. Successful implementation of the business model is achieved by identifying undervalued stocks, which generally generate an income stream, with the aim to maximise value for shareholders through a relatively concentrated portfolio of investments. This model, combined with the prudent use of gearing, should crystallise financial returns, generating a total return through both capital and income.

The investment team responsible for the management of the portfolio is headed by Charles Jillings. The Investment Manager also provides company secretarial services to the Company.

The Board, together with the Investment Manager, consider how the business strategy and model has to be adapted to comply with new legislation and regulations. For example, it has considered the implications of the Alternative Investment Fund Managers Directive ('AIFMD') and concluded that at the present time, as a Bermuda company with a Bermuda investment manager, it is not necessary to make any changes to its existing management arrangements as a result of the AIFMD.

F&C Management Limited has been appointed to undertake general administration services, including dealing, alongside ICM.

INVESTMENT OBJECTIVE AND POLICY

Investment Objective

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

Investment Policy and Risk

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

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

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

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

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

The Company believes it is appropriate to support investee companies with their capital requirements whilst at the same time maintaining an active and constructive shareholder approach through encouraging the capital structure and business efficiencies. The Investment Manager's 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.

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.

Investment limits

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

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

- investments in unlisted companies will in aggregate not exceed 20% of gross assets at the time that any new unlisted investment is made;
- no single investment will exceed 30% of gross assets at the time such investment is made, save that this limit shall not prevent the exercise of warrants, options or similar convertible instruments acquired prior to the relevant investment reaching the 30% limit; and
- derivative transactions are carried out by Global Equity Risk Protection Limited ("GERP") on behalf of the Company to enable it to make investments more efficiently and for the purposes of efficient portfolio management. GERP spreads its investments risks by having the ability to establish an overall net short position in index options, contracts for difference, swaps and equity options. GERP may not hold more than 50% of the value of Utilico's segregated portfolio in index options and GERP may not hold more than 100% of the relevant debt or of the relevant market value in foreign currency by way of foreign exchange options or forwards.

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

Investment Entities accounting

The EU adopted the Investment Entities amendments to IFRS 10, 12 and IAS 27 in November 2013, which were applicable to accounting periods beginning 1 January 2014, although it provided for early adoption if companies so wished.

The accounts for the year ended 30 June 2013 were distorted by the consolidation of BFIC and Zeta, where majority stakes had been taken during the year. As described in the Report of the Directors, the Company decided to early adopt the Investment Entities amendments with effect from 1 July 2013 and under the transitional provisions of the amendments, has restated the comparative information for the year ended 30 June 2013. This enables the Company to present group accounts broadly consistent with the Company results (as has been the case in previous years). As a result, under Investment Entities, all investments (except subsidiaries structured by the Company for specific purposes, such as Utilico Finance Limited ("UFL") and GERP) are measured at fair value.

Valuation methodology

Investments are measured at the Directors' estimate of fair value at the reporting date, in accordance with IFRS13 – Fair Value Measurement and IAS 39 – Financial Instruments: Recognition and Measurement.

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

Publicly traded securities

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

Market bid prices are used even in situations where the Company holds a large position and a sale could reasonably affect the quoted price.

Unquoted securities

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

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

- Marked to market

  Where an instrument is unlisted, but its valuation is linked to the price of a security listed on an active market, its value will be determined with reference to its economic entitlement based on the bid price of the listed security on the reporting date.

- Price of recent investment activity

  Where an instrument being valued was recently acquired or a recent third-party transaction has taken place, its cost or the transaction price generally will provide a good indication of fair value.

- Market comparables

  Where no recent transactional activity has been observed, fair value is determined with reference to valuation multiples of comparable market quoted instruments, with adjustments made to reflect the risks associated with holding an unlisted instrument.

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

  Generally, the latest historical accounts are used unless reliable forecast results for the current year are available. Earnings are adjusted where appropriate for exceptional or non-recurring items.

Borrowing and gearing policy

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

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.

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

The Company has a £50m multicurrency revolving facility with Scotiabank Europe plc; as at 30 June 2014 £22.2m was drawn down under the facility. Further details of this loan facility are included in note 13 to the accounts.

Derivatives

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

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

KEY PERFORMANCE INDICATORS ("KPIs")

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

The Board reviews performance by reference to a number of KPIs that include the following:

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

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

30 June	2014	2013
Net asset value total return	18.1%	(24.6%)
FTSE All-Share Index total return	13.1%	17.9%
Share price	128.00p	130.00p
Discount to net asset value	22.8%	12.4%
Percentage of issued shares bought back during the year (based on opening share capital)	None	0.5%
Revenue earnings per share	7.03p	12.06p
Ongoing charges figure	2.2%	1.8%

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

A graph showing the historic NAV total return performance compared to the FTSE All-Share Index can be found on page 1. The Investment Manager's Report, which comprises the first part of this Strategic Report, provides a commentary on how this performance was achieved.

Discount to net asset value: The Board monitors the premium/discount at which the Company's shares trade in relation to the assets. During the year the Company's shares traded at a discount relative to NAV in a range of 8.6% to 22.9% discount and an average discount of 18.3%. 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. However, it also has to have regard to the percentage of shares in public hands, which must not fall below 25%. No ordinary shares were bought back during the year.

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

Dividends form a key component of the total return to shareholders, and the level of potential dividend payable and income from the portfolio is reviewed at every Board meeting. In the year under review, the Company started to declare dividends quarterly and has declared and paid four quarterly dividends each of 1.875p in respect of the year ended 30 June 2014. The fourth quarterly dividend was declared on 25 July 2014 and was paid on 8 September 2014 to shareholders on the register at 22 August 2014. The total dividend for the year was 7.50p, the same as in the previous year (excluding the special dividend of 2.50p per share paid in 2013).

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

The historical performance on page 96 shows both ongoing charges and dividends.

FINANCIAL POSITION

As at 30 June 2014, the Company's net assets were valued at £164.5m (2013: £147.2m). These comprised a portfolio of mainly equity investments and net current assets.

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

Scotiabank facility

As at the year end, the Company had a £50m secured multicurrency revolving facility with Scotiabank Europe plc; subsequent to the year end the term of the loan was extended to 22 March 2016.

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

As at 30 June 2014, the Company's ordinary shares were geared by borrowings in the form of drawings under the facility from Scotiabank of £22.2m (2013: £42.5m).

ZDP shares

The ZDP shares are issued by UFL, a wholly owned subsidiary of Utilico. Details of the ZDP shares in issue and any changes during the year are set out in note 15 to the notes to the accounts.

Subsequent to the year end, UFL published a prospectus in respect of the issue of up to 25m 2020 ZDP shares of 100p each and announced proposals made to the 2014 ZDP holders to give them an opportunity to exchange all or part of their holdings into the 2020 ZDP shares.

Details of the outcome of the rollover offer are included in the Report of the Directors.

The 2014 ZDP shares are repayable on 31 October 2014 at 167.60p per share. The capital cost of the redemption will be met from bank borrowings and the realisation of assets as described in the Investment Manager's Report.

OUTLOOK AND FUTURE TRENDS

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

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 44. The Company's internal controls are described in more detail on page 38. 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 they are managed is contained in note 28 to the accounts. Other risks faced by the Company include the following:

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

There is no guarantee that the Company's strategy and business model will be successful in achieving its investment objective.

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

The Board regularly reviews strategy in relation to a range of issues including the balance between quoted and unquoted stocks, the allocation of assets between geographic regions and sectors and gearing. Periodically the Board holds a separate meeting devoted to strategy, the most recent one being held in November 2013.

Investment risk

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

Risk management is an integral part of the investment management process. The Investment Manager effectively controls risk by ensuring that the Company's portfolio is always appropriately diversified.

Past performance of the Company is not necessarily indicative of future performance.

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

Currency risk

The Company's results are reported in Sterling, whilst the majority of its assets are priced in foreign currencies. The impact of adverse movements in exchange rates can significantly affect the returns in Sterling of both capital and income. It is difficult and expensive to hedge currencies.

Such factors are out of the control of the Board and the Investment Manager and may give rise to distortions in the reported returns to shareholders.

Gearing

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

The gearing level is high due to the capital structure of the balance sheet. Whilst the gearing should enhance total return where the return on the Company's underlying securities is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling. As at 30 June 2014, net gearing from borrowings stood at 13.5%.

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

The Investment Manager monitors compliance with the banking covenants when each drawdown is made and at the end of each month.

The Board reviews compliance with the banking covenants at each Board meeting.

Shares trading at a discount to Net Asset Value

Shareholders are exposed to certain risks in addition to risks applying to the Company itself. The ordinary shares of the Company may trade at a discount to their NAV. The Board monitors the price of the Company's shares in relation to their NAV and the premium/discount at which they trade.

The value of an investment in the Company and the income derived from that investment may go down as well as up and an investor may not get back the amount invested.

Key staff: loss by the Investment Manager 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.

The position is monitored by the Board at each meeting; the Board discusses succession planning with the Investment Manager.

Regulatory: breach of regulatory rules could lead to suspension of trading in the Company's shares, financial penalties or a qualified audit report

The Company Secretary, working closely with the Administrator, monitors the Company's compliance with the Listing Rules of the Financial Conduct Authority and compliance with the principal rules is reviewed by the Directors at each Board meeting; any concerns are discussed with the Company's advisers.

Reliance on the Investment Manager and other service providers: the Company has no full-time employees and the Directors have all been appointed on a non-executive basis; the Company is reliant upon the performance of third party service providers. In particular, the Investment Manager performs services which are integral to the operation of the Company

Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to successfully pursue its investment policy. The Company's main service providers are listed on page 95. The Audit Committee monitors the performance of the service providers at each meeting.

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 38.

Financial: inadequate controls by the Investment Manager or Administrator or third party service providers could lead to misappropriation of assets

The Audit Committee reviews the Administrator's annual internal control report which details the controls around the reconciliation of the Administrator's records to those of the Custodians. The Administrator reviews the control reports published by JP Morgan Chase and draws any issues to the attention of the Board.

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.

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.

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

The exercise of voting rights attached to shares held by the Company lies with the Investment Manager. Its Stewardship and Voting policy is included on the Company's website (under Investor Relations/Other documents folder). Generally, the Investment Manager will vote in favour of all resolutions at general meetings, unless it sees clear investment reasons for doing otherwise.

This Business Review was approved by the Board of Directors on 15 September 2014.

ICM Limited
Company Secretary

INVESTMENT MANAGER AND TEAM

ICM is the Investment Manager of Utilico. ICM is a Bermuda based global fund manager focused on finding investments at valuations that do not reflect their true long term value. Our investment approach is to have a deep understanding of the business fundamentals of each investment and its environment versus its intrinsic value. We are long term investors and see markets as a place to exchange assets.

Utilico has a broad investment opportunity. To better execute the mandate Utilico has set up a number of platforms to focus the investment process and decisions. ICM has mirrored these platforms in establishing investment teams dedicated to each.

ICM manages some £1.5bn directly and has indirect involvement in over £7.5bn in a range of mandates. ICM has 35 staff based in offices in Bermuda, Cape Town, Dublin, Hong Kong, London, Melbourne, Singapore and Wellington.

The investment teams are led by Charles Jillings and Duncan Saville, who are both directors of ICM.

Charles 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 and unlisted companies including Utilico Investment Trust plc and Utilico Emerging Markets Limited and is an experienced director having previously been a non-executive director in the water, waste, and financial services sectors. His current portfolio directorships include Keytech Limited, Somers Limited, Waverton Investment Management Limited, Vix Technology, Vix Limited and Global Equity Risk Protection Limited.

Duncan Saville, a chartered accountant, is currently a director of two listed companies and a number of unlisted companies. He was formerly a non-executive director of Utilico Investment Trust plc and is an experienced director having previously been a non-executive director of a number of companies including in both the water and airport sectors.

Core teams assisting them at a senior level are:

Utilities & Infrastructure

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

Jonathan Groocock has been involved in the running of Utilico and UEM since February 2011. Prior to joining the investment team Jonathan was an equity research analyst at Investec and is a CFA charterholder.

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

Fixed Income

Gavin Blessing graduated with a Bachelor of Commerce degree from University College Dublin, Ireland in 1992 and is a qualified Chartered Accountant and Chartered Financial Analyst. He has 20 years of experience working in the financial

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 entered into an Investment Management Agreement with ICM Limited ("ICM") under which ICM provides investment management services including stock selection, portfolio monitoring and research to the Company.

markets, 14 of which have been spent in the area of credit, both investment grade and high yield. He worked as a Credit Research Analyst and Portfolio Manager at Goldman Sachs Asset Management in London for 10 years and subsequently as Head of Credit Origination at ISTC in Dublin, Ireland. Prior to joining ICM he was Head of Bond Credit Research at Canaccord Genuity in Dublin.

Resources

Dugald Morrison, based in Wellington, New Zealand, is responsible for ICM New Zealand. He has extensive investment analysis experience, having worked in stockbroking, investment banking and investment management firms in New Zealand, the United Kingdom and the United States since 1987. Dugald is a director of RESIMAC Financial Services Limited and Brightwater Group Limited, and is a member of the New Zealand Institute of Directors.

Technology

Michael Walters is a portfolio manager and director of Vix Investments Limited, and has over 25 years' experience in payments, payment cards and financial services. Michael has worked in both leadership and advisory roles within a wide range of organisations, from start-ups through consultancies to multi-nationals, with engagements in Asia Pacific, Europe and North America. He is a director of several portfolio companies, and an independent director of MyClear (the national payments clearing and settlement subsidiary of Bank Negara Malaysia). Michael is a Member of the Australian Institute of Company Directors.

Corporate finance

Alasdair Younie is a director of ICM Limited. He is a qualified chartered accountant with experience in corporate finance and corporate investment. Alasdair qualified as a chartered accountant with PricewaterhouseCoopers and subsequently worked for six years within the corporate finance department of Arbuthnot Securities Limited in London. Alasdair is a director of Ascendant Group Limited, Bermuda First Investment Company Limited, Somers Limited and West Hamilton Holdings Limited and is a member of the Institute of Chartered Accountants in England and Wales.

Sandra Pope is a qualified chartered accountant and holds the Securities & Investment Institute Certificate of Corporate Finance. She worked in corporate finance at Deloitte Haskins & Sells, Hill Samuel Bank and Close Brothers for 10 years and has worked for the ICM Group since 1999. She is a director of ICM Investment Research Limited, ICM's 100% subsidiary which focuses on research and analysis. She is also a director of several private companies and Westhouse Holdings plc.

Operations

Brad Goddard has over 25 years' experience in international markets and finance and their related operations. Brad was involved with Utilico since its inception and prior to that, he was also involved with The Foreign and Colonial Special Utilities Investment Trust plc. He was involved in the establishment of GERP and has previously served as a director of GERP. Brad is currently working closely with Somers Limited's investee companies to achieve greater operational synergies across the Somers Limited group.

Werner Van Kets has been involved in various operational aspects of ICM Limited since its inception. He manages a team of accountants who provide accounting and related operational support to ICM Limited. His previous work experience includes Deloitte (South Africa) and Credit Suisse First Boston (UK). Werner is a qualified chartered accountant.

Company Secretary, ICM Limited

Amanda Marsh, a chartered secretary, joined the team in March 2012 and carries out the company secretarial duties for the Company and UEM. Amanda 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.

Mr Jillings, Mrs Broers, Mr Groocock, Mr Lebbell and Miss Marsh are employees of Utilico and of ICM Investment Research Ltd, a wholly-owned subsidiary of ICM Limited.

TEN LARGEST HOLDINGS

June 2014	*June 2013*	Company Description	Fair Value £'000s	% of total investments
1	*1*	**Utilico Emerging Markets Limited** Investment company	106,809	26.5%
2	*2*	**Infratil Limited** Infrastructure company	61,532	15.3%
3	*4*	**Somers Limited*** Financial services investments	44,794	11.1%
4	*3*	**Resolute Mining Limited** Gold mining company	40,660	10.1%
5	*6*	**Zeta Resources Limited** Resources investment company	36,084	9.0%
6	–	**Vix Technology‡** Automated fare collection systems	19,679	4.9%
7	*5*	**Bermuda First Investment Company Limited** Investment company	14,935	3.7%
8	–	**Vix Limited‡** Technology investments	11,144	2.8%
9	*7*	**Renewable Energy Generation Limited** Wind power	10,495	2.6%
10	–	**Augean plc** Waste treatment	8,894	2.2%
		Ten largest holdings	355,026	88.2%
		Other investments	47,512	11.8%
		Total investments	402,538	100.0%

* formerly known as Bermuda National Limited

‡ previously combined as "Vix Group"

Utilico Emerging Markets Limited

www.uem.bm
Market Cap £391.3m

UEM is a Bermuda exempted closed end investment company, whose ordinary shares are listed on the Official List of the Financial Conduct Authority and are traded on the Main Market of the London Stock Exchange. UEM invests the pooled funds of its shareholders predominantly in emerging markets with a focus on publicly-listed infrastructure and utility assets.

In the twelve months to 30 June 2014 UEM saw its NAV increase by 6.4% on a total return basis, ahead of the MSCI Emerging Markets Total Return Index (GBP adjusted) which grew by 1.4%. This return reflects a robust underlying performance from the portfolio constituents, materially offset by the strength of Sterling. In UEM's financial year to end-March 2014 exchange rates were estimated to have negatively impacted NAV by 14.2%. Revenue earnings per share were also affected, declining 7.7%. In the year to 30 June 2014 UEM's share price increased by 6.7%, and dividends per share were increased by 5.4%.

In the twelve months to end-June 2014 UEM received a credit rating of BBB/A2 Outlook Stable from Standard & Poors ("S&P"), and recently won awards from Investment Week, Money Observer and Moneywise.

Infratil Limited

www.infratil.com
Market Cap NZ$1,373.2m

Infratil is a New Zealand listed company managed by H.R.L. Morrison & Co, with its main business lines focused in the renewable energy, airport and public transportation sectors. It is listed on the New Zealand Stock Exchange ("NZX"). Principal assets in New Zealand include a 66% stake in Wellington Airport, a 51% stake in TrustPower, a 20% stake in Z Energy, full ownership of NZ Bus, and a 19.9% holding in Metlifecare. TrustPower, Z Energy and Metlifecare are all listed on the NZX. In Australia assets owned include an 80% stake in Perth Energy and 100% of Infratil Energy Australia ("IEA").

In its financial year to March 2014 Infratil reported an EBITDAF decline of 5.3% as the impact of lower generation and wholesale electricity prices in New Zealand and Australia affected profitability at TrustPower and IEA's generation assets. While TrustPower's retail operations reported an 8.7% increase in customers, generation volumes fell 5.2% due to lower than average inflows to the catchment areas in which its hydro plants are located. This led to a 6.1% decline in EBITDAF contribution from TrustPower. By comparison Wellington Airport reported positive growth in EBITDAF, up 3.6% on the back of domestic and international passenger numbers increasing by 0.8% and 3.6% respectively. Wellington Airport is about to embark on a five year, NZ$250m investment plan to expand car parking and terminal facilities to support future growth.

In the year to end-June 2014 Infratil's share price was up 10.7%.

Somers Limited

www.somers.bm
Market Cap US$160.6m

Somers is a financial services investment holding company whose shares are listed on the Bermuda Stock Exchange ("BSX").

Its two major investments are its wholly owned subsidiary, BCB (one of the four licensed banks in Bermuda) and a 62.5% interest in Waverton (a UK private wealth manager with over £5bn in assets under management). Its other investments include an economic interest of approximately 75.0% in Private & Commercial Finance Group plc ("PCFG"), an 84.6% interest in Westhouse Holdings plc and a diluted 22.0% interest in Ascot Lloyd Holdings Limited. Post the year end Somers completed an investment in Merrion, an Irish financial services group.

For the six months ended 31 March 2014, Somers reported consolidated net income of US$10.8m on shareholders' funds of US$183.8m. As at 30 June 2014 Somers' market capitalisation was US$161.1m, its dividend yield was 2.5% and its book NAV per share was US$16.25. In the year to 30 June 2014, Somers' share price increased by 18.8%.

Resolute Mining Limited

www.resolute-ltd.com.au
Market Cap A$394.3m

Resolute is a medium-sized gold producer with operations in southern Mali and northeast Australia and is listed on the Australia Stock Exchange ("ASX"). Until this year the company also produced gold from its Tanzanian operation, but the company's mine there has reached the end of its current life. Production in the year to June 2014 of c. 343,000 ounces of gold was therefore well down on the previous year's production of over 435,000 ounces. Average cash costs rose from A$811/oz in the previous year to A$922/oz in the year ended June 2014.

During the year Resolute moved to acquire the Bibiani gold project in Ghana out of receivership, having earlier provided debt funding to the previous owner. Bibiani has a substantial resource base, established infrastructure and historic production in excess of four million ounces of gold. The Ghanaian Government holds a10% interest in Bibiani in accordance with the Ghanaian mining code. Resolute will undertake a feasibility study for an underground operation which is planned to be completed within 24 months. As part of this, work will start on a 20,000m drill programme to better delineate the underground resource.

Following the significant drop in the gold price the previous year, gold prices in the year to June 2014 were stable in comparison. The gold price closed the June 2013 financial year at US$1,235 per ounce; the price at the end of June 2014 was US1,327 per ounce, a rise of 7.5%. Over the same period, Resolute's share price rose 3.4%.

Zeta Resources Limited

www.zetaresources.co
Market Cap A$66.8m

Zeta is an ASX listed investment company, focused on investing in resource companies. As at 30 June 2014, its five largest holdings were: Panoramic, an Australian nickel producer; NZOG, a New Zealand based oil and gas exploration and production firm with operations in New Zealand and Indonesia; Seacrest, an unlisted specialist oil and gas seismic exploration firm; Resolute; and Kumarina Resources, a wholly owned subsidiary with copper and gold prospects.

During the year, Zeta announced a rights issue enabling existing shareholders to purchase one new share at A$0.50 for every existing one share held. Utilico took up its entitlement and subscribed A$19.0m. Zeta used the proceeds to repay a loan from Utilico in full.

In the year ended June 2014, Zeta's net assets per share rose 24.3%, and its share price rose 65.0%. Even so, the share price discount to net tangible assets at the end of June 2014 was 30.9%.

Vix Technology

www.vixtechnology.com
unlisted

Vix Technology is an unlisted company based in Australia. Vix Technology offers integrated payment solutions which have been the cornerstone of some of the world's largest smart-card payment and billing systems and has delivered flagship transportation solutions such as the Hong Kong Octopus Card, Singapore EzLink, Beijing ACC and the Melbourne Metcard.

Overall Vix Technology has developed solutions for over 200 cities or regions in 25 countries enabling millions of people worldwide to appreciate the convenience of a smart card for travel and low value payments, with these systems processing billions of transactions per annum. In addition the company has an 11.2% holding in CCRTT, a Hong Kong listed transportation solutions provider that provides application solutions for PRC urban railway transportation systems and the Hong Kong public transportation systems.

The unaudited figures for the year ended 30 June 2014 show total revenues increased by 2.4% to A$144.7m, with EBITDA up to A$10.6m and net income A$5.0m. As at 30 June 2014 the holding in CCRTT was valued at A$21.5m and accounted for 23.9% of the Vix Technology valuation.

Bermuda First Investment Company Limited

www.bfic.bm
Market Cap BM$18.0m

BFIC is an investment holding company whose shares and loan notes are listed on the BSX. It has a number of investments in local Bermudian companies that are listed on the BSX. Its two main investments are a 30.1% holding in KeyTech Limited, a holding company for a number of telecommunications companies in Bermuda and an 11.7% holding in the Ascendant Group Limited, Bermuda's main energy company. In addition to these holdings, BFIC has interests in insurance companies, a property company and a service company. BFIC's investments have been affected by the continued contraction of the Bermuda economy following the global financial crisis. As at 30 June 2014, BFIC had total assets of BM$32.0m and reported operating profit for the twelve months of BM$1.6m.

BFIC's share price remained the same over the year to 30 June 2014.

Vix Limited

Unlisted

Vix Limited is an unlisted investment company, with holdings in around 15 transit, telecommunications and payments related technology companies.

As at 30 June 2014, its three largest holdings were: PSP, a provider of 'virtual card' payment solutions to the travel industry globally. It accounts for over 50% of the value of Vix Limited; Touchcorp, which delivers prepaid top-up solutions in Australia and Europe to the telecommunications and technology sectors. Its operating revenue is forecast to increase by 41.3% with net income growth of 59.6%; and Digital Technology International ("DTI"), which provides surveillance solutions to the mass transit industry globally.

Other holdings include: Cohortpay, supporting inbound student payments, health insurance and related services; Edentiti, delivering online KYC (Know Your Customer) verification to the financial services and telecommunications industries; VixNet, operating a radio network in Southern Africa for security and utility metering applications; and Arria, which provides natural language generation systems into industries that must analyse large quantities of data. Arria listed on the London Stock Exchange's Alternative Investment Market ("AIM") on 5 December 2013.

During the year Vix Limited has disposed of its entire stake in eBET Limited (5.92% stake), realising a profit of A$2.3m.

Renewable Energy Generation Limited

www.renewableenergygeneration.co.uk
Market Cap £67.8m

REG develops, owns and operates renewable energy projects in the UK and is listed on AIM. The company operates through two main subsidiaries: REG Windpower for its onshore wind farm assets, and REG Bio-Power for electricity generation from recycled used cooking oil.

As at end-December 2013 REG owned eleven wind farms with total capacity of 39.2MW and operated three wind farms for BlackRock. It also has three wind farms with 18.5MW under construction, 31.2MW of projects consented and 140MW in the planning system awaiting determination.

In September 2013 REG announced the sale of its 12MW wind farm at Goonhilly Downs in Cornwall to BlackRock for a total consideration of £25.1m, resulting in a £9.4m profit on disposal. This was the third major disposal to BlackRock.

REG Bio-Power operates 8MW of generation plant primarily servicing National Grid Short Term Operating Reserve contracts. It has initiated the construction of an 18MW bio-power plant at Whitemoor Business Park in Yorkshire. The repowering of St. Breock and extension of Ramsey wind farms, combined with the initiation of other projects, are expected to deliver a continued improvement in returns. In the year to end-June 2014 REG's share price fell 3.0%.

Augean plc

www.augeanplc.com
Market Cap £45.9m

Augean is a leading UK hazardous waste management company which is listed on AIM. It operates five business lines providing waste treatment, disposal and recovery services to the energy, construction and infrastructure sectors through its network of facilities in the UK.

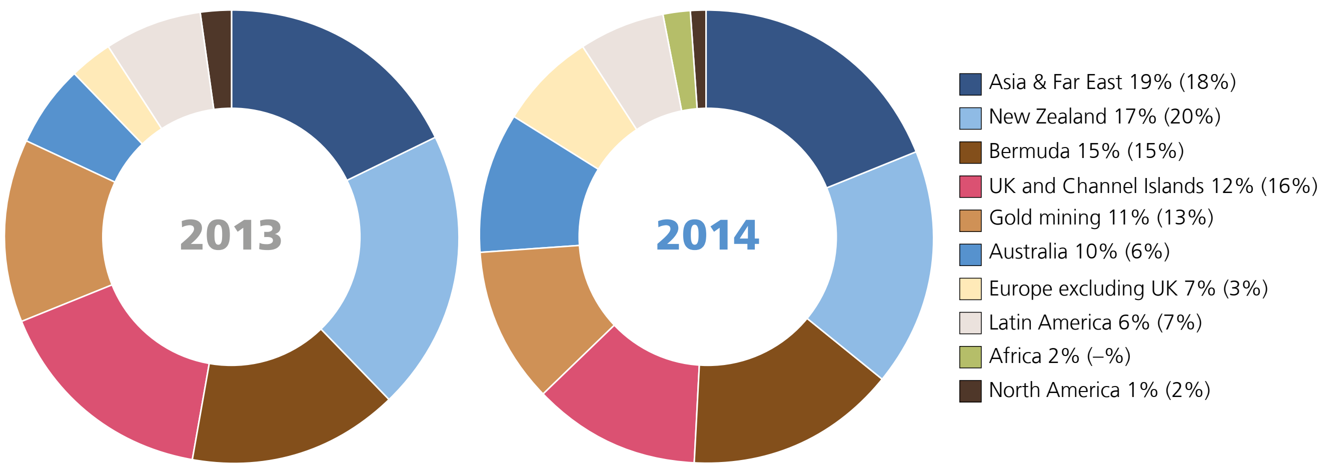
In August 2013 new CEO, Dr Stewart Davies, joined Augean and immediately initiated a strategic review of the loss-making Waste Networks division. This resulted in the decision to dispose of the associated transfer site assets, which realised net proceeds of £1.1m and resulted in a £4.0m goodwill impairment. Augean has subsequently invested heavily into its North Sea Services subsidiary in Aberdeen, and the Integrated Services division which leased a High Temperature Incineration ("HTI") facility in East Kent. In May 2014 it acquired the HTI plant and freehold title to the surrounding land for £1.9m.

In its financial year to end-December 2013 Augean reported EBITDA growth of 19.8%, a reflection of the focusing of the business away from lower-margin activities and the disposal of the loss-making Waste Networks business. It increased dividends per share by 40%. This positive momentum has continued into 2014, with revenues in the first six months of 2014 growing by 6.4%, driven by 3.4% growth in landfill waste volumes and a quadrupling of radioactive waste disposal activity. In the year to end-June 2014 Augean's share price increased 36.4%.

GEOGRAPHICAL AND SECTOR SPLIT OF INVESTMENTS

(on a look-through basis)

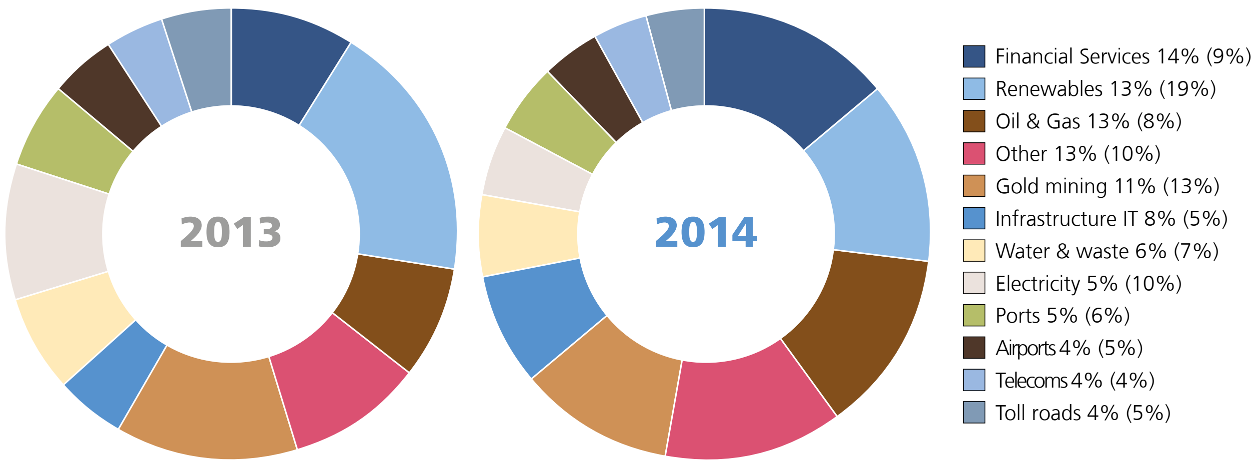
GEOGRAPHICAL SPLIT OF INVESTMENTS



Figures in brackets as at June 2013

Source: Utilico

SECTOR SPLIT OF INVESTMENTS



Figures in brackets as at June 2013

Source: Utilico

DIRECTORS

Dr Roger Urwin CBE* (Chairman)

Dr Urwin, aged 68 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 ATCO Limited and Canadian Utilities Limited.

Peter Burrows AO*

Mr Burrows, aged 67, was appointed a Director in September 2011. He 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 and was a director of a number of other listed and unlisted companies. Mr Burrows has been made an officer in the Order of Australia (AO) for his services to medical research, tertiary education and finance.

Graham Cole CBE (appointed 11 September 2014)

Mr Cole, aged 66, was appointed to the Board on 11 September 2014. Mr Cole has worked for many years in the aerospace industry, both in UK and internationally. He is currently chairman of AgustaWestland UK Ltd, a non-executive director of FNM UK Limited and chairman of Vix Technology. Mr Cole previously held the position of Managing Director of AgustaWestland UK Ltd. He has sat on various Ministerial Committees and was awarded the CBE in 2004 for Services to Industry.

John Michael Collier (retired 11 September 2014)

Mr Collier, aged 68, appointed in May 2007. Mr Collier, who has spent his career working in the banking and financial sector, retired from the Board on 11 September 2014.

Warren McLeland

Mr McLeland, aged 68, appointed in September 2013. He 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 Somers Limited and was previously a director of a number of listed and unlisted companies.

Eric Stobart*

Mr Stobart, aged 66 and appointed in May 2007, is a chartered accountant. He spent most of his career in merchant and commercial banking. He is a non-executive director of Capita Managing Agency Limited and Blackrock Throgmorton Trust plc. He is a trustee of the Lloyds Bank Pension Schemes chairing its Investment and Funding Committee, Lloyds Your Tomorrow Trustees, Anglian Water Group Pension Scheme, Dixons Retail Pension Scheme and chairman of Lloyd's Superannuation Fund.

* 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 Group for the year ended 30 June 2014. The Corporate Governance Statement set out on pages 43 and 44 is incorporated by reference in this Report of the Directors.

Results and dividends

Details of the Company's performance in the year to 30 June 2014 are set out in the Chairman's Statement and Investment Manager's Report. The results for the year are set out in the attached accounts; details of the dividends declared in respect of this financial year are included in note 8 to the accounts.

Status of the Company

The Company is a Bermuda exempted closed end investment company with company registration number 39480. The Company's ordinary shares are listed on the premium segment of the Official List of the Financial Conduct Authority and are traded on the Main Market of the London Stock Exchange. It is a member of the 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 in a segregated account in Global Equity Risk Protection Limited ("GERP"), an unquoted Bermuda segregated accounts company incorporated on 4 May 2006. This account, which is structured as the Bermuda law equivalent of a protected cell, exists for the sole purpose of carrying out derivative transactions on behalf of the Company. The segregated account in GERP is classified as a subsidiary of the Company and its financial results are included within the accounts of the Group.

Details of the subsidiary companies are given in note 10 to the accounts.

At the year-end, the Company also held over 50% of Bermuda First Investment Company Limited, a company listed on the Bermuda Stock Exchange which invests in Bermuda companies and of Zeta Resources Limited, a resources focused holding and development company, listed on the Australian Stock Exchange. Details of these investments are given in note 10 to the accounts. In the year ended 30 June 2013, when these majority stakes were acquired, both of these companies were consolidated in the Group accounts, even though they were held as investments. This resulted in a variance between the Group and Company accounts, as majority-owned investments are measured at fair value in the latter accounts. The Investment Manager and the Audit Committee discussed the implications of the amendments to the reporting standards for Investment Entities (amendments to IFRS 10 and 12 and IAS 27) with the Company's auditor and concluded that early adoption of Investment Entities would be beneficial to the clarity of the Company's financial reporting. The Company has early adopted the Investment Entities amendments, with a date of initial application of 1 July 2013, and in accordance with the transitional provisions of the amendments, the Company has applied the new accounting policy retrospectively and restated the comparative information for the year ended 30 June 2013. This has resulted in a decrease in the restated consolidated NAV of 157.44p to 148.33p, which is in line with the Company's NAV as reported at 30 June 2013 of 148.50p.

Facilitating retail investments

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

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

Regulatory and competitive environment

The Company is obliged to comply with Bermuda law, the Listing Rules of the Financial Conduct Authority and International Financial Reporting Standards ("IFRS"). The financial statements are also presented, where relevant, in compliance with the Statement of Recommended Practice (SORP) for Investment Trusts issued by the AIC in January 2009. The Company is exempt from taxation, except insofar as it is withheld from income received and capital gains taxes in some jurisdictions. Under Bermuda law, the Company may not distribute income or capital reserves by way of a dividend unless, after distribution of the dividend, the realisable value of the Company's assets would be greater than the aggregate of its liabilities and its issued share capital and share premium account. It is registered with the IRS in the USA under the Foreign Account Tax Compliance Act.

In addition to annual and interim accounts published under these rules, the Company announces net asset values weekly via the London Stock Exchange's Regulatory News Service and provides more detailed statistical information on a monthly basis on its website and to the AIC in order to allow investors and brokers to review its performance. The Company also reports to shareholders on performance against the investment objective, Directors' dealings in the shares of the Company, corporate governance, investment activities and share buybacks. The Company publishes an interim management statement based on its performance at the end of the first and third quarters of its financial year.

The accounting policies of the Company are detailed in note 1 to the accounts on pages 64 to 66.

Directors

The Company has a Board of five non-executive directors who oversee and monitor the activities of the Investment Manager and other service providers and ensure that the Company's investment policy is adhered to. Details of the Board's responsibilities, information it relies upon and the number of meetings it holds are set out below. The Board is supported by an Audit Committee and a Management Engagement Committee, which deal with specific aspects of the Company's affairs as summarised on pages 51 and 36 respectively.

The Directors have a range of business, financial and asset management skills as well as experience relevant to the direction and control of the Company. Brief biographical details of the members of the Board are shown on page 32.

During the year under review, Mrs Hansen stood down as a Director of the Company on 17 September 2013 and Mr McLeland was appointed in her place on the same date.

Since the year end, Mr Collier has retired from the Board on 11 September 2014 and the Board has appointed Mr Graham Cole as a Director in his place with effect from the same date. Mr Cole has a range of skills and expertise and experience of industrial companies; he is chairman of Vix Technology, in which the Company has a significant investment.

Under the Company's Bye-Laws, the number of Directors on the Board may not exceed ten.

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

Chairman

The Chairman of the Company is Roger Urwin, a non-executive Director, who the Board considers to be independent. Dr Urwin has been the Chairman of the Board of Directors throughout the year and is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. Dr Urwin has been a Director since 2007 and in common with all the other members of the Board, he is subject to an annual performance appraisal. Following this year's appraisal, the Board has confirmed that Dr Urwin's performance continues to be effective and therefore recommends his re-election.

Senior Independent Director

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

Board responsibilities

The Company's Board of Directors is responsible for overall stewardship of the Company, including corporate strategy, corporate governance, risk and controls assessment, overall investment policy and gearing limits.

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

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

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

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

Supply of information

To enable the Directors of the Board to fulfil their roles, the Investment Manager ensures that all Directors have timely access to all relevant management, financial and regulatory information.

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

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

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

Board diversity, appointment, re-election and tenure

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

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

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

In the knowledge of Mr Collier's proposed retirement, the Board has been considering a replacement. The Board has been able to identify a strong candidate without engaging an external search consultancy or advertising the position. After due consideration, the Board has appointed Mr Graham Cole to the Board with effect from 11 September 2014. Mr Cole is not deemed to be independent as he is chairman of Vix Technology, an unlisted company in which the Company has an investment. Vix Technology is an automated payment solutions company. Mr Cole is also chairman of AgustaWestland UK Limited and a non-executive director of FNM UK Limited.

The Bye-laws require that a Director shall retire and be subject to re-election at the first AGM after appointment and at least every three years thereafter. Mr Cole will stand for election at the AGM (Resolution 5). One-third of the Board is subject to retirement by rotation each year. In addition, any Director who is not considered to be independent stands down annually and seeks re-election. Dr Urwin will retire by rotation at the forthcoming AGM and, being eligible, offers himself for re-election (Resolution 6). Mr McLeland, who is not considered to be independent due to his directorships of other companies associated with the Investment Manager, retires annually and will do so at the forthcoming AGM and, being eligible, offers himself for re-election (Resolution 7). The Bye-laws provide that the Company may, in a Special General Meeting, remove any Director from the Board.

The Board has considered the re-election of Mr McLeland (the re-election of the Chairman having been separately considered and reported on above) and has reviewed the composition of the Board as a whole and borne in mind the need for a proper balance of skills and experience. Following an appraisal of the performance of Mr McLeland, the Board believes that he should be put forward for re-election. The Board feels that Mr McLeland makes a valuable contribution based on his individual skills, knowledge and experience. He has commitment to his role and the Board believes that his re-election would be in the best interests of the Company.

Audit Committee

The composition and activities of the Audit Committee are summarised in the Audit Committee Report on pages 51 to 53, which is included in this Report of the Directors by reference. Copies of the terms of reference are available on the Company's website.

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.

The Management Engagement Committee is comprised of the independent Directors of the Company and meets at least once a year. The Management Engagement Committee reviews annually the performance of, and fees paid to, the Investment Manager and the Administrator for the services provided under their respective agreements.

Remuneration Committee

The Board as a whole undertakes the work which would otherwise be undertaken by a Remuneration Committee. Its work is summarised in the Directors' Remuneration Report on pages 47 to 50.

Board, Committee and Directors' performance appraisal

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

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

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

Accordingly, the Board confirms that the performance of all Directors is and continues to be effective and demonstrates commitment to the role. It recommends to shareholders the approval of Resolutions 5 to 7 relating to the election and re-election of the Directors.

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

Attendance at Board and Committee meetings

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

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

	Board	Audit Committee	Management Engagement Committee
Number of meetings	5	3	1
Roger Urwin	5	3	1
Peter Burrows	5	3	1
J Michael Collier	5	n/a	n/a
Warren McLeland	5	n/a	n/a
Eric Stobart	5	3	1

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

Directors' remuneration and shareholdings

The Directors' Remuneration Report, which can be found on pages 47 to 50, contains detailed information on the remuneration arrangements for Directors of the Company and their share interests in the Company.

Disclosable interests

No Director was a party to, or had any interests in, any contract or arrangement with the Company at any time during the year or at the year end.

Conflicts of interest

A Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests.

The Directors have declared any potential conflicts of interest to the Company. Potential conflicts of interest are reviewed regularly by the Board. The Directors have undertaken to advise the Company Secretary and/or Chairman as soon as they become aware of any potential conflicts of interest.

Directors' and officers' liability insurance

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

Internal financial and non-financial controls

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

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

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

The Board meets regularly, at least four times a year. It reviews financial reports and performance against relevant stock market criteria and the Company's peer group, amongst other things. The effectiveness of the Company's system of internal controls, including financial, operational, compliance and risk management systems is reviewed at least bi-annually against risk parameters approved by the Board. The Board confirms that the necessary actions are taken to remedy any significant failings or weaknesses identified from its review. No significant failings or weaknesses occurred during the year ended 30 June 2014 or subsequently up to the date of this annual financial report.

The Board has reviewed and accepted the Investment Manager's 'whistleblowing' policy under which staff of ICM can, in confidence, raise concerns about possible improprieties or irregularities in matters affecting the Company. It has also noted the 'whistleblowing' policy of the Administrator.

The Administrator produces an annual report on policies and procedures in operation in respect of Investment Trust Fund Accounting in accordance with AAF (AAF 01/06) issued by the Institute of Chartered Accountants in England and Wales for its clients. This sets out the control policies and procedures with respect to the duties carried out by the Administrator on the Company's behalf. The effectiveness of these controls is monitored by the Administrator's group audit committee, which receives regular reports from the Administrator's internal audit department. The Company's Audit Committee has received and reviewed the statement for the year ended 31 December 2013, together with a report from the Administrator's group audit committee on the effectiveness of the internal controls maintained on behalf of the Company.

Going concern

The financial statements have been prepared on a going concern basis. The Directors consider this is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being taken as 12 months after the signing of the balance sheet. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments, and the ability of the Company to meet all of its liabilities and ongoing expenses. The Directors also considered the revenue forecast for the forthcoming year and future dividend payments in concluding on the going concern basis.

At the year end, the Company had a £50m multicurrency loan facility with Scotiabank Europe PLC, which subsequently has been extended to 22 March 2016. Drawdowns under the facility are detailed in note 13 to the accounts. The Company will either extend or replace the facility or repay the outstanding debt when due from portfolio realisations.

Management

The Company has an Investment Management Agreement ("IMA") dated 21 March 2012 with ICM Limited, pursuant to which ICM as Investment Manager provides investment management services including portfolio monitoring and research to the Company and is entitled to receive a fee equal to 0.5% per annum of the Company's gross assets after deducting current liabilities (excluding borrowings incurred for investment purposes), payable quarterly in arrears. The Investment Manager has reduced the management fee payable by the Company to 0.25% per annum with effect from 1 January 2014 until such time as the performance fee high watermark is regained. The Investment Manager is also 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 Manager is responsible for ensuring that the Company complies with all legal, regulatory and corporate governance requirements and officiating at Board meetings and shareholders' meetings. The agreement may be terminated by either party by giving not less than six months' notice in writing (or such lesser notice period as agreed by both parties).

The Investment Manager may also become entitled to a performance-related fee, details of which can be found in note 3 to the accounts.

Under the terms of the agreement, ICM is obliged to provide the services of individuals to act as employees of the Company and to provide a company secretary. The remuneration paid to these employees (with the exception of the company secretary) is paid on behalf of the Company and deducted from ICM's management fee.

The Board continually reviews the policies and performance of the Investment Manager. The Board's philosophy and the Investment Manager's approach are that the portfolio should consist of shares thought attractive irrespective of their inclusion or weighting in any index. The portfolio's composition and performance are likely, therefore, to be very different, for example, from those of the FTSE All-Share index. Over the short term, there may be periods of sharp underperformance compared with the index. Over the long term, the Board expects the combination of the Company's and Investment Manager's approach to result in a significant degree of outperformance compared with the index. The Board is satisfied with the current terms of appointment of the Investment Manager.

Alternative Investment Fund Managers Directive ("AIFM Directive")

The Board has considered the implications of the AIFM Directive and, having taken independent legal advice, has concluded that, at the present time, as a Bermuda company with a Bermuda investment manager, it is not necessary to make any changes to the existing management arrangements as a result of the AIFM Directive. Prior to any proposed issue of shares, the Company will make the necessary notification to the UK Financial Conduct Authority to enable marketing of the Company's shares in the UK and following the making of such notification, the Company will be required to comply with certain provisions of the AIFM Directive which relate to pre-investment disclosure to investors, the content of the Company's annual report and regular on-going reporting to the FCA.

As a closed ended investment company, which is traded on the London Stock Exchange, shares in the Company, or the ZDPs issued by its subsidiary, Utilico Finance Limited, are acquired or sold through a bank or stock broker (and not direct from the Company). As a non-EU Alternative Investment Fund, with a non-EU Alternative Investment Fund Manager, the Company does not have a depositary. The custodians of the Company's assets are JP Morgan Chase Bank NA (for the majority of the investments), and Bermuda Commercial Bank Limited (mainly for the unlisted investments). A list of the other service providers is set out on page 95 of this report.

Company Secretary

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

Administration

The provision of accounting, dealing and administration services has been delegated to F&C Management Limited. The Company and the Investment Manager entered into an administration agreement with F&C Management Limited (the "Administrator") on 21 March 2012, under which the Administrator agreed to continue to provide dealing, accounting 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.

The terms of the Investment Management and Administration Agreements are set out in note 3 to the accounts.

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

Annually, the Management Engagement Committee ("MEC") also considers the ongoing secretarial and administrative requirements of the Company and assesses the services provided. The Board, based on the recent review of activities by the MEC, believes that the continuing appointments of ICM Limited as company secretary and F&C Management Limited as administrator remain in the best interests of the Company and its shareholders.

Share capital

As at 30 June and 15 September 2014 the issued share capital of the Company and the total voting rights were 99,157,214 ordinary shares of 10p each. Full details of changes to the Company's authorised and issued share capital during the year can be found in note 16 to the accounts.

At the last AGM, the Company was granted authority to make market purchases of up to 14.99% of its ordinary shares. No ordinary shares were bought back and cancelled during the year.

As noted earlier in the Business Review, Utilico Finance Limited, a wholly owned subsidiary of the Company, issued a new class of 2020 ZDP shares on 31 July 2014. A total of 9,382,718 2014 ZDP shares were rolled-over into 15,504,888 2020 ZDP shares, on the basis of each 2014 ZDP share converting into 1.6525 2020 ZDP shares and a further 9,495,112 new 2020 ZDP shares were placed in the market.

Substantial share interests

As at 15 September 2014, the Company had received notification of the following holdings of voting rights:

	Number of ordinary shares held	% held
General Provincial Life Pension Fund (L) Limited	56,767,393	57.2
F&C Asset Management plc clients,	11,647,101	11.7
including Foreign & Colonial Investment Trust plc	10,452,260	10.5
ICM Limited	4,284,000	4.3

Corporate governance, socially responsible investment and voting

The Company's policy on corporate governance, socially responsible investment and voting is detailed in the Business Review on page 22.

Greenhouse gas emissions

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

Individual Savings Account (ISA)

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

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.

The prime medium by which the Company communicates with shareholders is through the half-yearly and annual financial reports, which aim to provide shareholders with a full understanding of the Company's activities and its results. This information is supplemented by the publication, via the regulatory information service, of the weekly net asset value of the Company's ordinary shares, the interim management statements and by monthly fact sheets produced by the Investment Manager, which are all available on the Company's website: www.utilico.bm.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting ("AGM") will be held on 19 November 2014. The notice of the AGM and related notes can be found on pages 93 to 94. All resolutions are ordinary resolutions unless otherwise identified.

Resolution 1 is to confirm the minutes of the last general meeting.

Resolution 2 is for members to receive this annual financial report, including the Report of the Directors, financial statements and auditor's report.

Resolution 3 is to approve the Directors' Remuneration Report for the year ended 30 June 2014. It is mandatory for listed companies to put their Directors' Remuneration Report to an advisory shareholder vote. The Directors' Remuneration Report is set out on pages 47 to 50 of this annual financial report.

Resolution 4 is to approve the Directors' Remuneration Policy. This is a new requirement and the vote is binding. The Directors' Remuneration Policy is set out on page 47 of this annual financial report.

Resolutions 5 to 7 are to elect and re-elect Directors. Biographies of the Directors can be found on page 32.

Resolution 8 is to reappoint the auditor. KPMG LLP has expressed its willingness to continue to hold office until the conclusion of the next annual general meeting of the Company.

Resolution 9 is to authorise the Directors to determine the auditor's remuneration.

SPECIAL BUSINESS

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

Resolution 10 Authority for the Company to purchase its own shares

The Directors' authority to buy back shares was renewed at last year's AGM and will expire at the end of the AGM in 2014.

The Directors are proposing to renew the authority at the forthcoming AGM, and are seeking authority to purchase in the market up to 14,863,660 ordinary shares (equivalent to approximately 14.99% of the issued ordinary shares as at the date of this report) as set out in Resolution 10 in the Notice of AGM. This authority, unless it is varied, revoked or renewed, will expire at the conclusion of the Company's AGM in 2015.

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

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

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

Resolution 11 Disapplication of pre-emption rights

The Company's Bye-laws provide that, unless otherwise determined by a special resolution, the Company is not able to allot ordinary shares for cash without offering them to existing shareholders first in proportion to their shareholdings. Resolution 11 will grant the Company authority to dis-apply these pre-emption rights in respect of up to £991,572 of relevant securities in the Group (equivalent to 9,915,720 ordinary shares of 10p each, representing 10% of its ordinary shares in issue as at 15 September 2014). This will allow the Company flexibility to issue further ordinary shares for cash without conducting a rights issue or other pre-emptive offer in circumstances where the Directors believe it may be advantageous to shareholders to do so. Any such issues would only be made at prices greater than net asset value and would therefore increase the assets underlying each share. The issue proceeds would be available for investment in line with the Company's investment policy.

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

Recommendation

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

By order of the Board
ICM Limited, Secretary
15 September 2014

The Company's governance network

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

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

THE BOARD

Five non-executive directors (NEDs)

Chairman: Roger Urwin

Key Objectives:

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

AUDIT COMMITTEE

All the Independent Directors

Chairman: Eric Stobart

Key Objective:

- to oversee the financial reporting and control environment.

MANAGEMENT ENGAGEMENT COMMITTEE

All the Independent Directors

Chairman: Eric Stobart

Key Objectives:

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

NOMINATION COMMITTEE FUNCTION

The Board as a whole performs this function

Key Objectives:

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

REMUNERATION COMMITTEE FUNCTION

The Board as a whole performs this function

Key Objective:

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

Introduction

Bermuda does not have its own corporate governance code. As a Bermuda incorporated company with a premium listing on the Official List, the Company is required to comply with the UK Corporate Governance Code issued by the Financial Reporting Council. The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (the 'AIC Code') by reference to the AIC Corporate Governance Guide for Investment Companies ('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 that 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.

Compliance with the AIC Code

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

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

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

In common with most investment companies, the Company does not have an internal audit function. All of the Company's management and administrative 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 is reviewed annually by the Audit Committee. Action will be taken to remedy any significant failings or weaknesses identified from the review of the effectiveness of the internal control system.

In view of the requirement of the Bye-laws that all Directors retire by rotation, the Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by the AIC Code. In addition, the Board has considered provision B.7.2 in the UK Corporate Governance Code issued by the Financial Reporting Council published in June 2010 recommending that all directors of FTSE 350 companies should be subject to annual re-election. The Board believes that the current election system, with each Director being re-elected to the Board at least every three years or re-elected annually if they have served more than nine years, 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 Nomination or Remuneration Committee.

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

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

- The composition and operation of the Board and its Committees is summarised on page 43.
- The Company's approach to internal control and risk management is summarised on pages 20 to 22 and page 38.
- The contractual arrangements with, and assessment of, the Investment Manager are summarised on page 39.
- The Company's capital structure and voting rights are summarised on page 40. The substantial shareholders in the Company are listed on page 40.
- Powers to issue or buy back the Company's shares, which are sought annually, and any amendments to the Company's Bye-laws require a special resolution to be passed by shareholders.

Details of how the Company communicates with its shareholders are included in the Report of the Directors, under "Relations with Shareholders" on page 41.

By order of the Board
ICM Limited
Company Secretary
15 September 2014

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

Ordinary shares

The number of ordinary shares in issue, and the voting rights, at 30 June 2014 were 99,157,214 shares. The ordinary shares are entitled to all the revenue profits of the Company available for distribution and resolved to be distributed by the Directors by way of a dividend. The Directors consider the payment of dividends on a quarterly basis.

On a winding up, holders of ordinary shares will be entitled, after payment of all debts and the satisfaction of all liabilities of the Company, to the winding up revenue profits of the Company and thereafter, after paying to 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.

2014 ZDP shares

47,500,000 2014 ZDP shares were in issue as at 30 June 2014. Since the year end, 9,382,718 2014 ZDP Shares have been rolled over into 2020 ZDP Shares, with 38,117,282 2014 ZDP Shares remaining in issue. 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, 2018 and 2020 ZDP shares, but rank behind the bank debt 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 as at 30 June 2014. 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 and 2020 ZDP shares, but rank behind the bank debt 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

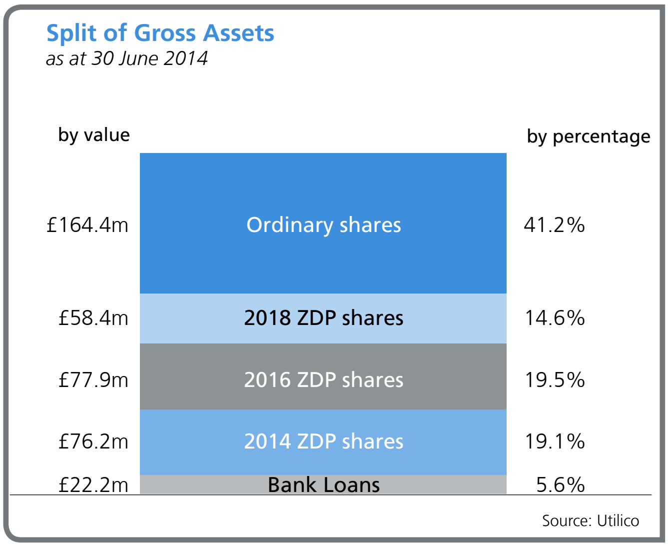
49,842,413 2018 ZDP shares were in issue as at 30 June 2014. The 2018 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on winding up) and the 2020 ZDP shares, but rank behind the bank debt, 2014 and 2016 ZDP shares for capital repayment of 160.52p 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.

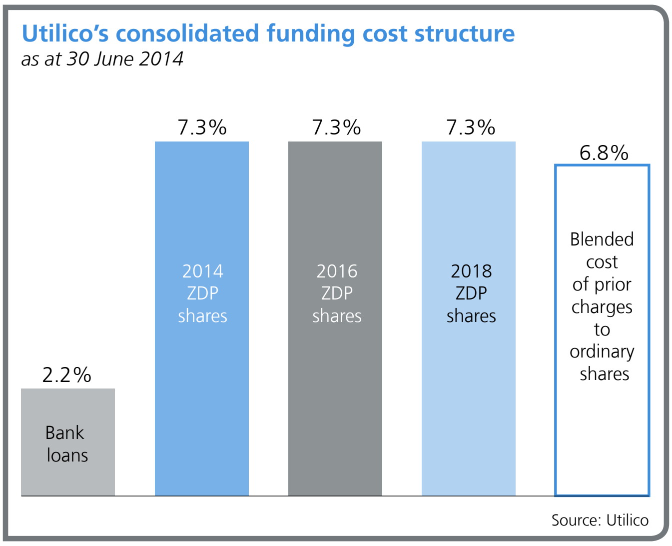
2020 ZDP shares

Subsequent to the year end, 25,000,000 2020 ZDP shares were issued on 31 July 2014. The 2020 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, 2014, 2016 and 2018 ZDP shares for capital repayment of 154.90p per 2020 ZDP share on 31 October 2020. The capital repayment is equivalent to a redemption yield of 7.25% per annum based on the initial capital entitlement of 100p.

Bank debt

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





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 as at 30 June 2014, the ordinary shares could be said to be interested in £41.20 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 2.4%.

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 6.8%.

ZDP shares

2014 ZDP shares

Based on their final entitlement of 167.60p per share, the final entitlement of the 2014 ZDP shares was covered 3.96 times by gross assets on 30 June 2014. Should gross assets fall by 74.7% 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 100.0%, equivalent to an annual fall of 100.0%, 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 2.08 times by gross assets on 30 June 2014. Should gross assets fall by 52.0% 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 74.7%, equivalent to an annual fall of 44.5%, 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 1.47 times by gross assets on 30 June 2014. Should the gross assets fall by 32.1% 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 52.0%, equivalent to an annual fall of 15.6%, the 2018 ZDP shares would receive no payment at the end of their life.

2020 ZDP shares

As the 2020 ZDP shares were not in issue on 30 June 2014, the asset cover for these new shares has not been calculated as at that date.

The Board is composed solely of non-executive Directors.

Full details of the Company's policy with regards to Directors' fees and fees paid during the year ended 30 June 2014 are shown below. There were no changes to the policy during the year.

Under company law, the auditor is required to audit certain disclosures provided. Where disclosures have been audited they are indicated as such. The auditor's report is contained on pages 55 to 57.

Statement by the Chairman

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

Directors' Remuneration Policy

The Board considers the level of the Directors fees at least annually. The Company's Bye-laws limit the aggregate fees payable to the Board of Directors to a total of £200,000 per annum. Within that limit, it is the responsibility of the Board as a whole to determine the level of Directors' fees having regard to the level of fees payable to non-executive directors in the industry generally, the role that individual Directors fulfil in respect of the Board and committee responsibilities and the time committed to the Company's affairs. The Board is comprised solely of non-executive Directors, none of whom has a service contract with the Company, and therefore no remuneration committee has been appointed.

The Board's policy is to set Directors' remuneration at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in continuing to achieve the investment objective. Time committed to the Company's business and the specific responsibilities of the Chairman, Directors and the chairman of the Audit Committee are taken into account. The policy aims to be fair and reasonable in relation to comparable investment trusts. It is intended that this policy will continue for the three year period ending at the AGM in 2017.

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

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

An ordinary resolution for the approval of this Directors' Remuneration Policy will be put to shareholders at the forthcoming AGM.

Increase in fees

The fees payable to the Chairman and Directors were previously increased in April 2011 and following a review the fees were increased with effect from 1 July 2013, such that the Directors received annual fees of £28,500, the chairman of the Audit Committee received an additional £8,000 and the annual fee payable to the Chairman of the Board was increased to £39,500. The Board reviews the fees payable to the Chairman and Directors annually, and the fees were increased with effect from 1 July 2014 as detailed in the table opposite.

Year ending 30 June	2015 £'000s	**2014* £'000s**	2013* £'000s
Chairman	40.5	**39.5**	38.5
Directors	30.0	**28.5**	27.5
Chairman of Audit Committee	38.5	**36.5**	35.0

*actual

Based on the levels of fees effective from 1 July 2014, Directors' remuneration for the year ending 30 June 2015 would be as follows:

Year ending 30 June	2015 £'000s
Roger Urwin[(1)]	40.5
Peter Burrows	30.0
Graham Cole[(2)]	24.0
J Michael Collier[(3)]	6.0
Warren McLeland	30.0
Eric Stobart[(4)]	38.5
Total	169.0

(1) Chairman
(2) Appointed 11 September 2014
(3) Retired 11 September 2014
(4) Chairman of the Audit Committee

Directors' annual report on remuneration

During the year ended 30 June 2014, the Chairman received a fee of £39,500 per annum and the remaining Directors received a fee of £28,500 per annum. The Chairman of the Audit Committee received an additional £8,000 per annum.

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

Remuneration for qualifying services to the Company (audited)

Director	2014 Entitlement £'000[(1)]	2013 Entitlement £'000[(1)]
Roger Urwin (Chairman)	**39.5**	38.5
Peter Burrows	**28.5**	27.5
J Michael Collier	**28.5**	27.5
Susan Hansen[(2)]	**6.1**	27.5
Warren McLeland[(3)]	**22.4**	–
Eric Stobart[(4)]	**36.5**	35.0
Total	**161.5**	156.0

(1) The Directors' entitlement to fees is calculated in arrears as set out in note 1(j) on page 66.
(2) Resigned 17 September 2013
(3) Appointed as a Director on 17 September 2013. Previously a consultant, receiving a fee of £28,500 per annum
(4) Mr Stobart's fee includes entitlement of £8,000 (2013, £7,500) for being Chairman of the Audit Committee

Directors' interests and indemnification

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

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

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

Directors' beneficial share interests

Since the year end, Mr Burrows has bought a further 5,453 shares. No Director held any interest, beneficial or otherwise, in the issued shares of the Company other than as stated in the table.

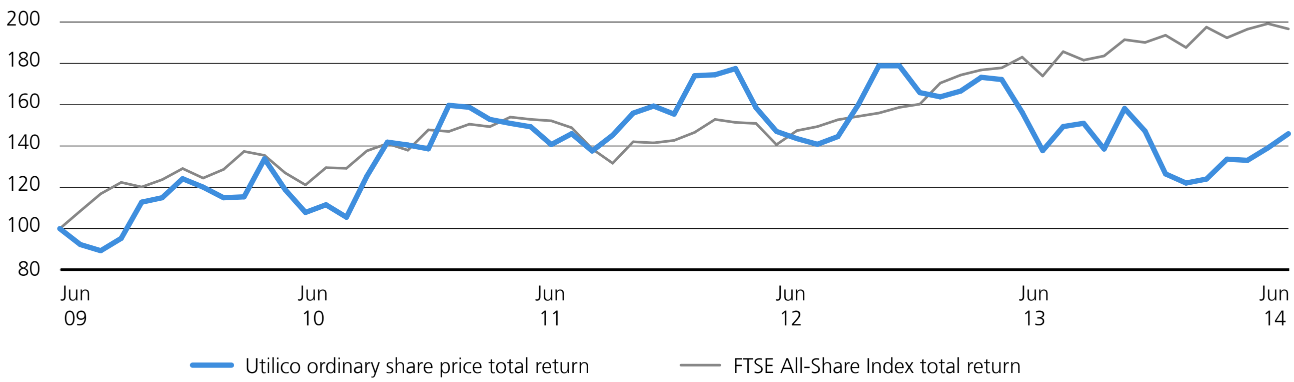
At 30 June	2014	2013
Roger Urwin (Chairman)	**144,371**	144,371
Peter Burrows	**51,747**	29,262
J Michael Collier	**145,000**	145,000
Susan Hansen(1)	**–**	50,545
Warren McLeland(2)	**23,879**	23,879
Eric Stobart	**32,648**	25,148

(1) Resigned 17 September 2013
(2) Appointed as a Director on 17 September 2013

Company performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Manager through the IMA, as referred to in the Report of the Directors' on page 39. The graph below compares, for the five years ended 30 June 2014, the share price total return to ordinary shareholders (assuming all dividends are reinvested) to the FTSE All-Share Index total return (GBP adjusted). An explanation of the performance of the Company for the year ended 30 June 2014 is given in the Chairman's Statement and Investment Manager's Report.

Utilico share price total return
From 30 June 2009 to 30 June 2014 (rebased to 100 at 30 June 2009)



Source: Utilico

Relative importance of spend on pay

The table opposite compares the remuneration paid to the Directors with aggregate distributions paid to shareholders in the year to 30 June 2014 and the prior year. This disclosure is a statutory requirement, however the Directors consider that comparison of Directors' remuneration with annual dividends does not provide a meaningful measure relative to the Company's overall performance as an investment company with an objective of providing shareholders with long-term total return.

	2014 £'000s	2013 £'000s	Change £'000s
Aggregate Directors' emoluments	**162**	156	6
Aggregate shareholder distributions	**9,296**	9,714	(418)

Voting at last Annual General Meeting

At the Company's last AGM, held on 20 November 2013, shareholders approved the Directors' Remuneration Report in respect of the year ended 30 June 2013. 99.91% of votes cast were in favour of the resolution, 0.09% were against and 46,025 votes were withheld.

An ordinary resolution for the approval of the Directors' annual report on remuneration will be put to shareholders at the forthcoming AGM.

On behalf of the Board

Roger Urwin
Chairman
15 September 2014

The Audit Committee reviews and reports to the Board on the Company's financial reporting, risk management and internal control systems and the independence and effectiveness of the external auditor.

It is chaired by Eric Stobart and the other members are Peter Burrows and Dr Roger Urwin, being independent Directors on the Board. It is considered that there is a range of recent and relevant financial experience amongst the members of the Audit Committee.

Audit Committee's activities

The Audit Committee is responsible for a range of matters including:

- regular review of the portfolio, particularly of the unlisted investments;
- consideration of the half-year and annual financial statements prepared by the Investment Manager, the appropriateness of the accounting policies applied and any financial reporting judgements and key assumptions therein;
- monitoring developments in accounting and reporting requirements that impact on the Company's compliance with relevant statutory and listing requirements;
- consideration of the narrative elements of the annual financial report, including whether the annual financial report taken as a whole is fair, balanced and understandable and provides the necessary information for shareholders;
- evaluation of reports received from the auditor with respect to the annual financial statements and its review of the interim report;
- management of the relationship with the external auditor, including its appointment and the evaluation of scope, effectiveness, independence and objectivity of its audit;
- evaluation of the effectiveness of the internal control and risk management systems including reports received on the operational controls of the Company's service providers;
- evaluation of the performance of the registrar with respect to the maintenance of the Company's share register; and
- making recommendations to the Board in relation any of the above matters.

The Audit Committee provides a forum through which the auditor may report to the Board. It is the Company's policy not to seek substantial non-audit services from its auditor, unless they relate to a review of the interim report or reporting on financial information in circulars or prospectuses, as the Board considers the auditor is best placed to provide these services. If the provision of significant non-audit services were to be considered, the Committee would consider whether the particular skills of the audit firm made it a suitable supplier of those services and that there was no threat to the objectivity and independence of the audit. Non-audit fees paid to KPMG during the year amounted to £4,000 for the year ended 30 June 2014 (2013: £4,000) and related to the review of the interim accounts; more details are included in note 4 to the accounts.

KPMG has been the auditor of the Company since 2012, following a competitive tender process.

The Audit Committee has considered the independence of the auditor and the objectivity of the audit process and is satisfied that KPMG LLP has fulfilled its obligations to shareholders as independent auditor to the Company.

The Audit Committee's activities are governed by detailed terms of reference which are reviewed on an annual basis, the last review being in September 2014. A copy of the terms of reference can be inspected on the Company's website at http://www.utilico.bm/investor_relations/other_documents/

The Audit Committee met three times during the year. Representatives of the Investment Manager, the Administrator and the partner and manager of the audit team at KPMG attended all meetings. The representatives of KPMG presented their audit plan at one meeting and reported on the nature, scope and results of their audit at the meetings when the draft annual financial report and the interim report were considered. Representatives of the Administrator's investment trust and internal audit departments attended the Committee meetings to inform the Committee on internal control, risk and regulatory matters that might have a bearing on the Company's business.

The Audit Committee meets in camera with the external auditor at least once annually.

The audit plan and timetable were presented by and agreed with the auditor in advance of the financial year end. Items of audit focus were discussed, agreed and given particular attention during the audit process. The auditor reported to the Audit

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

Accounting matters and significant areas

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

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

The above was satisfactorily addressed through consideration of reports provided by, and discussed with, the Investment Manager, the Administrator and the auditor. As a result, and following a thorough review process, the Audit Committee advised the Board that the 2014 annual financial report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

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

External audit, review of its effectiveness and auditor reappointment

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

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

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

For the 2014 financial year, the Audit Committee was satisfied that the audit process was effective.

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

The Audit Committee also considers the effectiveness of the company secretarial services provided by the Investment Manager and the administration services provided by the Administrator in the audit process in respect of the timely identification and resolution of areas of accounting judgement and implementation of new regulatory requirements, with input from the auditor and the Audit Committee as appropriate; and the timely provision of the half year results announcement and the annual financial report for review by the auditor and the Audit Committee. In this regard the Audit Committee assessed the services provided by the Investment Manager and the Administrator to be good.

Audit information

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

Internal controls and risk management

The Company's risk assessment process and the way in which significant risks are managed is a key area of focus for the Audit Committee. Work here was driven by the Audit Committee's assessment of the risks arising in the Company's operations and identification of the controls exercised by the Board and its delegates, the Investment Manager, the Administrator and other service providers. These are recorded in risk matrices which continue to serve as an effective tool to highlight and monitor the principal risks, details of which are provided in the Business Review. The Audit Committee also received and considered, together with representatives of the Investment Manager, reports in relation to the operational controls of the Investment Manager, Administrator, Custodians and share registrar. These reviews identified no issues of significance.

Internal audit

Due to the nature of the Company, being an externally managed investment company with no executive employees, the Company does not have its own internal audit function.

Committee evaluation

The Audit Committee's activities formed part of the review of Board effectiveness performed in the year. Details of this process can be found under 'Board, Committee and Directors' performance appraisal' on page 37.

Eric Stobart
Chairman of the Audit Committee
15 September 2014

DIRECTORS' STATEMENT OF RESPONSIBILITIES

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

The Directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- state that the Group and Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping proper accounting records which are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with IFRS. 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, a Corporate Governance Statement, a Directors' Remuneration Report and a Report of the Directors' that comply with that law and those regulations.

The Directors of the Company, whose names are shown on page 32 of this report, each confirm to the best of their knowledge that:

- the financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the annual financial report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces; and
- they consider that the annual financial report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's performance, business model and strategy.

Approved by the Board on 15 September 2014 and signed on its behalf by:

Roger Urwin
Chairman

ELECTRONIC PUBLICATION

The Annual Report and 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 in the financial statements since they were originally presented on the website. Visitors to the website need to be aware that the legislation governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

REPORT OF THE INDEPENDENT AUDITOR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UTILICO INVESTMENTS LIMITED ONLY

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Utilico Investments Limited for the year ended 30 June 2014 set out on pages 58 to 92. In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2014 and of the group's and parent company's profit for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Carrying amount of Unlisted Investments (£65m)

Refer to page 52 (Audit Committee Report), page 65 (accounting policy) and pages 71 to 74 (financial disclosures).

The risk: 16% of the Group's total assets (by value) is held in investments where no quoted market price is available. In measuring these unquoted investments at fair value the Directors utilise valuation techniques that make judgements about the realisable value of the investments. These techniques use measures such as the price of recent orderly transactions, earnings multiples and other valuation multiples of comparable companies and net asset of the investee. There is a significant risk over the valuation of these investments and this is a key judgemental areas that our audit focused on.

Our response: Our procedures over the existence, completeness and valuation of the Group's portfolio of unlisted investments included, but were not limited to:

- enquiry of the Investment Manager to document and assess the design and implementation of the investment valuation processes and controls in place;
- challenging the Investment Manager on key judgements affecting investee company valuations in the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines. In particular, we focussed on the appropriateness of the valuation basis selected as well as underlying assumptions, such as discount factors and the choice of benchmark for earnings multiples. We compared key underlying financial data inputs to external sources and investee company audited accounts and management information as applicable. We challenged the assumptions around the sustainability of earnings based on the plans of the investee companies and whether these are achievable, and we obtained an understanding of existing and prospective investee company cash flows to understand whether borrowings can be serviced or refinancing may be required. Where a recent transaction is used to value any holding, we obtained an understanding of the circumstances surrounding those transactions and whether they were considered to be on an arms-length basis and suitable as an input into a valuation. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report;
- attending the year end Audit Committee meeting where we assessed the effectiveness of the Audit Committee's challenge and approval of unquoted investment valuations; and
- consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unquoted investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.

Carrying amount of Listed Investments (£340m)

Refer to page 52 (Audit Committee Report), page 65 (accounting policy) and pages 71 to 74 (financial disclosures).

The risk: The Group's portfolio of listed investments makes up 84% of total Group assets (by value) and is considered to be one of the key drivers of the Group's capital and revenue performance. We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgement, because they comprise liquid, quoted investments.

However, due to their materiality in the context of the financial statements as a whole, they are one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

Our response: Our procedures over the existence, valuation and completeness of the Group's portfolio of listed investments included, but were not limited to:

- documenting and assessing the processes in place to record investment transactions and to value the portfolio;
- agreeing the valuation of 100% of the investments to externally quoted prices; and
- agreeing ownership of 100% of the investment holdings to independently received third party confirmations.

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

The materiality for the financial statements as a whole was set at £6.1m. This has been determined with reference to a benchmark of Total Assets (of which it represents 1.5%). Total Assets, which is primarily composed of the Group's investment portfolio, is considered to be the key driver of the Group's capital and revenue performance and, as such, we consider it to be one of the principal considerations for members of the Company in assessing the financial performance of the Group.

In addition, we applied a materiality of £367,000 to a number of income statement items, including Investment and other income, Management and administration fees, and Other expenses, for which we believe misstatements of lesser amounts than materiality as a whole could be reasonably expected to influence the economic decisions of the members of the Company taken on the basis of the financial statements.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £300,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our audit was undertaken to the materiality level specified above and was all performed at the office of the manager, ICM Limited, in Epsom, United Kingdom and at our offices in London, United Kingdom.

4. Our opinion on the Directors' Remuneration Report is unmodified

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

In our opinion the part of the Directors' Remuneration Report which we were engaged to audit has been properly prepared in accordance with SI 2008 No. 410 made under the UK Companies Act 2006, as if those requirements were to apply to the Company.

5. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

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

Under the Listing Rules we are required to review the part of the Corporate Governance Statement on pages 43 and 44 relating to the Company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review.

In addition to our audit of the financial statements, the Directors have engaged us to review certain other disclosures as if the Company were required to comply with the Listing Rules applicable to companies incorporated in the UK. Under the terms of our engagement we are required to review the Directors' statement, set out on pages 38 to 39, in relation to going concern.

We have nothing to report in respect of the above responsibilities.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Statement of Responsibilities set out on page 54, the Directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors.

Scope of an audit of financial statements performed in accordance with ISAs (UK and Ireland)

A description of the scope of an audit of financial statements is provided on our website at www.kpmg.com/uk/auditscopeother2013. This report is made subject to important explanations regarding our responsibilities, as published on that website, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 90(2) of the Companies Act 1981 of Bermuda and, in respect of the separate opinion in relation to the Directors' Remuneration Report, on terms that have been agreed. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and, in respect of the separate opinion in relation to the Directors' Remuneration Report, those matters that we have agreed to state to them in our 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Gareth Horner
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
15 September 2014

GROUP INCOME STATEMENT

Notes		Year to 30 June 2014			Restated* Year to 30 June 2013		
		Revenue return £'000s	**Capital return £'000s**	**Total return £'000s**	Revenue return £'000s	Capital return £'000s	Total return £'000s
9	Gains/(losses) on investments	**–**	**36,709**	**36,709**	–	(45,005)	(45,005)
12	Losses on derivative financial instruments	**–**	**(2,247)**	**(2,247)**	–	(3,714)	(3,714)
	Foreign exchange gains/(losses)	**36**	**(519)**	**(483)**	(12)	(991)	(1,003)
2	Investment and other income	**10,374**	**–**	**10,374**	16,228	–	16,228
	Total income	**10,410**	**33,943**	**44,353**	16,216	(49,710)	(33,494)
3	Management and administration fees	**(1,200)**	**–**	**(1,200)**	(2,030)	–	(2,030)
4	Other expenses	**(944)**	**(4)**	**(948)**	(1,160)	(8)	(1,168)
	Profit/(loss) before finance costs and taxation	**8,266**	**33,939**	**42,205**	13,026	(49,718)	(36,692)
5	Finance costs	**(933)**	**(14,234)**	**(15,167)**	(754)	(13,609)	(14,363)
	Profit/(loss) before taxation	**7,333**	**19,705**	**27,038**	12,272	(63,327)	(51,055)
6	Taxation	**(360)**	**(22)**	**(382)**	(275)	–	(275)
	Profit/(loss) for the year	**6,973**	**19,683**	**26,656**	11,997	(63,327)	(51,330)
7	**Earnings per ordinary share (basic) – pence**	**7.03**	**19.85**	**26.88**	12.06	(63.65)	(51.59)

* see notes 1 and 29

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

All items in the above statement derive from continuing operations.

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

COMPANY INCOME STATEMENT

Notes		Year to 30 June 2014 Revenue return £'000s	Year to 30 June 2014 Capital return £'000s	Year to 30 June 2014 Total return £'000s	Year to 30 June 2013 Revenue return £'000s	Year to 30 June 2013 Capital return £'000s	Year to 30 June 2013 Total return £'000s
9	Gains/(losses) on investments	–	34,925	34,925	–	(47,769)	(47,769)
12	Losses on derivative financial instruments	–	(477)	(477)	–	(273)	(273)
	Foreign exchange gains/(losses)	36	(515)	(479)	(12)	(830)	(842)
2	Investment and other income	10,374	–	10,374	16,228	–	16,228
	Total income	**10,410**	**33,933**	**44,343**	16,216	(48,872)	(32,656)
3	Management and administration fees	(1,196)	–	(1,196)	(2,009)	–	(2,009)
4	Other expenses	(942)	(4)	(946)	(1,147)	(8)	(1,155)
	Profit/(loss) before finance costs and taxation	8,272	33,929	42,201	13,060	(48,880)	(35,820)
5	Finance costs	(933)	(14,380)	(15,313)	(754)	(14,333)	(15,087)
	Profit/(loss) before taxation	**7,339**	**19,549**	**26,888**	12,306	(63,213)	(50,907)
6	Taxation	(360)	(22)	(382)	(275)	–	(275)
	Profit/(loss) for the year	**6,979**	**19,527**	**26,506**	12,031	(63,213)	(51,182)
7	**Earnings per ordinary share (basic) – pence**	**7.04**	**19.69**	**26.73**	12.09	(63.53)	(51.44)

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 2014

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance at 30 June 2013	**9,916**	**29,020**	**233,866**	**32,069**	**(171,382)**	**13,591**	**147,080**
	Profit for the year	**–**	**–**	**–**	**–**	**19,683**	**6,973**	**26,656**
8	Ordinary dividends paid	**–**	**–**	**–**	**–**	**–**	**(9,296)**	**(9,296)**
	Balance at 30 June 2014	**9,916**	**29,020**	**233,866**	**32,069**	**(151,699)**	**11,268**	**164,440**

for the year to 30 June 2013 (restated*)

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance at 30 June 2012	9,963	29,743	233,866	32,069	(108,055)	11,308	208,894
	(Loss)/profit for the year	–	–	–	–	(63,327)	11,997	(51,330)
8	Ordinary dividends paid	–	–	–	–	–	(9,714)	(9,714)
16	Shares purchased by the Company	(47)	(723)	–	–	–	–	(770)
	Balance at 30 June 2013	9,916	29,020	233,866	32,069	(171,382)	13,591	147,080

* see notes 1 and 29

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year to 30 June 2014

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance at 30 June 2013	**9,916**	**29,020**	**233,866**	**32,069**	**(171,385)**	**13,759**	**147,245**
	Profit for the year	**–**	**–**	**–**	**–**	**19,527**	**6,979**	**26,506**
8	Ordinary dividends paid	**–**	**–**	**–**	**–**	**–**	**(9,296)**	**(9,296)**
	Balance at 30 June 2014	**9,916**	**29,020**	**233,866**	**32,069**	**(151,858)**	**11,442**	**164,455**

for the year to 30 June 2013

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance at 30 June 2012	9,963	29,743	233,866	32,069	(108,172)	11,442	208,911
	(Loss)/profit for the year	–	–	–	–	(63,213)	12,031	(51,182)
8	Ordinary dividends paid	–	–	–	–	–	(9,714)	(9,714)
16	Shares purchased by the Company	(47)	(723)	–	–	–	–	(770)
	Balance at 30 June 2013	9,916	29,020	233,866	32,069	(171,385)	13,759	147,245

BALANCE SHEETS

Notes	at 30 June	GROUP 2014 £'000s	GROUP As previously reported 2013 £'000s	GROUP Restated (see note 1) 2013 £'000s	COMPANY 2014 £'000s	COMPANY 2013 £'000s
	Non-current assets					
9	Investments	**402,538**	393,830	372,630	**404,342**	380,169
	Deferred exploration and evaluation expenditure	**–**	2,832	–	**–**	–
		402,538	396,662	372,630	**404,342**	380,169
	Current assets					
11	Other receivables	**783**	3,375	2,742	**782**	2,741
12	Derivative financial instruments	**164**	2,020	2,020	**41**	1,074
	Cash and cash equivalents	**721**	8,456	7,644	**716**	7,581
		1,668	13,851	12,406	**1,539**	11,396
	Current liabilities					
13	Loans	**(22,239)**	(42,500)	(42,500)	**(22,239)**	(42,500)
14	Other payables	**(4,045)**	(3,696)	(1,997)	**(218,198)**	(201,757)
12	Derivative financial instruments	**(989)**	(63)	(63)	**(989)**	(63)
15	Zero dividend preference shares	**(76,138)**	–	–	**–**	–
		(103,411)	(46,259)	(44,560)	**(241,426)**	(244,320)
	Net current liabilities	**(101,743)**	(32,408)	(32,154)	**(239,887)**	(232,924)
	Total assets less current liabilities	**300,795**	364,254	340,476	**164,455**	147,245
	Non-current liabilities					
	Loan note	**–**	(3,705)	–	**–**	–
15	Zero dividend preference shares	**(136,355)**	(193,396)	(193,396)	**–**	–
	Net assets	**164,440**	167,153	147,080	**164,455**	147,245
	Equity attributable to equity holders					
16	Ordinary share capital	**9,916**	9,916	9,916	**9,916**	9,916
17	Share premium account	**29,020**	29,020	29,020	**29,020**	29,020
18	Special reserve	**233,866**	233,866	233,866	**233,866**	233,866
19	Non-distributable reserve	**32,069**	32,069	32,069	**32,069**	32,069
	Foreign currency translation reserve	**–**	497	–	**–**	–
20	Capital reserves	**(151,699)**	(162,952)	(171,382)	**(151,858)**	(171,385)
21	Revenue reserve	**11,268**	13,699	13,591	**11,442**	13,759
	Total attributable to equity holders	**164,440**	156,115	147,080	**164,455**	147,245
	Non-controlling interest	**–**	11,038	–	**–**	–
	Total equity attributable to Group	**164,440**	167,153	147,080	**164,455**	147,245
22	**Net asset value per ordinary share**					
	Basic – pence	**165.84**	157.44	148.33	**165.85**	148.50

Approved by the Board on 15 September 2014 and signed on its behalf by

Dr R J Urwin E St C Stobart

STATEMENTS OF CASH FLOWS

Notes	for the year to 31 March	GROUP 2014 £'000s	GROUP Restated* 2013 £'000s	COMPANY 2014 £'000s	COMPANY 2013 £'000s
23	Cash flows from operating activities	**5,709**	12,405	**5,729**	12,430
	Investing activities:				
	Purchases of investments	**(75,521)**	(46,954)	**(78,115)**	(47,146)
	Sales of investments	**84,190**	51,363	**90,735**	60,889
	Purchases of derivatives	**(2,243)**	(6,977)	**–**	–
	Sales of derivatives	**2,778**	3,741	**1,482**	(1,400)
	Cash flows on margin accounts	**–**	4,035	**–**	–
	Cash flows from investing activities	**9,204**	5,208	**14,102**	12,343
	Cash flows before financing activities	**14,913**	17,613	**19,831**	24,773
	Financing activities				
	Equity dividends paid	**(9,296)**	(9,714)	**(9,296)**	(9,714)
	Movements on loans	**(19,251)**	41,247	**(19,251)**	41,247
	Cash flow from issue of ZDP shares	**6,477**	23,209	**(69)**	15,955
	Cash flows from redemption of ZDP shares	**(1,683)**	(67,801)	**–**	(67,609)
	Cost of shares purchased for cancellation	**–**	(770)	**–**	(770)
	Cash flows from financing activities	**(23,753)**	(13,829)	**(28,616)**	(20,891)
	Net (decrease)/increase in cash and cash equivalents	**(8,840)**	3,784	**(8,785)**	3,882
	Cash and cash equivalents at the beginning of the year	**7,644**	4,879	**7,581**	4,541
	Effect of movement in foreign exchange	**(1,493)**	(1,019)	**(1,490)**	(842)
	Cash and cash equivalents at the end of the year	**(2,689)**	7,644	**(2,694)**	7,581
	Comprised of:				
	Cash	**721**	7,644	**716**	7,581
	Bank overdraft	**(3,410)**	–	**(3,410)**	–
	Total	**(2,689)**	7,644	**(2,694)**	7,581

* see notes 1 and 29

1. ACCOUNTING POLICIES

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

The Group Accounts comprise the results of the Company, UFL and GERP. Details of the subsidiaries and associates are included in notes 9 and 10 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.

The Group, from 1 July 2013, has early adopted IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The effective date of these standards is 1 January 2014. The EU has permitted early adoption. IFRS 10, IAS 27 and IAS 28 require retrospective application while IFRS 12 is applied prospectively. The Company falls to be defined under IFRS 10 as an Investment Entity.

IFRS 10 replaces guidance on consolidation in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Special Purpose Entities. Under IFRS 10, an investor controls an investee when it has exposure to the investee's variable returns and has the ability to influence those returns. Such control is the basis for determining which entities are consolidated, except in the case of Investment Entities. IFRS 10 exempts an investment entity from consolidating its subsidiaries unless those subsidiaries provide services directly related to the parent company's investment activities, Non-consolidated subsidiaries shall be measured at fair value through profit and loss in accordance with IFRS9 Financial Instruments: Recognition and Measurement.

Utilico Finance Limited ("UFL") and Global Equity Risk Protection Limited ("GERP") continue to be consolidated under IFRS 10. Bermuda First Investment Company Limited ("BFIC") and Zeta Resources Limited, which were previously consolidated and remain subsidiaries of the Company, are now accounted for as investments at fair value through profit and loss. The Group accounts for the year ended 30 June 2013 have been restated to reflect this change in accounting policy (see the Balance Sheet on page 62 and note 29 to the accounts).

Disclosures have been made in note 9 to the accounts in accordance with IFRS 12, which prescribes additional disclosures around significant judgements and assumptions made in determining whether one entity controls another and has joint control or significant influence over that other entity.

The Group has also adopted IFRS 13 Fair Value Measurement. IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurement in other IFRSs, including IFRS 7. As a result, the Group has included disclosures in notes 1(c) and 28 on Level 3 investments.

(a) Basis of accounting

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

Except as noted above, there have been no significant changes to the accounting policies during the year to 30 June 2014.

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

Capital returns include, but are not limited to, profits and losses on the disposal and the valuation of non-current investments 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 2018

The Directors have chosen not to adopt this standard early as they do not anticipate that it will have a material impact on the Group's Accounts in the period of initial application.

1 ACCOUNTING POLICIES (CONTINUED)

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

(b) Basis of consolidation

As noted above, the consolidated Accounts include the Accounts of the Company, Utilico Finance Limited ("UFL") and Global Equity Risk Protection Limited ("GERP"). All intra group transactions, balances, income and expenses are eliminated on consolidation. Non-consolidated subsidiaries held as part of the investment portfolio are accounted for under IFRS 10 at fair value through profit or loss. 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 IFRS 9 Financial Instruments: Recognition and Measurement.

The de-recognition by the Company of certain investments as being exempt from consolidation, as allowed under IFRS 10, has given rise to restatement of the prior year Group Income Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement. The accompanying notes to the Financial Statements have been restated accordingly.

(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 (including those ordinarily classified as subsidiaries under IFRS 10 but exempted by that financial reporting standard from the requirement to be consolidated) are designated as being at fair value through profit or loss on initial recognition. Derivatives 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 Income Statement as capital returns. Quoted investments are shown at fair value using market bid prices. The fair value of unquoted investments is determined by the Board using International Private Equity and Venture Capital Valuation Guidelines. In exercising its judgement over the value of these investments, the Board uses valuation techniques which take into account, where appropriate, latest dealing prices, valuations from reliable sources, net asset values, earnings multiples, recent orderly transactions in similar securities and other relevant factors. 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 Income Statement.

1 ACCOUNTING POLICIES (CONTINUED)

(g) Zero dividend preference shares

The ZDP shares, due to be redeemed in 2014, 2016 and 2018 at a redemption value of 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.

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

(i) Investment and other income

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

(j) Expenses

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

(k) Finance costs

Finance costs are accounted for using the effective interest basis, recognised through the Income Statement 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

(n) Use of estimates and judgements

The presentation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. INVESTMENT AND OTHER INCOME

Group	Revenue £'000s	Capital £'000s	2014 Total £'000s	Revenue £'000s	Capital £'000s	Restated 2013 Total £'000s
Investment income:						
Dividends	**9,343**	**–**	**9,343**	15,527	–	15,527
Interest	**1,026**	**–**	**1,026**	698	–	698
	10,369	**–**	**10,369**	16,225	–	16,225
Other income						
Interest on cash and short-term deposits	**5**	**–**	**5**	3	–	3
Total income	**10,374**	**–**	**10,374**	16,228	–	16,228

Company	Revenue £'000s	Capital £'000s	2014 Total £'000s	Revenue £'000s	Capital £'000s	2013 Total £'000s
Investment income:						
Dividends	**9,343**	**–**	**9,343**	15,527	–	15,527
Interest	**1,026**	**–**	**1,026**	698	–	698
	10,369	**–**	**10,369**	16,225	–	16,225
Other income						
Interest on cash and short-term deposits	**5**	**–**	**5**	3	–	3
Total income	**10,374**	**–**	**10,374**	16,228	–	16,228

3. MANAGEMENT AND ADMINISTRATION FEES

Group	Revenue £'000s	Capital £'000s	2014 Total £'000s	Revenue £'000s	Capital £'000s	Restated 2013 Total £'000s
Payable to:						
ICM Limited ("ICM") – management fee	**845**	**–**	**845**	1,669	–	1,669
ICM – administration fee	**56**	**–**	**56**	45	–	45
F&C Management Limited – administration fee	**295**	**–**	**295**	295	–	295
Other administration fees	**4**	**–**	**4**	21	–	21
	1,200	**–**	**1,200**	2,030	–	2,030

Company	Revenue £'000s	Capital £'000s	2014 Total £'000s	Revenue £'000s	Capital £'000s	2013 Total £'000s
Payable to:						
ICM Limited ("ICM") – management fee	**845**	**–**	**845**	1,669	–	1,669
ICM – administration fee	**56**	**–**	**56**	45	–	45
F&C Management Limited – administration fee	**295**	**–**	**295**	295	–	295
	1,196	**–**	**1,196**	2,009	–	2,009

ICM Limited ("ICM") is appointed as Investment Manager and Company Secretary to the Company, for which it is entitled to a management fee, a performance fee and a company secretarial fee.

The management fee is based on total assets less current liabilities (excluding borrowings and excluding the value of all holdings in companies managed or advised by the Investment Manager or any of its subsidiaries from which it receives a management fee), payable semi-annually in arrears. The agreement with ICM may be terminated upon one year's notice given by the Company and not less than six months' notice given by ICM.

The management fee payable for the period to 31 December 2013, and for the prior year ended 30 June 2013, was 0.5% per annum. With effect from 1 January 2014, until the high watermark net asset value of 284.81p is regained, it has been decreased to 0.25% per annum.

Included within the fees of £845,000 (2013: £1,669,000) paid to ICM is £49,000 (2013: £70,000) salary and PAYE costs relating to employees of the Company (excluding the costs associated with the Company Secretary). 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 five (30 June 2013: five).

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 value of all holdings in companies managed or advised by the Investment Manager from which it receives a management fee are removed from the calculation in order that any such fee is charged solely on the performance of the portfolio excluding those investments.

As at 30 June 2014, the attributable shareholders' funds were below the high watermark and therefore no performance fee has been accrued (30 June 2013: same).

ICM also provides 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 (30 June 2013: same). The agreement with F&C may be terminated upon six months' notice given by either party in writing.

4. OTHER EXPENSES

Group	Revenue £'000s	Capital £'000s	2014 Total £'000s	Revenue £'000s	Capital £'000s	Restated 2013 Total £'000s
Auditors' remuneration (see note 4A)	**71**	**–**	**71**	73	–	73
Broker and consultancy fees	**121**	**–**	**121**	138	–	138
Custody fees	**114**	**–**	**114**	121	–	121
Directors' fees for services to the Company (see Directors' Remuneration Report on pages 47 to 50)	**162**	**–**	**162**	156	–	156
Travel expenses	**182**	**–**	**182**	256	–	256
Professional and legal fees	**90**	**–**	**90**	174	–	174
Sundry expenses	**204**	**4**	**208**	242	8	250
	944	**4**	**948**	1,160	8	1,168

Company	Revenue £'000s	Capital £'000s	2014 Total £'000s	Revenue £'000s	Capital £'000s	2013 Total £'000s
Auditors' remuneration:	**71**	**–**	**71**	63	–	63
Broker and consultancy fees	**121**	**–**	**121**	138	–	138
Custody fees	**114**	**–**	**114**	121	–	121
Directors' fees for services to the Company (see Directors' Remuneration Report on pages 47 to 50)	**162**	**–**	**162**	156	–	156
Travel expenses	**182**	**–**	**182**	256	–	256
Professional and legal fees	**90**	**–**	**90**	174	–	174
Sundry expenses	**202**	**4**	**206**	239	8	247
	942	**4**	**946**	1,147	8	1,155

4A. AUDITOR'S REMUNERATION

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

	Group		Company	
Group Auditor – KPMG LLP (2013:KPMG Audit Plc) Annual Audit Fees	**2014 £'000s**	Restated 2013 £'000s	**2014 £'000s**	2013 Total £'000s
Fees payable to the auditor of the Group and Company's annual financial statements	**63**	55	**63**	55
Audit of financial statements of subsidiaries	**4**	14	**4**	4
Total audit fees	**67**	69	**67**	59
Other non-audit services – review of interim financial statements	**4**	4	**4**	4
Total auditor's remuneration allocated to the income statement	**71**	73	**71**	63

5. FINANCE COSTS

Group	Revenue £'000s	Capital £'000s	2014 Total £'000s	Revenue £'000s	Capital £'000s	Restated 2013 Total £'000s
Loans and bank overdrafts	**933**	**–**	**933**	754	–	754
ZDP shares	**–**	**14,234**	**14,234**	–	13,609	13,609
	933	**14,234**	**15,167**	754	13,609	14,363

Company	Revenue £'000s	Capital £'000s	2014 Total £'000s	Revenue £'000s	Capital £'000s	2013 Total £'000s
Loans and bank overdrafts	**933**	**–**	**933**	754	–	754
Intra-group loan account	**–**	**14,380**	**14,380**	–	14,333	14,333
	933	**14,380**	**15,313**	754	14,333	15,087

6. TAXATION

Group	Revenue £'000s	Capital £'000s	2014 Total £'000s	Revenue £'000s	Capital £'000s	Restated 2013 Total £'000s
Overseas taxation	**360**	**–**	**360**	275	–	275
Bermuda overseas investment taxation	**–**	**22**	**22**	–	–	–
	360	**22**	**382**	275	–	275

Company	Revenue £'000s	Capital £'000s	2014 Total £'000s	Revenue £'000s	Capital £'000s	2013 Total £'000s
Overseas taxation	**360**	**–**	**360**	275	–	275
Bermuda overseas investment taxation	**–**	**22**	**22**	–	–	–
	360	**22**	**382**	275	–	275

Profits of the Company and subsidiaries for the year are not subject to any taxation within their countries of residence (2013: same).

7. EARNINGS PER ORDINARY SHARE

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

	Group		Company	
	2014 £'000s	Restated 2013 £'000s	**2014 £'000s**	2013 £'000s
Revenue	**6,973**	11,997	**6,979**	12,031
Capital	**19,683**	(63,327)	**19,527**	(63,213)
Total	**26,656**	(51,330)	**26,506**	(51,182)
	Number	Number	**Number**	Number
Weighted average number of shares in issue during the year for earnings per share calculations	**99,157,214**	99,496,872	**99,157,214**	99,496,872

8. DIVIDENDS

Group and Company	Record date	Payment date	**2014 £'000s**	2013 £'000s
2012 Final of 3.50p	05 Oct 2012	19 Oct 2012	**–**	3,487
2013 Interim of 3.75p	08 Mar 2013	10 Apr 2013	**–**	3,736
2013 Special dividend of 2.50p	08 Mar 2013	10 Apr 2013	**–**	2,491
2013 Final of 3.75p	04 Oct 2013	18 Oct 2013	**3,719**	–
2014 First quarterly of 1.875p	08 Nov 2013	22 Nov 2013	**1,859**	–
2014 Second quarterly of 1.875p	07 Mar 2014	21 Mar 2014	**1,859**	–
2014 Third quarterly of 1.875p	30 May 2014	13 Jun 2014	**1,859**	
			9,296	9,714

The Directors declared a fourth quarterly dividend in respect of the year ended 30 June 2014 of 1.875p which was paid on 8 September 2014 to all ordinary shareholders on the register at close of business on 22 August 2014. The total cost of the dividend, which has not been accrued in the results for the year to 30 June 2014, is £1,859,000 based on 99,157,214 ordinary shares in issue.

9. INVESTMENTS

Group	**Level 1 £'000s**	**Level 2 £'000s**	**Level 3 £'000s**	**2014 Total £'000s**	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Restated 2013 Total £'000s
Investments brought forward								
Cost	**354,620**	**–**	**57,740**	**412,360**	369,489	–	62,356	431,845
(Losses)/gains	**(20,957)**	**–**	**(18,773)**	**(39,730)**	21,495	–	(30,097)	(8,602)
Valuation	**333,663**	**–**	**38,967**	**372,630**	390,984	–	32,259	423,243
Movements in the year:								
Transfer to level 3*	**(47)**	**–**	**47**	**–**	–	–	–	–
Purchases at cost	**44,019**	**–**	**32,133**	**76,152**	69,995	–	15,416	85,411
Sales								
proceeds	**(67,457)**	**–**	**(15,496)**	**(82,953)**	(78,867)	–	(12,152)	(91,019)
realised net gains/(losses) on sales	**8,252**	**–**	**(841)**	**7,411**	(5,997)	–	(7,880)	(13,877)
Profits/(losses) on investments held at year end	**19,536**	**–**	**9,762**	**29,298**	(42,452)	–	11,324	(31,128)
Valuation at 30 June	**337,966**	**–**	**64,572**	**402,538**	333,663	–	38,967	372,630
Analysed at 30 June								
Cost	**339,358**	**–**	**73,612**	**412,970**	354,620	–	57,740	412,360
Losses	**(1,392)**	**–**	**(9,040)**	**(10,432)**	(20,957)	–	(18,773)	(39,730)
Valuation	**337,966**	**–**	**64,572**	**402,538**	333,663	–	38,967	372,630

*Transfer due to delisting of investee company

9. INVESTMENTS (CONTINUED)

Company	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2014 Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2013 Total £'000s
Investments brought forward								
Cost	**360,745**	**11,532**	**57,740**	**430,017**	371,496	13,804	62,356	447,656
(Losses)/gains	**(20,529)**	**(10,546)**	**(18,773)**	**(49,848)**	21,499	(6,893)	(30,097)	(15,491)
	340,216	**986**	**38,967**	**380,169**	392,995	6,911	32,259	432,165
Movements in the year:								
Transfer to level 3*	**(47)**	**–**	**47**	**–**	–	–	–	–
Purchases at cost	**45,702**	**912**	**32,133**	**78,747**	83,134	–	15,416	98,550
Sales								
proceeds	**(74,003)**	**–**	**(15,496)**	**(89,499)**	(88,353)	(2,272)	(12,152)	(102,777)
realised net gains/(losses) on sales	**8,673**	**–**	**(841)**	**7,832**	(5,532)	–	(7,880)	(13,412)
Profits/(losses) on investments held at year end	**19,111**	**(1,780)**	**9,762**	**27,093**	(42,028)	(3,653)	11,324	(34,357)
Valuation at 30 June	**339,652**	**118**	**64,572**	**404,342**	340,216	986	38,967	380,169
Analysed at 30 June								
Cost	**341,041**	**12,444**	**73,612**	**427,097**	360,745	11,532	57,740	430,017
Losses	**(1,389)**	**(12,326)**	**(9,040)**	**(22,755)**	(20,529)	(10,546)	(18,773)	(49,848)
Valuation	**339,652**	**118**	**64,572**	**404,342**	340,216	986	38,967	380,169

*Transfer due to delisting of investee company.

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.

	Group		Company	
Gains on investments held at fair value	**2014 £'000s**	Restated 2013 £'000s	**2014 £'000s**	2013 £'000s
Gains/(losses) on investments sold	**7,411**	(13,877)	**7,832**	(13,412)
Gains/(losses) on investments held	**29,298**	(31,128)	**27,093**	(34,357)
Total gains/(losses) on investments	**36,709**	(45,005)	**34,925**	(47,769)

9. INVESTMENTS (CONTINUED)

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 Group had the following associate undertakings at 30 June 2014:

	Renewable Energy Generation Limited (“REG”)[1]	Somers Limited (“Somers”)[2]	Utilico Emerging Markets Limited (“UEM”)[3]	Vix Limited (“Vix”)[4]	Vix Assets (“VixAssets”)[5]	Vix Technology (“VixTech”)[6]
Country of registration, incorporation and operations	UK	Bermuda	Bermuda	Bermuda	Australia	Bermuda
Number of ordinary shares held	16,398,988	5,357,944	58,206,603	15,924	44,327,353	4,061
Percentage of ordinary shares held	15.8%	47.5%	27.3%	39.8%	39.8%	39.8%
Income from associate undertaking included in the revenue account of the Group (’000s)	484	1,124	3,551	–	500	–
Value of interest in associated undertaking included in the balance sheet of the Group (’000s)	£10,495	£44,794	£106,809	£11,144	£0	£19,679
Financial summary				**US$**	**A$**	**A$**
Gross assets (’000s)	£118,696	$812,324	£438,266	$32,277	$9,897	$102,445
Gross liabilities (’000s)	£46,923	$617,601	£28,031	$29,036	$1,134	$68,542
Gross revenues (’000s)	£13,406	$15,903	(£12,107)	$3,257	$144	$104,242
Net profit/loss before tax (’000s)	£5,829	$13,844	(£16,367)	$3,242	($11,743)	$782
Share of taxation charge (’000s)	£109	$0	£191	$0	$0	($1,397)
Share of retained profits/(losses) (’000s)	£924	$6,580	(£4,468)	$1,290	($4,674)	$311
Share of net assets/(liabilities) (’000s)	£11,286	$92,550	£111,977	$1,290	$3,488	$13,493

1. Financials based on the latest REG accounts for the year to 30 June 2013
2. Financials based on the latest Somers accounts for the year to 30 September 2013
3. Financials based on the latest UEM accounts for the year to 31 March 2014
4. Financials based on the latest Vix accounts (unaudited) for the year to 30 June 2014
5. Financials based on the latest VixAssets accounts (unaudited) for the year to 30 June 2014
6. Financials based on the latest VixTech accounts for the year to 30 June 2013

Transactions with associate undertakings

REG	Sale of 11,366,597 ordinary shares in the market receiving £8,569,000.
Somers (name changed from Bermuda National Limited)	Converted 1,307,720 warrants into 1,307,720 ordinary shares for US$15,693,000. Received 127,065 ordinary shares by way of stock dividends with a distribution value of US$1,525,000. UIL exchanged with Bermuda Commercial Bank, a 100% subsidiary of Somers, a BM$1,500,000 loan UIL advanced to BFIC into 150,000 BFIC ordinary shares.
UEM	There were no transactions.
Vix	7,962 ordinary shares were issued on conversion of the A$11,713,460 of VixAssets loan. Vix distributed to the shareholders, as a bonus issue, the shares the company held in VixTech. UIL received 4,061 ordinary shares in VixTech. Loans in the amounts of A$520,000 and US$3,255,000 were advanced to Vix.
VixAssets	Loans increased by A$547,000 on capitalisation of loan interest. Loans amounting to A$11,713,000 with VixAssets were converted to 7,962 Vix ordinary shares.
VixTech	Per the loan agreement, VixTech repaid the final distribution of A$1,302,000. Bonus issue of 4,061 ordinary shares distributed from Vix.

Significant interests

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

Undertaking	Country of registration and incorporation	Class of instrument held	2014 % of class of instrument held	2013 % of class of instrument held
Augean plc	UK	Ordinary Shares	19.8%	19.8%
Infratil Limited	New Zealand	Ordinary Shares	8.8%	12.5%
Resolute Mining Limited	Australia	Ordinary Shares	18.7%	18.3%

10. SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company at 30 June 2014 and 30 June 2013 (restated).

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

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

(2) The subsidiary, an unquoted Bermuda segregated accounts company, was incorporated, and commenced trading, on 4 May 2006. The segregated account, which is structured as the Bermuda law equivalent of a protected cell, exists for the sole purpose of carrying out derivative transactions on behalf of the Company. The holding represents 100% of the issued Class A shares that have no voting rights..

The Group, from 1 July 2013, has early adopted IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures (see note 1). Bermuda First Investment Company Limited and Zeta Resources Limited, which were previously consolidated and remain subsidiaries of the Company, are now accounted for as investments at fair value through profit and loss.

Details on these undertakings are as follows:

	Bermuda First Investment Company Limited *("BFIC")*[1]	Zeta Resources Limited *("Zeta")*[2]
Country of registration, incorporation and operations	Bermuda	Bermuda
Number of ordinary shares held	1,551,333	76,200,281
Percentage of ordinary shares held	90.5%	81.7%
Income from undertaking included in the revenue account of the Group ('000s)	429	134
Value of interest in undertaking included in the balance sheet of the Group ('000s)	£14,935	£36,084

Financial Summary	**BM$ '000s**	**US$ '000s**
Gross assets	$32,005	$114,532
Gross liabilities	$23,075	$30,086
Gross revenues	($10,522)	$35,758
Net (losses)/profit before tax	($12,096)	$29,270
Share of taxation charge	$–	$–
Share of retained (losses)/profits	($9,787)	$23,914
Share of net assets	$17,357	$68,992

(1) Financials based on the latest BFIC accounts for the year to 30 June 2014

(2) Financials based on the latest Zeta accounts for the year to 30 June 2014

Transactions with non-consolidated subsidiaries

BFIC	Issue of 384,120 bonus warrants to UIL by BFIC. Conversion of 170,000 warrants into 170,000 ordinary shares for US$1,700,000. Receipt of 55,926 ordinary shares by way of stock dividends with a distribution value of US$559,000. A further US$100,000 was advanced to BFIC as a short term working capital loan.
Zeta	During the year, working capital loans of A$16,599,701 and US$15,750,000 were advance to Zeta, with A$14,999,701 and US$7,750,000 repaid. At the year end, the balance of loans advanced to Zeta was A$6,600,000 and US$8,000,000.
	Purchase of 40,325,498 ordinary shares in the market paying A$20,126,314.

11. OTHER RECEIVABLES

	Group	Group	Company	Company
	2014 £'000s	Restated 2013 £'000s	2014 £'000s	2013 £'000s
Investment debtor	**413**	1,650	**413**	1,650
Margin accounts	**1**	1	**–**	–
Accrued interest	**252**	428	**252**	428
Accrued dividends	**48**	618	**48**	618
Other debtors	**69**	45	**69**	45
	783	2,742	**782**	2,741

12. DERIVATIVE FINANCIAL INSTRUMENTS

Group	2014 Current assets £'000s	2014 Current liabilities £'000s	2014 Net current assets/ (liabilities) £'000s	2013 Current assets £'000s	2013 Current liabilities £'000s	2013 Net current assets/ (liabilities) £'000s
Forward foreign exchange contracts – GBP/A$	**30**	**–**	**30**	52	–	52
Forward foreign exchange contracts – GBP/EUR	**11**	**–**	**11**	–	(63)	(63)
Forward foreign exchange contracts – GBP/NZ$	**–**	**(953)**	**(953)**	613	–	613
Forward foreign exchange contracts – US$/A$	**–**	**–**	**–**	241	–	241
Forward foreign exchange contracts – US$/NZ$	**–**	**(36)**	**(36)**	168	–	168
Total forward foreign exchange contracts	**41**	**(989)**	**(948)**	1,074	(63)	1,011
S&P futures and options – US$	**123**	**–**	**123**	946	–	946
Total derivative financial instruments	**164**	**(989)**	**(825)**	2,020	(63)	1,957

Classified (see note 1(c)) as:	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Level 1	**123**	**–**	**123**	946	–	946
Level 2	**41**	**(989)**	**(948)**	1,074	(63)	1,011
	164	**(989)**	**(825)**	2,020	(63)	1,957

Company	2014 Current assets £'000s	2014 Current liabilities £'000s	2014 Net current assets/ (liabilities) £'000s	2013 Current assets £'000s	2013 Current liabilities £'000s	2013 Net current assets/ (liabilities) £'000s
Forward foreign exchange contracts – GBP/A$	**30**	**–**	**30**	52	–	52
Forward foreign exchange contracts – GBP/EUR	**11**	**–**	**11**	–	(63)	(63)
Forward foreign exchange contracts – GBP/NZ$	**–**	**(953)**	**(953)**	613	–	613
Forward foreign exchange contracts – US$/A$	**–**	**–**	**–**	241	–	241
Forward foreign exchange contracts – US$/NZ$	**–**	**(36)**	**(36)**	168	–	168
Total derivative financial instruments	**41**	**(989)**	**(948)**	1,074	(63)	1,011

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

12. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Changes in derivatives

Total net current derivative financial instruments are as follows:

	Group		Company	
	2014 £'000s	2013 £'000s	**2014 £'000s**	2013 £'000s
Valuation brought forward	**1,957**	2,435	**1,011**	(116)
Net acquisitions	**2,243**	6,977	**–**	–
Settlements	**(2,778)**	(3,741)	**(1,482)**	1,400
Losses	**(2,247)**	(3,714)	**(477)**	(273)
Valuation carried forward	**(825)**	1,957	**(948)**	1,011

13. LOANS – CURRENT LIABILITY

Group and Company	**2014 £'000s**	2013 £'000s
Bank loan £42.5m repaid March 2014	**–**	42,500
£15.0m repayable March 2016	**15,000**	–
NZ$5.0m repayable March 2016	**2,560**	–
US$8.0m repayable March 2016	**4,679**	–
	22,239	42,500

The Company has a committed loan facility of £50,000,000 from Scotiabank Europe plc ("Scotiabank") which was extended in October 2013 to March 2015. Subsequent to the year end the facility was extended to 22 March 2016 (2013: expired on 22 March 2014). Commissions are charged on any undrawn amounts at commercial rates. The terms of the loan facility, including those related to accelerated repayment and costs of repayment, are typical of those normally found in facilities of this nature. Scotiabank has a floating rate charge over the assets of the Company in respect of amounts owing under the loan facility.

14. OTHER PAYABLES

	Group		Company	
	2014 £'000s	Restated 2013 £'000s	**2014 £'000s**	2013 £'000s
Investment creditors	**11**	998	**11**	998
Bank overdraft	**3,410**	–	**3.410**	–
Accrued finance costs	**63**	19	**63**	19
Intra-group loans	**–**	–	**214,164**	199,784
Accrued expenses	**561**	980	**550**	956
	4,045	1,997	**218,198**	201,757

15. ZERO DIVIDEND PREFERENCE SHARES

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

ZDP Shares – current liabilities	**2014 £'000s**	2013 £'000s
2014 ZDP Shares	**76,138**	–
ZDP Shares – non-current liabilities		
2014 ZDP shares	**–**	72,705
2016 ZDP shares	**77,928**	72,734
2018 ZDP shares	**58,427**	47,957
	136,355	193,396
Total ZDP shares liabilities	**212,493**	193,396

Authorised ZDP shares of the Company at 30 June 2014 and 30 June 2013 are as follows:

	Number	**£'000s**
ZDP shares of 10p each		
2012 ZDP shares	60,592,190	6,059
2014 ZDP shares	50,000,000	5,000
2016 ZDP shares	50,000,000	5,000
ZDP shares of 5.9319p each		
2018 ZDP shares	49,842,413	2,956

ZDP shares issued by the Company are as follows:

2014	**Number**	**2014 £'000s**	**Number**	**2016 £'000s**	**Number**	**2018 £'000s**	**Total £'000s**
Balance at 30 June 2013	47,500,000	72,705	47,500,000	72,734	44,030,037	47,957	**193,396**
Issue of ZDP shares	–	–	–	–	5,812,376	6,546	**6,546**
ZDP shares held intra group	(1,020,000)	(1,683)	–	–	–	–	**(1,683)**
Finance costs (see note 5)	–	5,116	–	5,194	–	3,924	**14,234**
Balance at 30 June 2014	**46,480,000**	**76,138**	**47,500,000**	**77,928**	**49,842,413**	**58,427**	**212,493**

2013	Number	2012 £'000s	Number	2014 £'000s	Number	2016 £'000s	Number	2018 £'000s	Total £'000s
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
Issue of ZDP shares	–	–	–	–	–	–	21,780,037	23,379	23,379
Issue costs of ZDP shares	–	–	–	–	–	–	–	(171)	(171)
Redemption of 2012 ZDP shares	(38,085,197)	(67,643)	–	–	–	–	–	–	(67,643)
ZDP shares held intra group	(108,699)	(174)	–	–	–	–	–	–	(174)
Finance costs (see note 5)	–	1,542	–	4,767	–	4,846	–	2,454	13,609
Balance at 30 June 2013	–	–	47,500,000	72,705	47,500,000	72,734	44,030,037	47,957	193,396

Pursuant to the supplementary prospectus relating to the "Proposed placing of new 2018 ZDP Shares" published by the UFL on 28 September 2012, UFL issued 27,592,413 new 2018 ZDP shares at 105.37p per share raising £29.1m. The new 2018 ZDP shares were admitted to the Official List and to trading on the London Stock Exchange on 25 October 2012.

15,305,037 of the new 2018 ZDP Shares were placed with certain institutional and other investors raising gross proceeds of £16.1m. The remaining 12,287,376 new 2018 ZDP Shares were subscribed for by Utilico and were held by Utilico for investment purposes in accordance with its investing policy. In the period from 25 October 2012 to 30 June 2013, Utilico sold 6,475,000 2018 ZDP shares in the market, receiving £7.3m. In the year to 30 June 2014, Utilico sold the remaining 5,812,376 2018 ZDP shares in the market, receiving £6.5m.

On 31 October 2012 the 39,342,809 2012 ZDP shares that were in issue, inclusive of the 1,257,612 2012 ZDP shares held intra-group, were redeemed at 177.52p per 2012 ZDP share.

15. ZERO DIVIDEND PREFERENCE SHARES (CONTINUED)

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 2014 was 163.70p (2013: 152.64p).

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 2014 was 163.70p (2013: 152.64p).

2018 ZDP shares

Based on the initial entitlement of a 2018 ZDP share of 100p on 26 January 2012, a 2018 ZDP share will have a final capital entitlement at the end of its life on 31 October 2018 of 160.52p equating to a 7.25% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2018 ZDP share as at 30 June 2014 was 118.50p (2013: 110.50p).

The ZDP shares are traded on the London Stock Exchange and are stated at amortised cost using the effective interest method. The ZDP shares carry no entitlement to income however they have a pre-determined final capital entitlement which ranks behind all other liabilities and creditors of 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 2014 ZDP shares shall rank in priority to the 2016 ZDP Shares and the 2018 ZDP shares; and

(ii) 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.

16. ORDINARY SHARE CAPITAL

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

2014	**Total shares in issue Number**	**2014 Total shares in issue £'000s**
Balance at 30 June 2013 and 30 June 2014	**99,157,214**	**9,916**

2013	Total shares in issue Number	2014 Total shares in issue £'000s
Balance at 30 June 2012	99,632,214	9,963
Purchased for cancellation	(475,000)	(47)
Balance at 30 June 2013	99,157,214	9,916

Since the year end no ordinary shares have been bought back.

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.

17. SHARE PREMIUM ACCOUNT

Group and Company	2014 £'000s	2013 £'000s
Balance brought forward	**29,020**	29,743
Purchase of ordinary shares	**–**	(723)
Balance carried forward	**29,020**	29,020

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

18. SPECIAL RESERVE

Group and Company	2014 £'000s	2013 £'000s
Balance brought forward and carried forward	**233,866**	233,866

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

19. NON-DISTRIBUTABLE RESERVE

Group and Company	2014 £'000s	2013 £'000s
Balance brought forward and carried forward	**32,069**	32,069

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

20. CAPITAL RESERVES

GROUP	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	2014 Capital reserves total £'000s	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Restated 2013 Capital reserves total £'000s
Gains/(losses) on investments sold	**7,411**	**–**	**7,411**	(13,877)	–	(13,877)
Gains/(losses) on investments held	**–**	**29,298**	**29,298**	–	(31,128)	(31,128)
Losses on derivative financial instruments sold	**(2,682)**	**–**	**(2,682)**	(3,250)	–	(3,250)
Gains/(losses) on derivative financial instruments held	**–**	**435**	**435**	–	(464)	(464)
Foreign exchange losses	**(519)**	**–**	**(519)**	(991)	–	(991)
Other capital charges	**(4)**	**–**	**(4)**	(8)	–	(8)
ZDP shares finance charges	**(14,234)**	**–**	**(14,234)**	(13,609)	–	(13,609)
Bermuda overseas investment taxation	**(22)**	**–**	**(22)**	–	–	–
	(10,050)	**29,733**	**19,683**	(31,735)	(31,592)	(63,327)
Balance brought forward	**(129,536)**	**(41,846)**	**(171,382)**	(97,801)	(10,254)	(108,055)
Balance at 30 June	**(139,586)**	**(12,113)**	**(151,699)**	(129,536)	(41,846)	(171,382)

COMPANY	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	2014 Capital reserves total £'000s	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	2013 Capital reserves total £'000s
Gains/(losses) on investments sold	**7,832**	**–**	**7,832**	(13,412)	–	(13,412)
Gains/(losses) on investments held	**–**	**27,093**	**27,093**	–	(34,357)	(34,357)
Gains/(losses) on derivative financial instruments sold	**1,482**	**–**	**1,482**	(2,081)	–	(2,081)
(Losses)/gains on derivative financial instruments held	**–**	**(1,959)**	**(1,959)**	–	1,808	1,808
Foreign exchange losses	**(515)**	**–**	**(515)**	(830)	–	(830)
Other capital charges	**(4)**	**–**	**(4)**	(8)	–	(8)
Intra-group loan account finance charges	**(14,380)**	**–**	**(14,380)**	(14,333)	–	(14,333)
Bermuda overseas investment taxation	**(22)**	**–**	**(22)**	–	–	–
	(5,607)	**25,134**	**19,527**	(30,664)	(32,549)	(63,213)
Balance brought forward	**(122,548)**	**(48,837)**	**(171,385)**	(91,884)	(16,288)	(108,172)
Balance at 30 June	**(128,155)**	**(23,703)**	**(151,858)**	(122,548)	(48,837)	(171,385)

GROUP AND COMPANY

Included within the capital reserve movement for the year is £223,000 (2013: £532,000) of dividend receipts recognised as capital in nature, £66,000 (2013: £30,000) of transaction costs on purchases of investments and £177,000 (2013: £88,000) of transaction costs on sales of investments.

21. REVENUE RESERVE

	GROUP 2014 £'000s	GROUP Restated 2013 £'000s	COMPANY 2014 £'000s	COMPANY 2013 £'000s
Amount transferred to revenue reserve	**6,973**	11,997	**6,979**	12,031
Dividends paid in the year	**(9,296)**	(9,714)	**(9,296)**	(9,714)
Balance brought forward	**13,591**	11,308	**13,759**	11,442
Balance at 30 June	**11,268**	13,591	**11,442**	13,759

22. NET ASSET VALUE PER ORDINARY SHARE

Net asset value per ordinary share is based on net assets at the year end of £164,440,000 for the Group and £164,455,000 for the Company (2013: £147,080,000 (restated) for the Group and £147,245,000 for the Company) and on 99,157,214 ordinary shares in issue at the year end (2013: 99,157,214).

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

	Group 2014 £'000s	Group Restated 2013 £'000s	Company 2014 £'000s	Company 2013 £'000s
Profit/(loss) before taxation	**27,038**	(51,055)	**26,888**	(50,907)
Adjust for non-cash flow items:				
(Gains)/losses on investments	**(36,709)**	45,005	**(34,925)**	47,769
Losses on derivative financial instruments	**2,247**	3,714	**477**	273
Foreign exchange losses	**483**	1,003	**479**	842
Non-cash flow on income	**(1,617)**	–	**(1,617)**	–
Decrease in accrued income	**794**	515	**794**	515
Increase in other debtors	**(3)**	(1)	**(3)**	(1)
Decrease in creditors	**(376)**	(110)	**(362)**	(119)
ZDP share finance costs	**14,234**	13,609	**–**	–
Intra-group loan account finance costs	**–**	–	**14,380**	14,333
Tax on overseas income	**(360)**	(275)	**(360)**	(275)
Overseas investment taxation	**(22)**	–	**(22)**	–
	(21,329)	63,460	**(21,159)**	63,337
Cash flows from operating activities	**5,709**	12,405	**5,729**	12,430

24. 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.

25. RELATED PARTY TRANSACTIONS

The following are subsidiaries of Utilico: UFL, BFIC, Zeta and GERP (see note 10). In addition the following are considered related parties of the Group: General Provincial Life Pension Fund (L) Limited ("GPLPF"), which holds 57.2% of the Company's ordinary shares; the associates of the Group set out under note 9, being Somers Limited ("Somers"), Renewable Energy Generation Limited, Utilico Emerging Markets Limited ("UEM"), Vix Limited ("Vix"), Vix Assets ("VixAssets") and Vix Technology ("VixTech"), the Board of Utilico, ICM, Utilico's investment manager which is owned by Mr Saville, and Platform Technology Limited ("PTL") (also owned by Mr Saville) and Mr Saville.

The following transactions were carried out during the year to 30 June 2014 between the Company and its related parties above:

UFL

Loans from UFL to Utilico of £199.8m as at 30 June 2013 increased by £14.4m, to £214.2m as at 30 June 2014. Interest is payable at 7.25% per annum. The loans are repayable on demand. Subsequent to the year end, loans from UFL to Utilico increased by £9.5m following the placing of new 2020 ZDP shares as more fully disclosed in note 27.

In the year to 30 June 2014, Utilico sold 1,075,000 2018 ZDP shares and purchased 1,020,000 2014 ZDP shares in the open market. Since the year end Utilico has purchased a further 495,000 2014 ZDP shares in the open market.

BFIC

Transactions are disclosed in note 10.

Zeta

Transactions are disclosed in note 10.

GERP

During the year Utilico made net payments to GERP of £0.9m in settlement of investment transactions.

PTL

PTL holds the regulated businesses of Newtel Holdings Limited ("Newtel").

Utilico advanced a further £1.8m to Newtel and purchased from a director of Newtel, 16,745 Newtel redeemable preference shares for £16,745.

Somers, UEM, Vix, VixAssets and VixTech

Transactions are disclosed in note 9.

UIL also sold 100,000 loan notes in BFIC, at cost, to an employee of BCB, a 100% subsidiary of Somers.

The Board

As detailed in the Directors' Remuneration Report on page 48, the Board received aggregate remuneration of £162,000 (2013: £156,000) included within "Other expenses" for services as Directors. As at the year-end £40,375 (2013: £39,000) remained outstanding to the Directors. In addition to their fees, the Directors received dividends totalling £36,294 (2013: £37,163) during the year under review in respect of their shareholdings in the Company. There were no further transactions with the Board during the year.

ICM

ICM Limited is the investment manager of Utilico, UFL, GERP, BFIC, Zeta, Somers and Vix. Directors of ICM are Mr Saville, Mr Jillings and Mr Younie. Mr Saville is a director of GERP, Vix and PTL; he does not receive directors' fees from any of these companies. Mr Jillings is a director of GERP and, with effect from the end of June 2014, of Somers; he did not receive a fee from either company during the year ended 30 June 2014. Mr Younie is a director of BFIC, Somers and PTL; the directors' fees paid by BFIC and Somers (both of US$12,000) were paid direct to ICM, PTL did not pay any director's fees.

There were no other transactions with ICM other than investment management fees as set out in note 3. As at the year-end £223,000 (2013: £756,000) for the Group and £223,000 (2013: £709,000) for the Company of the management fees remained outstanding.

ICM Limited had, as at 30 June 2014, a 1.24% interest in Zeta and 5.5% interest in Somers. Mr Saville owns ICM and PTL.

Other

On consolidation, transactions between the Company, UFL and GERP have been eliminated.

There were no transactions during the year or 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.

Mr Collier, a director of the Company during the year ended 30 June 2014, is a director of BFIC and Somers and received directors' fees respectively of US$12,000 and US$12,000 in the year to 30 June 2014. Mr McLeland, a director of the Company, is chairman of Somers and received director's fees of US$17,000 in the year to 30 June 2014.

26. OPERATING SEGMENTS

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

27. POST BALANCE SHEET EVENT

On 2 July 2014, UFL published a prospectus ("the Prospectus") containing details of proposals to, inter alia, offer the holders of 2014 ZDP Shares the opportunity to elect to roll part of their investment into a new class of 2020 ZDP Share and the issue of up to 25,000,000 2020 ZDP Shares pursuant to an Initial Placing.

Further to the Rollover Offer, shareholders in respect of a total of 9,382,718 2014 ZDP Shares elected to rollover to 2020 ZDP shares. Pursuant to the terms of the Rollover Offer, 15,504,888 new 2020 ZDP Shares were issued on 31 July 2014, on the basis of each 2014 ZDP Share converting into 1.6525 2020 ZDP Shares.

Following the closing of the Initial Placing, UFL placed 9,495,112 new 2020 ZDP Shares at 100p per share on 31 July 2014.

Following admission on 31 July 2014, the Group's share capital comprises of 99,157,214 Ordinary Shares, 38,117,282 2014 ZDP Shares, 47,500,000 2016 ZDP Shares, 49,842,413 2018 ZDP Shares and 25,000,000 2020 ZDP Shares.

The Placing Programme described in the Prospectus has a number of closing dates in order to provide UFL with the ability to issue further 2016 ZDP Shares and 2018 ZDP Shares over a period of time. Although a further issue is not currently contemplated, UFL has the ability to complete further placings until the final closing date of 1 July 2015 (or any earlier date on which the Placing Programme is fully subscribed).

28. 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 UFL and GERP and therefore only the Group risks are analysed below as the differences are not considered to be significant. The accounting policies which govern the reported Balance Sheet carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 1 to the Accounts. The policies are in compliance with IFRS and best practice, and include the valuation of financial assets and liabilities at fair value except as noted in (d) below and in note 15 in respect of ZDP shares. The Group does not make use of hedge accounting rules.

(a) Market risks

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

	2014	**Average**	2013
A$ – Australian Dollar	**1.8116**	**1.7805**	1.6570
BM$ – Bermuda Dollar	**1.7098**	**1.6279**	1.5167
EUR – Euro	**1.2488**	**1.2002**	1.1668
NZ$ – New Zealand Dollar	**1.9529**	**1.9703**	1.9639
US$ – US Dollar	**1.7098**	**1.6279**	1.5167

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's assets and liabilities at 30 June 2014 and 30 June 2013 (shown at fair value, except derivatives at gross exposure value), by currency based on the country of primary investee operations, are shown below:

2014	A$ £'000s	BM$ £'000s	EUR £'000s	NZ$ £'000s	US$ £'000s	Other £'000s	Total £'000s
Other receivables	**501**	**87**	**–**	**–**	**48**	**–**	**636**
Derivative financial instruments – assets	**–**	**–**	**–**	**–**	**19,780**	**–**	**19,780**
Cash and cash equivalents	**(25)**	**–**	**–**	**–**	**(2,435)**	**1**	**(2,459)**
Other payables	**(11)**	**–**	**–**	**–**	**(4)**	**–**	**(15)**
Derivative financial instruments – liabilities	**(11,037)**	**–**	**(9,531)**	**(74,388)**	**–**	**–**	**(94,956)**
Short-term borrowings	**–**	**–**	**–**	**(2,560)**	**(4,679)**	**–**	**(7,239)**
Net monetary (liabilities)/assets	**(10,572)**	**87**	**(9,531)**	**(76,948)**	**12,710**	**1**	**(84,253)**
Investments	**45,774**	**74,944**	**18,883**	**66,791**	**7,570**	**147,904**	**361,866**
Net financial assets	**35,202**	**75,031**	**9,352**	**(10,157)**	**20,280**	**147,905**	**277,613**

2013 (restated)	A$ £'000s	BM$ £'000s	EUR £'000s	NZ$ £'000s	US$ £'000s	Other £'000s	Total £'000s
Other receivables	322	559	–	773	2	–	1,656
Derivative financial instruments – assets	–	–	–	–	54,000	–	54,000
Cash and cash equivalents	944	4	1	1	538	1	1,489
Other payables	(998)	–	–	–	–	–	(998)
Derivative financial instruments – liabilities	(18,912)	–	(10,199)	(68,903)	–	–	(98,014)
Net monetary (liabilities)/assets	(18,644)	563	(10,198)	(68,129)	54,540	1	(41,867)
Investments	28,190	56,097	10,948	69,003	8,112	139,005	311,355
Net financial assets	9,546	56,660	750	874	62,652	139,006	269,488

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

										Restated
					2014					2013
	A$ £'000s	**BM$ £'000s**	**EUR £'000s**	**NZ$ £'000s**	**US$ £'000s**	A$ £'000s	BM$ £'000s	EUR £'000s	NZ$ £'000s	US$ £'000s
Income Statement										
Revenue profit for the year	**63**	**44**	**–**	**393**	**171**	475	99	–	617	43
Capital profit for the year	**3,902**	**8,327**	**1,039**	**(1,129)**	**2,248**	1,025	6,250	83	97	6,961
Total profit for the year	**3,695**	**8,371**	**1,039**	**(736)**	**2,419**	1,500	6,349	83	714	7,004
NAV per share										
Basic – pence	**4.00**	**8.44**	**1.05**	**(0.74)**	**2.44**	1.51	6.40	0.08	0.72	7.06

Strengthening of Sterling

										Restated
					2014					2013
	A$ £'000s	**BM$ £'000s**	**EUR £'000s**	**NZ$ £'000s**	**US$ £'000s**	A$ £'000s	BM$ £'000s	EUR £'000s	NZ$ £'000s	US$ £'000s
Income Statement										
Revenue profit for the year	**(63)**	**(44)**	**–**	**(393)**	**(171)**	(475)	(99)	–	(617)	(43)
Capital profit for the year	**(3,902)**	**(8,327)**	**(1,039)**	**1,129**	**(2,248)**	(1,025)	(6,250)	(83)	(97)	(6,961)
Total profit for the year	**(3,695)**	**(8,371)**	**(1,039)**	**736**	**(2,419)**	(1,500)	(6,349)	(83)	(714)	(7,004)
NAV per share										
Basic – pence	**(4.00)**	**(8.44)**	**(1.05)**	**0.74**	**(2.44)**	(1.51)	(6.40)	(0.08)	(0.72)	(7.06)

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.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate exposure

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

	2014 Total £'000s	**2014 Within one year £'000s**	**2014 More than one year £'000s**	Restated 2013 Total £'000s	Restated 2013 Within one year £'000s	Restated 2013 More than one year £'000s
Exposure to floating rates						
Cash	**721**	**721**	**–**	7,644	7,644	–
Bank overdraft	**(3,410)**	**(3,410)**	**–**	–	–	–
Borrowings	**(22,239)**	**(22,239)**	**–**	(42,500)	(42,500)	–
	(24,928)	**(24,928)**	**–**	(34,856)	(34,856)	–
Exposure to fixed rates						
Zero dividend preference shares	**(212,493)**	**(76,138)**	**(136,355)**	(199,784)	–	(199,784)
Net exposures						
At period end	**(237,421)**	**(101,066)**	**(136,355)**	(234,640)	(34,856)	(199,784)
Maximum in year	**(266,049)**	**(86,017)**	**(180,032)**	(247,512)	(50,034)	(197,478)
Minimum in year	**(225,993)**	**(68,264)**	**(157,729)**	(220,770)	(62,649)	(158,121)

	Total £'000s	**Exposure to floating interest rates £'000s**	**Fixed interest rates £'000s**	Total £'000s	Exposure to floating interest rates £'000s	Fixed interest rates £'000s
Net exposures						
Maximum in year	**(266,049)**	**(60,359)**	**(205,690)**	(247,512)	(50,034)	(197,478)
Minimum in year	**(225,993)**	**(16,747)**	**(209,246)**	(220,770)	(62,649)	(158,121)

Exposures vary throughout the year as a consequence of changes in the make-up of the net assets of the Group arising out of the investment and risk management processes. Interest received on cash balances or paid on overdrafts is at ruling market rates. Finance costs on the ZDP shares are fixed (see note 15). Interest paid on borrowings is at ruling market rates (2013: same) The Group's total returns and net assets are sensitive to changes in interest rates on cash and borrowings. Based on the financial assets and liabilities held, and the interest rates pertaining, at each Balance Sheet date, a decrease or increase in interest rates by 2% would have had the following approximate effects on the Group Income Statement revenue and capital returns after tax and on the NAV per share.

	2014 Increase in rate £'000s	**2014 Decrease in rate £'000s**	Restated 2013 Increase in rate £'000s	Restated 2013 Decrease in rate £'000s
Revenue profit for the year	**(445)**	**445**	(697)	850
Capital profit for the year	**–**	**–**	–	–
Total profit for the year	**(445)**	**445**	(697)	850
NAV per share				
Basic – pence	**(0.45)**	**0.45**	(0.70)	0.86

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

Other market risk exposures

The portfolio of investments, valued at £402,538,000 at 30 June 2014 (2013: £372,630,000 restated) 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 31. The Investment Manager has operated a strategic market position via the purchase and sale of equity index put and call options, principally on the S&P500 Index. The level of the position is kept under constant review, and will depend upon several factors including the relative performance of markets, the price of options as compared to the market, and the Investment Manager's view of likely future volatility and market movements.

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

	2014		Restated 2013	
	Increase in value £'000s	**Decrease in value £'000s**	Increase in value £'000s	Decrease in value £'000s
Income Statement capital profit for the year	**80,868**	**(80,868)**	74,526	(74,526)
NAV per share				
Basic – pence	**81.56**	**(81.56)**	75.16	(75.16)

(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, 38 at 30 June 2014 (41 at 30 June 2013); the liquid nature of the portfolio of investments; the industrial and geographical diversity of the portfolio (see charts on page 31); 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 £50.0m as set out in note 13 to the accounts and ZDP share liabilities of £212.5m as set out in note 15. The contractual maturities of the financial liabilities, based on the earliest date on which payment can be required, were as follows:

	2014				Restated 2013			
	Three months or less £'000s	**More than three months but less than one year £'000s**	**More than one year £'000s**	**Total £'000s**	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Bank overdraft	**3,410**	**–**	**–**	**3,410**	–	–	–	–
Other creditors	**635**	**–**	**–**	**635**	1,997	–	–	1,997
Derivative financial instruments	**94,956**	**–**	**–**	**94,956**	98,014	–	–	98,014
Bank loans	**22,281**	**–**	**–**	**22,281**	–	42,500	–	42,500
ZDP shares	**–**	**77,900**	**171,578**	**249,478**	–	–	241,858	241,858
	121,282	**77,900**	**171,578**	**370,760**	100,011	42,500	241,858	384,369

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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:

Current assets	**Balance sheet £'000s**	**2014 Maximum exposure £'000s**	Balance sheet £'000s	Restated 2013 Maximum exposure £'000s
Cash at bank	**721**	**7,806**	7,644	11,749
Financial assets through profit and loss				
– derivatives (put options and call options)	**10,235**	**42,499**	31,895	31,907
– derivatives (forward foreign exchange contracts)	**94,008**	**109,868**	99,025	99,025

None of the Group's financial assets is past due or impaired. The Group's principal custodian is JPMorgan Chase Bank. BCB acts as custodian for certain Bermuda and unquoted investments. Utilico has an indirect interest in BCB.

(d) Fair values of financial assets and liabilities

The assets and liabilities of the Group are, in the opinion of the Directors, reflected in the Balance Sheet at fair value except for ZDP shares which are carried at amortised cost using effective interest method in accordance with IAS39 (see note 15). Borrowings under loan facilities do not have a value materially different from their capital repayment amount. Borrowings in foreign currencies are converted into Sterling at exchanges rates ruling at each valuation date.

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

	2014 £'000s	2013 £'000s
2014 ZDP shares	**77,273**	75,288
2016 ZDP shares	**84,137**	78,613
2018 ZDP shares	**63,923**	49,921

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

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

Level 3 financial instruments

Valuation methodology

The Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation. The Level 3 assets comprise a number of unlisted investments at various stages of development and each has been assessed based on its industry, location, and business cycle. Where sensible, the Directors have taken into account observable data and events to underpin the valuations. All unlisted valuations which are based on observable data have been discounted by 30.0% to reflect the unlisted nature of the investment.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

Investments

VIX TECHNOLOGY ("VixTech") Bermuda Incorporated

Valuation inputs: Current Year EV/EBITDA 8.8 times plus the share price of non-strategic investment in CCRTT of HK$1.78, being CCRTT's closing bid price on 30 June 2014. Unlisted discount applied 30.0%.

Note prior year VixTech was included within Vix Limited. It was valued on similar observable data.

Valuation Methodology: VixTech has been valued based on peer comparisons and in particular EV/EBITDA. Listed peer valuations average 8.8 times for 2014. To this can be added an investment held by VixTech in China City Railway Transport Technology Holding Company Limited. Together and after applying a 30.0% discount the valuation is A$87.7m. Utilico holds a 39.8% equity interest in VixTech and as at 30 June 2014 carried this investment at A$34.9m; £19.7m.

Sensitivities: Should the EBITDA of VixTech move by A$1.0m the gain or loss in valuation would be £3.5m. Should the peer group multiple ascribed to VixTech's EBITDA be reduced/increased by 1.0 the gain or loss on valuation for Utilico would be £4.1m.

ZETA RESOURCES LIMITED ("Zeta") Bermuda Incorporated

*Valuation inputs:*Gross asset to gross debt cover of over 4 times.

This loan arose during the year. The prior year loan was valued on a similar basis with debt cover being over 12 times.

Valuation Methodology: There are two loans to Zeta of US$8.0m bearing interest at 7.5% and A$6.6m bearing interest at 10.0%. Both these are repayable on 30 September 2015. The asset cover and nature of Zeta's portfolio is such that the two loans are carried at book value plus accrued interest.

Sensitivities: Should Zeta's assets increase/decline by 10.0% there would be no impact on Utilico's loans to Zeta.

VIX LIMITED ("Vix") Bermuda Incorporated

Valuation inputs: Sum-of-the-parts valuations range from transactions through to peer group matrices.

Valuation Methodology: Utilico has a 39.8% interest in Vix and was valued at US$2.6m. Utilico has two loans to Vix amounting to US$16.5m; together £11.1m.

Sensitivities: The underlying portfolio is ungeared in nature. As such a move of 10.0% in Vix Limited assets would result in a move of 10.0% in Utilico's position.

SEACREST LIMITED ("Seacrest") Bermuda Incorporated

Valuation inputs: The unlisted investment comprises an equity interest in Seacrest and a carried interest in the management fee for Seacrest. The company's sole asset is its holding in Azimuth, a JV between Seacrest and PGS (the listed Norwegian Seismic Data Service Company).

Westhouse Securities undertook a valuation of Seacrest, both in February 2013 and May 2014. The approach was similar in both years. The two valuation outcomes are a market valuation (based on a relevant peer group) of US$81.3m and a strategic value of US$145.0m.

Valuation Methodology: Utilico marked its valuation to the market valuation derived from the Westhouse report of US$12.8m for Utilico's interests in Seacrest; £7.5m.

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

RENEWABLE ENERGY HOLDINGS PLC ("REH") Isle of Man Incorporated

Valuation inputs: The unlisted holding in REH comprises of two loans which are both carried at fair value. These loans accrue interest and have substantial success fees attached to them. The key asset is the "Sweetlamb" Welsh wind farm development.

Valuation Methodology: Utilico's loans amount to £5.0m, prior year £3.7m. The potential valuation is based on expected planning approval for 81.0MWs and a value per consented market value per MW of £500,000 and would be worth £22.3m to REH and in turn £13.6m to Utilico. Failure to be consented would result in nil value to REH and would significantly impact on Utilico's ability to recover its loan in full.

Sensitivities: Each MW gain/(loss) on the 81.0MW applied would result in a gain/(loss) of £275,000/(£275,000) to REH after direct costs. Each £50,000 gain/(loss) per consented MW would result in a gain/(loss) for REH of £4.0m.

COLDHARBOUR MARINE LIMITED ("CHM") UK Incorporated

Valuation inputs: The holding in CHM is included at fair value to Utilico in both the year to 30 June 2013 and 2014.

Valuation Methodology: Utilico's cost is some £2.9m which values its 385,356 shares at an average of £7.55 per share. It should be noted that CHM raised £2.1m in the last round of funding at £21.59 per share (Utilico invested £0.4m in that round of funding). As at 30 June 2014 Utilico carried these shares at £2.9m.

Sensitivities: CHM is developing a new technology and is also reliant on the adoption of regulations to enforce its use. Should CHM fail to develop its technology or the regulations are not adopted the downside is significant. Should both these hurdles be met the upside is significant.

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

INTELLIGENT ENERGY HOLDINGS UK Incorporated

Valuation inputs: Intelligent Energy IPO'd shortly after Utilico's year end. The indicated IPO price was 340.00p. This is a new investment in 2014 and there is no prior year comparison.

Valuation Methodology: Utilico valued its holding at 340.00p reflecting the imminent IPO price, resulting in the Utilico position being valued at £2.5m. Utilico's original cost of investment was 120.00p.

Sensitivities: This is now a listed position and marked to market weekly. The valuation at the end of August 2014 was 219.50p.

EQC SELECT FUND Bermuda Incorporated

Valuation inputs: EQC's published NAV as at 30 June 2014 was €96.5173. This is a new investment in 2014 and there is no prior year comparison.

Valuation Methodology: RHJ International, EQC's sole holding, is a financial services company and is traded on the Luxemburg Stock Exchange. The fund produces a monthly NAV based on the listed share price of RHJ net of the funds costs. The carrying value of Utilico's investment in EQC is marked to the monthly fund NAV published by EQC. As at 30 June 2014 Utilico carries this investment at €2.4m; £1.9m.

Sensitivities: The EQC fund has realised the RHJ shares representing Utilico's position in the EQC fund. Since the year end EQC has returned £0.8m and has advised a final settlement of £1.2m that will be returned before 30 September 2014. Sensitivity is considered as nil.

OTHER

Valuation Methodology: Utilico has a further eight unlisted holdings values from £–m to £1.8m each. These were valued on a mixture of book value for recent investments, yield for two dividend distributors and realisable values, together a total value of £5.6m.

(e) Capital risk management

The objective of the Group is stated as being to maximise shareholder returns by identifying and investing in investments where the underlying value is not reflected in the market price. In pursuing this long term objective, the Board has a responsibility for ensuring the Group's ability to continue as a going concern. It must therefore maintain its capital structure through varying market conditions. This involves the ability to: issue and buy back share capital within limits set by the shareholders in general meeting; borrow monies in the short and long term; and pay dividends to shareholders out of current year earnings as well as out of brought forward reserves. Changes to ordinary share capital are set out in note 16 to the accounts.

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

29. RESTATEMENT OF PRIOR YEAR FIGURES

As set out in note 1, the Group has early adopted IFRS10, IFRS12, IAS27 and IAS28 and has restated the Group's financial statements for the year ended 30 June 2013.

The effects of these changes on the Balance Sheet are shown on page 62. The impact on the Group Income Statement, Group Statement of Comprehensive Income and Group Cash Flow Statement are as follows:

GROUP INCOME STATEMENT

		Previously reported			Effect of restatement				Restated
Year to 30 June 2013	Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s
Losses on investments	–	(35,402)	(35,402)	–	(9,603)	(9,603)	–	(45,005)	(45,005)
Losses on derivative instruments	–	(3,714)	(3,714)	–	–	–	–	(3,714)	(3,714)
Exchange losses	(12)	(430)	(442)	–	(561)	(561)	(12)	(991)	(1,003)
Impairment of goodwill	–	(1,583)	(1,583)	–	1,583	1,583			
Investment and other income	17,072	–	17,072	(844)	–	(844)	16,228	–	16,228
Total income	17,060	(41,129)	(24,069)	(844)	(8,581)	(9,425)	16,216	(49,710)	(33,494)
Management and administration fees	(2,140)	–	(2,140)	110	–	110	(2,030)	–	(2,030)
Other expenses	(1,515)	(118)	(1,633)	355	110	465	(1,160)	(8)	(1,168)
Profit/(loss) before finance costs and taxation	13,405	(41,247)	(27,842)	(379)	(8,471)	(8,850)	13,026	(49,718)	(36,692)
Finance costs	(884)	(13,609)	(14,493)	130	–	130	(754)	(13,609)	(14,363)
Profit/(loss) before taxation	12,521	(54,856)	(42,335)	(249)	(8,471)	(8,720)	12,272	(63,327)	(51,055)
Taxation	(275)	360	85	–	(360)	(360)	(275)	–	(275)
Profit/(loss) for the year	12,246	(54,496)	(42,250)	(249)	(8,831)	(9,080)	11,997	(63,327)	(51,330)
Profit/(loss) for the year attributable to:									
Equity holders of the Parent Company	12,105	(53,368)	(41,263)	(108)	(9,959)	(10,067)	11,997	(63,327)	(51,330)
Non-controlling interests	141	(1,128)	(987)	(141)	1,128	987	–	–	–
	12,246	(54,496)	(42,250)	(249)	(8,831)	(9,080)	11,997	(63,327)	(51,330)
Earnings per ordinary share (basic) – pence	12.17	(53.64)	(41.47)	(0.11)	(10.01)	(10.12)	12.06	(63.65)	(51.59)

GROUP STATEMENT OF COMPREHENSIVE INCOME

			Year to 30 June 2013
	Previously reported	Effect of restatement	Restated
	Total return £'000s	Total return £'000s	Total return £'000s
Loss for the year	(42,250)	(9,080)	(51,330)
Other comprehensive income:			
Foreign exchange movements on translation of foreign operations	533	(533)	–
Total comprehensive expense for the year	(41,717)	(9,613)	(51,330)
Comprehensive expense for the year attributable to:			
Equity holders of the Parent Company	(40,766)	(10,564)	(51,330)
Non-controlling interests	(951)	951	–
	(41,717)	(9,613)	(51,330)

FAIR VALUE OF BFIC AND ZETA

The Group has re-presented certain balances in the Consolidated Balance Sheet to reflect the effect of adopting IFRS10 (see note 1 and note 10). This change has required the holdings in BFIC and Zeta to be valued in the Group financial statements at fair value through profit and loss (prior year consolidated disclosure included BFIC and Zeta at net asset value).

Fair value of holdings	**30 June 2014 £'000s**	30 June 2013 £'000s
BFIC	**14,935**	15,196
Zeta	**36,084**	11,680

29. RESTATEMENT OF PRIOR YEAR FIGURES (CONTINUED)

GROUP STATEMENT OF CASH FLOWS

	Year to 30 June 2013		
	Previously reported £'000s	Effect of restatement £'000s	Restated £'000s
Cash flows from operating activities	12,779	(374)	12,405
Investing activities			
Purchases of investments	(50,573)	3,619	(46,954)
Sales of investments	51,363	–	51,363
Purchases of derivatives	(6,977)	–	(6,977)
Sales of derivatives	3,741	–	3,741
Exploration and evaluation expenditure	(139)	139	–
Cash from acquisition of subsidiary	3,766	(3,766)	–
Cash flows on margin accounts	4,035	–	4,035
Cash flows from investing activities	5,216	(8)	5,208
Cash flows before financing activities	17,995	(382)	17,613
Financing activities:			
Equity dividends paid	(9,714)	–	(9,714)
Movement on loans	41,247	–	41,247
Cash flows from issue of ZDP shares	23,209	–	23,209
Cash flows from redemption of ZDP shares	(67,801)	–	(67,801)
Issue of share capital in subsidiary	2	(2)	–
Cost of ordinary share buyback	(770)	–	(770)
Cash flows from financing activities	(13,827)	(2)	(13,829)
Net increase/(decrease) in cash and cash equivalents	4,168	(384)	3,784
Cash and cash equivalents at the beginning of the period	4,879	–	4,879
Effect of movement in foreign exchange	(823)	(196)	(1,019)
Cash and cash equivalents at the end of the year	8,224	(580)	7,644
Comprised of :			
Cash	8,456	(812)	7,644
Bank overdraft	(232)	232	–
Total	8,224	(580)	7,644

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2014 Annual General Meeting of Utilico Investments Limited will be held at The Peninsula Shanghai, No 32 The Bund, 32 Zhongshan Dong Yi Road, Shanghai 200002, The People's Republic of China on Wednesday, 19 November 2014 at 9.00am (local time) for the following purposes:

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

ORDINARY BUSINESS:

1. To confirm the Minutes of the last General Meeting.
2. To receive and adopt the Report of the Directors' and auditor's report and the accounts for the year ended 30 June 2014.
3. To approve the Directors' Remuneration Report for the year ended 30 June 2014, excluding the Remuneration Policy of the Company.
4. To approve the Directors' Remuneration Policy.
5. To elect Mr G N Cole as a Director.
6. To re-elect Dr R J Urwin as a Director.
7. To re-elect Mr W McLeland, who retires annually, as a Director.
8. To re-appoint KPMG LLP as auditor of the Company.
9. To authorise the Directors to determine the auditor's remuneration.

SPECIAL BUSINESS:

10. That in substitution for the Company's existing authority to make market purchases of ordinary shares of 10p in the Company ("Ordinary Shares"), the Company be and it is generally and unconditionally authorised to make market purchases of Ordinary Shares, provided that:
    (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 14,863,660 (being the equivalent of 14.99% of the issued Ordinary Shares as at the date of this notice);
    (b) the minimum price which may be paid for an Ordinary Share shall be 10p;
    (c) the maximum price (exclusive of expenses payable by the Company) which may be paid for an Ordinary Share shall be the higher of:
        (i) 105% of the average of the middle market quotations of the Ordinary Shares for the five business days prior to the date on which such shares are contracted to be purchased; and
        (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out;
    (d) such purchases shall be made in accordance with the Bermuda Companies Act;
    (e) unless renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting to be held in 2015 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after the expiration of such authority.
11. As a Special Resolution: That, for the purpose of Bye-law 4A of the Company's Bye-laws, the Company may issue Relevant Securities (as defined in the Bye-laws) representing up to 9,915,720 Ordinary Shares, equivalent to approximately 10% of the total number of Ordinary Shares in issue as at the date of this notice otherwise than on a pre-emptive basis, provided that such disapplication shall expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting by Special Resolution (as defined in the Bye-Laws)) at the earlier of the conclusion of the Annual General Meeting to be held in 2015 or 18 months from the date of this

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

resolution but so that this power shall enable the Company to make such offers or agreements before such expiry which would or might otherwise require Relevant Securities to be issued after such expiry and the Directors may issue Relevant Securities in pursuance of such offer or agreement as if such expiry had not occurred.

By order of the Board
ICM Limited, Secretary
15 September 2014

NOTES

1. Only the holders of ordinary shares registered on the register of members of the Company at close of business on 17 November 2014 shall be entitled to attend and vote or to be represented at the meeting in respect of the shares registered in their name at that time. Changes to entries on the register after close of business on 17 November 2014 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 (Bermuda) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 10:00am (GMT) on 17 November 2014. Shareholders may also lodge their votes electronically by visiting the website www.eproxyappointment.com (the on-screen instructions will give details on how to complete the instruction process).

   In view of this requirement, investors holding shares in the Company through a depository interest should ensure that Forms of Instruction are returned to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 4:00pm (GMT) on 14 November 2014 or give an instruction via the CREST system as detailed below.

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

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by not later than 14 November 2014 at 4:00pm (GMT). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
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 on request at the Company's registered office and at the annual general meeting.
6. The fourth quarterly dividend of 1.875p per ordinary share in respect of the year ended 30 June 2014 was paid on 8 September 2014 to the relevant holders on the register at the close of business on 22 August 2014.

COMPANY INFORMATION

Directors
Dr Roger Urwin, CBE (Chairman)
Peter Burrows, AO
Graham Cole *(appointed 11 September 2014)*
J Michael Collier *(retired 11 September 2014)*
Warren McLeland
Eric St C Stobart

Registered Office
19 Par-la-Ville Road
Hamilton HM 11
Bermuda
Company Registration Number: 39480

Investment Manager and Secretary
ICM Limited
1st Floor
19 Par-la-Ville Road
Hamilton HM 11
Bermuda
UK telephone number 01372 271 486

Assistant Secretary
BCB Charter Corporate Services Limited
19 Par-la-Ville Road
Hamilton HM 11
Bermuda

Administrator
F&C Management Limited
Exchange House
Primrose Street
London EC2A 2NY
Authorised and regulated in the UK
by the Financial Conduct Authority

UK Broker
Westhouse Securities Limited
110 Bishopsgate
London EC2N 4AY
Authorised and regulated in the UK
by the Financial Conduct Authority

Legal Advisor to the Company (as to English law)
Norton Rose Fulbright 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

Reporting Accountants and Registered Auditor
KPMG LLP
15 Canada Square
London E14 5GL

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

Bermuda Commercial Bank Limited
19 Par-la-Ville Road
Hamilton HM 11
Bermuda

Registrar
Computershare Investor Services (Bermuda) Limited
Corner House
Church and Parliament Street
Hamilton HM FX
Bermuda
Telephone 0870 707 4040

Depositary and CREST Agent
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE

Company Banker
Scotiabank Europe PLC
201 Bishopsgate, 6th Floor
London EC2M 3NS

HISTORICAL PERFORMANCE

at 30 June	2014	2013[1]	2012	2011	2010	2009	2008[2]	2007[3]	2006	2005[4]	2004	14 Aug 2003	Change % 2013/14
Ordinary shares													
Net asset value per ordinary share *(p)*	165.84	148.33	209.67	201.63	166.39	146.87	225.20	350.29	222.35	186.07	120.20	99.47	11.8
Ordinary share price *(p)*	128.00	130.00	144.00	147.25	116.50	117.00	234.00	299.00	180.25	159.25	107.50	85.67	(1.5)
Discount/(premium) (based on diluted NAV per ordinary share) *(%)*	22.8	12.4	31.3	27.0	30.0	20.3	(3.9)	4.2	4.0	2.2	6.0	13.9	n/a
FTSE All-Share Total Return Index	5,471	4,837	4,101	4,234	3,370	2,782	3,499	4,023	3,396	2,840	2,392	2,160	13.1
Returns and dividends													
Revenue return per ordinary share (undiluted) *(p)*	7.03	12.06	11.99	7.65	10.49	2.77	3.56	1.84	0.89	1.65	1.68	n/a	(41.7)
Capital return per ordinary share (undiluted) *(p)*	19.85	(63.65)	2.73	26.05	21.15	(82.62)	(103.32)	178.01	35.50	65.48	36.45	n/a	n/a
Total return per ordinary share (undiluted) *(p)*	26.88	(51.59)	14.72	33.70	31.62	(79.85)	(99.76)	179.85	36.39	67.13	38.13	n/a	n/a
Dividends per ordinary share *(p)*	7.50	10.00[5]	7.00	8.25	–	–	–	0.80	0.40	1.90	1.60	n/a	(25.0)
Capital distribution per ordinary share *(p)*	–	–	–	–	12.00	–	–	–	–	–	–	–	n/a
Zero dividend preference (ZDP) shares[6]													
2014 ZDP shares													
Capital entitlement per ZDP share *(p)*	163.70	152.64	142.33	132.69	123.72	115.37	107.57	100.29	n/a	n/a	n/a	n/a	7.2
ZDP share price *(p)*	166.25	158.50	154.00	142.75	129.50	116.50	108.50	103.25	n/a	n/a	n/a	n/a	4.9
2016 ZDP shares													
Capital entitlement per ZDP share *(p)*	163.70	152.64	142.33	132.69	123.72	115.37	107.57	100.29	n/a	n/a	n/a	n/a	7.2
ZDP share price *(p)*	177.13	165.50	148.50	133.50	108.75	102.50	103.75	103.00	n/a	n/a	n/a	n/a	7.0
2018 ZDP shares													
Capital entitlement per ZDP share *(p)*	118.50	110.50	103.03	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7.2
ZDP share price *(p)*	128.25	113.38	104.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	13.1
Equity holders' funds													
Gross assets[7] *(£m)*	399.1	383.0	434.5	408.7	334.2	288.9	414.6	454.6	270.1	229.8	163.0	133.5	4.2
Bank debt *(£m)*	22.2	42.5	–	30.9	29.3	17.0	69.2	44.8	55.0	41.8	30.2	33.7	(47.8)
ZDP shares *(£m)*	212.5	193.4	224.4	172.8	161.2	145.1	140.2	130.8	51.8	48.3	45.6	–	9.9
Other debt *(£m)*	–	–	1.2	3.5	–	–	–	–	–	–	–	–	n/a
Equity holders' funds *(£m)*	164.4	147.1	208.9	201.5	143.7	126.8	205.2	279.0	142.7	119.4	77.2	99.8	11.8
Revenue account													
Income *(£m)*	10.4	16.2	15.9	11.9	13.8	8.5	10.5	8.4	6.9	6.5	3.8	n/a	(35.8)
Costs (management and other expenses) *(£m)*	2.1	3.2	3.0	2.9	2.4	2.4	3.1	2.6	2.2	1.9	1.3	n/a	(34.4)
Finance costs *(£m)*	0.9	0.8	0.8	2.0	1.4	2.6	3.6	4.1	3.6	3.2	1.2	n/a	12.5
Financial ratios of the Group													
Revenue yield on average gross assets *(%)*	2.6	4.2	4.0	3.1	4.2	2.6	2.3	2.3	2.8	3.1	2.8	n/a	
Ongoing charges figure *(%)*	2.2[8]	1.8[8]	1.7[8]	2.0[8]	0.7	0.8	0.7	0.7	0.9	0.9	1.0	n/a	
Bank loans, net bank overdraft, other loans, CULS and ZDP shares gearing on net assets *(%)*	144.4	160.4	108.0	102.8	132.6	127.9	102.0	62.9	89.3	92.5	111.1	n/a	

(1) 2013 figures have been restated, see note 1 to the accounts

(2) Restated consolidating GERP

(3) 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

(4) Restated for changes in accounting policies

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

(6) Issued by Utilico Finance Limited, a wholly owned subsidiary of Utilico Investments Limited

(7) Gross assets less current liabilities excluding loans

(8) The ongoing charges figures is expressed as a percentage of average net assets; ongoing charges comprise all operational, recurring costs that are payable by the Group or suffered within underlying investee funds, in the absence of any purchases or sales of investments, excluding performance fees and income not receivable

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