

UTILICO INVESTMENTS LIMITED

Report and accounts
for the six months to 31 December 2013



UK Contact
PO Box 208
Epsom Surrey
KT18 7YF

Telephone: +44 (0)1372 271 486

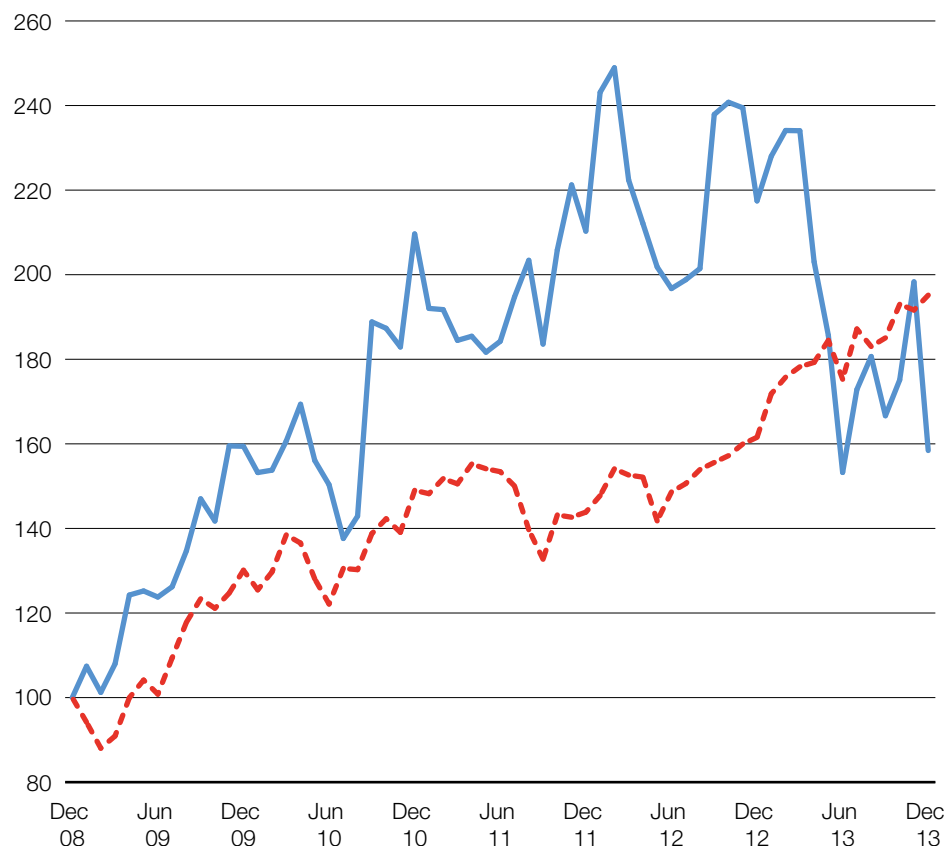
www.utilico.bm



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

Rebased total return comparative performance to 31 December 2013

Rebased to 100 at 31 December 2008



— Utilico net asset value ("NAV") per ordinary share total return

- - - FTSE All-Share Index total return

Source: Utilico Investments Limited

	31 Dec 2013	31 Dec 2012	30 Jun 2013	Half year change
Ordinary shares				
Total return ⁽¹⁾	4.1% ⁽²⁾	11.8% ⁽²⁾	(24.6%)	n/a
Annual compound total return (since inception) ⁽³⁾	7.1%	11.4%	7.0%	n/a
Net asset value per ordinary share	148.86p	230.91p ⁽⁴⁾	148.33p ⁽⁴⁾	0.4%
Share prices and indices				
Ordinary share price	114.50p	162.75p	130.00p	(11.9%)
Discount	23.1%	29.5%	12.4% ⁽⁴⁾	n/a
FTSE All-Share Total Return Index	5,386	4,458	4,837	11.4%
Zero dividend preference (ZDP) shares⁽⁵⁾				
2014 ZDP shares				
Capital entitlement per ZDP share	158.12p	147.44p	152.64p	3.6%
ZDP share price	162.00p	157.50p	158.50p	2.2%
2016 ZDP shares				
Capital entitlement per ZDP share	158.12p	147.44p	152.64p	3.6%
ZDP share price	169.75p	161.38p	165.50p	2.6%
2018 ZDP shares				
Capital entitlement per ZDP share	114.46p	106.73p	110.50p	3.6%
ZDP share price	117.00p	111.00p	113.38p	3.2%
Equity attributable to the Group (£m)				
Gross assets ⁽⁶⁾	403.5	464.5 ⁽⁴⁾	383.0 ⁽⁴⁾	5.4%
Bank debt	49.0	50.0	42.5	15.3%
ZDP shares	206.9	180.8	193.4	7.0%
Other debt	–	3.6 ⁽⁴⁾	–	n/a
Equity holders' funds	147.6	230.1 ⁽⁴⁾	147.1 ⁽⁴⁾	0.3%
Revenue account (£m)				
Income	4.1	9.5 ⁽⁴⁾	16.2 ⁽⁴⁾	n/a
Costs (management and other expenses)	1.3	1.7 ⁽⁴⁾	3.2 ⁽⁴⁾	n/a
Finance costs	0.6	0.3	0.8 ⁽⁴⁾	n/a
Financial ratios of the Group⁽⁷⁾				
Revenue yield on average gross assets	2.0%	4.1% ⁽⁴⁾	3.8%	n/a
Ongoing charges figure ⁽⁸⁾ on average gross assets	1.7%	2.0%	2.1%	n/a
Bank loans, other loans, ZDP shares gearing on net assets	173.4%	101.9% ⁽⁴⁾	160.4% ⁽⁴⁾	n/a
Returns and dividends⁽²⁾				
Revenue return per ordinary share	2.29p	7.34p ⁽⁴⁾		
Capital return per ordinary share	3.87p	17.41p ⁽⁴⁾		
Total return per ordinary share	6.16p	24.75p ⁽⁴⁾		
Dividends per ordinary share	3.75p ⁽⁹⁾	3.75p		
Special dividend per ordinary share	–	2.50p		
Ordinary annualised dividend yield	6.6%	4.6%		

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

(2) For the six months to 31 December.

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

(4) Restated figures, see note 1 of the Accounts on page 22.

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

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

(7) For comparative purposes the figures have been annualised.

(8) 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.

(9) The second quarterly dividend declared has not been included as a liability in the accounts.

Over the six months to 31 December 2013, Utilico achieved a positive net asset value ("NAV") total return per ordinary share of 4.1%, which is still behind the FTSE All Share Total Return Index which rose by 11.4%.

Utilico was held back by currency movements in the six months. Had exchange rates remained unchanged over the period, Utilico's NAV would have been some £16.1m or 10.9% higher. In addition, Utilico Emerging Markets Limited ("UEM"), our largest investment, which is denominated in Sterling, has performed well in the six months to 31 December 2013 against strong headwinds, both in terms of weak emerging equity markets and more particularly weak emerging market currencies.

On a positive note, Utilico has made strong progress in establishing a number of "platforms" and diversifying its risks. During the six months Utilico invested further in Zeta Resources Limited ("Zeta") and exercised its warrants in Somers Limited ("Somers") (previously named Bermuda National Limited) to support its acquisition of Waverton Investment Management Limited ("Waverton") (previously named JO Hambro Investment Management Limited). Infratil Limited ("Infratil") had a successful IPO of Z Energy Limited ("Z Energy") and Vix Technology returned to profit. Most investee companies reported stronger operational numbers in the six months and Utilico is undoubtedly in a stronger position than it was at 30 June 2013.

The repositioning of Utilico as a broader based platform investor has seen a gap develop between underlying valuations and reported NAV. While this is a perennial challenge for the

investment sector, the discrepancy between the two must be highlighted. The Board and Investment Manager will focus on communicating this value gap.

Income has reduced significantly following Resolute not declaring a dividend in the half year; in the prior year Resolute had paid a dividend of A\$0.05 per share amounting to A\$6.1m to Utilico. In addition, weaker exchange rates have resulted in lower pound Sterling dividend receipts by Utilico. While costs have reduced, the revenue earnings per share ("EPS") have fallen by 68.8% to 2.29p for the six months. Looking forward EPS may fall short of the dividend per share for last year. Notwithstanding this, the Directors are currently of the view the dividend should be maintained in view of the substantial revenue reserves available for distribution.

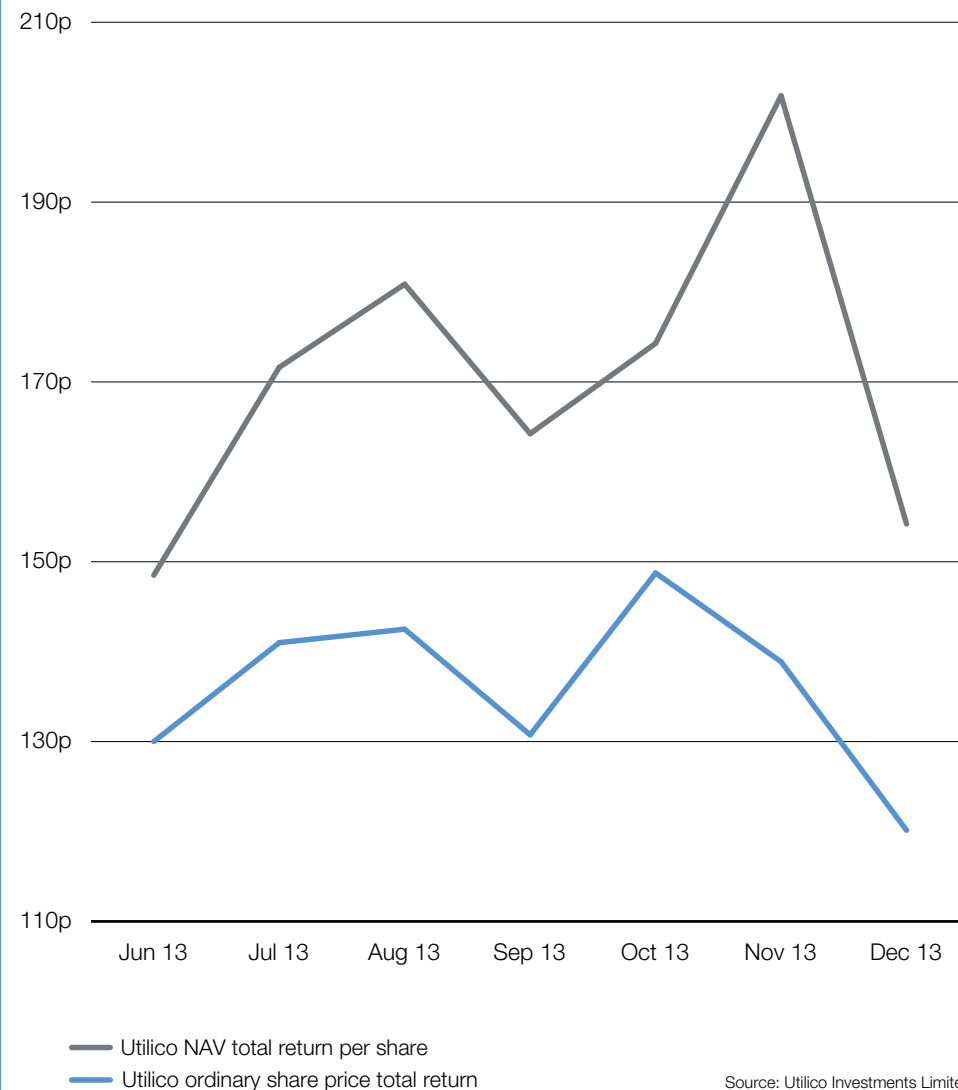
The Directors have paid the first quarterly dividend of 1.875p, representing an annualised dividend of 6.6%. The Directors have declared a further quarterly dividend of 1.875p payable in March 2014.

ICM, Utilico's Investment Manager, has offered to reduce the management fee to 0.25% from 1 January 2014 until the high watermark is regained. The Board is pleased to accept this very welcome offer. It will in a full year result in savings of some £0.6m. The high watermark is 284.81p.

The 2014 ZDP shares are due for redemption on 31 October 2014. The Board is currently working on proposals to fund this redemption, which is expected to include the creation of a new class of 2020 ZDP shares and further details will be announced in due course.

Utilico ordinary share price and NAV performance

From 30 June to 31 December 2013



Accounting

Utilico has early adopted the amendments to the reporting standards for Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27), with a date of initial application of 1 July 2013. Before adoption of the amendments, Utilico consolidated Zeta and BFIC. In accordance with the transitional provisions of the amendments, Utilico has applied the new accounting policy retrospectively and restated the comparative information. This has resulted in a decrease in the restated consolidated NAV of 157.44p to 148.33p. This is in line with the Company's NAV as reported at 30 June 2013 of 148.50p.

Outlook

The Board continues to focus closely on the imbalances in the global markets and the associated risks. The transition back to "normal" may be both volatile and challenging in relation to both equity markets and currencies. Progress is being made and tapering is a welcome step. In this environment the Board is optimistic about the prospects for the portfolio.

Dr Roger Urwin
20 February 2014

Utilico's NAV total return increased 4.1% over the six months to 31 December 2013, underperforming the FTSE All-Share Index total return, which was up 11.4% over the same period.

Over the six months shareholders' funds increased marginally from £147.1m (restated) to £147.6m. Adding back dividends paid of £5.6m (annualised 6.6% yield) the increase in shareholders' funds would have been £6.1m. This increase masked a number of factors. The gains and losses on investments of £9.5m comprised a market gain of £25.6m offset by currency losses on translation of £16.1m. To this can be added gains from derivatives of £1.2m and revenue account income of £4.1m offset by expenses of £1.3m and financing costs of £7.6m.

Portfolio

More pleasing to note is that Utilico continues to make progress on a number of fronts and we are hopeful for further progress over the next twelve months. At a reporting level the net assets were marginally up at £147.6m (30 June 2013 £147.1m (restated)). However, if we exclude the currency impact then the portfolio would be up £25.6m.

Two years ago Utilico set out to reduce the concentration evident in the portfolio and to establish a series of "platforms" and core investments. The key attractions of the platforms are seen as:

- Increased portfolio of assets delivering diversity
- Sharper focus from dedicated investment teams
- Ability to source undervalued investments in selected sectors
- Lower volatility

As at 31 December 2011, Utilico's top three direct investments accounted for 71.9% of the portfolio; by 31 December 2013 the top three were down to 55.5%. Since the period end Utilico has sold a further 25.7% of its holding in Infratil, which will reduce the concentration to around 50.0%.

Looking back over the last two years the changes in the investment portfolio can be summarised as follows:

- Reduction of the Infratil shareholding.
- Establishment of Somers, a financial services investment company which acquired Bermuda Commercial Bank Limited ("BCB") and Waverton, and other financial businesses.
- Reduction of the holding in Jersey Electricity ("JEL") from 3.7% to 1.9% (outside the top ten at the period end).
- Sale of the holdings in Keytech Limited ("Keytech") and Ascendant Group Limited ("Ascendant") to BFIC for shares and loan notes.
- Establishment of Zeta, the reversal of a number of holdings into it and the establishment of a US\$15.0m loan facility.
- Technology based investments, including ticketing and payment service investments, all now held by Vix Limited, in which the Company has a 39.8% investment.

Key steps over the last six months have included investing further into both Somers and Zeta. Both of these platforms have added to their asset base and as a result are stronger, with improved critical mass. Further details are set out below.

The top ten holdings are shown on page 14. We have split the review below into "platform" holdings and other direct investments. Given

the recent changes we have discontinued the look through top ten portfolio and commentary, although we have continued to include the sector and geographical weightings on a look through basis.

Platform holdings

UEM has performed well in the six months to 31 December 2013 against strong headwinds, both in terms of weak emerging equity markets and more particularly weak emerging market currencies.

UEM suffered currency losses of some £40.0m for the six months to 30 September 2013, of which approximately £11.0m would be Utilico's share of these losses. UEM's total return over

the six months was 2.0% compared with the MSCI Emerging Markets index which was down 1.2%. For the second year running UEM won the Investment Company of the Year award 2013 for the Investment Week's Emerging Markets category. UEM also won the Money Observer Best Emerging Market Trust award and has been included in the Investors Chronicle top 100 recommended funds.

Market sentiment and currency weakness are expected to remain headwinds in the foreseeable future. Against this at an operational level UEM's underlying investee companies are reporting good results.

Over the six months to 31 December 2013 UEM's share price was up 9.9% at 189.00p representing a gain of £9.9m. UEM has paid two quarterly dividends of 1.525p for an annualised dividend yield of 3.2%.

Infratil Limited's ("Infratil") share price rose 3.2% during the period to NZ\$2.27. This gain of £3.0m was offset by currency losses of £1.9m on the position.

Shares in Infratil's largest holding, Trustpower, fell by 8.3% during the period, as a mild winter in New Zealand reduced electricity demand and there was concern over potential changes to regulation in New Zealand's electricity market.

On the plus side, Infratil successfully sold 60% of its holding in Z Energy in an IPO. Proceeds from this partial exit materially exceeded the original investment made by Infratil when Z Energy was acquired from Shell in 2010. Passenger numbers at Wellington Airport were up 6% in the six months to September 2013.

Utilico reduced its holding in Infratil by 9.1% through participation in Infratil's tender offer in November 2013, generating proceeds of £7.9m. Since 31 December 2013, Utilico has sold a further 25.7% of its remaining holding, generating proceeds of £19.8m.

Somers (formerly Bermuda National Limited) is an investment holding company listed on the Bermuda Stock Exchange, with a number of investments in the financial services sector.

Somers' two main investments are BCB (one of Bermuda's four licensed banks) which is a

wholly owned subsidiary, and a 62.5% interest in Waverton, a UK private wealth manager with £4.5 billion of assets under management. For its year ended 30 September 2013, Somers reported net income of US\$12.1m on equity attributable to Somers' equity holders of US\$160.1m. Somers' diluted NAV per share was US\$14.97 as at 30 September 2013. As Waverton's results were only included for two months, results for 2014 should significantly improve.

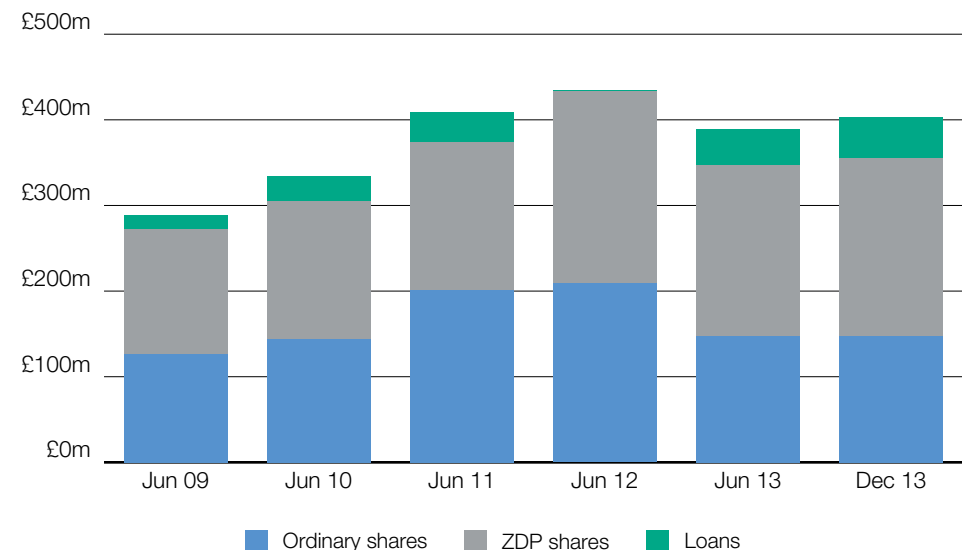
Vix Limited is an unlisted Bermuda technology holding company in which Utilico has a 39.8% shareholding interest and holds loans amounting to US\$15.7m. Vix Limited has two investments, Vix Technology and Vix Investments, which are valued at A\$62.5m and A\$27.4m respectively.

Vix Technology is a global operating business with strengths in transport ticketing solutions. Its ticketing systems underpin a significant number of ticketing systems worldwide ranging from Beijing through to Seattle and include payment solutions for rail and bus at their core. Vix Technology recently won the MasterCard Transport Ticketing Technology award for its innovative contactless payment technologies which were originally designed by Vix Technology for Salt Lake City. Vix Technology has made good progress at an operating level and is forecasting revenues of A\$154.0m and EBITDA of A\$9.2m for the year end June 2014. Its website is www.vixtechnology.com

Following Zeta's successful listing on the Australian Stock Exchange on 12 June 2013, Zeta has moved quickly to invest its funds under management in a core portfolio of undervalued resource stocks. Over the six months ended

Allocation of Gross Assets

From June 2009 to 31 December 2013



Source: Utilico Investments Limited

December 2013, the WTI oil price rose 1.9% to US\$98.17 per barrel, while the gold price was down by 2.7% to US\$1,202. During the period, Zeta's net assets per share rose by 10.2% to A\$0.85 per share. Zeta's shares closed at A\$0.52 on 31 December 2013, representing a discount to net tangible assets of 38.5%.

In December, Zeta announced a rights issue enabling existing shareholders to purchase one new share at A\$0.50 for every existing one share held. The issue expects to raise A\$25.3m. Utilico took up its holding in full and subscribed A\$19.0m. Zeta has used the proceeds to repay the loan from Utilico in full.

Zeta's share price gain of £2.0m in market value was offset by currency losses in translation of £1.9m.

BFIC's shares and loan notes are listed on the Bermuda Stock Exchange ("BSX"). BFIC is a Bermudian investment company which has a number of investments in local Bermudian BSX listed companies. Its largest investments are in Keytech (valued at US\$23.5m as at 31 December 2013) and Ascendant (valued at US\$11.2m as at 31 December 2013).

BFIC's policy is to build strategic investments in local Bermudian companies whilst working closely, where appropriate, with the board and senior management of its investments to increase the long term value of these holdings and to encourage the introduction of shareholder friendly initiatives. For the six months ended 31 December 2013, BFIC reported profit of US\$0.8m (before unrealised gains and losses) on gross assets of US\$40.6m.

BFIC was unchanged in value terms but lost £1.3m on currency translation.

Direct holdings

Resolute's gold production in the six months from June to December 2013 was down on previous production at 182,406 oz. The main reason for the decrease in production is due to Golden Pride, which has come to the end of its operational life. Production ceased on 28 December 2013. There was also planned maintenance at Syama in the period, reducing output.

Cash costs during the six months to December 2013 averaged A\$938/oz, an increase on the previous period due to lower throughput. In the year to June 2014 Resolute has forecast production of 345,000 oz at an average cash cost of A\$890/oz.

In the six months to December 2013 Resolute sold 202,965 oz of gold at an average price of A\$1,407/oz. The net operating cashflow for the six months was A\$44.0m. Cash and bullion on hand and liquid investments were A\$50.0m as at 31 December 2013. Total borrowings were A\$116.0m. The company's previous minority shareholding in Noble has resulted in Resolute taking 100% direct ownership and operation of the Bibiani gold project in Ghana following Noble's receivership.

During the six months to December 2013 the price of gold was down by 2.7% from US\$1,235 to US\$1,202. The share price of Resolute fell 6.7% from A\$0.60 at the end of June to A\$0.56 at the end of December 2013, recording a loss of £2.0m. This was exacerbated by a currency loss on translation of £4.9m.

Renewable Energy Generation Limited ("REG") has continued to demonstrate the intrinsic value of its assets with the disposal of its 12MW Goonhilly Downs wind farm in the period for total consideration of £25.1m. Following the disposal, at end-December 2013 REG had 39.2MW of operational wind farm sites, 18.5MW under construction, 31.2MW consented and around 140MW planning applications submitted. In the six months under review wind farm generation fell 23.4% YoY to 48GWh due to the disposal, while bio-power output nearly doubled to 2.4GWh. Revenues fell 12.5% YoY, but the £9.4m profit on disposal boosted net income to £6.5m, allowing the company to increase its interim dividend by 10%. In the six months to December 2013 REG's share price increased by 7.6%.

Augean plc ("Augean") has continued to make progress in restructuring its business away from low-margin activities, particularly relating to waste treatment operations. During the year the company announced the closure of the loss-making Waste Networks business and is undergoing a sale process for two waste transfer sites. In the year to December landfill volumes fell 7.8% year-on-year as low-value remediation work was replaced by higher-value incinerator ash and low level radioactive wastes. Augean North Sea Services and the Oil & Gas Services divisions both reported encouraging improvements in profitability. Overall group revenues increased 12.7% in the year to December 2013. In the six months to December 2013 Augean's share price increased by 34.3%.

RHJ International ("RHJ") is an undervalued financial services group listed on Euronext

Brussels with principal activities in wealth management, asset management and merchant banking. It is the parent company of the Kleinwort Benson Group and its wealth management operations are conducted through Kleinwort Benson, an independent private bank with £5.8 billion of assets under management and its asset management operations are carried out by Kleinwort Benson Investors, a Dublin-based institutional asset manager with £4.6 billion of client assets. A concern is its substantial overhead structure.

RHJ is looking to transform itself from a diversified holding company with a portfolio of industrial assets into a focused financial services company.

For the six months ended 30 June 2013, RHJ reported a loss before tax of €32.1m, including a write down on one of its assets of €11.8m, on total assets of €2.8bn.

RHJ's share price rose 3.7% from €3.55 as at 30 June 2013 to €3.68 at the end of December 2013. The currency loss on this holding was £0.2m.

Portfolio activity

During the six months Utilico invested £45.4m. This included investments in the following top ten holdings: £10.5m into Somers, £8.4m into RHJ, £7.6m into Zeta and £2.4m into Vix Limited. Realisations were £25.6m, including from the top ten, sales of £7.9m from Infratil, £1.2m from REG and £0.7m from Vix Limited.

The geographic weightings have moved as a result of three factors. First, the investment activity as mentioned above, second, the asset valuations

and third, the investee companies shift of their underlying portfolios. Investment activity has reduced the exposure to New Zealand (Infratil reduction) and increased the investment in Bermuda (Somers investment). Asset valuations have seen gold mining decrease (Resolute decline). Shifts in the portfolio have seen Asia and Far East increase and Latin America ("Latam") decrease (UEM has seen increased valuation in the Far East and a reduction for Latam).

The above has led to bigger sector changes, with financial services being the largest sector (including the investments in Somers and RHJ); oil and gas increased through investment in Zeta, and its direct exposure in oil & gas; gold mining reduced on valuation as noted above; electricity was down (including our reduced holding in Infratil and a further reduction in JEL).

The utilities and infrastructure investments are down to 60.6% of the portfolio from 69.4% as at 30 June 2013.

Unlisted

The unlisted portfolio comprises 13 investments accounting for £57.4m of the portfolio. Since 31 December 2013 this has reduced to 12 investments accounting for £47.3m, as a result of the Zeta loan being repaid in early February 2014.

Vix Limited, in which Utilico has a 39.8% interest, accounts for some £24.3m of the unlisted investments held by Utilico. Vix Limited is reviewed above.

The second largest unlisted investment is **Seacrest Limited ("Seacrest")**, accounting for

£6.0m. Seacrest is an unlisted private equity fund which, through its partial ownership of Azimuth Limited ("Azimuth"), entered into a joint venture in 2011 with Petroleum Geo-Services ("PGS") an Oslo Stock Exchange listed company and one of the world's leading oil and gas seismic companies. Azimuth was formed essentially to monetise PGS' multi billion dollar database by using the information therein to better understand regional seismic patterns in oil and gas basins. Azimuth has incorporated a number of regionally focused companies with significant assets in areas such as the North Sea, offshore Namibia and the Celtic Sea. Azimuth is anticipating a number of exploration wells will be drilled on its licences in 2014, which will be funded by third parties. If one of these prospective licences produces meaningful oil, the value uplift of Seacrest would be significant.

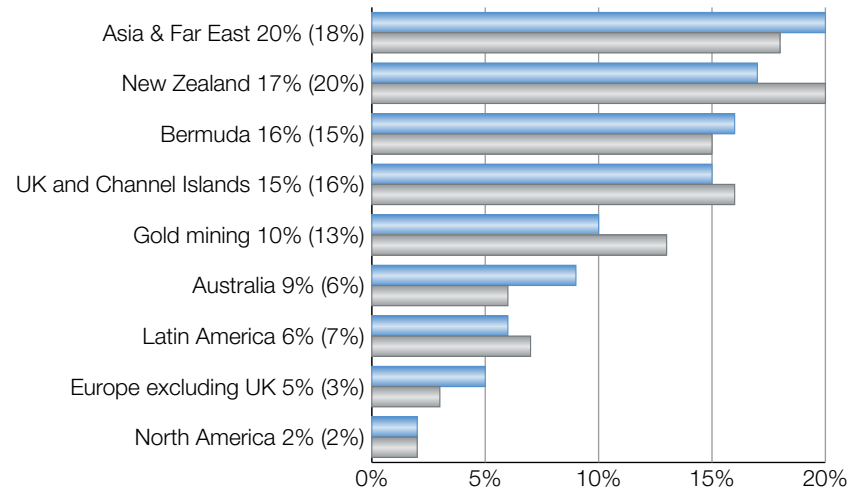
The next largest unlisted investment is **Renewable Energy Holdings plc ("REH")**, where Utilico has £4.6m invested in unlisted loan notes. REH's key asset is the Sweetlamb Welsh wind farm application. Should this be successful, the upside is likely to be substantial.

A more recent investment is **Coldharbour Marine ("Coldharbour")**, a ballast water treatment company, that has made substantial progress over the last six months. Coldharbour has passed six land based tests and has on the back of these positive results raised £2.6m in early February 2014 (including £1.0m from Utilico) at a valuation significantly above Utilico's carrying value.

The potential uplifts in REH and Coldharbour are not currently reflected in Utilico's net asset values.

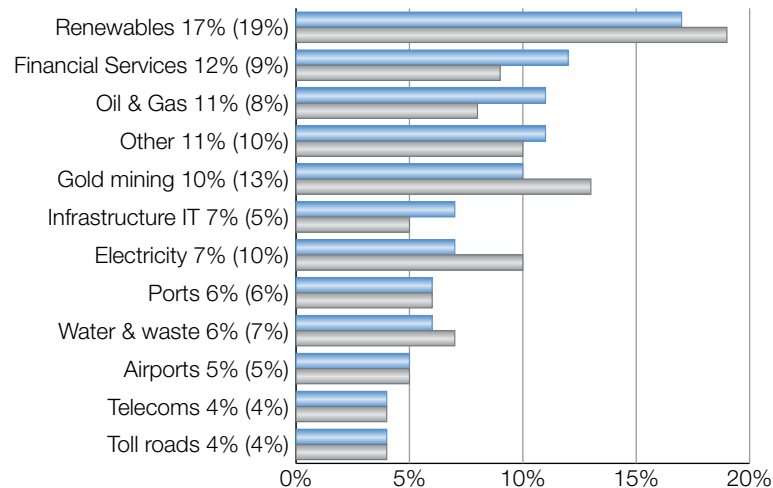
Geographical split of investments (on a look through basis)

As at 31 December 2013



Sector split of investments (on a look through basis)

As at 31 December 2013



■ December 2013 ■ June 2013

Source: Utilico Investments Limited
Figures in brackets 30 June 2013

Bank debt

Bank debt was increased from £42.5m to £49.0m during the six months, mainly to support the investment in Somers. This was drawn down in £39.4m and US\$16.0m.

In January 2014 the bank debt was reduced by £19.0m following the sale of part of the Infratil holding.

The facility with Scotiabank was extended in October 2013 to March 2015.

Accounting

Utilico has early adopted the amendments to the reporting standards for Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27), with a date of initial application of 1 July 2013. Utilico meets the definition of an investment entity and as a result, Utilico has changed its accounting policy on accounting for its investments in Zeta and BFIC, to measure them at fair value through the profit or loss accounts (see note 1). Before adoption of the amendments, Utilico consolidated Zeta and BFIC. In accordance with the transitional provisions of the amendments, Utilico has applied the new accounting policy retrospectively and restated the comparative information. This has resulted in a decrease in the restated consolidated NAV from 157.44p to 148.33p. This is in line with the Company's NAV as reported at 30 June 2013 of 148.50p.

ZDPs

The 2014 ZDP shares are due for redemption on 31 October 2014. The Board is currently working on proposals to fund this redemption, which is

expected to include the creation of a new class of 2020 ZDP shares.

Derivatives

Over the six months there have been two parts to Utilico's derivative position. First, portfolio market derivatives, mainly through S&P500 Index options. Second, currency positions within Utilico's portfolio.

The market derivatives activity has remained modest through the six months. Given the strong performance by US markets in particular, modest positions were taken.

Utilico has maintained significant currency positions in part to protect the Sterling value of certain investments. At the period end, forward currency sales were in place for nominal NZ\$141.0m, €11.9m and A\$21.3m.

Revenue return

Total income fell by 56.8% to £4.1m mainly as a result of Resolute's maiden dividend not being repeated this year and currency strength of Sterling resulting in lower receipts from overseas assets in Sterling.

Management fees were lower as a result of certain investments being deducted as they are managed by ICM and other expenses reduced from £0.7m to £0.5m, reflecting lower average asset values.

ICM has offered to reduce its management fee from 0.5% to 0.25% per annum with effect from 1 January 2014 until the high watermark net asset value of 284.81p is regained.

Finance costs increased due to higher average bank borrowings. The combined effect of the above resulted in the revenue EPS falling 68.8% to 2.29p.

Capital return

Gains on investment of £9.5m were driven by most investments. Derivative gains were positive reflecting, in the main, gains on forward exchange contracts. This contributed to a capital EPS for the six months of 3.87p.

Expense Ratio

The ongoing charges ratio was 1.7%. This was lower due to the reduction in management fees.

ICM Limited
20 February 2014

31 Dec 2013	30 Jun 2013	Company	Fair value £'000s	% of total investments
1	1	Utilico Emerging Markets Limited Investment company	110,010	27.4%
2	2	Infratil Limited Infrastructure company	74,924	18.6%
3	4	Somers Limited* Financial services	38,183	9.5%
4	3	Resolute Mining Limited Gold mining company	35,906	8.9%
5	8	Vix Limited Automated fare collection systems	24,428	6.1%
6	6	Zeta Resources Limited Resource investment company	19,396	4.8%
7	7	Renewable Energy Generation Limited Wind power	18,658	4.6%
8	5	Bermuda First Investment Company Limited Investment company	15,183	3.8%
9	–	Augean plc Waste treatment	8,894	2.2%
10	–	RHJ International Financial services	7,737	1.9%
Ten largest holdings			353,319	87.8%
Other investments			48,576	12.2%
Total Investments			401,895	100.0%

* formerly known as Bermuda National Limited

The Chairman's Statement on pages 2 to 4 and the Investment Manager's Report on pages 5 to 13 give details of the important events which have occurred during the period and their impact on the financial statements.

Principal risks and uncertainties

The principal risks faced by the Company include:

- Inappropriate long-term investment strategy
- Asset allocation
- Excessive gearing
- Loss of management personnel

The Board reported on the principal risks and uncertainties faced by the Company and the way they are mitigated are described in more detail under the heading "Internal Controls and Management of Risk" in the Corporate Governance section of the Annual Report and Accounts for the year ended 30 June 2013. In the view of the Board, there has not been any changes to the fundamental nature of these risks since the previous report and these principal risks and uncertainties are equally applicable to the remaining six months of the financial year as they were to the six months under review.

The Annual Report and Accounts is published on the Company's website, www.utilico.bm

Related Party Transactions

Details of related party transactions in the six months to 31 December 2013 are set out in Note 12 to the Notes on the Accounts, and details of the fees paid to the Investment Manager are set out in Note 2 to the Notes on the Accounts.

On 17 September 2013 Susan Hansen resigned as a Director of the Company and Warren

McLeland was appointed in her place; the current Directors of the Company are listed on page 34 of this Report. With effect from 1 July 2013 the fees paid to the Directors were increased by £1,000 to £28,500, the fee paid to the chairman of the audit committee was increased by £1,500 to £36,500 and the fee paid to the Chairman was increased by £1,000 to £39,500 per annum.

Directors' responsibility statement

The Disclosure and Transparency Rules ("DTR") of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements.

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the report for the six months to 31 December 2013 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and return of the Group;
- the interim management report, together with the Chairman's Statement and Investment Manager's Report, include a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure and Transparency Rules.

The half yearly financial report was approved by the Board on 20 February 2014 and the above Directors' responsibility statement was signed on its behalf by the Chairman,

Dr Roger Urwin
for and on behalf of the Board

Notes	Six months to 31 December 2013			Restated* Six months to 31 December 2012			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	
	Gains/(losses) on investments	–	9,500	9,500	–	27,509	27,509	–	(45,005)	(45,005)
	Gains/(losses) on derivative instruments	–	1,177	1,177	–	(2,713)	(2,713)	–	(3,714)	(3,714)
	Exchange gains/(losses)	28	153	181	70	(39)	31	(12)	(991)	(1,003)
	Investment and other income	4,103	–	4,103	9,451	–	9,451	16,228	–	16,228
	Total income	4,131	10,830	14,961	9,521	24,757	34,278	16,216	(49,710)	(33,494)
2	Management and administration fees	(778)	–	(778)	(1,076)	–	(1,076)	(2,030)	–	(2,030)
	Other expenses	(484)	(3)	(487)	(650)	(5)	(655)	(1,160)	(8)	(1,168)
	Profit/(loss) before finance costs and taxation	2,869	10,827	13,696	7,795	24,752	32,547	13,026	(49,718)	(36,692)
	Finance costs	(588)	(6,966)	(7,554)	(312)	(7,405)	(7,717)	(754)	(13,609)	(14,363)
	Profit/(loss) before taxation	2,281	3,861	6,142	7,483	17,347	24,830	12,272	(63,327)	(51,055)
3	Taxation	(13)	(21)	(34)	(177)	–	(177)	(275)	–	(275)
	Profit/(loss) for the period	2,268	3,840	6,108	7,306	17,347	24,653	11,997	(63,327)	(51,330)
4	Earnings per ordinary share – pence	2.29	3.87	6.16	7.34	17.41	24.75	12.06	(63.65)	(51.59)

* See note 1 and note 13.

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

All items in the above statement derive from continuing operations.

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

for the six months to 31 December 2013	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 – restated*	9,916	29,020	233,866	32,069	(171,382)	13,591	147,080
Profit for the period	–	–	–	–	3,840	2,268	6,108
Ordinary dividends paid	–	–	–	–	–	(5,578)	(5,578)
Balance at 31 December 2013	9,916	29,020	233,866	32,069	(167,542)	10,281	147,610

Restated for the six months to 31 December 2012*	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
Profit for the period	–	–	–	–	17,347	7,306	24,653
Ordinary dividends paid	–	–	–	–	–	(3,487)	(3,487)
Balance at 31 December 2012	9,963	29,743	233,866	32,069	(90,708)	15,127	230,060

Restated for the year to 30 June 2013*	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)
Ordinary dividends paid	–	–	–	–	–	(9,714)	(9,714)
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 note 1 and note 13.

Notes	31 Dec 2013	As previously reported	Restated*	As previously reported	Restated*
	£'000s	31 Dec 2012 £'000s	31 Dec 2012 £'000s	30 Jun 2013 £'000s	30 Jun 2013 £'000s
Non-current assets					
6 Investments	401,895	466,582	460,057	393,830	372,630
Deferred exploration and evaluation expenditure	–	–	–	2,832	–
	401,895	466,582	460,057	396,662	372,630
Current assets					
Other receivables	195	1,762	1,628	3,375	2,742
7 Derivative financial instruments	1,693	3,690	3,690	2,020	2,020
Cash and cash equivalents	1,556	1,106	1,015	8,456	7,644
	3,444	6,558	6,333	13,851	12,406
Current liabilities					
Loans	–	(3,585)	(3,585)	(42,500)	(42,500)
Other payables	(1,698)	(1,752)	(1,711)	(3,696)	(1,997)
7 Derivative financial instruments	(87)	(207)	(207)	(63)	(63)
Zero dividend preferences shares	(75,235)	–	–	–	–
	(77,020)	(5,544)	(5,503)	(46,259)	(44,560)
Net current (liabilities)/assets	(73,576)	1,014	830	(32,408)	(32,154)
Total assets less current liabilities	328,319	467,596	460,887	364,254	340,476
Non-current liabilities					
Bank loans	(49,036)	(50,000)	(50,000)	–	–
Loan notes	–	(3,457)	–	(3,705)	–
Zero dividend preference shares	(131,673)	(180,827)	(180,827)	(193,396)	(193,396)
Net assets	147,610	233,312	230,060	167,153	147,080
Represented by:					
8 Ordinary share capital	9,916	9,963	9,963	9,916	9,916
Share premium account	29,020	29,743	29,743	29,020	29,020
Special reserve	233,866	233,866	233,866	233,866	233,866
Non-distributable reserve	32,069	32,069	32,069	32,069	32,069
Foreign currency translation reserve	–	–	–	497	–
Capital reserves	(167,542)	(90,970)	(90,708)	(162,952)	(171,382)
Revenue reserve	10,281	15,251	15,127	13,699	13,591
Total attributable to equity holders	147,610	229,922	230,060	156,115	147,080
Non-controlling interest	–	3,390	–	11,038	–
Total equity attributable to Group	147,610	233,312	230,060	167,153	147,080
Net asset value per ordinary share					
9 Basic – pence	148.86	230.77	230.91	157.44	148.33

* See note 1.

Notes	Six months to	Restated*	Restated*
	31 Dec 2013 £'000s	Six months to 31 Dec 2012 £'000s	Year to 30 Jun 2013 £'000s
10 Cash flows from operating activities	2,681	7,971	12,405
Investing activities			
Purchases of investments	(46,045)	(50,349)	(46,954)
Sales of investments	27,254	39,992	51,363
Purchases of derivatives	(2,243)	(6,964)	(6,977)
Sales of derivatives	3,771	3,203	3,741
Cash flows on margin accounts	–	3,991	4,035
Cash flows from investing activities	(17,263)	(10,127)	5,208
Cash flows before financing activities	(14,582)	(2,156)	17,613
Financing activities:			
Equity dividends paid	(5,578)	(3,487)	(9,714)
Movement on loans	7,421	52,360	41,247
Cash flows from issue of ZDP shares	6,546	16,826	23,209
Cash flows from redemption of ZDP shares	–	(67,801)	(67,801)
Cost of ordinary share buyback	–	–	(770)
Cash flows from financing activities	8,389	(2,102)	(13,829)
Net (decrease)/increase in cash and cash equivalents	(6,193)	(4,258)	3,784
Cash and cash equivalents at the beginning of the period	7,644	4,879	4,879
Effect of movement in foreign exchange	(703)	2	(1,019)
Cash and cash equivalents at the end of the period	748	623	7,644
Comprised of:			
Cash	1,556	1,015	7,644
Bank overdraft	(808)	(392)	–
Total	748	623	7,644

* See note 1 and note 13.

1. SIGNIFICANT ACCOUNTING POLICIES

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

The unaudited condensed group Accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ('IFRS'), IAS 34 'Interim Financial Reporting' and except as noted below, the accounting policies set out in the audited statutory accounts of the Group for the year ended 30 June 2013.

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. IFRS 10 replaces the current guidance on consolidation in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Special Purpose Entities. IFRS 10 exempts an investment entity from consolidating its subsidiaries or applying IFRS 3 when it obtains control of another entity. Except in instances where a subsidiary provides services directly related to the parent company's investment activities, IFRS 10 exempts an investment entity from consolidating its subsidiaries. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit and loss in accordance with IAS 39 Financial Instruments: Recognition and Measurement. 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. 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 ("Zeta"), which were previously consolidated and remain subsidiaries of the Company, are now accounted for as investments at fair value through the profit and loss. The accounts for the year ended 30 June 2013 and the interim accounts for the six months to 31 December 2012 have been restated to reflect this change in accounting policy (see the Balance Sheet on page 20 and note 13).

IFRS 12 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 standard also requires disclosures on the nature and risks associated with interests in unconsolidated structured entities. The Group will present these disclosures, where appropriate, in the Group's 2014 Annual Report and Accounts.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by the Directors in applying the Group's accounting policies and key sources of uncertainty were the same as those applied to the consolidated financial statements as at, and for, the year ended 30 June 2013.

The condensed Group Accounts do not include all of the information required for full annual accounts and should be read in conjunction with the consolidated Accounts of the Group for the year ended 30 June 2013, which were prepared under full IFRS requirements.

The Group Accounts comprise the results of the Company, UFL and GERP.

2. MANAGEMENT AND ADMINISTRATION FEES

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

ICM has offered to reduce its management fee from 0.5% to 0.25% per annum with effect from 1 January 2014 until the high watermark net asset value of 284.81p is regained.

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 holdings in UEM, BFIC and Zeta are removed from the calculation in order that any such fee is charged solely on the performance of the portfolio excluding the investments in UEM, BFIC and Zeta.

For the period to 31 December 2013, the attributable shareholders' funds were below the high watermark and therefore no performance fee has been accrued. The final amount payable is dependent upon the performance of the Company in the year to 30 June 2014.

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

3. TAXATION

The taxation charge of £13,000 (31 December 2012: £177,000 and 30 June 2013: £275,000) relates to overseas taxation suffered on dividend income. Profits of the Company and its subsidiaries for the period are not subject otherwise to any other taxation within their countries of residence.

4. EARNINGS PER ORDINARY SHARE

Earnings for the purpose of earnings per ordinary share is the profit for the year attributable to ordinary shareholders.

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

	Six months to 31 Dec 2013 £'000s	Six months to 31 Dec 2012 £'000s	Year to 30 Jun 2013 £'000s
Revenue	2,268	7,306	11,997
Capital	3,840	17,347	(63,327)
Total	6,108	24,653	(51,330)
	Number	Number	Number
Weighted average number of shares in issue during the period for basic earnings per share calculations	99,157,214	99,632,214	99,496,872

5. DIVIDENDS

GROUP AND COMPANY	Record date	Payment date	31 Dec 2013 £'000s	31 Dec 2012 £'000s	30 Jun 2013 £'000s
2012 Final of 3.50p	05 Oct 2012	19 Oct 2012	–	3,487	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	–	–
			5,578	3,487	9,714

The Directors have declared a second quarterly dividend in respect of the year ended 30 June 2014 of 1.875p per ordinary share payable on 21 March 2014 to shareholders on the register at close of business on 7 March 2014. The total cost of this dividend, which has not been accrued in the results for the six months to 31 December 2013, is £1,859,000 based on 99,157,214 ordinary shares in issue at the date of this report.

6. INVESTMENTS

GROUP	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s
Investments at 30 June 2013 – as previously stated				
Cost	375,326	–	56,356	431,682
Losses	(19,588)	–	(18,264)	(37,852)
Valuation	355,738	–	38,092	393,830
Effect of restatement				
Cost	(20,706)	–	1,384	(19,322)
Losses	(1,369)	–	(509)	(1,878)
Valuation	(22,075)	–	875	(21,200)
Investments at 30 June 2013 – restated				
Cost	354,620	–	57,740	412,360
Losses	(20,957)	–	(18,773)	(39,730)
Valuation	333,663	–	38,967	372,630
Movements in the year:				
Transfer to level 3*	(47)	–	47	–
Purchases at cost	27,643	–	17,726	45,369
Sales				
– proceeds	(24,878)	–	(726)	(25,604)
– realised net gains on sales	3,593	–	106	3,699
Profits on investments held at year end	4,482	–	1,319	5,801
Valuation at 31 December 2013	344,456	–	57,439	401,895
Analysed at 31 December 2013				
Cost	360,902	–	74,922	435,824
Losses	(16,446)	–	(17,483)	(33,929)
Valuation	344,456	–	57,439	401,895

* Transfer due to delisting of investee companies.

7. DERIVATIVE FINANCIAL INSTRUMENTS

GROUP	31 Dec 2013		
	Current assets £'000s	Current liabilities £'000s	Net current assets/ (liabilities) £'000s
Forward foreign exchange contracts – GBP/AUD	168	–	168
Forward foreign exchange contracts – GBP/EUR	–	(12)	(12)
Forward foreign exchange contracts – GBP/NZD	756	–	756
Forward foreign exchange contracts – GBP/USD	89	–	89
Forward foreign exchange contracts – USD/AUD	–	(49)	(49)
Forward foreign exchange contracts – USD/NZD	–	(26)	(26)
Total forward foreign exchange contracts	1,013	(87)	926
S&P futures and options – USD	680	–	680
Total derivative financial instruments	1,693	(87)	1,606
Classified as:	£'000s	£'000s	£'000s
Level 1	680	–	680
Level 2	1,013	(87)	926
	1,693	(87)	1,606

Changes in derivatives

Total net current derivative financial instruments are as follows:

	31 Dec 2013 £'000s
Valuation brought forward	1,957
Net acquisitions	2,243
Settlements	(3,771)
Gains	1,177
Valuation carried forward	1,606

8. ORDINARY SHARE CAPITAL

Equity share capital:	Authorised		Issued and fully paid	
	Number	£'000s	Number	£'000s
Ordinary shares of 10p each				
Balance at 30 June 2013 and 31 December 2013	250,000,000	25,000	99,157,214	9,916

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

9. NET ASSET VALUE PER SHARE

Net asset value per ordinary share is based on net assets at the period end of £147,610,000 (31 December 2012: £230,060,000 and 30 June 2013: £147,080,000) and on 99,157,214 ordinary shares in issue at the period end (31 December 2012: 99,632,214 and 30 June 2013: 99,157,214).

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

	31 Dec 2013 £'000s	Restated 31 Dec 2012 £'000s	Restated 30 Jun 2013 £'000s
Profit/(loss) before taxation	6,142	24,830	(51,055)
Adjust for non-cash flow items:			
(Gains)/losses on investments	(9,500)	(27,509)	45,005
(Gains)/losses on derivative financial instruments	(1,177)	2,713	3,714
Exchange (gains)/losses	(181)	(31)	1,003
Non-cash flow on income	(322)	–	–
Decrease in accrued income	902	532	515
Increase in other debtors	(5)	(4)	(1)
(Decrease)/increase in creditors	(110)	212	(110)
ZDP share finance costs	6,966	7,405	13,609
Tax on overseas income	(13)	(177)	(275)
Overseas investment taxation	(21)	–	–
	(3,461)	(16,859)	63,460
Cash flows from operating activities	2,681	7,971	12,405

11. OPERATING SEGMENTS

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

12. RELATED PARTY TRANSACTIONS

On 17 September 2013 Susan Hansen resigned as a Director of the Company and Warren McLeland was appointed as a Director of the Company. With effect from 1 July 2013 the fees paid to the Directors were increased, as set out on page 15. As per note 2, ICM's management fee has been amended with effect from 1 January 2014.

There has been no other changes in related party relationships and no significant changes to related party transactions post 30 June 2013.

13. RESTATEMENT OF PRIOR PERIODS

The effects of these changes on the Balance Sheet are shown on page 20. The impact on the Condensed Group Income Statement, Condensed Group Statement of Comprehensive Income and Condensed Group Cash Flow Statement are as follows:

CONDENSED GROUP INCOME STATEMENT

	Previously reported			Effect of restatement			Restated		
	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
Six months to 31 December 2012									
Gains on investments	–	27,042	27,042	–	467	467	–	27,509	27,509
Losses on derivative instruments	–	(2,713)	(2,713)	–	–	–	–	(2,713)	(2,713)
Exchange gains/(losses)	69	(1)	68	1	(38)	(37)	70	(39)	31
Investment and other income	9,724	–	9,724	(273)	–	(273)	9,451	–	9,451
Total income	9,793	24,328	34,121	(272)	429	157	9,521	24,757	34,278
Management and administration fees	(1,103)	–	(1,103)	27	–	27	(1,076)	–	(1,076)
Other expenses	(710)	(5)	(715)	60	–	60	(650)	(5)	(655)
Profit before finance costs and taxation	7,980	24,323	32,303	(185)	429	244	7,795	24,752	32,547
Finance costs	(312)	(7,405)	(7,717)	–	–	–	(312)	(7,405)	(7,717)
Profit before taxation	7,668	16,918	24,586	(185)	429	244	7,483	17,347	24,830
Taxation	(177)	–	(177)	–	–	–	(177)	–	(177)
Profit for the period	7,491	16,918	24,409	(185)	429	244	7,306	17,347	24,653
Profit/(loss) for the period attributable to:									
Equity holders of the Parent Company	7,430	17,085	24,515	(124)	262	138	7,306	17,347	24,653
Non-controlling interests	61	(167)	(106)	(61)	167	106	–	–	–
	7,491	16,918	24,409	(185)	429	244	7,306	17,347	24,653
Earnings per ordinary share (basic) - pence	7.46	17.15	24.61	(0.12)	0.26	0.14	7.34	17.41	24.75

The Group does not have any income or expense that is not included in the profit for the period to 31 December 2012, and therefore the "profit for the period" is also the "total comprehensive income for the period", as defined in International Accounting Standard 1 (revised).

13. RESTATEMENT OF PRIOR PERIODS (CONTINUED)

CONDENSED GROUP INCOME STATEMENT (continued)

	Previously reported			Effect of restatement			Restated		
	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
Year to 30 June 2013									
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)

13. RESTATEMENT OF PRIOR PERIODS (CONTINUED)

CONDENSED 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). This change has required BFIC and Zeta to be valued at fair value through profit and loss (prior year consolidated disclosure included BFIC and Zeta at net asset value).

	31 Dec 2013 £'000s	31 Dec 2012 £'000s	30 Jun 2013 £'000s
Fair value of holdings			
BFIC	15,183	14,179	15,196
Zeta	19,396	n/a	11,680

13. RESTATEMENT OF PRIOR PERIODS (CONTINUED)

CONDENSED GROUP CASH FLOW STATEMENT

	Six months to 31 December 2012			Year to 30 June 2013		
	Previously reported	Effect of restatement	Restated	Previously reported	Effect of restatement	Restated
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cash flows from operating activities	8,063	(92)	7,971	12,779	(374)	12,405
Investing activities						
Purchases of investments	(50,349)	–	(50,349)	(50,573)	3,619	(46,954)
Sales of investments	39,992	–	39,992	51,363	–	51,363
Purchases of derivatives	(6,964)	–	(6,964)	(6,977)	–	(6,977)
Sales of derivatives	3,203	–	3,203	3,741	–	3,741
Exploration and evaluation expenditure	–	–	–	(139)	139	–
Cash from acquisition of subsidiary	–	–	–	3,766	(3,766)	–
Cash flows on margin accounts	3,991	–	3,991	4,035	–	4,035
Cash flows from investing activities	(10,127)	–	(10,127)	5,216	(8)	5,208
Cash flows before financing activities	(2,064)	(92)	(2,156)	17,995	(382)	17,613
Financing activities:						
Equity dividends paid	(3,487)	–	(3,487)	(9,714)	–	(9,714)
Movement on loans	52,360	–	52,360	41,247	–	41,247
Cash flows from issue of ZDP shares	16,826	–	16,826	23,209	–	23,209
Cash flows from redemption of ZDP shares	(67,801)	–	(67,801)	(67,801)	–	(67,801)
Issue of share capital in subsidiary	–	–	–	2	(2)	–
Cost of ordinary share buyback	–	–	–	(770)	–	(770)
Cash flows from financing activities	(2,102)	–	(2,102)	(13,827)	(2)	(13,829)
Net (decrease)/increase in cash and cash equivalents	(4,166)	(92)	(4,258)	4,168	(384)	3,784
Cash and cash equivalents at the beginning of the period	4,879	–	4,879	4,879	–	4,879
Effect of movement in foreign exchange	1	1	2	(823)	(196)	(1,019)
Cash and cash equivalents at the end of the period	714	(91)	623	8,224	(580)	7,644
Comprised of :						
Cash	1,106	(91)	1,015	8,456	(812)	7,644
Bank overdraft	(392)	–	(392)	(232)	232	–
Total	714	(91)	623	8,224	(580)	7,644

14. RESULTS

The condensed set of financial statements, forming the half-year accounts, has been neither audited nor reviewed by the Company's auditor. The latest published accounts are for the period ended 30 June 2013; the report of the auditor thereon was unqualified. The condensed financial statements shown above for the period ended 30 June 2013 are an extract from those accounts.

UTILICO INVESTMENTS LIMITED

Company registration number: 39480
www.utilico.bm

Directors

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

Registered Office

Trinity Hall
43 Cedar Avenue
Hamilton HM 12
Bermuda

Investment Manager and Secretary

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

Assistant Secretary

BCB Charter Corporate Services Limited
Trinity Hall
43 Cedar Avenue
Hamilton HM 12
Bermuda

UK Broker

Westhouse Securities Limited
Heron Tower
20th Floor, 110 Bishopsgate
London EC2N 4AY

Authorised and regulated in the UK by the Financial Conduct Authority

Bankers

Scotiabank Europe PLC
201 Bishopsgate
London EC2M 3NS

Auditor

KPMG LLP
15 Canada Square
London E14 5GL

Solicitors

Appleby (Bermuda) Limited *(as to Bermuda law)*
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda
Norton Rose Fulbright LLP *(as to English law)*
3 More London Riverside
London SE1 2AQ

Administrator

F&C Management Limited
Exchange House
Primrose Street
London EC2A 2NY
Telephone 020 7628 8000

Authorised and regulated in the UK by the Financial Conduct Authority

Custodians

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

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

Registrar

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

Depository and CREST Agent

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

RELATED LINKS

Utilico Emerging Markets Limited
www.uem.bm

ICM Limited
www.icm.bm

Somers Limited
www.somersltd.bm

Zeta Resources Limited
www.zetaresources.co

Bermuda First Investment Company Limited
www.bfic.bm

Resolute Mining Limited
www.rml.com.au

Renewable Energy Generation Limited
www.renewableenergygeneration.co.uk

Augean plc
www.augeanplc.com

RHJ International
www.rhji.com

HISTORICAL PERFORMANCE

UTILICO INVESTMENTS LIMITED
SIX MONTHS TO 31 DECEMBER 2013

	14 Aug 2003	30 Jun 2004	30 Jun 2005 ⁽¹⁾	30 Jun 2006	30 Jun 2007 ⁽²⁾	30 Jun 2008 ⁽³⁾	30 Jun 2009	30 Jun 2010	30 Jun 2011	30 Jun 2012	30 Jun 2013	31 Dec 2013	Annual % change Jun 2012 – Jun 2013	% change Jun – Dec 2013
Ordinary shares														
Capital Value														
Net asset value per ordinary share (undiluted)	99.47p	120.20p	186.07p	222.35p	350.29p	225.20p	146.87p	166.39p	201.63p	209.67p	148.33p*	148.86p	(29.3%)	0.4%
Share prices and indices														
Ordinary share price	85.67p	107.50p	159.25p	180.25p	299.00p	234.00p	117.00p	116.50p	147.25p	144.00p	130.00p	114.50p	(9.7%)	(11.9%)
Discount/ (premium) (based on diluted NAV per ordinary share)	13.9%	6.0%	2.2%	4.0%	4.2%	(3.9%)	20.3%	30.0%	27.0%	31.3%	12.4%*	23.1%	n/a	n/a
FTSE All-Share Total Return Index	2,160	2,392	2,840	3,396	4,023	3,499	2,782	3,370	4,234	4,101	4,837	5,386	17.9%	11.4%
Returns and dividends														
Revenue return per ordinary share (undiluted)	n/a	1.68p	1.65p	0.89p	1.84p	3.56p	2.77p	10.49p	7.65p	11.99p	12.06p*	2.29p	0.6%	n/a
Capital return per ordinary share (undiluted)	n/a	36.45p	65.48p	35.50p	178.01p	(103.32p)	(82.62p)	21.15p	26.05p	2.73p	(63.65p)*	3.87p	n/a	n/a
Total return per ordinary share (undiluted)	n/a	38.13p	67.13p	36.39p	179.85p	(99.76p)	(79.85p)	31.62p	33.70p	14.72p	(51.59p)*	6.16p	n/a	n/a
Dividends per ordinary share	n/a	1.60p	1.90p	0.40p	0.80p	–	–	–	8.25p	7.00p	10.00p	3.75p⁽⁴⁾	42.9%	n/a
Capital distribution per ordinary share	–	–	–	–	–	–	–	12.00p	–	–	–	–	n/a	n/a
Zero dividend preference (ZDP) shares⁽⁵⁾														
Capital entitlement per 2014 ZDP share	n/a	n/a	n/a	n/a	100.29p	107.57p	115.37p	123.72p	132.69p	142.33p	152.64p	158.12p	7.2%	3.6%
2014 ZDP share price	n/a	n/a	n/a	n/a	103.25p	108.50p	116.50p	129.50p	142.75p	154.00p	158.50p	162.00p	2.9%	2.2%
Capital entitlement per 2016 ZDP share	n/a	n/a	n/a	n/a	100.29p	107.57p	115.37p	123.72p	132.69p	142.33p	152.64p	158.12p	7.2%	3.6%
2016 ZDP share price	n/a	n/a	n/a	n/a	103.00p	103.75p	102.50p	108.75p	133.50p	148.50p	165.50p	169.75p	11.4%	2.6%
Capital entitlement per 2018 ZDP share	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	103.03p	110.50p	114.46p	7.3%	3.6%
2018 ZDP share price	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	104.00p	113.38p	117.00p	9.0%	3.2%
Equity holders funds (£m)														
Gross assets ⁽⁶⁾	133.5	163.0	229.8	270.1	454.6	414.6	288.9	334.2	408.7	434.5	383.0*	403.5	(11.9%)	5.4%
Bank debt	33.7	30.2	41.8	55.0	44.8	69.2	17.0	29.3	30.9	–	42.5	49.0	n/a	15.3%
ZDP debt	–	45.6	48.3	51.8	130.8	140.2	145.1	161.2	172.8	224.4	193.4	206.9	(13.8%)	7.0%
Other Debt	–	–	–	–	–	–	–	–	3.5	1.2	–	–	n/a	n/a
CULS ⁽⁷⁾	–	10.0	20.3	20.6	–	–	–	–	–	–	–	–	n/a	n/a
Equity holders' funds	99.8	77.2	119.4	142.7	279.0	205.2	126.8	143.7	201.5	208.9	147.1*	147.6	(29.6%)	0.3%
Revenue account (£m)														
Income	n/a	3.8	6.5	6.9	8.4	10.5	8.5	13.8	11.9	15.9	16.2*	4.1	1.9%	n/a
Costs (management and other expenses)	n/a	1.3	1.9	2.2	2.6	3.1	2.4	2.4	2.9	3.0	3.2*	1.3	6.7%	n/a
Finance costs	n/a	1.2	3.2	3.6	4.1	3.6	2.6	1.4	2.0	0.8	0.8*	0.6	0.0%	n/a
Financial ratios of the Group														
Revenue yield on average gross assets	n/a	2.8%	3.1%	2.8%	2.3%	2.3%	2.6%	4.2%	3.1%	4.0%	3.8%	2.0%		
Ongoing charges figure ⁽⁸⁾	n/a	1.0%	0.9%	0.9%	0.7%	0.7%	0.8%	0.7%	2.0%	1.7%	2.1%	1.7%		
Bank loans, other loans, CULS and ZDP shares gearing on net assets	n/a	111.1%	92.5%	89.3%	62.9%	102.0%	127.9%	132.6%	102.8%	108.0%	160.4%	173.4%		

(1) Restated for changes in accounting policies.

(2) Utilico began trading on 20 June 2007. An investment update was produced for the year ended 30 June 2007 which included figures from Utilico's predecessor Utilico Investment Trust plc. As such these numbers are neither audited nor reviewed under auditing standards.

(3) Restated consolidating GERP.

(4) The second quarterly dividend declared has not been included as a liability in the accounts.

(5) Issued by UFL, a wholly owned subsidiary of Utilico.

(6) Gross assets less current liabilities excluding loans.

(7) CULS converted June 2007 into ordinary shares.

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

* Restated figures