UTILICO LIMITED

Report and Accounts for the year to 30 June 2009

Ingot Capital Management Pty Ltd

Utilico Limited ("Utilico" or "the Company") was incorporated on 17 January 2007 and began trading on 20 June 2007. All performance data relating to periods prior to 20 June 2007 is in respect of Utilico Investment Trust plc ("UIT"), Utilico's predecessor.

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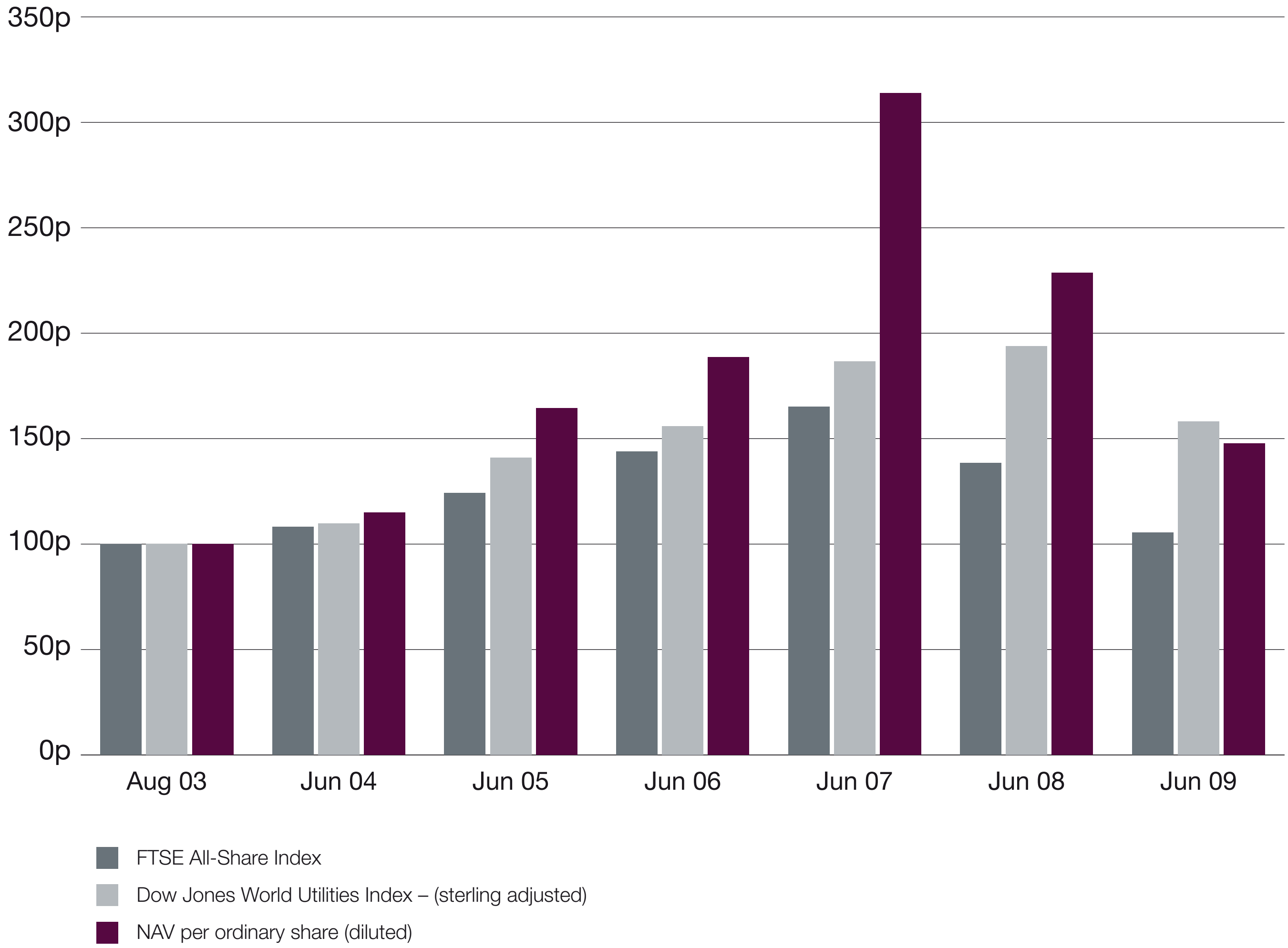
FINANCIAL CALENDAR

AGM	30 November 2009
Half year December 2009 announcement	February 2010

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

The year under review was characterised by many challenges. We remain confident that utility and infrastructure sectors will remain at the forefront of world development and should continue to be an attractive investment proposition for the long-term investor.

Rebased diluted NAV per ordinary share comparative performance to 30 June 2009
*Rebased to 100 at 14 August 2003**



* Inception of UIT

Source: Utilico Limited

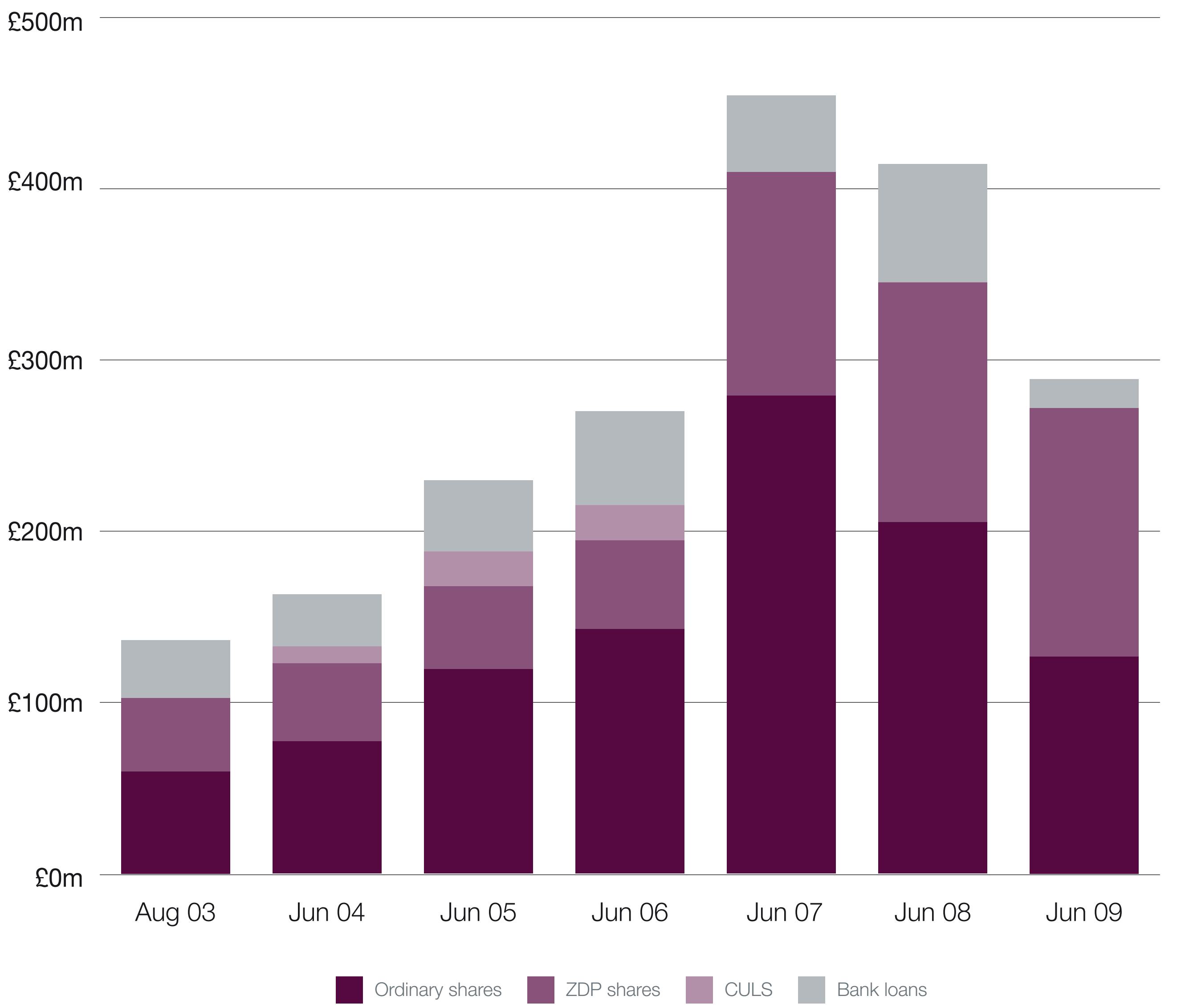
CONSOLIDATED PERFORMANCE SUMMARY

	30 June 2009	30 June 2008[1]	Change 2008/09
Ordinary shares			
Capital Value			
Net asset value per ordinary share (undiluted)	146.87p	225.20p	(34.8%)
Net asset value per ordinary share (diluted)	146.87p	225.20p	(34.8%)
Share prices and indices			
Ordinary share price	117.00p	234.00p	(50.0%)
Discount/ (premium) (based on diluted NAV per ordinary share)	20.3%	(3.9%)	
FTSE All-Share Index	2,172	2,856	(23.9%)
Returns and dividends			
Revenue return per ordinary share (undiluted)	2.77p	3.56p	(22.2%)
Capital return per ordinary share (undiluted)	(82.62p)	(103.32p)	n/a
Total return per ordinary share (undiluted)	(79.85p)	(99.76p)	n/a
Dividend per ordinary share	–	–	n/a
Zero dividend perference (ZDP) shares [2]			
2012 ZDP shares			
Capital entitlement per ZDP share	141.65p	132.39p	7.0%
ZDP share price	150.75p	135.50p	11.3%
2014 ZDP shares			
Capital entitlement per ZDP share	115.37p	107.57p	7.3%
ZDP share price	116.50p	108.50p	7.4%
2016 ZDP shares			
Capital entitlement per ZDP share	115.37p	107.57p	7.3%
ZDP share price	102.50p	103.75p	(1.2%)
Warrants			
2012 warrant price	3.50p	79.50p	(95.6%)
Equity holders funds (£m)			
Gross assets[3]	288.9	414.6	(30.3%)
Bank debt	17.0	69.2	(75.4%)
ZDP debt	145.1	140.2	3.5%
Equity holders' funds	126.8	205.2	(38.2%)
Revenue account			
Income	8.5	10.5	(19.0%)
Costs (management and other expenses)[4]	2.4	3.1	(22.6%)
Finance costs	2.6	3.6	(27.8%)
Financial ratios of the Group			
Revenue yield on average Gross Assets	2.6%	2.3%	
Total expense ratio [4] on average Gross Assets	0.8%	0.7%	
Bank loans and ZDP shares gearing on Gross Assets	56.1%	50.5%	

1. Restated for consolidation of GERP
2. Issued by Utilico Finance Limited, a wholly owned subsidiary of Utilico Limited in June 2007. 2012 ZDP shares previously issued by Utilico Investment Trust plc
3. Gross Assets less current liabilities excluding loans
4. Excluding performance fee and income not receivable

- Capital loss representing 16.8% on opening Gross Assets
- Diluted NAV per ordinary share reduced by 34.8%
- Bank debt reduced from £69.2m to £17.0m
- Compound annual growth rate of 7.5% per annum since the inception of UIT in 2003

Allocation of Consolidated Gross Assets
from 14 August 2003 to 30 June 2009



Source: Utilico Limited

Utilico seeks to invest in undervalued investments.

The Company aims to invest predominantly in companies and sectors displaying the characteristics of essential services or monopolies.

The Company's investment policy, which is set out in full in the Report of the Directors, is flexible and permits it to make investments predominantly in infrastructure, utility and related sectors, including (but not limited to) water, sewerage, waste, electricity, gas, telecommunications, ports, airports, services companies, rail, roads, any business with essential service or monopolistic characteristics and in any new infrastructure or utility which may arise. The Company may also invest in businesses which supply services to, or otherwise support, the infrastructure, utilities and related sectors.

The Company has the flexibility to invest in shares, bonds, convertibles, options and other types of securities, including non-investment grade bonds and to invest in unlisted securities. The Company may also use derivative instruments for the purpose of efficient portfolio management such as contracts for difference, financial futures, call and put options and warrants.

The Company may, from time to time, seek to actively protect the Company's portfolio and balance sheet from major market corrections. This may include foreign currency hedges, interest rate hedges, stock market index options, and similar instruments.

Utilico seeks to identify and invest in undervalued investments. The Company aims to identify securities where underlying value is not reflected in the market price. This may be as a result of changes in regulation, technology, market motivation, potential for financial engineering, competition or shareholder indifference.

The Company aims to invest predominantly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure or companies with a unique product or market position. Most investee companies are asset backed, have strong cash flows and offer dividend yields. Utilico generally looks to invest in companies with strong management who have the potential to grow their business and an appreciation of and ability to manage risk.

Utilico believes it is appropriate to support investee companies with their capital requirements while at the same time maintaining an active and constructive shareholder approach and encouraging the optimisation of capital structures and business efficiencies. The investment team maintains regular contact with investee companies and Utilico is often among its investee companies' largest shareholders.

The Company aims to maximise value for shareholders by holding a relatively concentrated portfolio of securities and invests through instruments appropriate to the particular situation.

The year to June 2009 has seen the collapse of several large banks and investment houses.

The markets have recorded one of the worst performances in living memory.

In last year's Chairman's statement, I noted that there had been a deterioration in the health of both markets and the global economy in the second six months of the financial year to June 2008. Unfortunately, as is now known, this was the beginning of a far more serious downturn in global financial markets, the full effect of which has been felt in the 12 months to June 2009.

The year to June 2009 has seen the collapse of several large banks and investment houses, which had previously been seen as stalwarts of the financial economy. Several institutions were taken over by other, better capitalised, competitors; others survive as shadows of their former selves reliant on government financial life support. There has been a realisation that risks that had been thought to have been transferred and mitigated via financial instruments, rested with the entire market. In addition, much of what had been thought of as growth, was, to a certain extent, simply an expansion of credit. This process culminated in banks withdrawing credit for both companies and individuals, and a consequent sharp downturn in corporate activity.

Against this backdrop, it is unsurprising that markets have recorded one of the worst performances in living memory, and Utilico was not immune from these pressures. The loss for the year of £69.5m represents a loss on opening gross assets of 16.8%. This was compounded by Utilico's gearing on equity funds, which started the year at 2.0x, resulting in a decline in NAV per ordinary share of 34.8%. In contrast, the FTSE All-Share Index fell by 23.9% in the year, and as such, Utilico's NAV underperformance can be attributed to capital structure rather than the performance of the portfolio.

During the year, the Investment Manager took steps to reduce debt levels in order to keep gearing within acceptable levels as markets declined. This took the form of repayment of bank loans, which decreased from £69.2m in June 2008, to close the year at £17.0m, with the gearing on equity funds being only marginally higher than at the start of the year, at 2.3x.

As previously announced, despite having positive revenue earnings in the year, plus revenue reserves brought forward, under Bermuda law, Utilico is unable to pay a dividend to shareholders as a result of having negative capital reserves. As soon as investment returns create a positive balance of capital reserves, Utilico intends to recommence dividend payments.

The year under review was characterised by many challenges, and has culminated in a world where banks, governments, corporates, investors, and individuals are likely to be more cautious in approach than was previously the case. The common view is that this will lead to a prolonged period of lower growth, less reliance on credit, and more on retained equity and savings. It will be harder for equity investors to achieve the gains that have been seen in the past, and a more selective approach will be required. Despite this, during the second calendar quarter, and continuing beyond Utilico's year end, markets have begun to stage a modest recovery, which has been more pronounced in the emerging rather than developed markets.

Western governments will struggle to reconcile the competing demands of reducing unemployment while at the same time seeking to reduce borrowing to more manageable levels, all the while keeping taxation to competitive levels. It looks increasingly the case that the balance of world economic power is shifting slowly but surely eastwards toward the Asian economies, particularly China. Demographic patterns will only serve to exacerbate the contrasts between East and West.

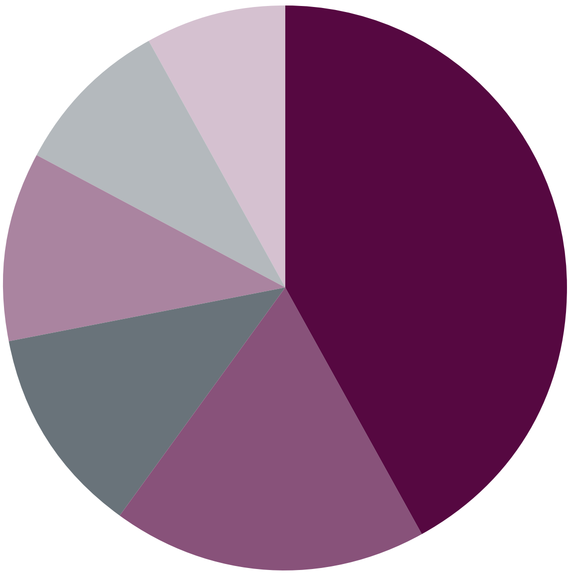
At Utilico we remain confident that utility and infrastructure sectors will remain at the forefront of world development, and should continue to be an attractive investment proposition for the long term investor.

Despite the losses seen within Utilico over the past two financial periods, we remain cautiously optimistic over the underlying performance of the companies Utilico is invested in. The Investment Manager will use the current environment to find attractively priced new investments, while seeking to increase efforts to realise value and capital from the existing portfolio.

J. Michael Collier
16 September 2009

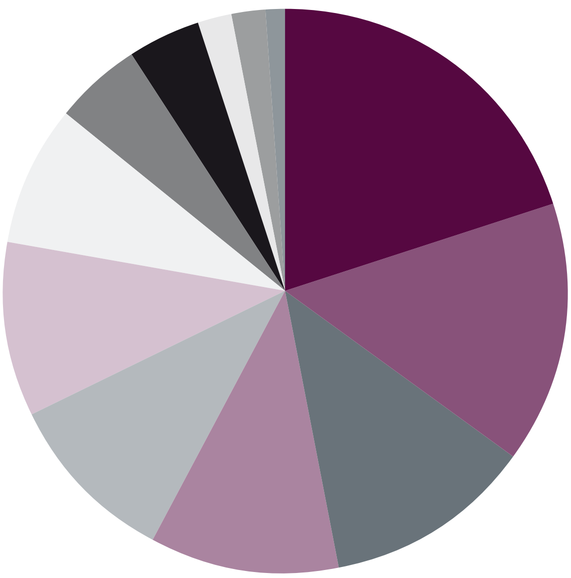
GEOGRAPHICAL AND SECTORAL BREAKDOWN

Geographical split of investments*
as at 30 June 2009



Australasia	42%	(25%)
Europe excluding UK	18%	(28%)
UK	12%	(14%)
Asia & Far East	11%	(11%)
Latin America	9%	(9%)
North America	8%	(13%)

Sectoral split of investments*
as at 30 June 2009



Renewable Energy	20%	(18%)
Electricity	15%	(22%)
Road and Rail	12%	(9%)
Airports	11%	(15%)
Telecoms	10%	(11%)
Gold	10%	(–)
Other	8%	(10%)
Water	5%	(4%)
Ports	4%	(3%)
Investment Funds	2%	(3%)
Gas	2%	(3%)
Postal Services	1%	(1%)
Satellites	–	(1%)

*Basis: based on look through consolidated portfolio.
30 June 2008 figures included in brackets.
Source: Utilico Limited

Utilico ordinary share and diluted NAV performance*
from 14 August 2003 to 30 June 2009

* Incorporating the results of Utilico Investment Trust plc from 14 August 2003 to 19 June 2007, and the results of Utilico Limited from 20 June 2007 onwards.

Source: Utilico Limited

The past two years have been very difficult for markets generally.

Since the inception of Utilico Investment Trust plc, Utilico's NAV per share has increased by 47.6%

The past two years have been very difficult for markets generally and Utilico's assets have endured a second year of declines in valuation. The NAV for the year to June 2009 fell by 34.8% to 146.87p, this coming after the 35.7% fall seen in the period to June 2008. From a peak of 350.29p achieved at June 2007, the NAV has fallen by a cumulative 58.1%.

Over this same period the FTSE All-Share Index fell by 36.2%, so it can be said that Utilico's recent performance has been below that of wider markets. However, it is worth highlighting two points:

Firstly, during this two year period of downturn, Utilico has carried a level of gearing through the use of bank debt and ZDP shares. Utilico's ordinary shareholders' equity was 1.6x geared to gross assets at June 2007, closing at 30 June 2009 with shareholders' equity 2.3x geared. This gearing, which improves net returns when the portfolio is increasing in value, acts to exacerbate losses when assets are falling in value. The Investment Manager's continue to believe that Utilico's portfolio is robust, and that long term returns can be enhanced through an appropriate level of gearing.

Secondly, Utilico's longer term track record is good. Since inception of Utilico Investment Trust plc ("UIT") in August 2003, Utilico's NAV per share has increased by 47.6%, this equates to a compound average growth of 7.5% per annum. This compares well to the FTSE All-Share Index which has increased by just 5.3% over this period, being a compound growth of just 1.0% per annum. This out-performance is calculated after all fees and expenses, including performance related fees, have been taken into account. If one looks back further, to the inception of The Special Utilities Investment Trust PLC in 1993, this out-performance is even more pronounced.

Investment Approach

Our basic approach to investment remains unchanged. The Investment Manager will continue to look for asset backed companies, operating in stable environments, with sound management. The primary investment driver will continue to be one of value. In house resources and systems are continually examined and improved upon where possible, in order to give the Investment Manager the greatest potential to select profitable investments.

The Investment Manager will continue to invest in new sectors such as renewable energy. However, it is noticeable that the strategy of investing in smaller companies, where there is often greater opportunity to both acquire and add value to an investment, has not served Utilico well over the past 12 months. We do, however, continue to believe that this strategy will be beneficial over the longer term.

Investment Activity

Investment activity was broadly similar to the previous period, although weighted toward sales rather than purchases as assets were sold in order to repay bank borrowings.

During the year Utilico realised £89.1m from the portfolio, reinvesting £51.6m, with the balance being mainly utilised to repay debt.

Major sales included £26.7m realised from the Ecofin Water and Power Opportunities Ltd ("Ecofin") investment, including £16.0m realised on the final tender by Ecofin at maturity of the capital shares. £11.2m was received early in the year from the sale of the investment in Cegedel which, as previously reported, had yielded a gain of 100% on cost in just two years. £10.8m was received on the sale of the entire stake held in Flughafen Wien AG ("Vienna Airport"), plus £8.4m on the partial sale of the shares held in Unique Flughafen Zurich AG ("Zurich Airport").

Purchases made included £16.3m into Resolute Mining Ltd ("Resolute") mainly in the form, of 12% 3 year convertible bonds, a further £6.3m into Infratil for their warrant conversion and £4.5m into Renewable Energy Holdings Limited ("REH"), plus investments in holdings outside of the top 10.

The geographic allocation has moved towards Australasia which increased to 42% from 25% as a result of investments in Resolute and Infratil. Europe excluding UK has fallen from 28% to 18%, due to the sale of the Cegedel stake. North America (including Bermuda) has fallen from 13% to 8% as a result of the sale of the Ecofin stake, which had a substantial weighting towards the US.

Sectoral exposure remains broadly unchanged. Renewable energy is now the largest sector partly as a result of investment into REH and partly due to continued exposure to TrustPower which has outperformed. The airports sector has fallen from 15% to 11% due to the sales of Vienna and Zurich Airports as noted above. A new sector, gold, has been established, at 10% as at June 2009. This arises from the investment in Resolute, and is considered in further detail on page 11.

Major Investments

47.2% of Utilico's portfolio is represented by just two investments, Infratil and UEM. However, these offer a diverse underlying exposure.

Infratil invests in electricity and transportation sectors, primarily in New Zealand and Australia. UEM offers a more diverse exposure to emerging market utilities and investment in transportation infrastructure.

The investment in Infratil stood at some £71.0m as at the year end, with Utilico holding 19.7% of Infratil's outstanding ordinary shares at that date. Infratil's share price outperformed wider markets during the year, with a fall in value of 4.9%, and was Utilico's largest investment at June 2009, representing 25.3% of the portfolio. £6.3m was invested in Infratil in the year, this being the second instalment of Infratil's partly paid share issue which closed in July 2008. Shortly after the year end Utilico invested a further £4.1m to partly exercise Infratil's July 2009 warrant issue. Assuming the warrant holding does not change in the meantime, and it remains economic to do so, a further instalment of £8.5m will be paid to finally exercise the warrants on or before May 2010. The Infratil share trades at a discount of over 20% to underlying consensus value, and we would expect this discount to close in the future as the recent share issues and warrant conversions are digested by the market. Infratil's assets have, for the most part, traded well during the year.

The second largest holding is UEM representing 21.9% of Utilico's portfolio, with Utilico holding 24.5% of UEM's outstanding ordinary shares as at the year end. The holding in UEM is the means by which Utilico obtains its exposure to emerging market utility and infrastructure sectors. UEM's NAV fell by 25.3% during the year, with the shares falling in value by 24.2%. UEM's portfolio is more diverse than Infratil, and as such, none of UEM's largest investments feature in Utilico's look through top 10 holdings. The largest investment is Malaysia Airport Holdings Berhad which is Utilico's 13th largest holding on a look through basis, representing 2.2% of the portfolio. Like Utilico, over the past year UEM has focused on reducing risk by way of a reduction in gearing, reducing exposures to higher risk areas such as unregulated electricity generation, and concentrating investment activity in lower risk jurisdictions.

Following the format established last year, we review the major sectors to which Utilico is exposed, and the major holdings therein. In order to aid the better understanding of Utilico's underlying investments, the ten largest holdings and the sector and geographical analysis are presented on a 'look though' basis as though investments held indirectly through Infratil and UEM were held directly by Utilico itself.

Renewable energy

It is becoming increasingly apparent that energy generation of the future will be less carbon intensive than that of the past. This will be achieved through a combination of new nuclear power, particularly in the UK, both small and large scale hydro developments, in Brazil and India, plus on and off-shore wind energy. These forms of energy have two principal drawbacks, a high capital cost and a relatively long lead time for development. However, there is a growing emphasis not only on environmental factors, but also security of supply, and these both count in favour of renewables.

In addition renewable energy is not subject to the high degree of volatility seen in the prices of fuel commodities and will become increasingly competitive in a high fuel cost environment.

Renewable energy has become Utilico's largest sector exposure, with the main holdings being TrustPower, Renewable Energy Generation Limited, and outside the top 10, Renewable Energy Holdings Limited.

TrustPower has enjoyed a very successful period, completing substantial investments in wind farms within their budget, and is now very well positioned with a combination of further growth in renewable generation, coupled with an established New Zealand based energy supply business providing an element of both stability and hedging.

Renewable Energy Generation Ltd ("REG") has had a difficult year in some respects, having received approaches from interested parties which did not materialise into full offers to acquire all or part of the company. Given the resulting uncertainty, it is unsurprising that the shares therefore performed poorly, falling in value by 65.2%. REG is now no longer in bid discussions, and as such can now concentrate on investment into its core wind energy business. Like many small companies, access to capital is less easy than it was, and this may act as a brake on the development of their project pipeline. Current markets are unwilling to ascribe any value to possible future value creation inherent within the pipeline, and we would only expect the shares to recover as value is extracted through delivery of projects.

Utilico has invested into a similarly named company during the year, REH, owning both ordinary shares plus a secured convertible loan note. REH offers a similar profile to REG, but has exposure to Germany, Poland and the UK, plus interests in wave energy technology.

Electricity

The electricity sector remains a substantial sector for Utilico at 15%, having fallen from 22% at the prior period end due to the sale of Cegedel as noted above. Within the top 10, Utilico held both Jersey Electricity Limited and Ascendant Group Limited.

Jersey Electricity Limited ("JEL") continues to trade soundly, and the island of Jersey has performed well during the current downturn. JEL's main issue over the past year has been the devaluation of Sterling against the Euro, given that they buy their power from France in Euros, to supply to clients in Sterling. Sterling fell by a further 7.3% against the Euro in the 12 months to June 2009. Despite the strong share price appreciation of 29.0%, seen during the year, the Investment Manager is of the view that JEL remains substantially undervalued, with a less efficient balance sheet than would otherwise be expected for a mature utility company. This does however give the company a greater degree of financial flexibility over how it finances future investments.

Ascendant Group Limited ("AGL") is the new name for Belco Holdings, a long term investment for Utilico, which re-entered the top 10 holdings during the year. AGL faces similar issues to JEL passing increased input costs to its client base. Like Jersey, Bermuda has proved relatively resilient to the global downturn, and continues to be an attractive destination for investment. Again, like JEL, AGL is largely ungeared and is able to fund the substantial majority of its investments out of cash flow, together with a continuing attractive yield.

A new entrant to the top 10 this year is Infratil Energy Australia, ("IEA"), a business which Infratil has been developing since 2005 to exploit the deregulating Australian energy supply markets. The rate of client, revenue, and profit growth has been very encouraging, and the energy expertise within the Infratil group of companies should ensure this business continues to develop at a fast pace.

Road and Rail (including related technology)

The road and rail sector accounted for 12% of gross assets at June 2009, and includes Vix Technology Pty Ltd, which is Utilico's fourth largest holding on a look through basis. This sector also includes emerging market toll road exposure via UEM. The increase in weighting into this sector is down to out-performance rather than further investment.

Vix Technology Pty Ltd ("Vix") is a new company which has acquired the operating business and assets of ERG Limited (Vix-ERG Ltd). This transaction was completed in order to protect the interest of ERG creditors regarding the on-going litigation with an associated company of the New South Wales Government regarding the cancelled smart card installation contract in Sydney. The largest of Vix projects are essentially complete and will move from negative to positive cash flows, and this should enable returns of capital to be made. £3.8m was received by Utilico in the year, and we expect substantial releases of capital in the current year.

Airports

Airports accounted for 11% of Utilico's gross assets at June 2009, down from 15% at June 2008. The largest airport exposure is Wellington Airport, held via Infratil. Zurich Airport, Vienna Airport, and Infratil Airports Europe ("IAE") have all fallen out of the top ten this year. IAE has fallen out of the top 10 due to relative performance, whereas Utilico has realised much of the position in Zurich Airport and has sold the entire stake in Vienna Airport, realising £19.2m in proceeds from the two, and retaining a £5.5m interest in Zurich Airport at the year end.

As could be expected in the current economic climate, airports across the world have experienced falling passenger levels. Zurich Airport managed to grow passenger numbers by 6.5% during 2008, but experienced a 3.8% decline in the first six months of 2009. Infratil Airports Europe fared less well with an 8.5% fall in passenger numbers in its financial year to March 2009. Freight traffic fell even more, by 34.7%. This decline in activity had a predictable and substantial impact on profitability.

Utilico's largest airport exposure is to Wellington Airport ("Wellington") in New Zealand, held indirectly via Infratil's 66% interest in this company. Pleasingly, Wellington has continued to perform well as a result of a programme of investment, plus increased competition between the airlines which has lowered fares. Passenger numbers increased by 4.7% during its financial year to March 2009, and this has led to improved profitability, which has seen it re-enter Utilico's top 10 investments.

Telecoms

Telecoms declined marginally in weighting, from 11% to 10% during the year. The two largest investments in this sector are Keytech Limited and Newtel Holdings Limited ("Newtel").

Keytech had a difficult year with a combination of reduced business activity, coupled with a substantial investment programme, leading to a fall in profits. It will take some time for the investment programme to deliver value, but the business now has a modern infrastructure platform which should enable it to take advantage of the future development of the Bermuda telecoms market.

Newtel has continued to make progress in the Channel Islands deregulated telecoms sector. Utilico is continuing to work to extract value and capital from this investment, and in August 2009 Newtel announced that it had agreed to sell its Guernsey operations, which will result in a partial but significant return of Utilico's investment.

Gold

Gold is a new sector for Utilico, and while not fitting into the definition of a utility, it is felt that a counter cyclical diversification will be of merit to portfolio management during the current period of economic turbulence. The entry into this sector was principally made through an opportunistic 12% 3 year convertible note investment in Resolute Mining, a company headquartered in Australia but with assets in both Africa and Australia. Utilico has invested a total of £16.3m into this investment, which was pleasingly showing a substantial profit at the year end. The Investment Manager's believe that this investment remains undervalued and has potential for significant upside.

Currency and currency hedging

Currency fluctuations have continued to feature in the year to 30 June 2009. Currency losses of £8.1m were recorded which related to loans which were, at times during the period, partly drawn in US Dollars, Euros and Swiss Francs. Sterling fell in value by 17.4%, 7.3% and 12.1% against the US Dollar, Euro and Swiss Franc respectively. The weakness of Sterling against these currencies also generated translation gains on investments held in those currencies, which is taken into account in the losses on investments of £60.2m. Sterling held relatively steadily against the New Zealand Dollar and Australian Dollar during the year.

In common with previous years, Utilico has maintained currency hedges to partially protect the Sterling value of certain investments. At the year end, forward currency sale contracts were maintained for a nominal NZ$92.5m, and USD10.0m. This is below the level maintained in previous years, and reflects the Investment Manager's view that Sterling is likely to be, on balance, weaker rather than stronger against Utilico's main currencies of investment.

Derivatives

For some time Utilico has operated a strategic hedge via the purchase and sale of equity index options, principally on the S&P 500 Index. These options had a positive net value of £2.3m at June 2009.

The level of put protection is kept under constant review, and will depend upon several factors including the relative position of markets, the price of options as compared to the market, and the Investment Manager's view of likely future volatility and market movements.

Debt

As noted, the level of Utilico's bank debt has fallen during the year, from £69.2m at the start of the year, to £17.0m at the end of the year. This has been done in order to firstly maintain gearing at comfortable levels in a falling market, and secondly to ensure that Utilico continues to operate well within its financial covenants.

The year end bank debt balance was drawn entirely in Sterling, although amounts through the year had also been drawn in US Dollars, Swiss Francs, and Euros

At the year end, Utilico had total banking facilities of £45.0m, with £25.0m available until November 2009, and £20.0m available to November 2010. A £25.0m facility expired in November 2008 which was not renewed. A decision regarding the November 2009 facility will be taken nearer the time based on interest rate spreads available and also Utilico's borrowing requirements.

Throughout the year, Utilico has carried interest rate swap contracts, which were entered into in order to protect against rising interest rates. Unfortunately, these contracts were entered into when interest rates were at higher levels than presently, and as such these contracts are loss making. At the year end, Utilico held two interest rate swap contracts which were carried at a negative value of USD1.0m. The total nominal values of these contracts are USD53.0m and as such are above the current level of bank borrowing. Given the relative small size of these contracts it has not been thought worthwhile to terminate these contracts early, and as such they will terminate on their original expiry dates of November 2009 (USD33.0m) and November 2010 (USD20.0m). Their expiry will reduce Utilico's finance costs, assuming no change in current interest rates.

Cash balances at the year end were broadly unchanged from 30 June 2008 at £4.5m.

Revenue Income

Gross revenue from investments held fell by 18.7% to £8.5m. This was partly a result of sales of investments in order to repay bank debt. It should also be noted that Infratil's final dividend, which was unchanged on previous years, went ex-dividend in July rather than June as it did in 2008, and as such will fall into the current financial year to June 2010 rather than into the June 2009 year. The net effect of this is a reduction in income of some £1.5m, which will be recouped in the year to June 2010. The income not receivable of £0.8m refers to interest accrued in Newtel which has been re-valued to zero as there is some doubt as to whether this interest will be received.

Elsewhere we remain encouraged by dividend payments, particularly in the emerging markets, with UEM maintaining its dividend despite the difficult economic environment. Dividend increases were seen in some investments such as JEL and Zurich Airport, offset by reductions elsewhere including REG. The revenue yield on gross assets increased from 2.3% to 2.6% mainly reflecting the greater proportionate fall in gross assets than revenue.

Expenses

Management, administration, and other expenses fell to £2.4m from £3.1m in the previous period. This reflects management fees which are linked to the level of gross assets. Other costs, such as administration fees, are fixed, and as such the total expense ratio increased marginally from 0.7% to 0.8% in the year.

Finance costs charged through the revenue return fell from £3.6m to £2.6m as a result of the reduction in bank debt.

The bulk of finance costs arise from the three tranches of ZDP shares in issue, these costs being charged against capital return. It should be noted that these costs are fixed and are not affected by movements in interest rates.

Buybacks

Utilico has bought back 4,745,660 ordinary shares for cancellation during the year at a cost of £8.8m, plus it has acquired ZDP shares for investment purposes, which are effectively cancelled on preparing the group consolidated balance sheet. No specific policy exists relating to buy-back of shares, but the Directors will continue to buy back shares if it is felt appropriate. Consideration will be given to the demand for Utilico's shares by market participants, the level of discount between the share price and the NAV, the availability of shares to repurchase, and also other investment opportunities. The Board will renew the authority to buy back up to 14.99% of the ordinary shares in order to preserve its flexibility. It should be noted however, that no shares will be repurchased if, following such purchases, the ZDP share cover on any class of ZDP share would be below 1.4x. At the year end the cover on the 2016 ZDP shares was 1.29x.

TEN LARGEST HOLDINGS[1] ON A LOOK THROUGH BASIS

At 30 June

2009	*2008*	Company *(Country)*	Fair value £'000s	% of total investments
1	*(1)*	**TrustPower Ltd** *(New Zealand)* Integrated electricity company	33,777	12.0%
2	–	**Resolute Mining Ltd** *(Australia)* Gold mining company	26,656	9.5%
3	*(6)*	**Jersey Electricity Company Limited** *(Jersey)* Integrated electricity company	18,846	6.7%
4	–	**Vix Technology Pty Ltd** *(Australia)* Automated fare collection systems operator	18,755	6.7%
5	*(7)*	**Keytech Limited** *(Bermuda)* Telecommunications provider	9,881	3.5%
6	*(9)*	**Newtel Holdings Limited** *(Jersey)* Telecommunications provider	9,285	3.3%
7	–	**Wellington Airport** *(New Zealand)* Airport Operator	8,603	3.1%
8	*(3)*	**Renewable Energy Generation Ltd** *(UK)* Wind power	7,505	2.7%
9	–	**Ascendant Group Limited** *(Bermuda)* Integrated electricity company	7,469	2.7%
10	–	**Infratil Energy Australia** *(Australia)* Electricity generation and supply	6,653	2.4%
		Ten largest holdings	147,430	52.6%
		Other investments	133,601	47.4%
		Total Investments	281,031	100.0%

Notes

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

REVIEW OF THE TEN LARGEST HOLDINGS ON A LOOK THROUGH BASIS

TrustPower Ltd (New Zealand)
www.trustpower.co.nz

TrustPower ("TPW") is a New Zealand generator and supplier of electricity. Utilico's investment is held indirectly, via its investment in Infratil Limited, which in turn holds 50.5% of TPW's share capital. TPW supplies electricity to 227,000 New Zealand retail customers, plus owns and operates 588MW of electricity generation capacity in New Zealand and a further 99MW in Australia, all of which is carbon free, being hydro or wind based. Their portfolio includes the 161MW Tararua Wind Farm, the largest wind farm in the Southern Hemisphere. During the year to March 2009, TPW commissioned its first Australian investment, the 99MW Snowtown Wind Farm in Australia. TPW has consents to develop a further 440MW of wind farm capacity on the South Island of New Zealand, and is seeking consent to develop a further 118MW of new hydro capacity. TPW is also planning to expand its new Australian Snowtown wind farm by a further 235MW. The financial year to March 2009 benefited from the recent investments in the company's generation portfolio, with normalised earnings increasing by 28.3%. This result was achieved in spite of adverse weather patterns causing their generation output to be below long term average levels. TrustPower's share price increased by 6.0% during Utilico's financial year to June 2009.

Resolute Mining Ltd (Australia)
www.resolute-ltd.com.au

Resolute Mining Ltd ("Resolute") is a developer and operator of gold projects, with operations in Africa, principally in Mali and Tanzania, and in Australia and is continuing to actively progress its portfolio of projects. In the current financial year, Resolute's mines at Golden Pride in Tanzania, Ravenswood in Queensland and the newly re-developed Syama in Mali are together forecast to produce approximately 400,000 ounces of gold at an average cash cost of approximately US$560 per ounce. Further, Resolute is committed to expanding its gold resources and production base through exploration. A ramp up of the exploration programme around the Syama Project in Mali continues to deliver promising results with new and expanded satellite resources discoveries now totalling over 1.3M ounces. Several additional targets are currently undergoing resources drilling. Also in Tanzania a new discovery at Kavsav, close to Golden Pride, is now being systematically drilled out.

Utilico's investments are held principally in the form of 12% 3 year convertible loan notes, ordinary shares and options.

The Jersey Electricity Company Limited (Jersey)
www.jec.co.uk

Jersey Electricity ("JEL") is the integrated electricity company serving the Island of Jersey. In recent years the company has faced increasing costs as a result of the increased cost of imported electricity from France together with the strength of the Euro against Sterling. JEL therefore has been forced to implement substantial increases in tariffs, by 19.7% in January 2007 and by 24.0% in January 2009. The company's financial year to September 2008 benefited from the tariff increases to recoup increased costs together with unit sales growth of 5.1%, with normalised earnings increasing by 21.6%. Of course JEL would prefer not to be forced into further tariff increases for 2010, but much will depend upon the Euro to Sterling Exchange rate which remains depressed. The first half results to March 2009 showed a fall in profitability, suggesting that tariffs will need to increase further still. The Jersey regulatory authorities are now conducting an inquiry into electricity tariffs however, the company maintains that it has always set its pricing levels in accordance with all applicable laws and industry practices. An analysis of JEL's published accounts would support the view that the company's returns are not out of line with other utilities in the UK and Europe. Fortunately, electricity demand has remained robust on the island, despite the combination of increased tariffs and financial turbulence, with JEL recording a 2.0% increase in sales volumes in the first half to March. JEL's share price increased by 29.0% during Utilico's financial year to June 2009.

Vix Technology Pty Ltd (Australia)
www.vix-erg.com

Vix Technology Pty Ltd ("Vix") is a new company that was formed to acquire the business of ERG Ltd, (a supplier of smart card based transport ticketing systems) and exploit new growth areas. The company targets three principal areas:

- Transportation (Automated fare collection)
- Payment Solutions
- Communications

In addition there will be supporting divisions for products and software development & research which aim to create synergies between the businesses and generate co-operation.

The year under review has been relatively pleasing with all key transportation projects essentially in commercial operation. These include Stockholm, Rome, Beijing, Salt Lake City, Seattle and San Francisco. In the United Kingdom and France a large number of important projects were completed successfully and a number of orders were received from new group customers. The service businesses in Sydney, Melbourne, Singapore and Hong Kong continued to generate acceptable profits for the group.

Subsequent to the year end, selected USA operations and contracts were sold for a significant profit and the resultant proceeds returned to shareholders, of which Utilico's share was approximately 40%. In addition to the sale proceeds, Utilico is expecting a substantial capital return from the payment of receivables owed by a number of Transit Authorities for their newly installed transit systems.

Keytech Limited (Bermuda)
www.keytech.bm

Keytech Limited ("Keytech") is a Bermuda telecommunications holding company. Its subsidiaries provide local fixed line, mobile, internet and IT services in Bermuda and publish the local Yellow Pages directory. The company also has a small investment outside of Bermuda, principally in Grand Cayman. Utilico slightly increased its holding during the period and holds 14.2% of the ordinary shares. Results for the year to March 2009 saw some weakness in revenues and a fall in margins compared to the year to March 2008. Revenues were down 2.8% and net profit fell 27.4%. The company invested heavily on improving its infrastructure including the installation of its own undersea cable linking Bermuda to the USA. The new infrastructure should result in improved services and lower costs. Keytech's share price fell 38.3% during the period.

Newtel Holdings Limited (Jersey)
www.newtelsolutions.com

Newtel is an unlisted telecommunications company serving the Channel Islands. In recent years the company has expanded from its origins as Jersey's cable TV company, to offer a full range of fixed line telecommunications services in Jersey and Guernsey as an alternative to the established incumbents Jersey Telecom and Cable & Wireless Guernsey. Utilico holds mainly convertible notes issued by the company. The company services both residential customers and corporate clients. In August 2009 Newtel announced that it had agreed to sell its Guernsey operations, which will result in a partial return of Utilico's investment.

Wellington Airport (New Zealand)
www.wellington-airport.co.nz

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

Wellington primarily serves the domestic New Zealand aviation market. Over the year to March 2009 passenger numbers increased 4.7% to 5.3 million and normalised adjusted net earnings rose 5.4% to NZ$32.0m as weak economic conditions were offset by increased airline competition on New Zealand trunk services. Revenues from passenger services increased by 8.3% and over the year the terminal's retail offering was refreshed with four new outlets and refurbishment of two others.

Current growth projects include terminal and runway upgrades which are deemed necessary in the light of the New Zealand and Australian aviation markets integrating and full-service carriers being superseded by, or evolving into, low-cost ones. Wellington forecast a doubling of passenger numbers in the next 20 years requiring additional investment of up to AS$450m on current facilities. The airport also upgraded its bus facilities and this, together with an upgrade to the Airport Flyer service, contributed to a near doubling of bus patronage over the year.

Renewable Energy Generation Ltd (UK)
www.renewableenergygeneration.co.uk

Renewable Energy Generation Ltd ("REG") is a generator of renewable energy through ownership and operation of wind farms, with projects located in both the UK and Canada. REG is in the process of constructing and operating wind farms in both countries, and it will take some years for the company to register material profits as a result. The company has a substantial pipeline of potential projects at varying stages of development in both countries. The UK is an attractive market for production of renewable energy having a generous incentive scheme to encourage development. Historically, the main obstacle to developing renewable energy assets in the UK has been the planning system. However, the planning system is now moving in favour of wind farm developers as the challenge of climate change and security of supply becomes increasingly apparent. Financial incentives are less generous in Canada. It is possible to build larger sites coupled with a simpler planning system, allowing meaningful profit to be generated in a shorter timescale. REG has eight operational wind farms with further sites scheduled to begin operation during their current financial year. In addition to wind farms, REG has operated the first of a number of planned electricity businesses which use waste cooking oil as a feedstock, and brought the first 6MW facility into operation during the year. REG's share price declined 65.2% during the year to June 2009. The share price was negatively affected by the tightening of credit markets, specifically in relation to capital intensive projects. However, we believe the company is well placed to take advantage of opportunities due to better credit availability during the second quarter of 2009, as well as the strong fundamentals of the company.

Ascendant Group Limited (Bermuda)
www.belco.bh

Ascendant Group Limited ("AGL") is, from June 2009, the new name for Belco Holdings Limited, the integrated electricity company serving Bermuda. Unlike JEL which imports power from France, AGL generates all its power requirements on island using fuel oil, and as such is directly exposed to movements in oil prices, which it passes onto its clients. The Bermudan economy has developed strongly in recent years, with electricity sales volumes having increased by over 20% since 2000, and this has required substantial upgrading to both generation facilities and the distribution network. In order to diversify their exposure to oil, and also to fulfil environmental objectives, the company is actively pursuing possible opportunities for renewable energy, and has received several proposals from third party renewable energy development companies. 2008 results showed a mixed picture, with energy volumes overall holding up well, but with a small decline seen in the residential segment as the higher tariffs, linked to fuel adjustments, began to be felt. AGL's normalised earnings fell by 4.5% in the year to December 2008. AGL's share price declined by 26.7% during Utilico's financial year to June 2009.

Infratil Energy Australia (Australia)
www.infratil.com

Infratil Energy Australia ("IEA") is a business which Infratil started from scratch in 2005 to exploit Australia's deregulating power markets. Since then it has grown strongly, achieving a client base of 387,000 accounts generating revenues of A$456m in the 12 months to March 2009. These figures represent growth of 35.3% and 92.5% over the year to March 2008. IEA's primary focus is the energy market in Victoria, and now has an 8% market share in that States' residential energy supply market. In addition to Victoria, IEA is active in the Queensland market, but this has proved to be less attractive than the Victorian market due to price cap limits imposed by the regulatory authorities there. Fortunately, these caps have recently been removed, reducing risks faced by market participants, and this should encourage a faster development of the competitive supply market there. State owned energy supply companies in New South Wales are scheduled to be privatised, with the energy supply markets opened up to competition and new entrant supply companies. This should present further opportunities for IEA. IEA is pursuing a low risk strategy of being vertically hedged as far as practicable, and as such is building generation capacity to cover their energy supply requirements. A 29MW "peaking" power station was commissioned during the year, with a further 120MW due to be completed in 2010.

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

Utilico has a leveraged balance sheet structure, with the ordinary shares leveraged by the ZDP shares and bank debt. In addition Utilico has outstanding warrants.

Ordinary shares

86,372,957 ordinary shares were in issue at 30 June 2009. The ordinary shares are entitled to all the revenue profits of the Company available for distribution and resolved to be distributed by the Directors by way of a dividend. The Directors consider the payment of dividends on a semi-annual basis.

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

Zero dividend preference shares

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

2012 ZDP shares

45,486,200 2012 ZDP shares were in issue at 30 June 2009. The 2012 ZDP shares rank for payment in priority to the ordinary shareholders (save for any undistributed revenue profits on a winding up) and the 2014 and 2016 ZDP shares but rank behind the bank debt for the capital repayment of 177.52p per ZDP share on 31 October 2012. The capital repayment is equivalent to a redemption yield of 7.0% per annum based on the initial capital entitlement of 100p.

2014 ZDP shares

37,500,000 2014 ZDP shares were in issue at 30 June 2009. The 2014 ZDP shares rank for payment in priority to the ordinary shares (save for an undistributed revenue profit on a winding up) and the 2016 ZDP shares, but rank behind the bank debt and the 2012 ZDP shares for capital repayment of 167.60p per 2014 ZDP share on 31 October 2014. The capital repayment is equivalent to a redemption yield of 7.25% per annum based on the initial capital entitlement of 100p.

2016 ZDP shares

37,500,000 2016 ZDP shares were in issue at 30 June 2009.(1) The 2016 ZDP shares rank for payment in priority to the ordinary shares (save for an undistributed revenue profit on a winding up) but rank behind the bank debt, 2012 and 2014 ZDP shares for capital repayment of 192.78p per 2016 ZDP share on 31 October 2016. The capital repayment is equivalent to a redemption yield of 7.25% per annum based on the initial capital entitlement of 100p.

Bank debt

Utilico has a £45.0m multi-currency loan facility provided by The Royal Bank of Scotland plc, secured against the Company's assets by way of a debenture. The facility is split into two tranches, with maturities extending to November 2010.

Utilico has hedged the drawings against adverse movement in interest rates by entering into interest rate swap agreements in order to ensure a constant known effective interest rate for the duration of the longer-term loans.

2012 Warrants

3,589,521 2012 warrants were outstanding on 30 June 2009. Each warrant entitles the holder to subscribe for an ordinary share at a subscription price of 315.00p with the final exercise in April 2012.

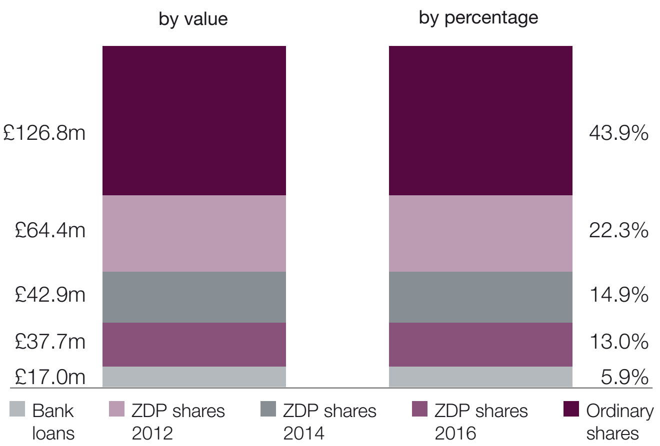
The warrants can be exercised on 30 April and 31 October each year.

(1) Due to Utilico buying back 4,585,000 2016 ZDP shares, on a group level the amount in issue is 32,915,000.

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

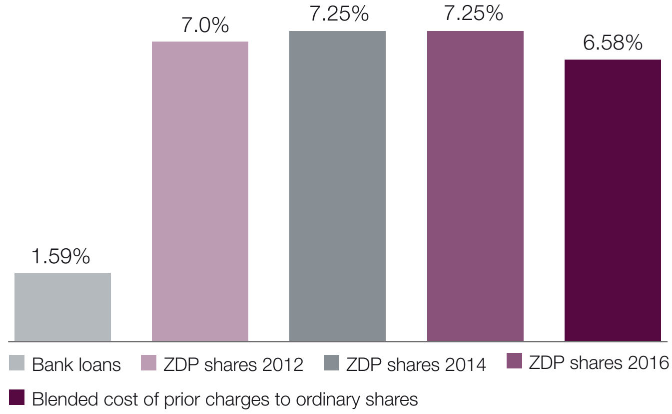
A 1.0% movement in Gross Assets would change the NAV attributable to ordinary shares by 2.3%.

Split of Gross Assets
as at 30 June 2009



Source: Utilico Limited

Utilico's consolidated funding cost structure
as at 30 June 2009



Source: Utilico Limited

SENSITIVITY OF RETURNS AND RISK PROFILES

Ordinary shares

Ordinary shares rank behind the ZDP shares (save for any undistributed revenue on a winding up) and bank debt such that they represent a geared instrument. For every £100 of gross assets of the Company at 30 June 2009, the ordinary shares could be said to be interested in £43.89 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 2.3%.

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 6.6%.

ZDP shares

2012 ZDP shares

Based on their final entitlement of 177.52p per share, the final entitlement of the 2012 ZDP shares were covered 2.96x times by gross assets on 30 June 2009. Should Gross Assets fall by 66.2% over the remaining life of the 2012 ZDP shares, then the 2012 ZDP shares would not receive their final entitlements in full. Should Gross Assets fall by 94.1%, equivalent to an annual fall of 57.4%, the ZDP shares would receive no payment at the end of their life.

2014 ZDP shares

Based on their final entitlement of 167.60p per share, the final entitlement of the 2014 ZDP shares were covered 1.80x times by Gross Assets on 30 June 2009. Should Gross Assets fall by 44.4% 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 66.2%, equivalent to an annual fall of 18.6% 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 were covered 1.29x times by Gross Assets on 30 June 2009. Should Gross Assets fall by 22.5% 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 44.4%, equivalent to an annual fall of 7.9% the 2016 ZDP shares would receive no payment at the end of their life.

INVESTMENT TEAM

The Investment Manager, Ingot Capital Management Pty Ltd ("ICM"), is responsible for the investment portfolio in conjunction with Mr Charles Jillings.

ICM represented by Mr Duncan Saville

Mr Saville, aged 52, is a director of ICM. He is a chartered accountant with experience in corporate finance and corporate investment. His companies have invested in the utility sector for over twenty years. He was formerly a non-executive director of Utilico Investment Trust plc, The Special Utilities Investment Trust PLC, East Surrey Water plc, Dee Valley Water plc, Glasgow Prestwick International Airport Limited and Wellington International Airport Limited and is currently a non-executive director of Infratil Ltd and Vix ERG Ltd.

Mr Charles Jillings

Mr Jillings, aged 54, is an employee of the Company. He is responsible for assisting in the running of the Company and the investment portfolio in conjunction with ICM. Mr Jillings qualified as a chartered accountant and previously was a corporate finance director at Hill Samuel. He set up The Analysis & Research Company Limited in 1995 and has been a director of a number of listed companies. He is currently a director of Utilico Emerging Markets Limited and Newtel Holdings Limited and Chairman of Equest Balkan Properties Ltd.

Assisting them are a team of nine, including:

Mr James Smith

Mr Smith, aged 37, has been involved with Utilico since its inception and before that with The Special Utilities Investment Trust PLC since 1999. Mr Smith is a barrister and a member of the Institute of Chartered Accountants in England and Wales.

Mr Mark Lebbell

Mr Lebbell, aged 37, has been involved with Utilico since its inception and before that with The Special Utilities Investment Trust PLC since 2000. Mr Lebbell is an associate member of the Institute of Engineering and Technology.

Mr Ittan Ali

Mr Ali, aged 37, has been employed by The Analysis & Research Company since March 2008 and was previously employed at TRW Investment Management as a Pan European fund manager. Prior to that he was employed for six years as a fund manager with Majedie Investments plc. Mr Ali is an associate of the UK Society of Investment Professionals.

DIRECTORS

Mr John Michael Collier (Chairman)†*

Mr J M Collier, aged 63 and appointed on 3 May 2007, was educated in Bermuda, the UK and North America. He joined the Bank of Butterfield in Bermuda in 1963 and retired in 1996 as president and chief operating officer. He is currently chairman of Ascendant Group Limited (formerly Belco Holdings Limited) and serves as a director of a number of US and Bermuda Companies.

Ms Susan Hansen†*

Ms S Hansen, aged 48 and appointed on 3 May 2007, is a chartered accountant and MBA graduate and has worked in financial services since 1980. She has previous experience in chartered accountancy and investment banking, and is the principal of a financial training organisation in New Zealand. She is a member of the Institute of Chartered Accountants in Australia.

Mr Warren McLeland*

Mr W McLeland, aged 63 and appointed on 3 May 2007, is a science and MBA graduate and was formerly a stockbroker and investment banker. His 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 a non-executive director of Trust Company, Eclectic Investment Trust plc, Intellect Holdings Limited and Wilsons HTM Investment Group Limited.

Mr E Stobart†*

Mr E Stobart, aged 60 and appointed on 3 May 2007, is a chartered accountant and MBA graduate. He was until recently Senior Group Adviser to Lloyds TSB Group plc. He is currently chairman of the Investment and Funding Committee of the Lloyds TSB Group Pension Schemes, a trustee of the Lloyd's Superannuation Fund and a non executive director of Norwich & Peterborough Building Society, Advent Capital (Holdings) Plc, The Throgmorton Trust PLC, Capita Managing Agency Limited and Falcon Property Trust Limited.

Dr Roger Urwin†*

Dr R Urwin, aged 63 and appointed on 3 May 2007, has many years experience in the international utility sector, playing a major role in the restructuring and privatisation of the UK electricity industry. He was previously chief executive of National Grid plc, a non-executive director of Utilico Investment Trust plc and a former chairman of Alfred McAlpine plc. He is a director of Canadian Utilities Limited.

† Independent Director.

* All the Directors are members of the Audit Committee and Management Engagement Committee.
All are non-executive Directors of both Utilico and Utilico Finance Limited.

The Directors present their report and accounts of the Company and Group for the year to 30 June 2009. The Company and Group commenced trading on 20 June 2007. The subsidiaries of the Company are set out in note 12 to the Accounts.

Results

The results for the year are set out in the attached accounts. The Company is not in a position under Bermuda law to pay dividends.

Principal Activity and Status

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

The Company's subsidiary undertakings, UFL, UNZL and UEMH carry on business as investment companies. The Company holds shares in a segregated account in GERP, an unquoted Bermuda segregated accounts company incorporated on 4 May 2006. This account, which is structured as a protected cell, exists for the sole purpose of carrying out derivatives transactions on behalf of the Company. In accordance with the IASB's interpretation in SIC-12, the segregated account in GERP is classified as a special purpose entity of the Company and its financial results are included within the Accounts of the Group. Details of the subsidiary undertakings and special purpose entity and the interests of those companies are given in note 12 to the Accounts.

Business Review

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

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

Objective

The Company's investment objective is to provide long-term capital appreciation by investing predominantly in infrastructure, utility and related companies (including other investment companies investing in those companies).

Investment Policy

The Company's investment policy is flexible and permits it to make investments predominantly in developed markets and in existing utilities 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 utilities and related sectors.

The Company focuses on the developed markets of Australasia, Western Europe and North America but has the flexibility to invest in markets worldwide. The Company generally seeks to invest in developed markets countries where the Directors believe there are attributes such as political stability, economic development, an acceptable legal framework and an encouraging attitude to foreign investment.

In the emerging markets, Utilico invests indirectly through its holding in UEM.

There will be no material change to the Company's objective and investment policy without prior shareholder approval.

The Board and the Investment Manager review the risk profile of the Group regularly. Agreed risk parameters are established and compliance is reviewed at the quarterly Board Meetings. The parameters adopted by the Board are reviewed at each Board Meeting. These parameters are subject to change. Where changes are made these will be announced to the market.

- Borrowings

  The Group and Company are permitted to borrow an aggregate amount equal to 100% of the Group's Gross Assets. However, the Board has set a current limit on gearing (being total borrowings measured against gross assets) not exceeding 33.3% at the time of draw down. Borrowings will be drawn down in Sterling, US Dollars or any currency for which there is a corresponding asset within the portfolio (at the time of drawing down the value drawn must not exceed the value of the asset in the portfolio).

- Unquoted Investments

  Unquoted and untraded investments excluding GERP, should not collectively exceed 20% of the Gross Assets at the time any such individual investment is made.

- Single Investment
  No single quoted investment may exceed 30% of the Gross Assets at the time the investment is made.
- Hedging
  The Investment Manager will follow a policy of actively hedging the market and balance sheet risks faced by Utilico.

  A review of the investment portfolio, borrowings and hedging is included in the Investment Manager's Report within these Accounts.

Regulatory and Competitive Environment

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

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

Strategy for Achieving Objectives

As part of its strategy, the Board has contractually delegated the management of the investment portfolio to Ingot Capital Management Pty Ltd ("ICM" or the "Investment Manager"), which was appointed Investment Manager to Utilico and UFL on 14 May 2007.

The Company's performance in pursuing its objective is measured against key performance indicators as set out on page 23. A review of the Company's returns during the year, the position of the Company at the year end and the outlook for the coming year is contained within the Chairman's Statement and Investment Manager's Report on pages 5 to 12.

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 (the "Administrator").

The Board applies the principles and recommendations of the UK Combined code on Corporate Governance and the AIC's Code on Corporate Governance as described on pages 27 and 28. The Company's internal controls are described in more detail on pages 29 and 30.

The Company's assets consist mainly of listed and quoted securities and its principal risks are therefore market related or currency related. More detailed explanation of these risks and the way they are managed are contained in note 29 to the accounts. Other risks faced by the Group include the following:

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

Key Staff: loss by the 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;

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

Regulatory: breach of regulatory rules could lead to suspension of the Company's London's Stock Exchange listing, financial penalties or a qualified audit report. The Administrator monitors the Company's compliance with the Listing Rules of the UK

Listing Authority and compliance with the principal rules is reviewed by the Directors at each Board Meeting and Appleby Corporate Services (Bermuda) Ltd ensure that the Company adheres to Bermuda law;

Operational: failure of the Investment Manager's or Administrator's systems, or those of third party service providers could lead to an inability to provide accurate reporting. The Board reviews operational issues at each Board Meeting and the Audit Committee receives reports on the operation of internal controls, as explained in more detail within Internal Controls on page 30;

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

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

Key Performance Indicators

The Board uses a number of performance measures to assess the Company's success in pursuing its objectives. The key performance indicators are as follows:

- NAV total return against the benchmark index;
- Share price total return;
- Discount of the share price to NAV; and
- Total expense ratio.

A historic record of those indicators is contained in the Performance Summary on page 77.

The total expense ratio for the year ended 30 June 2009 was 0.8%.

Outlook

The outlook for the Company is reported in the Chairman's Statement on page 5.

Directors

The Board of Directors of Utilico and UFL are responsible for overall stewardship of the Company and Group, including corporate strategy, corporate governance, risk and controls assessment, overall investment policy and gearing limits. Details of the Directors can be found on page 20.

Mr J M Collier will retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election (Resolution 4).

In accordance with Listing Rule (LR) 15.2.12A any Director of the Company who is a director of another company managed by the Investment Manager should be subject to annual re-election by shareholders. Mr W McLeland is a non-executive director of Eclectic Investment Trust plc, which is also managed by ICM, and is therefore not considered to be an independent Director, retires annually from the Board and, being eligible, offers himself for re-election (Resolution 5).

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

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

Directors' Remuneration and Shareholding

The Directors' Remuneration Report, which can be found on page 31, provides detailed information on the remuneration arrangements for Directors of Utilico and UFL. Shareholders will be asked to approve the Directors' Remuneration Report at the Annual General Meeting for Utilico (Resolution 3). The Directors' remuneration is not conditional upon the resolution being passed.

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

2009	Ordinary shares	Warrants	ZDP shares
J M Collier	20,000	–	–
S Hansen	7,000	–	–
W McLeland	–	–	–
E Stobart	10,000	136	–
R Urwin	144,371	5,294	52,029

2008	Ordinary shares	Warrants	ZDP shares
J M Collier	–	–	–
S Hansen	–	–	–
W McLeland	–	–	–
E Stobart	3,500	136	–
R Urwin	144,371	5,294	52,029

There have been no changes in the Directors' interests in the shares of Utilico and UFL between 30 June 2009 and 16 September 2009.

Management

Utilico and UFL have an investment management agreement dated 14 May 2007 (the "Investment Management Agreement") with ICM. The Investment Manager provides portfolio monitoring, research and other investment management services to the Group and is entitled to receive a fee equal to 0.5% per annum of the Group's Gross Assets after deducting current liabilities (excluding borrowings incurred for investment purposes) payable semi-annually in arrears (plus any applicable GST). The Investment Manager will also be reimbursed its reasonable out of pocket expenses, including travel and related costs. The Investment Management Agreement may be terminated upon one year's notice in writing given by Utilico and UFL and not less than six months notice given by ICM.

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

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

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

Administration

Utilico and UFL and the Investment Manager also have an administration agreement with the Administrator, dated 14 May 2007 (the "Administration Agreement"), under which the Administrator provides company secretarial, financial and general administrative services to the Utilico and UFL 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. Either party may terminate this agreement upon six months' notice in writing.

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 meet shareholders if required. The Annual General Meeting of the Company provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and the Investment Manager. The notice of the forthcoming Annual General Meeting for Utilico to be held on 30 November 2009 is set out on page 71.

A separate Annual General Meeting will be held for shareholders of UFL immediately following the Annual General Meeting of Utilico on 30 November 2009. In accordance with the Bye-Laws of UFL, ZDP shareholders have the right to receive a notice of, but shall not have the right as such to attend or vote at, any Annual General Meeting of UFL. A separate Notice accompanies this report for shareholders in UFL.

Authority for Utilico to Purchase its Own Shares (Resolution 8)

Resolution 8 authorises Utilico to purchase in the market initially up to a maximum of 12,947,306 ordinary shares (equivalent to approximately 14.99% of the ordinary share capital at the date of this Report). This authority will expire on 31 May 2011 unless it is varied, revoked or renewed prior to that date at the Company's Annual General Meeting in 2010 or at any other general meeting by ordinary resolution. The price paid for each class of share will be within the maximum price permitted by the UK Listing Authority and in accordance with the Bermuda Companies Act, and in any event no purchase of ordinary shares will be made at a price in excess of the diluted NAV per ordinary share (at a date determined by the Directors falling not more than 10 days before the date of purchase). Any ordinary shares may only be purchased at a price such that immediately after such purchase the ZDP Cover (as defined in the Company's Bye-Laws) would be at least 1.4 times.

A separate resolution is being put to shareholders of UFL to buy back its own ZDP shares.

The Directors would use this authority with the objective of enhancing shareholder value. Purchases will only be made within guidelines established from time to time by the Board, through the market for cash at prices below the prevailing diluted net asset value of the relevant share.

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

Under the terms of the warrant instrument the Company has the ability to buy back warrants. Any warrants bought back by the Company will be cancelled and shall not be available for re-issue.

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

Auditor

The auditors have indicated their willingness to continue in office and a resolution concerning their reappointment and authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting (Resolutions 6 and 7).

The auditors provide non-audit services to the Company, the details of which are set out in note 5 to the accounts.

Going Concern

The Directors believe that in light of the controls and review process noted in this Report, that the Group has adequate resources to continue in operation within its stated policy and objective for the foreseeable future. Accordingly, the accounts continue to be drawn up on the basis that the Group is a going concern.

Corporate Governance

The Corporate Governance Statement on pages 27 to 30 forms part of the Report of the Directors.

Individual Savings Accounts

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

Share Capital

Full details of changes to the Group's authorised and issued share capital during the year can be found in note 19 to the Accounts.

During the year under review the Company purchased 4,745,660 ordinary shares for cancellation. A further 880,000 ordinary shares held in treasury were cancelled during the year.

Substantial Share Interests

As at 16 September 2009, the following holdings, representing 3% or more of the Company's issued share capital, had been notified to the Company:

	Number of ordinary shares held	% held
General Provincial Life Pension Fund (L) Limited	45,436,884	52.6
Foreign & Colonial Investment Trust plc	10,452,260	12.1

Creditor Payment Policy

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

There were no trade creditors at the year end.

Duration of the Company

As Utilico and UFL are intended as long-term investment vehicles they will have no termination date or any periodic continuation votes.

Recommendation

The Directors consider that the passing of the Resolutions to be proposed at the Annual General Meeting is in the best interests of the Company and its shareholders as a whole and they unanimously recommend that all shareholders vote in favour of these resolutions.

By order of the Board
F&C Management Limited,
Company Secretary
16 September 2009

Bermuda does not have its own corporate governance code and, as a Bermuda incorporated company, the Company is not required to comply with the UK Combined Code on Corporate Governance issued by the Financial Reporting Council (the "Combined Code") available at website www.frc.org.uk. However, it is the Company's policy to comply with best practice on good corporate governance and maintain the same level of governance as UK listed investment companies. The Board has considered the principles set out in the UK Combined Code and the AIC Code of Corporate Governance (the "AIC Code").

Except as disclosed below, the Company complied throughout the year with the recommendations of the AIC Code and the relevant provisions of the Combined Code. Since, all the Directors are non-executive, and in accordance with the AIC Code and the preamble of the Combined Code, the provisions of the Combined Code on the role of chief executive and, excepting so far as they apply to non-executive Directors, on Directors' remuneration are not relevant to the Company and are not reported on further.

In view of its non-executive nature and the requirement of the Bye-Laws that all Directors retire by rotation at least every three years, the Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by provision A.7.2 of the Combined Code and principle 3 of the AIC Code nor for a Senior Independent Director to be appointed, as recommended by A.3.3 of the Combined Code and principle 1 of the AIC Code, nor for there to be a Nomination Committee, as recommended by provision A.4.1 of the Combined Code and principle 9 of the AIC Code.

The Board

The Directors' biographical details on page 20 of this report demonstrate the wide range of skills and experience that the Directors bring to the Board. The non-executive Directors have each signed a letter of appointment to formalise in writing the terms of their engagement as non-executive Directors.

One third of the Board is subject to retirement by rotation each year. In addition, all Directors are required to submit themselves for re-election at least every three years.

The Board consists solely of non-executive Directors of which Mr J M Collier is Chairman. All of the Directors, apart from Mr W McLeland, are considered to be independent from the Investment Manager. Mr W McLeland sits on the boards of more than one company managed by the Investment Manager and he may therefore not be regarded as an independent Director and will be subject to annual re-election by shareholders.

The Board, with only five Directors, operates without a Nomination Committee. The Directors recognise the value of progressive refreshing of, and succession planning for, company boards. The Directors will regularly review the structure of the Board, including the balance of expertise and skills brought by individual Directors. The Board 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. However, the Board has put a policy into place where Directors who have served for nine years or more will be subject to annual re-election.

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

The Combined Code provides that the Board should undertake a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors. In order to review its effectiveness, the Board carries out a process of formal self-appraisal. The Directors consider how the Board functions as a whole and also reviews the individual performance of its members, this process being led by the Chairman. In addition, the performance of the Chairman is evaluated by the other Directors. 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. It is currently not felt appropriate 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.

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

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

	Board	TBd	AC	MEC
No of meetings	4	4	2	1
J M Collier	4	4	2	1
S Hansen	4	1	2	1
W McLeland	4	1	2	1
E Stobart	3	1	2	1
R Urwin	4	1	2	1

TBd = Telephonic Board
AC = Audit Committee
MEC = Management Engagement Committee

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

The Board has direct access to the advice and services of the Company Secretary, F&C Management Limited, which is responsible for ensuring that Board and Committee procedures are followed and applicable regulations are complied with.

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

Management

Utilico and UFL have an Investment Management Agreement with ICM, which provides portfolio monitoring, research and other investment management services to the Group. Under the terms of the Investment Management Agreement, ICM provides the services of three employees.

The operation of custodial services and the provision of accounting and company secretarial services have been delegated to the Administrator, F&C Management Limited.

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

Remuneration Committee

Since the Company has no executive Directors, the detailed Directors' Remuneration disclosure requirements set out in Combined Code Provisions B.1 to B.1.6, and B.2.1 to B.2.4 are not relevant.

Throughout the year the Audit Committee and the Management Engagement Committee have been in operation.

Audit Committee

The Audit Committee, chaired by Mr E Stobart, operates within written terms of reference, which are available on request, clearly setting out its authority and duties.

The Audit Committee comprises all of the Directors and will meet at least twice a year. It is considered that there is a range of recent and relevant financial experience amongst the members of the Audit Committee.

The primary role of the Audit Committee is to review the Group's accounting policies, the contents of the accounts, the adequacy and scope of the external audit and compliance with regulatory and financial reporting requirements. In addition, it also reviews the provision of non-audit services by the external auditors, the risks to which the Company is exposed and the controls in place to mitigate those risks.

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

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

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

Auditors

The Audit Committee has direct access to the auditors, Grant Thornton UK LLP. The auditors attend the Audit Committee meeting to review the annual results and provide a comprehensive review of the audit of the Group. The Audit Committee also has the opportunity to meet with the auditors without management being present.

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

The Audit Committee has also reviewed the provision of non-audit services by the auditors. In the year under review, non-audit fees amounted to £11,000. It is considered that the non-audit fees are non-material and that the services provided are cost effective and in no way impede the independence of the auditors.

Management Engagement Committee

The Board has appointed a Management Engagement Committee, chaired by Mr E Stobart, which operates within written terms of reference, which are available on request, clearly setting out its authority and duties.

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

Internal Controls and Management of Risk

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

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

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

In addition, the Administrator produces an Annual Report of Internal Corporate Governance to the standards of the Assurance reports on internal controls of service organisations made available to third parties (AAF 01/06) issued by the Institute of Chartered Accountants in England and Wales for its clients. This sets out the control policies and procedures with respect to the duties carried out by the Administrator on the Company's behalf. The effectiveness of these controls is monitored by the Administrator's group audit and compliance committee, which receives regular reports from the Administrator's audit and risk department. The Company's Audit Committee has received and reviewed the Statement for the year ended 31 December 2008, together with a report from the Administrator's group audit and compliance committee on the effectiveness of the internal controls maintained on behalf of the Group.

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

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

Investor Relations

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

Shareholders wishing to communicate with the Chairman or other members of the Board may do so by writing to the Company at its registered office address, which can be found on page 73.

All shareholders are encouraged to attend the Annual General Meeting, at which shareholders will be given an opportunity to question the Chairman and the Board. The Chairman and other members of the Board are also available to meet with the Company's institutional shareholders between such meetings. Proxy voting figures are announced to shareholders at the Annual General Meeting.

Corporate Governance, Socially Responsible Investment and Voting Policy

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 being followed, the Company will encourage changes towards this goal.

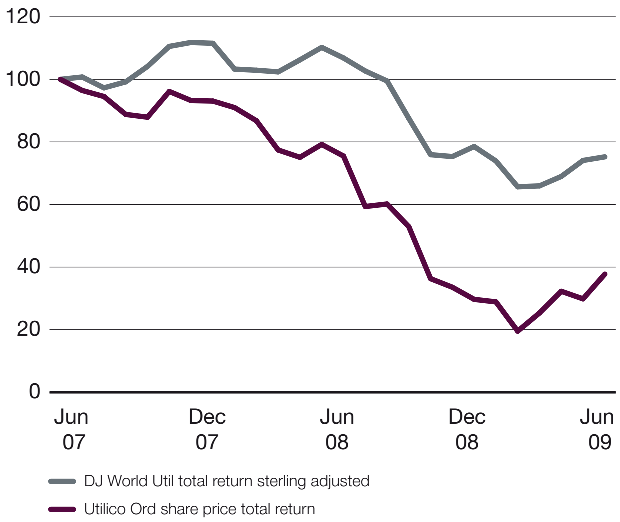
The Company supports the boards of companies with its vote unless it sees clear investment reasons for doing otherwise. It is the Company's policy to exercise its voting rights at shareholder meetings of investee companies.

DIRECTORS' REMUNERATION REPORT

The Board of Utilico and UFL consists solely of non-executive Directors and considers, at least annually or more frequently as required, the level of Directors' fees. The Company Secretary provides information on comparative levels of Directors' fees in advance of each review. There is no Remuneration Committee.

Utilico Share Price Total Return

from 20 June 2007 to 30 June 2009
(rebased 20 June 2007)



Source: Datastream

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

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

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

In the year under review, the Chairman received a fee of £35,000 and the other Directors received £25,000 each. The Chairman of the Audit Committee, Mr E Stobart, received an additional £12,500 for the year to 30 June 2008 (comprising £7,500 for the year to 30 June 2009 and a further £5,000 for the period to 30 June 2008 to reflect the work undertaken by Mr E Stobart during the audit process).

No element of the Directors' remuneration is performance-related.

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

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

Remuneration for Qualifying Services

	Fees for services to the Company	
Director	2009 £'000s	2008 £'000s
J M Collier (Chairman)	35	38
S Hansen	25	24
W McLeland	25	24
E Stobart*	38	29
R Urwin	25	24
Total	148	139

Mr E Stobart's fee includes £7,500 for being Chairman of the Audit Committee, he also received a further £5,000 for the additional work undertaken for the period to 30 June 2008 following the appointment of Grant Thornton UK LLP as auditors to the Group (2008: fees include £5,000 for being Chairman of the Audit Committee).

The information in the above table has been audited (see the Independent Auditors' Report on page 33).

By order of the Board
F&C Management Limited,
Secretary
16 September 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Accounts of the Group and Company in accordance with applicable Bermuda law and IFRSs.

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

- select suitable accounting policies in accordance with IAS 8: Accounting policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRSs have been followed; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

To the best of the knowledge of the Directors, the accounts give a true and fair view of the assets, liabilities, financial position and loss of the Group and Company, and the Investment Manager's report includes a fair review of development and performance of the business and a description of the principal risks and uncertainties that they face.

In so far as the Directors are aware:

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

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

Approved by the Board on 16 September 2009 and signed on its behalf by

J Michael Collier
Chairman

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF UTILICO LIMITED

We have audited the Group and Parent Company Accounts of Utilico Limited for the year ended 30 June 2009 which comprise the Group and Parent Company income statements, the Group and Parent Company statements of changes in equity, the Group and Parent Company balance sheets, the Group and Parent Company cash flow statements, and notes 1 to 30. These Accounts have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report, and the Accounts in accordance with applicable Bermuda law and International Financial Reporting Standards (IFRSs as adopted by the European Union) are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the Accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). We are also responsible for auditing the Directors' Remuneration Report in accordance with International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the Accounts give a true and fair view and whether the Accounts have been properly prepared in accordance with the Companies Act 1981 of Bermuda.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit. We read other information contained in the Annual Report on pages 1 to 32 and consider whether it is consistent with the Accounts. We consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the Accounts. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the Accounts and disclosures in the Accounts and the part of the Directors' Remuneration Report that is stated as having been audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Accounts and the part of the Directors' Remuneration Report that is stated as having been audited, are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Accounts and the part of the Directors' Remuneration Report that is stated as having been audited.

Opinion

In our opinion:

- the Accounts give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's and the Parent Company's affairs as at 30 June 2009 and of the Group's and the Parent Company's loss for the year then ended;
- the Accounts have been properly prepared in accordance with the Companies Act 1981 of Bermuda; and
- the part of the Directors' Remuneration Report that is stated as having been audited shows the fees paid by the Company to its Directors.

Grant Thornton UK LLP
Chartered Accountants
London
16 September 2009

GROUP INCOME STATEMENT

Notes		Year to 30 June 2009			Period to 30 June 2008 restated (see notes 1 and 30)		
		Revenue return £'000s	**Capital return £'000s**	**Total return £'000s**	Revenue return £'000s	Capital return £'000s	Total return £'000s
11	Losses on investments	**–**	**(60,202)**	**(60,202)**	–	(88,057)	(88,057)
14	Gains on derivative instruments	**–**	**2,689**	**2,689**	–	19,140	19,140
	Exchange gains/(losses)	**20**	**(8,141)**	**(8,121)**	3	(5,573)	(5,570)
2	Investment and other income	**8,506**	**2,172**	**10,678**	10,465	–	10,465
	Total income	**8,526**	**(63,482)**	**(54,956)**	10,468	(74,490)	(64,022)
3	Income not receivable	**(789)**	**–**	**(789)**	–	–	–
4	Management and administration fees	**(1,601)**	**–**	**(1,601)**	(2,291)	111	(2,180)
5	Other expenses	**(811)**	**(27)**	**(838)**	(795)	(21)	(816)
	Profit/(loss) before finance costs and taxation	**5,325**	**(63,509)**	**(58,184)**	7,382	(74,400)	(67,018)
6	Finance costs	**(2,551)**	**(9,983)**	**(12,534)**	(3,618)	(9,809)	(13,427)
7	Reduction of ZDP share liability	**–**	**1,533**	**1,533**	–	–	–
	Profit/(loss) before taxation	**2,774**	**(71,959)**	**(69,185)**	3,764	(84,209)	(80,445)
8	Taxation	**(358)**	**–**	**(358)**	(860)	–	(860)
	Profit/(loss) for the period	**2,416**	**(71,959)**	**(69,543)**	2,904	(84,209)	(81,305)
9	**Earnings per ordinary share (basic) – pence**	**2.77**	**(82.62)**	**(79.85)**	3.56	(103.32)	(99.76)
9	**Earnings per ordinary share (diluted) – pence**	**2.77**	**(82.62)**	**(79.85)**	3.24	n/a	n/a

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

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

All items in the above statement derive from continuing operations.

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

INCOME STATEMENT OF THE COMPANY

Notes		Year to 30 June 2009			Period to 30 June 2008		
		Revenue return £'000s	**Capital return £'000s**	**Total return £'000s**	Revenue return £'000s	Capital return £'000s	Total return £'000s
11	Losses on investments	**–**	**(55,019)**	**(55,019)**	–	(94,251)	(94,251)
14	(Losses)/gains on derivative instruments	**–**	**(995)**	**(995)**	–	25,364	25,364
	Exchange losses	**–**	**(8,610)**	**(8,610)**	–	(5,677)	(5,677)
2	Investment and other income	**8,484**	**2,172**	**10,656**	10,298	–	10,298
	Total income	**8,484**	**(62,452)**	**(53,968)**	10,298	(74,564)	(64,266)
3	Income not receivable	**(789)**	**–**	**(789)**	–	–	–
4	Management and administration fees	**(1,601)**	**–**	**(1,601)**	(2,291)	111	(2,180)
5	Other expenses	**(738)**	**(27)**	**(765)**	(709)	(21)	(730)
	Profit/(loss) before finance costs and taxation	**5,356**	**(62,479)**	**(57,123)**	7,298	(74,474)	(67,176)
6	Finance costs	**(2,551)**	**(10,116)**	**(12,667)**	(3,530)	(9,809)	(13,339)
	Profit/(loss) before taxation	**2,805**	**(72,595)**	**(69,790)**	3,768	(84,283)	(80,515)
8	Taxation	**(359)**	**–**	**(359)**	(790)	–	(790)
	Profit/(loss) for the period	**2,446**	**(72,595)**	**(70,149)**	2,978	(84,283)	(81,305)
9	**Earnings per ordinary share (basic) – pence**	**2.81**	**(83.36)**	**(80.55)**	3.65	(103.41)	(99.76)
9	**Earnings per ordinary share (diluted) – pence**	**2.81**	**(83.36)**	**(80.55)**	3.33	n/a	n/a

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

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

All items in the above statement derive from continuing operations.

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

GROUP STATEMENT OF CHANGES IN EQUITY

for the year to 30 June 2009

	Ordinary share capital £'000s	Share premium account £'000s	Warrant reserve £'000s	Non-distributable reserve £'000s	Retained earnings: Capital reserves £'000s	Retained earnings: Revenue reserve £'000s	Total £'000s
Balance at 30 June 2008	9,200	242,188	3,051	32,067	(84,209)	2,904	205,201
(Loss)/profit for the year	–	–	–	–	(71,959)	2,416	(69,543)
Conversion of warrants	–	1	–	–	–	–	1
Ordinary shares repurchased by the Company	(563)	(8,238)	–	–	–	–	(8,801)
Balance at 30 June 2009	**8,637**	**233,951**	**3,051**	**32,067**	**(156,168)**	**5,320**	**126,858**

for the period to 30 June 2008

	Ordinary share capital £'000s	Share premium account £'000s	Warrant reserve £'000s	Non-distributable reserve £'000s	Retained earnings: Capital reserves £'000s	Retained earnings: Revenue reserve £'000s	Total £'000s
(Loss)/profit for the period (restated – see notes 1 and 30)	–	–	–	–	(84,209)	2,904	(81,305)
Issue of ordinary share capital and warrants	7,966	238,030	35,118	–	–	–	281,114
Issue costs of ordinary share capital	–	(547)	–	–	–	–	(547)
Conversion of warrants	1,234	6,719	(32,067)	32,067	–	–	7,953
Purchase of ordinary shares held in treasury	–	(2,014)	–	–	–	–	(2,014)
Balance at 30 June 2008	9,200	242,188	3,051	32,067	(84,209)	2,904	205,201

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

for the year to 30 June 2009

	Ordinary share capital £'000s	Share premium account £'000s	Warrant reserve £'000s	Non-distributable reserve £'000s	Retained earnings Capital reserves £'000s	Retained earnings Revenue reserve £'000s	Total £'000s
Balance at 30 June 2008	9,200	242,188	3,051	32,067	(84,283)	2,978	205,201
(Loss)/profit for the year	–	–	–	–	(72,595)	2,446	(70,149)
Conversion of warrants	–	1	–	–	–	–	1
Ordinary shares repurchased by the Company	(563)	(8,238)	–	–	–	–	(8,801)
Balance at 30 June 2009	**8,637**	**233,951**	**3,051**	**32,067**	**(156,878)**	**5,424**	**126,252**

for the period to 30 June 2008

	Ordinary share capital £'000s	Share premium account £'000s	Warrant reserve £'000s	Non-distributable reserve £'000s	Retained earnings Capital reserves £'000s	Retained earnings Revenue reserve £'000s	Total £'000s
(Loss)/profit for the period	–	–	–	–	(84,283)	2,978	(81,305)
Issue of ordinary share capital and warrants	7,966	238,030	35,118	–	–	–	281,114
Issue costs of ordinary share capital	–	(547)	–	–	–	–	(547)
Conversion of warrants	1,234	6,719	(32,067)	32,067	–	–	7,953
Purchase of ordinary shares held in treasury	–	(2,014)	–	–	–	–	(2,014)
Balance at 30 June 2008	9,200	242,188	3,051	32,067	(84,283)	2,978	205,201

BALANCE SHEETS

Notes	at 30 June	GROUP 2009 £'000s	GROUP 2008 restated (see notes 1 and 30) £'000s	COMPANY 2009 £'000s	COMPANY 2008 £'000s
	Non current assets				
11	Investments	**281,031**	378,806	**288,399**	413,252
	Current assets				
13	Other receivables	**3,248**	2,745	**3,248**	2,694
14	Derivative financial instruments	**2,444**	45,525	**–**	730
	Cash and cash equivalents	**4,496**	5,423	**4,355**	3,996
		10,188	53,693	**7,603**	7,420
	Current liabilities				
15	Bank loans	**–**	(25,000)	**–**	(25,000)
16	Other payables	**(912)**	(2,274)	**(151,508)**	(146,305)
14	Derivative financial instruments	**(1,375)**	(15,652)	**(1,242)**	–
		(2,287)	(42,926)	**(152,750)**	(171,305)
	Net current assets/(liabilities)	**7,901**	10,767	**(145,147)**	(163,885)
	Total assets less current liabilities	**288,932**	389,573	**143,252**	249,367
	Non current liabilities				
17	Bank loans	**(17,000)**	(44,166)	**(17,000)**	(44,166)
18	Zero dividend preference shares	**(145,074)**	(140,206)	**–**	–
	Net assets	**126,858**	205,201	**126,252**	205,201
	Equity attributable to equity holders				
19	Ordinary share capital	**8,637**	9,200	**8,637**	9,200
20	Share premium account	**233,951**	242,188	**233,951**	242,188
21	Warrant reserve	**3,051**	3,051	**3,051**	3,051
22	Non-distributable reserve	**32,067**	32,067	**32,067**	32,067
23	Capital reserves	**(156,168)**	(84,209)	**(156,878)**	(84,283)
23	Revenue reserve	**5,320**	2,904	**5,424**	2,978
	Total attributable to equity holders	**126,858**	205,201	**126,252**	205,201
24	**Net asset value per ordinary share**				
	Basic – pence	**146.87**	225.20	**146.17**	225.20

Approved by the Board on 16 September 2009 and signed on its behalf by

J Michael Collier		Eric Stobart

CASH FLOW STATEMENTS

Notes	period to 30 June	GROUP 2009 £'000s	GROUP 2008 restated (see notes 1 and 30) £'000s	COMPANY 2009 £'000s	COMPANY 2008 £'000s
25	Cash flows from operating activities	**68,158**	(74,475)	**69,970**	(86,438)
	Cash flows from investing activities	**–**	–	**–**	–
	Cash flows before financing activities	**68,158**	(74,475)	**69,970**	(86,438)
	Financing activities				
	Equity dividends paid	**–**	–	**–**	–
	Movement on borrowings	**(64,754)**	80,335	**(64,754)**	91,996
	Proceeds from warrants exercised	**1**	7,954	**1**	7,954
	Cost of share buy back	**(8,801)**	(2,014)	**(8,801)**	(2,014)
	Cash flows on issue of ordinary share capital	**–**	203	**–**	(667)
	Cash flows from financing activities	**(73,554)**	86,478	**(73,554)**	97,269
	Net increase in cash and cash equivalents	**(5,396)**	12,003	**(3,584)**	10,831
	Cash and cash equivalents at the beginning of the period	**5,423**	–	**3,996**	–
	Effect of movement in foreign exchange	**4,469**	(6,580)	**3,943**	(6,835)
	Cash and cash equivalents at the end of the period	**4,496**	5,423	**4,355**	3,996

1. ACCOUNTING POLICIES

The Company is an investment company incorporated in Bermuda on 17 January 2007 and quoted on The London Stock Exchange. The Company commenced trading on 20 June 2007.

The consolidated Accounts comprise the results of the Company and its subsidiaries, Utilico Finance Limited, Utilico NZ Limited and UEM Holdings Limited and its special purpose entity, Global Equity Risk Protection Limited (together referred to as the "Group"). For the period to 30 June 2008 the Group accounts have been restated to include the consolidation of GERP. In the accounts for the period to 30 June 2008, the holding in GERP was accounted as a related party investment. Following a review of the structure and of the rights attaching to the Company's shares in GERP, the Board has come to the conclusion that the IASB's Interpretation SIC-12 applies, and the assets and liabilities in the protected cell that underlie the Company's shareholding should be consolidated (see notes 12 and 30). The Group is engaged in a single segment of business, focusing on providing long term capital appreciation by investing predominantly in infrastructure, utility and related companies.

(a) Basis of accounting

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

There have been no significant changes to the accounting policies during the year to 30 June 2009.

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

Where presentational recommendations set out in the revised Statement of Recommended Practice "Accounts 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 note 1(i) and 1(j) below). Net revenue returns are allocated via the revenue return to the Revenue Reserve, out of which dividends are payable.

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 may not be distributed by way of a dividend and are allocated via the capital return to 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
IAS 1 (revised) Presentation of Financial Statements Comprehensive revision including requiring a statement of comprehensive income	1 January 2009
IFRS 7 Financial Instrument: Disclosures – Improving Disclosures about Financial Instruments	1 January 2009
IFRS 8 Operating Segments	1 January 2009
IAS 23 Borrowing Costs (revised March 2007)	1 January 2009
IAS 27 Consolidated and Separate Financial Statements (revised 2008)	1 July 2009

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

In the process of applying the Group's accounting policies, judgements relating to investments have had the most significant effect on the amounts recognised in the Accounts, and details of those judgements are set out in accounting policy 1(c).

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(c).

(b) Basis of consolidation

The consolidated Accounts include the Accounts of the Company, its subsidiary undertakings and its special purpose entity. All intra group transactions, balances, income and expenses are eliminated on consolidation. Associate undertakings held as part of the investment portfolio (see 1(c) 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 IAS39 Financial Instruments: Recognition and Measurement.

1. ACCOUNTING POLICIES (CONTINUED)

(c) 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. As the Group's business is investing in financial assets with a view to profiting from their total return in the form of dividends, interest or increases in fair value, its investments are designated as being at fair value through profit or loss on initial recognition. The Company accounts for its subsidiaries and special purpose entity as investment holdings.

The gains and losses on investments and derivatives are analysed within the Income Statement as they arise, as capital return. Quoted investments are shown at fair value using bid market prices. The fair value of unlisted investments is determined by the Board. The Board makes use of recognised valuation techniques and takes into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values and other relevant factors.

Traded options and similar derivative financial instruments are valued at open market prices.

(d) Cash and cash equivalents

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

(e) Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of issue costs, irrespective of the duration of the instrument.

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

(f) Zero dividend preference shares

The ZDP shares, due to redeem in 2012, 2014 and 2016 at a redemption value of 177.52 pence per share, 167.60 pence per share and 192.78 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 rate method.

(g) 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 Statements and analysed as capital or revenue as appropriate. Forward foreign exchange contracts are valued in accordance with quoted market rates. The Income Statement and Cash Flow Statements of the overseas subsidiaries are translated at weighted average rates of exchange for the relevant reporting period, other than material exceptional items which are translated at the rate on the date of the transaction and assets and liabilities are translated at exchange rates prevailing at the relevant balance sheet date.

(h) 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 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 applicable. Bank and short-term deposit interest is recognised on an earned basis. These are brought into the Income Statement and analysed as revenue returns.

(i) 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 advisory fees (calculated under the terms of the management agreement), which are analysed under the capital return, as the Directors believe such fees arise from capital performance.

(j) Finance costs

Finance costs are accounted for on an effective interest rate 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.

1. ACCOUNTING POLICIES (CONTINUED)

(k) Dividends payable
Dividends paid by the Company are accounted for in the period in which the Company is liable to pay them. Dividends paid are reflected in the Statement of Changes in Equity.

(l) Capital reserve
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(i) and 1(j) together with any associated tax relief

Capital reserve – arising on investments held

- increases and decreases in the valuation of investments held at the period end

(m) Warrant reserve
The imputed net proceeds on initial issue of warrants, based on the market value of the warrants on the first day of listing, are transferred out of share premium account to the warrant reserve. On exercise, or cancellation, the imputed net proceeds are transferred to a separate non-distributable reserve.

2. INVESTMENT AND OTHER INCOME

	Year to 30 June 2009			Period to 30 June 2008 restated (see note 30)		
GROUP	**Revenue £'000s**	**Capital £'000s**	**Total £'000s**	Revenue £'000s	Capital £'000s	Total £'000s
Investment income:						
UK franked dividends	**771**	**–**	**771**	1,036	–	1,036
Overseas dividends	**6,064**	**–**	**6,064**	8,047	–	8,047
Overseas and UK interest	**698**	**–**	**698**	589	–	589
Stock interest	**775**	**–**	**775**	180	–	180
	8,308	**–**	**8,308**	9,852	–	9,852
Other income						
Interest on cash and short-term deposits	**198**	**–**	**198**	–	–	–
Liquidation distribution from Utilico Investment Trust plc	**–**	**2,172**	**2,172**	613	–	613
Total income	**8,506**	**2,172**	**10,678**	10,465	–	10,465
Total income comprises:						
Dividends	**6,835**	**–**	**6,835**	9,083	–	9,083
Interest from investments	**1,473**	**–**	**1,473**	769	–	769
Other income	**198**	**2,172**	**2,370**	613	–	613
	8,506	**2,172**	**10,678**	10,465	–	10,465
Income from Investments comprises:						
Listed UK	**716**	**–**	**716**	474	–	474
Listed overseas	**4,408**	**–**	**4,408**	5,788	–	5,788
Unlisted	**3,184**	**–**	**3,184**	3,590	–	3,590
	8,308	**–**	**8,308**	9,852	–	9,852

2. INVESTMENT AND OTHER INCOME (CONTINUED)

		Year to 30 June 2009			Period to 30 June 2008	
COMPANY	**Revenue £'000s**	**Capital £'000s**	**Total £'000s**	Revenue £'000s	Capital £'000s	Total £'000s
Investment income:						
UK franked dividends	**771**	**–**	**771**	1,036	–	1,036
Overseas dividends	**6,064**	**–**	**6,064**	7,899	–	7,899
Overseas and UK interest	**698**	**–**	**698**	589	–	589
Stock interest	**775**	**–**	**775**	180	–	180
	8,308	**–**	**8,308**	9,704	–	9,704
Other income						
Interest on cash and short-term deposits	**176**	**–**	**176**	594	–	594
Liquidation distribution from Utilico Investment Trust plc	**–**	**2,172**	**2,172**	–	–	–
Total income	**8,484**	**2,172**	**10,656**	10,298	–	10,298
Total income comprises:						
Dividends	**6,835**	**–**	**6,835**	8,935	–	8,935
Interest from investments	**1,473**	**–**	**1,473**	769	–	769
Other income	**176**	**2,172**	**2,348**	594	–	594
	8,484	**2,172**	**10,656**	10,298	–	10,298
Income from investments comprises:						
Listed UK	**716**	**–**	**716**	474	–	474
Listed overseas	**4,408**	**–**	**4,408**	5,242	–	5,242
Unlisted	**3,184**	**–**	**3,184**	3,988	–	3,988
	8,308	**–**	**8,308**	9,704	–	9,704

3. INCOME NOT RECEIVABLE

	Year to 30 June 2009			Period to 30 June 2008		
GROUP AND COMPANY	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
Accrued interest not to be received	**789**	**–**	**789**	–	–	–

4. MANAGEMENT AND ADMINISTRATION FEES

	Year to 30 June 2009			Period to 30 June 2008		
GROUP AND COMPANY	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
Payable to:						
Ingot Capital Management Pty Ltd ("ICM")						
– management fee	**1,306**	**–**	**1,306**	1,987	–	1,987
– performance fee	**–**	**–**	**–**	–	(111)	(111)
F&C Management Limited – administration fee	**295**	**–**	**295**	304	–	304
	1,601	**–**	**1,601**	2,291	(111)	2,180

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

Included within the fees of £1,306,000 (2008: £1,987,000) paid to ICM is £143,000 (2008: £120,000) salary and PAYE costs relating to full time employees of the Company. These costs were deducted from the management fee payable by the Company to ICM. The average number of employees of the Company in the year was four.

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 holder's funds were £279.0m. In calculating any performance fee payable, the holding in UEM is removed from the calculation in order that any such fee is charged solely on the performance of the portfolio excluding the investment in UEM. For the year to 30 June 2009 the attributable shareholders' funds were below the high watermark and therefore no performance fee is payable.

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

5. OTHER EXPENSES

GROUP	Year to 30 June 2009 Revenue £'000s	Year to 30 June 2009 Capital £'000s	Year to 30 June 2009 Total £'000s	Period to 30 June 2008 restated (see note 30) Revenue £'000s	Period to 30 June 2008 restated (see note 30) Capital £'000s	Period to 30 June 2008 restated (see note 30) Total £'000s
Auditors' remuneration:						
for audit services	**90**	**–**	**90**	88	–	88
for other services*	**11**	**–**	**11**	27	–	27
Directors' fees:						
fees for services to the Company (see Directors' Remuneration Report on page 31)	**148**	**–**	**148**	139	–	139
Sundry expenses	**562**	**27**	**589**	541	21	562
	811	**27**	**838**	795	21	816

COMPANY	Year to 30 June 2009 Revenue £'000s	Year to 30 June 2009 Capital £'000s	Year to 30 June 2009 Total £'000s	Period to 30 June 2008 Revenue £'000s	Period to 30 June 2008 Capital £'000s	Period to 30 June 2008 Total £'000s
Auditors' remuneration:						
for audit services	**77**	**–**	**77**	75	–	75
for other services*	**11**	**–**	**11**	27	–	27
Directors' fees:						
fees for services to the Company (see Directors' Remuneration Report on page 31)	**148**	**–**	**148**	139	–	139
Sundry expenses	**502**	**27**	**529**	468	21	489
	738	**27**	**765**	709	21	730

* Total Auditors' remuneration for other services amounts to £11,000 and was for all other services, reviewing interim statements, loan covenants and offshore status (2008: £27,000 and was for all other services, reviewing interim statements and was paid to PWC prior to their resignation).

Auditors' remuneration in respect of the subsidiaries for audit services amounts to £21,000 of which £14,000 was paid by the Company (2008: £21,000 of which £14,000 was paid by the Company) and for the special purpose entity £5,000 (2008: £5,000).

6. FINANCE COSTS

	Year to 30 June 2009			Period to 30 June 2008		
GROUP	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
Loans and overdrafts repayable within 1 year	**810**	**–**	**810**	1,679	–	1,679
Loans and overdrafts repayable between 2 and 5 years	**1,741**	**–**	**1,741**	1,939	–	1,939
ZDP shares	**–**	**9,983**	**9,983**	–	9,809	9,809
	2,551	**9,983**	**12,534**	3,618	9,809	13,427

	Year to 30 June 2009			Period to 30 June 2008		
COMPANY	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
Loans and overdrafts repayable within 1 year	**810**	**–**	**810**	1,591	–	1,591
Loans and overdrafts repayable between 2 and 5 years	**1,741**	**–**	**1,741**	1,939	–	1,939
Intra-group loan accounts	**–**	**10,116**	**10,116**	–	9,809	9,809
	2,551	**10,116**	**12,667**	3,530	9,809	13,339

7. REDUCTION OF ZDP SHARE LIABILITY

	Year to 30 June 2009			Period to 30 June 2008		
GROUP	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
Gain on 2016 ZDP shares held as an investment in the Company	–	1,533	1,533	–	–	–

8. TAXATION

	Year to 30 June 2009			Period to 30 June 2008		
GROUP	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
Overseas taxation	**(358)**	**–**	**(358)**	(860)	–	(860)

	Year to 30 June 2009			Period to 30 June 2008		
COMPANY	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
Overseas taxation	**(359)**	**–**	**(359)**	(790)	–	(790)

Taxation suffered on dividend income in UNZL is New Zealand income tax. Profits of the Company and subsidiaries for the year are not subject otherwise to any other taxation within their countries of residence.

9. EARNINGS PER ORDINARY SHARE

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

	GROUP Year to 30 June 2009 £'000s	GROUP Period to 30 June 2008 restated (see note 30) £'000s	COMPANY Year to 30 June 2009 £'000s	COMPANY Period to 30 June 2008 £'000s
Revenue	**2,416**	2,904	**2,446**	2,978
Capital	**(71,959)**	(84,209)	**(72,595)**	(84,283)
Total	**(69,543)**	(81,305)	**(70,149)**	(81,305)
	Number	Number	**Number**	Number
Weighted average number of shares in issue during the period for basic earnings per share calculations	**87,091,318**	81,501,932	**87,091,318**	81,501,932

Diluted earnings per ordinary share

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

GROUP AND COMPANY	Year to 30 June 2009 Number	Period to 30 June 2008 Number
Weighted average number of shares in issue during the period for basic earnings per share calculations	**87,091,318**	81,501,932
Dilutive potential shares	**–**	8,015,924
Weighted average number of shares for diluted earnings per share calculations	**87,091,318**	89,517,856

10. DIVIDENDS

There were no dividends paid in the year (2008: nil).

11. INVESTMENTS

GROUP	Listed £'000s	Unlisted £'000s	2009 Total £'000s	Listed £'000s	Unlisted £'000s	2008 restated Total £'000s
Investments brought forward						
Cost	295,262	172,279	467,541	–	–	–
Losses	(79,618)	(9,117)	(88,735)	–	–	–
Valuation	215,644	163,162	378,806	–	–	–
Movements in the period:						
Purchases at cost	28,575	22,979	51,554	365,637	174,415	540,052
Sales						
proceeds	(74,533)	(14,594)	(89,127)	(70,012)	(3,177)	(73,189)
realised net (losses)/gains on sales	(15,485)	2,560	(12,925)	(363)	1,041	678
Losses on investments held at period end	(6,159)	(41,118)	(47,277)	(79,618)	(9,117)	(88,735)
Valuation carried forward	148,042	132,989[1]	281,031	215,644	163,162[2]	378,806
Analysed at 30 June						
Cost	228,858	181,457	410,315	295,262	172,279	467,541
Losses	(80,816)	(48,468)	(129,284)	(79,618)	(9,117)	(88,735)
Valuation	148,042	132,989	281,031	215,644	163,162	378,806

1. Includes £83,215,000 of investments quoted on a regulated exchange.
2. Includes £121,927,000 of investments quoted on a regulated exchange.

COMPANY	Listed £'000s	Unlisted £'000s	Subsidiaries £'000s	2009 Total £'000s	Listed £'000s	Unlisted[1] £'000s	Subsidiaries[1] £'000s	2008 Total £'000s
Investments brought forward								
Cost	275,117	172,279	61,170	508,566	–	–	–	–
Losses	(59,626)	(9,117)	(26,571)	(95,314)	–	–	–	–
Valuation	215,491	163,162	34,599	413,252	–	–	–	–
Movements in the period:								
Purchases at cost	33,194	22,979	–	56,173	345,491	174,415	106,544	626,450
Sales								
proceeds	(75,570)	(18,782)	(31,655)	(126,007)	(70,011)	(3,177)	(45,759)	(118,947)
realised net (losses)/gains on sales	(15,275)	2,582	–	(12,693)	(363)	1,041	385	1,063
(Losses)/gains on investments held at period end	(5,288)	(37,933)	895	(42,326)	(59,626)	(9,117)	(26,571)	(95,314)
Valuation carried forward	152,552	132,008[2]	3,839	288,399	215,491	163,162[3]	34,599	413,252
Analysed at 30 June								
Cost	212,505	177,269	29,514	419,288	275,117	172,279	61,170	508,566
Losses	(59,953)	(45,261)	(25,675)	(130,889)	(59,626)	(9,117)	(26,571)	(95,314)
Valuation	152,552	132,008	3,839	288,399	215,491	163,162	34,599	413,252

1. GERP investment re-anaylsed from unlisted to subsidiaries (see note 1).
2. Includes £83,215,000 of investments quoted on a regulated exchange.
3. Includes £121,927,000 of investments quoted on a regulated exchange.

11. INVESTMENTS (CONTINUED)

Losses on investments

	GROUP 2009 £'000s	GROUP 2008 restated (see note 30) £'000s	COMPANY 2009 £'000s	COMPANY 2008 £'000s
(Losses)/gains based on historical cost	**(18,539)**	678	**(19,443)**	1,063
Add losses recognised in previous periods	**5,614**	–	**6,750**	–
(Losses)/gains on investments sold in year based on carrying value at previous balance sheet date	**(12,925)**	678	**(12,693)**	1,063
Losses on investments held at period end	**(47,277)**	(88,735)	**(42,326)**	(95,314)
Losses on investments	**(60,202)**	(88,057)	**(55,019)**	(94,251)

11. 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 Company had the following associate undertakings at 30 June 2009:

	Intellect Solutions Pty Limited	Newtel Holdings Limited	OneLink Holdings Limited	O Twelve Estates Limited	Renewable Energy Holdings Limited	Sasial Vehicle Technologies Limited	Utilico Emerging Markets Limited	Vix Technology Pty Ltd
Country of registration, incorporation and operations	Australia	Jersey	Australia	Guernsey	Isle of Man	Cyprus	Bermuda	Australia
Number of ordinary shares held	247,216	–	1,366,800	24,675,179	18,945,426	460	52,333,424	44,327,352
Percentage of ordinary shares held	44.0%	–(1)	34.2%	20.1%	28.9%	23.0%	24.5%	39.8%
Number of S shares(10) held	n/a	n/a	n/a	n/a	n/a	n/a	2,187,204	n/a
Percentage of S shares held	n/a	n/a	n/a	n/a	n/a	n/a	23.9%	n/a
Number of warrants held	n/a	n/a	n/a	n/a	n/a	n/a	10,811,675	n/a
Percentage of warrants held	n/a	n/a	n/a	n/a	n/a	n/a	33.8%	n/a
Income from associate undertaking included in the revenue account of the Group ('000s)	–	–	–	–	–	£36	£2,512	–
Value of interest in associated undertaking included in the balance sheet of the Group ('000s)	£2,178	£9,285	$5,437	£1,234	£5,873	£1,875	£61,601	£18,755
Gross assets ('000s)	n/a(2)	£7,735(3)	$10,565(5)	£187,002(5)	£65,706(6)	£1,315(7)	£284,743(8)	n/a(9)
Gross liabilities ('000s)	n/a(2)	£11,312(3)	$4,121(4)	£194,384(5)	£36,664(6)	£1,490(7)	£54,010(8)	n/a(9)
Gross revenues ('000s)	n/a(2)	£6,007(3)	$44,544(4)	£18,222(5)	£5,308(6)	n/a(7)	£(112,001)(8)	n/a(9)
Net profit/Loss before tax ('000s)	n/a(2)	£(2,236)(3)	$3,622(4)	£(92,122)(5)	£(1,990)(6)	£(691)(7)	£(119,298)(8)	n/a(9)
Share of taxation charge ('000s)	n/a(2)	n/a(3)	$(372)(4)	£(35)(5)	£(25)(6)	£16(7)	£(29,192)(8)	n/a(9)
Share of retained profits/(losses) ('000s)	n/a(2)	n/a(3)	$867(4)	£(18,591)(5)	£(550)(6)	£(143)(7)	£(28,891)(8)	n/a(9)
Share of net assets/(liabilities) ('000s)	n/a(2)	n/a(3)	$2,204(4)	£(1,487)(5)	£8,393(6)	£(40)(7)	£56,461(8)	n/a(9)

(1) Newtel Holdings Limited is considered an associate due to holdings in convertible notes which, if converted, would result in a shareholding above 20%.
(2) Intellectual Solutions is in its first period of trading and therefore has not produced any statutory accounts to date.
(3) Based on the latest published accounts of Newtel Holdings Limited for the year to 31 March 2008.
(4) Based on the latest published accounts of One link Holdings Limited for the year to 30 June 2008.
(5) Based on the latest published accounts of O Twelve Estates Limited for the year to 31 March 2009.
(6) Based on the latest published accounts of Renewable Energy Holdings Limited for the year to 31 December 2008.
(7) Based on the latest published accounts of Sasial Vehicle Technologies Limited for the period to 31 December 2008.
(8) Based on the latest published accounts of Utilico Emerging Markets Limited for the year to 31 March 2009.
(9) Vix Technology Pty Ltd is in its first period of trading and therefore has not produced any statutory accounts to date.
(10) S shares have the same rights as warrants and are eligible for inclusion in an ISA.

11. INVESTMENTS (CONTINUED)

Transactions with Associate Undertakings

Intellect Holdings
During the year Intellect Holdings Ltd restructured, repaying A$1.5m of the secured loan notes to Utilico Limited, and converted the remaining loan notes (held by Utilico and UNZL) into debt and equity instruments in Intellect Solutions Limited.

Additionally Utilico granted a secured loan facility, subject to certain conditions, totalling A$4m to Intellect Solutions Limited. During the period A$2.2m was drawn down on this facility.

Newtel Holdings
During the year £300,000 was advanced to the company as secured loans.

One link Holdings
Transfer of 1,366,800 Ordinary and 10,200,000 X Class shares from ERG Limited in lieu of A$9,500,000 lent by Utilico Ltd to ERG Limited.

O Twelve Estates Limited
There were no transactions in the year.

Renewable Energy Holdings Limited
Purchase of 1,675,000 ordinary shares in the market at a cost of £638,000.

Sasial Vehicle Technologies Limited
There were no transactions in the year.

Utilico Emerging Markets Limited
There were no transactions in the year.

Vix Technology Pty Ltd
44,327,352 ordinary shares in VIX Technology Pty Limited were issued in lieu of loans made by Utilico Ltd to ERG Limited as part the restructuring of the business. A$2,790,715 and €100,000 were advanced to the company as loans.

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

Undertaking	Country of registration and incorporation	Class of instrument held	% of class of instrument held
Jersey Electricity Company Limited	Jersey	A shares*	50.6%
Infratil	New Zealand	2009 warrants	42.2%
Infratil	New Zealand	Ordinary shares	19.7%
Infratil	New Zealand	2012 warrants	17.4%
Renewable Energy Generation Ltd	Guernsey	Ordinary shares	18.2%
Keytech Ltd	Bermuda	Ordinary shares	18.1%
Ascendant Group Ltd	Bermuda	Ordinary shares	7.9%

*Represents 19.2% of total share capital and 5.5% of the voting rights of the company.

12. SUBSIDIARY UNDERTAKINGS INCLUDING SPECIAL PURPOSE ENTITY

The following were subsidiary undertakings of the Company at 30 June 2009.

	Country of operation, registration and incorporation	Number & class of shares held	Holdings & voting rights %
UEM Holdings Limited	Bermuda	100 preference shares of £1 each	100
The subsidiary was incorporated, and commenced trading on, 4 April 2006 to carry on business as an investment company.			
Utilico Finance Limited	Bermuda	10 ordinary share of 10p nil paid share	100
The subsidiary was incorporated, and commenced trading, on 17 January 2007 to carry on business as an investment company.			
Utilico NZ Limited	New Zealand	1,000,001 ordinary shares of NZ$1 each	100
The subsidiary was incorporated, and commenced trading, on 9 September 2004 to carry on business as an investment company.			

The Company holds 3,920 Class A shares in a segregated account in GERP, an unquoted Bermuda segregated accounts company incorporated on 4 May 2006. The segregated account, which is structured as 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, and 19.9% of the voting rights, of GERP. Under the IASB's interpretation SIC-12 the segregated account in GERP, represented by the A shares, is classified as a special purpose entity of the Company and its financial results are included within the Accounts of the Group (see note 1(b)).

13. OTHER RECEIVABLES

	GROUP		COMPANY	
	30 June 2009 £'000s	30 June 2008 £'000s	**30 June 2009 £'000s**	30 June 2008 £'000s
Sales for future settlement	**1,238**	26	**1,238**	26
Accrued income	**1,080**	2,322	**1,080**	2,322
Other debtors	**930**	397	**930**	346
	3,248	2,745	**3,248**	2,694

14. DERIVATIVE FINANCIAL INSTRUMENTS

GROUP	Current assets £'000s	Current liabilities £'000s	2009 Net current assets/ (liabilities) £'000s	Current assets £'000s	Current liabilities £'000s	2008 restated (see note 30) Net current assets/ (liabilities) £'000s
Forward foreign exchange contracts GBP/NZD	–	(612)	(612)	730	–	730
Futures and options – USD	2,444	(133)	2,311	38,407	(11,525)	26,882
Futures and options – GBP	–	–	–	6,388	(4,127)	2,261
Interest rate SWAPs – USD	–	(630)	(630)	–	–	–
Total derivative financial instruments	2,444	(1,375)	1,069	45,525	(15,652)	29,873

COMPANY	Current assets £'000s	Current liabilities £'000s	2009 Net current assets/ (liabilities) £'000s	Current assets £'000s	Current liabilities £'000s	2008 Net current assets/ (liabilities) £'000s
Forward foreign exchange contracts – GBP/NZD	–	(612)	(612)	730	–	730
Interest rate SWAPs – USD	–	(630)	(630)	–	–	–
Total derivative financial instruments	–	(1,242)	(1,242)	730	–	730

Changes in derivatives
Total net current derivative financial instruments are as follows:

	GROUP 2009 £'000s	GROUP 2008 restated £'000s	COMPANY 2009 £'000s	COMPANY 2008 £'000s
Valuation brought forward	29,873	–	730	–
Net acquisitions	(43,509)	(40,805)	–	(28,889)
Settlements	12,016	51,538	(977)	4,255
Gains and losses	2,689	19,140	(995)	25,364
Valuation carried forward	1,069	29,873	(1,242)	730

15. BANK LOANS – CURRENT LIABILITIES

GROUP AND COMPANY	30 June 2009 £'000s	30 June 2008 £'000s
£25.000 million repayable November 2008	–	25,000

At 30 June 2009, the Company had a committed loan facility of £45,000,000 from Royal Bank of Scotland ("RBS"), £25,000,000 expires on 29 November 2009 and £20,000,000 expires on 29 November 2010 (30 June 2008: the Company committed loan facility with RBS was £70,000,000 of which £25,000,000 expired on 29 November 2008). 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.

RBS has a floating charge over the assets of the Company in respect of amounts owing under the loan facility, and a fixed charge over the assets of the Company in respect of interest rate swaps, secured by a debenture dated 11 May 2007.

16. OTHER PAYABLES

	GROUP 2009 £'000s	GROUP 2008 restated (see note 30) £'000s	COMPANY 2009 £'000s	COMPANY 2008 £'000s
Purchases for future settlement	–	398	–	398
Accrued finance costs	117	573	117	573
Intra-group loans (see note 27)	–	–	150,613	144,166
Overseas tax	–	103	–	–
Accrued expenses	795	1,200	778	1,168
	912	2,274	151,508	146,305

17. BANK LOANS – NON CURRENT LIABILITIES

GROUP AND COMPANY	30 June 2009 £'000s	30 June 2008 £'000s
£17.0m repayable November 2010	17,000	–
US$48.577 million repayable November 2009	–	24,409
US$20.000 million repayable November 2010	–	10,050
£9.707 million repayable November 2008	–	9,707
	17,000	44,166

18. ZERO DIVIDEND PREFERENCE "ZDP" SHARES

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

Three classes of ZDPS have been issued as follows:

2009	Number	2012 £'000s	Number	2014 £'000s	Number	2016 £'000s	Total £'000s
Authorised							
Utilico Finance ZDP shares of 10p each	60,592,190	6,059	50,000,000	5,000	50,000,000	5,000	n/a
Balance at 30 June 2008	45,486,200	60,218	37,500,000	39,994	37,500,000	39,994	140,206
Cancellation of ZDP shares held by the Company	–	–	–	–	(4,585,000)	(5,115)	(5,115)
Finance costs (see note 6)	–	4,212	–	2,952	–	2,819	9,983
Balance at 30 June 2009	45,486,200	64,430	37,500,000	42,946	32,915,000	37,698	145,074

2008	Number	2012 £'000s	Number	2014 £'000s	Number	2016 £'000s	Total £'000s
Issued on 20 June 2007	45,486,200	56,147	37,500,000	37,500	37,500,000	37,500	131,147
Issue costs of ZDP shares	–	–	–	(375)	–	(375)	(750)
Finance costs (see note 6)	–	4,071	–	2,869	–	2,869	9,809
Balance at 30 June 2008	45,486,200	60,218	37,500,000	39,994	37,500,000	39,994	140,206

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

2012 ZDP shares

ZDP shares with a redemption date of 31 October 2012 were issued in UIT on 7 May 2004. As part of the scheme of reconstruction implementing the proposals for the voluntary winding-up and reconstruction of UIT, each UIT ZDP shareholder received one UFL ZDP share for every UIT ZDP share held on 8 June 2007. Based on the initial entitlement of a UIT ZDP share of 100p on 7 May 2004, a 2012 ZDP share will have a final capital entitlement at the end of its life on 31 October 2012 of 177.52p, equating to a 7 per cent. per annum gross redemption yield.

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 cent. per annum gross redemption yield.

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 cent. per annum gross redemption yield.

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

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

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

On a liquidation of Utilico and/or UFL, to the extent that the relevant classes of UFL 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 UFL 2012 ZDP Shares shall rank in priority to the UFL 2014 ZDP Shares and the UFL 2016 ZDP Shares; and

(ii) the UFL 2014 ZDP Shares shall rank in priority to the UFL 2016 ZDP Shares.

The entitlement of UFL ZDP Shareholders of a particular class shall be determined in proportion to their holdings of UFL ZDP Shares of that class.

19. ORDINARY SHARE CAPITAL

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

2009	Shares held in Treasury Number	Shares entitled to dividend Number	Total shares in issue Number	Total shares in issue £'000s
Balance at 30 June 2008	880,000	91,118,323	91,998,323	9,200
Purchase of ordinary shares	–	(4,745,660)	(4,745,660)	(475)
Issued on exercise of warrants	–	294	294	–
Balance at 30 June 2009	880,000	86,372,957	87,252,957	8,725
Shares cancelled that were held in treasury	(880,000)	–	(880,000)	(88)
Balance at 30 June 2009	**–**	**86,372,957**	**86,372,957**	**8,637**

2008	Shares held in Treasury Number	Shares entitled to dividend Number	Total shares in issue Number	Total shares in issue £'000s
In issue on 20 June 2007	–	79,656,782	79,656,782	7,966
Issued on exercise of warrants	–	12,341,541	12,341,541	1,234
Purchase of ordinary shares held in treasury	880,000	(880,000)	–	–
Balance at 30 June 2008	880,000	91,118,323	91,998,323	9,200

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.

During the year 4,745,660 ordinary shares were purchased at a cost of £8,801,000 and cancelled (2008: 880,000 ordinary shares were purchased at a total cost of £2,014,000 and held in treasury). The 880,000 shares held in treasury at 30 June 2008 were cancelled in the year. Since the year end no further ordinary shares have been purchased.

Warrants

At 30 June 2008 3,589,815 Utilico 2012 warrants were in issue. On 31 October 2008, 294 Utilico 2012 Warrants were exercised. At 30 June 2009 3,589,521 Utilico 2012 warrants were in issue.

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

20. SHARE PREMIUM ACCOUNT

GROUP AND COMPANY	2009 £'000s	2008 £'000s
Balance brought forward	**242,188**	–
Premium on issue of shares	**–**	273,148
Issue costs of ordinary share capital	**–**	(547)
Transfer to warrant reserve on issue of warrants	**–**	(35,118)
Premium on conversion of warrants	**1**	6,719
Purchase of ordinary shares	**(8,326)**	–
Purchase of ordinary shares held in treasury	**–**	(2,014)
Transfer to ordinary share capital on cancellation of ordinary shares held in treasury	**88**	–
Balance carried forward	**233,951**	242,188

21. WARRANT RESERVE

GROUP AND COMPANY	2009 £'000s	2008 £'000s
Balance brought forward	**3,051**	–
Transfer from share premium account on issue of warrants	**–**	35,118
Transfer to non-distributable reserve on exercise of warrants	**–**	(32,067)
Balance carried forward	**3,051**	3,051

22. NON-DISTRIBUTABLE RESERVE

GROUP AND COMPANY	2009 £'000s	2008 £'000s
Balance brought forward	**32,067**	–
Transfer from warrant reserve	**–**	32,067
Balance carried forward	**32,067**	32,067

23. OTHER RESERVES

2009 GROUP	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Capital reserves total £'000s	Revenue reserve £'000s
Losses on investments sold in the year	(12,925)	–	(12,925)	–
Transfer on investments sold in the year	(5,614)	5,614	–	–
Gains on derivative financial instruments sold in the year	10,094	–	10,094	–
Transfer on derivative financial instruments sold in the year	(8,827)	8,827	–	–
Exchange losses	(8,141)	–	(8,141)	–
Finance income	1,533	–	1,533	–
Other capital income	2,172	–	2,172	–
Other capital charges	(27)	–	(27)	–
ZDP shares finance charges	(9,983)	–	(9,983)	–
Losses on investments held at the year end	–	(47,277)	(47,277)	–
Losses on derivative financial instruments held at the year end	–	(7,405)	(7,405)	–
Amount transferred to revenue reserve	–	–	–	2,416
	(31,718)	(40,241)	(71,959)	2,416
Balance at 30 June 2008	13,353	(97,562)	(84,209)	2,904
Balance at 30 June 2009	**(18,365)**	**(137,803)**	**(156,168)**	**5,320**

2008 – restated GROUP	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Capital reserves total £'000s	Revenue reserve £'000s
Gains on investments sold in the period	678	–	678	–
Gains on derivative financial instruments sold in the period	27,967	–	27,967	–
Exchange losses	(5,573)	–	(5,573)	–
Performance fee (see note 4)	111	–	111	–
Other capital charges	(21)	–	(21)	–
ZDP shares finance charges	(9,809)	–	(9,809)	–
Losses on investments held at the period end	–	(88,735)	(88,735)	–
Losses on derivative financial instruments held at the period end	–	(8,827)	(8,827)	–
Amount transferred to revenue reserve	–	–	–	2,904
Balance at 30 June 2008	13,353	(97,562)	(84,209)	2,904

23. OTHER RESERVES (CONTINUED)

2009 COMPANY	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Capital reserves total £'000s	Revenue reserve £'000s
Losses on investments sold in the period	(12,693)	–	(12,693)	–
Transfer on investments sold in the year	(6,750)	6,750	–	–
Gains on derivative financial instruments sold in the period	247	–	247	–
Transfer on derivative financial instruments sold in the year	730	(730)	–	–
Exchange losses	(8,610)	–	(8,610)	–
Other capital income	2,172	–	2,172	–
Other capital charges	(27)	–	(27)	–
Intra-group loan account finance charges	(10,116)	–	(10,116)	–
Losses on investments held at the period end	–	(42,326)	(42,326)	–
Losses on derivative financial instruments held at the period end	–	(1,242)	(1,242)	–
Amount transferred to revenue reserve	–	–	–	2,446
	(35,047)	(37,548)	(72,595)	2,446
Balance at 30 June 2008	10,301	(94,584)	(84,283)	2,978
Balance at 30 June 2009	(24,746)	(132,132)	(156,878)	5,424

2008 COMPANY	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Capital reserves total £'000s	Revenue reserve £'000s
Gains on investments sold in the period	1,063	–	1,063	–
Gains on derivative financial instruments sold in the period	24,634	–	24,634	–
Exchange losses	(5,677)	–	(5,677)	–
Performance fee (see note 4)	111	–	111	–
Other capital charges	(21)	–	(21)	–
Intra-group loan account finance charges	(9,809)	–	(9,809)	–
Losses on investments held at the period end	–	(95,314)	(95,314)	–
Gains on derivative financial instruments held at the period end	–	730	730	–
Amount transferred to revenue reserve	–	–	–	2,978
Balance at 30 June 2008	10,301	(94,584)	(84,283)	2,978

Group and Company

Included within the capital reserve movement for the year is £1.2m (2008: £nil) of dividend receipts recognised as capital in nature, £123,000 (2008: £401,000) of transaction costs on purchases of investments and £416,000 (2008: 155,000) of transaction costs on sales of investments.

24. NET ASSET VALUE PER SHARE

(a) Net asset value per ordinary share is based on net assets at the year end of £126,858,000 for the Group and of £126,252,000 for the Company (2008: £205,201,000 for the Group and Company) and on 86,372,957 ordinary shares in issue at the year end (2008: 91,118,323 ordinary shares in issue at the period end which excludes 880,000 shares held in treasury).

(b) Diluted net asset value per ordinary share is based on net assets at the period end and assumes the receipt of proceeds arising from the exercise of warrants outstanding: At 30 June 2009 and 30 June 2008 the diluted net asset value is not applicable as the market price of the ordinary shares at the period end is lower than the exercise price of the warrants.

25. RECONCILIATION OF LOSS BEFORE TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	GROUP		COMPANY	
	Year to 30 June 2009 £'000s	Period to 30 June 2008 restated £'000s	**Year to 30 June 2009 £'000s**	Period to 30 June 2008 £'000s
Loss before taxation	**(69,185)**	(80,445)	**(69,790)**	(80,515)
Adjust for non-cash flow items:				
Losses on investments	**60,202**	88,057	**55,019**	94,251
Losses/ (gains) on derivative financial instruments	**(2,689)**	(19,140)	**995**	(25,364)
Exchange losses	**8,121**	5,570	**8,610**	5,677
Finance income	**(1,533)**	–	**–**	–
Income received through intra-group loan	**–**	–	**–**	(665)
Stock interest	**(1,274)**	(180)	**(1,274)**	(180)
Decrease/(increase) in accrued income	**1,242**	(1,417)	**1,242**	(1,417)
(Increase)/decrease in other debtors	**(630)**	130	**(127)**	391
Decrease in creditors	**(870)**	(14,668)	**(748)**	(14,226)
ZDP share finance costs	**9,983**	9,809	**–**	–
Intra-group loan account finance costs	**–**	–	**10,116**	9,809
Tax on overseas income	**(358)**	(860)	**(359)**	(790)
	72,194	67,301	**73,474**	67,486
Adjust for cash flow items not within Income Statement				
Net cash flows on investments	**33,656**	(92,274)	**65,310**	(105,189)
Net cash flows on derivatives	**31,493**	30,943	**976**	31,780
	65,149	(61,331)	**66,286**	(73,409)
Net cash flows from operating activities	**68,158**	(74,475)	**69,970**	(86,438)

26. ULTIMATE PARENT UNDERTAKING

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

27. RELATED PARTY TRANSACTIONS

Transactions during the year to 30 June 2009, between the Company, its subsidiaries (UFL, UNZL and UEMH) and its special purpose entity (GERP) are disclosed below.

Loans from UFL to Utilico of £140.2m at 30 June 2008 were increased by £10.1m, the amount of interest payable on the loans, to £150.3m at 30 June 2009. Interest is payable at 7% and 7.25% per annum. The loans are repayable on demand.

A loan from UNZL to Utilico of £4.0m at 30 June 2008 was increased by £0.5m by transferring cash to Utilico, and decreased by £4.2m in recognition of the sale of investments from Utilico. At 30 June 2009 the balance of the loan which, is interest free and repayable on demand, was £0.3m.

There were no transactions with UEMH in the year to 30 June 2009.

During the year Utilico received payments from GERP of £31.7m in settlement of investment transactions.

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

The following are considered related parties of the Group: General Provincial Life Pension Fund (L) Limited ("GPLPF"), which holds 52.5% of the Company's ordinary shares; the associates of the Group set out under note 11, being Intellect Solutions Pty Limited, Newtel Holdings LImited, OneLink Holdings Limited, O Twelve Estates Limited, Renewable Energy Holdings Limited, Sasial Vehicle Technologies Limited, Utilico Emerging Markets Limited and Vix Technology Pty Ltd; the Board of Utilico Limited; ICM, Utilico's investment manager and Mr D Saville.

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

There were no transactions with the Board other than aggregate remuneration of £148,000 included within "Other expenses" for services as Directors, and there are no outstanding balances with any Director at the year end.

There were no transactions with ICM or Mr Saville other than investment management and performance fees as set out in note 4. At the year end £535,000 of the management fee remained outstanding.

28. BUSINESS SEGMENTS

Business segments are considered to be secondary reporting segments. The Directors are of the opinion that the Company's activities comprise a single business segment, that of investing in equity, debt and derivative securities to produce a long-term capital appreciation.

29. FINANCIAL RISK MANAGEMENT

The Group's investment objective is to provide long term capital appreciation by investing predominantly in infrastructure, utility and related companies. 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 Manager, is responsible for the Group's risk management. The Directors' policies and processes for managing the financial risks are set out in (a), (b) and (c) below. The Company's risks include the risks within the 100% owned subsidiaries and special purpose entity (see note 12) and therefore only the Group risks are analysed below as the differences are not considered to be significant.

The Accounting policies which govern the reported Balance Sheet carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 1 to the accounts. The policies are in compliance with IFRSs and best practice, and include the valuation of financial assets and liabilities at fair value except as noted in (d) below and in note 18 in respect of ZDP shares. The Group does not make use of hedge accounting rules.

(a) Market Risks

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

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency exposure

The principal currencies to which the Group was exposed were the Australian Dollar, Swiss Franc, 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:

	2009	**Average**	2008
AUD – Australian Dollar	**2.0371**	**2.1581**	2.0738
CHF – Swiss Franc	**1.7911**	**1.8115**	2.0272
EUR – Euro	**1.1741**	**1.1782**	1.2632
NZD – New Zealand Dollar	**2.5422**	**2.6549**	2.6148
USD – US Dollar	**1.6469**	**1.6313**	1.9902

The fair value of the Group's assets and liabilities, except for ZDP shares which are carried at amortised cost, at 30 June, by currency based on the country of primary operations, are shown below.

2009	**AUD £'000s**	**CHF £'000s**	**EUR £'000s**	**GBP £'000s**	**NZD £'000s**	**USD £'000s**	**Other £'000s**	**Total £'000s**
Investments	69,480	5,541	10,286	62,136	51,143	22,871	59,574	281,031
Other receivables	1,381	–	–	1,395	–	472	–	3,248
Derivative financial instruments – assets	–	–	–	–	–	56,433	–	56,433
Cash and cash equivalents	–	–	–	4,323	58	112	3	4,496
Other payables	–	–	–	(813)	(11)	(88)	–	(912)
Derivative financial instruments – liabilities	–	–	–	41,846	(36,386)	(14,194)	–	(8,734)
Long term unsecured loans	–	–	–	(17,000)	–	–	–	(17,000)
Zero dividend preference shares	–	–	–	(145,074)	–	–	–	(145,074)
	70,861	**5,541**	**10,286**	**(53,187)**	**14,804**	**65,606**	**59,577**	**173,488**
Percentage of net total	**40.9%**	**3.2%**	**5.9%**	**(30.6%)**	**8.5%**	**37.8%**	**34.3%**	**100.0%**

2008 restated	AUD £'000s	CHF £'000s	EUR £'000s	GBP £'000s	NZD £'000s	USD £'000s	Other £'000s	Total £'000s
Investments	33,385	17,858	60,306	81,572	59,499	38,945	87,241	378,806
Other receivables	552	–	10	1,947	76	157	3	2,745
Derivative financial instruments – assets	–	–	–	138,888	(77,955)	294,450	–	355,383
Cash and cash equivalents	549	13	(10)	2,854	1,276	740	1	5,423
Short term unsecured loan	–	–	–	(25,000)	–	–	–	(25,000)
Other payables	(132)	–	–	(1,359)	(122)	(661)	–	(2,274)
Derivative financial instruments – liabilities	–	–	–	(57,232)	–	(286,662)	–	(343,894)
Long term unsecured loans	–	–	–	(9,707)	–	(34,459)	–	(44,166)
Zero dividend preference shares	–	–	–	(140,206)	–	–	–	(140,206)
	34,354	17,871	60,306	(8,243)	(17,226)	12,510	87,245	186,817
Percentage of total	18.4%	9.5%	32.3%	(4.4%)	(9.2%)	6.7%	46.7%	100.0%

29. 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

					2009					2008
	AUD £'000s	**CHF £'000s**	**EUR £'000s**	**NZD £'000s**	**USD £'000s**	AUD £'000s	CHF £'000s	EUR £'000s	NZD £'000s	USD £'000s
Income Statement return after tax										
Revenue return	**152**	**9**	**2**	**103**	**462**	15	17	99	207	316
Capital return	**7,873**	**616**	**1,143**	**1,645**	**7,257**	3,814	1,986	6,701	(1,914)	3,751
Total return	**8,025**	**625**	**1,145**	**1,748**	**7,719**	3,829	2,003	6,800	(1,707)	4,067
NAV per share										
Basic – pence	**9.29**	**0.72**	**1.33**	**2.02**	**8.94**	4.20	2.20	7.46	(1.87)	4.46
Diluted – pence	**9.29**	**0.72**	**1.33**	**2.02**	**8.94**	4.20	2.20	7.46	(1.87)	4.46

Strengthening of Sterling

					2009					2008
	AUD £'000s	**CHF £'000s**	**EUR £'000s**	**NZD £'000s**	**USD £'000s**	AUD £'000s	CHF £'000s	EUR £'000s	NZD £'000s	USD £'000s
Income Statement return after tax										
Revenue return	**(152)**	**(9)**	**(2)**	**(103)**	**(462)**	(15)	(17)	(99)	(207)	(316)
Capital return	**(7,873)**	**(616)**	**(1,143)**	**(1,645)**	**(7,257)**	(3,814)	(1,986)	(6,701)	1,914	(3,751)
Total return	**(8,025)**	**(625)**	**(1,145)**	**(1,748)**	**(7,719)**	(3,829)	(2,003)	(6,800)	1,707	(4,067)
NAV per share										
Basic – pence	**(9.29)**	**(0.72)**	**(1.33)**	**(2.02)**	**(8.94)**	(4.20)	(2.20)	(7.46)	1.87	(4.46)
Diluted – pence	**(9.29)**	**(0.72)**	**(1.33)**	**(2.02)**	**(8.94)**	(4.20)	(2.20)	(7.46)	1.87	(4.46)

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

29. 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:

	Within one year £'000s	**More than one year £'000s**	**2009 Total £'000s**	Within one year £'000s	More than one year £'000s	2008 restated (see note 30) Total £'000s
Exposure to floating rates						
Cash	**4,496**	**–**	**4,496**	5,423	–	5,423
Borrowings	**–**	**(17,000)**	**(17,000)**	(25,000)	(44,166)	(69,166)
	(4,496)	**(17,000)**	**(12,504)**	(19,577)	(44,166)	(63,743)
Exposure to fixed rates						
Zero dividend preference shares	**–**	**(145,074)**	**(145,074)**	–	(140,206)	(140,206)
	–	**(145,074)**	**(145,074)**	–	(140,206)	(140,206)
Net exposures						
At period end	**(4,496)**	**(162,074)**	**(157,578)**	(19,577)	(184,372)	(203,949)
Maximum in period	**(15,019)**	**(188,013)**	**(203,032)**	(22,736)	(183,814)	(206,550)
Minimum in period	**4,496**	**(162,074)**	**(157,578)**	38,175	(150,965)	(112,790)

	Exposure to floating interest rates £'000s	**Fixed interest rates £'000s**	**Total £'000s**	Exposure to floating interest rates £'000s	Fixed interest rates £'000s	2008 Total £'000s
Net exposures						
Maximum in period	**10,215**	**(213,247)**	**(203,032)**	(30,965)	(175,585)	(206,550)
Minimum in period	**4,496**	**(162,074)**	**(157,578)**	(29,825)	(82,965)	(112,790)

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Exposures vary throughout the period as a consequence of changes in the make-up of the net assets of the Group arising out of the investment and risk management processes. Interest received on cash balances or paid on overdrafts is at ruling market rates. Finance costs on ZDP shares is fixed (see note 18). Interest paid on borrowings of £17.0m (2008: US$71.5m (£35.9m)) is fixed at 5.6% (2008: 4.3%) using interest rate SWAPs maturing between 30 November 2009 and 30 November 2010 and at ruling market rates on any borrowings in excess thereof. 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 Income Statement revenue and capital returns after tax and on the NAV per share.

	2009 Increase in rate £'000s	**2009** Decrease in rate £'000s	2008 Increase in rate £'000s	2008 Decrease in rate £'000s
Revenue return	**90**	**n/a***	(1,290)	1,290
Capital return	**–**	**–**	–	–
Total return	**90**	**n/a***	(1,290)	1,290
NAV per share				
Basic – pence	**0.10**	**–**	(1.42)	1.42
Diluted – pence	**0.10**	**–**	(1.42)	1.42

* Interest rates on cash balances are negligible at 30 June 2009

Other Market Risk exposures

The portfolio of investments, valued at £281,031,000 at 30 June 2009 (2008: £378,806,000 restated – see note 30) is exposed to market price changes. The Group enters into currency and index options in managing its exposure to other market risks.

The 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 6. A description of the derivative positions together with the Manager's and Board's strategies for using these positions for efficient portfolio management is contained within the Investment Manager's Report under "Derivatives" on page 11.

Based on the portfolio of investments at the balance sheet date, and assuming other factors 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:

	2009 Increase in value £'000s	**2009** Decrease in value £'000s	2008 restated (see note 30) Increase in value £'000s	2008 restated (see note 30) Decrease in value £'000s
Income statement capital return	**56,206**	**(56,206)**	75,761	(75,761)
NAV per share				
Basic – pence	**65.07**	**(65.07)**	83.15	(83.15)
Diluted – pence	**65.07**	**(65.07)**	83.15	(83.15)

(b) Liquidity risk exposure

The Group and 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 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 37 at 30 June 2009 (46 respectively at 30 June 2008); the liquid nature of the portfolio of investments; the industrial and geographical diversity of the portfolio (see charts page 6); and the existence of an on-going loan facility agreement.

Cash balances are held with reputable banks.

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

The manager reviews liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting. The Group has loan facilities of £45.0m as set out in note 15 to the accounts and ZDP share liabilities of £145.1m as set out in note 18. The remaining contractual maturities of the financial liabilities, based on the earliest date on which payment can be required, were as follows:

				2009				2008
	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
Other creditors	**912**	**–**	**–**	**912**	2,274	–	–	2,274
Derivative financial instruments	**8,734**	**–**	**–**	**8,734**	343,894	–	–	343,894
Bank loans	**–**	**–**	**17,375**	**17,375**	–	25,000	44,166	69,166
ZDP shares	**–**	**–**	**207,051**	**207,051**	–	–	215,890	215,890
	9,646	**–**	**224,426**	**234,072**	346,168	25,000	260,056	631,224

(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 (the Manager) and F&C Management Limited (FCM) carry out duties (or cause similar duties to be carried out by third arties) 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 ICM and FCM. In summary, compared to the amounts included in the balance sheet, the maximum exposure to credit risk was as follows:

		2009		2008 restated (see note 30)
Current assets	**Balance sheet £'000s**	**Maximum exposure £'000s**	Balance sheet £'000s	Maximum exposure £'000s
Cash at bank	**4,496**	**28,339**	5,423	46,808
Financial assets through profit and loss				
– derivatives (put options and call options)	**56,433**	**355,383**	355,383	399,371
– derivatives (currency option)	**–**	**7,000**	–	–
– derivatives (forward foreign exchange contracts)	**41,846**	**78,685**	78,685	78,685

None of the Group's financial assets are past due or impaired.

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair Values of financial assets and liabilities

The assets and liabilities of the Group are, in the opinion of the Directors, reflected in the Balance Sheet at fair value except for ZDP shares which are carried at amortised cost using effective interest method in accordance with IAS39 or at a reasonable approximation thereof. 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 2008, were:

	2009 £'000s	2008 £'000s
2012 ZDP shares	**68,570**	61,634
2014 ZDP shares	**43,688**	40,688
2016 ZDP shares	**33,738**	38,906

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 managers to those valuations to ensure they comply with the Group's accounting policies and with fair value principles.

(e) Capital Risk Management

The Objective of the Group is stated as being to provide shareholders with long term capital appreciation by investing predominantly in infrastructure, utility and related companies. In pursuing this long term Objective, the Board has a responsibility for ensuring the Group's ability to continue as a going concern. It must therefore maintain an optimal capital structure through varying market conditions. This involves the ability to: issue and buy back share capital within limits set by the shareholders in general meeting; borrow monies in the short and long term; and pay dividends to shareholders out of current year revenue earnings as well as out of brought forward revenue reserves. Changes to ordinary share capital are set out in note 19 to the accounts. Dividends are set out in note 10 to the accounts. Borrowings are set out in notes 15 and 17 to the accounts. ZDP shares are set out in note 18.

30. (a) RESTATEMENT OF GROUP BALANCES AS AT AND FOR THE PERIOD TO 30 JUNE 2008

	(Audited) As previously reported £'000s	Effect of consolidating GERP £'000s	Restated £'000s
Non current assets			
Investments	408,671	(29,865)	378,806
Current assets			
Other receivables	2,745	–	2,745
Derivative financial instruments	730	44,795	45,525
Cash and cash equivalents	4,681	742	5,423
	8,156	45,537	53,693
Current liabilities			
Bank loans	(25,000)	–	(25,000)
Other payables	(2,254)	(20)	(2,274)
Derivative financial instruments	–	(15,652)	(15,652)
	(27,254)	(15,672)	(42,926)
Net current (liabilities)/assets	(19,098)	29,865	10,767
Total assets less current liabilities	389,573	–	389,573
Non current liabilities			
Bank loans	(44,166)	–	(44,166)
Zero dividend preference shares	(140,206)	–	(140,206)
Net assets	205,201	–	205,201
Equity attributable to equity holders			
Ordinary share capital	9,200	–	9,200
Share premium account	242,188	–	242,188
Warrant reserve	3,051	–	3,051
Non-distributable reserve	32,067	–	32,067
Capital reserves	(84,234)	25	(84,209)
Revenue reserve	2,929	(25)	2,904
Total attributable to equity holders	205,201	–	205,201
Net asset value per ordinary share			
Basic – pence	225.20	–	225.20
Diluted – pence	225.20	–	225.20

30. (b) RESTATEMENT OF THE GROUP INCOME STATEMENT FOR THE PERIOD TO 30 JUNE 2008

	(Audited) As previously reported £'000s	Effect of consolidating GERP £'000s	Restated £'000s
Losses on investments	(92,075)	4,018	(88,057)
Gains on derivative instruments	23,313	(4,173)	19,140
Exchange (losses)/gains	(5,750)	180	(5,570)
Investment and other income	10,463	2	10,465
Total income	(64,049)	27	(64,022)
Management and administration fees	(2,180)	–	(2,180)
Other expenses	(789)	(27)	(816)
Loss before finance costs and taxation	(67,018)	–	(67,018)
Finance costs	(13,427)	–	(13,427)
Loss before taxation	(80,445)	–	(80,445)
Taxation	(860)	–	(860)
Loss for the period	(81,305)	–	(81,305)
Earnings per share (basic) – pence	(99.76)	–	(99.76)
Earnings per share (diluted) – pence	n/a	–	n/a

30. (c) RESTATEMENT OF THE CASH FLOW STATEMENT FOR THE PERIOD TO 30 JUNE 2008

	(Audited) As previously reported £'000s	Effect of consolidating GERP £'000s	Restated £'000s
Cash flows from operating activities	(75,039)	564	(74,475)
Cash flows from investing activities	–	–	–
Cash flows before financing activities	(75,039)	564	(74,475)
Financing activities			
Equity dividends paid	–	–	–
Proceeds from borrowings	80,335	–	80,335
Proceeds from warrants exercised	7,954	–	7,954
Cost of share buy back	(2,014)	–	(2,014)
Cash flows on issue of ordinary share capital	203	–	203
Cash flows from financing activities	86,478	–	86,478
Net increase in cash and cash equivalents	11,439	564	12,003
Cash and cash equivalents at the beginning of the period	–	–	–
Effect of movement in foreign exchange	(6,758)	178	(6,580)
Cash and cash equivalents at the end of the period	4,681	742	5,423

Note to the restatement

The consolidation of GERP has the effect that all intra group transactions, balances, income and expenses are eliminated and the restated Accounts for the period to 30 June 2008 include the Accounts of the Company and GERP.

NOTICE OF ANNUAL GENERAL MEETING FOR SHAREHOLDERS OF UTILICO

Notice is hereby given that the 2009 Annual General Meeting of Utilico Limited will be held at Saint James Paris, 43 Avenue Bugeaud 75116 Paris on Monday, 30 November 2009 at 9:00 am for the following purposes:

Ordinary Business

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

1. Minutes of the last General Meeting to be read and confirmed.
2. To receive and adopt the Directors' report and Auditor's report and accounts for the year ended 30 June 2009.
3. To approve the Directors' Remuneration Report for the year ended 30 June 2009.
4. To re-elect Mr J M Collier, who retires by rotation, as a Director.
5. To re-elect Mr W McLeland, who retires annually, as a Director.
6. To re-appoint the Auditors.
7. To authorise the Directors to determine the Auditors' remuneration.

Special Business

To consider and, if thought fit, pass the following resolution as a special resolution:

8. Resolve that the Directors be generally and unconditionally authorised to make market purchases of ordinary shares of 10p each in the capital of the Company ("Ordinary Shares"), provided that:

   (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased shall equal 14.99% of the issued Ordinary Shares as at the date of this notice, being 12,947,306;

   (b) the maximum price which may be paid for an Ordinary Share is the lower of (a) the amount determined by the rules of the UK Listing Authority at the time of purchase (which currently set a maximum equal to 5 per cent) above the average of the market values for an ordinary share taken from the Official List of the UK Listing Authority for the five business days immediately preceding the date of purchase, the price of the last independent trade, and the highest current bid on the trading venues where the purchase is carried out and (b) the net asset value per Ordinary Share on the date determined by the Directors being not more than 10 days before the date of purchase;

   (c) Ordinary Shares may only be purchased at a price such that immediately after such purchase, on the basis of the Company's net asset value on a date determined by the Directors being not more than 10 days before the date of purchase, the ZDP Share cover would be at least 1.4 times (account being taken of any related purchase of ZDP Shares) by the Company or UFL;

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

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

   (f) the authority hereby conferred shall expire on 30 May 2011 unless it is varied, revoked or renewed prior to that date at the Company's 2010 annual general meeting or any other special general meeting by ordinary resolution; and

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

By order of the Board
F&C Management Limited, Secretary
16 September 2009

Notes:

Only the holders of ordinary shares registered on the register of members of the Company at 5.00 pm on 27 November 2009 shall be entitled to attend and vote or to be represented at the meeting in respect of the shares registered in their name at that time. Changes to entries on the register after 5.00 pm on 27 November 2009 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

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.

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 (Channel Islands) Limited, PO Box 83, Ordinance House, 31 Pier Road, St Helier, Jersey, JE4 8PW, not less than 48 hours before the time appointed for holding the meeting. 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, BS13 8AE by not later than 5 pm on 26 November 2009.

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.

GLOSSARY

Compound Annual Growth Rate ("CAGR")	The average annual growth over a specified period of time
Capital Shares	The class of shares offered by a split capital fund that has the opportunity for capital appreciation but does not offer the holder any portion of the income earned within the portfolio, and usually ranks behind all other classes of share for repayment
Company	Utilico Limited
Close Company	A company in which the directors control more than half the voting shares, or where such control is exercised by five or fewer people
CULS	The Convertible Unsecured Loan stock issued by UIT
Dilution	A reduction in NAV per share that arises through the issuance of additional shares or the conversion of convertible loan stock or the exercise of warrants
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
EV	Enterprise value
FTSE	Financial Times Stock Exchange
Gearing	The term applied to the effect of borrowings and prior charge share capital on assets that will increase the return on investment when the value of the Company's investments is rising but reduce the return when values are declining
GERP	Global Equity Risk Protection Limited
GPLPF	General Provincial Life Pension Fund (L) Limited
Gross Assets	Total assets less current liabilities excluding loans.
Group	Consists of Utilico Limited, Utilico Finance Limited, Utilico NZ Limited and UEM Holdings Limited
ICM	Ingot Capital Management Pty Ltd
IFRS	International Financial Reporting Standards as adopted by the European Union
Investment Manager	Ingot Capital Management Pty Ltd
IRR	Internal rate of return, being the annualised rate of return recovered from holding an investment over a given period
NAV	Net asset value
S&P Index	Standard & Poor's 500 Index
TER	Total expense ratio. The total expenses, excluding interest, incurred by the Company, including expenses charged to capital, as a percentage of average Gross Assets
Unlisted but traded	Investments in companies which are not listed on a recognised investment exchange but are traded on the Alternative Investments Market ("AIM") or similar markets including over the counter markets
UEM	Utilico Emerging Markets Limited
UEMH	UEM Holdings Limited
UFL	Utilico Finance Limited
UIT	Utilico Investment Trust plc (Utilico's predecessor)
Unlisted	Investments in companies which are not listed on a recognised investment exchange
UNZL	Utilico NZ Limited
Utilico	Utilico Limited
Yield	The annual dividend income per share received from a company divided by its share price
ZDP	The Zero Dividend Preference shares/shareholders

COMPANY INFORMATION

Utilico Limited
Company Registration Number: 39480
www.utilico.bm

Directors
J. Michael Collier (Chairman)
Susan Hansen
Warren McLeland
Eric Stobart
Roger Urwin

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Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Investment Manager
Ingot Capital Management Pty Ltd
Level 11
1 York Street
Sydney 2000
Australia

Australian Financial Services No. 239075

Stockbrokers
Arbuthnot Securities Limited
Arbuthnot House
20 Ropemaker Street
London EC2Y 9AR

Authorised and regulated in the UK
by the Financial Services Authority

Bankers
The Royal Bank of Scotland plc
135 Bishopsgate
London EC2N 3UR

Solicitors
Appleby
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

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London SE1 2AQ

Company Secretary and Administrator
F&C Management Limited
Exchange House
Primrose Street
London EC2A 2NY

Telephone 020 7628 8000

Facsimile 020 7628 8188

Authorised and regulated in the UK
by the Financial Services Authority

Auditors
Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Custodian
JPMorgan Chase Bank
125 London Wall
London EC2Y 5AJ

Registrar
Computershare Investor Services
(Channel Islands) Ltd
PO Box 83
Ordinance House
31 Pier Road
St Helier, Jersey JE4 8PW
Channel Islands

Depository and CREST Agent
Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH

PERFORMANCE SUMMARY

	14 August 2003	30 June 2004	30 June 2005[1]	30 June 2006	30 June 2007[2]	30 June 2008[3]	30 June 2009	Change 2003/04	Change 2004/05	Change 2005/06	Change 2006/07	Change 2007/08	Change 2008/09
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	20.8%	54.8%	19.5%	57.5%	(35.7%)	(34.8%)
Net asset value per ordinary share (diluted)	99.47p	114.39p	162.84p	187.68p	312.06p	225.20p	146.87p	15.0%	42.4%	15.3%	66.3%	(27.8%)	(34.8%)
Share prices and indices													
Ordinary share price	85.67p	107.50p	159.25p	180.25p	299.00p	234.00p	117.00p	25.5%	48.1%	13.2%	65.9%	(21.7%)	(50.0%)
Discount/ (premium) (based on diluted NAV per ordinary share)	13.9%	6.0%	2.2%	4.0%	4.2%	(3.9%)	20.3%						
FTSE All-Share Index	2,062	2,229	2,560	2,968	3,404	2,856	2,172	8.1%	14.8%	15.9%	14.7%	(16.1%)	(23.9%)
Returns and dividends													
Revenue return per ordinary share (undiluted)	n/a	1.68p	1.65p	0.89p	1.84p	3.56p	2.77p	n/a	(1.8%)	(46.1%)	106.7%	93.5%	(22.2%)
Capital return per ordinary share (undiluted)	n/a	36.45p	65.48p	35.50p	178.01p	(103.32p)	(82.62p)	n/a	n/a	n/a	n/a	n/a	n/a
Total return per ordinary share (undiluted)	n/a	38.13p	67.13p	36.39p	179.85p	(99.76p)	(79.85p)	n/a	n/a	n/a	n/a	n/a	n/a
Dividend per ordinary share	n/a	1.60p	1.90p	0.40p	0.80p	–	–	n/a	n/a	n/a	n/a	n/a	n/a
Zero dividend perference (ZDP) shares[4]													
2012 ZDP Shares													
Capital entitlement per ZDP share	n/a	101.01p	108.07p	115.63p	123.71p	132.39p	141.65p	n/a	7.0%	7.0%	7.0%	7.0%	7.0%
ZDP share price	n/a	96.75p	115.25p	118.50p	126.75p	135.50p	150.75p	n/a	19.1%	2.8%	7.0%	6.9%	11.3%
2014 ZDP Shares													
Capital entitlement per ZDP share	n/a	n/a	n/a	n/a	100.29p	107.57p	115.37p	n/a	n/a	n/a	n/a	7.3%	7.3%
ZDP share price	n/a	n/a	n/a	n/a	103.25p	108.50p	116.50p	n/a	n/a	n/a	n/a	5.1%	7.4%
2016 ZPD Shares													
Capital entitlement per ZDP share	n/a	n/a	n/a	n/a	100.29p	107.57p	115.37p	n/a	n/a	n/a	n/a	7.3%	7.3%
ZDP share price	n/a	n/a	n/a	n/a	103.00p	103.75p	102.50p	n/a	n/a	n/a	n/a	0.7%	(1.2%)
Warrants													
2008 warrant price	19.50p	27.75p	62.75p	86.00p	260.00p	n/a[5]	n/a[5]	42.3%	126.1%	37.1%	93.5%[6]	n/a	n/a
2012 warrant price	n/a	n/a	n/a	n/a	88.25p	79.50p	3.50p	n/a	n/a	n/a	n/a	(9.9%)	(95.6%)
Equity holders funds (£m)													
Gross assets[7]	133.5	163	229.8	270.1	454.6	414.6	288.9	22.1%	41.0%	17.5%	68.3%	(8.8%)	(30.3%)
Bank debt	33.7	30.2	41.8	55.0	44.8	69.2	17.0	(10.4%)	38.4%	31.6%	(18.5%)	54.5%	(75.4%)
ZDP debt	–	45.6	48.3	51.8	130.8	140.2	145.1	n/a	5.9%	7.2%	152.5%	7.2%	3.5%
CULS[8]	–	10.0	20.3	20.6	–	–	–	n/a	103.0%	1.5%	n/a	n/a	n/a
Equity holders' funds	99.8	77.2	119.4	142.7	279.0	205.2	126.8	(22.6%)	54.7%	19.5%	95.5%	(26.5%)	(38.2%)
Revenue account													
Income	n/a	3.8	6.5	6.9	8.4	10.5	8.5	n/a	71.1%	6.2%	21.7%	25.0%	(19.0%)
Costs (management and other expenses)[10]	n/a	1.3	1.9	2.2	2.6	3.1	2.4	n/a	46.2%	15.8%	18.2%	19.2%	(22.6%)
Finance costs	n/a	1.2	3.2	3.6	4.1	3.6	2.6	n/a	166.7%	12.5%	13.9%	(12.2%)	(27.8%)
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%						
Total expense ratio[10] on average Gross Assets	n/a	1.0%	0.9%	0.9%	0.7%	0.7%	0.8%						
Bank loans, CULS and ZDP shares gearing on Gross Assets	n/a	41.1%	47.2%	46.5%	38.6%	50.5%	56.1%						

1. Restated for changes in accounting policies
2. Utilico Limited ("Utilico") began trading on 20 June 2007. An investment update was produced for the year ended 30 June 2007 which included figures from Utilico's predecessor Utilico Investment Trust plc. As such these numbers are neither audited nor reviewed under auditing standards.
3. Restated for consolidation of GERP.
4. Issued by Utilico Finance Limited, a wholly owned subsidiary of Utilico Limited in June 2007. 2012 ZDP shares Previously issued by Utilico Investment Trust plc.
5. 2008 Warrants expired July 2008.
6. Adjusted for June 2007 corporate action.
7. Gross Assets less current liabilities excluding loans.
8. CULS converted June 2007 into ordinary shares.
9. Excluding CULS equity component.
10. Excluding performance fee and income not receivable.