UTILICO LIMITED

Report and accounts
for the period 17 January 2007 to 31 December 2007

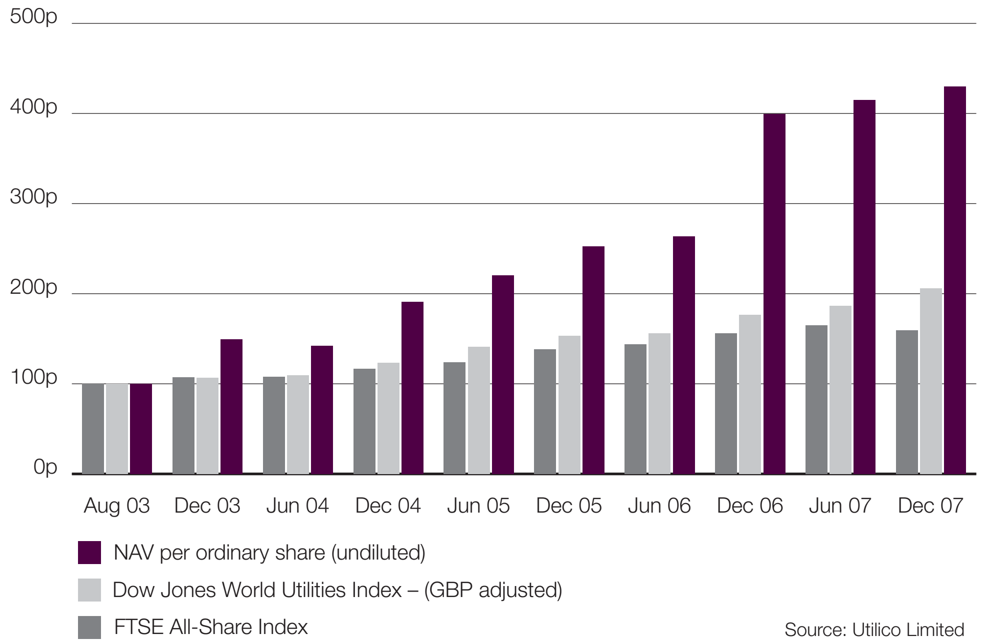
www.utilico.bm

Utilico/Int/07

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

Utilico Limited ("Utilico") was incorporated on 17 January 2007 and began trading on 20 June 2007. These interim results are for the period 20 June 2007 to 31 December 2007. An investment update was produced as at 30 June 2007 which included figures from Utilico Limited's predecessor, Utilico Investment Trust plc. The numbers from that update for 30 June 2007 as stated in this Report are neither audited nor reviewed under auditing standards.

Rebased NAV per ordinary share comparative performance to 31 December 2007*
Rebased to 100 at 14 August 2003



Source: Utilico Limited

*Incorporatiing 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.

	31 Dec 2007	30 Jun 2007(1)	Change
Ordinary shares			
Capital Value			
Net asset value per ordinary share (undiluted)	**362.87p**	350.29p	3.6%
Net asset value per ordinary share (diluted)	**323.05p**	312.06p	3.5%
Share prices and indices			
Ordinary share price	**288.50p**	299.00p	(3.5)%
Discount (based on diluted NAV per ordinary share)	**10.7%**	4.2%	n/a
FTSE All-Share Index	**3,286**	3,404	(3.5)%
Dow Jones World Utilities Index (sterling adjusted)	**138.7**	125.6	10.4%
Zero dividend preference shares			
2012 ZDPS			
Capital entitlement per ZDP share	**128.00p**	123.71p	3.5%
ZDP share price	**134.00p**	126.75p	5.7%
2014 ZDPS			
Capital entitlement per ZDP share	**103.89p**	100.29p	3.6%
ZDP share price	**104.25p**	103.25p	1.0%
2016 ZPDS			
Capital entitlement per ZDP share	**103.89p**	100.29p	3.6%
ZDP share price	**100.25p**	103.00p	(2.7)%
Warrants			
2008 warrant price	**238.00p**	260.00p	(8.5)%
2012 warrant price	**95.00p**	88.25p	7.6%
Equity holders funds (£m)			
Gross assets	**492.2**	454.6	8.3%
Bank debt	**67.2**	44.8	50.0%
ZDP shares liability	**135.4**	130.8	3.5%
Equity holders funds	**289.7**	279.0	3.8%
Financial ratios of the Group(4)			
Revenue yield on average Gross Assets	**2.4%**	2.3%	n/a
Total expense ratio(5) on average Gross Assets	**0.7%**	0.7%	n/a
Bank loans and ZDP shares gearing on gross assets	**41.2%**	38.6%	n/a

Returns and dividends	Six months to 31 Dec 07(2)	Six months to 31 Dec 06(3)
Revenue return per ordinary share (undiluted)	**3.09p**	(1.18)p
Capital return per ordinary share (undiluted)	**8.15p**	116.75p
Total return per ordinary share (undiluted)	**11.24p**	115.75p
Dividend per ordinary share	**2.50p**	–
Revenue account (£m)		
Income	**5.6**	2.5
Costs (management and other expenses)	**1.6**	1.2
Finance costs	**1.4**	2.0

(1) 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.
(2) Actual period under review is 20 June 2007 (start of trading for Utilico) to 31 December 2007
(3) The six months to 31 December 2006 refer solely to Utilico's predecessor Utilico Investment Trust plc.
(4) For comparative purposes the total expense and revenue figures have been annualised.
(5) Total expense ratio excludes performance fee.

UTILICO LIMITED
PERIOD TO 31 DECEMBER 2007

I am pleased to report Utilico's NAV per ordinary share increased from 350.29p as at 30 June 2007 to 362.87p in the period of six months to 31 December 2007, despite turbulent market conditions. This represents a gain of 3.6% during the period and represents an outperformance against the FTSE All-Share Index which fell 3.5% during the period.

The total return per ordinary share of 11.24p arose from a stronger performance on the revenue account and good gains on derivative investments. In the period to 31 December 2007 the revenue return was 3.09p and the gains on derivative investments were 16.52p.

The performance of Utilico's core holdings Infratil Limited ("Infratil"), Ecofin Water and Power Opportunities plc ("Ecofin") and Utilico Emerging Markets Limited ("UEM") was mixed.

Infratil's share price retreated by 7.3% to NZ$2.80 representing a loss of £6.3m during the period due to a combination of a discounted rights issue and weaker market conditions. The combination of share price weakness offset in part by further investment saw the position reduce from £118.0m to £115.5m.

UEM's share price rose 14.1% during the period. Further, Utilico invested £17.5m in UEM's successful £85.0m C Share issue. These two factors combined resulted in Utilico's investment in UEM rising from £74.3m to £103.0m.

Ecofin's capital share price gained 8.5% in the period. Utilico continued to sell into strength and reduced the holding by 5.7%. As a net result the investment in Ecofin increased from £38.7m to £40.0m.

ERG Limited's ("ERG") fortunes reversed strongly as a result of the threatened termination of the Sydney ticketing contract in November 2007. The shares reduced from A$13.5¢ to 9.3¢. The Sydney contract was unilaterally terminated by The Government of New South Wales ("NSW Government") in January this year. Utilico is surprised by this regressive step by the NSW Government, given the very advanced stage of the contract. Recognizing the NSW Government's step, the Board has decided to provide in full against its ordinary share position and has written back accrued interest and fees thus reducing the value of its secured loans to the principal amount invested as at 31 December 2007.

Utilico's revenue return profit for the period of six months to 31 December 2007 of £2.5m is significantly ahead of the loss of £0.8m recorded by Utilico Investment Trust plc in the corresponding period to 31 December 2006. This reflects both an increased level of investment and other income and a decrease in finance costs. The earnings per share were 3.09p, a substantial gain against the prior year negative earnings per share of (1.18p). The Directors have resolved to declare an interim dividend of 2.50p per share.

The hedging strategy pursued by the investment managers of acquiring index put options has resulted in gains in the period of £13.2m. These gains offset the portfolio losses of (£1.3m) and contributed to a capital account profit of £6.5m.

Ordinary shareholders funds have increased significantly since 31 December 2006, rising from £219.2m to £289.7m by 31 December 2007, £20.8m of this being a result of the conversion of the convertible unsecured loan stock ("CULS") issued by Utilico Investment Trust plc. Against this strengthening background the bank facility with The Royal Bank of Scotland was increased from £45.0m to £70.0m in November 2007. As at 31 December 2007 the bank debt stood at £67.2m.

Given Utilico's (and its predecessor's) track record, it is disappointing to see the ordinary share price decline by 3.5% and the discount widen to 10.7%. In part this reflects the reduced market appetite for risk and widening discount in the investment trust sector in general.

The 2008 warrants final exercise date is 15 May 2008. These warrants are exercisable at 64.2p per warrant and are deep in the money compared to the current share price of 288.50p. Holders of these warrants should consider exercising them, given the gains currently available. There are 12.2m warrants outstanding which will result in £7.8m being received on their exercise.

Warrant holders are urged to seek professional advice to ensure they do not miss this last exercise date.

The current year has seen a deepening of the issues faced by the market. As a result most markets have seen volatility increase together with further market declines. Since the end of the period under review Utilico has seen its NAV per ordinary share decline to 311.08p as at 12 February 2008, a fall of 14.3%.

The financial losses being reported by the US financial institutions look set to lead the US into a recession. This in turn has resulted in sharp downturn in the outlook for world economies. While a number of Utilico's investments are less correlated to levels of economic activity, the portfolio is not immune from this repricing. Looking forward we expect volatility to remain high over the next six months and do not anticipate markets to find a firm footing during this time.

J Michael Collier
February 2008

Utilico's performance in the six months to 31 December 2007 was mixed. Overall the gain was 12.58p per ordinary share representing an uplift of 3.6% in the half year to 31 December 2007.

During the six months Utilico's gross assets less current liabilities (excluding loans) increased by 8.3% from £454.6m to £492.2m. This gain reflected in part a total return on the income statement of £9.0m together with increased use of bank facilities which rose from £44.8 to £67.2m. As at 31 December 2007 Utilico's equity shareholders were geared 1.4x by bank debt and ZDPS.

Portfolio

We have included the top ten holdings on a look through basis, splitting the underlying portfolio's of Infratil, UEM and Ecofin into their component parts as though directly owned by Utilico. While there has been no change in the composition, there has been movement within the ten largest holdings. Renewable Energy Generation Limited ("REG") and Flughafen Wien AG ("Vienna Airport") are now the 3rd and 4th largest investments up from 8th and 10th, principally as a result of further investment. All the other investments were displaced by the rise of REG and Vienna Airport.

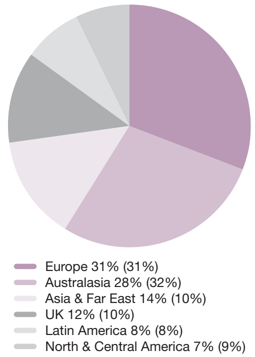
Infratil's share price retreated 7.3% to NZ$2.80. The weakness in part was a result of the issue of a deeply discounted partly paid ordinary share combined with weaker market conditions. Infratil issued 83.4m partly paid ordinary shares at NZ$2.00 per share (NZ$1.00 paid on subscription and NZ$1.00 payable between July and August 2008). Utilico took up its rights and invested £6.9m. Trustpower, which is listed on the NZ Stock Exchange and is Infratil's largest investment, accounting for over 50% of their portfolio, saw its share price increase by 3.0% to NZ$ 8.65 per share. Trustpower's nine month results to December 2007 were in line with the prior period, however the company looks set to record increasing future profits resulting from its recent substantial investments in renewable energy projects.

UEM's share price rose 14.1% during the period. UEM successfully raised a further £85.0m by way of a C share issue in December 2007. Utilico invested £17.4m in the issue. UEM's largest investment is International Container Terminal Services Ltd ("ICT"). ICT is listed on the Philippines Stock Exchange and operates the port of Manila together with ports throughout the world, including Brazil, Poland, Madagascar, China and Japan.

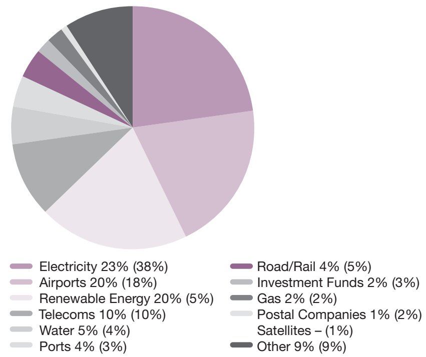
Ecofin's capital share priced gained 8.5% in the period. Utilico continued to sell into strength and reduced the holding by 5.7%. The net result was an increase in the holding in Ecofin from £38.7m to £40.0m. Ecofin's portfolio continued to perform well, with the capital share asset value increasing by 16.9% over the six months. This was partly a result of their largest investment, Airtricity Holdings, an unlisted renewable energy generator, being sold resulting in a valuation uplift for Ecofin.

ERG has continued to make progress on a number of fronts. The major contracts including San Francisco, Stockholm and Seattle have continued to move towards delivery and completion. However, against this trend the unilateral termination of the Sydney contract by the NSW Government has been a major disappointment. While ERG has worked towards a constructive and successful resolution of the issues, the NSW Government has taken unilateral action. The loss of the A$250.0m contract in January 2008 is highly likely to result in frustration

Geographical split
As at 31 December 2007

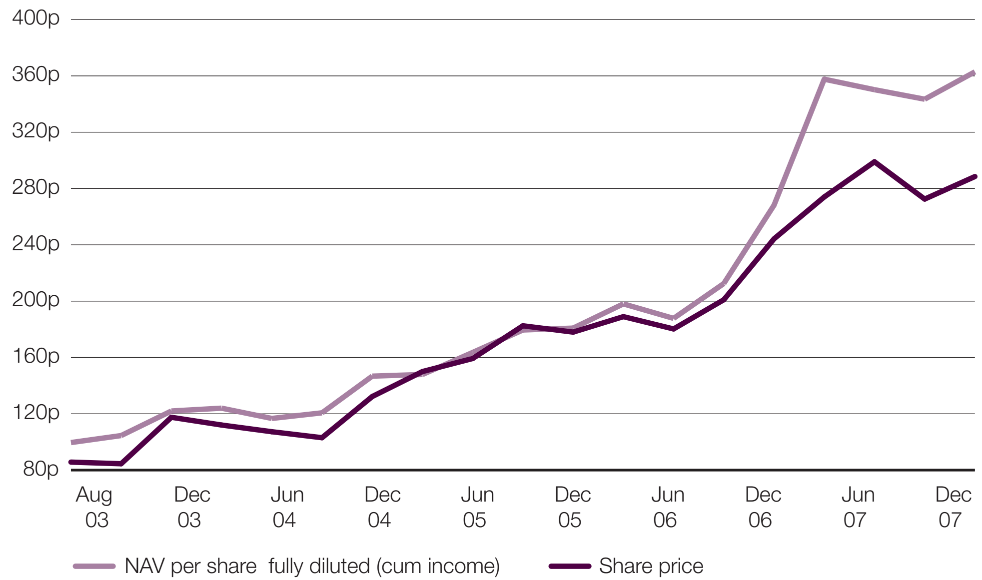


Sectoral split
As at 31 December 2007



Basis: Look through portfolio
Source: Utilico Limited
Figures in brackets 30 June 2007

Utilico ordinary share price and NAV performance*
From 14 August 2003 to 31 December 2007



*Incorporatiing 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.

Source: Utilico Limited

UTILICO LIMITED
PERIOD TO 31 DECEMBER 2007

on both sides and ultimately litigation. Sydney will not receive the ticketless system it deserves and ERG will not be able to deliver the world class system it has developed for Sydney. Utilico remains fully supportive of ERG and has advanced funding to enable ERG to continue to deliver the portfolio of long term contracts it has. However, faced with the increased level of uncertainty, the Board of Utilico has provided fully against the ordinary share position in ERG and has written back accrued interest and fees thus reducing the value of its secured loans to ERG to the principal amount outstanding as at 31 December 2007.

Zurich Airport's share price declined by 7.6% to CHF460.0 over the six month period to 31 December 2007. First half results were slightly weaker than expected due to increased security costs but traffic growth exceeded management expectations in the second half of the year with passenger numbers for the full year coming in at 20.7m, an increase of 7.8% on 2006.

Renewable Energy Generation Limited continued to make progress in developing its potential portfolio of onshore UK and Canadian wind farms. In addition, REG has taken a stake in a business which uses waste cooking oils to generate electricity. REG's share price increased by 2.0% in the period.

Vienna Airport's share price increased by 8.0% to EUR79.0. Traffic growth has remained very strong with Vienna Airport finishing the year with 18.8m passengers, an increase of 11.2% on 2006. This increase is double the 5.5% average increase for European airports in 2007. The two main areas of traffic growth are Eastern Europe and the Middle-East, with Vienna Airport benefiting from its geographical advantage of being the easternmost hub airport in Europe.

In December Jersey Electricity ("JEL") reported their annual results to September 2007. These showed a sharp improvement against the previous year, however profits in their electricity business are still below historic levels as a result of the company delaying the pass through of increased electricity purchasing costs onto their clients. JEL's other businesses such as retailing, property, contracting, all performed well, reflecting both good management and a healthy economy on the island.

Keytech reported pleasing interim results to September, with improved profitability across all its business segments. Compared with a year earlier, revenues grew by 5.6% whilst costs were trimmed, resulting in a 22.6% growth in underlying net profit. Strong operational cashflows and lower capital expenditure resulted in a 25.4% increase in cash balances despite increased dividend distributions.

During the six months, Utilico invested £82.2m (excluding investments in index options). Utilico invested £6.9m in Infratil, £17.4m in UEM, £4.7m in ERG, £4.7m in REG and £5.2m in Vienna Airport. Disposals amounted to £43.7m and included £2.1m in Ecofin.

Utilico's interests in renewable energy, including hydro power, continue to increase. The further investment in REG and Infratil together with other investments made in the six months take Utilico's exposure to £90.0m or 19.8% of the portfolio.

The portfolio's concentration has reduced with the top ten accounting for 43.3% versus 47.4% six months ago. The sector split and geographic split have remained broadly unchanged during the six months.

Balance Sheet

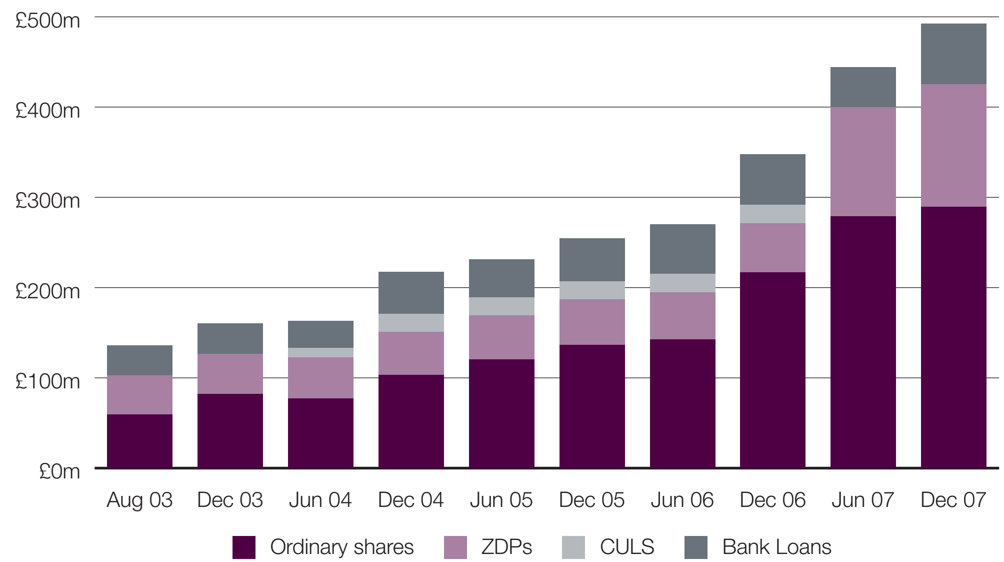
Equity shareholders' funds rose to £289.7m. Utilico increased its bank borrowings by £22.3m during the six months contributing to an increase in the total debt including ZDP shares liability to £202.6m. The gross assets less current liabilities (excluding loans) rose as a result of both increased bank debt, but also performance to £492.2m. The resultant gearing is 41.2%. The bank debt was drawn down entirely in US dollars at 31 December 2007.

Hedging

Utilico has continued to increase the absolute level of market protection by investing in Index option positions. As at 31st December 2007, the total net market protection was £169.0m, equivalent to one third of Utilico's gross assets. Subsequent to 31 December 2007, and following further gains from the market protection strategy Utilico is converting index long put options into index put option spreads partly as a result of high, short term volatility and partly to lock in hedging gains.

Utilico has extended the level of currency protection against weakness in the New Zealand dollar and strength in the US dollar against sterling. As

Allocation of Gross Assets less Current Liabilities (excluding debt)
From 14 August 2003 to 31 December 2007



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

Source: Utilico Limited

at 31 December 2007, Utilico had sold forward currency options to the value of NZ$139.4m against sterling to neutralise currency movements over £51.1m of New Zealand denominated assets, equivalent to 44.2% of the value of Infratil, net of NZ dollar debt.

The weakness of the US dollar against sterling over most of the period was beneficial given Utilico's US dollar denominated loans. The dollar rapidly depreciated in early November, with the rate exceeding 2.10 for a period. Against this background, Utilico bought currency options giving the option to sell £27.5m and buy US$56.4m, a rate of 2.053, therefore offering currency downside protection on around 42.0% of the loans outstanding at the period end. Subsequently, the dollar rate has strengthened to below 2.00 and the options are now well in the money.

Revenue Returns

The revenue returns have increased strongly over the prior period. This has arisen in the main due to stronger revenue income and falling finance costs. Revenue income has increased as a result of rising dividends together with reduced holdings in investments which do not pay a dividend. The annualised revenue yield on the average gross assets to 31 December 2007 was 2.4%, up on year ending 30 June 2007 revenue yield of 2.3%. The finance costs have fallen due to the conversion of the convertible unsecured loan stock into equity, in prior periods their coupon of 3.75% was included in finance costs. The management and administration fees and other expenses were £1.6m representing a total expense ratio of 0.7%, in line with the previous period.

Capital Returns

The capital returns were modest in the six months. The investment portfolio resulted in losses of £1.4m which were offset by gains on derivative instruments and investment income of £15.1m, these were then reduced by finance costs arising on the ZDPs of £5.0m. The net capital gain to ordinary shareholders was £6.5m.

Outlook

The rising financial losses being reported by the US financial institutions now looks set to lead the US into recession. Volatility has increased. Against this background, economic activity will slow. While these factors are being priced into the world economies, we are concerned that the defence of these economies by lowering interest rates and increasing market liquidity will result in further stresses to the world economy. In particular, rising inflation looks set to test the resolve of central banks around the world.

Against the above background, the world markets have fallen since 31 December 2007; Utilico's NAV has since 31 December 2007 declined by 14.3% to 311.08p as at 12 February 2008. Our investments, with some notable exceptions, continue to make progress.

TEN LARGEST HOLDINGS ON A LOOK THROUGH BASIS[1]

at 31 December 2007

31 Dec 2007	30 Jun 2007	Company *(country)*	Fair value £'000s	% of total investments
1	(1)	**TrustPower Ltd** *(New Zealand)* Integrated electricity company	59,012	13.0%
2	(2)	**Unique Flughafen Zurich AG** *(Switzerland)* Airport Operator	28,981	6.4%
3	(8)	**Renewable Energy Generation Ltd** *(UK)* Wind power	17,116	3.8%
4	(10)	**Flughafen Wien AG** *(Austria)* Airport Operator	17,084	3.8%
5	(4)	**Jersey Electricity Company Limited** *(Jersey)* Integrated electricity company	13,441	3.0%
6	(3)	**ERG Limited** *(Australia)* Automated fare collection systems operator	13,382	2.9%
7	(5)	**Infratil Airports Europe** *(UK and Germany)* Airport Operator	12,830	2.8%
8	(6)	**Keytech Limited** *(Bermuda)* Telecommunications provider	12,801	2.8%
9	(7)	**NZ Bus** *(New Zealand)* Bus operator	11,568	2.5%
10	(9)	**Wellington International Airport Limited** *(New Zealand)* Airport Operator	10,428	2.3%
		Ten largest holdings	196,643	43.3%
		Other investments	257,754	56.7%
		Total Investments	454,397	100.0%

The country shown is the location of the major part of the Company's business. The value of convertible securities represents 2.6% and the value of the fixed income securities 9.3%. The total number of companies included in the portfolio is 41.

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

DIRECTORS' STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

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

i) an inappropriate investment strategy could result in poor returns for shareholders and a widening of the discount of the share price to the net asset value (NAV) per share;

ii) loss by the Investment Manager of key staff could affect investment returns;

iii) failure to comply with regulations could result in the Company losing its stock market listing; and

iv) inadequate financial controls could result in misappropriation of assets, loss of income and debtor receipts and mis-reporting of the NAV per share.

Further information on these risks, together with the Group's approach to controlling them will be included in the Group's first annual report for the period to 30 June 2008.

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Directors confirm that to the best of our knowledge:

i) the condensed set of financial statements has been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and return of the Company as required by the Disclosure and Transparency Rules ("DTR") 4.2.4R;

ii) the Chairman's Statement (constituting the interim management report) includes a fair review of the information required by DTR 4.2.7R; and

iii) the financial statements include a fair review of the information required by DTR 4.2.8R.

The current Directors of Utilico Limited are listed on page 23 of this Report.

Signed on behalf of the Board
J Michael Collier
Chairman
19 February 2008

UNAUDITED CONSOLIDATED INCOME STATEMENT

Notes		Period to 31 December 2007 Revenue return £'000s	Capital return £'000s	Total return £'000s
	Gains and losses on investments	–	(1,359)	(1,359)
	Gains and losses on derivative instruments	–	13,171	13,171
	Exchange gains and losses	15	(2,351)	(2,336)
	Investment and other income	5,628	1,969	7,597
	Total income	5,643	11,430	17,073
2	Management and administration fees	(1,244)	111	(1,133)
	Other expenses	(371)	(20)	(391)
	Profit before finance costs and taxation	4,028	11,521	15,549
	Finance costs	(1,412)	(5,020)	(6,432)
	Profit before taxation	2,616	6,501	9,117
3	Taxation	(155)	–	(155)
	Profit for the period	**2,461**	**6,501**	**8,962**
4	**Earnings per share (basic) – pence**	**3.09**	**8.15**	**11.24**
4	**Earnings per share (diluted) – pence**	**2.75**	**7.28**	**10.03**

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

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

All items in the above statement derive from continuing operations.

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

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

UTILICO LIMITED
PERIOD TO 31 DECEMBER 2007

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

UNAUDITED CONSOLIDATED BALANCE SHEET

Notes		31 December 2007 £'000s
	Non current assets	
	Investments	454,397
	Current assets	
	Other receivables	4,708
	Derivative financial instruments	32,678
6	Cash and cash equivalents	11,476
		48,862
	Current liabilities	
	Bank loans	(20,500)
	Other payables	(2,259)
	Derivative financial instruments	(8,753)
		(31,512)
	Net current assets	17,350
	Total assets less current liabilities	471,747
	Non current liabilities	
	Bank loans	(46,670)
	Zero dividend preference shares	(135,417)
	Net assets	**289,660**
	Equity attributable to equity holders	
7	Ordinary share capital	7,983
	Share premium account	237,597
	Warrant reserve	34,694
	Non-distributable reserve	424
	Capital reserves	6,501
	Revenue reserve	2,461
	Total attributable to equity holders	**289,660**
	Net asset value per ordinary share	
8	Basic – pence	**362.87**
8	Diluted – pence	**323.05**

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

Notes		Period to 31 December 2007 £'000s
9	Cash flows from operating activities	(63,892)
	Cash flows from investing activities	–
	Cash flows before financing activities	(63,892)
	Financing activities	
	Equity dividends paid	–
	Net proceeds from borrowings	75,382
	Proceeds from warrants exercised	129
	Cash flows on issue of ordinary share capital	206
	Cash flows from financing activities	75,717
	Net increase in cash and cash equivalents	11,825
	Cash and cash equivalents at the beginning of the period	–
	Effect of movement in foreign exchange	(349)
	Cash and cash equivalents at the end of the period	**11,476**

1. ACCOUNTING POLICIES

The Company is an Investment Company incorporated in Bermuda on 17 January 2007 and quoted on London Stock Exchange. The Company commenced trading on 20 June 2007 and its first accounting reference date will be 30 June 2008. The period to 31 December 2007 is the Company's first financial period end and thus there are no comparatives.

The consolidated financial statements of the Company for the period ended 31 December 2007 comprise the results of the Company and its subsidiaries, Utilico Finance Limited, Utilico NZ Limited and UEM Holdings Limited (together referred to as the "Group"). 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 financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the IASB, and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect. The financial statements have been prepared in accordance with International Accounting Standard 34, "Interim financial reporting" as adopted by the European Union ("EU"). They do not include all the information required for full annual financial statements.

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

Where presentational recommendations set out in the revised Statement of Recommended Practice "Financial Statements of Investment Trust Companies" ("SORP"), issued in the UK by the Association of Investment Companies ("AIC") in December 2005, do not conflict with the requirements of IFRS, the Directors have prepared the financial statements 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, realised and unrealised profits and losses on fixed asset 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.

Certain Standards and Interpretations to Standards have been issued, but are not yet effective and have not been early adopted by the Company. These Standards and Interpretations are not expected to have any significant impact on the Company's financial statements, in their periods of initial application, except for the disclosures required by IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009) and IFRS 8, 'Operating segments ' (effective from 1 January 2009).

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 financial statements, 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 financial statements include the financial statements of the Company and its subsidiary undertakings. 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.

(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.

1. ACCOUNTING POLICIES (CONTINUED)

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 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, takes into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values and other relevant factors.

Listed 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 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. Under Bermuda Company law ZDP shares are recognised as share capital in Utilico Finance Limited.

(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 Statement 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 Statement of the overseas subsidiaries are translated at weighted average rates of exchange for the relevant reporting period, other than material exceptional items which are translated at the rate on the date of the transaction and assets and liabilities are translated at exchange rates prevailing at the relevant balance sheet date.

(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 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.

1. ACCOUNTING POLICIES (CONTINUED)

(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.

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

(l) Capital reserve
The following items are allocated to capital reserves:

Capital reserve – realised

– gains and losses on the realisation of investments

– realised 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 – unrealised

– increases and decreases in the valuation of investments held at the year end

– unrealised exchange differences of a capital nature

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

In addition, ICM is entitled to a performance fee payable in respect of each financial period, equal to 15% of the amount by which the Company's net asset value attributable to the holders of ordinary shares, outperforms the real after tax yield on the FTSE Actuaries Government Securities UK Gilt 5 to 10 years index during the period. The opening equity funds for calculation of the performance fee are the higher of the equity funds on the last day of a calculation period in respect of which a performance fee was last paid and the equity funds on the last day of the previous calculation period increased by the real percentage yield on the reference index during the calculation period.

In accordance with the management agreement with ICM, performance achieved in Utilico Investment Trust plc (UIT) in the period between 1 July 2006 and the date of transfer of assets and liabilities to Utilico Limited was carried forward into Utilico Limited. Therefore the opening equity funds for calculation of the performance fee to 30 June 2007 were those at 30 June 2006 in UIT the last period end in respect of which a performance fee was last paid to ICM. The accrual transferred into Utilico at 20 June 2007 from UIT was £111,000 more than was calculated and paid at 30 June 2007 when the performance fee became due. For the period to 31 December 2007 no fee has been accrued. The amount payable in respect of the full reporting period ending 30 June 2008 is dependent upon the performance of the Company in the year to 30 June 2008 and may therefore be greater than the fee accrued at 31 December 2007.

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

3. TAXATION
The taxation charge of £155,000 relates to overseas taxation on income. Profits for the period are not subject to Bermuda tax.

4. EARNINGS PER SHARE
The calculation of the basic and diluted earnings per share from continuing operations is based on the following data:

	Period to 31 Dec 2007 £'000s
Revenue	2,461
Capital	6,501
Total	**8,962**
	Number
Weighted average number of shares in issue during the period for basic earnings per share calculations	79,704,955

Diluted earnings per ordinary share
Diluted earnings per share have been calculated in accordance with IAS 33, under which the Company's outstanding warrants are considered dilutive only if the exercise price is lower than the average market price of the ordinary shares during the period. The dilution is calculated by reference to the additional number of ordinary shares which 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;

	Period to 31 Dec 2007 Number
Weighted average number of shares in issue during the period for basic earnings per share calculations	79,704,955
Dilutive potential shares	9,611,140
Weighted average number of shares for diluted earnings per share calculations	**89,316,095**

5. DIVIDENDS
The directors have declared an interim dividend in respect of the period ended 31 December 2007 of 2.50p per ordinary share. The date of payment of this dividend is still to be clarified and the Company will make a further announcement when this has been determined.

The total cost of the dividend, which has not been accrued in the results for the period ended 31 December 2007, is £1,996,000 based on 79,825,388 shares in issue at the date of this report.

6. CASH AND CASH EQUIVALENTS

	Period to 31 Dec 2007
Cash at bank	10,311
Cash in margin accounts	1,165
	11,476

7. ORDINARY SHARE CAPITAL

	Authorised number	£'000s	Issued and fully paid Number	£'000s
Equity share capital:				
Ordinary shares of 10p each in issue on 20 June 2007	127,479,500	12,748	79,656,782	7,966
Issued on exercise of warrants			168,606	17
Balance at 30 September 2007	**127,479,500**	**12,748**	**79,825,388**	**7,983**

Ordinary shares

The Company was incorporated on 17 January 2007 with an authorised share capital of £1 comprising one share of £1 that was issued nil paid to Utilico Investment Trust. On 9 May 2007, by written resolution, Utilico sub-divided the existing issued share capital into ten ordinary shares of 10p each. These ten ordinary shares held by Utilico Investment Trust were gifted to Utilico.

On 9 May 2007, by written resolution, Utilico increased its authorised share capital from £1 to £12,747,950 by the creation of 127,479,490 Utilico Shares of 10p each.

On 20 June 2007, 79,656,782 ordinary shares of 10p were issued for the transfer of assets pursuant to the voluntary winding up of UIT and rollover into Utilico and Utilico Finance Limited.

The authorised and issued share capital of Utilico was admitted to London Stock Exchange's main market for listed securities on 20 June 2007.

Warrants

At the date of issue of ordinary shares, 12,329,479 Utilico 2008 warrants were issued pursuant to the voluntary winding up of UIT and rollover into Utilico and Utilico Finance Limited. On the same date 3,601,877 Utilico 2012 warrants were issued in proportion to the UIT Ordinary Shareholders' holding of UIT Ordinary Shares and UIT Warrantholders' holding of UIT Warrants, as adjusted to reflect their entitlements to subscribe for 0.64 of a UIT Ordinary Share as at the Issue Date.

On 31 October 2007, 160,326 Utilico 2008 warrants and 8,280 Utilico 2012 warrants were exercised.

At 31 December 2007 12,169,153 Utilico 2008 warrants and 3,593,597 Utilico 2012 warrants were in issue.

Holders of Utilico 2008 warrants have the right to subscribe for one ordinary share per warrant at £0.64 in cash on 30 April or on 31 October in any of the years 2008 to 2010 (inclusive).

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 2008 to 2012 (inclusive).

8. NET ASSET VALUE PER SHARE

(a) Net asset value per ordinary share is based on net assets at the period end of £289,660,000 and on 79,825,388 ordinary shares in issue at the period end.

(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:

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

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

	31 Dec 2007 £'000s
Profit before taxation	9,117
Adjust for non-cash flow items:	
Gains and losses on investments	1,359
Gains and losses on derivative financial instruments	(13,171)
Exchange gains/(losses)	2,336
Effective interest rate basis adjustments	5,020
Stock interest	(851)
Increase in accrued income	(1,837)
Decrease in creditors	(15,058)
Increase in other debtors	(5)
Tax on overseas income	(153)
	(22,360)
Adjust for cash flow items not within Income Statement	
Net cash flows on investments	(47,091)
Net cash flows on derivatives	(3,558)
	(50,649)
Net cash flows from operating activities	**(63,892)**

10. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Directors are of the opinion that the Group is engaged in a single segment of business of investing in equity, debt and derivative securities to produce a long term capital appreciation and therefore no segmental reporting is provided.

11. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries (Utilico Finance Limited, Utilico NZ Limited and UEM Holdings Limited), which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The following are considered related parties: General Provincial Life Pension Fund (L) Limited ("GPLPF"), which holds 51.4% of the Company's ordinary shares; Associates of the Group, being SPG Media Group Plc, Utilico Emerging Markets Limited, Newtel Limited, Sasial Vehicle Technologies Limited and ERG Limited; the Board of Utilico Limited; ICM, Utilico's investment adviser; and Mr D Saville.

There were no transactions during the period 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.

During the period the Company invested £17,400,000 in Utilico Emerging Markets Limited C shares; £2,800,000 in Newtel Limited Convertible loan notes and agreed to capitalise interest of £180,000 at nominal value; and £3,215,000 in ERG Limited loan notes at nominal value.

There were no transactions with the Board other than aggregate remuneration of £75,000 included within "Other expenses" for services as Directors, and there are no outstanding balances with any Director at the period end.

There were no transactions with ICM or Mr Saville other than investment advisory and performance fees as set out in Note 3. At the period end £911,000 of the management fee remained outstanding.

12. RESULTS

The results for the period to 31 December 2007 have not been audited or reviewed by the auditors.

By order of the Board
F&C Management Limited, Secretary
Exchange House, Primrose Street, London EC2A 2NY
19 February 2008

UTILICO LIMITED
COMPANY REGISTRATION NUMBER: 39480
WWW.UTILICO.BM

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

Registered Office
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

Norton Rose
3 More London Riverside
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
PricewaterhouseCoopers LLP
Hays Galleria
1 Hays Lane
London SE1 2RD

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