

UTILICO INVESTMENTS LIMITED

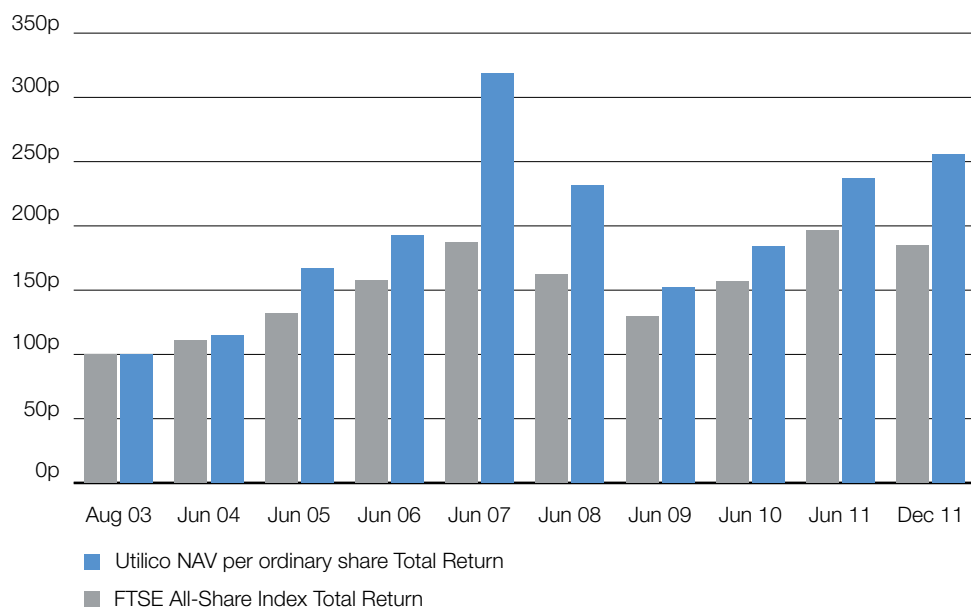
**Report and accounts
for the six months to 31 December 2011**

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

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

Rebased total return comparative performance to 31 December 2011

Rebased to 100 at 14 August 2003*



*Inception of Utilico Investment Trust plc

Source: Utilico Investments Limited

	31 Dec 2011	30 Jun 2011	Change
Ordinary shares			
Total Return	15.3% ⁽¹⁾	24.2%	n/a
Annual compound total return since inception	12.3%	11.2%	n/a
Net asset value per ordinary share	229.29p	201.63p	13.7%
Share prices and indices			
Ordinary share price	159.00p	147.25p	8.0%
Discount	30.7%	27.0%	n/a
FTSE All-Share Index total return	3,970	4,233	(6.2%)
Zero dividend preference (ZDP) shares⁽²⁾			
2012 ZDP shares			
Capital entitlement per ZDP share	167.77p	162.15p	3.5%
ZDP share price	172.25p	168.50p	2.2%
2014 ZDP shares			
Capital entitlement per ZDP share	137.45p	132.69p	3.6%
ZDP share price	147.87p	142.75p	3.6%
2016 ZDP shares			
Capital entitlement per ZDP share	137.45p	132.69p	3.6%
ZDP share price	147.25p	133.50p	10.3%
Warrants			
2012 warrant price	0.55p	0.55p	–%
Equity holders funds (£m)			
Gross assets ⁽³⁾	427.2	408.7	4.5%
Bank debt	17.9	30.9	(42.1%)
ZDP debt	178.9	172.8	3.6%
Other debt	1.3	3.5	(62.9%)
Equity holders' funds	229.1	201.5	13.7%
Financial ratios of the Group⁽⁴⁾			
Revenue yield on average Gross Assets	4.1%	3.1%	n/a
Total expense ratio ⁽⁵⁾ on average Gross Assets	0.7%	0.8%	n/a
Bank loans, other loans and ZDP shares gearing on Gross Assets	46.4%	50.7%	n/a
Returns and dividends			
	Six months to 31 Dec 2011	Six months to 31 Dec 2010	
Revenue return per ordinary share (undiluted)	6.54p	3.92p	
Capital return per ordinary share (undiluted)	24.38p	67.24p	
Total return per ordinary share (undiluted)	30.92p	71.16p	
Dividend per ordinary share	3.50p ⁽⁶⁾	5.00p ⁽⁷⁾	

(1) For the six months to 31 December 2011.

(2) Issued by Utilico Finance Limited, a wholly owned subsidiary of Utilico Investments Limited in June 2007. 2012 ZDP shares previously issued by Utilico Investment Trust plc.

(3) Gross assets less current liabilities excluding loans.

(4) For comparative purposes the total expense and revenue figures have been annualised.

(5) Excluding performance fee.

(6) The interim dividend declared has not been included as a liability in these accounts (see note 5 to the accounts).

(7) 3.25p interim dividend plus 1.75p special dividend.

I am very pleased to report that Utilico Investments Limited ("Utilico" or "the Company") achieved a total return per ordinary share of 15.3% in the six months to 31 December 2011. This is an excellent performance in challenging markets and substantially ahead of the FTSE All-Share Index, which declined 6.2% over the six months.

Since August 2003 Utilico's net asset value ("NAV") per ordinary share plus cumulative dividends of 24.95p has increased 155.6%, resulting in an average annual compound total return per ordinary share of 12.3%. The FTSE All-Share Total Return Index achieved 7.5% compound annual growth during the same period. The increase in Utilico's NAV over the six months under review was driven by continued gains on the portfolio, which amounted to £27.7m at 31 December 2011.

While these have been difficult times for investors, the asset and funding profile of Utilico has been good. Over the last three years the investment manager, ICM Limited ("ICM"), has followed its strong convictions on the recovery of Resolute Mining Limited ("Resolute"), emerging markets, by way of the Company's investment in Utilico Emerging Markets Limited ("UEM"), and Infratil Limited ("Infratil"). These assets are all benefitting from recovery, growth and stability respectively. This growth has been leveraged by the zero dividend preference ("ZDP") shares. The Company's strategy of being long gold, emerging markets, Australia and New Zealand and short Sterling has, to date, proved right.

Much of the portfolio gains, of £27.7m, have been driven by Resolute. ICM's view is that the increase in share price is due partly to recovery and partly to the strength in gold prices. Today the investment manager's firm belief is that Resolute's share price remains on the recovery path.

Clearly a stronger gold price and increased reserves will deliver a higher valuation. This has resulted in rising concentration in the portfolio as Resolute's performance outstrips that of UEM and Infratil. Resolute is the largest holding in the portfolio at £136.2m and this concentration is expected to continue.

The decision was taken to reduce the investment in Infratil which had risen to 25.7% of Utilico's portfolio as at 30 June 2011 and the investment manager placed out 22.1% of the shareholding before the period end and has agreed to sell an additional 5.0m shares at NZ\$1.85 per share on 31 March 2012. At 31 December 2011, Utilico's holding in Infratil, including the 5.0m shares held for sale, represents 19.4% of the portfolio. Utilico's new investments have continued to remain modest over the six months.

The revenue income has risen strongly to £8.5m as a result of dividend distributions from our unlisted transport ticketing related investments. This, together with reduced funding costs, has resulted in the revenue earnings per share ("EPS") rising to 6.54p in the six months to 31 December 2011 on a year on year basis (December 2010: 3.92p). The Directors have decided to declare an interim dividend of 3.50p, up from 3.25p last half year. The revenue reserves carried forward are 9.38p per ordinary share (the liability for the declared interim dividend is not included).

The redemption date for the 2012 ZDP shares is 31 October 2012. In December 2011 Utilico Finance Limited, the 100% owned subsidiary of Utilico, announced proposals to offer the holders of these 2012 ZDP shares the opportunity to elect to roll part of their investment into new 2018 ZDP shares. This offer closed on 13 January 2012 with 6.1m 2012 ZDP shares electing to roll into the 2018 ZDP shares. The 39.3m 2012 ZDP shares not rolled over

will be redeemed on their redemption date for cash. To provide funds for this redemption the Company issued £11.9m 2018 ZDP shares for cash with new investors. In addition, the Company is proposing to place out up to a further 10.0m 2014 ZDP shares and 10.0m 2016 ZDP shares and up to 27.6m 2018 ZDP shares to raise cash in advance of the redemption. Details of these proposals were set out in a prospectus which can be found on Utilico's website.

The Board, in consultation with ICM, has supported the move to transfer the company secretarial function to ICM and I am delighted that Amanda Marsh has joined the ICM Group and will perform the role of company secretary from April 2012. F&C Management Limited will continue to be our valued service provider in regards to execution, settlement, accounting and record keeping. They continue to offer an outstanding service to Utilico, the Board and ICM.

I am delighted to have been asked by my fellow Board members to assume the Chairmanship and I look forward to this opportunity. I would like to thank the Board for their contributions and valued input over recent difficult markets.

On behalf of the Board, I must thank Michael Collier for his support, enthusiasm and guidance as Chairman of Utilico, under which Utilico has made

significant progress. We are all pleased Michael is continuing as a Director.

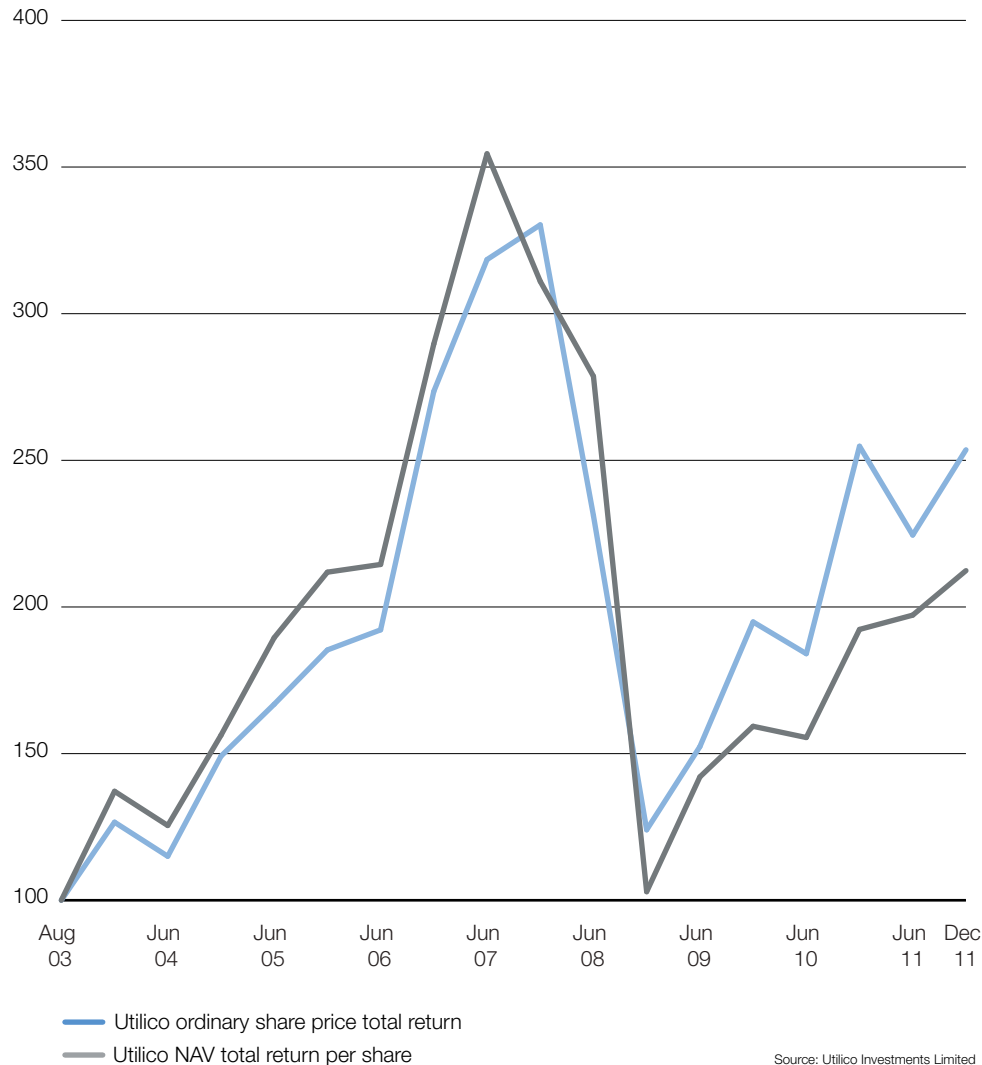
It is with deep sadness I report that Lloyd Morrison passed away earlier this month. Lloyd was the inspirational founder of Infratil and over the last two decades created a world class New Zealand based investment fund. Infratil has been an outstanding investment for our group over the last 17 years, and I expect this outperformance to continue with the current management team. He was a friend and advisor to many including Utilico. His leadership, drive, and encouragement will be missed by all of us.

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

Dr R Urwin
21 February 2012

Utilico ordinary share price and diluted NAV performance

Rebased to 100 from 14 August 2003 to 31 December 2011



Source: Utilico Investments Limited

Utilico has performed well in the six months to December 2011 with a positive total return of 15.3%, outperforming the FTSE All-Share Index total return which was negative 6.2% over the same period. The average annual compound return since inception is 12.3%.

Portfolio

The top ten investments on a look through basis have seen changes as a result of both strong performance and investment and disposals in the underlying portfolio. Resolute continues to be our largest investment at £136.2m both on an absolute basis and on a look through basis. Malaysia Airports Holdings Berhad (“Malaysia Airport”) re-entered the top ten replacing Ocean Wilsons Holdings Limited (“Ocean Wilson”) due to UEM substantially reducing its holding in Ocean Wilson. Both of these investments are held via Utilico’s investment in UEM.

Resolute has made significant progress in its recovery in the six months, the last step being the conversion of the 12% Convertible Loan Notes and exercise of options on 31 December 2011. As a result Resolute ended the six months largely ungeared (debt was A\$11.0m and cash and bullion were A\$71.0m), unhedged and a leading independent producer of gold. In the quarter to 31 December 2011 Resolute produced 95,668 ounces of gold at a cash cost of A\$777/oz. In the year to 30 June 2012 Resolute has forecast production of up to 410,000 ounces at an average cash cost of A\$730/oz, up from 330,000 ounces at a cash cost of A\$908/oz last year.

In December 2011 Utilico converted its Resolute options and its Convertible Loan Notes into Resolute ordinary shares and ended the year with a holding of 125.9m ordinary shares representing 19.1% of Resolute’s ordinary share capital. Resolute’s ordinary share price increased by 42.0% over the six months. Overall Utilico’s leveraged holding increased by 50.7% to £136.2m during the six months.

While the operational and structural transformation at Resolute has largely been completed, we believe the year end share price of A\$1.64 has not truly reflected this achievement.

Infratil (which holds the investment in TrustPower, Wellington Airport, Infratil Energy Australia and Z Energy) held up well in weak markets, gaining 5.5% over the six months to 31 December 2011 on a total return basis. In addition the company increased its interim dividend by 20%. During the six months we realised £23.4m from the sale of ordinary shares. The value of Utilico’s investment has reduced by £22.0m as a result of the disposal offset in part by the price increase.

In the six months from June to December 2011 Infratil refinanced all its 2011 and 2012 bond maturities and renewed its bank facility. The company reaffirmed its 2012 earnings guidance and raised projections around the operating cash flows for the year. This is testament to the good positioning of the companies’ underlying assets even though the economies in which the businesses operate showed very low growth.

It is good to see Infratil’s management team substantially increase their investment in Infratil. The management team participated in Utilico’s placement and increased their equity interest to 10.3%. It is also pleasing to see Infratil buy back shares in the current environment.

UEM performed well in weak emerging markets. Its NAV per share decreased by 13.0% to 159.04p versus the MSCI Emerging Markets Index which declined 16.3% (Sterling adjusted). UEM’s portfolio and strategy remained broadly unchanged over the six months. UEM migrated to the official list at the London Stock Exchange, from the Alternative Investment Market (“AIM”), on 14 October 2011. As a result UEM saw a narrowing of its discount.

TrustPower Limited ("TPW") saw improved results, recording an 18% increase in like for like earnings in the six month period to September 2011. TrustPower's recent investments in wind energy have perhaps made the company's earnings more variable than they have been historically, and the results benefited from a return to more normal wind speeds after a poor 2010. The company has continued to make progress in developing new renewable generation assets in both New Zealand and Australia. In the six months to December 2011, TPW's share price fell by 1.8%. Again, it is pleasing to see TPW buying back shares.

Vix Technology Pty Ltd ("Vix") continues to make progress. In the year to 30 June 2011 the core group of companies within Vix reported turnover of

A\$165.0m and an EBITDA of A\$8.7m. During the period Vix returned £0.8m to Utilico while £3.3m was advanced in new loans to Vix.

Bermuda Commercial Bank Limited ("BCB") continues to make progress. For the year to 30 September 2011 BCB reported a profit before tax of BD\$2.6m, up from \$1.2m on total assets which increased by BD\$122.3m to BD\$532.0m from BD\$409.7m in 2010. BCB's capital ratio of 27.1% remains more than double the Bank of International Settlement's target of 12.0% and is also substantially ahead of proposed Basel III capital levels.

Jersey Electricity plc ("JEL") reported results for the year to September 2011 which were in line with the previous year. This is disappointing as the

company benefitted from stable electricity prices in France, from where the company imports 97.0% of its electricity requirements. We remain frustrated that the company is unable to maintain a fair pricing tension and therefore a fair return on assets and profitability. Their customer tariffs were reduced by 5.0% compared to the prior year, despite continuing capex investment. Capex in the twelve months of £15.0m, outstripped depreciation of £8.2m. We welcome the dividend increase of 4.9% to 10.75p. JEL's share price fell by 3.6% in the six months to December 2011.

Infratil Energy Australia Pty Ltd ("IAE") is Infratil's Australian energy business and consists of peak load generation assets and an energy retailing business, Lumo Energy. The business reported revenue growth of 9.0% over the six months to September 2011 due to the growing customer base at Lumo and Perth Energy, plus the new 120MW generation plant at Kwinana.

Renewable Energy Generation Limited ("REG") Over the six months to December 2011, REG has announced two further projects which help underpin near term growth. Projects have been acquired in Northern Ireland (4 MW), and planning permission has been received on a reasonably sized site in Cornwall (10MW). The company is about to embark upon construction of the Sancton Hill site in Yorkshire (10MW), and the South Sharpley site in County Durham (6MW). The UK Government has pared back the amount of subsidy which can be claimed by on-shore wind turbines; however, this is offset by the continued fall in capital costs. Longer term, REG is well positioned to take advantage of any increase in UK wholesale electricity prices which may occur as existing nuclear power stations are de-commissioned, and some older coal plants are also closed as a result of EU emissions rules. REG's share price increased by 6.7% in the six months to December 2011.

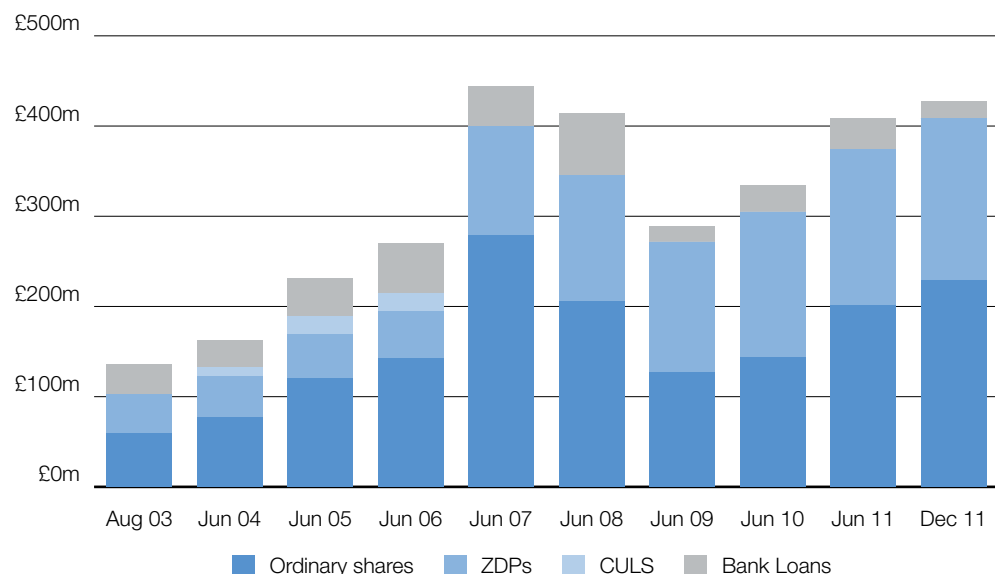
Z Energy Limited is Infratil's 50% owned joint venture with the New Zealand Superannuation Fund, set up to purchase and operate Shell NZ's downstream New Zealand business, including 220 service stations, refining, port infrastructure, and pipelines. 2010 was the first year of Infratil's ownership of this business and in the half year to September 2011 Z Energy is reported to be outperforming the industry despite poor trading conditions over the last six months, in terms of volume and market share. Z Energy has made significant progress on a number of key strategic initiatives and opportunities for further enhancement continue to be identified.

Malaysia Airports Holdings Berhad ("MAHB") is the sole operator and manager of Malaysia's 39 airports, the largest of which is Kuala Lumpur International Airport ("KLIA"). Over the financial year to September 2011 the company produced another solid set of results, with passenger growth of 12.0% and revenue growth of 7.0%. During the period, MAHB also announced that the construction of its new KLIA2 terminal at KL Airport, the world's largest purpose built terminal for low cost carriers, enabling it to hand up to 45 million passengers and capitalise on the non-aeronautical revenues generated from passengers passing through, will be completed by April 2013. The new terminal will be a long term value driver for the stock. Over the period the share price decreased 11.1%.

Wellington International Airport Ltd ("Wellington") saw a decrease in passenger numbers of 1.4% in the interim six month period to September 2011, as traffic numbers were affected by the Chilean volcanic dust cloud which reduced its services in June. The airport however was recognised as the best airport in Australasia at the 2011 World Travel Awards and should see an improvement in passenger numbers in the latter half of 2011 on the back of the international surge associated with the Rugby World Cup.

Allocation of Gross Assets

From 14 August 2003 to 31 December 2011



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

Source: Utilico Investments Limited

During the six months Utilico invested £16.3m, of which the biggest investment was £6.0m on the exercise of Resolute Options, and realised £25.9m, the majority of which was the sale of Infratil ordinary shares realising £23.4m.

As a result of Resolute's continued strength the top ten has become more concentrated and has risen from 61.0% to 65.1% of the total investments.

The geographic and sectoral weightings have remained broadly in line with the position at June 2011 with the exception of Gold mining which increased from 22% to 32% both geographically and sectorally as a result of the strong performance of Resolute together with the exercise of Utilico's Resolute options position. Further, New Zealand has reduced from 21% to 14% as a result of the reduction of the Infratil holding.

Bank Debt

Bank debt decreased from £30.9m to £17.9m. This reflects part utilisation of the £30.0m bank facility. As at 31 December 2011 this was drawn in New Zealand Dollars and Sterling.

Hedging

Having reduced the market hedge position to nil in September 2011, the position was modestly re-established in the last two months of 2011. At 31 December 2011 the investment in the hedge was £2.9m.

Utilico has maintained currency hedges to partially protect the Sterling value of certain investments. At the period end, forward currency sale contracts were in place for a nominal NZ\$55.4m, €11.9m and A\$11.3m. This level of protection reflects the investment manager's view that Sterling is likely to be stronger rather than weaker against certain currencies of Utilico's investments.

Revenue Return

The total income is up significantly in the six months to 31 December 2011 compared to the prior year, mainly as a result of dividend income from Utilico's unlisted transport ticketing investments. Management and administration fees increased as a result of higher gross assets. Finance costs were significantly reduced due to lower debt and reduced margins. The combined effect of the above resulted in the revenue EPS rising 66.8% to 6.54p.

Capital Return

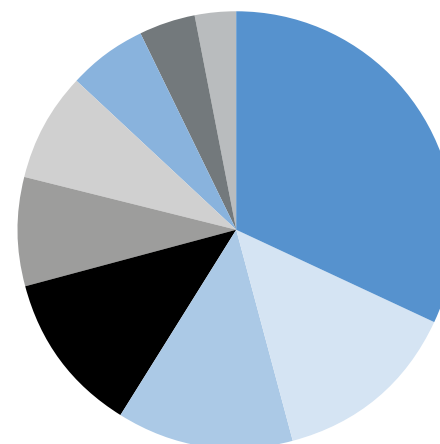
Capital returns recorded a further gain of £24.4m due mostly to gains on investments of £27.7m. Gains on derivatives and exchange rates partly reversed the losses in the previous period. Finance costs were up marginally as the ZDP Shares' accumulated capital base increased. The resulting EPS on the capital return was 24.4p.

Expense Ratio

Utilico's total expenses excluding finance costs and taxation were £1.4m. This represents an annualised TER of 0.6%, marginally down on the prior year.

Geographical Split of Investments

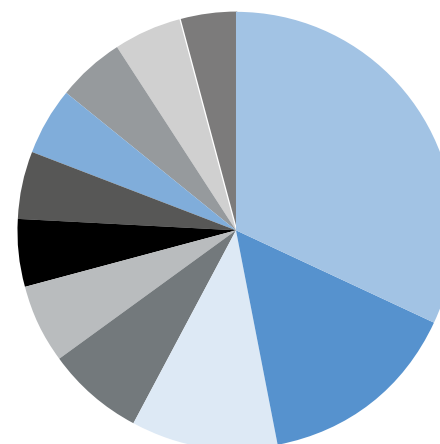
As at 31 December 2011



	Dec 2011 %	June 2011 %
Gold Mining	32	22
New Zealand	14	21
Asia & Far East	13	14
UK	12	13
Australia	8	8
Bermuda	8	8
Latin America	6	8
Europe excluding UK	4	4
North America	3	2

Sectoral Split of Investments

As at 31 December 2011



	Dec 2011 %	June 2011 %
Gold Mining	32	22
Renewable Energy	15	19
Electricity	11	12
Other	7	7
Infrastructure IT	6	8
Water & Waste	5	6
Airports	5	7
Toll Roads	5	5
Ports	5	6
Banks	5	4
Telecoms	4	4

Source: Utilico Investments Limited

31 Dec 2011	30 Jun 2011	Company (country) ⁽²⁾	Fair value £'000s	% of total investments
1	(1)	Resolute Mining Limited (Australia) Gold mining company	136,206	31.9%
2	(2)	TrustPower Limited ⁽³⁾ (New Zealand) Electricity company	36,087	8.5%
3	(5)	Vix Technology Pty Ltd (Australia) Transport systems operator	18,237	4.3%
4	(6)	Bermuda Commercial Bank Limited (Bermuda) Banking services	17,444	4.1%
5	(3)	Jersey Electricity plc (Jersey) Electricity company	16,000	3.7%
6	(4)	Infratil Energy Australia Pty Ltd ⁽³⁾ (Australia) Electricity generation and supply	15,306	3.6%
7	(10)	Renewable Energy Generation Limited (UK) Wind power	11,475	2.7%
8	(7)	Z Energy Limited ⁽³⁾ (New Zealand) Oil & Gas assets	10,086	2.4%
9	–	Malaysia Airports Holdings Berhad ⁽⁴⁾ (Malaysia) Airport Operator	8,694	2.0%
10	(8)	Wellington International Airport Ltd ⁽³⁾ (New Zealand) Airport operator	8,325	1.9%
Ten largest holdings			277,860	65.1%
Other investments			148,837	34.9%
Total Investments			426,697	100.0%

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

(2) Country refers to the country of incorporation.

(3) Held by Infratil.

(4) Held by UEM.

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.

Other key risks faced by the Group relate to investment strategy, external events, management and resources, regulatory issues, operational matters, financial controls and loan covenant compliance.

These risks, and the way in which they are managed, are described in more detail under the heading "Principal risks and risk mitigation" within the Report of the Directors contained within the Group's Report and Accounts for the year ended 30 June 2011. The Group's principal risks and uncertainties have not changed materially since the date of that report.

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

DIRECTORS' STATEMENT OF RESPONSIBILITIES

In accordance with Chapter 4.2 of the Disclosure and Transparency Rules the Directors confirm that to the best of their knowledge:

- (i) the condensed set of financial statements has been prepared in accordance with applicable International Accounting Standards and gives a true and fair view of the assets, liabilities, financial position and profit of the Group;
- (ii) the Chairman's Statement and Investment Manager's Report (constituting the Interim Report) includes a fair review of the important events that have occurred in the six months to 31 December 2011 and their impact on the condensed set of financial statements;
- (iii) the Directors' Statement of Principal Risks and Uncertainties shown above is a fair review of the principal risks and uncertainties for the remainder of the financial year; and
- (iv) the condensed set of financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Company during the period, and any changes in the related party transactions described in the last Annual Report that could do so.

Signed on behalf of the Board
Dr R Urwin
Chairman
21 February 2012

for the six months to 31 December 2011	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Warrant reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
Balance at 30 June 2011	9,993	30,250	233,866	3,049	32,069	(113,833)	6,083	201,477
Profit for the period	-	-	-	-	-	24,361	6,534	30,895
Ordinary dividends paid	-	-	-	-	-	-	(3,248)	(3,248)
Conversion of warrants	-	1	-	-	-	-	-	1
Balance at 31 December 2011	9,993	30,251	233,866	3,049	32,069	(89,472)	9,369	229,125

for the six months to 31 December 2010	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Warrant reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
Balance at 30 June 2010	8,637	223,501	10,365	3,050	32,068	(138,218)	4,317	143,720
Profit for the period	-	-	-	-	-	58,077	3,387	61,464
Costs incurred for corporate action	-	(693)	-	-	-	-	-	(693)
Balance at 31 December 2010	8,637	222,808	10,365	3,050	32,068	(80,141)	7,704	204,491

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

Notes	31 December 2011 £'000s	31 December 2010 £'000s	30 June 2011 £'000s
Non current assets			
Investments	426,697	399,329	407,560
Current assets			
Other receivables	4,359	2,668	1,623
Derivative financial instruments	4,155	581	1,625
Cash and cash equivalents	973	3,832	1,293
	9,487	7,081	4,541
Current liabilities			
Loans	(1,256)	(31,135)	(3,555)
Other payables	(8,249)	(1,578)	(1,362)
Derivative financial instruments	(751)	(2,292)	(2,002)
Zero dividend preference shares	(76,313)	–	–
	(86,569)	(35,005)	(6,919)
Net current liabilities	(77,082)	(27,924)	(2,378)
Total assets less current liabilities	349,615	371,405	405,182
Non-current liabilities			
Bank loans	(17,868)	–	(30,943)
Zero dividend preference shares	(102,622)	(166,914)	(172,762)
Net assets	229,125	204,491	201,477
Equity attributable to equity holders			
6 Ordinary share capital	9,993	8,637	9,993
Share premium account	30,251	222,808	30,250
Special reserve	233,866	10,365	233,866
Warrant reserve	3,049	3,050	3,049
Non-distributable reserve	32,069	32,068	32,069
Capital reserves	(89,472)	(80,141)	(113,833)
Revenue reserve	9,369	7,704	6,083
Total attributable to equity holders	229,125	204,491	201,477
Net asset value per ordinary share			
7 Basic – pence	229.29	236.75	201.63

Notes	Six months to 31 December 2011 £'000s	Six months to 31 December 2010 £'000s	Year to 30 June 2011 £'000s
8 Cash flows from operating activities	9,421	(3,098)	(3,919)
Cash flows from investing activities	–	–	–
Cash flows before financing activities	9,421	(3,098)	(3,919)
Financing activities:			
Ordinary dividends paid	(3,248)	–	(4,996)
Movement on loans	(13,216)	(442)	1,758
Proceeds from warrants exercised	1	–	2
Cash flows from issue of ordinary shares	–	(87)	126
11 Cost of corporate action	(279)	–	–
Cash flows from financing activities	(16,742)	(529)	(3,110)
Net decrease in cash and cash equivalents	(7,321)	(3,627)	(7,029)
Cash and cash equivalents at the beginning of the period	1,293	6,495	6,495
Effect of movement in foreign exchange	(171)	964	1,827
Cash and cash equivalents at the end of the period	(6,199)	3,832	1,293
Comprised of:			
Cash	973	3,832	1,293
Bank overdraft	(7,172)	–	–
Total	(6,199)	3,832	1,293

1. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed Group Accounts have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 "Interim Financial Reporting" and the accounting policies set out in the audited statutory accounts of the Group for the year ended 30 June 2011.

The condensed Group Accounts do not include all of the information required for full annual accounts and should be read in conjunction with the consolidated Accounts of the Group for the year ended 30 June 2011, which were prepared under full IFRS requirements.

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

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

2. MANAGEMENT AND ADMINISTRATION FEES

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

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 period to 31 December 2011, the attributable shareholders' funds were below the high watermark and therefore no performance fee has been accrued. The final amount payable is dependent upon the performance of the Company in the year to 30 June 2012.

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

With effect from 1 March 2012, ICM will assume responsibility as company secretary from F&C. No other duties or services provided by ICM and F&C will change and the fees receivable by F&C will remain unchanged. ICM will recover part of the costs of the company secretary incurred by them in providing this service.

3. TAXATION

The taxation charge of £4,000 (31 December 2010: £241,000 and 30 June 2011: £18,000) relates to overseas taxation suffered on dividend income. Profits of the Company and subsidiaries for the period are not subject otherwise to any other taxation within their countries of residence.

4. EARNINGS PER SHARE

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

	Six months to 31 Dec 2011	Six months to 31 Dec 2010	Year to 30 Jun 2011
	£'000s	£'000s	£'000s
Revenue	6,534	3,387	7,073
Capital	24,361	58,077	24,074
Total	30,895	61,464	31,147
	Number	Number	Number
Weighted average number of shares in issue during the period for basic earnings per share calculations	99,926,536	86,373,863	92,425,809

Diluted earnings per ordinary share

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

	Six months to 31 Dec 2011	Six months to 31 Dec 2010	Year to 30 Jun 2011
	Number	Number	Number
Weighted average number of shares in issue during the period for basic earnings per share calculations	99,926,536	86,373,863	92,425,809
Dilutive potential shares	-	-	-
Weighted average number of shares for diluted earnings per share calculations	99,926,536	86,373,863	92,425,809

5. DIVIDENDS

The final dividend of 3.25p in respect of the year ended 30 June 2011 was paid on 28 October 2011 to shareholders on the register at 7 October 2011.

The Directors have declared an interim dividend in respect of the period ended 31 December 2011 of 3.50p per ordinary share payable on 16 March 2012 to shareholders on the register at close of business on 2 March 2012.

6. ORDINARY SHARE CAPITAL

	Authorised		Issued and fully paid	
	Number	£'000s	Number	£'000s
Ordinary shares of 10p each				
Balance at 30 June 2011	127,479,500	12,748	99,926,452	9,993
Issued on exercise of warrants			330	–
Balance at 31 December 2011	127,479,500	12,748	99,926,782	9,993

Since the period end no further ordinary shares have been issued.

Warrants

At 30 June 2011 3,587,646 Utilico 2012 warrants were in issue. On 14 November 2011, 303 Utilico 2012 warrants were exercised. At 31 December 2011 3,587,343 Utilico 2012 warrants were in issue.

Holder of Utilico 2012 warrants have the right to subscribe for 1.090909 ordinary shares per warrant at £2.8875 in cash on the final exercise date, 30 April 2012.

7. NET ASSET VALUE PER SHARE

- (a) Net asset value per ordinary share is based on net assets at the period end of £229,125,000 (31 December 2010: £204,491,000 and 30 June 2011: £201,477,000) and on 99,926,782 ordinary shares in issue at the period end (31 December 2010: 86,373,863 and 30 June 2011: 99,926,452).
- (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 31 December 2011, 31 December 2010 and 30 June 2011 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.

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

	31 Dec 2011	31 Dec 2010	30 Jun 2011
	£'000s	£'000s	£'000s
Profit before taxation	30,899	61,705	31,165
Adjust for non-cash flow items:			
Gains on investments	(27,680)	(74,783)	(50,200)
(Gains)/losses on derivative financial instruments	(2,502)	9,679	12,960
(Gains)/losses on foreign exchange	(353)	1,289	1,595
Stock dividends and interest	(1,651)	(1,481)	(1,105)
(Increase)/decrease in accrued income	(930)	(1,131)	201
(Increase)/decrease in other debtors	(28)	24	27
(Decrease)/increase in creditors	(34)	30	78
ZDP share finance costs	6,173	5,754	11,602
Tax on overseas income	(4)	(241)	(18)
	(27,009)	(60,860)	(24,860)
Adjust for cash flow items not within Income Statement			
Net cash flows on investments	7,946	(1,357)	(3,023)
Net cash flows on derivatives	(1,280)	(2,586)	(7,201)
Increase in margin accounts	(1,135)	–	–
	5,531	(3,943)	(10,224)
Net cash flows from operating activities	9,421	(3,098)	(3,919)

9. BUSINESS SEGMENTS

Business segments are considered to be a secondary reporting segment. The Directors are of the opinion that the Group's activities comprise a single business segment, that of investing in equity, debt and derivative securities to maximise shareholder returns and therefore no segmental reporting is provided.

10. RELATED PARTY TRANSACTIONS

There has been no change in related party relationships and no significant changes to related party transactions post 30 June 2011.

11. POST BALANCE SHEET EVENT: CORPORATE ACTION

On 2 December 2011, UFL published a prospectus containing details of proposals to offer the holders of 2012 ZDP Shares the opportunity to elect to roll part of their investment into a new 2018 ZDP Share issue and arrangements to enable the issue of additional 2014 ZDP Shares, 2016 ZDP Shares and 2018 ZDP Shares.

Shareholders of 6,143,391 2012 ZDP Shares elected to rollover into the new 2018 ZDP Shares and 10,356,448 new 2018 ZDP Shares were issued on the basis of each 2012 ZDP Share converting into 1.6858 2018 ZDP Shares. In addition UFL has placed 11,893,552 new 2018 ZDP Shares at 100p per share. The 22,250,000 new 2018 ZDP shares were listed on the official list and began trading on the London Stock Exchange on 26 January 2012.

12. RESULTS

The condensed set of financial statements, forming the half-year accounts, has been neither audited nor reviewed by the Company's auditors. The latest published accounts are for the year ended 30 June 2011; the report of the auditors thereon was unqualified. The condensed financial statements shown above for the year ended 30 June 2011 are an extract from those accounts.

By order of the Board
F&C Management Limited, Secretary
Exchange House
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21 February 2012

UTILICO INVESTMENTS LIMITED

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