UTILICO

UTILICO INVESTMENTS LIMITED

Report and Accounts 2013

Managed by ICM Limited

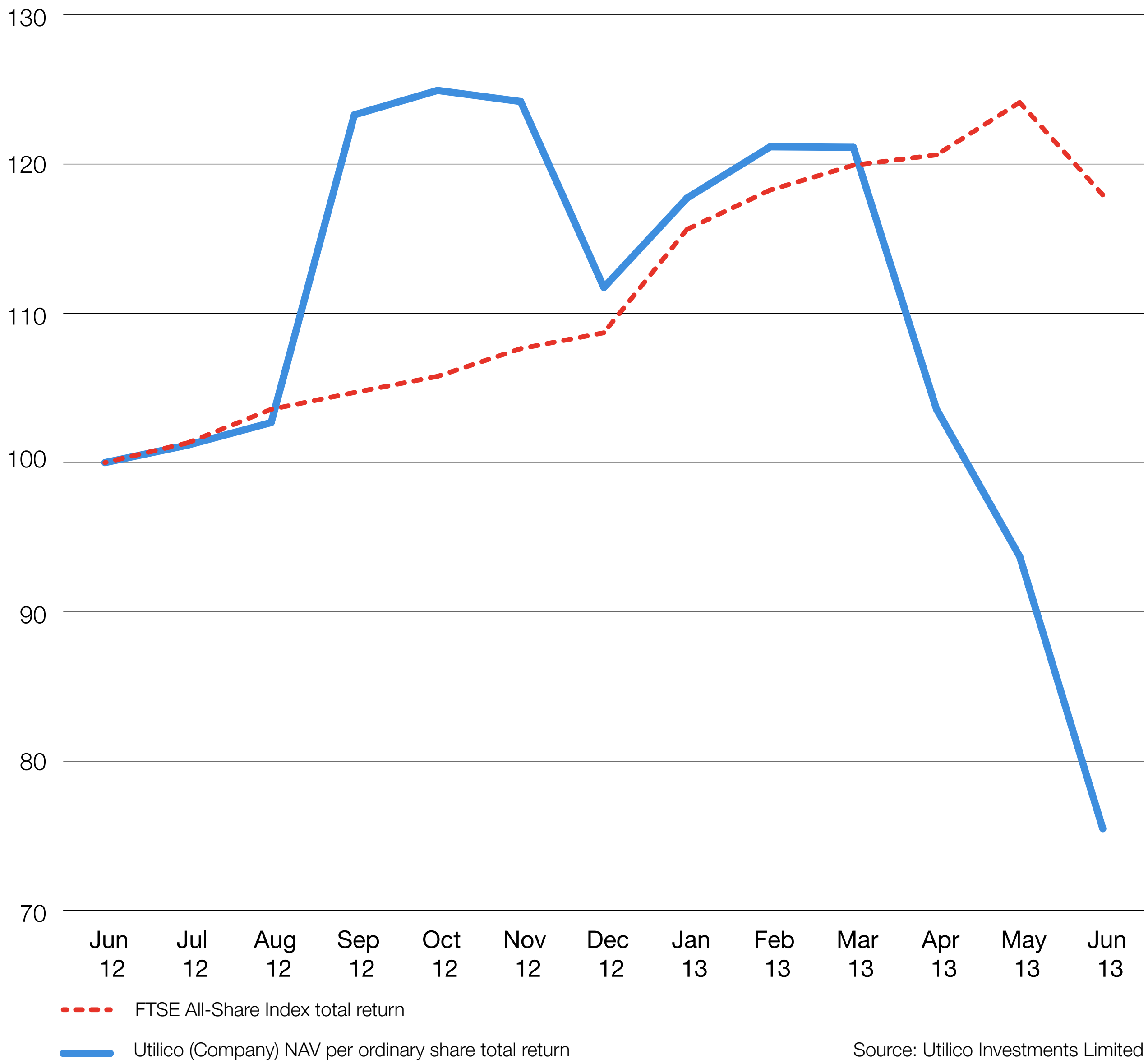
COMPANY FINANCIAL HIGHLIGHTS – YEAR TO 30 JUNE 2013

- Revenue return per ordinary share 12.09p (12.02p)
- Capital return per ordinary share -63.53p (2.72p)
- Total return per ordinary share -51.44p (14.74p)
- Ordinary dividend per share 7.50p (7.00p)
- Special dividend per share 2.50p (nil)
- 2012 ZDP shares redeemed
- Further 2018 ZDP shares issued

Figures in brackets are for the prior year

Utilico Investments Limited one year performance vs FTSE All-Share Index

From 30 June 2012 to 30 June 2013 (rebased to 100)



Source: Utilico Investments Limited

Total return per ordinary share of 186.70p

Average annual compound total return of 7.0%

Gross assets of £389.5m (including ZDP shares)

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

Utilico Investments Limited historic performance

From 14 August 2003 to 30 June 2013 (rebased to 100)*

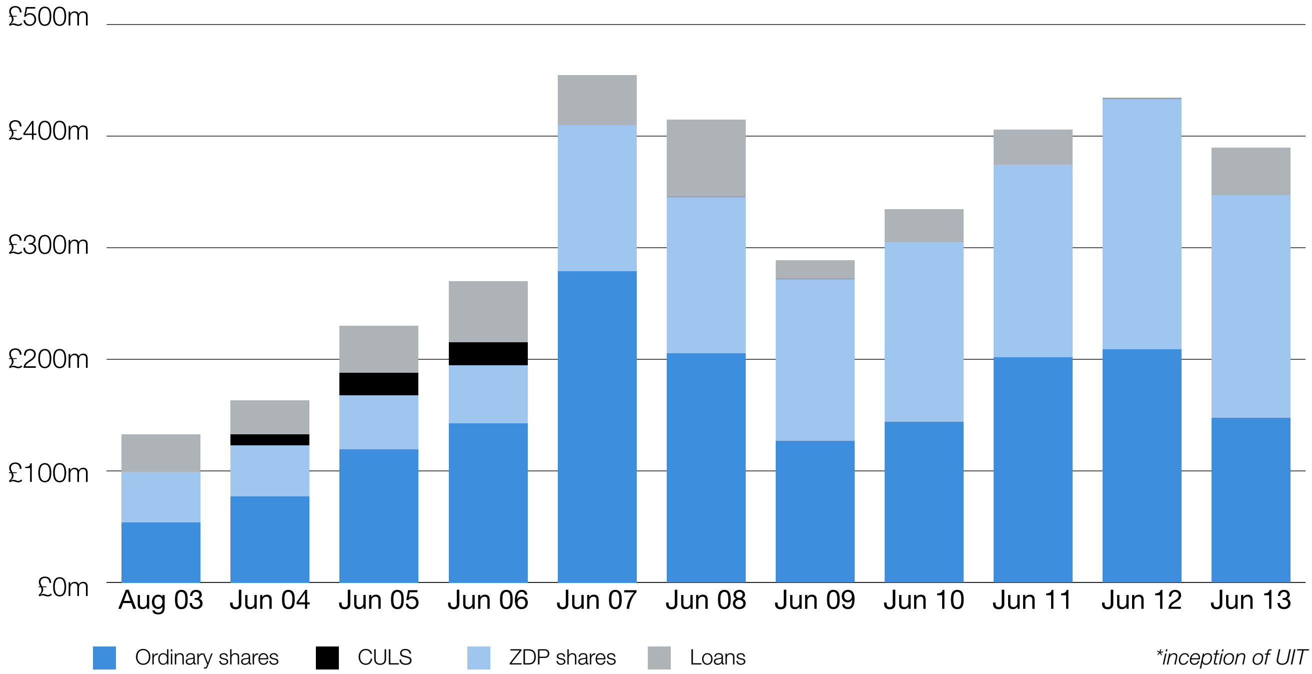
Source: Utilico Investments Limited

inception of UIT

The Group accounts this year include BFIC and Zeta as they are subsidiaries. The share prices of both of these companies at 30 June 2013 traded at a discount. The consolidation of these companies eliminates the discount and results in a gain on consolidation. We have commented throughout this report on the Company's results as we report the weekly NAV based on the Company's investments, which better reflect the investment value to shareholders.

Allocation of gross assets (including ZDP shares)

From 14 August 2003 to 30 June 2013*

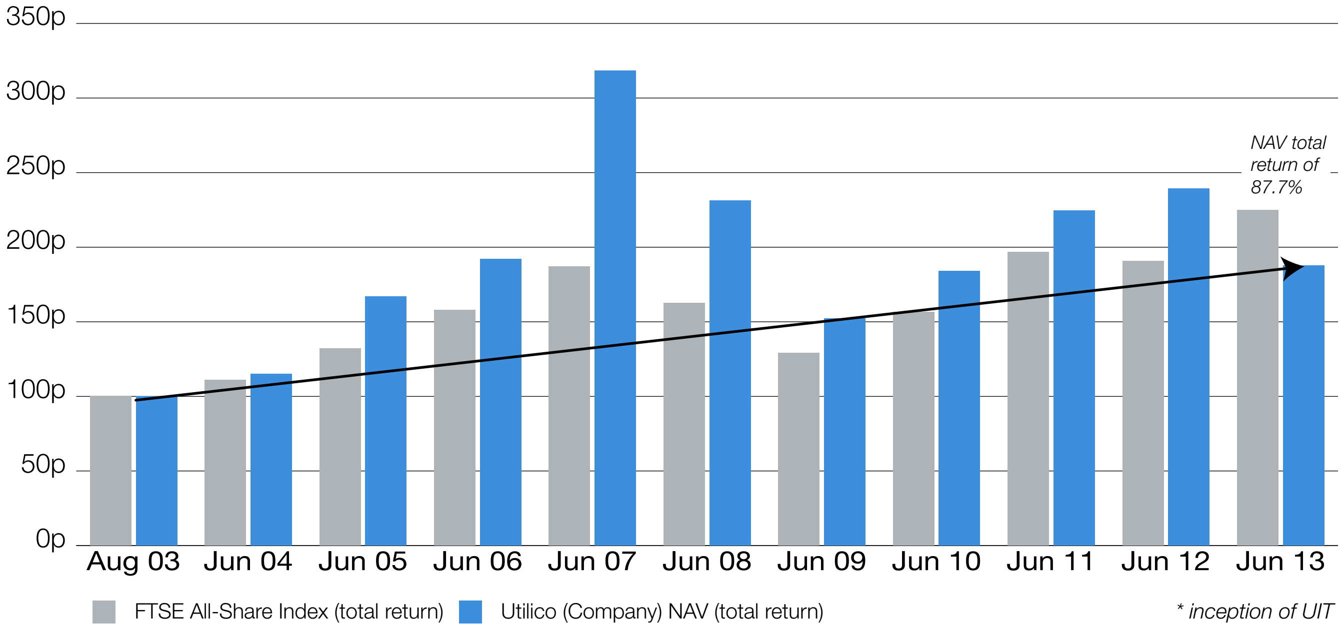


**inception of UIT*

Source: Utilico Investments Limited

Total return comparative performance to 30 June 2013

*Rebased to 100 at 14 August 2003**

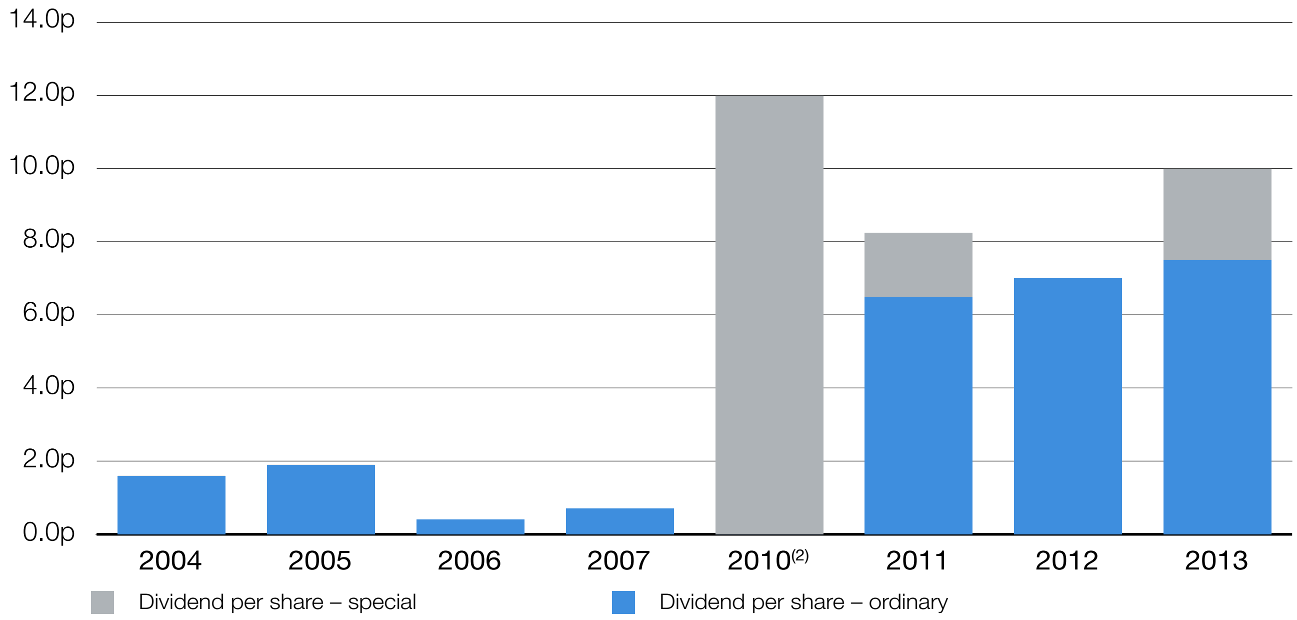


** inception of UIT*

Source: Utilico Investments Limited

Utilico Investments Limited dividend per share

From 2004 to 2013(1)



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

Source: Utilico Investments Limited

CONTENTS

FINANCIAL CALENDAR

Ordinary shares ex-dividend (final)	2 October 2013
Ordinary shares record date (final)	4 October 2013
Dividend payment (final)	18 October 2013
AGM	20 November 2013
Half year December 2013 announcement	February 2014

Forward–looking statements

This annual report may contain "forward-looking statements" with respect to the financial condition, results of operations and business of the Company and the Group. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current views and on information known to them at the date of this report. Nothing in this publication should be construed as a profit forecast.

PERFORMANCE SUMMARY

	30 June 2013 (Company)(1)	30 June 2012 (Group)	Change 2012/13
Ordinary shares			
Total return (annual)(2)	(24.5%)	7.3%	n/a
Annual compound total return (since inception)	7.0%	10.8%	n/a
Net asset value per ordinary share	148.50p	209.67p	(29.2%)
Share prices and indices			
Ordinary share price	130.00p	144.00p	(9.7%)
Discount	12.5%	31.3%	n/a
FTSE All-Share Total Return Index	4,837	4,101	17.9%
Returns and dividends			
Revenue return per ordinary share	12.09p	11.99p	0.8%
Capital return per ordinary share	(63.53p)	2.73p	(n/a)
Total return per ordinary share	(51.44p)	14.72p	(n/a)
Dividend per ordinary share	10.00p(3)	7.00p	42.9%
Zero dividend preference ("ZDP") shares(4)			
2012 ZDP shares – repaid 31 October 2012			
Capital entitlement per ZDP share	n/a	173.52p	n/a
ZDP share price	n/a	175.50p	n/a
2014 ZDP shares			
Capital entitlement per ZDP share	152.64p	142.33p	7.2%
ZDP share price	158.50p	154.00p	2.9%
2016 ZDP shares			
Capital entitlement per ZDP share	152.64p	142.33p	7.2%
ZDP share price	165.50p	148.50p	11.4%
2018 ZDP shares			
Capital entitlement per ZDP share	110.50p	103.03p	7.3%
ZDP share price	113.38p	104.00p	9.0%
Capital structure (£m)			
Gross assets(5)	389.5	434.5	(10.4%)
Bank debt	42.5	–	n/a
ZDP shares	199.8	224.4	(11.0%)
Other debt	–	1.2	n/a
Equity holders' funds	147.2	208.9	(29.5%)
Revenue account (£m)			
Income	16.2	15.9	1.9%
Costs (management and other expenses)	3.2	3.0	6.7%
Finance costs	0.8	0.8	0.0%
Financial ratios of the Group			
Revenue yield on average gross assets	3.8%	4.0%	n/a
Ongoing charges figure(6)	2.1%	1.7%	n/a
Bank loans, ZDP shares and other loans gearing on gross assets	62.2%	51.9%	n/a

1. Company figures have been used in 2013, rather than Group, due to the consolidation this year of BFIC and Zeta, which we anticipate will be reversed in future years
2. Total return is calculated as change in NAV per ordinary share, plus dividends reinvested
3. Includes the special dividend of 2.50p per share
4. Issued by Utilico Finance Limited, a wholly owned subsidiary of Utilico Investments Limited
5. Gross assets less current liabilities excluding loans and ZDP shares
6. Expressed as a percentage of average net assets. Ongoing charges comprise all operational and recurring costs that are payable by the Group or suffered within underlying investee funds, in the absence of any purchases or sales of investments

Utilico seeks to invest in undervalued investments and in accordance with its investment policy has the flexibility to make investments in a wide range of sectors and markets.

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

In the short to medium term it is anticipated that the Company will continue to have a significant proportion of its gross assets invested in developed markets in existing infrastructure, utility and related sectors, including (but not limited to) water and sewerage companies, waste, electricity, gas, telecommunications, ports, airports, service companies, rail, roads, any business with essential service or monopolistic characteristics and in any new utilities which may arise. The Company may also invest in businesses which supply services to or otherwise support the infrastructure, utility and related sectors.`

Subject to compliance with the Listing Rules in force, from time to time, Utilico may invest in other investment companies or vehicles, including any managed by the Investment Manager, where such investment would be complementary to the Company's investment objective and policy.

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

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

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

The Company believes it is appropriate to support investee companies with their capital requirements whilst at the same time maintaining an active and constructive shareholder approach through encouraging the capital structure and business efficiencies. The Investment Manager's team maintains regular contact with investee companies and Utilico may often be among the largest shareholders. There are no limits on the proportion of an investee company that Utilico may hold and Utilico may take legal or management control of a company from time to time.

The Company aims to maximise value for shareholders through a relatively concentrated portfolio of investments. There are no fixed limits on the allocation of investments between sectors and markets, however the following investment limits apply:

- investments in unlisted companies will in aggregate not exceed 20% of gross assets at the time that any new investment is made; and
- no single investment will exceed 30% of gross assets at the time such investment is made, save that this limit shall not prevent the exercise of warrants, options or similar convertible instruments acquired prior to the relevant investment reaching the 30% limit.

Under the Bye-laws, the Group is permitted to borrow an aggregate amount equal to 100% of the Group's gross assets. Borrowings may be drawn down in any currency appropriate for the portfolio.

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

As required by the Listing Rules, there will be no material change to the investment policy without prior approval of shareholders. Any such change would also require the approval of the ZDP shareholders.

The majority of the portfolio has performed well during the current year in relatively difficult markets but has been overshadowed by Resolute's share price falls.

The Board is declaring an increased final dividend of 3.75p, making a total dividend of 7.50p or 10.00p including the special dividend.

We expect our investee companies to make good progress at the operating level.

It is disappointing to report that Utilico Investments Limited ("Utilico" or the "Company") achieved a total negative return per ordinary share of 24.5% in the twelve months to 30 June 2013 as a result of net portfolio losses of £47.8m. This loss is principally accounted for by the share price decline of Resolute Mining Limited ("Resolute") from A$1.34 to A$0.60 over the twelve months. This, together with a weak Australian Dollar to Sterling exchange rate, resulted in losses of £59.4m on the Resolute investment. The FTSE All Share Total Return Index increased by 17.9% over the same period.

During the year Utilico achieved a number of positives. The portfolio produced record revenue income of £16.2m. The majority of the portfolio was positive and there were some outstanding results. Bermuda National Limited ("BNL") has been expanded and Bermuda First Investment Company Limited ("BFIC") and Zeta Resources Limited ("Zeta") were established as investment companies. Utilico Emerging Markets Limited ("UEM") won two industry awards for its strong performance. The 2012 ZDP shares were redeemed for £67.8m in accordance with their terms on 31 October 2012 and the 2018 ZDP shares, with a market value of £56.5m, now trade at a premium to NAV.

Resolute's poor share price performance during the current year has overshadowed the rest of the portfolio, which performed well in relatively difficult markets. Excluding Resolute, the rest of the portfolio returned a gain of £11.6m.

Since August 2003 Utilico's net asset value ("NAV") per ordinary share plus cumulative dividends of 38.20p has increased by 87.7%. This is an average annual compound total return per ordinary share of 7.0%, which was behind the FTSE All Share Total Return Index, which achieved an 8.5% compound annual growth over the same period.

Resolute's share price weakness has been driven by a combination of a lower gold price and negative market sentiment towards gold mining companies and the mining sector more generally. The gold price rose in the first quarter to US$1,792 per ounce in October 2012 and fell to US$1,235 on 30 June 2013.

The Board agrees with the Investment Manager's view that both of these factors are unduly pessimistic particularly in the case of Resolute where operating performance remains strong with production of 436,000 ounces at an average cost of A$811 per ounce. However, despite good operational performance ahead of production targets, realistically, we must anticipate continued volatility in Resolute's share price.

The Board is anticipating this volatility as a consequence of our views on the state of global economic recovery in circumstances where the actions of central banks continue to mask many substantial sovereign structural problems most notably in Europe. Despite extensive support, Europe has generated minimal growth overall with government debt levels continuing to rise in the absence of meaningful welfare and other reforms. Furthermore, in contrast to the US for example, it would appear that European banks de-leveraging will need to continue for some considerable time to come as many appear not to have seriously tackled the issue of non-performing loans.

The Board will, of course, continually and actively review our investment in Resolute with the Investment Manager and indeed, this led to the realisation of £10.8m with the sale of 7.0% of our original investment at an average price of A$1.92. However, against the economic backdrop I have described we must anticipate further, possibly significant, disruption in financial and economic markets. Such market features have, historically, been positive for gold and the Board currently regards the Resolute investment as appropriate in a risk reflective portfolio.

During the twelve months the investment in Infratil Limited ("Infratil") was reduced by 13.7% realising £13.0m.

A key feature of the twelve months has been the creation and development of BNL and the establishment of BFIC and Zeta. These three platforms should enable better focus on the opportunities within the financial services sector, the Bermuda investment market and the resources sector respectively.

As Utilico holds over 50.0% of BFIC and Zeta, these two companies were consolidated with the accounts of Utilico at the year-end. While clearly regarded as investments, the accounting rules currently require their consolidation, which we expect to see reversed next year when a new International Accounting Standard becomes effective. This has beneficially impacted on the presentation of these results and lifted the reported Group NAV per share from 148.50p to 157.44p. The majority of this uplift is due to the inclusion of Zeta at NAV as opposed to its market price, which stands at a 50.0% discount. We have commented on the Company's results (rather than the Group's results) as these better reflect the investment value to shareholders. Further details are set out in the Investment Manager's Report.

The portfolio returned a record revenue total income of £16.2m. The revenue income has remained strong as a result of dividends and interest from our investments, especially from our unlisted transport ticketing related investments. This has resulted in record earnings per share ("EPS") of 12.09p versus 12.02p per ordinary share in 2012.

The Board has decided to pay a final dividend of 3.75p, making a total of 7.50p for the year, an increase of 7.1% over the previous year's dividends of 7.00p. This dividend per share represents a yield of 5.8% on the closing share price of 130.00p. Utilico also paid a special dividend of 2.50p at the interim stage, taking total dividends for the year to 10.00p, a yield of 7.7%. The revenue reserves per ordinary share carried forward (after deduction of the final dividend) are 10.12p. This strong position should enable the Directors to declare a rising dividend for the current year, although the income from the unlisted transport ticketing related investments is expected to reduce significantly this financial year.

The Board is aware of the increasing emphasis investors are placing on dividend income and intends to commence paying dividends in the current financial year on a quarterly basis. It is expected that the first quarterly dividend will be declared in October and paid in November 2013.

The 2012 Zero Dividend Preference shares ("ZDP shares") were redeemed in full on 31 October 2012. Following on from the issue of further 2014 and 2016 ZDP shares and the issue of new 2018 ZDP shares in the year to June 2012, we issued a further 27.6m 2018 ZDP shares during the year to 30 June 2013. The balance required for the redemption of the 2012 ZDP shares was financed from the bank debt. Utilico subscribed for 12.3m 2018 ZDP shares, which it has subsequently been selling in the market when prices have been favourable. Since October 2012, it has sold 7.6m 2018 ZDP shares, leaving it with a resultant holding of 4.7m 2018 ZDP shares at 17 September 2013 which it intends to continue to sell over the coming months.

On 31 October 2014 Utilico is due to redeem the 2014 ZDP shares with a redemption value of £79.6m. The Board is currently reviewing options available to the Company to facilitate the redemption of the 2014 ZDP shares and will make a further announcement in due course.

I would like to thank my colleague Directors for their commitment and valued contribution to the Company in these challenging times. I particularly want to record my own and my predecessor Michael Collier, gratitude to Susan Hansen who is stepping down as a Director with effect from 17 September 2013. Susan has served on the Board with great distinction since May 2007 and we will miss her effective contribution.

Warren McLeland, who was Susan's alternate and previously a Director of the Company, has been re-appointed with effect from 17 September 2013. We all welcome him back onto the Board.

Outlook

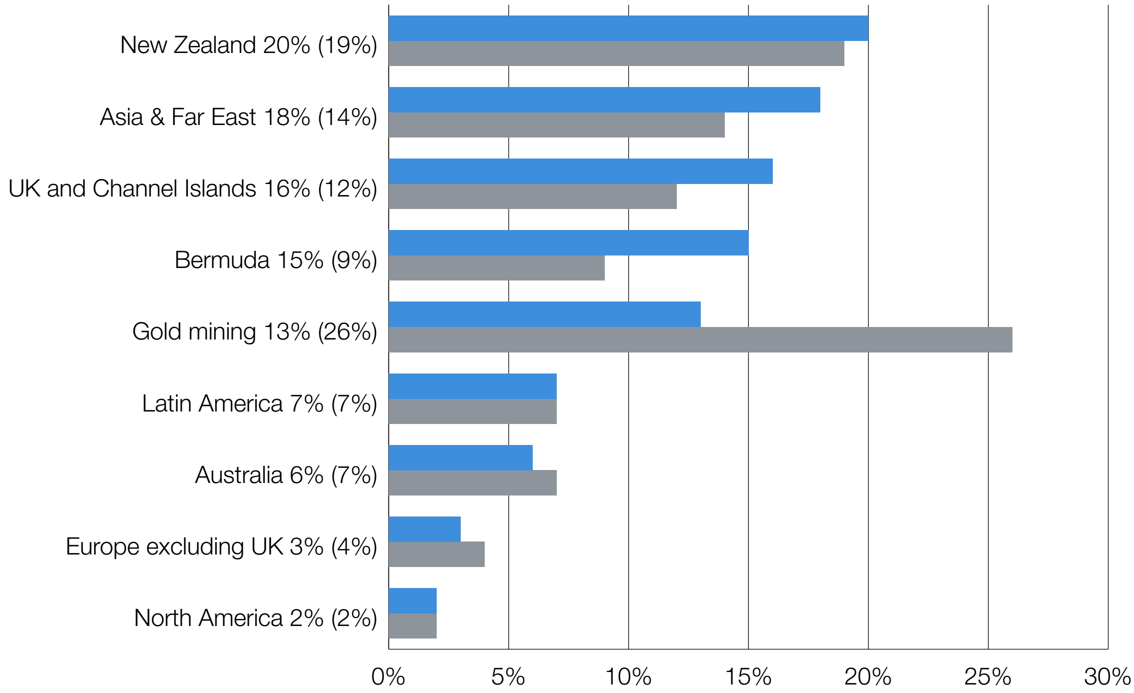
We expect our investee companies, including Resolute, to continue to make good progress at the operating level which will be positive for the Company over time. Our assessment of continued volatility in markets and wider economic performance should create new investment opportunities for us but will also inevitably introduce volatility into investment valuations which we will seek to manage.

Dr Roger Urwin
17 September 2013

GEOGRAPHICAL AND SECTORAL BREAKDOWN

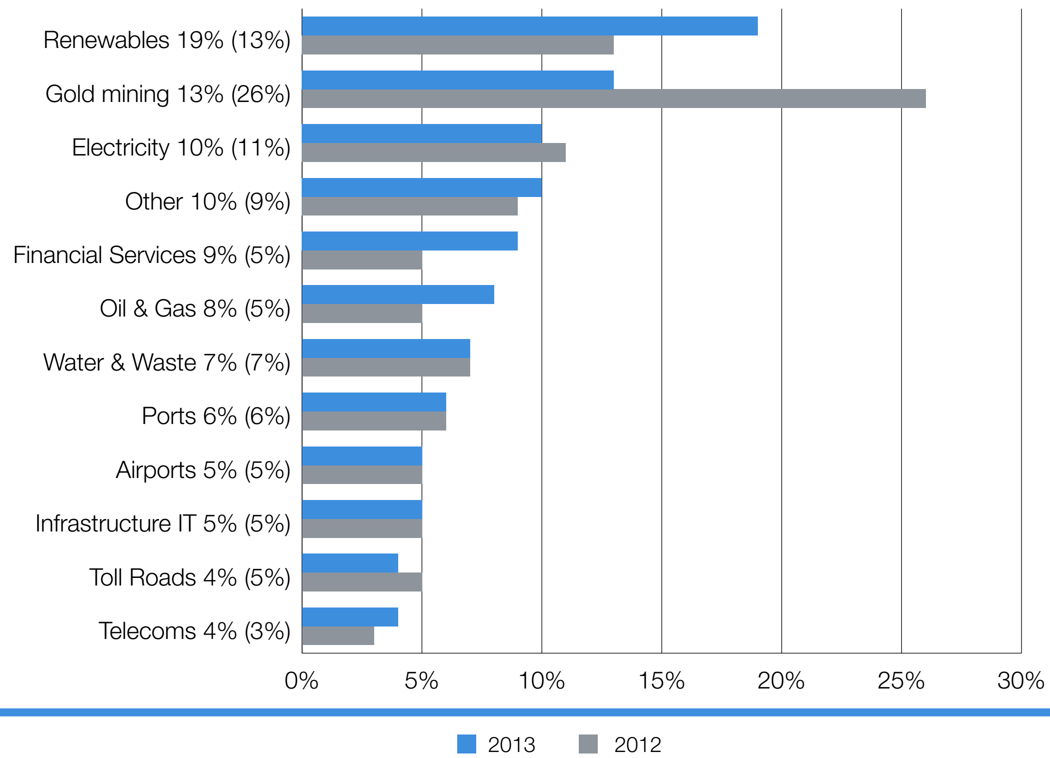
Geographical split of investments

as at 30 June 2013



Sectoral split of investments

as at 30 June 2013



Figures in brackets are for the prior year

Source: Utilico Investments Limited

Utilico has made progress on a number of fronts. However, this progress has been overshadowed by the poor share price performance of Resolute which declined by 55.6%, and as a result the total return for the twelve months was negative 24.5%.

We believe that gold is a repository of wealth in times of uncertainty. Going forward we expect the gold price to improve.

Utilico has made progress on a number of fronts. However, this progress has been overshadowed by the poor share price performance of Resolute which declined by 55.6%, and as a result the total return for the twelve months was negative 24.5%.

Over the last twelve months Utilico has made positive progress. The portfolio produced record revenue income of £16.2m. The capital performance of the majority of the portfolio was positive and included an increase in Renewable Energy Generation Limited's ("REG") share price of 45.1%. Operationally most investee companies made good progress. Bermuda National Limited ("BNL") was expanded and Bermuda First Investment Company Limited ("BFIC"), a Bermuda focused investment vehicle and Zeta Resources Limited ("Zeta"), a resource based investment vehicle, were established. The 2012 ZDP shares were redeemed in full for £67.6m and the 2018 ZDP shares issued to part fund this redemption now trade at a premium to their NAV and have a market value of £56.5m.

BFIC and Zeta have been established as subsidiaries of Utilico and are listed on the Bermuda Stock Exchange and the Australian Stock Exchange respectively. Utilico held 67.2% of BFIC and 70.9% of Zeta at year end. Under current accounting convention both must be consolidated which has a beneficial impact on Utilico's group results as the underlying investments are included at fair values. At the Company level we reflect the listed share price of both in the portfolio. This results in an increase in NAV per share on consolidation of 0.9p for BFIC and 8.2p for Zeta. Overall the consolidated Group NAV per share is 157.44p versus the Company NAV of 148.50p per share.

We anticipate in the current year the accounting standards will reverse the need for consolidation. Further, it should be noted that Utilico's weekly NAV is reported on an unconsolidated basis. For these reasons throughout the commentary (both in the Chairman's Statement and our Investment Manager's Report) we have referred to the Company's position and not the Group's position.

The platforms have been set up to provide better focused investment decisions within their sectors. Over time we hope that BNL, BFIC and Zeta can raise external capital and develop a dynamic profile similar to Infratil and UEM.

Given the shifting profile of Utilico to a core set of investments, including these platforms we have included both a list of the top 10 direct investments and a portfolio of the top 10 on a look through basis.

Portfolio

Utilico's portfolio continues to reflect a strong bias towards infrastructure and utilities with over 60.4% invested in these sectors (2012: 55.0%).

During the year we invested £98.6m, including £21.4m into Zeta mainly by way of reversing assets held by Utilico into Zeta; £14.3m into BFIC by way of reversing assets held by Utilico into BFIC; and £11.5m into BNL to help it fund acquisitions.

Disposals amounted to £102.8m including a part realisation of Infratil raising £13.0m, a part realisation of Resolute raising £10.8m, and a part realisation of Jersey Electricity Limited ("JEL") raising £4.0m.

Within the sectors, gold mining has reduced substantially from 26.0% to 13.0% of the portfolio as a result of Resolute's negative share price performance. Increases have been seen in renewables, up from 13.0% to 19.0%, mainly driven by a 45.1% increase in REG's share price; and in financial services up from 5.0% to 9.0%, mainly as a result of investments in BNL.

Geographically, gold mining has reduced substantially from 26.0% to 13.0%, Asia and Far East is up 4.0% to 18.0% as a result of UEM's strong performance; UK and Channel Islands are up 4.0% to 16.0% in part due to REG's performance and Bermuda is up from 9.0% to 15.0% mainly as a result of investments in BNL.

At the year-end Utilico held unlisted and untraded investments of £39.0m, equal to 10.0% of the gross assets (2012: £32.3m and 7.4% of gross assets).

Major Investments

Utilico now has six platform investments – UEM, Infratil, BNL, BFIC, Zeta and the Vix Group. To this can be added the core investment in Resolute. These together represent seven out of the top 10 investments and account for 81.5% of the gross assets at 30 June 2013.

UEM is now Utilico's top investment accounting for 26.3% of the portfolio. It has achieved this through a strong share price performance. In the year to 31 March 2013, UEM achieved a total return of 20.5%. This has been driven by good stock selection and positive operational performance by most of its investments. UEM's performance has been recognised by two industry awards: it won Investment Week's Emerging Markets category Investment Company of the Year at the 2012 awards and in June 2013 it won the Money Observer Best Emerging Markets Trust Award.

Currently the emerging markets are facing significant challenges and the currency and equity markets have been weak. This weakness has negatively impacted UEM's NAV and share price.

Infratil's share price was up 8.6% over the year. In addition, we received a dividend equivalent to 5.4% on our opening valuation. Infratil continues to report good operational performance. During the year Utilico reduced its exposure to Infratil by selling into the market, reducing its holding by 13.7% at an average price of NZ$2.40, realising £13.0m.

Since the year end Infratil has successfully IPO'd Z Energy which enabled it to partially exit the investment, realising NZ$420.0m. This is a significant step for Infratil and demonstrates its ability to identify good investments, make a significant difference to the investee operations and successfully exit at higher valuations.

Resolute's share price fell by 55.6% to A$0.60. This significantly impacted both Resolute's carrying value and Utilico's gross assets. Over the twelve months, Resolute's share price rose from A$1.34 to A$2.03 then fell to A$0.60 at year-end and went to a low of A$0.53 after year-end. This peak to trough loss of 70.4% is mirrored by the peak to trough gold price. Gold started the year at US$1,597, reached a peak of US$1,772 then declined to a low of US$1,235 at year end. The peak to trough loss was 30.3%. Given Resolute's cash cost per ounce of some $800 to $900 the loss reflected in gold price would be magnified in the case of Resolute's profits.

We believe that gold is a repository of wealth in times of uncertainty and going forward we expect the gold price to improve.

In October 2012 Utilico took advantage of Resolute's firmer share price to sell 5.4m shares at an average price of A$1.92 per share, realising £10.8m for Utilico. Following the weak market price for Resolute, Utilico bought 3.5m shares at an average price of A$0.75, costing Utilico £1.7m.

Resolute's operations have been ahead of budget. Production during the year of over 435,000 ounces comfortably exceeded forecasts, and cash costs of A$811 per ounce were lower than forecast. The average gold price realised was A$1,562 per ounce, down from A$1,627 the previous year. Forecast production for the year to 30 June 2014 is 345,000 ounces at an average cost of A$890 per ounce, with reduced production in line with expectations due to the closure of the Golden Pride operation in Tanzania, having reached the end of its mine life.

While the company has significantly scaled back its future capital expenditure plans somewhat, it has continued to produce excess cash flows, and has taken advantage of the bear market in gold mining company shares (and subsequent lack of investment capital) to make investments in other gold mining companies and projects.

BNL is a financial services investment holding company which is listed on the Bermuda Stock Exchange. BNL acquired Bermuda Commercial Bank Limited ("BCB") in October 2012 and shareholders in BCB became shareholders in BNL on a one-for-one basis. Utilico invested further in BNL during the year enabling it to restructure its investments. As at year end, Utilico held approximately 45.0% of BNL.

BNL's larger investments now include 100% of BCB, 62.5% of JO Hambro Investment Management Limited ("JOHIM"), 66.0% of Private & Commercial Finance Group plc ("PCFG") on a fully diluted basis and 46.1% of Westhouse Holdings plc ("Westhouse").

BCB reported good results for the six months ended 31 March 2013, with net profit of US$5.1m (2012: US$3.2m) on total assets of US$631.3m (30 September 2012: US$572.0m). Total customer deposits were US$510.3m (30 September 2012: US$457.5m). PCFG, which is listed on AIM in London, reported strong results in the year to 31 March 2013 with profits after tax and basic earnings per share up 22.2% over the prior year and net assets up 6.3%. The business secured further funding in the form of a convertible loan note ("CLN") and increased and extended its borrowing facilities. BCB subscribed for £4.6m of the £5.9m CLNs issued. On a fully diluted basis this takes BNL's interest to 66.0% of PCFG. Westhouse, a UK small and mid cap broker, which de-listed from AIM in early 2013, continues to find trading challenging.

Since year end, Utilico has invested a further £10.0m into BNL to enable BNL to take a majority position in JOHIM. JOHIM is a UK wealth manager with over £4.0bn in assets under management. This is an exciting investment for BNL and we believe offers substantial opportunity for growth. As at 30 August 2013 Utilico holds 49.8% of BNL.

BFIC shares and loan notes are listed on the Bermuda Stock Exchange. BFIC is an investment holding company with investments in companies in Bermuda. In October 2012, Utilico, BCB and other investors sold their holdings in certain Bermuda companies in exchange for shares and loan notes in BFIC. Utilico holds approximately 67.2% of BFIC. BFIC's strategy is to build up strategic stakes in Bermuda listed local companies. Its two main holdings are a 23% holding in KeyTech Limited and 10% holding in Ascendant Group Limited. As at 31 March 2013 it had total assets of BM$32.1m and had reported income for the period ended 31 March 2013 of BM$1.3m.

Zeta listed on the Australian Stock Exchange ("ASX") in June 2013 following a scheme of arrangement to merge a portfolio of some of Utilico's holdings in resource companies with ASX-listed junior gold explorer Kumarina Resources Limited. The investments transferred by Utilico were valued at market prices and amounted to £21.0m. Since listing, Utilico has been purchasing Zeta ordinary shares in the market at a substantial discount. As at 30 June 2013 Utilico held 70.9% of Zeta, which has increased to 73.2% since that date. In addition Utilico has made available a A$10.0m loan facility to Zeta. Zeta had gross assets of A$40.5m as at 30 June 2013. Zeta is focused on the resource sectors, in particular gold and oil and gas. Zeta will look for mis-priced asset backed investments within the sector or positions which offer strong optionality.

Vix Group ("Vix") has made continued progress in the twelve months to 30 June 2013. The transport ticketing systems business has taken steps to reduce its cost base, invest in its technology and generally strengthen its core skill set. This has resulted in one-off costs in the year. Notwithstanding this, the business should be EBITDA positive. The OneLink business, which ran the Melbourne transport ticketing systems, has seen its contract end. Within the investment portfolio of Vix there are a number of interesting investments in the wider payment solutions industry. A number of these are cutting edge technologies and offer good prospects. During the year Utilico invested a net £1.0m into Vix.

Gold Mining – 13%

Our largest investment in gold mining is in Resolute. Resolute has been reviewed above.

Renewables – 19%

Climate change remains a key factor in energy policy worldwide, with widespread commitment to reducing greenhouse gas emissions. This is mainly being implemented through renewable subsidy schemes as well as "cap and trade" carbon emission trading. The economic downturn following the financial crisis has renewed political debate over the cost of such incentive schemes and the resulting impact of higher energy tariffs. At the same time, meeting CO_2 targets have become increasingly challenging as some major economies are moving away from nuclear power generation following the Fukushima disaster. Against this backdrop we continue to see the sector as offering attractive investment opportunities, particularly in selected regions such as the UK where long-term sustainability of the renewable sector has been underpinned by the draft Electricity Market Reform policies.

Utilico's main exposure to renewables is through TrustPower Limited ("TrustPower") and Renewable Energy Generation Limited ("REG").

TrustPower is held indirectly through the investment in Infratil Limited, which in turn holds 50.5% of TrustPower's share capital. TrustPower continues to operate in a challenging retail environment in New Zealand, which combined with weak hydrological conditions and no new generation capacity, resulted in earnings falling 6.3% in the year to March 2013. The company currently operates 730MW of hydro and wind capacity in New Zealand and Australia, and is well on track to commission the 270MW Snowtown II wind farm project in Australia in 2014. This project underpins the strong growth and optionality potential of TrustPower in the medium term.

REG has made excellent progress in the past year, with the sale of two wind farms amply demonstrating the intrinsic value of the assets. In January 2013 REG announced the disposal of the newly-commissioned South Sharpley and Sancton Hill projects, with total capacity of 16MW, for £32.1m. With a portfolio of 51.2MW of operational wind farms as at end-June 2013 and over 130MW of wind farm projects in the planning process, REG is well positioned to capitalise on the increasing demand from financial investors for operational wind farm assets. REG's market capitalisation increased substantially during the period following the announcement of the transaction.

Electricity – 10%

Jersey Electricity plc ("JEL") continues to experience tough operating conditions which was compounded by the failure and subsequent decommissioning of its older subsea cable supplying electricity from France. This has resulted in JEL relying on only one subsea connection, constraining the supply of cheaper electricity and increasing its reliance on more expensive on-island diesel generation facilities. While the regulator allowed JEL a 9.0% tariff increase in January 2013, this failed to compensate for the higher operating expenses, with interim normalised net income to end-March 2013 falling almost 80%. We continue to be concerned about JEL's ability to procure an adequate return on investment, particularly given the forthcoming £70m cost of a replacement interconnector to France due to be commissioned in 2015. In our view the lack of regulatory certainty on returns is a continuing encumbrance on JEL which leaves its shares heavily undervalued given the installed operational asset base.

We have been shareholders since 1993, but against this background Utilico sold 29.0% of its investment for £4.0m during the year.

Infratil Energy Australia Pty Ltd ("IEA") is held indirectly through the investment in Infratil. IEA has delivered a strong performance during the year. Customer numbers grew by 10% on last year to 498,000 as at end-May 2013, while generation capacity has remained flat at 285MW. The growth in the retail business combined with lower wholesale electricity prices ensured profits rose by over 50% to A$77m to end-March 2013, an excellent result.

Oil and Gas – 8%

New Zealand Oil & Gas Limited ("NZOG") is held indirectly through the investment in Zeta. NZOG was relatively quiet during the period under review. Production from its offshore Taranaki, New Zealand oil interests (Kupe 15% and Tui 12.5%) was healthy, with revenues ahead of forecasts, albeit down on the previous year which is normal for oil production in the absence of new exploration. In June 2013 the company announced promising results from its joint venture (22.5%) drilling in Kisaran, Indonesia; further work is needed to demonstrate whether the results can be developed commercially. The company decided not to pursue an opportunity in Tunisia, a decision we supported as the potential capital expenditure costs were substantial. The coming year will be an active one for drilling. Even accounting for that, NZOG still has substantial cash reserves (NZ$158.0m as at 30 June 2013), and it is our preference that excess cash should be returned to shareholders, ideally in the form of a buy-back.

Utilico invested a further £3.1m in NZOG this year and has transferred this investment to Zeta.

Z Energy Limited ("Z Energy"), which is held indirectly through Infratil, delivered a strong performance following the completion of the rebranding and upgrade of its service stations. A rebalancing of sales mix away from low margin customers saw revenues decline by 6.0% in the year to end-March 2013, while current cost EBITDAF increased by 13.4% as margins improved. Post the period end in August 2013 Z Energy was successfully floated on the New Zealand and Australian stock exchanges which resulted in Infratil reducing its stake in Z Energy from 50% to 20%. This raised NZ$420.0m for Infratil.

Seacrest Limited ("Seacrest"), which is held direct and through Zeta, has access to Petroleum Geo-Services' ("PGS") substantial seismic database and licensing opportunities on a first refusal basis for seven years. This seismic database enables exploration companies to accelerate their progress in determining their drilling programmes without the need to first commission 2D data and then 3D data from seismic companies. Seacrest has used this world-wide data set to effectively farm into a number of prospective licences, mainly in off-shore Namibia and the North Sea. If one of these prospective licences produces meaningful oil, the value of Seacrest would be significant.

Airports – 5%

Wellington International Airport Ltd ("WIAL") is held indirectly through Infratil. WIAL performed solidly over the year, with passenger numbers increasing by 3.5%, as domestic growth benefited from increased capacity of Jetstar and a competitive response from Air New Zealand. International passenger growth however was slightly subdued compared to previous years as the market has consolidated following two years of significant growth which included the 2011 Rugby World Cup.

Derivatives

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

The market derivatives have remained modest through the year. Given the strong performance by the US markets in particular, modest losses of £0.3m were incurred.

Utilico has maintained significant currency positions in part to protect the Sterling value of certain investments. At the period end, forward currency sale contracts were in place for nominal NZ$126.0m, €11.9m and A$21.3m.

Debt

The bank debt had been reduced to nil last year, partly through the placing of 2018 ZDP shares in the market for cash, in anticipation of the redemption of the 2012 ZDP shares. The level of bank debt increased from nil to £42.5m as at 30 June 2013 as the debt was drawn down to redeem the 2012 ZDP shares.

As reported in last year's accounts, the amount of the facility was increased from £30.0m to £50.0m.

ZDP Shares

The 38.2m 2012 ZDP shares outstanding as at 30 June 2012 were redeemed on 31 October 2012. To fund this redemption, Utilico used its bank facility with Scotiabank Europe plc together with funds raised by placing 2014, 2016 and 2018 ZDP shares in the market over the last two years.

At year-end Utilico held 5.8m 2018 ZDP shares and Utilico intends to continue to sell these in the market to satisfy demand.

Capital Returns

Capital returns were negative in the year to 30 June 2013 amounting to a loss of £63.2m. This comprised a loss on the portfolio of £47.8m and finance costs of £14.3m. The resulting EPS negative return was 63.5p, compared with a prior year gain of 2.7p.

Revenue Returns

Utilico reported record revenue returns in the twelve months to 30 June 2013. Total income was £16.2m, up 2.5% on the previous year and nearly double the returns seen in the year to June 2007. Most investee companies increased their dividends and Resolute declared a maiden dividend in November 2012 of A$0.05.

Management and finance costs were flat year on year while other expenses of £1.1m were up 27.6% as a result of an increase in professional fees and travel expenses. Taxation rose from £0.02m to £0.3m.

The combined effect of the above resulted in the revenue EPS increasing marginally to a record 12.09p (2012: 12.02p).

ICM Limited
Investment Manager
17 September 2013

TEN LARGEST HOLDINGS HELD DIRECTLY BY THE COMPANY[1]

At 30 June

2013	2012	Company *(Country of incorporation)*	Fair value £'000s	% of total investments
1	*2*	**Utilico Emerging Markets Limited** *(Bermuda)* Investment company	100,115	26.3%
2	*3*	**Infratil Limited** *(New Zealand)* Infrastructure company	81,820	21.5%
3	*1*	**Resolute Mining Limited** *(Australia)* Gold mining company	42,204	11.1%
4	*4*[2]	**Bermuda National Limited** *(Bermuda)* Financial services	31,040	8.2%
5	–	**Bermuda First Investment Company Limited** *(Bermuda)* Investment company	24,189	6.4%
6	–	**Zeta Resources Limited** *(Bermuda)* Resources investment company	23,887	6.3%
7	*7*	**Renewable Energy Generation Limited** *(UK)* Wind power	18,325	4.8%
8	*5*	**Vix Group**[3] *(Australia & Bermuda)* Automated fare collection systems	14,255	3.7%
9	*6*	**Jersey Electricity plc** *(Jersey)* Integrated electricity company	10,169	2.7%
10	–	**Seacrest Limited** *(Bermuda)* Oil services	6,577	1.7%
		Ten largest holdings	352,581	92.7%
		Other investments	27,588	7.3%
		Total investments	380,169	100.0%

Notes

1. The value of the convertible securities represents 4.0% (2012: 0.7%) of the Company's portfolio and the value of fixed income securities represents 6.4% (2012: 4.1%) of the Company's portfolio
2. 2012 ranking of Bermuda Commercial Bank Limited
3. Vix Group comprises Vix Assets Pty Ltd (Australia) and Vix Limited (Bermuda)

TEN LARGEST HOLDINGS HELD ON A LOOK THROUGH BASIS[1]

At 30 June

2013	*2012*	Company *(Country)*	Fair value £'000s	% of total investments
1	*1*	**Resolute Mining Limited** *(Australia)* Gold mining company	45,192	11.9%
2	*2*	**TrustPower Limited** *(New Zealand)* Integrated electricity company	37,388	9.8%
3	*3[2]*	**Bermuda National Limited** *(Bermuda)* Financial services	31,040	8.2%
4	*6*	**Renewable Energy Generation Limited** *(UK)* Wind power	18,325	4.8%
5	*4*	**Vix Group[3]** *(Australia & Bermuda)* Automated fare collection systems	16,800	4.4%
6	*7*	**Infratil Energy Australia Pty Ltd** *(Australia)* Electricity generation and supply	13,266	3.5%
7	*10*	**Wellington International Airport Limited** *(New Zealand)* Airport operator	10,430	2.7%
8	*5*	**Jersey Electricity plc** *(Jersey)* Integrated electricity company	10,169	2.7%
9	*9*	**Z Energy Limited** *(New Zealand)* Oil & Gas	9,881	2.6%
10	*8*	**New Zealand Oil & Gas Ltd** *(New Zealand)* Oil & Gas	9,530	2.5%
		Ten largest holdings	202,021	53.1%
		Other investments	178,148	46.9%
		Total investments	380,169	100.0%

Notes

1. The values of the ten largest holdings are based on a look through basis. To achieve this, the underlying assets of Infratil, UEM, BFIC and Zeta are consolidated with that of Utilico on a proportionate basis, based on those companies' valuations of their own holdings
2. 2012 ranking of Bermuda Commercial Bank Limited
3. Vix Group comprises Vix Assets Pty Ltd (Australia) and Vix Limited (Bermuda)

Resolute Mining Limited (Australia)

www.resolute-ltd.com.au

Market Cap A$384.6m

Resolute Mining Limited ("Resolute") is a medium-sized gold producer whose gold production is unhedged. In the year to June 2013 Resolute's various operations yielded over 435,000 ounces of gold, an increase of +9.4% YoY, at an average cash cost of A$811/oz.

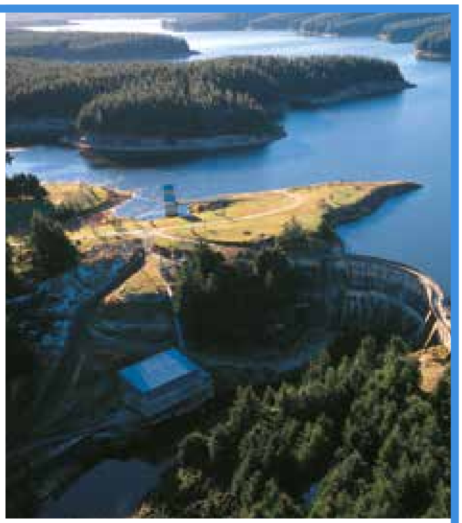
During the year the price of gold dropped significantly, falling from a peak of US$1,792 in October 2012 to a low of US$1,235 in June 2013. Unsurprisingly, Resolute's share price suffered accordingly, falling 55.6% in the 12 months to June 2013. The civil unrest in the north of Mali and an intervention by France also influenced perceptions regarding Resolute, the company's Syama operations in the south of the country continue to be unaffected.

In the wake of falling gold prices, the company has scaled back its capital expenditure plans, and instead used cash flows to make investments in other gold mining companies. As a relatively low cost producer, it is expected that the company's production will continue unhindered.

TrustPower Limited (New Zealand)

www.trustpower.co.nz

Market Cap NZ$2,229.4m



TrustPower ("TPW") is a New Zealand generator and supplier of electricity. Utilico's investment is held indirectly, through its investment in Infratil Limited, which in turn holds 50.5% of TPW's share capital.

At 30 June 2013 TPW supplied electricity to 204,000 New Zealand retail customers, a decline of 1.9% YoY, reflecting a highly competitive retail environment. TPW owns and operates 630MW of electricity generation capacity in New Zealand and a further 99MW in Australia, all of which is carbon free, being hydro or wind based. Its portfolio includes the 161MW Tararua Wind Farm, the largest wind farm in New Zealand. During the year to March 2013 TPW has continued to strengthen its pipeline, with development applications for two wind farms totalling 570MW and a further 1,000MW under review. Construction is progressing on the second phase of the Snowtown wind farm in South Australia, which is expected to add 270MW of generation capacity for an investment of NZ$550m. This is expected to be commissioned in 2014 and as at end-June 2013, 80% of the civil works, including the wind turbine foundations, were complete. In the year to end-March 2013 electricity generation volumes in New Zealand decreased by 9.8% due to poorer hydrological conditions. By comparison Australian wind generation increased 2.7%. Firmer energy pricing in New Zealand partly offset the reduced output, such that profits (stated prior to non-cash depreciation, interest, and taxation) fell marginally by 1.7% to NZ$295m. In the year to end-June 2013 TrustPower's share price decreased by 6.1%.

Bermuda National Limited (Bermuda)

www.bermudanational.bm

Market Cap US$128.4m

Bermuda National Limited ("BNL") is an unregulated investment holding company with investments in the financial services sector and whose shares are listed on the Bermuda Stock Exchange.

Its major asset at the year end was its 100% subsidiary, Bermuda Commercial Bank Limited (one of the four licensed banks in Bermuda whose focus is on high net worth and corporate customers). Its other main investments include a 46.1% interested in Westhouse Holdings plc and an economic interest of 66.0% in Private & Commercial Finance Group plc. Post year end, BNL completed the acquisition and now owns 62.5% of JO Hambro Investment Management Limited, a UK wealth manager with £4.0bn of assets under management.

For the six months ended 31 March 2013, BNL recorded consolidated net profit of US$3.1m on total assets of US$637.5m and shareholders' funds of US$131.7m. As at 31 March 2013, BNL's market capitalisation was US$104.5m, its dividend yield was 2.3% and its NAV per share was US$15.13.

Renewable Energy Generation Limited (UK)

www.renewableenergygeneration.co.uk

Market Cap £69.3m

Renewable Energy Generation Limited ("REG") is a generator of renewable energy and owns and operates several smaller sized wind farms in the United Kingdom. During the twelve months to June 2013 REG commissioned a 6MW wind farm at South Sharpley. This project has been sold alongside the new 10MW Sancton Hill project for a total enterprise value of £32.1m to a fund managed by Blackrock. At the same time REG signed a management contract with Blackrock to manage these projects for a fee. The realisation of these assets at approximately £2m/MW has proven the intrinsic value of REG's wind farms. As at end-June 2013 REG owned 51.2MW of operational wind farms, including the newly-commissioned Orchard End (4MW) and Burnthouse Farm (6MW) projects. It is anticipated that Orchard End may be sold to Blackrock in due course. As at end-June 2013 REG had over 130MW of wind farm projects in the planning process, providing a solid foundation for future growth. REG is also developing a Bio-Power business based in Nottingham which generates electricity from fuel recovered from used cooking oil. In the interim six month period to December 2012 REG reported wind energy generation up 14.9% YoY to 64.0GWh, but made a small loss at the bottom line. During the past year UK renewables policy has been in the spotlight, with wind farm developments and subsidies attracting a significant level of negative press. Nonetheless, at the end of June 2013 the UK government published its Electricity Market Reform ("EMR") initiatives which will see ROC (Renewable Obligation Certificate) subsidies replaced by CfDs (Contracts for Difference), providing appropriate long-term financial returns for wind farm operators such as REG. While uncertainty remains over potential changes to wind farm planning process, the EMR signals the UK government's continued support for the sector. REG's share price increased by 45.1% during the 12 months to June 2013.

Vix Group (Australia & Bermuda)

www.vixtechnology.com

unlisted

Vix Group focuses on transit, telecommunications, payments, transaction processing, database maintenance and online identification verification services. The group's operations span Australia, Malaysia, New Zealand, Norway, South Africa, United Kingdom, France and United States, with a strong focus on opportunities in developing markets.

The key asset in the Vix Group is Vix Technology, accounting for some 50% of the carrying value. Vix Technology offers an integrated mobility solution for the public transit industry, including automated fare collection systems, intelligent transportation systems and passenger information display systems. Its integrated payment solution has been the cornerstone of some the world's largest smart-card payment and billings systems including Beijing, Mumbai, Seattle, Stockholm, Rome, Hong Kong, Singapore and San Francisco. It has enabled millions of people worldwide to appreciate the convenience of a smart card for travel and low value payments, with these systems processing billions of transactions per annum. The unaudited figures for the year ended 30 June 2013 show total revenue increased to A$141.3m from A$140.4m at 30 June 2012. EBITDA, including one-offs and restructuring costs, was A$1.1m (2012: A$4.3m).

In addition Vix Technology has a 18.1% interest in CCRT, a listed Beijing transport solutions provider, see www.ccrtt.com.hk/eng. At the year end the holding in CCRT was valued at HK$106.8m (£9.1m), and accounted for some 20% of the Vix Limited valuation.

Vix Limited also has a number of investments in the payments, processing, database and identification sectors. The biggest is PSP International which accounted for a further 20% of the value of Vix Limited. PSP is a leading developer of world-class payment solutions and utilises web-based technologies, proprietary product capability, global distribution and strategic partners to deliver more intelligent ways of servicing the payments value chain.

Infratil Energy Australia Pty Ltd (Australia)

www.infratil.com • www.lumoenergy.com.au

unlisted

Infratil Energy Australia Pty Ltd ("IEA") was founded in 2005 in order to exploit Australia's deregulating power markets. Utilico's investment is held indirectly through its investment in Infratil. Through its brand, Lumo Energy, IEA has grown strongly to achieve a client base at 31 May 2013 of 498,000 customers, which increased by 9.9% on the previous year. This customer growth has been stimulated by lower wholesale electricity prices and the deregulation of energy markets within individual states. During the year to end-March 2013 IEA's generation capacity remained flat at 285MW. IEA's generation assets are "peaking" power plants which produce electricity at times of high demand and high prices, thus sheltering the energy retailing business from spikes in wholesale energy prices. Profits (stated prior to non-cash depreciation, interest, and taxation) increased by 54.0% to A$77m in the year to March 2013, reflecting strong growth in the Lumo customer base and improved margins due to the lower wholesale electricity prices. Infratil decreased its valuation of IEA/Lumo by 10.5% in the year to March 2013 to NZ$350m as a result of the impact of lower wholesale price caps on generation facilities and a reduction in the value of the company's electricity hedge positions. The valuation of Perth Energy was kept constant at NZ$85m; Infratil's investment in Perth Energy remains under review. Recently the "Big 3" energy retailers in the Australian National Electricity Market have announced the end of door-to-door sales activity, and Lumo Energy has followed suit. As such it is increasingly focusing on other customer sales and retention channels, including taking customers through its 100% owned subsidiary Direct Connect.

Wellington International Airport Limited (New Zealand)

www.wellingtonairport.co.nz

unlisted

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

Over the year to March 2013, total passenger numbers increased by 3.5% to 5.4m driven by the domestic market where Jetstar has been a major source of stimulation (adding 500,000 seats from the introduction of their ninth aircraft) particularly on the Auckland and Queensland routes. By 2018, passenger numbers are forecast to reach 6.2m. The board has recognised that continued growth in passenger numbers will require expansion of the terminal and begun consultation on this project, with construction work due to begin as early as this year. In addition, the airport plans to extend its existing 2,000 metre runway by 300 metres in order to attract direct long-haul services to and from Asia and North America using Boeing 787 and Airbus A350 aircraft.

Reported EBITDAF was up by 8.8% to NZ$83.0m, as operating costs were tightly controlled over the period to improve the margin to 78.1%. Despite the tax expense more than doubling, the resultant profit of NZ$35.9m was up 16.6% on the prior comparable period.

Jersey Electricity plc (Jersey)

www.jec.co.uk

Market Cap £94.2m

Jersey Electricity plc ("JEL") is the integrated electricity company serving the Island of Jersey. The company supplies energy to the island through a transmission cable connected to the European electricity grid, and maintains backup liquid fuel generators. The company has experienced significant service disruption in the past twelve months as faults on its two subsea cables resulted in temporary outages on its newer cable, and the early decommissioning of the older cable. As such JEL is operating with a sub-optimal amount of cheaper electricity supply from France, and is heavily reliant on its on-island generators. Combined with a mild winter and continued weakness in its retail business, JEL saw revenues drop by 3.3% in the year to September 2012 and normalised earnings drop by 20.5%. In the six months to March 2013, and as a result of the cold winter, electricity sold increased by 6.6% YoY and helped group revenues increase by 4.8%. The 9.0% tariff increase implemented in January 2013 failed to compensate for the higher cost of on-island generation, with normalised profits (stated prior to non-cash depreciation, interest, and taxation) tumbling by 47%. JEL had already been planning a replacement subsea cable to France, and this is expected to be commissioned in 2015 at a cost of £70m. This leaves the company exposed to a deficit in electricity supply for the next two years for which it is being inadequately compensated – Jersey regulator CICRA's own analysis in December 2012 identified a £2m annual shortfall in profit recovery. At the same time there is no clarity on how JEL will be allowed an appropriate return on the investment in the new subsea cable. The lack of clarity on JEL's allowable regulatory return on investment remains an ongoing concern. JEL's share price decreased by 5.4% during the year to June 2013. In the period Utilico sold approximately a third of its holding in JEL.

Z Energy Limited (New Zealand)

www.infratil.com • www.z.co.nz

unlisted

Z Energy Limited is the trading name given to Shell New Zealand's mid and downstream assets purchased by Infratil and a partner in April 2010 for NZ$420.0m. Infratil had a 50.0% share in this business with NZ Superannuation Fund as at 30 June 2013.

Z Energy operates retail fuel stations, owns and operates fuel storage and distribution assets, and supplies fuel to the marine and aviation sector. The business has approximately a 30% market share of the New Zealand fuels market, and also retains a 17.0% stake in New Zealand Refining Company Ltd, which owns and operates the Marsden Point oil refinery – the major supplier to New Zealand's fuel markets. In the year to end-March 2013 Z Energy completed the upgrade, refurbishment and rebranding of its service stations which saw an almost 10% uplift in revenues as compared with the previous year. The company has also been rebalancing the sales mix away from low-margin customers, as well as improving procurement terms for crude oil and refined products. For the year to 31 March 2013 revenues declined by 6.0% while current cost EBITDAF increased by 13.4%. Infratil modestly decreased its holding value in Z Energy by 2.1% to NZ$324.0m.

After the period end in August 2013 Z Energy was successfully floated on the New Zealand and Australian stock exchanges with Infratil reducing its stake in the business down to 20.0%.

New Zealand Oil & Gas Ltd (New Zealand)

www.nzog.com

Market Cap NZ$348.0m

New Zealand Oil & Gas Ltd ("NZOG") is an independent New Zealand oil and gas exploration and production company, with exposure to two relatively low cost production assets in New Zealand: the Kupe gas and oil field (15% partner) and Tui area oil fields (12.5% partner). In addition, NZOG also has an exploration portfolio in New Zealand, Indonesia and Tunisia. Utilico's investment is held indirectly through its investment in Zeta, which in turn holds 8.0% of NZOG.

NZOG is listed on both the New Zealand and Australian stock exchanges. While the price of oil has increased recently, NZOG's shares have barely moved, increasing by just 3.0% during the 12 months under review; however, during the period the company also paid a dividend of 6 cents, which represents a net yield of roughly 7.0% which is unusual for a resources investment.

Full year results to 30 June 2013, while behind the previous year, were above forecasts with revenues at NZ$98.0m due largely to an increased oil price during the year. The next year is likely to be active, with drilling expected to continue in Indonesia, and a very active drilling programme in offshore Taranaki, New Zealand, for the first time in some years.

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

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

Publicly traded securities

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

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

Unquoted securities

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

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

- **Marked to market**

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

- **Price of recent investment activity**

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

- **Market comparables**

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

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

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

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

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

Ordinary shares

99,157,214 ordinary shares were in issue as at 30 June 2013. 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. The ZDP shares carry no entitlement to income and the whole of any return will take the form of capital.

2012 ZDP shares

The 39,342,809 2012 ZDP shares were redeemed on 31 October 2012 at 177.52p per ZDP share. The capital repayment was equivalent to a redemption yield of 7.0% per annum based on the initial capital entitlement of 100p.

2014 ZDP shares

47,500,000 2014 ZDP shares were in issue at 30 June 2013. The 2014 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on a winding up) and the 2016 and 2018 ZDP shares, but rank behind the bank debt for capital repayment of 167.60p per 2014 ZDP share on 31 October 2014. The capital repayment is equivalent to a redemption yield of 7.25% per annum based on the initial capital entitlement of 100p.

2016 ZDP shares

47,500,000 2016 ZDP shares were in issue at 30 June 2013. The 2016 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on a winding up) and the 2018 ZDP shares, but rank behind the bank debt and 2014 ZDP shares for capital repayment of 192.78p per 2016 ZDP share on 31 October 2016. The capital repayment is equivalent to a redemption yield of 7.25% per annum based on the initial capital entitlement of 100p.

2018 ZDP shares

49,842,413 2018 ZDP shares were in issue at 30 June 2013. The 2018 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on winding up) but rank behind the bank debt, 2014 and 2016 ZDP shares for capital repayment of 160.52p per 2018 ZDP share on 31 October 2018. The capital repayment is equivalent to a redemption yield of 7.25% per annum based on the initial capital entitlement of 100p.

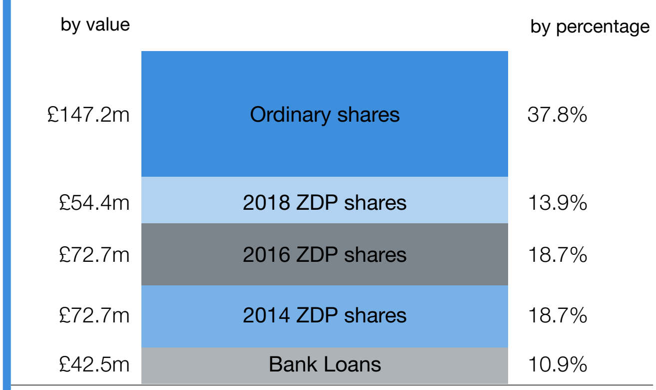
Bank debt

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

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

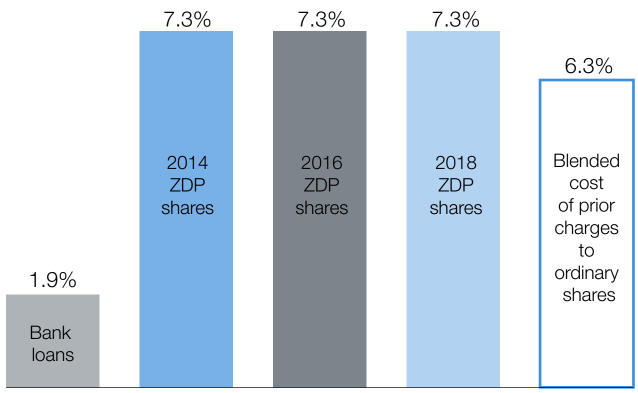
A 1.0% movement in gross assets would change the NAV attributable to ordinary shares by 2.6%.

Split of Gross Assets
as at 30 June 2013



Source: Utilico Investments Limited

Utilico's consolidated funding cost structure
as at 30 June 2013



Source: Utilico Investments 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 as at 30 June 2013, the ordinary shares could be said to be interested in £41.40 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 2.6%.

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 6.3%.

ZDP shares

2014 ZDP shares

Based on their final entitlement of 167.60p per share, the final entitlement of the 2014 ZDP shares was covered 3.19x times by gross assets on 30 June 2013. Should gross assets fall by 68.6% over the remaining life of the 2014 ZDP shares, then the 2014 ZDP shares would not receive their final entitlements in full. Should gross assets fall by 100.0%, equivalent to an annual fall of 100.0%, the 2014 ZDP shares would receive no payment at the end of their life.

2016 ZDP shares

Based on their final entitlement of 192.78p per share, the final entitlement of the 2016 ZDP shares was covered 1.82x times by gross assets on 30 June 2013. Should gross assets fall by 45.1% 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 68.6%, equivalent to an annual fall of 29.3%, the 2016 ZDP shares would receive no payment at the end of their life.

2018 ZDP shares

Based on their final entitlement of 160.52p per share, the final entitlement of the 2018 ZDP shares was covered 1.32x by gross assets on 30 June 2013. Should the gross assets fall by 24.5% over the remaining life of the 2018 ZDP shares, then the 2018 ZDP shares would not receive their final entitlements in full. Should gross assets fall by 45.1%, equivalent to an annual fall of 10.6%, the 2018 ZDP shares would receive no payment at the end of their life.

INVESTMENT POLICY

The Directors are responsible for the determination of the Company's investment policy and have overall responsibility for the Company's day-to-day activities. The Company has, however, entered into an investment management agreement with ICM Limited ("ICM") under which ICM provides investment management services including portfolio monitoring and research, and also company secretarial services, to the Company.

ICM is primarily responsible for the investment portfolio in conjunction with advice received from Mr Charles Jillings, as an employee of the Company.

ICM represented by Duncan Saville

Mr Saville, aged 56, a chartered accountant, is a director of Utilico's Investment Manager, ICM. He is a director of two listed companies and a number of unlisted companies and of Global Equity Risk Protection Limited. He was formerly a non-executive director of Utilico Investment Trust plc and is an experienced director having previously been a non-executive director in both the water and airport sectors.

Charles Jillings

Mr Jillings, aged 57, is an employee of the Company and he is responsible for the day-to-day running of the Company and the investment portfolio in conjunction with the Investment Manager. Mr Jillings qualified as a chartered accountant and previously worked in corporate finance at Hill Samuel for 10 years. He has been a director of a number of listed companies and he is a director of Global Equity Risk Protection Limited.

Assisting them are the following senior research analysts:

Jacqueline Broers

Jacqueline Broers, aged 33, has been involved in the running of Utilico and Utilico Emerging Markets Limited since September 2010. Prior to joining the investment team, Mrs Broers worked in the Corporate Finance team at Lehman Brothers/Nomura. Mrs Broers is a qualified chartered accountant.

Jonathan Groocock

Jonathan Groocock, aged 35, has been involved in the running of Utilico and Utilico Emerging Markets Limited since February 2011. Prior to joining the investment team Mr Groocock was an equity research analyst at Investec and is a CFA charterholder.

Mark Lebbell

Mark Lebbell, aged 41, has been involved in the running of Utilico and Utilico Emerging Markets Limited since their inception and before that was involved with Utilico Investment Trust plc and The Special Utilities Investment Trust PLC since 2000. Mr Lebbell is an associate member of the Institute of Electrical Engineering and Technology.

Ross Wilding

Ross Wilding, aged 34, joined the investment team in November 2012. Prior to joining, Mr Wilding completed his MBA at Kellogg School of Management, Chicago, and prior to that was an investment analyst at Optima Financial. He is a CFA charterholder.

Company Secretary, ICM

Amanda Marsh, aged 57, a chartered secretary, joined the team in March 2012 and carries out the company secretarial duties of the Company, of Utilico Finance Limited and of Utilico Emerging Markets Limited. Miss Marsh has spent most of her career looking after closed end investment companies, most recently heading the former Merrill Lynch Investment Management investment trust company secretarial team until her departure in 2005.

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

Dr Roger Urwin CBE* (Chairman)

Dr Urwin, aged 67 and appointed in May 2007, has many years experience in the international utility sector, playing a major role in the restructuring and privatisation of the UK electricity industry. He was previously chief executive of National Grid plc, a non-executive director of Utilico Investment Trust plc and a former chairman of Alfred McAlpine plc. He is a director of Canadian Utilities Limited.

Peter Burrows AO*

Mr Burrows, aged 66 and appointed in September 2011, is a Bachelor of Economics. Mr Burrows has many years' experience as a stockbroker and founded his own independent specialist private client firm, Burrows Limited, in 1986. Mr Burrows was previously the chairman of Garratt's Limited, ASC Limited and Rabbit Photo Holdings Ltd and was previously a director of a number of other listed and unlisted companies. Mr Burrows has been made an officer in the Order of Australia (AO) for his services to medical research, tertiary education and finance.

J Michael Collier

Mr Collier, aged 67 and appointed in May 2007, was educated in Bermuda, the UK and North America. He spent 33 years with the Bank of Butterfield in Bermuda and retired in 1996 as president and chief executive officer. He is currently chairman of Bermuda Commercial Bank Limited, Bermuda First Investment Company Limited and of West Hamilton Holdings Limited. He is a director of Bermuda National Limited and RESIMAC Limited.

Susan Hansen (resigned 17 September 2013)

Mrs Hansen, aged 52 and appointed in 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 a director of RESIMAC Limited, a securitisation company, as well as the principal of a financial training organisation in New Zealand. She is a member of the Institute of Chartered Accountants in Australia.

Warren McLeland (appointed 17 September 2013; previously alternate to Susan Hansen)

Mr McLeland, aged 67, appointed in September 2013. He is a science and MBA graduate and was formerly a stockbroker and investment banker. He is now chief executive officer of RESIMAC Limited, a securitisation company. In addition, he acts as an adviser in funds management and business strategy to companies operating in the Asia Pacific region. He is Chairman of Bermuda National Limited and a non-executive director of Bermuda Commercial Bank Limited, Trust Company of Australia and Permanent Investments Limited.

Eric Stobart*

Mr Stobart, aged 65 and appointed in May 2007, is a chartered accountant and MBA graduate from London Business School. He spent most of his career in merchant and commercial banking, lately as Director of Public Policy and Regulation for Lloyds Banking Group plc. He is a non-executive director of Capita Managing Agency Limited, The Throgmorton Trust plc and Falcon Property Trust and a trustee of a number of Lloyds Banking Group Pension Schemes, of Dixons Retail Pension Scheme and of Lloyd's Superannuation Fund. He was appointed as a trustee of Anglian Water Group Pension Schemes, effective from 16 September 2013.

* Independent Director and member of the Audit Committee and Management Engagement Committee.

The Directors present their report and the financial statements of the Company and the Group for the year ended 30 June 2013. The Corporate Governance Statement is incorporated by reference into this Report of the Directors.

Status of the Company

The Company is a Bermuda exempted, closed-end investment company with company registration number 39480. Its ordinary shares are listed on the premium segment of the Official List of the Financial Conduct Authority and are traded on the main market for listed securities of the London Stock Exchange. The Company is a member of the Association of Investment Companies ("AIC") in the UK.

The Company's subsidiary undertaking, Utilico Finance Limited ("UFL"), carries on business as an investment company. At the year-end, the Company also held over 50% of Bermuda First Investment Company Limited, a company listed on the Bermuda Stock Exchange which invests in Bermuda companies and Zeta Resources Limited, a resources focused holding and development company, listed on the Australian Stock Exchange. The Company holds shares linked to a segregated account in Global Equity Risk Protection Limited ("GERP"), an unquoted Bermuda segregated accounts company. This account, which is structured as the Bermuda law equivalent of a protected cell, exists for the sole purpose of carrying out derivatives transactions on behalf of the Company and others, each in separate protected cells. 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 of GERP and the interest in those undertakings are given in note 13 to the accounts.

The Company's ordinary shares are eligible for inclusion in the stocks and shares component of an Individual Savings Account.

Results and Dividend

The results for the year are set out in the attached accounts.

The Company paid an interim dividend of 3.75p per ordinary share and a special dividend of 2.50p per ordinary share on 10 April 2013. The Directors have declared a final dividend of 3.75p per ordinary share payable on 18 October 2013 to ordinary shareholders on the register as at the close of business on 4 October 2013.

Performance

In the year to 30 June 2013 the net asset value total return of the Company was -24.5% compared with a total return of +17.9% by the FTSE All-Share Index over the same period. The Chairman's Statement and the Investment Manager's Report include a review of developments during the year together with information on investment activity within the portfolio and an assessment of future development.

Investment Policy

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. This perceived undervaluation may arise from any number of factors including technological, market motivation, prospective financial engineering opportunities, competition or shareholder apathy.

The Company has the flexibility to invest in shares, bonds, convertibles and other types of securities, including non-investment grade bonds and to invest in unlisted securities. The Company may also use derivative instruments such as American Depositary Receipts, promissory notes, foreign currency hedges, interest rate hedges, contracts for difference, financial futures, call and put options and warrants and similar instruments for investment purposes and efficient portfolio management, including protecting the Company's portfolio and balance sheet from major corrections and reducing, transferring or eliminating investment risks in its investments.

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

Subject to compliance with the Financial Conduct Authority Listing Rules in force from time to time, Utilico may invest in other investment companies or vehicles, including any managed by the Investment Manager, where such investment would be complementary to the Company's investment objective and policy.

The Company believes it is appropriate to support investee companies with their capital requirements while at the same time maintaining an active and constructive shareholder approach through encouraging the organisation of capital structure and business efficiencies. The Investment Manager's investment team maintains regular contact with investee companies and Utilico may often be among the largest shareholders. There are no limits on the proportion of an investee company that Utilico may hold and Utilico may take legal or management control of a company from time to time.

The Company aims to maximise value for shareholders through a relatively concentrated portfolio of investments. There are no fixed limits on the allocation of investments between sectors and markets, however the following investment limits apply:

- investments in unlisted companies will in aggregate not exceed 20% of gross assets at the time that any new investment is made; and
- no single investment will exceed 30% of gross assets at the time such investment is made, save that this limit shall not prevent the exercise of warrants, options or similar convertible instruments acquired prior to the relevant investment reaching the 30% limit.

There will be no material change to the investment policy without prior approval of shareholders. Any such change would also require the approval of the ZDP shareholders.

Borrowings

The Company may, from time to time, use bank borrowings for short-term liquidity purposes. In addition it has longer term borrowings in the form of the ZDP shares that its subsidiary UFL has issued. Details of the ZDP shares in issue and any changes during the year are included in note 20 to the accounts.

Under Utilico's Bye-laws, the Company is permitted to borrow an aggregate amount equal to 100% of the Group's gross assets. Borrowings will be drawn down in any currency appropriate for the portfolio.

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

The Company has a £50m multicurrency revolving facility with Scotiabank Europe plc; as at 30 June 2013 £42.5m was drawn down under the facility. Further details of this loan facility are included in note 17 to the accounts.

Derivatives

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

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

Regulatory and Competitive Environment

The Company is a closed-end investment company and is obliged to comply with Bermuda law, the rules of the Financial Conduct Authority and International Financial Reporting Standards ("IFRS"). The financial statements are also presented, where relevant, in compliance with the Statement of Recommended Practice (SORP) for Investment Trusts issued by the AIC in January 2009. The Company is exempt from taxation, except insofar as it is withheld from income received and capital gains in some jurisdictions. 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 half yearly accounts published under these rules the Company announces the NAV 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 to allow investors and brokers to review its performance. The Company also reports to shareholders on performance against its investment objective, Directors' attendance at meetings, corporate governance, investment activities and share buybacks. A monthly factsheet is published and is available on the Company's website. The Company currently publishes an Interim Management Statement based on its performance at the end of the first and third quarters of its financial year.

The accounting policies of the Company are detailed in note 1 to the accounts on pages 52 to 55.

Key Performance Indicators

The key performance indicators ("KPIs") used to determine the progress and performance of the Company over time, and which are comparable to those reported by other companies with similar investment objectives, are set out below:

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

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

30 June	2013	2012
Net asset value total return	(24.5%)	7.3%
FTSE All-Share Index total return	17.9%	(3.1%)
Share price	130.00p	144.00p
Discount to net asset value	12.5%	31.3%
Percentage of issued shares bought back during the year (based on opening share capital)	0.5%	0.3%
Revenue earnings per share	12.16p	11.99p
Ongoing charges figure	2.1%	1.7%

Discount to net asset value: The Board monitors the premium/discount at which the Company's shares trade in relation to the assets. The shares traded at an average discount of 29.8% to NAV in the year to 30 June 2013. The Board and Investment Manager closely monitor both movements in the Company's share price and significant dealings in the shares. In order to avoid substantial overhangs or shortages of shares in the market the Board asks shareholders to approve resolutions which allow for the buyback of shares and their issuance which can assist in the management of the discount.

The ongoing charges figure appears high when compared to other investment companies as the expenses are now expressed as a percentage of average net assets (after the deduction of the ZDP shares) and comprises all operational, recurring costs that are payable by the Company or suffered within underlying investee funds. This is the basis of calculation adopted by the AIC in June 2011.

Principal Risks and Risk Mitigation

The Board carefully considers the Company's principal risks and seeks to mitigate these risks through continual and regular review, policy setting, compliance with and enforcement of contractual obligations and active communication with the Investment Manager and the Company's Administrator (F&C Management Limited ("F&C" or the "Administrator")).

The Board applies the principles and recommendations of the UK Code on Corporate Governance and the AIC's Code on Corporate Governance as described on page 34. The Company's internal controls are described in more detail on pages 38 and 39. Through these procedures, and in accordance with Internal Control: Revised Guidance for Directors on the Combined Code (the "FRC guidance") the Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Company and has regularly reviewed the effectiveness of the internal control systems for the year. This process has been in place throughout the year under review and to the date hereof and will continue to be regularly reviewed by the Board going forward.

The Company's assets consist mainly of listed and quoted securities and its principal risks are therefore market related or currency related. A more detailed explanation of these risks and the way this is managed are contained in note 36 to the accounts. Other risks faced by the Company 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 management 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. Periodically the Board holds a separate meeting devoted to strategy, the most recent one being in June 2013;

Regulatory: breach of regulatory rules could lead to suspension of the Company's listing on the Official List of the Financial Conduct Authority, financial penalties or a qualified audit report. The Company Secretary, working closely with the Administrator, monitors the Company's compliance with the Listing Rules of the Financial Conduct Authority and compliance with the principal rules is reviewed by the Directors at each Board Meeting; any concerns are discussed with the Company's financial and legal advisers;

Operational: failure of the Investment Manager's or the 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 38;

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

Directors

The Company's Board of Directors is responsible for overall stewardship of the Company, including corporate strategy, corporate governance, risk and controls assessment, overall investment policy and gearing limits. Details of the Directors can be found on page 25.

Mrs Hansen stood down as a Director of the Company on 17 September 2013 and Mr McLeland, her alternate, was appointed as a Director in her place on the same date. Mr McLeland will retire at the Annual General Meeting and, being eligible, offers himself for election. (Resolution 4).

Mr Burrows will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election (Resolution 5). Mr Collier retires annually and will do so at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election (Resolution 6).

The Board has considered the re-election of Mr Burrows and Mr Collier and the election of Mr McLeland and has reviewed the composition of the Board as a whole and borne in mind the need for a proper balance of skills and experience. Following an appraisal of the performance of each of the Directors (including Mr McLeland as he had been an alternate Director), the Board believes that these Directors make a valuable contribution based on their individual skills, knowledge and experience. They have commitment to their roles and the Board believes that their re-election would be in the best interests of the Company.

Each Director has signed a letter of appointment setting out the terms of his engagement as a Director, but does not have a service agreement with the Company or UFL.

Directors' Remuneration and Shareholding

The Directors' Remuneration Report, which can be found on page 40, provides detailed information on the remuneration arrangements for the 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:

30 June	2013 Utilico Ordinary shares	2012 Utilico Ordinary shares	2012 UFL 2012 ZDP shares(1)
P I Burrows	29,262	25,000	–
J M Collier	145,000	145,000	–
S Hansen	50,545	41,500	–
E St C Stobart	25,148	25,148	–
R J Urwin	144,371	144,371	52,029

1. Repaid on 31 October 2012

Since the year end, the interests of Mr Burrows, Mrs Hansen and Mr Stobart have increased by the following number of ordinary shares: Mr Burrows 5,143 shares; Mrs Hansen 5,143 shares; and Mr Stobart 7,500 shares.

Management

The Company has an investment management agreement dated 21 March 2012 with ICM Limited ("ICM"), pursuant to which ICM as Investment Manager provides investment management services including portfolio monitoring and research to the Company and is entitled to a fee of 0.5% per annum of the Company's gross assets after deducting current liabilities (excluding borrowings incurred for investment purposes) payable semi-annually in arrears. The Investment Manager is reimbursed for one-third of the costs of employing a company secretary and its reasonable out of pocket expenses, including travel and related costs. The investment management agreement may be terminated upon one year's notice in writing given by Utilico 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 5 to the accounts.

In the process of its governance of the Company, the Board reviews regular reports from the Investment Manager to assess the on-going performance of the Company as well as to assess the impact of national and international economic and political issues affecting the Company. 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 Company, together with the principal controls in place to mitigate the risks, is set out later in this review.

Under the terms of the investment management agreement, ICM is obliged to provide the services of an agreed number of individuals to act as employees of the Company and to provide a company secretary. The remuneration paid to the employees is paid on behalf of the Company and deducted from ICM's management fee.

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 Company 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

The Company and the Investment Manager entered into a new administration agreement with F&C (the "Administrator"), dated 21 March 2012, under which the Administrator agreed to continue to provide dealing, financial and general administrative services to the Company 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. The Company or the Administrator may terminate this agreement upon six months' notice in writing.

Share Capital

As at 30 June and 17 September 2013 the issued share capital of the Company and the total voting rights were 99,157,214 ordinary shares of 10p each.

At the last AGM, the Company was granted authority to make market purchases of up to 14.99% of its ordinary shares and during the year under review 475,000 ordinary shares were bought back for cancellation.

The 2012 ZDP shares issued by UFL were repaid in full on 31 October 2012.

Full details of changes to the Company's authorised and issued share capital during the year can be found in note 21 to the accounts. Details of changes in the ZDP shares issued by UFL, including the issue of further 2018 ZDP shares during the year, can be found in note 20 to the accounts.

Substantial Share Interests

As at 17 September 2013, the following holdings, representing 3% or more of the issued share capital, had been notified to the Company:

	Number of ordinary shares held	% held
General Provincial Life Pension Fund (L) Limited	56,767,393	57.2
Foreign & Colonial Asset Management clients, including:	11,647,101	11.7
– Foreign & Colonial Investment Trust plc	10,452,260	10.5
ICM Limited	3,834,000	3.8
JO Hambro Investment Management Ltd	2,983,650	3.0

Social, Environmental and Ethical Policy

The Company has no full-time employees and has limited direct impact on the environment. The Company aims to conduct itself responsibly, ethically and fairly and has sought to ensure that ICM's management of the portfolio of investments takes account of social, environmental and ethical factors where appropriate.

Stewardship

ICM seeks to invest in companies that are well managed; it encourages companies that it invests in to follow best practice in corporate governance.

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

Auditor

As described in last year's annual report, the Board put the position of auditor out to tender. Following the tender, KPMG Audit Plc was appointed as auditor to the Company and to UFL for the year ended 30 June 2013.

KPMG Audit Plc has advised that it has instigated an orderly wind down of its business, with future audit work being transferred to its parent entity, KPMG LLP. The Board has decided to put KPMG LLP forward to be appointed as auditor and a resolution concerning its appointment will be put to the Annual General Meeting (Resolution 7).

The auditor provides some non-audit services to the Company, the details of which are set out in note 6A to the accounts.

Going Concern

The Directors believe that it is appropriate to adopt the going concern basis in preparing the accounts as the Company has adequate resources to continue in operation for the foreseeable future and the majority of its assets consist of securities that are readily realisable.

Since the year end, the £50m multicurrency loan facility with Scotiabank Europe plc has been extended to March 2015.

Individual Savings Accounts

The Company's shares are eligible for inclusion in an Individual Savings Account 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.

Policy on Payment of Suppliers

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. The Company has signed up to the UK's Prompt Payment Code.

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 do not have a termination date or any periodic continuation votes.

Corporate Governance

The Company's compliance with, and departure from, the AIC's Code of Corporate Governance (the "AIC Code") issued in October 2010, is shown on pages 34 to 39.

The Statement of Corporate Governance describes how the principles and supporting principles within the UK Corporate Governance Code have been applied by the Company throughout the year ended 30 June 2013, except where disclosed within the Corporate Governance Statement.

Relations with Shareholders

The Company welcomes the views of shareholders and places great importance on communication with shareholders. The Investment Manager holds meetings with the Company's largest shareholders and reports back to the Board on these meetings. The Chairman and other Directors are available to discuss any concerns with shareholders if required.

Annual General Meeting

The notice of the forthcoming Annual General Meeting for Utilico to be held on 20 November 2013 is set out on page 83.

A separate annual general meeting will be held for shareholders of UFL immediately following the Annual General Meeting of Utilico on 20 November 2013. 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.

The following information to be discussed at the Company's Annual General Meeting is important and requires your immediate attention. If you are in doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the UK Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents, including the form of proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Resolution 9 Authority for Utilico to purchase its own shares

The Directors' authority to buy back shares was renewed at last year's AGM and will expire at the end of the AGM in 2013.

Resolution 9 authorises Utilico to purchase in the market initially up to a maximum of 14,863,660 ordinary shares (equivalent to approximately 14.99% of the ordinary share capital at the date of this report). This authority, unless it is varied, revoked or renewed, will expire at the conclusion of the Company's AGM in 2014. Any purchases will be made at prices below the prevailing net asset value per ordinary share (at a date determined by the Directors falling not more than 10 days before the date of purchase). Such purchases will be regarded as investment decisions. The maximum price to be paid will be no more than 5% above the average of the mid-market values of the ordinary shares for the five business days immediately 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 1.5 times.

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

The Directors consider that it would be advantageous to shareholders for the Company to have the authority to make such purchases as and when it considers the timing to be favourable. However, use of this authority, if given, will ultimately depend upon market conditions and the Board's judgement of its likely effectiveness in increasing net asset value and/or reducing the discount.

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 net asset value and ZDP shares would not be re-issued at a price below their accrued capital entitlement.

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

The Board intends to seek a renewal of such authority at subsequent Annual General Meetings.

Resolution 10 Disapplication of Pre-emption Rights

The Company's Bye-laws provide that, unless otherwise determined by a special resolution, the Company is not able to allot ordinary shares for cash without offering them to existing shareholders first in proportion to their shareholdings. Resolution 10 will grant the Company authority to dis-apply these pre-emption rights in respect of up to £991,572 of relevant securities in the Company (equivalent to 9,915,720 ordinary shares of 10p each, representing 10% of its ordinary shares in issue as at 17 September 2013). This will allow the Company flexibility to issue further ordinary shares for cash without conducting a rights issue or other pre-emptive offer. New ordinary shares will not be issued pursuant to this authority at less than the prevailing net asset value per ordinary share at the date of issue, after taking into account any costs incurred by the Company in connection with such issue. The issue proceeds would be available for investment in line with the Company's investment policy.

The Directors current intention is to seek renewal of this authority annually.

Resolution 10 will require the approval of a 75% majority of votes cast in respect of it.

Resolution 11 Amendment of Bye-laws

This resolution is being proposed in connection with the possible application to the Company of the US Foreign Account Tax Compliance Act ("FATCA"). The Company will constitute a "foreign financial institution" for FATCA purposes which means that if it is in receipt of any income which has a US source (and this is widely defined), the payer of such income will be required to withhold US tax at rates of up to 30%, unless the Company is FATCA-compliant. The requirements of compliance will depend on the terms of the Intergovernmental Agreement ("IGA") between Bermuda and the USA but will certainly involve the Company being required to have information relating to the identity of its shareholders so that it can satisfy the necessary disclosure obligations required for FATCA compliance. The proposed amendment of the Bye-laws is to insert a New Bye-law which will enable the Board to require any shareholder to provide the Company with information it requires in order to comply with FATCA or any similar laws or regulations to which the Company may be subject enacted from time to time by any other jurisdiction. In the event that the shareholder fails to provide the relevant information within the prescribed time period (not being less than 28 days) the Board will be entitled to exercise its existing discretion under Bye-law 14 to require the defaulting shareholder to sell its shares in the Company.

Recommendation

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

By order of the Board
ICM Limited
Company Secretary
17 September 2013

Corporate Governance

This Corporate Governance statement is incorporated by reference into the Report of the Directors.

Introduction

Bermuda does not have its own corporate governance code. As a Bermuda incorporated company with a premium listing on the Official List, the Company is required to comply with the UK Corporate Governance Code issued by the Financial Reporting Council. The Board has considered the principles and recommendations of the AIC's Code of Corporate Governance (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues which are of specific relevance to investment companies.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

Compliance with the AIC Code

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

- The role of the chief executive
- Executive directors' remuneration
- The need for an internal audit function

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

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

The Company does not have a Remuneration Committee, with Directors' remuneration being reviewed by the Board as a whole.

The Board

The Directors' biographical details on page 25 of this report demonstrate the wide range of skills and experience that the Directors bring to the Board. The Directors have each signed a letter of appointment to formalise in writing the terms of their engagement as Directors. Copies of these letters are available for inspection at the Company's registered office during normal business hours and will also be available at the Annual General Meeting.

As mentioned above, one third of the Board, rounded down, 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, with Directors who have served for more than nine years submitting themselves for re-election annually. All non-independent Directors retire annually and submit themselves for re-election.

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

The Board consists solely of non-executive Directors. Dr Urwin as Chairman of the Board of Directors is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. Given the size and composition of the Board it is not felt necessary to appoint a Senior

Independent Director. Mr Burrows, Mr Stobart and Dr Urwin are considered by the Board to be independent of the Company's Investment Manager; each of these Directors is independent in character and judgement, and there are no relationships, or circumstances which the Board considers likely to affect the judgement of the independent Directors.

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 also seeks to have Directors in different jurisdictions who understand the key influences on businesses in their area, whether they are economic, political, regulatory or other issues. On the issue of diversity, any new appointment would be made based on the skills and experience that the individual would bring to the Board, regardless of gender or ethnic background. The Board is of the view that length of service does not necessarily compromise the independence or contribution of directors of an investment company, where continuity and experience can add significantly to the strength of the Board. This is supported by the views on independence expressed in the AIC Code. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. The Board has, however, put into place a policy whereby 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. The potential Director would 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 Company and the management of the Company by the Chairman, the Investment Manager, the Company Secretary and other appropriate persons. All Directors receive other relevant training as necessary. They will 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 in general meetings. There were no new appointments during the year.

Since the year end, Mrs Hansen has stood down as a Director of the Company, and Mr McLeland, a previous Director and alternate to Mrs Hansen, has been appointed as a Director, with effect from 17 September 2013.

The AIC 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, based upon a series of questionnaires. The Directors consider how the Board functions as a whole and also reviews the individual performance of its members and their independence of the Investment Manager, where relevant. This process is conducted by the Chairman, using information gathered through the questionnaires, reviewing individually with each of the Directors their performance, contribution and commitment to the Company and the possible further development of skills. In addition, one of the Directors (usually the chair of the Audit Committee) reviews the performance of the Chairman with the other Directors, taking into account the views of the Investment Manager and of Mr Jillings. The relevant points arising from these meetings are then reported to, and discussed by, the Board as a whole. This process has been carried out in respect of the year under review and will be conducted on an annual basis. The Board confirms that the performance of the Chairman and each of the Directors continues to be effective and demonstrates commitment to the role and recommends to shareholders the approval of Resolutions 4, 5 and 6 contained in the Notice of Annual General Meeting relating to those Directors seeking election and re-election, being Mr McLeland, Mr Burrows and Mr Collier.

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

It is the responsibility of the Board to ensure that there is effective stewardship of the Company'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 objective and is directly responsible for investment strategy and approving asset allocation and gearing. Additional 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. A committee of the Board (of any one Director) is constituted to deal with any matters between scheduled Board meetings. 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 Committee meetings were held on short notice to approve the final versions of the annual and interim reports, following review at the full Board meeting.

	Board	BCtee	AC	MEC	UFL
No of meetings	6	2	3	1	8
R J Urwin	5	1	3	1	5
P I Burrows	5	–	3	1	3
J M Collier	4	1	3*	1*	6
S Hansen	5	–	3*	1*	3
E St C Stobart	5	–	3	1	4

BCtee = Board Committee

AC = Audit Committee

MEC = Management Engagement Committee

UFL = Utilico Finance Limited (Board and Committee)

* In attendance by invitation

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.

ICM, as Company Secretary, is responsible to the Board, inter alia, for ensuring that Board and Committee procedures are followed and applicable regulations are complied with. The Board has direct access to the advice and services of the nominated representative of ICM.

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

Management and Administration

The Company has an investment management agreement with ICM to provide portfolio monitoring, research and other investment management services and company secretarial services to the Company. Under the terms of this agreement, ICM procures the services of employees as detailed on page 24 of this report.

The provision of accounting, dealing and administration services has been delegated to the Administrator, F&C.

The terms of the Investment Management and Administration Agreements are set out in note 5 to the accounts.

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

Auditor

As described in last year's annual report, and in keeping with FRC guidance, the Board decided to re-tender for the provision of audit services with effect from 1 July 2012. Grant Thornton UK LLP, the incumbent auditor, was invited to re-tender.

Four firms of auditors, based in the UK but with offices or representation in Bermuda were invited to tender for the provision of audit services to the Company. Following a review of their presentations, three firms, including Grant Thornton, were invited to attend an interview with the Chairman of the Company's Audit Committee and representatives of the Investment Manager and of the Administrator. Following these interviews, the Board decided to recommend KPMG Audit Plc for appointment as auditor to the Company and UFL for the year ending 30 June 2013, including the interim review as at 31

December 2012. Grant Thornton confirmed that there were no issues relating to the audit that it wished to bring to the attention of shareholders.

KPMG Audit Plc has advised that responsibility for future audits will be transferred to its parent entity, KPMG LLP.

Audit Committee

The Board has appointed an Audit Committee. The Audit Committee, which is chaired by Mr E Stobart, operates within written terms of reference clearly setting out its authority and duties. Copies of the terms of reference are available on the Company's website at www.utilico.bm.

The Audit Committee is comprised of Directors of the Company who are considered by the Board to be independent of management and will meet at least three times a year. It is considered that there is a range of recent and relevant financial experience amongst the members of the Audit Committee. The Chairman of the Board attends the Audit Committee meetings but does not have a vote.

The duties of the Audit Committee in discharging its responsibilities include reviewing the annual and interim accounts, the system of internal controls and the terms of appointment of the auditor together with its remuneration. It also ensures that auditor objectivity and independence is safeguarded in the provision of non-audit services by the auditor. It provides a forum through which the auditor may report to the Board of Directors. The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditor, with particular regard to non-audit fees. Non-audit fees paid to KPMG amounted to £4,000 for the year ended 30 June 2013 (2012: Grant Thornton £8,000) and related to the review of the interim accounts; more details are included in note 6A to the accounts. Notwithstanding such services the Audit Committee considered KPMG to be independent of the Company and that the provision of such non-audit services was not a threat to the objectivity and independence of the conduct of the audit.

Specifically, the Audit Committee considered, monitored and reviewed the following matters throughout the year:

- The statutory audit of the annual and consolidated accounts and the half-yearly accounts;
- The accounting policies of the Company;
- The effectiveness of the audit process and independence and objectivity of KPMG, its remuneration and terms of engagement;
- The engagement of KPMG to supply non-audit services;
- The implications of proposed new accounting standards and regulatory changes;
- The need for the Company to have its own internal audit function;
- The receipt of AAF reports or their equivalent from the Company's custodians and a due diligence report from the Company's share registrars;
- The effectiveness of the Company's internal control environment;
- The performance of the Company's third party service providers and administrators, including their list of approved counterparties, and the fees payable to those providers; and
- The Committee's terms of reference.

A "whistle blowing" policy has been put into place for employees of the Investment Manager (including the part-time 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 Company. 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 as Administrator of the Company for use by its staff. The Company operates a "zero tolerance" policy with regard to bribery, as does its Investment Manager and Administrator.

The Audit Committee has access to the heads of internal audit, risk and compliance 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.

The Audit Committee has direct access to the auditor, KPMG. The auditor attends 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 auditor without management being present.

The Audit Committee has reviewed the audit plan and findings of the work carried out by KPMG for the audit of the annual accounts. On the basis of this and their experience in auditing the affairs of the Company and other members 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 auditor has complied with all relevant and professional regulatory and independence standards. The Audit Committee consider the team at KPMG to be independent of the Company, the Investment Manager and the Administrator in all respects.

The Audit Committee has reviewed the work undertaken by KPMG during the year; a resolution concerning the appointment of KPMG LLP as auditor to the Company will be proposed at the Annual General Meeting.

Management Engagement Committee

The Board has appointed a Management Engagement Committee, chaired by Mr E Stobart, which operates within written terms of reference clearly setting out its authority and duties. Copies of the terms of reference are available on the Company's website at www.utilico.bm.

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

Internal Controls and Management of Risk

The Board has overall responsibility for the Company's 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 Company 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 these 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 Company 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 Company's exposure to the risks associated with UFL and 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.

The Administrator produces an annual report on policies and procedures in operation in respect of Investment Trust Fund Accounting in accordance with AAF (AAF 01/06) issued by the Institute of Chartered Accountants in England and Wales for its clients. This sets out the control policies and procedures with respect to the duties carried out by the Administrator on the Company's behalf. The effectiveness of these controls is monitored by the Administrator's group audit and compliance committee, which receives regular reports from the Administrator's internal audit and risk and compliance departments. The Company's Audit Committee has received and reviewed the statement for the year ended 31 December 2012, 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 Company.

The systems of internal controls are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable, 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 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 available on the Company's website.

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

Shareholders wishing to communicate with the Chairman or other members of the Board may do so by writing to the Company Secretary at PO Box 208, Epsom, Surrey, KT18 7YF.

The Annual General Meeting is to be held in Singapore, and shareholders who attend the meeting have an opportunity to question the Chairman and the Board, as well as the Investment Manager. The Chairman ensures that all Directors are made aware of the issues and concerns raised by shareholders. The Chairman and other Directors are available at other times to discuss governance and strategy and to understand shareholders' issues and concerns. Proxy voting figures are announced to shareholders at the Annual General Meeting.

Corporate Governance, Socially Responsible Investment and Voting Policy

The Company has developed a policy on corporate governance, socially responsible investment and voting. The Company believes that the interests of its shareholders are served by investing in companies that adopt best practice in corporate governance and social responsibility. Where the Investment Manager becomes aware that best practice in corporate governance and social responsibility is not followed, the Company will encourage changes towards this goal.

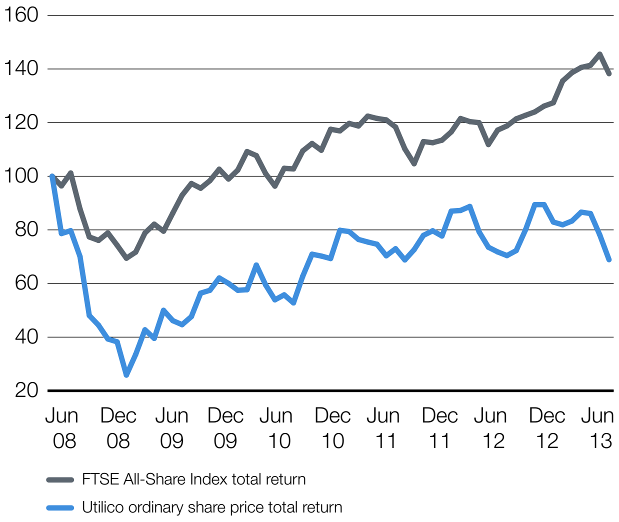
It is the Company's policy to exercise its voting rights at shareholder meetings of investee companies. The Company supports the boards of investee companies with its vote unless it sees clear investment reasons for doing otherwise.

The Board of Utilico consists mainly of independent Directors and it considers the level of Directors' fees annually. The Company Secretary provides information on comparative levels of Directors' fees in advance of each review. There is no Remuneration Committee.

Performance of the Company over the last five years, as illustrated by its share price total return, is set out below:

Utilico Share Price Total Return

from 30 June 2008 to 30 June 2013
(rebased to 100 at 30 June 2008)



Source: Utilico Investments Limited

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 limit the aggregate fees payable to the Directors to a total of £200,000 per annum. This does not include any sums paid to Directors that are not classed as remuneration, e.g. expense reimbursements. 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 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 Directors has a service agreement, but each has signed a letter of appointment setting out the terms of their engagement as Directors.

The fees paid to the Chairman and other Directors were last increased with effect from 1 April 2011. In the year under review, the Chairman received a fee of £38,500 and the other Directors each received £27,500. The Chairman of the Audit Committee, Mr Stobart, received an additional £7,500 per annum.

No Director has received any fees for services to UFL or GERP. Mr Collier has received a fee of US$9,000 in the year under review for his directorship of BFIC. 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

Director	Fees for services to the Company Year to 30 June 2013 £'000s	 Year to 30 June 2012 £'000s
R J Urwin (Chairman)[1]	38.5	36.5
P I Burrows[2]	27.5	21.6
J M Collier[3]	27.5	29.5
S Hansen	27.5	27.5
W McLeland[4]	–	5.8
E St C Stobart[5]	35.0	35.0
Total	156.0	155.9

1. Chairman from 23 September 2011
2. Appointed 16 September 2011
3. Chairman until 23 September 2011
4. Resigned as a Director on 16 September 2011 and was appointed as alternate Director to Mrs Hansen on the same date. Mr McLeland received a consultancy fee of £27,500 in the year to 30 June 2013 (30 June 2012: £21,700)
5. Mr E Stobart's fee includes £7,500 for being Chairman of the Audit Committee

The information in the above table has been audited (see the Independent Auditor's Report on page 43).

Since the year end the Board carried out a review of fee rates which took account of the following factors:

- the absolute and relative performance of the Company over the period 1 July 2011 to 30 June 2013;

- a comparison with peer group investment trusts and similar sized financial companies;
- available independent reports on remuneration of the boards and non-executive directors of UK investment trusts and other companies; and
- specific matters in respect of the responsibilities and time committed to the Company's business of the Chairman, Directors and Chairman of the Audit Committee.

In the light of these factors the Board has agreed that the basic Directors' fee should be £28,500 with effect from 1 July 2013, representing an increase of 3.6% over the previous level of fees. The Board has also agreed the Chairman of the Audit Committee should receive an additional £8,000 per annum (a total of £36,500 per annum) and the Chairman's fee be increased to £39,500 per annum. No other changes were made.

By order of the Board
ICM Limited
Company Secretary
17 September 2013

DIRECTORS' STATEMENT OF RESPONSIBILITIES

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

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

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

The Directors are responsible for keeping proper accounting records which are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with IFRS. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

To the best of the knowledge of the Directors:

(i) the accounts which have been prepared in accordance with IFRS, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group, including its protected cell within GERP included in the consolidation, and the Company;

(ii) the Chairman's Statement and Investment Manager's Report includes a fair review of development and performance of the business and the Report of the Directors contains a description of the principal risks and uncertainties that the Group and Company faces. The financial risks are also provided in note 36 to the accounts.

Insofar as the Directors are aware:

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

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

Approved by the Board on 17 September 2013 and signed on its behalf by:

Dr R J Urwin
Chairman

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF UTILICO INVESTMENTS LIMITED

We have audited the financial statements of Utilico Investments Limited for the year ended 30 June 2013 set out on pages 45 to 82. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU.

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

This report is made solely to the company's members, as a body, in accordance with Section 90(2) of the Companies Act 1981 of Bermuda and, in respect of the separate opinion in relation to the Directors' Remuneration Report and reporting as if the company were required to comply with the Listing Rules applicable to companies incorporated in the UK, on terms that have been agreed. 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, in respect of the separate opinion in relation to the Directors' Remuneration Report and reporting as if the company was required to comply with the Listing Rules applicable to companies incorporated in the UK, those matters that we have agreed to state to them in our report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Statement of Responsibilities set out on page 42, the directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Report and Accounts 2013 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2013 and of the group's and the parent company's loss for the year then ended; and
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the EU.

Opinion on other matter under the terms of our engagement

In our opinion the part of the Directors' Remuneration Report which we were engaged to audit has been properly prepared in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the Companies Act 2006, as if those requirements were to apply to the company.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Listing Rules we are required to review the part of the Corporate Governance Statement on page 34 relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

In addition to our audit of the financial statements, the directors have engaged us to review certain other disclosures as if the company were required to comply with the Listing Rules applicable to companies incorporated in the UK. Under the terms of our engagement we are required to review:

- the directors' statement, set out on page 31, in relation to going concern.

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

17 September 2013

COMPANY INCOME STATEMENT

Notes		Year to 30 June 2013			Year to 30 June 2012		
		Revenue return £'000s	**Capital return £'000s**	**Total return £'000s**	Revenue return £'000s	Capital return £'000s	Total return £'000s
12	(Losses)/gains on investments	**–**	**(47,769)**	**(47,769)**	–	13,338	13,338
16	(Losses)/gains on derivative instruments	**–**	**(273)**	**(273)**	–	1,002	1,002
	Exchange (losses)/gains	**(12)**	**(830)**	**(842)**	–	1,772	1,772
3	Investment and other income	**16,228**	**–**	**16,228**	15,850	–	15,850
	Total income	**16,216**	**(48,872)**	**(32,656)**	15,850	16,112	31,962
4	Income not receivable	**–**	**–**	**–**	(126)	–	(126)
5	Management and administration fees	**(2,009)**	**–**	**(2,009)**	(2,022)	–	(2,022)
6	Other expenses	**(1,147)**	**(8)**	**(1,155)**	(899)	(7)	(906)
	Profit/(loss) before finance costs and taxation	**13,060**	**(48,880)**	**(35,820)**	12,803	16,105	28,908
7	Finance costs	**(754)**	**(14,333)**	**(15,087)**	(783)	(13,388)	(14,171)
	Profit/(loss) before taxation	**12,306**	**(63,213)**	**(50,907)**	12,020	2,717	14,737
8	Taxation	**(275)**	**–**	**(275)**	(21)	–	(21)
	Profit/(loss) for the year	**12,031**	**(63,213)**	**(51,182)**	11,999	2,717	14,716
9	**Earnings per ordinary share (basic) - pence**	**12.09**	**(63.53)**	**(51.44)**	12.02	2.72	14.74

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

All items in the above statement derive from continuing operations.

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

GROUP INCOME STATEMENT

Notes		Year to 30 June 2013			Year to 30 June 2012		
		Revenue return £'000s	**Capital return £'000s**	**Total return £'000s**	Revenue return £'000s	Capital return £'000s	Total return £'000s
12	(Losses)/gains on investments	**–**	**(35,402)**	**(35,402)**	–	13,403	13,403
16	(Losses)/gains on derivative instruments	**–**	**(3,714)**	**(3,714)**	–	942	942
	Exchange (losses)/gains	**(12)**	**(430)**	**(442)**	–	1,792	1,792
2	Impairment of goodwill	**–**	**(1,583)**	**(1,583)**	–	–	–
3	Investment and other income	**17,072**	**–**	**17,072**	15,850	–	15,850
	Total income	**17,060**	**(41,129)**	**(24,069)**	15,850	16,137	31,987
4	Income not receivable	**–**	**–**	**–**	(126)	–	(126)
5	Management and administration fees	**(2,140)**	**–**	**(2,140)**	(2,022)	–	(2,022)
6	Other expenses	**(1,515)**	**(118)**	**(1,633)**	(928)	(7)	(935)
	Profit before finance costs and taxation	**13,405**	**(41,247)**	**(27,842)**	12,774	16,130	28,904
7	Finance costs	**(884)**	**(13,609)**	**(14,493)**	(783)	(13,401)	(14,184)
	Profit/(loss) before taxation	**12,521**	**(54,856)**	**(42,335)**	11,991	2,729	14,720
8	Taxation	**(275)**	**360**	**85**	(21)	–	(21)
	Profit/(loss) for the year	**12,246**	**(54,496)**	**(42,250)**	11,970	2,729	14,699
	Profit/(loss) for the year attributable to:						
	Equity holders of the Parent Company	**12,105**	**(53,368)**	**(41,263)**	11,970	2,729	14,699
	Non-controlling interests	**141**	**(1,128)**	**(987)**	–	–	–
		12,246	**(54,496)**	**(42,250)**	11,970	2,729	14,699
9	**Earnings per ordinary share (basic) - pence**	**12.17**	**(53.64)**	**(41.47)**	11.99	2.73	14.72

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year to 30 June	2013 Total return £'000s	2012 Total return £'000s
(Loss)/profit for the year	**(42,250)**	14,699
Other comprehensive income:		
Foreign exchange movements on translation of foreign operations	**533**	–
Total comprehensive (expense)/income for the year	**(41,717)**	14,699
Comprehensive (expense)/income for the year attributable to:		
Equity holders of the Parent Company	**(40,766)**	14,699
Non-controlling interests	**(951)**	–
	(41,717)	14,699

All items in the above statement derive from continuing operations.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year to 30 June 2013

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance at 30 June 2012	9,963	29,743	233,866	32,069	(108,172)	11,442	208,911
	(Loss)/profit for the year	–	–	–	–	(63,213)	12,031	(51,182)
10	Ordinary dividends paid	–	–	–	–	–	(9,714)	(9,714)
21/22	Shares purchased by the Company	(47)	(723)	–	–	–	–	(770)
	Balance at 30 June 2013	**9,916**	**29,020**	**233,866**	**32,069**	**(171,385)**	**13,759**	**147,245**

for the year to 30 June 2012

Notes		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	(113,938)	6,188	201,477
	Profit for the year	–	–	–	–	–	2,717	11,999	14,716
10	Ordinary dividends paid	–	–	–	–	–	–	(6,745)	(6,745)
	Conversion of warrants	–	2	–	–	–	–	–	2
	Transfer on cancellation of warrants	–	–	–	(3,049)	–	3,049	–	–
21/22	Shares purchased by the Company	(30)	(509)	–	–	–	–	–	(539)
	Balance at 30 June 2012	9,963	29,743	233,866	–	32,069	(108,172)	11,442	208,911

GROUP STATEMENT OF CHANGES IN EQUITY

for the year to 30 June 2013

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Foreign currency translation reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Non-controlling interest £'000s	Total £'000s
	Balance at 30 June 2012	9,963	29,743	233,866	32,069	–	(108,055)	11,308	–	208,894
	(Loss)/profit for the year	–	–	–	–	–	(53,368)	12,105	(987)	(42,250)
	Other comprehensive income	–	–	–	–	497	–	–	36	533
	Total comprehensive income/(expense)	–	–	–	–	497	(53,368)	12,105	(951)	(41,717)
10	Ordinary dividends paid	–	–	–	–	–	–	(9,714)	–	(9,714)
21/22	Shares purchased by the Company	(47)	(723)	–	–	–	–	–	–	(770)
11	Loss on partial disposal of subsidiary	–	–	–	–	–	(1,529)	–	–	(1,529)
	Increase in non-controlling interests	–	–	–	–	–	–	–	12,063	12,063
	Distribution payable to non-controlling interests	–	–	–	–	–	–	–	(74)	(74)
	Balance at 30 June 2013	**9,916**	**29,020**	**233,866**	**32,069**	**497**	**(162,952)**	**13,699**	**11,038**	**167,153**

for the year to 30 June 2012

Notes		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 year	–	–	–	–	–	2,729	11,970	14,699
10	Ordinary dividends paid	–	–	–	–	–	–	(6,745)	(6,745)
	Conversion of warrants	–	2	–	–	–	–	–	2
	Transfer on cancellation of warrants	–	–	–	(3,049)	–	3,049	–	–
21/22	Shares purchased by the Company	(30)	(509)	–	–	–	–	–	(539)
	Balance at 30 June 2012	9,963	29,743	233,866	–	32,069	(108,055)	11,308	208,894

BALANCE SHEETS

Notes	at 30 June	GROUP 2013 £'000s	GROUP 2012 £'000s	COMPANY 2013 £'000s	COMPANY 2012 £'000s
	Non-current assets				
12	Investments	**393,830**	423,243	**380,169**	432,165
14	Deferred exploration and evaluation expenditure	**2,832**	–	**–**	–
		396,662	423,243	**380,169**	432,165
	Current assets				
15	Other receivables	**3,375**	6,056	**2,741**	2,020
16	Derivative financial instruments	**2,020**	4,739	**1,074**	927
	Cash and cash equivalents	**8,456**	8,246	**7,581**	7,908
		13,851	19,041	**11,396**	10,855
	Current liabilities				
17	Loans	**(42,500)**	(1,253)	**(42,500)**	(1,253)
18	Other payables	**(3,696)**	(5,437)	**(201,757)**	(231,813)
20	Zero dividend preference shares	**–**	(66,275)	**–**	–
16	Derivative financial instruments	**(63)**	(2,304)	**(63)**	(1,043)
		(46,259)	(75,269)	**(244,320)**	(234,109)
	Net current liabilities	**(32,408)**	(56,228)	**(232,924)**	(223,254)
	Total assets less current liabilities	**364,254**	367,015	**147,245**	208,911
	Non-current liabilities				
19	Loan notes	**(3,705)**	–	**–**	–
20	Zero dividend preference shares	**(193,396)**	(158,121)	**–**	–
	Net assets	**167,153**	208,894	**147,245**	208,911
	Equity attributable to equity holders				
21	Ordinary share capital	**9,916**	9,963	**9,916**	9,963
22	Share premium account	**29,020**	29,743	**29,020**	29,743
23	Special reserve	**233,866**	233,866	**233,866**	233,866
25	Non-distributable reserve	**32,069**	32,069	**32,069**	32,069
26	Foreign currency translation reserve	**497**	–	**–**	–
27	Capital reserves	**(162,952)**	(108,055)	**(171,385)**	(108,172)
28	Revenue reserve	**13,699**	11,308	**13,759**	11,442
	Total attributable to equity holders	**156,115**	208,894	**147,245**	208,911
	Non-controlling interests	**11,038**	–	**–**	–
	Total equity attributable to Group/Company	**167,153**	208,894	**147,245**	208,911
29	**Net asset value per ordinary share**				
	Basic - pence	**157.44**	209.67	**148.50**	209.68

Approved by the Board on 17 September 2013 and signed on its behalf by

Dr R J Urwin

E St C Stobart

Notes	for the year to 30 June	GROUP 2013 £'000s	GROUP 2012 £'000s	COMPANY 2013 £'000s	COMPANY 2012 £'000s
30	Cash flows from operating activities	**12,779**	10,092	**12,430**	10,123
	Investing activities				
31	Purchases of investments	**(50,573)**	(46,593)	**(47,146)**	(58,842)
31	Sales of investments	**51,363**	44,860	**60,889**	48,567
	Purchases of derivatives	**(6,977)**	(14,055)	**–**	(899)
	Sales of derivatives	**3,741**	12,185	**(1,400)**	1,266
	Exploration and evaluation expenditure	**(139)**	–	**–**	–
32	Cash from acquisition of subsidiary	**3,766**	–	**–**	–
	Cash flows on margin accounts	**4,035**	(4,036)	**–**	–
	Cash flows from investing activities	**5,216**	(7,639)	**12,343**	(9,908)
	Cash flows before financing activities	**17,995**	2,453	**24,773**	215
	Financing activities				
	Equity dividends paid	**(9,714)**	(6,745)	**(9,714)**	(6,745)
	Movements on loans	**41,247**	(31,551)	**41,247**	(31,551)
	Cash flows from issue of ZDP shares	**23,209**	40,240	**15,955**	40,240
	Cash flows from redemption of ZDP shares	**(67,801)**	(2,007)	**(67,609)**	–
	Issue of share capital in subsidiary	**2**	–	**–**	–
	Proceeds from warrants exercised	**–**	2	**–**	2
	Cost of shares purchased for cancellation	**(770)**	(539)	**(770)**	(539)
	Cash flows from financing activities	**(13,827)**	(600)	**(20,891)**	1,407
	Net increase in cash and cash equivalents	**4,168**	1,853	**3,882**	1,622
	Cash and cash equivalents at the beginning of the year	**4,879**	1,293	**4,541**	1,206
	Effect of movement in foreign exchange	**(823)**	1,733	**(842)**	1,713
	Cash and cash equivalents at the end of the year	**8,224**	4,879	**7,581**	4,541
	Comprised of:				
	Cash and cash equivalents	**8,456**	8,246	**7,581**	7,908
	Bank overdraft	**(232)**	(3,367)	**–**	(3,367)
	Total	**8,224**	4,879	**7,581**	4,541

1. ACCOUNTING POLICIES

The Company is an investment company incorporated in Bermuda and listed 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 ("UFL"), Bermuda First Investment Company Limited ("BFIC"), Zeta Resources Limited Group (including Kumarina Resources Limited ("Kumarina")) and its special purpose entity, Global Equity Risk Protection Limited ("GERP"), together referred to as the "Group" (2012: UFL and GERP). Details of the subsidiaries and special purpose entity are included in note 13 to the Accounts.

The Group is engaged in a single segment of business, focusing on maximising shareholder returns by identifying and investing in investments where the underlying value is not reflected in the market price.

(a) Basis of accounting

The Accounts have been prepared on a going concern basis in accordance with IFRS, as adopted by the European Union. There have been no significant changes to the accounting policies during the year to 30 June 2013. 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 "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP"), issued in the UK by the Association of Investment Companies ("AIC") in January 2009, do not conflict with the requirements of IFRS, the Directors have prepared the Accounts of the Company and Group 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. The total column of the Income Statement and the Statement of Comprehensive Income represents the Income Statement and the Statement of Comprehensive Income, prepared in accordance with IFRS.

In accordance with the SORP, the total column 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(j) and 1(k)). Net revenue returns are allocated via the revenue return to the revenue reserve. Capital returns include, but are not limited to, profits and losses on the disposal and the valuation of non-current investments and derivative instruments and on cash and borrowings. Net capital returns are allocated via the capital return to capital reserves. Dividends on ordinary shares may be paid out of the revenue reserve and the capital reserves. At the date of authorisation of these Accounts, the following standards and interpretations have not been applied in these Accounts since they were in issue but not yet effective:

International Accounting Standards (IAS/IFRS)	Effective date for accounting periods starting on or after
IFRS 7 Amendments to financial instruments disclosure in relation to offsetting financial assets and liabilities	1 January 2013
IFRS 9 Financial Instruments	1 January 2015
IFRS 10 Consolidated Financial Statements	1 January 2014
IFRS 12 Disclosure of interests in other entities	1 January 2014
IFRS 13 Fair Value Measurement	1 January 2013
IAS 27 Separate financial statements	1 January 2014
IAS 28 (Revised), Investments in Associates and Joint Ventures	1 January 2014

IFRS 10 has not been early adopted as the EU has yet to endorse the amendment for investment companies not to consolidate its subsidiaries when it obtains control of another entity. The Directors have chosen not to adopt the other standards and interpretations early as they do not anticipate that they would have a material impact on the Group's Accounts in the period of initial application. The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the valuation of unlisted investments, details of which are set out in accounting policy 1(d).

1. ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation

The consolidated Accounts include the Accounts of the Company, its subsidiary undertakings and its special purpose entity made up to 30 June each year. All intra-group transactions balances, income and expenses are eliminated on consolidation. Associate undertakings held as part of the investment portfolio (see 1(d) below) are, in accordance with IAS 28 Investments in Associates, not accounted for in the Group accounts using the equity method of accounting, but are carried at fair value through profit or loss and accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement. Non-controlling Interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the Group Income Statement and the Group Statement of Comprehensive Income, and within equity in the Group Balance Sheet, separately from parent shareholders' equity. Investments in listed subsidiary companies are valued in the Company's accounts at the fair market value, which is the last traded price. Investments in unlisted subsidiaries and special purpose entities are valued in the Company's accounts at the Directors' estimate of fair value.

(c) Financial instruments

Financial Instruments include non-current assets, derivative assets and liabilities, and long-term debt instruments. For those financial instruments carried at fair value, accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of instruments depends on the lowest significant applicable input, as follows:

Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Included within this category are investments listed on any recognised stock exchange or quoted on any secondary market.

Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such Instruments would be those for which the quoted price has been recently suspended, forward exchange contracts and certain other derivative instruments.

Level 3 – External inputs are unobservable. Value is the Directors' best estimate of fair value, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instrument. Included in Level 3 are investments in private companies or securities, whether invested in directly or through pooled private equity vehicles.

(d) Valuation of investments and derivative financial instruments held at fair value through profit or loss

Investment purchases and sales are accounted for on the trade date, inclusive of transaction costs. Investments used for efficient portfolio management are classified as being at fair value through profit or loss. As the Company's business is investing in financial assets with a view to profiting from their total return in the form of dividends, interest or increases in fair value, its investments are designated as being at fair value through profit or loss on initial recognition. Derivatives comprising forward exchange contracts, options and credit default swaps are accounted for as a financial asset/liability at fair value through profit or loss and are classified as held for trading. The Company manages and evaluates the performance of these investments and derivatives on a fair value basis in accordance with its investment strategy, and information about the Company is provided internally on this basis to the Company's Directors and key management personnel. Gains and losses on investments and on derivatives are analysed within the Statement of Comprehensive Income as capital return. Quoted investments are shown at fair value using market bid prices. The fair value of unquoted investments is determined by the Board. In exercising its judgement over the value of these investments, the Board uses valuation techniques which take into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values, earnings and other relevant factors. Traded options and similar derivative instruments are valued at open market prices.

(e) Cash and cash equivalents

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

(f) Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. No debt instruments held during the year required hierarchical classification. Finance charges, including interest, are accrued using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year. See 1(k) below for allocation of finance charges between revenue and capital return within the Statement of Comprehensive Income.

1. ACCOUNTING POLICIES (CONTINUED)

(g) Zero dividend preference shares

The ZDP shares, due to be redeemed in 2014, 2016 and 2018 at a redemption value of 167.60 pence per share, 192.78 pence per share and 160.52 pence per share respectively, have been classified as liabilities, as they represent an obligation on behalf of the Group to deliver to their holders a fixed and determinable amount at the redemption date. They are accordingly accounted for at amortised cost, using the effective interest method. ZDP shares held by the Company are deemed cancelled for Group purposes.

(h) Foreign currency

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

(ii) Foreign operations
The functional currency of foreign operations, carried out through the Company's subsidiaries and special purpose entity, is predominantly Bermuda dollar and Australian dollar. The assets and liabilities of, or relating to, foreign operations are translated into Sterling at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to Sterling at foreign exchange rates approximating to the rates ruling at the dates of the transactions. Foreign exchange differences arising on translation of foreign operations into Sterling, including related intangible assets, are recognised directly in the Group's Foreign Currency Translation Reserve (FCTR), which is a separate component of equity, and reported in the Statement of Comprehensive Income. These exchange differences are recognised as income or expenses in the period in which the foreign operations are disposed of.

(i) Investment and other income

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

(j) Expenses

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

(k) Finance costs

Finance costs are accounted for using the effective interest basis, recognised through the Statement of Comprehensive Income and analysed under the revenue return except those financial costs of the ZDP shares which are analysed under the capital return.

(l) Dividends payable

Dividends paid by the Company are accounted for in the year in which the Company is liable to pay them and are reflected in the Statement of Changes in Equity. Under Bermuda Law, the Company is unable to pay dividends unless it has revenue and other reserves (excluding share capital and share premium) which together are positive in value.

1. ACCOUNTING POLICIES (CONTINUED)

(m) Exploration and evaluation expenditure

Exploration and evaluation costs of minerals, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group or Company has obtained the legal rights to explore an area are recognised in the Statement of Comprehensive Income. Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing

Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability, and
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy 3.10).

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

(n) Intangible assets – Goodwill

In accordance with IFRS 3 (Business combinations) (Revised), goodwill arising from acquisition of a subsidiary undertaking is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any adjustments to the initial consideration are recognised in the Income Statement in the period in which the subsequent change arises. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

(o) Capital reserves

The following items are allocated to capital reserves (inclusive of non-controlling interests):

Capital reserve – arising on investments sold

- gains and losses on the disposal of investments and derivative instruments
- exchange differences of a capital nature
- expenses allocated in accordance with notes 1(j) and 1(k) together with any associated tax relief

Capital reserve – arising on investments held

- increases and decreases in the valuation of investments and derivative instruments held at the year end

(p) Use of estimates and judgements

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

2. IMPAIRMENT OF GOODWILL

GROUP	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
Opening balance	–	–	–	–	–	–
Acquisitions through business combinations	–	1,583	1,583	–	–	–
Impairment loss	–	(1,583)	(1,583)	–	–	–
Balance at 30 June	–	–	–	–	–	–

Goodwill on acquisition arises from the purchase of all the issued shares of Kumarina (see note 13).

This goodwill is considered to be the premium paid to gain control of the entire issued share capital of Kumarina, thereby bringing into the Group the cash and mining assets held by the subsidiary.

Recoverable amount of goodwill:
The Directors deem the best estimate of the fair value of Kumarina to be the present value of the underlying net assets of Kumarina.

The realisable value of each of the underlying assets and liabilities of Kumarina are based on the fair value which a potential buyer would evaluate in an arm's length transaction. This fair value, based on the market price of the listed shares, has decreased from the date of purchase to the year end. Based on this valuation of the underlying assets the goodwill is deemed to be fully impaired.

3. INVESTMENT AND OTHER INCOME

GROUP	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
Investment income						
Dividends	16,597	–	16,597	14,545	–	14,545
Interest	438	–	438	1,289	–	1,289
	17,035	–	17,035	15,834	–	15,834
Other income						
Interest on cash and short-term deposits	37	–	37	16	–	16
Total income	17,072	–	17,072	15,850	–	15,850
Total income comprises:						
Dividends	16,597	–	16,597	14,545	–	14,545
Interest from investments	438	–	438	1,289	–	1,289
Other income	37	–	37	16	–	16
	17,072	–	17,072	15,850	–	15,850

COMPANY	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
Investment income						
Dividends	15,527	–	15,527	14,545	–	14,545
Interest	698	–	698	1,289	–	1,289
	16,225	–	16,225	15,834	–	15,834
Other income						
Interest on cash and short-term deposits	3	–	3	16	–	16
Total income	16,228	–	16,228	15,850	–	15,850
Total income comprises:						
Dividends	15,527	–	15,527	14,545	–	14,545
Interest from investments	698	–	698	1,289	–	1,289
Other income	3	–	3	16	–	16
	16,228	–	16,228	15,850	–	15,850

4. INCOME NOT RECEIVABLE

GROUP AND COMPANY	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
Accrued interest not to be received	–	–	–	126	–	126

5. MANAGEMENT AND ADMINISTRATION FEES

GROUP	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
Payable to:						
ICM Limited ("ICM") - management fee	1,774	–	1,774	1,715	–	1,715
ICM - administration fee	45	–	45	12	–	12
F&C Management Limited - administration fee	295	–	295	295	–	295
Other administration fees	26	–	26	–	–	–
	2,140	–	2,140	2,022	–	2,022

COMPANY	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
Payable to:						
ICM - management fee	1,669	–	1,669	1,715	–	1,715
ICM - administration fee	45	–	45	12	–	12
F&C Management Limited - administration fee	295	–	295	295	–	295
	2,009	–	2,009	2,022	–	2,022

Management fee

ICM is appointed as Investment Manager for the Company, BFIC, Zeta and GERP.

Utilico

For the Company, ICM 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 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 by the Company giving 12 months' notice and by ICM giving six months' notice.

Included within the fees of £1,669,000 (2012: £1,715,000) paid to ICM is £70,000 (2012: £103,000) salary and PAYE costs relating to 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 five.

In addition, ICM is entitled to a performance fee payable in respect of each financial period, equal to 15% of the amount by which the Company's net asset value attributable to the holders of ordinary shares outperforms the real after tax yield on the FTSE Actuaries Government Securities UK Gilt 5 to 10 years index during the period. The opening equity funds for calculation of the performance fee are the higher of the equity funds on the last day of a calculation period in respect of which a performance fee was last paid and the equity funds on the last day of the previous calculation period increased by the real percentage yield on the reference index during the calculation period. A performance fee was last paid in respect of a 12 month period to 30 June 2007. As at that date the Equity holders' funds were £279.0m. In calculating any performance fee payable, the holdings in UEM, BFIC and Zeta are removed from the calculation in order that any such fee is charged solely on the performance of the portfolio excluding the investment in UEM, BFIC and Zeta.

For the year to 30 June 2013, the attributable shareholders' funds were below the high watermark and therefore no performance fee has been accrued (30 June 2012: same).

5. MANAGEMENT AND ADMINISTRATION FEES (CONTINUED)

BFIC

Pursuant to the investment management agreement dated 9 October 2012, BFIC pays ICM, for its investment management services, a management fee based on the gross asset value of the portfolio of 0.5% per annum, payable quarterly in arrears.

ICM may be paid an additional performance fee at the discretion of the company, as approved by the Board of Directors. No performance fee was payable in respect of the period.

Either party may terminate the agreement with one months' notice.

Zeta

Zeta entered into an investment management agreement with ICM on 10 April 2013. Management fees are payable at a rate of 0.125% of funds managed on calculation date, payable quarterly in arrears and pro rated for any period less than three months.

Performance fees are payable annually at year end at a rate of 15% of equity funds (adjusted for any dividends paid or accrued) on calculation date less adjusted base equity funds (high-water mark) previously used in the performance fee calculation. The adjusted base equity funds is the base equity fund used in the last performance fee calculation adjusted by the average percentage income yield on the S&P/ASX 300 Metals and Mining Index. No performance fee was payable in respect of the period.

Either party may terminate the agreement with six months' notice.

GERP

Investment management services are provided to Utilico's GERP segregated account by ICM under the terms of the Investment Management Agreement ("IMA") signed between Utilico and ICM. No additional management or performance fees are paid or payable by GERP to ICM in respect of these services, on the basis of the inclusion of the segregated account in the assets of Utilico, and in accordance with the IMA.

Administration fees

From 1 March 2012, ICM has provided company secretarial services to the Company, with the Company paying one-third of the costs associated with this post.

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

6. OTHER EXPENSES

GROUP	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
Auditor's remuneration (see note 6A)	77	–	77	80	–	80
Broker and consultancy fees	138	–	138	101	–	101
Custody fees	128	–	128	123	–	123
Directors' fees:						
– fees for services to the Company (see Directors' Remuneration Report on page 40)	156	–	156	156	–	156
Travel expenses	256	–	256	152	–	152
Professional and legal fees	354	–	354	74	–	74
Sundry expenses	406	118	524	242	7	249
	1,515	118	1,633	928	7	935

6. OTHER EXPENSES (CONTINUED)

COMPANY	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
Auditor's remuneration (see note 6A)	**63**	**–**	**63**	75	–	75
Broker and consultancy fees	**138**	**–**	**138**	101	–	101
Custody fees	**121**	**–**	**121**	123	–	123
Directors' fees:						
– fees for services to the Company (see Directors' Remuneration Report on page 40)	**156**	**–**	**156**	156	–	156
Travel expenses	**256**	**–**	**256**	152	–	152
Professional and legal fees	**174**	**–**	**174**	74	–	74
Sundry expenses	**239**	**8**	**247**	218	7	225
	1,147	**8**	**1,155**	899	7	906

6A. AUDITOR'S REMUNERATION

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

Group Auditor – KPMG Audit Plc (2012: Grant Thornton UK LLP)	2013 £'000s	Group 2012 £'000s	2013 £'000s	Company 2012 £'000s
Annual audit fees	**55**	60	**55**	60
Fees payable to the auditor of the Group and Company's annual financial statements	**55**	60	**55**	60
Audit of financial statements of subsidiaries	**18**	12	**4**	7
Total audit fees	**73**	72	**59**	67
Other non-audit services - review of interim statements	**4**	8	**4**	8
Total auditor's remuneration allocated to the income statement	**77**	80	**63**	75
Other non-audit services - reporting accountants for the issue of ZDP shares and included within the ZDP share issue costs	**–**	30	**–**	30
Total auditor's remuneration for the year	**77**	110	**63**	105

7. FINANCE COSTS

GROUP	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
Loans and bank overdrafts	**754**	**–**	**754**	783	–	783
Loan notes	**130**	**–**	**130**	–	–	–
ZDP shares	**–**	**13,609**	**13,609**	–	13,401	13,401
	884	**13,609**	**14,493**	783	13,401	14,184

COMPANY	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
Loans and bank overdrafts	**754**	**–**	**754**	783	–	783
Intra-group loans	**–**	**14,333**	**14,333**	–	13,388	13,388
	754	**14,333**	**15,087**	783	13,388	14,171

8. TAXATION

GROUP	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
Overseas taxation	(275)	–	(275)	(21)	–	(21)
Research and development income tax benefit	–	360	360	–	–	–
	(275)	360	85	(21)	–	(21)

COMPANY	Revenue £'000s	Capital £'000s	2013 Total £'000s	Revenue £'000s	Capital £'000s	2012 Total £'000s
Overseas taxation	(275)	–	(275)	(21)	–	(21)

Profits of the Company and subsidiaries for the year were not subject to any taxation within their countries of residence.

9. EARNINGS PER ORDINARY SHARE

The calculation of the basic and diluted earnings per share from continuing operations attributable to equity holders of the Parent Company is based on the following data:

	2013 £'000s	GROUP 2012 £'000s	2013 £'000s	COMPANY 2012 £'000s
Revenue	12,105	11,970	12,031	11,999
Capital	(53,368)	2,729	(63,213)	2,717
Total	(41,263)	14,699	(51,182)	14,716
	Number	Number	Number	Number
Weighted average number of shares in issue during the year for basic earnings per share calculations	99,496,872	99,838,862	99,496,872	99,838,862

Diluted earnings per ordinary share

The remaining warrants were cancelled in the year to 30 June 2012 and therefore there is no dilution in the year to 30 June 2013.

Diluted earnings per share in the prior years was 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. There were no dilutive potential shares and no dilution of earnings in the year to 30 June 2012.

10. DIVIDENDS

GROUP AND COMPANY	Record date	Payment date	2013 £'000s	2012 £'000s
2011 Final of 3.25p	07 October 2011	28 October 2011	–	3,248
2012 Interim of 3.50p	02 March 2012	16 March 2012	–	3,497
2012 Final of 3.50p	05 October 2012	19 October 2012	3,487	–
2013 Interim of 3.75p	08 March 2013	10 April 2013	3,736	–
2013 Special dividend of 2.50p	08 March 2013	10 April 2013	2,491	–
			9,714	6,745

The Directors have declared a final dividend in respect of the year ended 30 June 2013 of 3.75p payable on 18 October 2013 to all ordinary shareholders on the register at close of business on 4 October 2013. The total cost of the dividend which has not been accrued in the results for the year to 30 June 2013, is £3,718,000 based on 99,157,214 ordinary shares in issue at the date of this report.

11. LOSS ON PARTIAL DISPOSAL OF SUBSIDIARY

GROUP	2013 £'000s	2012 £'000s
Loss on partial disposal of Zeta (see note 34)	1,529	–

12. INVESTMENTS

GROUP	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2013 Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2012 Total £'000s
Investments brought forward								
Cost	369,489	–	62,356	431,845	371,960	–	56,007	427,967
Gains/(losses)	21,495	–	(30,097)	(8,602)	4,939	–	(25,346)	(20,407)
Valuation	390,984	–	32,259	423,243	376,899	–	30,661	407,560
Movements in the year:								
Purchases at cost	47,440	–	14,032	61,472	34,140	–	13,398	47,538
Sales								
– proceeds	(43,793)	–	(11,690)	(55,483)	(36,845)	–	(8,413)	(45,258)
– realised net gains/(losses) on sales	2,190	–	(8,342)	(6,152)	131	–	1,467	1,598
(Losses)/gains on investments held at year end	(41,083)	–	11,833	(29,250)	16,659	–	(4,854)	11,805
Valuation at 30 June	355,738	–	38,092	393,830	390,984	–	32,259	423,243
Analysed at 30 June								
Cost	375,326	–	56,356	431,682	369,489	–	62,356	431,845
(Losses)/gains	(19,588)	–	(18,264)	(37,852)	21,495	–	(30,097)	(8,602)
Valuation	355,738	–	38,092	393,830	390,984	–	32,259	423,243

12. INVESTMENTS (CONTINUED)

COMPANY	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2013 Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	2012 Total £'000s
Investments brought forward								
Cost	**371,496**	**13,804**	**62,356**	**447,656**	371,960	7,269	56,007	435,236
Gains/(losses)	**21,499**	**(6,893)**	**(30,097)**	**(15,491)**	4,939	(6,824)	(25,346)	(27,231)
Valuation	**392,995**	**6,911**	**32,259**	**432,165**	376,899	445	30,661	408,005
Movements in the year:								
Purchases at cost	**83,134**	**–**	**15,416**	**98,550**	36,147	10,242	13,398	59,787
Sales								
– proceeds	**(88,353)**	**(2,272)**	**(12,152)**	**(102,777)**	(36,845)	(3,707)	(8,413)	(48,965)
– realised net (losses)/gains on sales	**(5,532)**	**–**	**(7,880)**	**(13,412)**	131	–	1,467	1,598
(Losses)/gains on investments held at year end	**(42,028)**	**(3,653)**	**11,324**	**(34,357)**	16,663	(69)	(4,854)	11,740
Valuation at 30 June	**340,216**	**986**	**38,967**	**380,169**	392,995	6,911	32,259	432,165
Analysed at 30 June								
Cost	**360,745**	**11,532**	**57,740**	**430,017**	371,496	13,804	62,356	447,656
(Losses)/gains	**(20,529)**	**(10,546)**	**(18,773)**	**(49,848)**	21,499	(6,893)	(30,097)	(15,491)
Valuation	**340,216**	**986**	**38,967**	**380,169**	392,995	6,911	32,259	432,165

Level 1 includes investments listed on any recognised stock exchange or quoted on any secondary market.
Level 2 includes investment in GERP on a look through basis.
Level 3 includes investments in private companies and other unquoted securities.

The Directors consider any valuations of Level 3 investments based on reasonably alternative assumptions to be immaterial to the results of the Company and the Group.

Gains on investments

	GROUP 2013 £'000s	GROUP 2012 £'000s	COMPANY 2013 £'000s	COMPANY 2012 £'000s
(Losses)/gains on investments sold	**(6,152)**	1,598	**(13,412)**	1,598
(Losses)/gains on investments held	**(29,250)**	11,805	**(34,357)**	11,740
Total (losses)/gains on investments	**(35,402)**	13,403	**(47,769)**	13,338

12. 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 material associate undertakings at 30 June 2013:

	Bermuda National Limited *("BNL")(1)*	eBet Ltd *("eBet")(2)*	Renewable Energy Generation Limited *("REG")(3)*	Utilico Emerging Markets Limited *("UEM")(4)*	Vix Assets Pty Ltd *("Vix")(5)*
Country of registration, incorporation and operations	Bermuda	Australia	UK	Bermuda	Australia
Number of ordinary shares held	3,923,159	3,176,004	27,765,585	58,206,603	44,327,352
Percentage of ordinary shares held	45.0%	20.7%	26.8%	27.2%	39.8%
Income from associate undertaking included in the revenue account of the Group ('000s)	£784	–	–	–	–
Value of interest in associated undertaking included in the balance sheet of the Group ('000s)	£31,040	£2,587	£18,325	£100,115	£2,133
Financial summary					
Gross assets ('000s)	US$637,533	A$46,411	£108,365	£465,506	A$114,321
Gross liabilities ('000s)	US$505,822	A$29,975	£42,216	£22,619	A$34,803
Gross revenues ('000s)	US$12,324	A$41,357	£12,108	£91,726	A$75,312
Net profit/loss before tax ('000s)	US$3,130	A$2,446	(£1,956)	£78,479	(A$5,293)
Share of taxation charge ('000s)	–	A$87	£43	(£292)	–
Share of retained profits/(losses) ('000s)	US$1,409	A$420	(£525)	£21,323	(A$2,107)
Share of net assets/(liabilities) ('000s)	US$59,270	A$3,406	£17,606	£120,334	$31,651

1. Financials based on the latest BNL accounts for the half year to 31 March 2013
2. Financials based on the latest eBet accounts for the year to 30 June 2012
3. Financials based on the latest REG accounts for the year to 30 June 2012
4. Financials based on the latest UEM accounts for the year to 31 March 2013
5. Financials based on the latest Vix Assets Pty Ltd accounts for the year to 30 June 2012

Transactions with associate undertakings

Bermuda National Ltd	Exchange of 2,715,127 Bermuda Commercial Bank Limited shares for 2,715,127 Bermuda National Limited shares. Purchase of 1,208,032 shares at a cost of BMD 17,074,962
eBet Ltd	Purchase of 273,064 ordinary shares in the market at a cost of A$347,000
Renewable Energy Generation Limited	Sale of 100,000 ordinary shares in the market receiving £70,000
Utilico Emerging Markets Limited	Sale of 1,052,700 ordinary shares in the market receiving £2,058,000
Vix Assets Pty Ltd	During the year Vix repaid A$1,000,000 of loans and paid A$534,000 interest due on the loans. A further A$4,024,000 was advanced to the company as loans in the year

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 financial statements:

Undertaking	Country of registration and incorporation	Class of instrument held	% of class of instrument held
Infratil Limited	New Zealand	Ordinary Shares	12.5%
Jersey Electricity plc	Jersey	A shares	29.6%*
Resolute Mining Limited	Australia	Ordinary Shares	18.3%

* Represents 11.2% of total share capital and 3.1% of the voting rights of the company

13. SUBSIDIARY UNDERTAKINGS INCLUDING SPECIAL PURPOSE ENTITY

The following were subsidiary undertakings of the Company at 30 June 2013:

	Country of operation, registration and incorporation	Number & class of shares held	Holdings & voting rights %
Utilico Finance Limited[(1)]	Bermuda	10 ordinary shares of 10p nil paid share	100.0
Bermuda First Investment Company Limited[(2)]	Bermuda	1,152,360 ordinary shares of £0.01 fully paid shares	67.2
Zeta Resources Limited[(3)]	Bermuda	35,884,883 ordinary shares of A$1 fully paid	70.9
Kumarina Resources Limited[(4)]	Australia	71,102,056 ordinary shares of no par value, fully paid	70.9

1. The subsidiary was incorporated, and commenced trading, on 17 January 2007 to carry on business as an investment company. The ordinary shares are unlisted.
2. The subsidiary was incorporated, and commenced trading, on 13 September 2012 to carry on business as an investment company. The subsidiary is listed on the Bermuda stock exchange.
3. The subsidiary was incorporated, and commenced trading, on 13 August 2012 to carry on business as an investment company. The subsidiary is listed on the Australian stock exchange.
4. The subsidiary was incorporated, and commenced trading, on 24 March 2010 to carry on business as a mineral exploration and investment company and is owned 100% by Zeta Resources Limited. The subsidiary is unlisted.

The Company holds 3,920 Class A shares linked to a segregated account in GERP, an unquoted Bermuda segregated accounts company incorporated on 4 May 2006. The segregated account, which is structured as the Bermuda law equivalent of a protected cell, exists for the sole purpose of carrying out derivative transactions on behalf of the Company. The holding represents 100% of the issued Class A shares that have no voting rights. 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).

14. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Group

Costs carried forward in respect of exploration and evaluation phase of minerals – at cost

	2013 £'000s	2012 £'000s
Carrying value at acquisition of Kumarina	**2,844**	–
Direct expenditure	**139**	–
Less expenditure written off	**(110)**	–
Effect of movements in exchange rates	**(41)**	–
Carrying value at 30 June	**2,832**	–

The ultimate recoupment of the above costs in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or, alternatively, sale of the respective areas at amounts sufficient to recover the investment.

Two tenements were relinquished at the end of the year and all capitalised expenditure on them were written off to profit and loss in accordance with IFRS 6.

15. OTHER RECEIVABLES

	GROUP		COMPANY	
	2013 £'000s	2012 £'000s	**2013 £'000s**	2012 £'000s
Investment debtors	**1,650**	398	**1,650**	398
Margin accounts	**1**	4,036	**–**	–
Accrued interest	**333**	15	**428**	15
Accrued dividends	**880**	1,547	**618**	1,547
Other debtors	**511**	60	**45**	60
	3,375	6,056	**2,741**	2,020

16. DERIVATIVE FINANCIAL INSTRUMENTS

GROUP	Current assets £'000s	Current liabilities £'000s	2013 Net current assets/ (liabilities) £'000s	Current assets £'000s	Current liabilities £'000s	2012 Net current assets/ (liabilities) £'000s
Forward foreign exchange contracts - GBP/AUD	52	–	52	–	(75)	(75)
Forward foreign exchange contracts - GBP/EUR	–	(63)	(63)	–	(40)	(40)
Forward foreign exchange contracts - GBP/NZD	613	–	613	–	(777)	(777)
Forward foreign exchange contracts - USD/AUD	241	–	241	–	–	–
Forward foreign exchange contracts - USD/NZD	168	–	168	–	(151)	(151)
Total forward foreign exchange contracts	1,074	(63)	1,011	–	(1,043)	(1,043)
Call options - Bermuda Commercial Bank Limited	–	–	–	927	–	927
Call options – eBet Limited	–	–	–	351	–	351
S&P futures and options – USD	946	–	946	3,461	(1,261)	2,200
Total derivative financial instruments	2,020	(63)	1,957	4,739	(2,304)	2,435

Classified (see note 1(c)) as:			£'000s			£'000s
Level 1	946	–	946	3,461	(1,261)	2,200
Level 2	1,074	(63)	1,011	1,278	(1,043)	235
	2,020	(63)	1,957	4,739	(2,304)	2,435

All the following derivatives are classified as level 2 as defined in note 1(c).

COMPANY	Current assets £'000s	Current liabilities £'000s	2013 Net current assets/ (liabilities) £'000s	Current assets £'000s	Current liabilities £'000s	2012 Net current assets/ (liabilities) £'000s
Forward foreign exchange contracts - GBP/AUD	52	–	52	–	(75)	(75)
Forward foreign exchange contracts - GBP/EUR	–	(63)	(63)	–	(40)	(40)
Forward foreign exchange contracts - GBP/NZD	613	–	613	–	(777)	(777)
Forward foreign exchange contracts - USD/AUD	241	–	241	–	–	–
Forward foreign exchange contracts - USD/NZD	168	–	168	–	(151)	(151)
Total forward foreign exchange contracts	1,074	(63)	1,011	–	(1,043)	(1,043)
Call options - Bermuda Commercial Bank Limited	–	–	–	927	–	927
Total derivative financial instruments	1,074	(63)	1,011	927	(1,043)	(116)

The fair value of the Zeta options at 30 June 2013 (see note 34) is deemed to be £nil as they are out of the money.

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

	GROUP 2013 £'000s	GROUP 2012 £'000s	COMPANY 2013 £'000s	COMPANY 2012 £'000s
Valuation brought forward	2,435	(377)	(116)	(751)
Net acquisitions	6,977	14,055	–	899
Settlements	(3,741)	(12,185)	1,400	(1,266)
(Losses)/gains	(3,714)	942	(273)	1,002
Valuation carried forward	1,957	2,435	1,011	(116)

17. LOANS – CURRENT LIABILITIES

GROUP AND COMPANY	2013 £'000s	2012 £'000s
Bank loan £42.5m repayable March 2014	**42,500**	–
OneLink Holdings Pty. Ltd. Loan	**–**	1,253
	42,500	1,253

At 30 June 2013, the Company had a committed loan facility of £50.0m from Scotiabank Europe plc ("Scotiabank") which expires on 22 March 2014. Commissions are charged on any undrawn amounts at commercial rates. The terms of the loan facility, including those related to accelerated repayment and costs of repayment, are typical of those normally found in facilities of this nature.

Scotiabank has a floating rate charge over the assets of the Company in respect of amounts owing under the loan facility.

The OneLink loan of A$1,918,000 to Utilico was repaid in full in the year.

18. OTHER PAYABLES

	GROUP		COMPANY	
	2013 £'000s	2012 £'000s	2013 £'000s	2012 £'000s
Investment creditors	**1,990**	945	**998**	945
Exploration and evaluations creditors	**257**	–	**–**	–
Bank overdraft	**232**	3,367	**–**	3,367
Accrued finance costs	**65**	1	**19**	1
Intra-group loans	**–**	–	**199,784**	226,390
Accrued expenses	**1,152**	1,124	**956**	1,110
	3,696	5,437	**201,757**	231,813

19. LOAN NOTES

GROUP	2013 £'000s	2012 £'000s
Fixed rate loan notes	**3,705**	–

On 9 October 2012, BFIC issued on the Bermuda Stock Exchange, loan notes to the value of BM$17,142,200 at an issue price of BM$1.00 per loan note, representing 100% of the issued loan notes of the Issuer. Of these, BM$11,523,600 were issued to Utilico and have been eliminated on consolidation. BFIC can create loan notes to the value of BM$40,000,000.

All loan notes not previously purchased and cancelled will be redeemed by BFIC on 30 September 2019 at their nominal amount. The interest on the loan notes is paid semi-annually at 5% per annum.

On 3 June 2013, BFIC's board and its loan note holders approved amending the interest rate on the Loan Note from 5% to 6%, with effect from 1 July 2013.

20. ZERO DIVIDEND PREFERENCE SHARES

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

ZDP shares – current liabilities	2013 £'000s	2012 £'000s
2012 ZDP shares	**–**	66,275
ZDP shares – non-current liabilities		
2014 ZDP shares	**72,705**	67,938
2016 ZDP shares	**72,734**	67,888
2018 ZDP shares	**47,957**	22,295
	193,396	158,121
Total ZDP shares	**193,396**	224,396

2013	**Number**	**2012 £'000s**	**Number**	**2014 £'000s**	**Number**	**2016 £'000s**	**Number**	**2018 £'000s**	**Total £'000s**
Authorised									
UFL ZDP shares of 10p each	60,592,190	6,059	50,000,000	5,000	50,000,000	5,000	–	–	**n/a**
UFL ZDP shares of 5.9319p each	–	–	–	–	–	–	49,842,413	2,956	**n/a**
Issued									
Balance at 30 June 2012	38,193,896	66,275	47,500,000	67,938	47,500,000	67,888	22,250,000	22,295	**224,396**
Issue of ZDP shares	–	–	–	–	–	–	21,780,037	23,379	**23,379**
Issue costs of ZDP shares	–	–	–	–	–	–	–	(171)	**(171)**
Redemption of 2012 ZDP shares	(38,085,197)	(67,643)	–	–	–	–	–	–	**(67,643)**
ZDP shares held intra group	(108,699)	(174)	–	–	–	–	–	–	**(174)**
Finance costs (see note 7)	–	1,542	–	4,767	–	4,846	–	2,454	**13,609**
Balance at 30 June 2013	**–**	**–**	**47,500,000**	**72,705**	**47,500,000**	**72,734**	**44,030,037**	**47,957**	**193,396**

2012	Number	2012 £'000s	Number	2014 £'000s	Number	2016 £'000s	Number	2018 £'000s	Total £'000s
Authorised									
UFL ZDP shares of 10p each	60,592,190	6,059	50,000,000	5,000	50,000,000	5,000	–	–	n/a
UFL ZDP shares of 5.9319p each	–	–	–	–	–	–	49,842,413	2,956	n/a
Issued									
Balance at 30 June 2011	45,486,200	73,756	37,500,000	49,532	37,500,000	49,474	–	–	172,762
Issue of ZDP shares	–	–	10,000,000	14,650	10,000,000	14,650	11,893,552	11,893	41,193
Issue costs of ZDP shares	–	–	–	(151)	–	(151)	–	(651)	(953)
Cancellation of 2012 ZDP shares and rollover to 2018 ZDP shares	(6,143,391)	(10,356)	–	–	–	–	10,356,448	10,356	–
ZDP shares held intra group	(1,148,913)	(2,007)	–	–	–	–	–	–	(2,007)
Finance costs (see note 7)	–	4,882	–	3,907	–	3,915	–	697	13,401
Balance at 30 June 2012	38,193,896	66,275	47,500,000	67,938	47,500,000	67,888	22,250,000	22,295	224,396

20. ZERO DIVIDEND PREFERENCE SHARES (CONTINUED)

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

15,305,037 of the new 2018 ZDP shares were placed with certain institutional and other investors raising gross proceeds of £16.1m. The remaining 12,287,376 new 2018 ZDP shares were subscribed for by UIL and were held by Utilico for investment purposes in accordance with its investing policy. In the period from 25 October 2012 to 30 June 2013, UIL sold 6,475,000 2018 ZDP shares in the market, receiving £7.3m. Since the year end Utilico Investments Limited has sold a further 1,075,000 2018 ZDP shares in the market, receiving £1,126,000.

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

2014 ZDP shares

Based on the initial entitlement of a 2014 ZDP share of 100p on 15 June 2007, a 2014 ZDP share will have a final capital entitlement at the end of its life on 31 October 2014 of 167.60p equating to a 7.25% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2014 ZDP share at 30 June 2013 was 152.64p (2012: 142.33p).

2016 ZDP shares

Based on the initial entitlement of a 2016 ZDP share of 100p on 15 June 2007, a 2016 ZDP share will have a final capital entitlement at the end of its life on 31 October 2016 of 192.78p equating to a 7.25% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2016 ZDP share at 30 June 2013 was 152.64p (2012: 142.33p).

2018 ZDP shares

Based on the initial entitlement of a 2018 ZDP share of 100p on 26 January 2012, a 2018 ZDP share will have a final capital entitlement at the end of its life on 31 October 2018 of 160.52p equating to a 7.25% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2018 ZDP share at 30 June 2013 was 110.50p (2012: 103.03p).

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 ZDP shares have not already been redeemed, the shares shall rank in the following order of priority in relation to the repayment of their accrued capital entitlement as at the date of liquidation:

(i) the 2014 ZDP shares shall rank in priority to the 2016 and 2018 ZDP shares; and

(ii) the 2016 ZDP shares shall rank in priority to the 2018 ZDP shares.

The entitlement of ZDP shareholders of a particular class shall be determined in proportion to their holdings of ZDP shares of that class.

21. ORDINARY SHARE CAPITAL

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

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

2012	Total shares in issue Number	Total shares in issue £'000s
Balance at 30 June 2012	99,926,452	9,993
Purchased for cancellation	(295,000)	(30)
Issued on exercise of warrants	762	–
Balance at 30 June 2013	99,632,214	9,963

During the year 475,000 ordinary shares were bought back at a cost of £770,000 and cancelled. Since the year end no further ordinary shares have been bought back.

In addition to receiving the income distributed by way of dividend, the ordinary shareholders will be entitled to any balances on the revenue reserve at the winding up date, together with the assets of the Company remaining after payment of the ZDP shareholders' entitlement. The ordinary shareholders participate in all general meetings of the Company on the basis of one vote for each share held.

22. SHARE PREMIUM ACCOUNT

GROUP AND COMPANY	**2013 £'000s**	2012 £'000s
Balance brought forward	**29,743**	30,250
Premium on conversion of warrants	**–**	2
Purchase of ordinary shares	**(723)**	(509)
Balance carried forward	**29,020**	29,743

This is a non-distributable reserve arising on the issue of share capital and available to purchase the Company's own shares in accordance with Bermuda law.

23. SPECIAL RESERVE

GROUP AND COMPANY	**2013 £'000s**	2012 £'000s
Balance brought forward and carried forward	**233,866**	233,866

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

24. WARRANT RESERVE

GROUP AND COMPANY	2013 £'000s	2012 £'000s
Balance brought forward	–	3,049
Transfer to capital reserve on cancellation of warrants	–	(3,049)
Balance carried forward	–	–

The imputed net proceeds on initial issue of warrants, based on the market value of the warrants on the first day of listing, were transferred out of share premium account to the warrant reserve. On exercise, the imputed net proceeds were transferred to a separate non-distributable reserve. On cancellation, the net imputed net proceeds were transferred to the capital reserve. Under Bermuda law, the warrant reserve constitutes a reserve for the purposes of assessing the sufficiency of reserves for the purpose of making dividend payments to ordinary shareholders.

25. NON-DISTRIBUTABLE RESERVE

GROUP AND COMPANY	2013 £'000s	2012 £'000s
Balance brought forward and carried forward	32,069	32,069

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

26. FOREIGN CURRENCY TRANSLATION RESERVE

GROUP	2013 £'000s	2012 £'000s
Balance brought forward	–	–
Movements in the year	497	–
Balance carried forward	497	–

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations and non-sterling denominated assets.

27. CAPITAL RESERVES

GROUP	2013 Capital reserve (arising on investments sold) £'000s	2013 Capital reserve (arising on investments held) £'000s	2013 Capital reserves total £'000s	2012 Capital reserve (arising on investments sold) £'000s	2012 Capital reserve (arising on investments held) £'000s	2012 Capital reserves total £'000s
(Losses)/gains on investments sold	**(6,152)**	**–**	**(6,152)**	1,598	–	1,598
(Losses)/gains on investments held	**–**	**(29,250)**	**(29,250)**	–	11,805	11,805
(Losses)/gains on derivative financial instruments sold	**(3,250)**	**–**	**(3,250)**	581	–	581
(Losses)/gains on derivative financial instruments held	**–**	**(464)**	**(464)**	–	361	361
Exchange (losses)/gains	**(430)**	**–**	**(430)**	1,792	–	1,792
Impairment of goodwill	**(1,583)**	**–**	**(1,583)**	–	–	–
Other capital charges	**(118)**	**–**	**(118)**	(7)	–	(7)
ZDP shares finance charges	**(13,609)**	**–**	**(13,609)**	(13,401)	–	(13,401)
Other income	**360**	**–**	**360**			
Loss on partial disposal of subsidiary	**(1,529)**	**–**	**(1,529)**	–	–	–
Transfer from warrant reserve on cancellation of warrants	**–**	**–**	**–**	3,049	–	3,049
Non controlling interests	**–**	**1,128**	**1,128**	–	–	–
	(26,311)	**(28,586)**	**(54,897)**	(6,388)	12,166	5,778
Balance brought forward	**(97,801)**	**(10,254)**	**(108,055)**	(91,413)	(22,420)	(113,833)
Balance at 30 June	**(124,112)**	**(38,840)**	**(162,952)**	(97,801)	(10,254)	(108,055)

COMPANY	2013 Capital reserve (arising on investments sold) £'000s	2013 Capital reserve (arising on investments held) £'000s	2013 Capital reserves total £'000s	2012 Capital reserve (arising on investments sold) £'000s	2012 Capital reserve (arising on investments held) £'000s	2012 Capital reserves total £'000s
(Losses)/gains on investments sold	**(13,412)**	**–**	**(13,412)**	1,598	–	1,598
(Losses)/gains on investments held	**–**	**(34,357)**	**(34,357)**	–	11,740	11,740
Losses on derivative financial instruments sold	**(2,081)**	**–**	**(2,081)**	(7)	–	(7)
Gains on derivative financial instruments held	**–**	**1,808**	**1,808**	–	1,009	1,009
Exchange (losses)/gains	**(830)**	**–**	**(830)**	1,772	–	1,772
Other capital charges	**(8)**	**–**	**(8)**	(7)	–	(7)
Intra-group loan account finance charges	**(14,333)**	**–**	**(14,333)**	(13,388)	–	(13,388)
Transfer from warrant reserve on cancellation of warrants	**–**	**–**	**–**	3,049	–	3,049
	(30,664)	**(32,549)**	**(63,213)**	(6,983)	12,749	5,766
Balance brought forward	**(91,884)**	**(16,288)**	**(108,172)**	(84,901)	(29,037)	(113,938)
Balance at 30 June	**(122,548)**	**(48,837)**	**(171,385)**	(91,884)	(16,288)	(108,172)

27. CAPITAL RESERVES (CONTINUED)

GROUP AND COMPANY

Included within the capital reserve movement for the year is £0.5m (2012: £0.5m) of dividend receipts recognised as capital in nature, £30,000 (2012: £80,000) of transaction costs on purchases of investments and £88,000 (2012: £33,000) of transaction costs on sales of investments.

28. REVENUE RESERVE

	GROUP 2013 £'000s	GROUP 2012 £'000s	COMPANY 2013 £'000s	COMPANY 2012 £'000s
Amount transferred to revenue reserve attributable to equity holders of the Parent Company	**12,105**	11,970	**12,031**	11,999
Dividends paid in the year	**(9,714)**	(6,745)	**(9,714)**	(6,745)
Balance brought forward	**11,308**	6,083	**11,442**	6,188
Balance at 30 June	**13,699**	11,308	**13,759**	11,442

29. NET ASSET VALUE PER ORDINARY SHARE

Net asset value per ordinary share is based on net assets at the year end attributable to equity holders of the Parent Company of £156,115,000 for the Group and £147,245,000 for the Company (2012: £208,894,000 for the Group and £208,911,000 for the Company) and on 99,157,214 ordinary shares in issue at the year end (2012: 99,632,214).

30. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	GROUP Year to 30 June 2013 £'000s	GROUP Year to 30 June 2012 £'000s	COMPANY Year to 30 June 2013 £'000s	COMPANY Year to 30 June 2012 £'000s
(Loss)/profit before taxation	**(42,335)**	14,720	**(50,907)**	14,737
Adjust for non-cash flow items:				
Losses/(gains) on investments	**35,402**	(13,403)	**47,769**	(13,338)
Losses/(gains) on derivative financial instruments	**3,714**	(942)	**273**	(1,002)
Exchange losses/(gains)	**442**	(1,792)	**842**	(1,772)
Impairment of goodwill	**1,583**	–	**–**	–
Non-cash dividend transaction	**–**	(1,862)	**–**	(1,862)
Non-cash flow expenses	**110**	211	**–**	211
Decrease/(increase) in accrued income	**262**	55	**515**	(303)
Decrease in other debtors	**(31)**	(38)	**(1)**	(38)
Increase/(decrease) in creditors	**298**	(237)	**(119)**	123
ZDP share finance costs	**13,609**	13,401	**–**	–
Intra-group loan account finance costs	**–**	–	**14,333**	13,388
Tax on overseas income	**(275)**	(21)	**(275)**	(21)
	55,114	(4,628)	**63,337**	(4,614)
Cash flows from operating activities	**12,779**	10,092	**12,430**	10,123

31. NON-CASH FLOW INVESTMENT TRANSACTIONS

GROUP	2013 Purchases £'000s	2013 Sales £'000s	2012 Purchases £'000s	2012 Sales £'000s
Investment movements (see note 12)	**(61,472)**	**55,483**	(47,538)	45,258
Increase in investment creditors	**1,045**	**–**	945	–
Increase in investment debtors	**–**	**(1,252)**	–	(398)
In specie transfers:				
Investments held by minority interests exchanged for share capital in BFIC (see note 34)	**7,505**	**–**	–	–
Sale of Kumarina shares in exchange for capital in Zeta (see note 34)	**–**	**(539)**	–	–
Sale of AK Jensen Group and Newtel Holdings Limited in exchange for a profit participating loan in Platform Technology (see note 34)	**1,085**	**(1,085)**	–	–
Sale of Ascot Lloyd loan notes in exchange for Bermuda National Limited shares (see note 34)	**1,250**	**(1,250)**	–	–
Effect of movements in exchange rates on translation	**14**	**6**	–	–
Cash flow from investments	**(50,573)**	**51,363**	(46,593)	44,860

COMPANY	2013 Purchases £'000s	2013 Sales £'000s	2012 Purchases £'000s	2012 Sales £'000s
Investment movements (see note 12)	**(98,550)**	**102,777**	(59,787)	48,965
Increase in investment creditors	**53**	**–**	945	–
Increase in investment debtors	**–**	**(1,252)**	–	(398)
In specie transfers:				
Sale of investments exchanged for share capital in BFIC (see note 34)	**14,338**	**(14,338)**	–	–
Sale of investments exchanged for share capital in Zeta (see note 34)	**21,192**	**(21,192)**	–	–
Sale of Kumarina shares in exchange for capital in Zeta (see note 34)	**539**	**(539)**	–	–
Sale of AK Jensen Group and Newtel Holdings Limited in exchange for a profit participating loan in Platform Technology (see note 34)	**1,085**	**(1,085)**	–	–
Sale of Ascot Lloyd loan notes in exchange for Bermuda National Limited shares (see note 34)	**1,250**	**(1,250)**	–	–
Purchase of 2018 ZDP shares held by Utilico	**12,947**	**–**	–	–
Maturity of 2012 ZDP shares held by Utilico	**–**	**(2,232)**	–	–
Cash flow from investments	**(47,146)**	**60,889**	(58,842)	48,567

32. CASH GENERATED BY ACQUISITION OF SUBSIDIARY

The fair value of the assets and liabilities of Kumarina acquired on partial disposal of Zeta in June 2013 were as follows:

	£'000s
Cash	3,766
Exploration and evaluation expenditure	2,844
Other assets	171
Trade payables	(88)
Fair value of net assets	6,693
Goodwill on acquisition of subsidiary	1,583
Total purchase price paid	8,276
Less: paid on issue of shares in Zeta	(8,276)
Cash paid for control of Zeta	–
Cash held by Kumarina	3,766
Cash generated on obtaining control of Kumarina	3,766

33. ULTIMATE PARENT UNDERTAKING

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

GPLPF is controlled by the trustees of a private trust for the benefit of the trust's beneficiary (who has no control over the trust); there has not been any change in ownership during the year.

34. RELATED PARTY TRANSACTIONS

The following are subsidiaries of Utilico: UFL; BFIC; Zeta and its special purpose entity GERP (see note 13). In addition the following are considered related parties of the Group: General Provincial Life Pension Fund (L) Limited ("GPLPF"), which holds 57.2% of the Company's ordinary shares; the associates of the Group set out under note 12, being Bermuda National Limited ("BNL"), eBet Limited, Renewable Energy Generation Limited, Utilico Emerging Markets Limited ("UEM"), Vix Assets Pty Ltd and Vix Limited ("Vix"), the Board of Utilico, ICM, Utilico's investment manager which is owned by Mr Saville, Eclectic Investment Company Limited ("Eclectic"), Somers Isles Limited ("SIL"), and Platform Technology Limited ("PTL") (also owned by Mr Saville) and Mr Saville.

The following transactions were done during the year to 30 June 2013 between the Company and its related parties above:

UFL

Loans from UFL to Utilico of £226.4m at 30 June 2012 decreased by £26.6m, to £199.8m at 30 June 2013. Interest is payable at 7.25% per annum. The loans are repayable on demand.

Pursuant to the supplementary prospectus published on 28 September 2012 by UFL, in connection with the placing of up to 27,592,413 new 2018 ZDP shares, on 25 October 2012 UFL issued to Utilico 12,287,376 new 2018 ZDP shares at 105.37p per 2018 ZDP share. In the period to 30 June 2013, Utilico had sold in the open market 6,475,000 of these 2018 ZDP shares and at the period end held 5,812,376 2018 ZDP shares. Since the period end Utilico has sold a further 1,075,000 2018 ZDP shares in the open market.

BFIC

On 9 October 2012 Utilico entered into a conditional agreement with BFIC to dispose of certain investments valued at approximately BM$23m to BFIC, a newly incorporated investment vehicle, which was admitted to trading on the BSX on 29 October 2012. The consideration comprised 1,152,360 shares in BFIC at an issue price of US$10 per share and 11,523,600 5% 2019 unsecured loan notes in BFIC with a par value of BM$1 each. On the same date, Bermuda Commercial Bank Limited and Eclectic disposed of certain investments valued in aggregate at approximately US$11.2m to BFIC for an aggregate consideration of 561,861 shares in BFIC at an issue price of US$10 per share and 5,618,600 5% 2019 unsecured loan notes in BFIC with a par value of BM$1 each.

34. RELATED PARTY TRANSACTIONS (CONTINUED)

Zeta

Zeta was formed on 13 August 2012 as a subsidiary of Utilico. On 24 August 2012, Utilico was issued all the 100 nil paid shares of US$1.00 in Zeta. On 5 March 2013, the shares were split into 10m shares of US$0.00001.

On 29 January 2013 Utilico entered into an Asset Sale Agreement to sell the following investments to Zeta at market value as at the date of completion, with the consideration to be settled in Zeta ordinary shares and options: 7,000,000 Resolute shares, 27,038,122 New Zealand Oil & Gas shares, 4,813,977 Pan Pacific Petroleum shares, 2,500,000 Seacrest subscription rights and 10,000,000 Centamin shares. The sale was completed on 24 May 2013, with a total value of £21.1m (A$32.84m) and Utilico received a further 22,835,200 shares. All shares held by Utilico were now fully paid.

Zeta acquired Kumarina Resources Limited ("Kumarina") through a Scheme of Arrangement in exchange for Zeta shares, which was effective on 7 June 2013. Under the Scheme of Arrangement, Utilico partially disposed of Zeta by issuing 17,775,514 shares in Zeta to shareholders of Kumarina for the entire share capital of Kumarina. Utilico owned 10.1% of the share capital of Kumarina. For every four shares in Kumarina, the shareholders received one share in Zeta. The change in fair value of the underlying Zeta assets between 24 May 2013 and the date Utilico's holding was diluted resulted in a loss on partial disposal in the Group of £1,529,000. A further 4,000 shares were issued in Zeta under an initial public offering. Subsequently, Utilico held 68.5% of Zeta's share holding.

As part of the Scheme of Arrangement, for every five shares held the shareholders received one Zeta option. Each option is exercisable into one ordinary share at an exercise price of A$1.00 until June 2016. At 30 June 2013, Utilico owned 6,926,976 Zeta options, 68.4% of the Zeta options in issue. Since the year end, Utilico has purchased a further 3,500 Zeta options in the market for £20.

Between 7 June 2013 and 30 June 2013, Utilico purchased a further 1,250,000 Zeta shares for £326,000 in the open market. At the year end, Utilico held 70.9% of the share capital of Zeta. Since the year end Utilico has bought a further 1,517,317 Zeta shares in the market for £444,000. Utilico held 37,402,200 shares in Zeta at 17 September 2013, 73.9% of the share capital.

During the year, Utilico advanced to Zeta loans of £3,018,000. The loans are repayable on 31 May 2014 with interest charged at 10% per annum. Since the year end Utilico has further advanced to Zeta loans amounting to £2,990,000 on the same terms.

GERP

During the year Utilico received net payments from GERP of £2.3m in settlement of investment transactions.

PTL

PTL was formed to hold the regulated businesses Newtel Holdings Limited ("Newtel") and AK Jensen Group Limited ("AKJ").

Newtel and AKJ (which had book values of £14,000 and £1,071,000 respectively) were sold to PTL, a newly incorporated company, in return for a profit participating loan note expiring on 31 March 2017, in the sum of £1,113,115. The loan note provides Utilico with the right to all income, dividends, realised profit or other return attributable to the investments to which the loan note relates, together with any accumulated but unpaid returns. In addition PTL accepted the assignment of a loan amounting to £115,920 previously provided by Utilico to Financial Media Holdings Ltd.

Utilico also made a loan of US$650,000 to Platform on 24 July 2012, the proceeds of which were used to invest in AKJ, in return for a profit participating loan note expiring on 31 March 2017 in the sum of US$650,000. This loan note is on the same terms as the original loan note.

Eclectic

Strathdon Investments PLC (which had a book value of zero following its de-listing) was sold to Eclectic for cash consideration of £62,019.

BNL

On 18 September 2012, shareholders of Bermuda Commercial Bank Limited ("BCB") approved the merger between BCB and BNL, which was effective from 1 October 2012. BCB became a wholly owned subsidiary of BNL and BCB shareholders, including Utilico, exchanged their shares for BNL shares.

On 23 October 2012, Utilico exercised 250,626 BNL warrants at US$5.6972 per share.

On 16 November 2012, Utilico entered into a conditional agreement with BNL to make an aggregate investment of US$17.0m representing a subscription of US$15m in cash and an in specie subscription of Utilico's holding of £1.25m convertible loan notes in Ascot Lloyd Holdings Limited, for BNL shares at a price per BNL share of US$14.34. The value of the in specie contribution is equal to the cost of Utilico's investment in the convertible loan notes in Ascot Lloyd Holdings Limited (being £1,250,000). Utilico was also issued one warrant for every five BNL shares subscribed for under the agreement. Each warrant confers the right to subscribe for one BNL share at a price of US$14.34, subject to adjustment in accordance with the warrant terms. The warrants are exercisable at any time from the date of their issue to 31 December 2015. BNL issued further warrants to its shareholders on 11 February 2013, in a bonus issue on a 1 for 3 basis, exercisable at US$12 up until 30 September 2013; the Company received 1,307,719 warrants which were exercised on 26 July 2013.

34. RELATED PARTY TRANSACTIONS (CONTINUED)

The Board

As detailed in the Directors' Remuneration Report on page 40, the Board received aggregate remuneration of £156,000 (2012: £155,900) included within "Other expenses" for services as Directors. At the year-end £39,000 (2012: £7,000) remained outstanding to the Directors. In addition to their fees, the Directors received dividends totalling £37,163 (2012: £23,000) during the year under review in respect of their shareholdings in the Company. There were no further transactions with the Board during the year.

ICM

ICM limited is the investment manager of Utilico, UFL, GERP, BFIC, Zeta, BNL, and Vix. The directors of ICM Limited are Mr Duncan Saville and Mr Alasdair Younie. In discharging their role as Investment Manager, Mr Saville is a director of Vix (director's fees nil) and of Platform Technology (fees nil). Mr Younie is a director of BFIC, BNL and Platform Technology and received directors' fees respectively of US$9,000, US$9,000 and nil in the year to 30 June 2013.

There were no other transactions with ICM other than investment management fees as set out in note 5. At the year-end £756,000 (2012: £851,000) for the Group and £709,000 (2012: £851,000) for the Company of the management fees remained outstanding.

ICM Limited has, as of the 30 June 2013, a 3.46% interest in Zeta. Mr Saville owns ICM, Eclectic, SIL and PTL.

Other

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

There were no transactions during the year or any outstanding balances with GPLPF. There were no other transactions between the above associates and the Company other than investments in the ordinary course of Utilico's business.

Mr Collier, a director of the Company, is a director of BFIC and BNL and received directors' fees respectively of US$9,000 and US$9,000 in the year to 30 June 2013.

35. OPERATING SEGMENTS

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

36. FINANCIAL RISK MANAGEMENT

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

The Group seeks to meet its investment objective by investing principally in a diversified portfolio of both listed and unlisted companies. Derivative instruments may be used for purposes of hedging the underlying portfolio of investments. The Group has the power to take out both short and long term borrowings. In pursuing the objective, the Group is exposed to financial risks which could result in a reduction of either or both of the value of the net assets and the profits available for distribution by way of dividend. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit and counterparty risk. The Board of Directors, together with the Investment Manager, is responsible for the Group's risk management. The Directors' policies and processes for managing the financial risks are set out in (a), (b) and (c) below.

The Company's risks include the risks within UFL, BFIC, Zeta and the special purpose entity (see note 13) and therefore only the Group risks are analysed below as the differences are not considered to be significant. The accounting policies which govern the reported Balance Sheet carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 1 to the Accounts. The policies are in compliance with IFRS and best practice, and include the valuation of financial assets and liabilities at fair value except as noted in (d) below and in note 20 in respect of ZDP shares. The Group does not make use of hedge accounting rules.

(a) Market risks

The fair value of equity and other financial securities held in the Group's portfolio and derivative financial instruments fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues, including the market perception of future risks. The Board sets policies for managing these risks within the Group's objective and meets regularly to review full, timely and relevant information on investment performance and financial results. The Investment Manager assesses exposure to market risks when making each investment decision and monitors on-going market risk within the portfolio. The Group's other assets and liabilities may be denominated in currencies other than Sterling and may also be exposed to interest rate risks. The Investment Manager and the Board regularly monitor these risks. The Group does not normally hold significant cash balances. Borrowings are limited to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the Group's exposure to future changes in exchange rates.

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

Gearing may be short or long term, in Sterling and foreign currencies, and enables the Group to take a long-term view of the countries and markets in which it is invested without having to be concerned about short-term volatility. Income earned in foreign currencies is converted to Sterling on receipt. The Board regularly monitors the effects on net revenue of interest earned on deposits and paid on gearing.

Currency exposure

The principal currencies to which the Group was exposed were the Australian Dollar, Bermuda Dollar, Euro, New Zealand Dollar and US Dollar. The exchange rates applying against Sterling at 30 June and the average rates for the year were as follows:

	2013	**Average**	2012
AUD – Australian Dollar	**1.6570**	**1.5355**	1.5301
BMD - Bermuda Dollar	**1.5167**	**1.5684**	1.5685
EUR – Euro	**1.1668**	**1.2124**	1.2360
NZD – New Zealand Dollar	**1.9639**	**1.9149**	1.9514
USD – US Dollar	**1.5167**	**1.5684**	1.5685

The Group's assets and liabilities at 30 June 2013 and 30 June 2012 (shown at fair value, except derivatives at gross exposure value), by currency based on the country of primary investor operations, are shown below:

2013	**AUD £'000s**	**BMD £'000s**	**EUR £'000s**	**NZD £'000s**	**USD £'000s**	**Other £'000s**	**Total £'000s**
Other receivables	**419**	**728**	**–**	**773**	**2**	**–**	**1,922**
Derivative financial instruments – assets	**–**	**–**	**–**	**–**	**54,000**	**–**	**54,000**
Cash and cash equivalents	**1,756**	**4**	**1**	**1**	**538**	**1**	**2,301**
Other payables	**(2,287)**	**(410)**	**–**	**–**	**–**	**–**	**(2,697)**
Derivative financial instruments – liabilities	**(18,912)**	**–**	**(10,199)**	**(68,903)**	**–**	**–**	**(98,014)**
Long term borrowings	**–**	**(3,705)**	**–**	**–**	**–**	**–**	**(3,705)**
Net monetary (liabilities)/assets	**(19,024)**	**(3,383)**	**(10,198)**	**(68,129)**	**54,540**	**1**	**(46,193)**
Investments	**40,396**	**65,091**	**10,948**	**69,003**	**8,112**	**139,005**	**332,555**
Deferred exploration and evaluation expenditure	**2,832**	**–**	**–**	**–**	**–**	**–**	**2,832**
Net financial assets	**24,204**	**61,708**	**750**	**874**	**62,652**	**139,006**	**289,194**

2012	AUD £'000s	BMD £'000s	EUR £'000s	NZD £'000s	USD £'000s	Other £'000s	Total £'000s
Other receivables	17	270	9	5	4,056	–	4,357
Derivative financial instruments – assets	351	927	–	–	34,938	–	36,216
Cash and cash equivalents	234	162	–	–	5	1	402
Short term borrowings	(1,253)	–	–	–	–	–	(1,253)
Other payables	(70)	–	–	(994)	(559)	–	(1,623)
Derivative financial instruments – liabilities	(7,352)	–	(9,628)	(51,771)	(37,781)	–	(106,532)
Net monetary (liabilities)/assets	(8,073)	1,359	(9,619)	(52,760)	659	1	(68,433)
Investments	140,165	36,809	14,647	79,680	1,037	90,830	363,168
Net financial assets	132,092	38,168	5,028	26,920	1,696	90,831	294,735

36. 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

	AUD £'000s	**BMD £'000s**	**EUR £'000s**	**NZD £'000s**	**2013 USD £'000s**	AUD £'000s	BMD £'000s	EUR £'000s	NZD £'000s	2012 USD £'000s
Statement of Comprehensive Income										
Revenue profit for the year	**475**	**218**	**–**	**617**	**43**	720	156	16	387	4
Capital profit for the year	**2,666**	**6,822**	**83**	**97**	**6,961**	14,677	4,211	559	2,991	186
Total profit for the year	**3,141**	**7,040**	**83**	**714**	**7,004**	15,397	4,367	575	3,378	190
NAV per share										
Basic – pence	**3.17**	**7.10**	**0.08**	**0.72**	**7.06**	15.45	4.38	0.58	3.39	0.19

Strengthening of Sterling

	AUD £'000s	**BMD £'000s**	**EUR £'000s**	**NZD £'000s**	**2013 USD £'000s**	AUD £'000s	BMD £'000s	EUR £'000s	NZD £'000s	2012 USD £'000s
Statement of Comprehensive Income										
Revenue profit for the year	**(475)**	**(218)**	**–**	**(617)**	**(43)**	(720)	(156)	(16)	(387)	(4)
Capital profit for the year	**(2,666)**	**(6,822)**	**(83)**	**(97)**	**(6,961)**	(14,677)	(4,211)	(559)	(2,991)	(186)
Total profit for the year	**(3,141)**	**(7,040)**	**(83)**	**(714)**	**(7,004)**	(15,397)	(4,367)	(575)	(3,378)	(190)
NAV per share										
Basic – pence	**(3.17)**	**(7.10)**	**(0.08)**	**(0.72)**	**(7.06)**	(15.45)	(4.38)	(0.58)	(3.39)	(0.19)

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

36. 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:

	2013 Total £'000s	**2013 Within one year £'000s**	**2013 More than one year £'000s**	2012 Total £'000s	2012 Within one year £'000s	2012 More than one year £'000s
Exposure to floating rates						
Cash	**8,456**	**8,456**	**–**	8,246	8,246	–
Bank overdraft	**(232)**	**(232)**	**–**	(3,367)	(3,367)	–
Borrowings	**(42,500)**	**(42,500)**	**–**	(1,253)	(1,253)	–
	(34,276)	**(34,276)**	**–**	3,626	3,626	–
Exposure to fixed rates						
Loan note	**(3,705)**	**–**	**(3,705)**	–	–	–
Zero dividend preference shares	**(199,784)**	**–**	**(199,784)**	(224,396)	(66,275)	(158,121)
	(203,489)	**–**	**(203,489)**	(224,396)	(66,275)	(158,121)
Net exposures						
At period end	**(237,765)**	**(34,276)**	**(203,489)**	(220,770)	(62,649)	(158,121)
Maximum in year	**(251,122)**	**(50,034)**	**(201,088)**	(220,770)	(62,649)	(158,121)
Minimum in year	**(220,770)**	**(62,649)**	**(158,121)**	(187,214)	(1,041)	(186,173)

	Total £'000s	**Exposure to floating interest rates £'000s**	**Fixed interest rates £'000s**	Total £'000s	Exposure to floating interest rates £'000s	Fixed interest rates £'000s
Net exposures						
Maximum in year	**(251,122)**	**(50,034)**	**(201,088)**	(220,770)	3,626	(224,396)
Minimum in year	**(220,770)**	**3,626**	**(224,396)**	(187,214)	(12,396)	(174,818)

Exposures vary throughout the year as a consequence of changes in the make-up of the net assets of the Group arising out of the investment and risk management processes. Interest received on cash balances or paid on overdrafts is at ruling market rates. Finance costs on the Loan Note and ZDP shares are fixed (see notes 19 and 20 respectively). Interest paid on borrowings is at ruling market rates (2012: same) The Group's total returns and net assets are sensitive to changes in interest rates on cash and borrowings. Based on the financial assets and liabilities held, and the interest rates pertaining, at each Balance Sheet date, a decrease or increase in interest rates by 2% would have had the following approximate effects on the Statement of Comprehensive Income revenue and capital returns after tax and on the NAV per share.

	2013 Increase in rate £'000s	**2013 Decrease in rate £'000s**	2012 Increase in rate £'000s	2012 Decrease in rate £'000s
Revenue profit for the year	**(681)**	**850**	140	n/a*
Capital profit for the year	**–**	**–**	–	–
Total profit for the year	**(681)**	**850**	140	–
NAV per share				
Basic – pence	**(0.69)**	**0.86**	0.14	–

* Interest rates on cash balances are negligible.

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

Other market risk exposures

The portfolio of investments, valued at £393,830,000 at 30 June 2013 (2012: £423,243,000) is exposed to market price changes. The Group enters into currency and index options in managing its exposure to other market risks.

The Investment Manager assesses these exposures at the time of making each investment decision. The Board reviews overall exposures at each meeting against indices and other relevant information. An analysis of the portfolio by country and major industrial sector is set out on page 8. The Investment Manager has operated a strategic market position via the purchase and sale of equity index put and call options, principally on the S&P500 Index. The level of the position is kept under constant review, and will depend upon several factors including the relative performance of markets, the price of options as compared to the market, and the Investment Manager's view of likely future volatility and market movements.

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

	2013 Increase in value £'000s	**2013** Decrease in value £'000s	2012 Increase in value £'000s	2012 Decrease in value £'000s
Statement of Comprehensive Income capital profit for the year	**78,766**	**(78,766)**	84,649	(84,649)
NAV per share				
Basic – pence	**79.44**	**(79.44)**	84.69	(84.69)

(b) Liquidity risk exposure

The Group and the Company are required to raise funds to meet commitments associated with financial instruments including ZDP shares. These funds may be raised either through the realisation of assets or through increased borrowing. The risk of the Group or the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given: the number of quoted investments held in the Group's portfolio, 42 at 30 June 2013 (49 at 30 June 2012); the liquid nature of the portfolio of investments; the industrial and geographical diversity of the portfolio (see charts page 8); and the existence of an on-going loan facility agreement. Cash balances are held with reputable banks.

The Investment Manager reviews liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting. The Group has bank loan facilities of £50.0m as set out in note 17 to the accounts, loan notes of £3.7m (2012: £nil) as set out in note 19 and ZDP share liabilities of £193.4m as set out in note 20. The contractual maturities of the financial liabilities, based on the earliest date on which payment can be required, were as follows:

	2013 Three months or less £'000s	**2013** More than three months but less than one year £'000s	**2013** More than one year £'000s	**2013** Total £'000s	2012 Three months or less £'000s	2012 More than three months but less than one year £'000s	2012 More than one year £'000s	2012 Total £'000s
Current liabilities								
Bank overdraft	**232**	**–**	**–**	**232**	3,367	–	–	3,367
Other creditors	**3,232**	**–**	**–**	**3,232**	2,070	–	–	2,070
Derivative financial instruments	**98,014**	**–**	**–**	**98,014**	106,532	–	–	106,532
Bank loans	**–**	**42,500**	**–**	**42,500**	–	1,253	–	1,253
Loan Notes	**–**	**–**	**3,705**	**3,705**	–	–	–	–
ZDP shares	**–**	**–**	**193,396**	**193,396**	–	67,802	206,896	274,698
	101,478	**42,500**	**197,101**	**341,079**	111,969	69,055	206,896	387,920

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk and counterparty exposure

The Group is exposed to potential failure by counterparties to deliver securities for which the Group has paid, or to pay for securities which the Group has delivered. The Board approves all counterparties used in such transactions, which must be settled on a basis of delivery against payment (except where local market conditions do not permit). A list of pre-approved counterparties is maintained and regularly reviewed by the Administrator and the Board. Broker counterparties are selected based on a combination of criteria, including credit rating, balance sheet strength and membership of a relevant regulatory body. Cash and deposits are held with reputable banks. The Group has an on-going contract with its Custodians for the provision of custody services. The contracts are reviewed regularly. Details of securities held in custody on behalf of the Group are received and reconciled monthly. To the extent that ICM and F&C carry out duties (or cause similar duties to be carried out by third parties) on the Group's behalf, the Group is exposed to counterparty risk. The Board assesses this risk continuously through regular meetings with management and internal auditors of F&C. In summary, compared to the amounts included in the balance sheet, the maximum exposure to credit risk was as follows:

Current assets	**Balance sheet £'000s**	**2013 Maximum exposure £'000s**	Balance sheet £'000s	2012 Maximum exposure £'000s
Cash at bank	**8,456**	**11,749**	8,246	8,718
Financial assets through profit and loss				
– derivatives (put options and call options)	**31,895**	**31,907**	31,563	31,563
– derivatives (forward foreign exchange contracts)	**99,025**	**99,025**	67,708	96,859

None of the Group's financial assets is past due or impaired. The Group's principal custodian is JPMorganChase Bank. BCB acts as custodian for certain Bermuda investments. Utilico has an indirect interest in BCB and Mr Collier and Mr McLeland are on the Board of BCB.

(d) Fair values of financial assets and liabilities

The assets and liabilities of the Group are, in the opinion of the Directors, reflected in the Balance Sheet at fair value except for ZDP shares which are carried at amortised cost using effective interest method in accordance with IAS39 (see note 20). 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 loan notes are valued at fair value.

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

	2013 £'000s	2012 £'000s
2012 ZDP shares	**–**	67,030
2014 ZDP shares	**75,288**	73,150
2016 ZDP shares	**78,613**	70,538
2018 ZDP shares	**49,921**	23,140

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

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

(e) Capital risk management

The objective of the Group is stated as being to maximise shareholder returns by identifying and investing in investments where the underlying value is not reflected in the market price. In pursuing this long term objective, the Board has a responsibility for ensuring the Group's ability to continue as a going concern. It must therefore maintain its capital structure through varying market conditions. This involves the ability to: issue and buy back share capital within limits set by the shareholders in general meeting; borrow monies in the short and long term; and pay dividends to shareholders out of current year earnings as well as out of brought forward reserves. Changes to ordinary share capital are set out in note 21 to the accounts. Dividends are set out in note 10 to the accounts. Borrowings are set out in note 17 to the accounts. Loan notes are set out in note 19. ZDP shares are set out in note 20 to the accounts.

NOTICE OF ANNUAL GENERAL MEETING FOR SHAREHOLDERS OF UTILICO INVESTMENTS LIMITED

Notice is hereby given that the 2013 Annual General Meeting of Utilico Investments Limited will be held at The Capella Hotel, 1 The Knolls, Sentosa Island, Singapore 098297 on Wednesday 20 November 2013 at 9.00 am (local time) for the following purposes:

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

ORDINARY BUSINESS:

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 the accounts for the year ended 30 June 2013.
3. To approve the Directors' Remuneration Report for the year ended 30 June 2013.
4. To elect Mr W McLeland as a Director.
5. To re-elect Mr P I Burrows as a Director.
6. To re-elect Mr J M Collier as a Director.
7. To appoint KPMG LLP as auditor of the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
8. To authorise the Directors to determine the auditor's remuneration.

SPECIAL BUSINESS:

9. That in substitution for the Company's existing authority to make market purchases of ordinary shares of 10p in the Company ("Ordinary Shares"), the Company be and it is generally and unconditionally authorised to make market purchases of Ordinary Shares, provided that:

   (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 14,863,660 (being the equivalent of 14.99% of the issued Ordinary Shares as at the date of this notice);

   (b) the minimum price which may be paid for an Ordinary Share shall be 10p;

   (c) the maximum price (exclusive of expenses payable by the Company) which may be paid for an Ordinary Share shall be the higher of:

      (i) 105% of the average of the middle market quotations of the Ordinary Shares in the Company for the five business days prior to the date on which such shares are contracted to be purchased; and

      (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out;

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

   (e) unless renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting in 2014 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after the expiration of such authority.

10. **As a Special Resolution:** That the Company may issue Relevant Securities (as defined in the Bye-laws) representing up to 9,915,720 Ordinary Shares, equivalent to approximately 10% of the total number of Ordinary Shares in issue as at the date of this notice, provided that such disapplication shall expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting by Special Resolution (as defined in the Bye-laws)) at the earlier of the conclusion of the annual general meeting to be held in 2014 or eighteen months from the date of this resolution but so that this power shall enable the Company to make such offers or agreements before such expiry which would or might otherwise require Relevant Securities to be issued after such expiry and the Directors may issue Relevant Securities in pursuance of such offer or agreement as if such expiry had not occurred.

11. **As an Ordinary Resolution:** That the Company's Bye-laws be amended by the insertion of the following new Bye-law 51.5:

"51.5 In addition to the right of the Board to serve notice on any Shareholder pursuant to Bye-law 51.1, the Board may serve notice on any Shareholder requiring that Shareholder to provide the Company promptly with any information, representations, certificates or forms relating to such Shareholder (or its direct or indirect owners or account holders) that the Board determines from time to time are necessary or appropriate for the Company to:

(a) satisfy any account or payee identification, documentation or other diligence requirements and any reporting requirements imposed under sections 1471 to 1474 of the United States Internal Revenue Code of 1986 Treasury Regulations made thereunder and any agreement relating thereto (including, any amendments, modification, consolidation, re-enactment or replacement thereof made from time to time) (" FATCA") or the requirements of any similar laws or regulations to which the Company may be subject enacted from time to time by any other jurisdiction ("Similar Laws"); or

(b) avoid or reduce any tax otherwise imposed by FATCA or Similar Laws (including any withholding upon any payments to such Shareholder by the Company); or

(c) permit the Company to enter into, comply with, or prevent a default under or termination of, an agreement of the type described in section 1471(b) of the US Internal Revenue Code of 1986 or under Similar Laws.

If any Shareholder (a "Defaulting Shareholder") is in default of supplying to the Company the information referred to above within the prescribed period (which shall not be less than 28 days after the service of the notice), the continued holding of shares in the Company by the Defaulting Shareholder shall be deemed to cause or be likely to cause the Company and/or its Shareholders a pecuniary and material disadvantage for the purposes of Bye-law 14 and the Board may, in its discretion, require the Defaulting Shareholder to transfer its shares in accordance with Bye-law 14."

By order of the Board
ICM Limited
Company Secretary
17 September 2013

Notes:

1. Only the holders of ordinary shares registered on the register of members of the Company at 10:00am (GMT) on 18 November 2013 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 10:00am (GMT) on 18 November 2013 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. The return of a form of proxy will not preclude a member from attending the meeting and voting in person if he/she wishes to do so. To be valid, a form of proxy for use at the meeting and the power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be deposited with the Company's registrars, Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 10:00am (GMT) on 18 November 2013. In view of this requirement, investors holding shares in the Company through a depository interest should ensure that forms of instruction are returned to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 5:00pm (GMT) on 16 November 2013.
4. The register of Directors' holdings is available for inspection at the registered office of the Company during normal business hours on any weekday and will be available at the place of the meeting from 15 minutes prior to the commencement of the meeting until the conclusion thereof.
5. No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Company's Bye-laws. The letters of appointment are available for inspection at the Company's registered office and at the annual general meeting.
6. The final dividend in respect of the year ended 30 June 2013 for the ordinary shares was paid on 18 October 2013 to the relevant holders on the register at the close of business on 4 October 2013.

BFIC	Bermuda First Investment Company Limited
Compound Annual Growth Rate ("CAGR")	The average annual growth over a specified period of time
Company	Utilico Investments 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 exercise of warrants
EBITDA (F)	Earnings before interest, tax, depreciation and amortisation (and fair value adjustments)
EPS	Earnings per share
F&C (or the Administrator)	F&C Management Limited
FTSE	Financial Times Stock Exchange Index
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 Investments Limited, UFL, GERP, BFIC and Zeta
ICM	ICM Limited
IFRS	International Financial Reporting Standards as adopted by the European Union
Investment Manager	ICM Limited
IRR	Internal rate of return, being the annualised rate of return recovered from holding an investment over a given period
NAV	Net asset value
Non-Executive Director	Directors who do not have a service contract with the Company
S&P Index	Standard & Poor's 500 Index
Ongoing charges figure	From June 2011 the total expense ratio has been calculated as "Ongoing charges figure". The ongoing charges figure is expressed as a percentage of average net assets and ongoing charges comprise all operational, recurring costs that are payable by the Group or suffered within underlying investee funds, in the absence of any purchases or sales of investments.
Parent Company	Utilico Investments Limited
UEM	Utilico Emerging Markets Limited
UFL	Utilico Finance Limited
UIT	Utilico Investment Trust plc (Utilico's predecessor)
Unquoted	Investments in companies which are not listed on a investment exchange
UNZL	Utilico NZ Limited
Utilico	Utilico Investments Limited
Yield	Annual dividend income per share received from a company divided by its share price
ZDP	Zero Dividend Preference shares/shareholders
Zeta	Zeta Resources Limited

COMPANY INFORMATION

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

Directors
Dr Roger J Urwin, CBE (Chairman)
Peter I Burrows, AO
J Michael Collier
Susan Hansen (resigned 17 September 2013)
Warren McLeland (appointed 17 September 2013)
Eric St C Stobart

Registered Office
Trinity Hall
43 Cedar Avenue
Hamilton HM 12
Bermuda

Investment Manager and Secretary
ICM Limited
1st Floor, 19 Par-la-Ville Road
Hamilton HM 11
Bermuda
UK contact number 01372 271486

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

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

Authorised and regulated in the UK by the Financial Conduct Authority

UK Broker
Westhouse Securities Limited
Heron Tower
20th Floor, 110 Bishopsgate
London EC2N 4AY
Authorised and regulated in the UK by the Financial Conduct Authority

Legal Advisor to the Company (as to English law)
Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ

Legal Advisor to the Company (as to Bermuda law)
Appleby (Bermuda) Limited
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

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

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

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

Registrar
Computershare Investor Services (Jersey) Ltd
Queensway House
Hilgrove Street
St Helier
Jersey JE1 1ES
Channel Islands
Telephone 0870 707 4040

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

Company Banker
Scotiabank Europe PLC
201 Bishopsgate
London EC2M 3NS

The Company's shares are traded on the Main Market of the London Stock Exchange.
The Company's ordinary shares can be held in an ISA.

HISTORICAL PERFORMANCE

	14 August 2003	30 June 2004	30 June 2005[1]	30 June 2006	30 June 2007[2]	30 June 2008[3]	30 June 2009	30 June 2010	30 June 2011	30 June 2012	30 June 2013*
Ordinary shares											
Capital value											
Net asset value per ordinary share (undiluted)	99.47p	120.20p	186.07p	222.35p	350.29p	225.20p	146.87p	166.39p	201.63p	209.67p	**148.50p**
Net asset value per ordinary share (diluted)	99.47p	114.39p	162.84p	187.68p	312.06p	225.20p	146.87p	166.39p	201.63p	209.67p	**148.50p**
Share prices and indices											
Ordinary share price	85.67p	107.50p	159.25p	180.25p	299.00p	234.00p	117.00p	116.50p	147.25p	144.00p	**130.00p**
Discount/(premium) (based on diluted NAV per ordinary share)	13.9%	6.0%	2.2%	4.0%	4.2%	(3.9%)	20.3%	30.0%	27.0%	31.3%	**12.5%**
FTSE All-Share Total Return Index	2,160	2,392	2,840	3,396	4,023	3,499	2,782	3,370	4,234	4,101	**4,837**
Returns and dividends											
Revenue return per ordinary share (undiluted)	n/a	1.68p	1.65p	0.89p	1.84p	3.56p	2.77p	10.49p	7.65p	11.99p	**12.09p**
Capital return per ordinary share (undiluted)	n/a	36.45p	65.48p	35.50p	178.01p	(103.32p)	(82.62p)	21.15p	26.05p	2.73p	**(63.53p)**
Total return per ordinary share (undiluted)	n/a	38.13p	67.13p	36.39p	179.85p	(99.76p)	(79.85p)	31.62p	33.70p	14.72p	**(51.44p)**
Dividend per ordinary share	n/a	1.60p	1.90p	0.40p	0.80p	–	–	–	8.25p	7.00p	**10.00p[4]**
Cash distribution per ordinary share	–	–	–	–	–	–	–	12.00p	–	–	**–**
Zero dividend preference (ZDP) shares[5]											
2012 ZDP shares – repaid 31 October 2012											
Capital entitlement per ZDP share	n/a	101.01p	108.07p	115.63p	123.71p	132.39p	141.65p	151.55p	162.15p	173.52p	**n/a**
ZDP share price	n/a	96.75p	115.25p	118.50p	126.75p	135.50p	150.75p	159.75p	168.50p	175.50p	**n/a**
2014 ZDP shares											
Capital entitlement per ZDP share	n/a	n/a	n/a	n/a	100.29p	107.57p	115.37p	123.72p	132.69p	142.33p	**152.64p**
ZDP share price	n/a	n/a	n/a	n/a	103.25p	108.50p	116.50p	129.50p	142.75p	154.00p	**158.50p**
2016 ZDP shares											
Capital entitlement per ZDP share	n/a	n/a	n/a	n/a	100.29p	107.57p	115.37p	123.72p	132.69p	142.33p	**152.64p**
ZDP share price	n/a	n/a	n/a	n/a	103.00p	103.75p	102.50p	108.75p	133.50p	148.50p	**165.50p**
2018 ZDP shares											
Capital entitlement per ZDP share	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	103.03p	**110.50p**
ZDP share price	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	104.00p	**113.38p**
Warrants											
2008 warrant price	19.50p	27.75p	62.75p	86.00p	260.00p	n/a[6]	n/a	n/a	n/a	n/a	**n/a**
2012 warrant price	n/a	n/a	n/a	n/a	88.25p	79.50p	3.50p	2.00p	0.55p	n/a[6]	**n/a**
Capital structure (£m)											
Gross assets[8]	133.5	163.0	229.8	270.1	454.6	414.6	288.9	334.2	408.7	434.5	**389.5**
Bank debt	33.7	30.2	41.8	55.0	44.8	69.2	17.0	29.3	30.9	–	**42.5**
ZDP shares	–	45.6	48.3	51.8	130.8	140.2	145.1	161.2	172.8	224.4	**199.8**
Other debt	–	–	–	–	–	–	–	–	3.5	1.2	**–**
CULS[9]	–	10.0	20.3	20.6	–	–	–	–	–	–	**–**
Equity holders' funds	99.8	77.2	119.4	142.7	279.0	205.2	126.8	143.7	201.5	208.9	**147.2**
Revenue account (£m)											
Income	n/a	3.8	6.5	6.9	8.4	10.5	8.5	13.8	11.9	15.9	**16.2**
Costs (management and other expenses)	n/a	1.3	1.9	2.2	2.6	3.1	2.4	2.4	2.9	3.0	**3.2**
Finance costs	n/a	1.2	3.2	3.6	4.1	3.6	2.6	1.4	2.0	0.8	**0.8**
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%	4.2%	3.1%	4.0%	**3.8%**
Ongoing charges figure[10]	n/a	1.0%	0.9%	0.9%	0.7%	0.7%	0.8%	0.7%	2.0%	1.7%	**2.1%**
Bank loans, other loans, CULS and ZDP shares gearing on gross assets	n/a	41.1%	47.2%	46.5%	38.6%	50.5%	56.1%	57.0%	50.7%	51.9%	**62.2%**

	Change 2003/04	Change 2004/05	Change 2005/06	Change 2006/07	Change 2007/08	Change 2008/09	Change 2009/10	Change 2010/11	Change 2011/12	Change 2012/13
Ordinary shares										
Capital value										
Net asset value per ordinary share (undiluted)	20.8%	54.8%	19.5%	57.5%	(35.7%)	(34.8%)	13.3%	21.2%	4.0%	**(29.2%)**
Net asset value per ordinary share (diluted)	15.0%	42.4%	15.3%	66.3%	(27.8%)	(34.8%)	13.3%	21.2%	4.0%	**(29.2%)**
Share prices and indices										
Ordinary share price	25.5%	48.1%	13.2%	65.9%	(21.7%)	(50.0%)	(0.4%)	26.4%	(2.2%)	**(9.7%)**
Discount/(premium) (based on diluted NAV per ordinary share)										
FTSE All-Share Total Return Index	10.7%	18.7%	19.6%	18.5%	(13.0%)	(20.5%)	21.1%	25.6%	(3.1%)	**17.9%**
Returns and dividends										
Revenue return per ordinary share (undiluted)	n/a	(1.8%)	(46.1%)	106.7%	93.5%	(22.2%)	278.7%	(27.1%)	56.7%	**0.8%**
Capital return per ordinary share (undiluted)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	23.2%	(89.5%)	**n/a**
Total return per ordinary share (undiluted)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6.6%	(56.3%)	**n/a**
Dividend per ordinary share	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(15.2%)	**42.9%**
Cash distribution per ordinary share	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**
Zero dividend preference (ZDP) shares[5]										
2012 ZDP shares – repaid 31 October 2012										
Capital entitlement per ZDP share	n/a	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	**n/a**
ZDP share price	n/a	19.1%	2.8%	7.0%	6.9%	11.3%	6.0%	5.5%	4.2%	**n/a**
2014 ZDP shares										
Capital entitlement per ZDP share	n/a	n/a	n/a	n/a	7.3%	7.3%	7.2%	7.3%	7.3%	**7.2%**
ZDP share price	n/a	n/a	n/a	n/a	5.1%	7.4%	11.2%	10.2%	7.9%	**2.9%**
2016 ZDP shares										
Capital entitlement per ZDP share	n/a	n/a	n/a	n/a	7.3%	7.3%	7.2%	7.3%	7.3%	**7.2%**
ZDP share price	n/a	n/a	n/a	n/a	0.7%	(1.2%)	6.1%	22.8%	11.2%	**11.4%**
2018 ZDP shares										
Capital entitlement per ZDP share	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**7.3%**
ZDP share price	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**9.0%**
Warrants										
2008 warrant price	42.3%	126.1%	37.1%	93.5%[7]	n/a	n/a	n/a	n/a	n/a	**n/a**
2012 warrant price	n/a	n/a	n/a	n/a	(9.9%)	(95.6%)	(42.9%)	(72.5%)	n/a	**n/a**
Capital structure (£m)										
Gross assets[8]	22.1%	41.0%	17.5%	68.3%	(8.8%)	(30.3%)	15.7%	22.3%	6.3%	**(10.4%)**
Bank debt	(10.4%)	38.4%	31.6%	(18.5%)	54.5%	(75.4%)	72.4%	5.5%	n/a	**n/a**
ZDP shares	n/a	5.9%	7.2%	152.5%	7.2%	3.5%	11.1%	7.2%	29.9%	**(11.0%)**
Other debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(65.7%)	**n/a**
CULS[9]	n/a	103.0%	1.5%	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**
Equity holders' funds	(22.6%)	54.7%	19.5%	95.5%	(26.5%)	(38.2%)	13.3%	40.2%	3.7%	**(29.5%)**
Revenue account (£m)										
Income	n/a	71.1%	6.2%	21.7%	25.0%	(19.0%)	62.4%	(13.8%)	33.6%	**1.9%**
Costs (management and other expenses)	n/a	46.2%	15.8%	18.2%	19.2%	(22.6%)	0.0%	20.6%	3.4%	**6.7%**
Finance costs	n/a	166.7%	12.5%	13.9%	(12.2%)	(27.8%)	(46.2%)	42.9%	(60.0%)	**0.0%**
Financial ratios of the Group										
Revenue yield on average gross assets										
Ongoing charges figure[10]										
Bank loans, other loans, CULS and ZDP shares gearing on gross assets										

1. Restated for changes in accounting policies
2. Utilico Investments 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 consolidating GERP
4. Includes a special dividend of 2.50p per share
5. Issued by UFL, a wholly owned subsidiary of Utilico
6. 2008 Warrants expired April 2008, 2012 Warrants expired April 2012
7. Adjusted for June 2007 corporate action
8. Gross assets less current liabilities excluding loans
9. CULS converted June 2007 into ordinary shares
10. The ongoing charges figures is expressed as a percentage of average net assets. Ongoing charges comprise all operational and recurring costs that are payable by the Group or suffered within underlying investee funds, in the absence of any purchases or sales of investments, Excluding performance fee and income not receivable

*Company figures have been used in 2013, rather than Group, due to the consolidation this year of BFIC and Zeta, which we anticipate will be reversed in future years

UTILICO INVESTMENTS LIMITED
UK Contact
PO Box 208
Epsom Surrey
KT18 7YF
Telephone: 01372 271 486

www.utilico.bm