UTILICO

UTILICO LIMITED

Report and accounts
for the six months to 31 December 2009

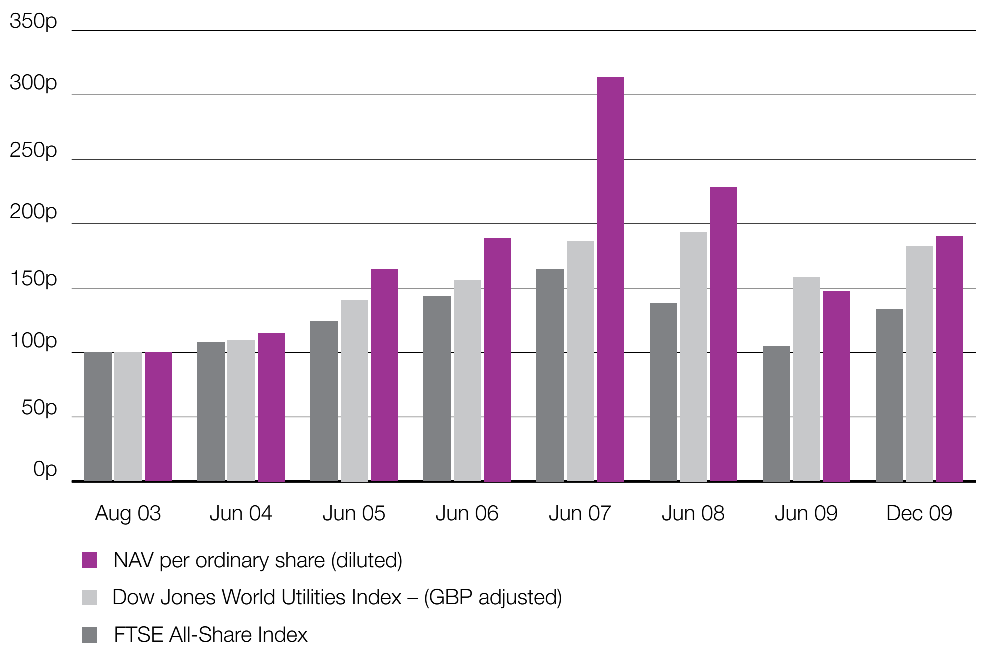
www.utilico.bm

Utilico//Int/09

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

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

Rebased diluted NAV per ordinary share comparative performance to 31 December 2009
*Rebased to 100 at 14 August 2003**



*Inception of Utilico Investment Trust plc

Source: Utilico Limited

	31 Dec 2009	30 Jun 2009	Change
Ordinary shares			
Capital Value			
Net asset value per ordinary share (undiluted)	**189.05p**	146.87p	28.7%
Net asset value per ordinary share (diluted)	**189.05p**	146.87p	28.7%
Share prices and indices			
Ordinary share price	**142.25p**	117.00p	21.6%
Discount based on diluted NAV per ordinary share	**24.8%**	20.3%	n/a
FTSE All-Share Index	**2,761**	2,172	27.1%
Zero dividend preference shares(1)			
2012 ZDP shares			
Capital entitlement per ZDP share	**146.56p**	141.65p	3.5%
ZDP share price	**155.75p**	150.75p	3.3%
2014 ZDP shares			
Capital entitlement per ZDP share	**119.51p**	115.37p	3.6%
ZDP share price	**127.75p**	116.50p	9.7%
2016 ZDP shares			
Capital entitlement per ZDP share	**119.51p**	115.37p	3.6%
ZDP share price	**109.50p**	102.50p	6.8%
Warrants			
2012 warrant price	**1.50p**	3.50p	(57.1%)
Equity holders funds (£m)			
Gross assets (2)	**339.5**	288.9	17.5%
Bank debt	**20.5**	17.0	20.6%
ZDP debt	**155.7**	145.1	7.3%
Equity holders' funds	**163.3**	126.8	28.8%
Financial ratios of the Group (3)			
Revenue yield on average Gross Assets	**5.1%**	2.6%	n/a
Total expense ratio (4) on average Gross Assets	**0.8%**	0.8%	n/a
Bank loans and ZDP shares gearing on Gross Assets	**51.9%**	56.1%	n/a

Returns and dividends	**Six months to 31 Dec 09**	Six months to 31 Dec 08(5)
Revenue return per ordinary share (undiluted)	**6.45p**	0.63p
Capital return per ordinary share (undiluted)	**35.72p**	(107.32p)
Total return per ordinary share (undiluted)	**42.17p**	(106.69p)
Dividend per ordinary share	**–**	–

(1) Issued by Utilico Finance Limited, a wholly owned subsidiary of Utilico Limited in June 2007. 2012 ZDP shares previously issued by Utilico Investment Trust plc.
(2) Gross assets less current liabilities excluding loans.
(3) For comparative purposes the total expense and revenue figures have been annualised.
(4) Excluding performance fee and income not receivable.
(5) Restated for consolidation of GERP.

UTILICO LIMITED
SIX MONTHS TO 31 DECEMBER 2009

The six months to 31 December 2009 saw the world's economies continue to recover. Led by China, most economies commenced recovery from recession. The equity markets rose during the six months under review and ended 2009 on a positive note, reflecting increasing confidence in this economic recovery.

Two clear trends have been seen during 2009. Firstly, the emerging markets have outperformed developed markets. For instance, while the FTSE All-Share and the S&P 500 Index (GBP adjusted) recorded creditable gains of 25.0% and 11.4% respectively, the MSCI Index of emerging markets (GBP adjusted) rose by 57.5%. Secondly, the utility and infrastructure sectors have substantially under-performed when compared to the wider markets. Both the FTSE Utilities Index and the Dow Jones World Utilities Index actually recorded modest declines during 2009 of 0.7% and 4.8% respectively.

Against this backdrop, Utilico has performed well during the calendar year 2009, with an increase in net asset value ("NAV") of 59.0%. Even if the effects of gearing are stripped out, this represents an outperformance of equity markets. In the six months Utilico's NAV per ordinary share rose 28.7% to 189.05p.

Utilico's portfolio investment activity has been relatively modest with investments of £22.5m and disposals of £25.9m. As expected most investments continue to make operational progress and this translated to their share prices which recovered strongly in the six months. Portfolio gains were £46.7m over the six months.

This is especially the case for Resolute Mining Ltd ("Resolute"). Resolute has completed the building of its third gold mine in Mali and successfully brought it into production. The 12% convertible loan notes have responded positively and risen from AUD0.67 to AUD0.92. This resulted in gains of £21.9m in the six months to 31 December 2009. Resolute at £46.3m is now Utilico's largest investment on a look through basis.

Revenue returns have improved significantly to 6.45p per share. This is somewhat flattered as Infratil Limited's ("Infratil") final dividend fell within the current six month period (last year it was paid before 30 June 2008) and Utilico Emerging Markets Limited's ("UEM") interim dividend was paid on 31 December 2009 (prior interim was paid in January 2009). As previously announced, despite having positive revenue earnings in the year, plus revenue reserves brought forward, under Bermuda law, Utilico is unable to pay a dividend to shareholders as a result of having negative capital reserves. As soon as investment returns create a positive balance of capital reserves, Utilico intends to recommence dividend payments.

Disappointingly the discount on Utilico's ordinary shares remains stubbornly high, ending the year at 24.8%.

The current year may well see a continuation of outperformance of emerging markets as a result of stagnation in the debt laden economies of the developed markets and better economic fundamentals of the emerging markets, although this may be constrained by valuations which are looking stretched in some cases, and stock market outperformance is therefore likely to be less pronounced than 2009. However, we would expect to see an outperformance by the utility and infrastructure sectors due to favourable valuations against the wider markets, and their defensive characteristics, which should become more apparent in what could prove to be a difficult year for a number of economies.

The key challenge for the equity markets will be the end to quantitative easing and the financing of the sovereign debt requirements. The recovery should enable both these events to pass without significant disruptions. However we remain in unprecedented territory and there must still be downside risks. We are confident that utility and infrastructure sectors will remain at the forefront of the world development and should continue to be an attractive investment proposition for the long term investor.

J. Michael Collier
February 2010

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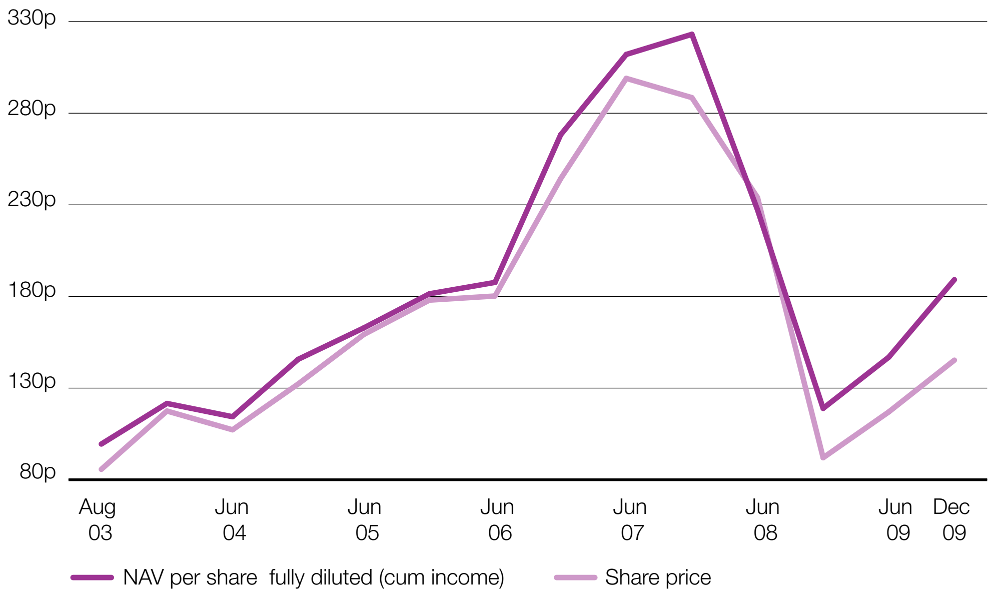
Utilico has performed well with most investments recovering in line with the market. Utilico's NAV per share rose by 28.7% from 146.87p to 189.05p. Since inception in August 2003, Utilico's NAV per share is up 90.2%. This equates to an average annual compound return of 11.3%.

Portfolio

The top ten investments on a look through basis have seen changes as a result of performance by the underlying portfolio. Resolute is now our largest investment at £46.3m. Renewable Energy Generation Limited ("REG") has moved up from 8th to 5th as a result of a transformational disposal of its Canadian wind business. Billing Services Group which was 16th in the portfolio has risen to 8th as a result of strong share price performance. TrustPower, Wellington International Airport and Infratil Energy Australia have all risen in value as a result of the stronger New Zealand Dollar.

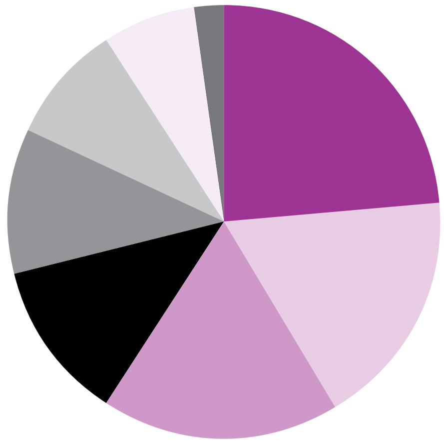
Newtel Holdings Limited ("Newtel") is no longer in the top ten. In the half year under review, Newtel sold its Guernsey business to Jersey Telecom. Arising from this Utilico was repaid £6.4m reducing Utilico's investment from £9.3m to £2.9m.

Utilico ordinary share price and diluted NAV performance
From 14 August 2003 to 31 December 2009



Source: Utilico Limited

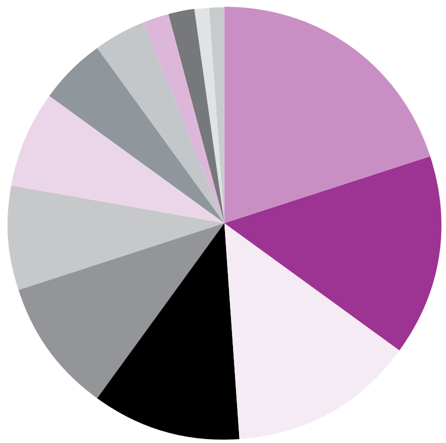
Geographical split of investments
As at 31 December 2009



Australia	24%	(25%)
New Zealand	19%	(17%)
UK and Channel Islands	18%	(22%)*
Asia & Far East	11%	(11%)
North America	10%	(8%)
Latin America	9%	(9%)
Europe excluding UK	7%	(6%)*
Switzerland	2%	(2%)*

** Restated June 2009 figures due to reclassification to UK of Jersey Electricity and Newtel and exclusion of Switzerland from Europe*

Sectoral split of investments
As at 31 December 2009



Renewable Energy	20%	(20%)
Electricity	15%	(15%)
Gold	14%	(10%)
Infrastructure IT	11%	(12%)
Airports	10%	(11%)
Telecoms	8%	(10%)
Water and Waste	7%	(5%)
Road and Rail	5%	(5%)
Ports	4%	(4%)
Other infrastructure	2%	(4%)*
Gas	2%	(2%)
Other	1%	(2%)*
Satellites	1%	(–%)

** for the purposes of transparency "other" has been split into "other" and "other infrastructure".*

Source: Utilico Limited
Figures in brackets 30 June 2009

UTILICO LIMITED
SIX MONTHS TO 31 DECEMBER 2009

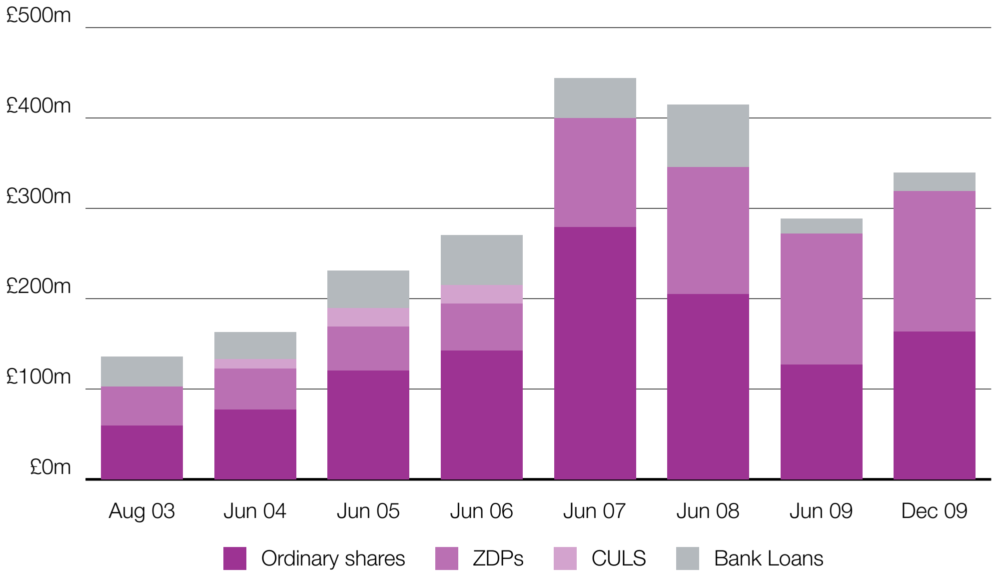
Infratil Airports Europe Limited fell outside the top ten as a result of exiting its investment in Lubeck Airport. Infratil exercised its put option to sell this investment and realised NZD64.0m in cash.

Resolute has completed the building of its third gold mine in Mali and has brought it into production. The 12% convertible loan notes that we have invested in have responded positively and increased from AUD0.67 to AUD0.92. This resulted in gains of £21.9m in the six months to 31 December 2009. During the six months we converted our straight loan of AUD10.0m into convertible loan notes. This gives us further upside exposure owing to the conversion rights. Interest in the period has been paid in ordinary shares. We have on both occasions exited the ordinary shares at a premium thus increasing the yield. We also sold some of our convertible loan notes in the six months at an average of AUD1.10 per convertible loan note.

The share price performance of Infratil (which holds the investment in Trustpower, Wellington Airport and Infratil Energy Australia) has been disappointing. While the value of the investment has increased this has been driven by a strengthening New Zealand Dollar. The share price has fallen 8.0% over the six months. Infratil are seeking to address the weak performance.

Allocation of Gross Assets

From 14 August 2003 to 31 December 2009



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

Source: Utilico Limited

During the six months we invested £4.1m in the partly paid warrant. The balance of £9.3m (at current exchange rates) is payable in May 2010.

Infratil's assets, on a look through basis, within Utilico's top 10 investments comprise TrustPower, Wellington Airport, and Infratil Energy Australia. TrustPower has continued to trade well, reporting an increase in interim net profit to September 2009 of 6.0%. It continues to benefit from its recent investments in renewable energy, particularly wind farms. Wellington Airport has seen a modest decline in passenger numbers during the year in common with other airports, although it managed to grow earnings slightly in the interim six month period to September 2009, as a result of higher passenger spend and yields. Wellington Airport is seeing the benefit of recent investments into passenger facilities, the full benefit of which will be seen when passenger volumes begin to grow again. Infratil Energy Australia reported reduced earnings to September 2009 as a result of one off energy costs. However, on a more positive note, it continued to grow its client base by over 5% during 2009 to reach over 400,000 clients.

UEM has benefited from the strong growth in much of the emerging markets. Their NAV per share increased by 21.2% to 145.65p. UEM's portfolio and strategy remained broadly unchanged over the six months.

Jersey Electricity has continued to perform well, with an increase in its share price of 2.8%, and reported solid results for the financial year to September 2009, with only a small decrease in normalised profit despite the effect of sharply lower interest rates on the company's substantial cash balances. In recent years, the company has been forced to implement tariff increases in the face of a strengthening Euro, and higher power prices in Continental Europe. However, more recently, Sterling has levelled out against the Euro, and Europe has seen sharp falls in power prices due to lower demand. This has enabled the company to reduce tariffs by 5.1% from January 2010. Jersey Electricity's other businesses on the island continue to perform well.

Vix Technology Pty Ltd's ("Vix") largest investment, Vix ERG, had a promising six months to 31 December 2009, with profit after tax of AUD8.5m. Contracts are progressing well and the company awaits payment from its two largest customers.

REG is a generator of renewable energy through the ownership and operation of wind farms and used cooking oil generators. REG is now solely focused on developing projects in the UK, having sold its Canadian subsidiary in the latter part of 2009, enabling REG to repay group debt and free up capital for the development of the UK business. In the UK, REG has seven operational sites with total generation capacity of 21MW, plus a further 14MW due to come online during their financial year to June 2011. The potential identified pipeline is 350MW. In addition to wind farms, REG has commenced operation of two electricity generation units, which use waste cooking oil as a feedstock, with a combined capacity of 1.2MW. REG's share price increased 76.7% during the period to December 2009.

Keytech's share price rose by 4.7% over the period. The company's results for the six months to September were encouraging after a weak performance last year. Revenues were up by 1.4% and costs were trimmed, which combined with better returns from investments in companies

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outside of Bermuda, resulted in a growth in net profit of 32.7%. However, both revenues and profits remain below levels reported in 2007. The company completed its undersea cable to the US and upgrades of its domestic fixed and mobile data networks last year and as a result capital expenditure in the six months to September was less than a quarter of the level reported in 2008.

Billing Services is a new entrant in the top ten, after rising 57.9% in the period, although it has been held in the portfolio since 2007. The company operates a clearing house for settlement of telecommunications interconnection and premium rate charges in the USA, primarily to or from small operators. The company reported a 9.0% increase in revenues and a 10.7% increase in EBITDA in the first half of the year to 30 June. The company is highly cash generative and continues to reduce its bank debt.

Ascendant Group's performance reflected the resilience and growth characteristics of the Bermuda economy. In its interim report to June 2009, Ascendant reported that electricity sales continued to increase, including a 3.9% increase in volumes supplied to larger clients. Offsetting this were increased pension costs plus start up costs of the company's renewable energy business which meant that first half earnings fell by 17.6%. Ascendant's shares fell in value by 2.3% during the six months to December 2009.

During the six months Utilico invested £22.5m and realised £25.9m. This included investing £4.0m in Infratil, realising £4.8m from Resolute, realising £0.4m from Jersey Electricity, investing £2.0m in REG and realising £6.4m from Newtel.

As a result of the above, the top ten has seen its concentration increase from 52.6% to 55.1%.

The geographic split has been relatively stable, the UK decreased from 22.0% to 18.0% as a result of the realisation from Newtel.

On a sector basis there has been little movement over the six months. However, we have added a new investment category, "Infrastructure IT". This represents investments in technology companies which have monopolistic characteristics or supply services to the infrastructure and utilities sector.

Such investments include Vix, OneLink Transit Sytems Pty Ltd ("OneLink") and Oceania Capital Partners Limited ("Oceania"). Vix supplies transport ticketing systems and solutions worldwide and OneLink operates the existing transport ticketing system in Melbourne, Australia. Oceania is listed on the Australian Stock Exchange ("ASX"). Its principal investment is a 29.1% effective ownership of iSoft, also listed on the ASX, which supplies software applications to the healthcare sector worldwide including significant contracts with the NHS.

"Infrastructure IT" represents 11.0% of our portfolio. As a result of this Road and Rail has decreased to 5.0%. We have also split "Other" into "Other infrastructure" (which includes investment funds) and "Other".

"Other" together with "Gold" represents investments regarded as non infrastructure, utility and related companies. Gold has increased as a result of Resolute's strong performance and telecoms have reduced due to the realisation from Newtel.

Bank Debt

Bank debt increased from £17.0m to £20.0m. This reflects full utilisation of the bank facility of £20.0m. As at 31 December 2009, this was drawn in New Zealand Dollars. As a result of the gross asset performance the gearing (including the ZDP shares) reduced from 56.1% to 51.9%.

Hedging

The rise of the markets in the six months under review has reduced the value of our market hedges.

Over the six months our market hedge positions cost £3.6m. We have hedged our entire exposure to the New Zealand Dollar and some of our Australian Dollar as well. As a result of the strengthening of New Zealand Dollar and Australian Dollar we have incurred losses of £6.6m. These losses have been more than offset by gains on the underlying portfolio assets.

Revenue Return

Revenue returns are substantially higher in the six months to 31 December 2009 compared to the prior year. This is due to investment income more than doubling to £7.8m from £3.6m, expenses being in line with the prior period, and finance costs more than halving to £0.6m from £1.7m. As a result the earnings per share ("EPS") jumped from 0.63p to 6.45p.

The investment income has been flattered by the fact that the Infratil final dividend fell in the period under review as did the UEM interim dividend.

Capital Return

Capital returns were strong resulting in some recovery of the losses in the prior year. Total capital income was £36.5m. Finance costs were up marginally as the capital amount of the ZDP shares increases with their compounding coupon. As a result the EPS on the capital account was 35.72p.

TEN LARGEST HOLDINGS ON A LOOK THROUGH BASIS[1]

31 Dec 2009	30 Jun 2009	Company (country)	Fair value £'000s	% of total investments
1	(2)	**Resolute Mining Ltd** *(Australia)* Gold mining company	46,330	14.3%
2	(1)	**TrustPower Ltd** *(New Zealand)* Integrated electricity company	38,695	11.9%
3	(3)	**Jersey Electricity Company Limited** *(Jersey)* Integrated electricity company	19,548	6.0%
4	(4)	**Vix Technology Pty Ltd** *(Australia)* Automated fare collection systems operator	16,297	5.0%
5	(8)	**Renewable Energy Generation Ltd** *(UK)* Wind power	13,843	4.3%
6	(5)	**Keytech Limited** *(Bermuda)* Telecommunications provider	10,976	3.4%
7	(7)	**Wellington International Airport Limited** *(New Zealand)* Airport Operator	9,232	2.8%
8	–	**Billing Services Group Limited** *(USA)* Automated telecoms payment processing	9,007	2.8%
9	(10)	**Infratil Energy Australia** *(Australia)* Integrated electricity company	7,421	2.3%
10	(9)	**Ascendant Group Limited** *(Bermuda)* Integrated electricity company	7,396	2.3%
		Ten largest holdings	178,745	55.1%
		Other investments	145,617	44.9%
		Total Investments	324,362	100.0%

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

DIRECTORS' STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

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

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

These risks, and the way in which they are managed, are described in more detail under the heading "Principal risks and risk mitigation" within the Report of the Directors' contained within the Group's Report and Accounts for the year ended 30 June 2009. The Group's principal risks and uncertainties have not changed materially since the date of that report.

DIRECTORS' STATEMENT OF RESPONSIBILITIES

In accordance with Chapter 4 of the Disclosure and Transparency Rules the Directors confirm that to the best of their knowledge:

(i) the condensed set of financial statements has been prepared in accordance with applicable International Accounting Standards and gives a true and fair view of the assets, liabilities, financial position and return of the Group;

(ii) the half-yearly report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the financial statements;

(iii) the Directors' Statement of Principal Risks and Uncertainties shown above is a fair review of the principal risks and uncertainties for the remainder of the financial year; and

(iv) the half-yearly report includes details on related party transactions.

Signed on behalf of the Board
J Michael Collier
Chairman
24 February 2010

UNAUDITED CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

Notes		Six months to 31 December 2009			Six months to 31 December 2008 restated (see notes 1 and 12)			Year to 30 June 2009		
		Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s
	Gains/(losses) on investments	–	46,730	46,730	–	(81,356)	(81,356)	–	(60,202)	(60,202)
	(Losses)/gains on derivative instruments	–	(9,944)	(9,944)	–	2,320	2,320	–	2,689	2,689
	Exchange gains/(losses)	19	(255)	(236)	36	(10,466)	(10,430)	20	(8,141)	(8,121)
	Investment and other income	7,817	–	7,817	3,572	–	3,572	8,506	2,172	10,678
	Total income	**7,836**	**36,531**	**44,367**	3,608	(89,502)	(85,894)	8,526	(63,482)	(54,956)
	Income not receivable	–	–	–	–	–	–	(789)	–	(789)
2	Management and administration fees	(768)	–	(768)	(869)	–	(869)	(1,601)	–	(1,601)
	Other expenses	(372)	(5)	(377)	(362)	(20)	(382)	(811)	(27)	(838)
	Profit/(loss) before finance costs and taxation	6,696	36,526	43,222	2,377	(89,522)	(87,145)	5,325	(63,509)	(58,184)
	Finance costs	(637)	(5,296)	(5,933)	(1,657)	(5,010)	(6,667)	(2,551)	(9,983)	(12,534)
3	(Increase)/decrease in ZDP share liability	–	(374)	(374)	–	308	308	–	1,533	1,533
	Profit/(loss) before taxation	**6,059**	**30,856**	**36,915**	720	(94,224)	(93,504)	2,774	(71,959)	(69,185)
4	Taxation	(488)	–	(488)	(168)	–	(168)	(358)	–	(358)
	Profit/(loss) for the period	**5,571**	**30,856**	**36,427**	552	(94,224)	(93,672)	2,416	(71,959)	(69,543)
5	**Earnings per share (basic) – pence**	**6.45**	**35.72**	**42.17**	0.63	(107.32)	(106.69)	2.77	(82.62)	(79.85)
5	**Earnings per share (diluted) – pence**	**6.45**	**35.72**	**42.17**	0.63	n/a	n/a	2.77	(82.62)	(79.85)

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

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

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

All items in the above statement derive from continuing operations.

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

UNAUDITED CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the six months to 31 December 2009	Ordinary share capital £'000s	Share premium account £'000s	Warrant reserve £'000s	Non-distributable reserve £'000s	Retained earnings Capital reserves £'000s	Retained earnings Revenue reserve £'000s	Total £'000s
Balance at 30 June 2009	8,637	233,951	3,051	32,067	(156,168)	5,320	126,858
Profit for the period	–	–	–	–	30,856	5,571	36,427
Conversion of warrants	–	2	(1)	1	–	–	2
Balance at 31 December 2009	**8,637**	**233,953**	**3,050**	**32,068**	**(125,312)**	**10,891**	**163,287**

for the six months to 31 December 2008	Ordinary share capital £'000s	Share premium account £'000s	Warrant reserve £'000s	Non-distributable reserve £'000s	Retained earnings Capital reserves £'000s	Retained earnings Revenue reserve £'000s	Total £'000s
Balance at 30 June 2008	9,200	242,188	3,051	32,067	(84,209)	2,904	205,201
(Loss)/profit for the period (restated – see notes 1 and 12)	–	–	–	–	(94,224)	552	(93,672)
Conversion of warrants	–	1	–	–	–	–	1
Ordinary shares repurchased by the Company	(563)	(8,238)	–	–	–	–	(8,801)
Balance at 31 December 2008	**8,637**	**233,951**	**3,051**	**32,067**	**(178,433)**	**3,456**	**102,729**

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

UNAUDITED CONDENSED GROUP BALANCE SHEET

Notes		31 December 2009 £'000s	31 December 2008 restated* £'000s	31 December 2008 as previously stated* £'000s	30 June 2009 £'000s
	Non current assets				
	Investments	**324,362**	283,554	287,041	281,031
	Current assets				
	Other receivables	**4,064**	3,178	3,178	3,248
	Derivative financial instruments	**1,649**	2,351	–	2,444
	Cash and cash equivalents	**11,332**	3,603	2,309	4,496
		17,045	9,132	5,487	10,188
	Current liabilities				
	Bank loans	**(20,547)**	(25,565)	(25,565)	–
	Other payables	**(853)**	(1,035)	(1,017)	(912)
	Derivative financial instruments	**(1,028)**	(6,850)	(6,710)	(1,375)
		(22,428)	(33,450)	(33,292)	(2,287)
	Net current (liabilities)/assets	**(5,383)**	(24,318)	(27,805)	7,901
	Total assets less current liabilities	**318,979**	259,236	259,236	288,932
	Non current liabilities				
	Bank loans	**–**	(12,449)	(12,449)	(17,000)
	Zero dividend preference shares	**(155,692)**	(144,058)	(144,058)	(145,074)
	Net assets	**163,287**	102,729	102,729	126,858
	Equity attributable to equity holders				
7	Ordinary share capital	**8,637**	8,637	8,637	8,637
	Share premium account	**233,953**	233,951	233,951	233,951
	Warrant reserve	**3,050**	3,051	3,051	3,051
	Non-distributable reserve	**32,068**	32,067	32,067	32,067
	Capital reserves	**(125,312)**	(178,433)	(178,451)	(156,168)
	Revenue reserve	**10,891**	3,456	3,474	5,320
	Total attributable to equity holders	**163,287**	102,729	102,729	126,858
	Net asset value per ordinary share				
8	Basic – pence	**189.05**	118.94	118.94	146.87

*see notes 1 and 12

UNAUDITED CONDENSED GROUP STATEMENT OF CASH FLOWS

Notes		Six months to 31 December 2009 £'000s	Six months to 31 December 2008 restated* £'000s	Year to 30 June 2009 £'000s
9	Cash flows from operating activities	**(1,426)**	49,239	71,741
	Cash flows from investing activities	**–**	–	–
	Cash flows before financing activities	**(1,426)**	49,239	71,741
	Financing activities:			
	Equity dividends paid	**–**	–	–
	Cash flows from borrowings	**3,000**	(45,902)	(64,754)
	Cash flows from ZDP shares	**4,948**	(848)	(3,583)
	Proceeds from warrants exercised	**3**	1	1
	Cost of purchase of ordinary shares	**–**	(8,801)	(8,801)
	Cash flows from financing activities	**7,951**	(55,550)	(77,137)
	Net increase/(decrease) in cash and cash equivalents	**6,525**	(6,311)	(5,396)
	Cash and cash equivalents at the beginning of the period	**4,496**	5,423	5,423
	Effect of movement in foreign exchange	**311**	4,491	4,469
	Cash and cash equivalents at the end of the period	**11,332**	3,603	4,496

The Group cash flows from ZDP shares were classified in the Report and Accounts for the six months to 31 December 2008 and year to 30 June 2009 within Operating activities as cash flows on investments. These cash flows have been re-classified to Financing Activities as cash flows from ZDP shares.

*see notes 1 and 12

1. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed group financial statements including the restated accounts for the period ended 31 December 2008, have been prepared in accordance with International Financial Reporting Standards ('IFRS'), IAS 34 'Interim Financial Reporting' and the accounting policies set out in the audited statutory accounts of the Group for the year ended 30 June 2009.

The condensed group financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2009, which were prepared under full IFRS requirements.

The Group Accounts comprise the results of the Company and its subsidiaries, Utilico Finance Limited, Utilico NZ Limited and Utilico Investments Limited (formerly UEM Holdings Limited) and its special purpose entity, Global Equity Risk Protection Limited ("GERP"). The unaudited group accounts for the period ended 31 December 2008, which accounted for GERP as a related party investment, have been restated to include the consolidation of GERP in accordance with the amended accounting policy set out in the group accounts for the year ended 30 June 2009. The Group is engaged in a single segment of business, focusing on providing long term capital appreciation by investing predominantly in infrastructure, utility and related companies.

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

2. MANAGEMENT AND ADMINISTRATION FEES

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

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

For the period to 31 December 2009, the attributable shareholders' funds were below the high watermark and therefore no performance fee has been accrued. The amount payable in respect of the full reporting period ending 30 June 2010 is dependent upon the performance of the Company in the year to 30 June 2010 and may therefore be different from the fee accrued at 31 December 2009.

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

3. (INCREASE)/DECREASE IN ZDP SHARE LIABILITY

During the period, the Company sold in the market 4,585,000 2016 ZDP shares, held as an investment, for £4,948,000. These shares were issued by its subsidiary Utilico Finance Limited. The capital entitlement on the date of selling these shares was £5,322,000, creating a consolidation loss of £374,000 (period to 31 December 2008: purchase of shares created £308,000 gain; year to 30 June 2009: net purchase of shares created £1,533,000 gain).

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4. TAXATION

The taxation charge of £488,000 (31 December 2008: £168,000 and 30 June 2009: £358,000) relates to overseas taxation suffered on dividend income. Taxation suffered on income in Utilico (NZ) Limited is New Zealand income tax. Profits of the Company and subsidiaries for the period are not subject otherwise to any other taxation within their countries of residence.

5. EARNINGS PER SHARE

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

	Six months to 31 Dec 2009 £'000s	Six months to 31 Dec 2008 restated (see notes 1 and 12) £'000s	Year to 30 Jun 2009 £'000s
Revenue	**5,571**	552	2,416
Capital	**30,856**	(94,224)	(71,959)
Total	**36,427**	(93,672)	(69,543)
	Number	Number	Number
Weighted average number of shares in issue during the period for basic earnings per share calculations	**86,373,219**	87,797,966	87,091,318

Diluted earnings per ordinary share

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

	Six months to 31 Dec 2009 Number	Six months to 31 Dec 2008 Number	Year to 30 Jun 2009 Number
Weighted average number of shares in issue during the period for basic earnings per share calculations	**86,373,219**	87,797,966	87,091,318
Dilutive potential shares	**–**	–	–
Weighted average number of shares for diluted earnings per share calculations	**86,373,219**	87,797,966	87,091,318

6. DIVIDENDS

There were no dividends paid or declared in respect of the period.

7. ORDINARY SHARE CAPITAL

	Authorised		Issued and fully paid	
	Number	£'000s	Number	£'000s
Equity share capital:				
Ordinary shares of 10p each				
Balance at 30 June 2009	127,479,500	12,748	86,372,957	8,637
Issued on exercise of warrants	–	–	878	–
Balance at 31 December 2009	**127,479,500**	**12,748**	**86,373,835**	**8,637**

Warrants

At 30 June 2009 3,589,521 Utilico 2012 warrants were in issue. On 31 October 2009, 878 Utilico 2012 warrants were exercised. At 31 December 2009 3,588,643 Utilico 2012 warrants were in issue.

Holders of Utilico 2012 warrants have the right to subscribe for one ordinary share per warrant at £3.15 in cash on 30 April or on 31 October in any of the years 2010 to 2012 (inclusive).

8. NET ASSET VALUE PER SHARE

(a) Net asset value per ordinary share is based on net assets at the period end of £163,287,000 (31 December 2008: £102,729,000 and 30 June 2009: £126,858,000) and on 86,373,835 ordinary shares in issue at the period end (31 December 2008: 86,372,957 and 30 June 2009: 86,372,957).

(b) Diluted net asset value per ordinary share is based on net assets at the period end and assumes the receipt of proceeds arising from the exercise of warrants outstanding. At 31 December 2009, 31 December 2008 and 30 June 2009 the diluted net asset value is not applicable as the market price of the ordinary shares at the period end is lower than the exercise price of the warrants.

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

	31 Dec 2009 £'000s	31 Dec 2008 restated (see notes 1 and 12) £'000s	30 Jun 2009 £'000s
Profit/(loss) before taxation	**36,915**	(93,504)	(69,185)
Adjust for non-cash flow items:			
(Gains)/losses on investments	**(46,730)**	81,356	60,202
Losses/(gains) on derivative financial instruments	**9,944**	(2,320)	(2,689)
Exchange losses	**236**	10,430	8,121
Stock interest	**(1,068)**	–	(1,274)
Increase/(decrease) in ZDP share liability	**374**	(308)	(1,533)
Decrease/(increase) in accrued income	**348**	(146)	1,242
Decrease/(increase) in other debtors	**22**	4	(630)
Increase/(decrease) in creditors	**29**	(797)	(870)
ZDP share finance costs	**5,296**	5,010	9,983
Tax on overseas income	**(488)**	(168)	(358)
	(32,037)	93,061	72,194
Adjust for cash flow items not within Statement of Comprehensive Income			
Net cash flows on investments	**3,191**	12,990	37,239
Net cash flows on derivatives	**(9,495)**	36,692	31,493
	(6,304)	49,682	68,732
Net cash flows from operating activities	**(1,426)**	49,239	71,741

10. BUSINESS SEGMENTS

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

11. RELATED PARTY TRANSACTIONS

There have been no significant changes to related party transactions as detailed in the Report and Accounts for the year ended 30 June 2009.

12. (a) RESTATEMENT OF UNAUDITED GROUP BALANCES AS AT 31 DECEMBER 2008

	As previously reported £'000s	Effect of consolidating GERP £'000s	Restated £'000s
Non current assets			
Investments	287,041	(3,487)	283,554
Current assets			
Other receivables	3,178	–	3,178
Derivative financial instruments	–	2,351	2,351
Cash and cash equivalents	2,309	1,294	3,603
	5,487	3,645	9,132
Current liabilities			
Bank loans	(25,565)	–	(25,565)
Other payables	(1,017)	(18)	(1,035)
Derivative financial instruments	(6,710)	(140)	(6,850)
	(33,292)	(158)	(33,450)
Net current liabilities	(27,805)	3,487	(24,318)
Total assets less current liabilities	259,236	–	259,236
Non current liabilities			
Bank loans	(12,449)	–	(12,449)
Zero dividend preference shares	(144,058)	–	(144,058)
Net assets	102,729	–	102,729
Equity attributable to equity holders			
Ordinary share capital	8,637	–	8,637
Share premium account	233,951	–	233,951
Warrant reserve	3,051	–	3,051
Non-distributable reserve	32,067	–	32,067
Capital reserves	(178,451)	18	(178,433)
Revenue reserve	3,474	(18)	3,456
Total attributable to equity holders	102,729	–	102,729
Net asset value per ordinary share			
Basic – pence	118.94	–	118.94

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12. (b) RESTATEMENT OF THE UNAUDITED CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS TO 31 DECEMBER 2008

	As previously reported £'000s	Effect of consolidating GERP £'000s	Restated £'000s
Losses on investments	(75,481)	(5,875)	(81,356)
(Losses)/gains on derivative instruments	(2,989)	5,309	2,320
Exchange losses	(10,989)	559	(10,430)
Investment and other income	3,559	13	3,572
Total income	(85,900)	6	(85,894)
Management and administration fees	(869)	–	(869)
Other expenses	(378)	(4)	(382)
Loss before finance costs and taxation	(87,147)	2	(87,145)
Finance costs	(6,665)	(2)	(6,667)
Decrease in ZDP share liability	308	–	308
Loss before taxation	(93,504)	–	(93,504)
Taxation	(168)	–	(168)
Loss for the period	(93,672)	–	(93,672)
Earnings per share (basic) – pence	(106.69)	–	(106.69)
Earnings per share (diluted) – pence	n/a	–	n/a

12. (c) RESTATEMENT OF THE UNAUDITED GROUP STATEMENT OF CASH FLOWS FOR THE SIX MONTHS TO 31 DECEMBER 2008

	Previously reported £'000s	Effect of consolidating GERP £'000s	Restated £'000s
Cash flows from operating activities	48,398	(7)	48,391
Cash flows from investing activities	–	–	–
Cash flows before financing activities	48,398	(7)	48,391
Financing activities:			
Equity dividends paid	–	–	–
Cash flows from borrowings	(45,902)	–	(45,902)
Proceeds from warrants exercised	1	–	1
Cost of purchase of ordinary shares	(8,801)	–	(8,801)
Cash flows from financing activities	(54,702)	–	(54,702)
Net decrease in cash and cash equivalents	(6,304)	(7)	(6,311)
Cash and cash equivalents at the beginning of the period	4,681	742	5,423
Effect of movement in foreign exchange	3,932	559	4,491
Cash and cash equivalents at the end of the period	2,309	1,294	3,603

Note to the restatement

The consolidation of GERP has the effect that all intra group transactions, balances, income and expenses are eliminated and the restated Group Accounts for the period to 31 December 2008 include the results of GERP.

13. RESULTS

The condensed set of financial statements, forming the half-year accounts, has been neither audited nor reviewed by the Company's auditors. The latest published accounts are for the period ended 30 June 2009; the report of the auditors thereon was unqualified. The condensed financial statements shown above for the period ended 30 June 2009 are an extract from those accounts.

By order of the Board
F&C Management Limited, Secretary
Exchange House, Primrose Street, London EC2A 2NY
24 February 2010

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