UTILICO LIMITED
Investment update to 30 June 2007

UTILICO LIMITED IS A NEWLY-INCORPORATED BERMUDA COMPANY WHICH BEGAN TRADING ON 20 JUNE 2007 AS A SUCCESSOR VEHICLE OF UTILICO INVESTMENT TRUST PLC ("UIT"). UTILICO LIMITED'S FIRST REPORTABLE RESULTS WILL BE THE INTERIMS TO 31 DECEMBER 2007.

HOWEVER, IN THE INTEREST OF PROVIDING SHAREHOLDERS WITH INFORMATION ON THE PERIOD FROM 30 JUNE 2006, THE LAST FINANCIAL YEAR END OF UIT, TO 30 JUNE 2007, THE MONTH END FOLLOWING THE TRANSFER OF ASSETS FROM UIT TO UTILICO LIMITED, WE HAVE PREPARED A BRIEF INVESTMENT UPDATE AS AT 30 JUNE 2007 WHICH COVERS BOTH UIT AND UTILICO LIMITED AND TREATS THEM AS ONE AND THE SAME ENTITY ("UTILICO").

AS THIS COMBINED REPORT COVERS TWO COMPANIES IT DOES NOT CONSTITUTE STATUTORY ACCOUNTS, CONTAINS CERTAIN "PRO FORMA" INFORMATION AND HAS NOT BEEN AUDITED (OR REVIEWED UNDER AUDITING STANDARDS).

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

Utilico recorded a pro forma profit for the year of £117.6m resulting in the undiluted net asset value per ordinary share increasing from 222.35p to 350.29p, an increase of 57.5%. The diluted net asset value per ordinary share likewise increased from 187.68p to 312.06p, an increase of 66.3%.

Utilico ordinary share and diluted NAV performance*
from 14 August 2003 to 30 June 2007

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

PERFORMANCE SUMMARY

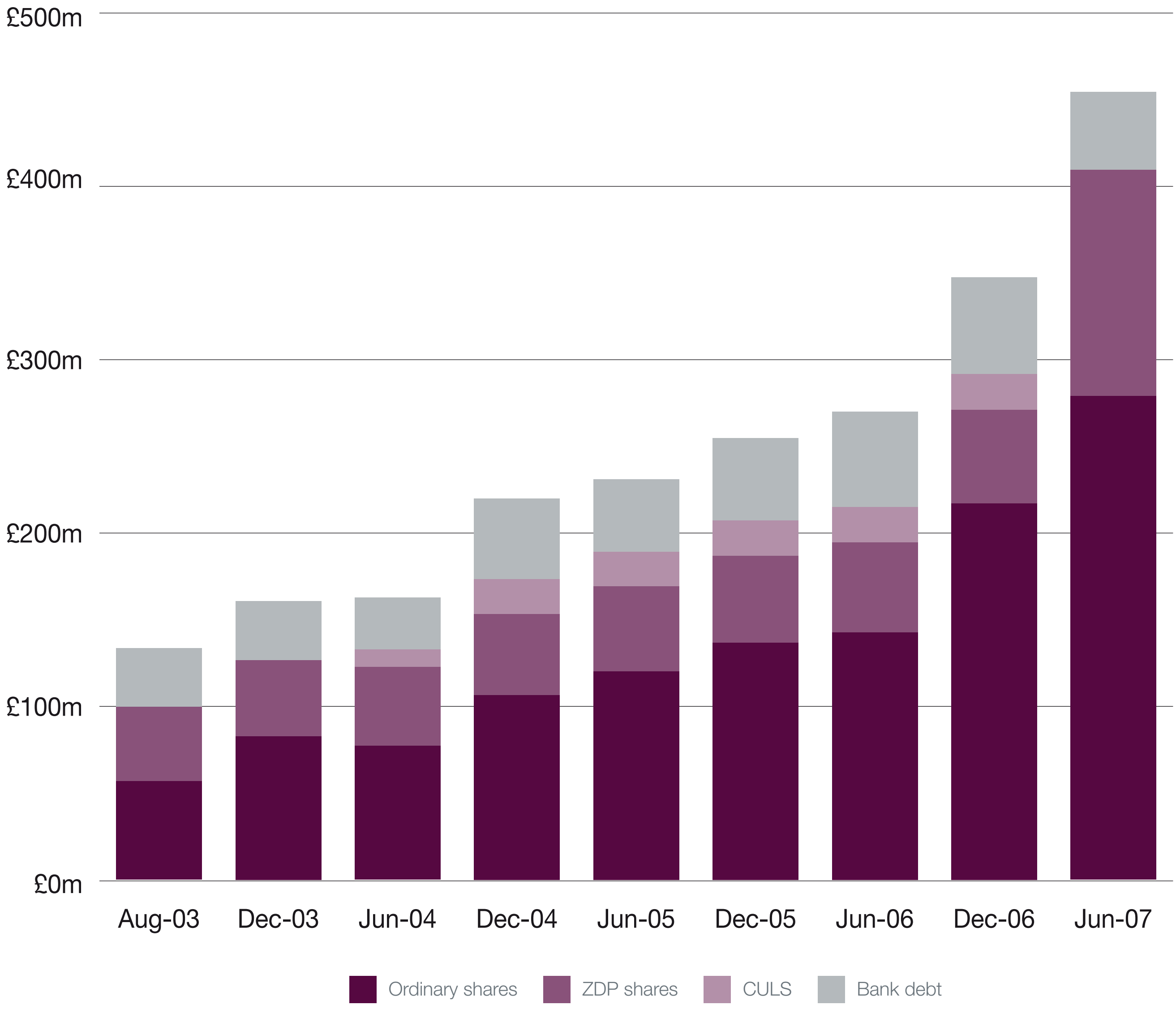
	30 June 2007	30 June 2006	30 June[1] 2005	30 June 2004	14 August 2003	Change 2006/07	Change 2005/06	Change 2004/05	Change 2003/04
Ordinary shares									
Capital value									
Net asset value per ordinary share (undiluted)	350.29p	222.35p	186.07p	120.20p	99.47p	57.5%	19.5%	54.8%	20.8%
Net asset value per ordinary share (diluted)	312.06p	187.68p	162.84p	114.39p	99.47p	66.3%	15.3%	42.4%	15.0%
Share prices and indices									
Ordinary share price	299.00p	180.25p	159.25p	107.50p	85.67p	65.9%	13.2%	48.1%	25.5%
Discount (based on diluted NAV per ordinary share)	4.2%	4.0%	2.2%	6.0%	13.9%				
FTSE All-Share Index	3,404	2,968	2,560	2,229	2,062	14.7%	15.9%	14.8%	8.1%
Dow Jones World Utilities Index (sterling adjusted)	125.6	105.0	94.8	73.8	67.3	19.6%	10.8%	28.5%	9.7%
Returns and dividends									
Revenue return per ordinary share (undiluted)	1.84p	0.89p	1.65p	1.68p	n/a	106.7%	(46.1)%	(1.8)%	n/a
Capital return per ordinary share (undiluted)	178.01p	35.50p	65.48p	36.45p	n/a	401.4%	(45.8)%	79.6%	n/a
Total return per ordinary share (undiluted)	179.85p	36.39p	67.13p	38.13p	n/a	394.2%	(45.8)%	76.1%	n/a
Dividend per ordinary share	0.80p	0.40p	1.90p	1.60p	n/a	100.0%	(78.9)%	18.8%	n/a
Zero dividend preference (ZDP) shares[2]									
2012 ZDP shares (7.00%)									
Capital entitlement per ZDP share	123.71p	115.63p	108.07p	101.01p	n/a	7.0%	7.0%	7.0%	n/a
ZDP share price	126.75p	118.50p	115.25p	96.75p	n/a	7.0%	2.8%	19.1%	n/a
2014 ZDP shares (7.25%)									
Capital entitlement per ZDP share	100.29p	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ZDP share price	103.25p	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2016 ZDP shares (7.25%)									
Capital entitlement per ZDP share	100.29p	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ZDP share price	103.00p	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Warrants									
2008 warrant price	260.00p	86.00p	62.75p	27.75p	19.50p	93.5%[3]	37.1%	126.1%	42.3%
2012 warrant price	88.25p	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Equity holders funds (£m)									
Gross assets	454.6	270.1	229.8	163.0	133.5	68.3%	17.5%	41.0%	22.1%
Bank debt	44.8	55.0	41.8	30.2	33.7	(18.5)%	31.6%	38.4%	(10.4)%
ZDP debt	130.8	51.8	48.3	45.6	–	152.5%	7.2%	5.9%	n/a
CULS[4]	–	20.6	20.3	10.0	–	n/a	1.5%	103.0%	n/a
Equity holders' funds	279.0	142.7[5]	119.4	77.2	99.8	95.5%	19.5%	54.7%	(22.6)%
Revenue account (£m)									
Income	8.4	6.9	6.5	3.8	n/a	21.7%	6.2%	71.1%	n/a
Costs (management and other expenses)[6]	2.6	2.2	1.9	1.3	n/a	18.2%	15.8%	46.2%	n/a
Finance costs	4.1	3.6	3.2	1.2	n/a	13.9%	12.5%	166.7%	n/a
Financial ratios of the Group									
Revenue yield on average gross assets	2.3%	2.8%	3.1%	2.8%	n/a				
Total expense ratio[6] on average gross assets	0.7%	0.9%	0.9%	1.0%	n/a				
Bank loans, CULS and ZDP shares gearing on gross assets	38.6%[3]	46.5%	47.2%	41.1%	n/a				

1 Restated for changes in accounting policies.
2 Issued by Utilico Finance Limited, a wholly owned subsidiary of Utilico Limited in June 2007. Previously issued by Utilico Investment Trust plc.
3 Adjusted for June 2007 corporate action.
4 CULS converted in June 2007 into ordinary shares.
5 Excluding CULS equity component.
6 Excluding performance fee.

- Convertible unsecured loan stock converted into ordinary shares
- £75.0m of new zero dividend preference shares issued*
- Profit for the period of £117.6m
- Undiluted net asset value per share increased by 57.5% to 350.29p

*Issued by Utilico Finance Limited, a wholly owned subsidiary of Utilico Limited.

Allocation of consolidated gross assets



Source: Utilico Limited

Since the launch of Utilico Investment Trust plc, the company's predecessor, in August 2003 the initial ordinary shareholders have seen their undiluted NAV per ordinary share increase from 99.47p to 350.29p. This increase, including dividends, represents a compound annual return of 39.2%.

Clearly we are faced with challenging market conditions. The resolution and outcome of a range of issues will determine the market's direction.

I am delighted to be writing my inaugural Chairman's statement for Utilico Limited. It is pleasing to be able to comment on the strong performance of Utilico Investment Trust plc and its successor Utilico Limited. Over the twelve months to 30 June 2007 the net assets of Utilico have risen £136.3m to £279.0m, an outstanding gain of 95.5%. This includes the profit for the period of £117.6m, nearly all from portfolio gains.

Since the launch of Utilico Investment Trust plc, the Company's predecessor, in August 2003 the initial ordinary shareholders in Utilico have seen the undiluted NAV per ordinary share increase from 99.47p to 350.29p. This increase, including dividends, represents a compound annual return of 39.2%.

Utilico Limited is a newly-incorporated Bermuda company which began trading on 20 June 2007 as a successor vehicle of Utilico Investment Trust plc ("UIT"). Utilico Limited's first reportable results will be the interims to 31 December 2007. However, in the interest of providing shareholders with information on the period from 30 June 2006, the last financial year end of UIT, to 30 June 2007, the month end following the transfer of assets from UIT to Utilico Limited, we have prepared a brief investment update as at 30 June 2007 which covers both UIT and Utilico Limited and treats them as one and the same entity ("Utilico"). As this combined report covers two companies it does not constitute statutory accounts, contains certain "pro forma" information and has not been audited (or reviewed under auditing standards).

Utilico's three core investments Infratil, UEM and Ecofin have continued their strong performance throughout the year. The combined investment in these three positions rose from £130.7m to £231.0m, up 76.7%. These investments continue to comprise diversified underlying portfolios. To present the underlying risk of the gross portfolio more appropriately these three investments are analysed (in preparing the top ten, sector analysis, geographical analysis and the split of investments by category) on a "look through" basis, thus showing the underlying investments rather than the holding company.

Utilico successfully placed £75.0m of zero dividend preference ("ZDP") shares in the market on 20 June 2007 effectively raising long term debt at 7.25% per annum. Initially these funds were used to repay bank debt of £18.0m. In addition, Utilico paid fees in relation to the migration of Utilico Investment Trust and invested further funds into the market. At 30 June 2007 Utilico held cash balances of £46.0m. Bank debt stood at £44.8m.

As forecasted in the June 2006 annual report and accounts and again in the December 2006 interims, the holders of convertible unsecured loan stock elected to convert their holdings into ordinary shares during June 2007. As a result of this and the performance of the underlying portfolio, shareholders' funds increased from £142.7m to £279.0m, a rise of 95.5%.

The consolidated revenue yield has remained low at 2.3%. It remains the case that a number of our investments offer capital growth with either little or no yield. This includes our investment in Ecofin and ERG. With running costs of 0.7% and after allowing for finance costs and tax, the consolidated revenue undiluted pro forma EPS for the period was only 1.84p. In June 2007 Utilico paid a dividend of 0.80p per share to the ordinary shareholders.

A strong feature of Utilico has been the establishment of a net long index put options position which at 30 June 2007 provided protection of £134.0m against the market. The manager's skilful execution of this strategy is commendable. The manager has partially funded this position by selling short dated puts against part of the position. At the year end there were no short dated puts outstanding.

The manager has been concerned about our exposure to the New Zealand dollar. As such it has hedged out NZ$130.4m, being the look through underlying exposure to the New Zealand dollar for Utilico's Infratil holding.

As a past non-executive director of Utilico Emerging Markets Limited I had a close working relationship with the management team. I look forward to working with them on Utilico. I would like to take this opportunity to recognise and thank Alan Wheatley and his board for their consistent and wise counsel to the managers over the years. Alan Wheatley and Andrew Barker have both stepped down from the Board and I would like to thank them for their contribution to Utilico. I am pleased that both Eric Stobart and Roger Urwin will continue as directors and I look forward to working with Susan Hansen and Warren McLeland. I would also like to thank Duncan Saville, Charles Jillings and their team for their consistent drive and energy in moving Utilico forward.

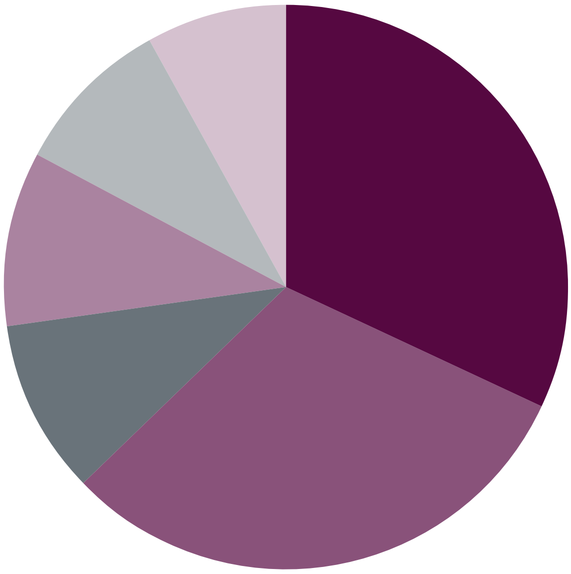
Clearly we are faced with challenging market conditions. The resolution and outcome on a range of issues will determine the market's direction. These issues include inflation, exchange rates, interest rates, credit pricing and availability and commodity prices. Within Utilico's portfolio we continue to look for our investee companies to deliver long term growth. As such we expect further progress within Utilico's focused portfolio.

J. Michael Collier
September 2007

GEOGRAPHICAL AND SECTORAL BREAKDOWN

Geographical split of investments*

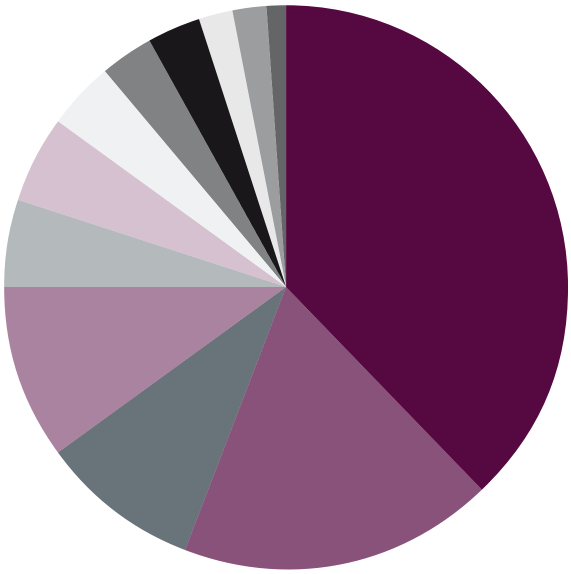
as at 30 June 2007



- Australasia 32% (31%)
- Europe ex UK 31% (24%)
- UK 10% (18%)
- Asia & Far East 10% (7%)
- North America 9% (9%)
- Latin America 8% (11%)

Sectoral split of investments*

as at 30 June 2007



- Electricity 38% (30%)
- Airports 18% (19%)
- Other 9% (9%)
- Telecoms 10% (13%)
- Renewable Energy 5% (2%)
- Road and Rail 5% (6%)
- Water 4% (4%)
- Investment Funds 3% (6%)
- Ports 3% (4%)
- Postal 2% (4%)
- Gas 2% (2%)
- Satellites 1% (1%)

*Basis: based on look through consolidated portfolio.
Prior year's figures included in brackets.
Source: Utilico Limited

Utilico's objective of providing long term capital appreciation was achieved once again with undiluted NAV per ordinary share increasing by 57.5% to 350.29p.

Looking forward the outlook in the short term is challenging. Our investments, in the main, continue to make progress and we remain cautiously optimistic for the period through to June 2008.

Utilico's objective of providing long term capital appreciation was achieved once again with the undiluted NAV per ordinary share increasing by 57.5% to 350.29p. This represents another year of positive growth in asset value and another year of out performance against equity markets. Since 14 August 2003 Utilico has achieved an annual average compound return of 39.2%. This is substantially ahead of the FTSE All Share Index which achieved 13.4% over the same period.

Portfolio

The portfolio turnover was more modest in the last twelve months when compared to the prior two years. During the year Utilico realised £48.6m including £16.5m from Cable & Wireless, £7.0m from Deutsche Post and £5.9m from Ecofin. Utilico invested £79.9m including £7.9m in Renewable Energy Group, £6.1m in Vienna Airport and £5.0m in ERG.

A key feature continues to be Utilico's strategic investments in Infratil, UEM and Ecofin. Each of these continues to offer a different profile thus widening Utilico's exposure.

The market value of Utilico's investment in Infratil nearly doubled from £60.4m to £118.0m. The key driver within Infratil was the rise in value of TrustPower whose share price increased by 18.3% during the year. Over the period, Infratil increased its holding from 35% to 51% enabling TrustPower to be consolidated in Infratil's accounts. In terms of Infratil's other main investments, Infratil Airports Europe, consisting of Glasgow Prestwick Airport and Kent International Airport in the UK, and Lubeck Airport in Germany, increased passenger numbers and freight volumes, although earnings fell, reflecting the start-up nature of some of the operations. Elsewhere, NZ Bus increased fare income despite a slight decline in passenger numbers. Finally, Wellington Airport's passenger numbers rose by a modest 1.4% but it managed to increase earnings at a faster rate on ancillary revenues.

UEM's market value of investments including warrants, rose from £48.3m to £74.3m, an increase of 53.9%. This increase mirrored increases across nearly all of UEM's investments, with UEM recording consistent month on month NAV growth. UEM paid dividends of 2.7p up from 1.5p in the prior year.

UEM's shares continue to be well supported in the market. They ended the year at 156.5p up 47.3%.

UEM's top holding is Companhia de Concessoes Rodoviarias S.A. ("CCR") which ranks 16th in Utilico's portfolio on a look through basis. UEM's portfolio comprises 63 holdings with the top ten accounting for 50.0% of its portfolio.

Ecofin has continued its strong performance with its capital shares benefiting from its leveraged structure. Over the year Ecofin's capital shares gained 112.0%. We continued to reduce our holding of Ecofin capital shares decreasing our position by £5.9m in the year. Ecofin focuses principally on utilities in Europe and North America. Its portfolio remains less concentrated than Utilico's and includes more traditional large capitalisation utilities.

On a look through basis Ecofin's largest holding Airtricity ranks 33rd in Utilico's portfolio. Ecofin has over 100 positions in its portfolio.

Zurich Airport's value has increased by 71.5% to £28.8m. Zurich has seen its operational performance continue to improve with rising passenger numbers combined with improving margins.

ERG shares ended the year at 13.5¢, up from 9.4¢ last year. ERG has seen its shares trade as high as 33.5¢ in the year. While ERG continues to report progress, the significant nature of its larger turnkey contracts mean that its ability to report a clear outlook is dependent on material events. During the year Utilico has continued to support ERG and invested a further £5.0m by way of secured loans. We continue to have faith in the company's longer term prospects.

Jersey Electricity ("JEL") has again been frustrating rising only 11.4% to £14.2m. The performance of JEL has been held back by their decision not to fully pass through increases in the cost of purchased electricity. This harshly imposed 'self regulation' does not follow usual regulatory practice whereby electricity distribution companies can pass through increased external costs to their customers.

Keytech has performed well in the period rising by 37.5% from BMD11.0 to BMD15.0 after Cable & Wireless made a bid for the company. Whilst this was later withdrawn, as a result of dissatisfaction over the offered price, the share price remained at the increased level which we still believe undervalues the company.

The investment in Renewable Energy Generation ("REG") was increased significantly during the year resulting in the investment rising from £3.5m to £11.9m.

REG has been disappointing with its share price declining during the year from 117.5p to 113.0p. REG continues to make progress in building out its windfarm assets. This process will take time but the company looks to have a bright future having secured a substantial pipeline of future development opportunities.

Utilico continued to invest in Flughafen Wien ("Vienna Airport"). The increase in investment together with an increase in the share price of 22.4% to €73.1 has seen Vienna Airport rise from number 14 to number 10 in the portfolio. Geographically, Vienna Airport is well positioned to benefit from the continuing expansion of air travel in Eastern Europe. Vienna Airport is seeking to position itself as the hub for the Far and Middle East. Passenger numbers grew by 9.0% in the year.

Over the twelve months there have been some movements in the geographic split of investments. Australasia and North America have remained virtually the same at 31.5% and 9.4% respectively. The UK has reduced from 18.2% to 10.0%. This has mainly arisen as a result of the sale of Cable & Wireless, increasing investment outside the UK by Utilico and Ecofin and combined with a strong performance in other markets.

Europe increased as a result of the investment in Vienna Airport and several other European investments combined with increased values for Zurich Airport. Asia and the Far East has risen due to increased investment by UEM and Latin America has correspondingly reduced.

On a sectoral basis the portfolio has remained broadly stable. The significant move being in electricity where the increased value of TrustPower (combined with Infratil's increased holding) up from 10.6% to 14.9% of the portfolio together with increased investments in Europe has seen the electricity sector as a whole increase from 32.4% to 36.8%.

Debt

On a consolidated basis Utilico's bank debt stood at £44.8m at the year end, down £10.2m on last year. This decrease reflects the repayment of Utilico's NZ$30.0m facility in late June 2007. Utilico's £45.0m bank facility was fully drawn. As at 30 June 2007 the £44.8m bank drawings on a consolidated basis were £24.9m in Swiss francs, £14.9m in US dollars and £5.0m in Euros. The blended interest rate on the bank debt was 4.1%. Utilico Limited benefits from interest rate swap agreements on part of the US dollar and Euro loans which were entered into by Utilico Investment Trust plc.

Financing charges were £8.5m for the full year, an increase on the prior year of £7.1m. Overall the financing cost represented a cost of 5.0% (prior year 6.0%) based on the average balances for the group's debt, CULS and ZDP shares.

The drawings have continued to act as a natural hedge to investments in Swiss francs, US dollars and Euros. During the year we increased our forward exchange contracts on the New Zealand dollar. At year end Utilico held NZ$130.4m forward exchange contracts at an exchange rate of 2.61.

Utilico ended the year with consolidated cash balances of £46.0m arising from funds raised at the issue of £75.0m ZDP shares.

Revenue income

The revenue income for the year increased by 21.7% to £8.4m. This reflected the investment of non revenue realisations (Simon Group) into revenue generating investments. The revenue yield fell to 2.3% as a result of the strong asset performance.

Expenses

The advisory and administration fees and other expenses (excluding the performance fee) were £2.6m for the year (prior year £2.2m). Based on average consolidated gross assets less current liabilities (excluding loans) of £362.3m, this represents a TER of 0.7% (prior year 0.9%). The costs of migration to Bermuda were in line with expectations.

Derivatives

A key feature of Utilico over the past few years has been the continued emphasis on market protection. We have implemented a program of hedges against both the general equity market and the New Zealand dollar. We have consistently invested in long dated put options against both the S&P Index and the FTSE Index. In order to partially fund the cost of these we have sold a limited number of short dated puts. In the rising markets for most of the year to June 2007 these short dated puts have expired out of the money with no consequent liability to Utilico. At 30 June Utilico held long dated S&P put options with strikes ranging from of 1,225 to 1,525 with an underlying market exposure of US$202m together with long dated FTSE put options with strikes of 6,225 to 6,425 with an underlying market exposure of £33m. Together these offer market protection amounting to £134.0m covering 32.4% of Utilico's gross portfolio. The market value of these put positions as at 30 June 2007 is £7.9m. The cost of establishing this position has been substantially offset by the short dated puts sold during the year. At 30 June 2007 there were no short dated puts outstanding.

Outlook

The year to June 2007 saw outstanding investment performance. The migration to Bermuda removes a number of investment constraints. The conversion of the CULS strengthens Utilico's balance sheet and reduces the finance costs. The new ZDP shares partially re-gear the ordinary shares.

Looking forward, the outlook in the short term is challenging and markets have seen increased volatility since the period end. Last year we stated that exchange rates and interest rates will present challenges. To this we can add inflation, oil prices, debt liquidity and global growth as important issues that will test the resolve of the markets.

Our investments, in the main, continue to make progress and we remain cautiously optimistic for the period through to June 2008.

TEN LARGEST HOLDINGS[1] ON A LOOK THROUGH BASIS

At 30 June

2007	*2006*	**Company** *(Country)*	Market Value £'000s	% of total investments
1	*(1)*	**TrustPower Ltd** *(New Zealand)*	61,515	14.9
		Integrated electricity company		
2	*(2)*	**Unique Flughafen Zurich AG** *(Switzerland)*	28,816	7.0
		Airport operator		
3	*(4)*	**ERG Limited** *(Australia)*	19,556	4.7
		Automated fare collection systems operator		
4	*(3)*	**Jersey Electricity Company Limited** *(Jersey)*	14,204	3.4
		Integrated electricity company		
5	*(–)*	**Infratil Airports Europe** *(UK and Germany)*	13,659	3.3
		Airport operator		
6	*(6)*	**Keytech Limited** *(Bermuda)*	13,299	3.2
		Telecommunications provider		
7	*(7)*	**NZ Bus** *(New Zealand)*	12,276	3.0
		Bus operator		
8	*(15)*	**Renewable Energy Generation Ltd** *(UK)*	11,872	2.9
		Wind power		
9	*(5)*	**Wellington International Airport Limited** *(New Zealand)*	11,254	2.7
		Airport operator		
10	*(–)*	**Flughafen Wien AG** *(Austria)*	9,615	2.3
		Airport operator		
		Ten largest holdings	196,066	47.4
		Other investments	217,532	52.6
		Total investments	413,598	100.0

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

REVIEW OF TOP TEN HOLDINGS ON A LOOK THROUGH BASIS

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

TrustPower is a New Zealand generator and supplier of electricity. Utilico's investment is held indirectly, via its investment in Infratil Limited, which in turn holds 51% of TrustPower's share capital. TrustPower supplies electricity to 220,000 New Zealand retail customers and generates sufficient electricity through its hydro and wind power generation facilities to supply 240,000 households. TrustPower owns the largest wind farm in the southern hemisphere, the 68 MW Tararua wind farm, with a further 93 MW extension to this site in the final stages of commissioning. Expansion of the wind generation portfolio will further diversify the company's asset base making TrustPower less dependent on precipitation levels. TrustPower faced a challenging environment in the financial year to March 2007 with lower electricity prices in New Zealand coupled with a small reduction in volume sold, both combining to reduce revenue. However, despite this, Trustpower increased their own generation volumes and controlled costs such that net profits grew by 19.6%. TrustPower's share price increased by 18.3% during the year.

Unique Flughafen Zurich AG (Switzerland)
www.unique.ch

Unique Zurich Airport ("Unique") operates Zurich International Airport the largest airport in Switzerland. Passenger growth in the twelve months to December 2006 was 7.3%, driven by the expansion of Swiss International Airlines – the former Swissair now owned by Lufthansa. Passenger growth has remained strong in the six months to June 2007 increasing by 8.1% over the corresponding period of 2006. The December 2006 annual results showed revenue up 5.0% to CHF737.1 million, with aviation income up 6.1% and non-aviation income up 3.4%. Net earnings increased by 47.9% to CHF87.4m. Encouragingly, Unique also announced that the extent of the company's noise related liabilities was further reduced from CHF800m – CHF1.3bn to below CHF800m. Over the past twelve months the stock increased strongly to finish the year up 86.5% at the end of June reflecting increased optimism for future passenger growth and reduced uncertainty regarding the noise related liabilities.

ERG Limited (Australia)
www.erggroup.com

ERG is an Australian company that supplies municipal transport authorities with smart card based ticketing systems. Utilico holds 20.8% of ERG's ordinary shares. Cities that have installed ERG's technology include Hong Kong, Singapore and Rome. ERG is currently installing systems in a number of major cities including Sydney, San Francisco and Stockholm.

Whilst progress on the major projects is encouraging the rate of progress is slower than initially anticipated. The company has taken steps to reduce costs, and its results for the year to June 2007 showed a 20% rise in revenues, positive EBITDA and a reduction in net losses from $74.8m to $14.8m. ERG's share price remained volatile and ended the year up 46.7%.

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

Jersey Electricity ("JEL") is the integrated electricity company serving the island of Jersey. Following several years in which both the company and residents of Jersey have benefited from cheaper electricity from the interconnection of Jersey to the French electricity grid, the company has recently been faced with increased wholesale electricity purchasing costs as a result of increased European electricity prices. The company has adopted a policy of delaying the full pass through of these increased costs in order to insulate its customers from the full immediate effect of the increased prices. As a result of this policy, net earnings (before the effect of unusual events) for the financial year to September 2006, fell by 31.7%. Despite implementing a 19% tariff increase from January 2007, interim profit before tax to March 2007 fell by 5.0% as the failure to charge full market prices continued to depress returns. However, JEL's other businesses such as retailing, contracting, and property, are all trading well. JEL's share price increased by 11.4% during the year.

Infratil Airports Europe (UK and Germany)
www.infratil.com

Infratil Airports Europe (IAE) represents the three European airports owned by Infratil, namely Glasgow Prestwick, Kent International and Lubeck in Germany. Utilico's investments in these airports are held indirectly via its investment in Infratil. Over the year ended March 2007 the IAE airports handled 3.1m passengers and 56,500 tonnes of freight. The bulk of the IAE's traffic (passenger and freight) was accounted by Glasgow Prestwick which had 2.4m passengers, a marginal increase on the 2.37m handled in 2006, with growth negatively affected by the extra airport passenger duty imposed by the UK government. The remainder of IAE's passenger traffic came mainly from Lubeck which handled 0.68m passengers. In terms of freight, volumes at Glasgow Prestwick increased by 8.2% to 30,500 tonnes. There are further signs of a recovery in freight

REVIEW OF TOP TEN HOLDINGS ON A LOOK THROUGH BASIS (CONTINUED)

at Glasgow Prestwick with growth rates of over 20% in recent months with even stronger growth rates at Kent International which handled 25,900 tonnes of freight in the year ended March 2007. EBITDA for IAE for the year ended March 2007 was £0.7m down from £1.4m last year and reflecting the early development stage of these businesses.

Keytech Limited (Bermuda)
www.keytech.bm

Keytech is a Bermudan telecommunications holding company. Its subsidiaries provide local fixed line, mobile, internet and IT services in Bermuda and publish the local Yellow Pages directory. The company also has a number of small investments outside of Bermuda. Utilico increased its holding during the year and now holds 13.4% of the ordinary shares. Results for the year to March 2007 saw weaker margins than in the year to March 2006, due to consolidation of a loss making subsidiary in the Cayman Islands, reductions in termination rates and the introduction of new services, which were initially loss making. The outlook however is for margins to improve. A comprehensive review of the Bermudian telecoms sector is currently underway and we expect this to increase liberalisation of the industry and remove foreign ownership caps. Keytech's share price increased by 37.5% during the year, with the primary catalyst being Cable & Wireless' failed offer for the group.

NZ Bus (New Zealand)
www.nzbus.co.nz

NZ Bus is the former New Zealand division of Stagecoach Group PLC of the UK. The business was acquired by Infratil in November 2005 for NZ$252 million. The acquisition brought with it 1,000 buses, nine ferries, a number of operational depots, and a 2,000 strong workforce, spread across Auckland and Wellington. Infratil has spent the past year improving the operation of this business, engaging with employees and comprehensively re-branding the operations away from the "Stagecoach" name. In this first full year of ownership, passenger volumes were disappointing with a decline of 1%. However, NZ Bus is now positioning itself to improve services and increase patronage. To this end it has ordered 121 new buses, half of which are electric and half are low emission diesel, at a cost of NZ$50m. It is working with councils to implement dedicated bus priority lanes, and introducing smart card ticketing to speed up passenger flows.

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

Renewable Energy Generation Limited ("REG") is a generator of renewable energy through ownership and operation of wind farms, with projects located in both the UK and Canada. REG is a young company in the process of constructing its first wind farms in both countries, and it will take some years for the company to register material profits as a result. The company has a substantial pipeline of potential projects at varying stages of development in both countries. The UK is an attractive market for production of renewable energy having a generous incentive scheme to encourage development. Historically, the main obstacles to developing renewable energy assets in the UK have surrounded the planning process, however the planning system is now moving increasingly in favour of wind farm developers as the challenges of climate change become increasingly apparent. Financial incentives are less generous in Canada. However it is possible to build larger sites coupled with a simpler planning system, allowing meaningful profits to be generated over a shorter timescale. REG's share price fell by 3.8% during the year.

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

Wellington International Airport Limited ("WIAL") is New Zealand's second largest airport, behind Auckland. Utilico's investment is held indirectly, via the holding in Infratil Limited, which in turn owns 66% of WIAL. WIAL is an unlisted company and primarily serves the domestic New Zealand aviation market. In the year to March 2007 WIAL handled 4.63 million passengers, a marginal increase on the prior year. Revenues increased by 9.6% to NZ$67.3m largely due to increases in non-aviation income and property, with aviation income flat on the sluggish passenger growth. Passenger services income increased by 20% due to enhanced terminal facilities and improved duty-free rental terms and property rental increased by 33% as stage one of the off-airport retail development was fully tenanted. The net result was a modest increase in profit with EBITDA increasing from NZ$47m to NZ$50m. Aeronautical revenue is expected to increase in the forthcoming year as the company are proposing to increase aeronautical charges by 2.85% with effect from July, this increase being the first since 2002.

Flughafen Wien AG (Austria)
www.viennaairport.com

Vienna Airport ("FLU") operates Vienna International Airport which is Austria's largest airport. Passenger growth in the twelve months to December 2006 was 6.3%, and growth has accelerated slightly in the six months to June 2007 to 8.9% with Eastern Europe and the Middle East continuing to be the main areas of growth. The December 2006 annual results showed revenue up 13.3% to €463.9m, driven by non-aviation income which increased 26.4% with aviation income increasing by 12.0%. Non-aviation income is expected to pick up further when FLU's new SkyLink Terminal opens in 2008. Net earnings increased by 3.9%. Over the past twelve months the stock increased steadily to finish the year up 22.4% at the end of June reflecting improved prospects for traffic growth and a further increase in non-aviation income.

DIRECTORS

Mr John Michael Collier (Chairman)
Mr Collier, aged 61, was educated in Bermuda, the UK and North America. He joined the Bank of Butterfield in Bermuda in 1963 and was appointed president and chief operating officer in 1992 and chief executive in 1994. He retired from this position in 1996. He is currently chairman of Belco Holdings Limited, a director of a number of subsidiaries of Exelon Corporation and a director of a number of US and Bermuda companies.

Ms Susan Hansen
Ms Hansen, aged 45, is a chartered accountant and MBA graduate and has worked in financial services since 1980. She has previous experience in chartered accountancy and investment banking, and is the principal of a financial training organisation in New Zealand. She is a member of the Institute of Chartered Accountants in South Africa and Australia.

Mr Warren McLeland
Mr McLeland, aged 61, is a science and MBA graduate and was formerly a stockbroker and investment banker. He is now Chief Executive Officer of Resimac Limited, a mortgage securitisation company. In addition, he acts as an adviser in funds management and business strategy to companies operating in the Asia Pacific region. He is a non-executive director of Trust Company of Australia, Eclectic Investment Trust plc, Intellect Holdings Limited and Wilsons HTM Investment Group Limited.

Mr Eric Stobart
Mr Stobart, aged 58, is a chartered accountant and MBA graduate. He is Senior Group Adviser to Lloyds TSB Group plc and chairman of the Investment Review Panel of The Lloyds TSB Group Pension Scheme. He is a non-executive director of MJ Gleeson Group plc, The Throgmorton Trust PLC, CMGL Syndicate Management Limited and Advent Capital (Holdings) PLC. He was previously a non-executive director of Utilico Investment Trust plc.

Dr Roger Urwin
Dr Urwin, aged 61, has many years experience in the UK electricity industry, playing a major role in its restructuring and privatisation. He was previously chief executive of National Grid plc and a non-executive director of Utilico Investment Trust plc. He is chairman of Alfred McAlpine Plc and a director of Canadian Utilities Limited.

INVESTMENT TEAM

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

ICM represented by Mr Duncan Saville

Mr Saville, aged 50, is a director of ICM. He is a chartered accountant with experience in corporate finance and corporate investment. His companies have invested in the utility sector for over twenty years. He was formerly a non-executive director of Utilico Investment Trust plc, The Special Utilities Investment Trust plc, East Surrey Water plc, Dee Valley Water plc, Glasgow Prestwick International Airport Limited and Wellington International Airport Limited and is currently a non-executive director of Infratil Ltd and ERG Ltd

Mr Charles Jillings

Mr Jillings, aged 51, is an employee of the Company. He is responsible for assisting in the running of the Company and the investment portfolio in conjunction with ICM. Mr Jillings qualified as a chartered accountant and previously was a corporate finance director at Hill Samuel. He set up The Analysis & Research Company Limited in 1995 and has been a director of a number of listed companies. He is currently a director of Utilico Emerging Markets Limited and Newtel Limited.

Assisting them are three employees of Utilico who are:

Mr James Smith

Mr Smith, aged 35, has been involved with Utilico since its inception and before that with The Special Utilities Investment Trust PLC since 1999. Mr Smith is a barrister and a member of the Institute of Chartered Accountants in England and Wales.

Mr Mark Lebbell

Mr Lebbell, aged 35, has been involved with Utilico since its inception and before that with The Special Utilities Investment Trust PLC since 2000. Mr Lebbell is an associate member of the Institute of Engineering and Technology.

Mr David McIlroy

Mr McIlroy, aged 45, has been involved with Utilico since October 2004 and was previously employed for ten years within the emerging markets team at F&C Management Limited. Mr McIlroy is an associate of the UK Society of Investment Professionals and an associate of the Chartered Institute of Bankers (Scotland).

Utilico seeks to invest in undervalued investments.

The Company looks to minimise risk by investing predominantly in companies and sectors displaying the characteristics of essential services or monopolies.

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

The Company has the flexibility to invest in shares, bonds, convertibles 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 contracts for difference, financial futures, options and warrants.

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

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

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

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

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

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

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

Ordinary shares

79,656,782 ordinary shares were in issue at 30 June 2007. 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 ZDP shareholders their accrued capital entitlement, to all the remaining assets of the Company.

Zero dividend preference shares

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

2012 ZDP shares

45,486,200 2012 ZDP shares were in issue at 30 June 2007. The 2012 ZDP shares rank for payment in priority to the ordinary shareholders (save for any undistributed revenue profits on a winding up) and the 2014 and 2016 ZDP shares but rank behind the bank debt for the capital repayment of 177.52p per ZDP share on 31 October 2012. The capital repayment is equivalent to a redemption yield of 7.0% per annum.

2014 ZDP shares

37,500,000 2014 ZDP shares were in issue at 30 June 2007. The 2014 ZDP shares rank for payment in priority to the ordinary shares (save for an undistributed revenue profit on winding up) and the 2016 ZDP shares, but rank behind the bank debt and the 2012 ZDP shares for capital repayment of 167.60p per 2014 ZDP share on 31 October 2014. The capital repayment is equivalent to a redemption yield of 7.25% per annum based on the initial capital entitlement of 100p.

2016 ZDP shares

37,500,000 2016 ZDP shares were in issue at 30 June 2007. The 2016 ZDP shares rank for payment in priority to the ordinary shares (save for an undistributed revenue profit on winding up) but rank behind the bank debt, 2012 and 2014 ZDP shares for capital repayment of 192.78p per 2016 ZDP share on 31 October 2016. The capital repayment is equivalent to a redemption yield of 7.25% per annum based on the initial capital entitlement of 100p.

Bank debt

Utilico has a £45.0m multi-currency loan facility provided by The Royal Bank of Scotland plc, secured against the Company's assets by way of a debenture. The loan is split into several tranches, with maturities extending to June 2009.

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

Warrants

2008 Warrants

12,329,479 2008 warrants were outstanding on 30 June 2007. Each warrant entitles the holder to subscribe for an ordinary share at a subscription price of 64.20p, with the final exercise in April 2008.

2012 Warrants

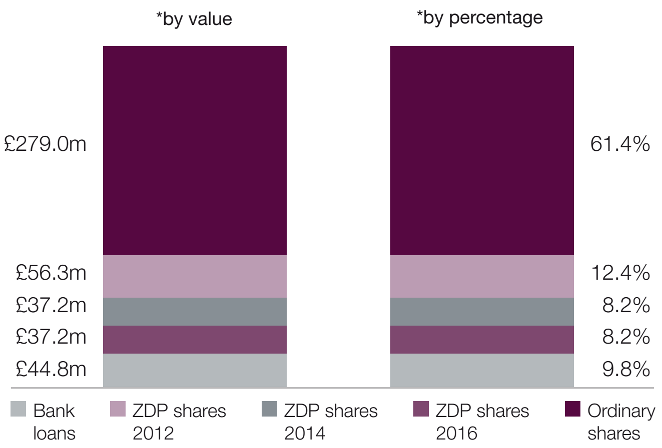
3,601,877 2012 warrants were outstanding on 30 June 2007. Each warrant entitles the holder to subscribe for an ordinary share at a subscription price of 315.00p with the final exercise in April 2012.

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

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 1.6%.

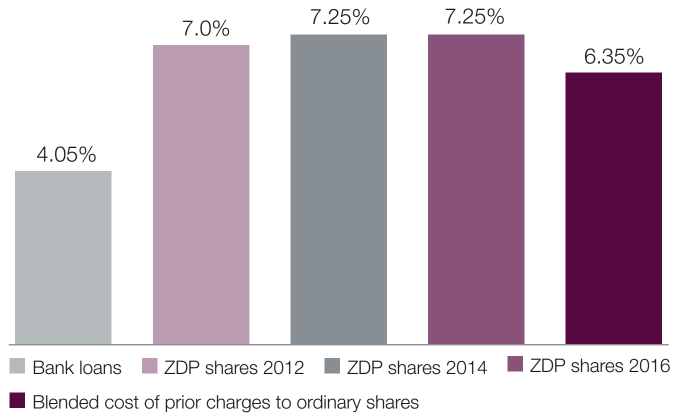
Split of gross assets
as at 30 June 2007



**Gross assets less current liabilities*

Source: Utilico Limited

Utilico's consolidated funding cost structure
as at 30 June 2007



Source: Utilico Limited

SENSITIVITY OF RETURNS AND RISK PROFILES

Ordinary shares

Ordinary shares rank behind the ZDP shares (save for any undistributed revenue on a winding up) and bank debt such that they represent a geared instrument. For every £100 of gross assets of the Company at 30 June 2007, the ordinary shares could be said to be interested in £61.39 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 1.6%.

The interest cost of Utilico's bank debt, combined with the annual appropriations to ZDP shares, currently represents a blended cost to the ordinary shares of 6.4%.

ZDP shares

2012 ZDP shares

Based on their final entitlement of 177.52p per share, the final entitlement of the 2012 ZDP shares were covered 3.62 times by gross assets on 30 June 2007. Should gross assets fall by 72.4% over the remaining life of the 2012 ZDP shares, then the 2012 ZDP shares would not receive their final entitlements in full. Should gross assets fall by 90.1%, equivalent to an annual fall of 35.2%, the ZDP shares would receive no payment at the end of their life.

2014 ZDP shares

Based on their final entitlement of 167.60p per share, the final entitlement of the 2014 ZDP shares were covered 2.41 times by gross assets on 30 June 2007. Should gross assets fall by 58.6% 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 72.4%, equivalent to an annual fall of 16.1% the 2014 ZDP shares would receive no payment at the end of their life.

2016 ZDP shares

Based on their final entitlement of 192.78p per share, the final entitlement of the 2016 ZDP shares were covered 1.74 times by gross assets on 30 June 2007. Should gross assets fall by 42.7% 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 58.6%, equivalent to an annual fall of 9.0% the 2016 ZDP shares would receive no payment at the end of their life.

SUMMARY OF CONSOLIDATED NET ASSETS

At 30 June 2007	**£'000s**	**£'000s**
Non-current assets		
Investments		413,598
Current assets		
Other receivables	1,642	
Derivative financial instruments	13,577	
Cash and cash equivalents	46,048	
	61,267	
Current liabilities		
Bank loans	(24,934)	
Other payables	(17,556)	
Derivative financial instruments	(2,715)	
	(45,205)	
Net current assets		16,062
Total assets less current liabilities		429,660
Non-current liabilities		
Bank loans	(19,891)	
Zero dividend preference shares	(130,740)	
		(150,631)
Net assets		279,029
Equity attributable to equity holders		
Ordinary share capital		7,966
Share premium account		237,554
Warrant reserve		35,118
Capital reserves		(1,582)
Revenue reserve		(27)
Total attributable to equity holders		279,029
Net asset value per ordinary share		
Basic – pence		350.29
Diluted – pence		312.06

COMPANY INFORMATION

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

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

Registered Office
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

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

Australian Financial Services No. 239075

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

Authorised and regulated in the UK
by the Financial Services Authority

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

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

Norton Rose
3 More London Riverside
London SE1 2AQ

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

Telephone 020 7628 8000

Facsimile 020 7628 8188

Authorised and regulated in the UK
by the Financial Services Authority

Auditors
PricewaterhouseCoopers LLP
Hays Galleria
1 Hays Lane
London
SE1 2RD

Custodian
JPMorgan Chase Bank
125 London Wall
London
EC2Y 5AJ

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

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