



CALEDONIA
INVESTMENTS

Performance driven

Half-year report 2009

Six months ended 30 September 2009

identify
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involve

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Caledonia is one of the UK's largest investment trusts and is self-managed. We aim to be a core investment for those seeking a store of increasing value, by investing for the longer term in a range of assets.

Our ability to identify opportunities through our extensive network, invest in significant stakes for the longer term and involve ourselves with the managements of investee companies underpins our investment approach, through which we seek to deliver shareholder value.

We are performance driven.

Financial highlights

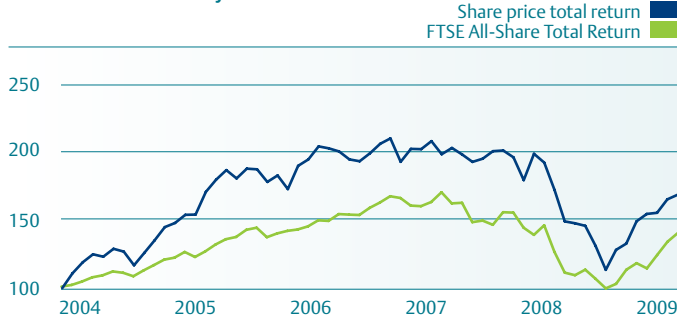
Results summary

	30 Sep 2009	31 Mar 2009	Change %
Total equity	£1,132m	£906m	24.9
Diluted NAV per share	1945p	1559p	24.8
Interim dividend per share	10.6p	10.3p	2.9
Share price	1667p	1289p	29.3
Discount	14.3%	17.3%	
FTSE All-Share index	2635	1984	32.8

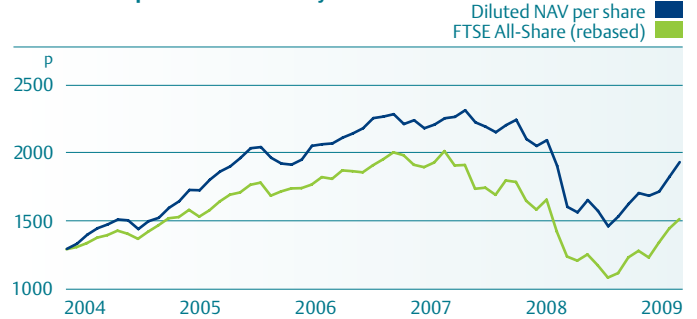
Total return performance

	5 year %	10 year %
Share price	67.7	242.3
FTSE All-Share index	38.4	28.5
Outperformance	29.3	213.8

Total return over five years



Diluted NAV per share over five years



References to net asset value ('NAV') refer to the company statement of financial position, rather than the consolidated group statement of financial position, as the directors consider this to be a more appropriate measure of performance.

Management report

Results and performance

The first half of our financial year has seen massive increases in stock market prices all round the world, but not necessarily supported by the fundamental trading position of the companies themselves. Our benchmark index – the FTSE All-Share – increased by no less than 32.8% during this six month period to 30 September 2009. Not surprisingly therefore our own diluted net asset value (“NAV”) per share also increased substantially by 24.8% to 1945p at 30 September. Our short-term underperformance compared with the FTSE All-Share index, while disappointing, is nonetheless a consequence of our deliberate strategy of maintaining a robust and defensive portfolio of long-term stakes in sound businesses. This ensured that our NAV per share suffered a proportionately lower decline in value when the market was falling, but had a lesser rebound when the market rose.

The discount of our share price to diluted NAV per share narrowed to 14.3% at 30 September 2009, compared with 17.3% at the previous year end.

Our declared performance benchmark periods are five and ten years. Over the five years to 30 September 2009, our share price total return of 67.7% represented a 29.3% outperformance compared with the FTSE All-Share Total Return of 38.4%. Over the ten year period (which more fully encompasses the economic cycle), our share price total return of 242.3% represented an outperformance of 213.8% compared with the FTSE All-Share Total Return of 28.5%.

Graphs showing our relative total shareholder return and NAV per share performance, both over five years, are presented on page 1.

Portfolio approach

In these fragile economic conditions we have continued to be cautious in our approach. As the investment activity section below shows, nearly all of our investment has been in existing investee companies where we know the businesses and the managements well, usually through having one of our own full-time executives on their boards as a non-executive director. This form of direct and extensive shareholder involvement with our listed investee companies, sets us apart from other UK-based financial institutional investors, and is, we believe, one of the key ingredients to our successful long-term performance. During the six months, considerable time and energy has been spent with the managements of investee companies to help support the right strategies in these turbulent economic times.

Investment activity

We sought to take advantage of the lower prices prevailing earlier this year, and in the six months we invested just over £63m. This £63m represents a significant increase on the £41m of investments made in the first six months of the previous financial year when markets were weakening.

The principal investments are shown in the table below:

Name	Resulting equity holding%	Category	Country of domicile	Business	Cost £m
London & Stamford	6.3	Equity	Guernsey	Property investment	12.6
Alok Industries	14.9	Equity	India	Textiles manufacturer	9.5
Oval	23.7	Loans	UK	Insurance broking	7.5
Cobepa	10.0	Equity	Belgium	Investment company	7.0
Avanti	22.6	Equity	UK	Communications	6.1
Begbies Traynor	15.7	Equity	UK	Recovery/insolvency services	3.9
Other investments					16.6
					63.2

During the six months we realised a total of £26m, compared with £44m in the six month period to 30 September 2008. The largest component arose from the realisation of our FTSE put options, partly held through a subsidiary company. The main realisations are shown in the table below:

Name	Nature of realisation	Proceeds £m	Realised gain £m
FTSE options	Close-out of options	10.8	2.9
Polar Capital fund	Redemption	6.8	1.8
Other realisations		8.6	3.8
		26.2	8.5

At the end of September our cash position was £7m. In addition, we had committed undrawn term facilities totalling £100m.



Tim Ingram
Chief Executive

Dividends

In keeping with our long-standing progressive dividend policy, the directors have declared an increased interim dividend of 10.6p per share. This represents an increase of 2.9% over last year's interim dividend and will be paid on 7 January 2010.

Recent developments in TGE Marine

On 2 October 2009, we announced that, together with Gas Fin Investments SA, a further 11.7% of shares in TGE Marine AG, the Germany-based designer and constructor of liquefied gas handling systems for ships and offshore units, had been purchased, bringing our combined shareholdings to 76.2%. We also announced that it would be our intention to de-list TGE Marine and that, together with Gas Fin, we would make a tender offer for the remaining shares in TGE Marine. The tender offer closed on 17 November 2009, as a result of which our combined shareholdings have increased to 97.2%. The investment cost of our share in the transaction, including our part of the 11.7% holding acquired at the beginning of October, was approximately £6.7m.

Board changes

In September, we welcomed Charles Gregson to the board as an additional independent non-executive director.

More recently, we announced that Stephen King will be joining the board as Finance Director on 9 December, to succeed Jonathan Cartwright.

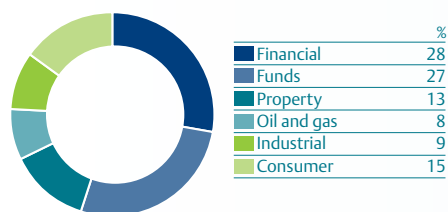
Outlook

Despite the substantial bounce-back in equity prices around the world, the economic outlook remains very fragile. Major banks remain weakened and consumer debt – particularly in the US and UK – is very high. Western governments have pumped vast amounts of liquidity into the markets and kept interest rates at extraordinarily low levels. Equities, which generally are providing (for now at least) a higher yield than cash, have inevitably been the recipient of much of this artificially created liquidity. Accordingly, as mentioned before, in many cases equity prices are not at present looking particularly attractive when analysed against the fundamental financial outlook for the companies themselves. We are therefore continuing to be cautious and, at least in the shorter term, are now planning to utilise only a small part of our £100m bank facilities. Thus in the present conditions we are aiming not to be geared significantly, whilst retaining sufficient fund availability for follow-on investment and new opportunities.

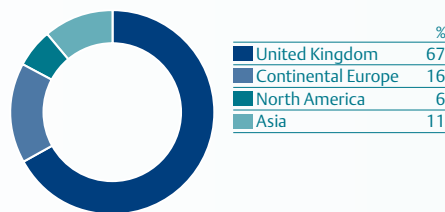
Tim Ingram
Chief Executive

Our portfolio

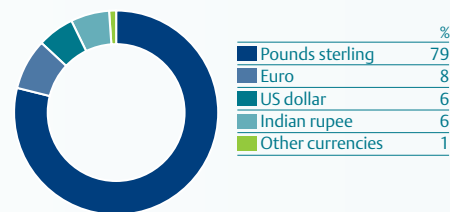
Net assets by business sector



Net assets by geography



Net assets by currency



Name	Equity holding %	Country of domicile	Business sector	Nature of business	Total £m	Proportion of net assets %
Close Brothers ^{1,2}	13.6	UK	Financial	Merchant banking	156.3	13.8
British Empire Securities ^{1,2}	17.7	UK	Funds	Investment trust	123.1	10.9
Cobepa ²	10.0	Belgium	Funds	Investment company	68.3	6.0
Oval ²	23.7	UK	Financial	Insurance broking	49.4	4.4
Avanti Communications ^{1,2}	22.6	UK	Consumer	Satellite communications services	47.2	4.2
Bristow Group ^{1,2}	6.6	US	Oil and gas	Helicopter services	45.1	4.0
London & Stamford Property ¹	6.3	Guernsey	Property	Property investment	40.3	3.5
Melrose Resources ^{1,2}	10.3	UK	Oil and gas	Oil and gas exploration and production	40.1	3.5
Rathbone Brothers ^{1,2}	10.4	UK	Financial	Fund management	38.9	3.4
Eddington Capital funds ³		Cayman	Funds	Funds of hedge funds	36.2	3.2
AG Barr ¹	9.4	UK	Consumer	Soft drinks	29.5	2.6
Quintain Estates ¹	10.6	UK	Property	Property development	29.2	2.6
Satellite Information Services ²	22.5	UK	Consumer	Betting information distribution	28.7	2.5
Alok Industries ^{1,2}	14.9	India	Consumer	Textiles manufacturer	27.9	2.5
Celerant Consulting ²	47.3	UK	Industrial	Management consulting	23.0	2.0
Polar Capital funds ³		Ireland/Cayman	Funds	Hedge and long-only funds	18.2	1.6
Novae Group ^{1,2}	7.2	UK	Financial	Insurance services	17.8	1.6
Dewan Housing Finance ^{1,2}	11.0	India	Financial	Housing finance	17.0	1.5
Nova Springboard ³		Guernsey	Funds	Investment fund	16.0	1.4
Begbies Traynor ^{1,2}	15.7	UK	Industrial	Recovery/insolvency services	15.1	1.3
TGE Marine ^{1,2}	35.4	Germany	Industrial	Gas engineering	13.8	1.2
Serica Energy ^{1,2}	14.4	UK	Oil and gas	Oil and gas exploration and production	13.6	1.2
Varun Shipping ^{1,2}	11.2	India	Industrial	Shipping services	13.4	1.2
Pragma		France	Funds	Investment funds	13.2	1.2
Eredene Capital ^{1,2}	21.6	UK	Property	Indian infrastructure investment	12.1	1.1
Ermitage ²	60.0	Jersey	Financial	Funds of hedge funds manager	11.9	1.1
Other investments ⁴					190.7	16.8
Investment portfolio					1,136.0	100.3
Cash and other net liabilities					(3.7)	(0.3)
Net assets					1,132.3	100.0

1. Equity securities quoted on UK or overseas stock exchanges.

2. Board representation.

3. Investment in funds only. Caledonia is also a shareholder in, and has board representation on, the management company.

4. Comprised investments of less than 1% of net assets each.

Regulatory information

Risks and uncertainties

Caledonia has a risk management framework that provides a structured process for identifying, assessing and managing risks associated with the company's business objectives and strategy.

The principal risks and uncertainties faced by the company are set out in the business review section of Caledonia's annual report 2009. In summary, those risks and uncertainties were market risk, currency risk, interest rate risk, other price risk, liquidity risk, credit risk, fair values of financial assets and capital management policies and procedures.

The principal risks and uncertainties identified in the annual report 2009 remain unchanged and each of them has the potential to affect the company's results during the remainder of the year ending 31 March 2010.

Caledonia aims to manage risk by:

- diversifying the portfolio by sector and geography
- ensuring access to relevant information from investee companies, usually through board representation
- managing cash and cash equivalents to ensure that liquidity is available to meet investment and operating needs
- reducing counterparty risk by limiting maximum aggregate exposures.

Going concern

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-year condensed financial statements.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union
- the interim management report includes a fair review of the information required by:
 1. DTR 4.2.7 of the 'Disclosure Rules and Transparency Rules', being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year
 2. DTR 4.2.8 of the 'Disclosure Rules and Transparency Rules', being related parties transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period and any changes in the related parties transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

Signed on behalf of the Board



Tim Ingram
Chief Executive



Jonathan Cartwright
Finance Director

Condensed statement of comprehensive income for the six months ended 30 September 2009

	6 mths 30 Sep 2009 £m	Company 6 mths 30 Sep 2008 £m	Year 31 Mar 2009 £m	6 mths 30 Sep 2009 £m	Group 6 mths 30 Sep 2008 £m	Year 31 Mar 2009 £m
Gains and losses on investments held at fair value through profit or loss	244.1	(132.1)	(350.4)	260.8	(136.4)	(350.8)
Gains and losses on derivatives used to hedge the fair value of investments	(7.0)	–	(1.3)	(18.5)	15.6	26.1
Provisions	–	10.0	10.0	–	10.0	10.0
Investment and other income	10.9	14.5	34.6	12.4	15.8	38.9
Investment income impairment	–	–	(2.5)	–	–	(2.5)
Gross portfolio return	248.0	(107.6)	(309.6)	254.7	(95.0)	(278.3)
Management expenses	(6.1)	(5.6)	(9.6)	(6.1)	(5.6)	(9.6)
Other expenses	(0.2)	(0.1)	(0.5)	(0.2)	(0.1)	(0.5)
Net portfolio return	241.7	(113.3)	(319.7)	248.4	(100.7)	(288.4)
Revenue from sales of goods and services	–	–	–	56.6	57.6	131.0
Operating expenses	–	–	–	(55.2)	(52.4)	(135.5)
Loss on disposal of operations	–	–	–	–	–	(0.3)
Gain on investment property	–	–	–	–	–	0.3
Share of results of joint ventures	–	–	–	(2.8)	0.3	0.8
Profit/(loss) before finance costs	241.7	(113.3)	(319.7)	247.0	(95.2)	(292.1)
Treasury interest receivable	0.3	0.9	1.6	0.1	1.0	1.7
Exchange movements	(0.2)	0.1	(0.8)	(1.0)	(0.1)	1.2
Finance costs	(0.2)	–	(0.5)	(1.3)	(2.2)	(4.7)
Profit/(loss) before tax	241.6	(112.3)	(319.4)	244.8	(96.5)	(293.9)
Taxation	(0.7)	(7.1)	(6.1)	(1.4)	(11.0)	(6.9)
Profit/(loss) for the period	240.9	(119.4)	(325.5)	243.4	(107.5)	(300.8)
Other comprehensive income						
Exchange differences on translation of foreign operations	–	–	–	(1.6)	1.7	6.9
Transfer to income statement on disposal of foreign operations	–	–	–	–	–	(0.4)
Actuarial losses on defined benefit pension schemes	(1.0)	(3.5)	(3.5)	(1.3)	(6.0)	(8.6)
Tax on other comprehensive income	0.3	(0.8)	(0.7)	0.8	0.6	0.6
Total comprehensive income	240.2	(123.7)	(329.7)	241.3	(111.2)	(302.3)
Profit/(loss) for the period attributable to						
Equity holders of the parent	240.9	(119.4)	(325.5)	243.3	(107.6)	(300.6)
Minority interest	–	–	–	0.1	0.1	(0.2)
	240.9	(119.4)	(325.5)	243.4	(107.5)	(300.8)
Total comprehensive income attributable to						
Equity holders of the parent	240.2	(123.7)	(329.7)	241.4	(111.4)	(302.6)
Minority interest	–	–	–	(0.1)	0.2	0.3
	240.2	(123.7)	(329.7)	241.3	(111.2)	(302.3)
Basic earnings per share	417.5p	-207.2p	-564.1p	421.6p	-186.7p	-521.0p
Diluted earnings per share	415.5p	-207.2p	-564.1p	419.6p	-186.7p	-521.0p

Condensed statement of financial position

at 30 September 2009

	30 Sep 2009 £m	Company 30 Sep 2008 £m	31 Mar 2009 £m	30 Sep 2009 £m	Group 30 Sep 2008 £m	31 Mar 2009 £m
Non-current assets						
Investments held at fair value through profit or loss	1,134.7	1,114.4	848.9	1,077.5	995.1	773.2
Investments in subsidiaries held at cost	0.8	0.8	0.8	–	–	–
Available for sale investments	–	–	–	0.7	0.6	0.8
Intangible assets	–	–	–	27.7	39.9	28.8
Property, plant and equipment	–	–	–	88.0	89.4	90.4
Investment property	–	–	–	11.9	5.4	0.5
Interests in joint ventures	–	–	–	5.1	7.9	8.1
Deferred tax assets	0.7	1.0	2.0	6.1	6.7	7.9
Non-current assets	1,136.2	1,116.2	851.7	1,217.0	1,145.0	909.7
Current assets						
Inventories	–	–	–	16.0	18.1	17.3
Derivatives	0.5	–	6.6	0.5	31.2	29.2
Trade and other receivables	7.7	2.5	4.0	31.8	28.4	38.5
Current tax assets	–	–	–	1.0	0.3	0.4
Money market funds held at fair value through profit or loss	–	–	–	–	–	1.0
Cash and cash equivalents	7.3	17.1	55.5	24.4	31.8	74.2
Current assets	15.5	19.6	66.1	73.7	109.8	160.6
Total assets	1,151.7	1,135.8	917.8	1,290.7	1,254.8	1,070.3
Current liabilities						
Bank overdrafts	–	–	–	(0.2)	(0.3)	(0.3)
Interest-bearing loans and borrowings	–	–	–	(0.1)	(16.6)	(1.6)
Trade and other payables	(4.3)	(7.9)	(2.4)	(24.7)	(28.2)	(32.8)
Employee benefits	–	–	–	(1.7)	(2.7)	(3.5)
Current tax liabilities	(2.9)	(5.2)	(4.0)	(0.5)	(10.6)	(3.8)
Provisions	(8.9)	(3.5)	(3.5)	(4.2)	(4.1)	(4.2)
Current liabilities	(16.1)	(16.6)	(9.9)	(31.4)	(62.5)	(46.2)
Non-current liabilities						
Interest-bearing loans and borrowings	–	–	–	(86.4)	(52.8)	(79.5)
Employee benefits	(2.5)	(1.5)	(1.5)	(11.7)	(9.2)	(11.1)
Deferred tax liabilities	(0.8)	(1.1)	(0.2)	(2.1)	(2.5)	(1.5)
Non-current liabilities	(3.3)	(2.6)	(1.7)	(100.2)	(64.5)	(92.1)
Total liabilities	(19.4)	(19.2)	(11.6)	(131.6)	(127.0)	(138.3)
Net assets	1,132.3	1,116.6	906.2	1,159.1	1,127.8	932.0
Equity						
Share capital	3.3	3.3	3.3	3.3	3.3	3.3
Share premium	1.3	1.3	1.3	1.3	1.3	1.3
Capital redemption reserve	1.2	1.2	1.2	1.2	1.2	1.2
Capital reserve	879.8	863.5	643.5	–	–	–
Retained earnings	272.3	272.7	281.5	1,170.1	1,141.2	940.4
Foreign exchange translation reserve	–	–	–	6.3	3.3	7.7
Own shares	(25.6)	(25.4)	(24.6)	(25.6)	(25.4)	(24.6)
Equity attributable to owners of the parent	1,132.3	1,116.6	906.2	1,156.6	1,124.9	929.3
Minority interest	–	–	–	2.5	2.9	2.7
Total equity	1,132.3	1,116.6	906.2	1,159.1	1,127.8	932.0
Undiluted net asset value per share	1964p	1939p	1574p			
Diluted net asset value per share	1945p	1919p	1559p			

Condensed statement of changes in equity for the six months ended 30 September 2009

	Share capital £m	Share premium £m	Capital redemption reserve £m	Capital reserve £m	Retained earnings £m	Currency translation reserve £m	Own shares £m	Minority interest £m	Total equity £m
Company									
Balance at 1 April 2008	3.3	1.3	1.2	998.1	274.3	-	(26.3)	-	1,251.9
Total comprehensive income	-	-	-	(354.6)	24.9	-	-	-	(329.7)
Share-based payments	-	-	-	-	1.3	-	-	-	1.3
Exercise of share options	-	-	-	-	-	-	2.2	-	2.2
Own shares repurchased	-	-	-	-	-	-	(3.5)	-	(3.5)
Share buy-back arrangements	-	-	-	-	-	-	3.0	-	3.0
Dividends to shareholders	-	-	-	-	(19.0)	-	-	-	(19.0)
Balance at 31 March 2009	3.3	1.3	1.2	643.5	281.5	-	(24.6)	-	906.2
Total comprehensive income	-	-	-	236.3	3.9	-	-	-	240.2
Share-based payments	-	-	-	-	0.5	-	-	-	0.5
Exercise of share options	-	-	-	-	-	-	0.8	-	0.8
Own shares repurchased	-	-	-	-	-	-	(1.8)	-	(1.8)
Dividends to shareholders	-	-	-	-	(13.6)	-	-	-	(13.6)
Balance at 30 September 2009	3.3	1.3	1.2	879.8	272.3	-	(25.6)	-	1,132.3
Company									
Balance at 1 April 2008	3.3	1.3	1.2	998.1	274.3	-	(26.3)	-	1,251.9
Total comprehensive income	-	-	-	(134.6)	10.9	-	-	-	(123.7)
Share-based payments	-	-	-	-	0.5	-	-	-	0.5
Exercise of share options	-	-	-	-	-	-	2.2	-	2.2
Own shares repurchased	-	-	-	-	-	-	(2.3)	-	(2.3)
Share buy-back arrangements	-	-	-	-	-	-	1.0	-	1.0
Dividends to shareholders	-	-	-	-	(13.0)	-	-	-	(13.0)
Balance at 30 September 2008	3.3	1.3	1.2	863.5	272.7	-	(25.4)	-	1,116.6
Group									
Balance at 1 April 2008	3.3	1.3	1.2	-	1,266.7	1.7	(26.3)	3.4	1,251.3
Total comprehensive income	-	-	-	-	(308.6)	6.0	-	0.3	(302.3)
Share-based payments	-	-	-	-	1.3	-	-	-	1.3
Exercise of share options	-	-	-	-	-	-	2.2	-	2.2
Own shares repurchased	-	-	-	-	-	-	(3.5)	-	(3.5)
Share buy-back arrangements	-	-	-	-	-	-	3.0	-	3.0
Dividends to shareholders	-	-	-	-	(19.0)	-	-	(1.0)	(20.0)
Balance at 31 March 2009	3.3	1.3	1.2	-	940.4	7.7	(24.6)	2.7	932.0
Total comprehensive income	-	-	-	-	242.8	(1.4)	-	(0.1)	241.3
Share-based payments	-	-	-	-	0.5	-	-	-	0.5
Exercise of share options	-	-	-	-	-	-	0.8	-	0.8
Own shares repurchased	-	-	-	-	-	-	(1.8)	-	(1.8)
Dividends to shareholders	-	-	-	-	(13.6)	-	-	(0.1)	(13.7)
Balance at 30 September 2009	3.3	1.3	1.2	-	1,170.1	6.3	(25.6)	2.5	1,159.1
Group									
Balance at 1 April 2008	3.3	1.3	1.2	-	1,266.7	1.7	(26.3)	3.4	1,251.3
Total comprehensive income	-	-	-	-	(113.0)	1.6	-	0.2	(111.2)
Share-based payments	-	-	-	-	0.5	-	-	-	0.5
Exercise of share options	-	-	-	-	-	-	2.2	-	2.2
Own shares repurchased	-	-	-	-	-	-	(2.3)	-	(2.3)
Share buy-back arrangements	-	-	-	-	-	-	1.0	-	1.0
Dividends to shareholders	-	-	-	-	(13.0)	-	-	(0.7)	(13.7)
Balance at 30 September 2008	3.3	1.3	1.2	-	1,141.2	3.3	(25.4)	2.9	1,127.8

Condensed statement of cash flows

for the six months ended 30 September 2009

	6 mths 30 Sep 2009 £m	Company 6 mths 30 Sep 2008 £m	Year 31 Mar 2009 £m	6 mths 30 Sep 2009 £m	Group 6 mths 30 Sep 2008 £m	Year 31 Mar 2009 £m
Operating activities						
Dividends received	10.0	11.8	27.3	10.0	11.9	25.3
Interest received	2.0	2.3	9.2	2.6	1.8	8.6
Cash received from customers	–	–	–	67.4	62.6	134.1
Cash paid to suppliers and employees	(4.6)	(7.8)	(16.3)	(64.6)	(63.4)	(130.3)
Taxes received/(paid)	0.7	(4.3)	(6.7)	(2.1)	(8.9)	(13.7)
Group relief received	–	0.2	0.7	–	–	–
Net cash flow from operating activities	8.1	2.2	14.2	13.3	4.0	24.0
Investing activities						
Purchases of investments	(61.1)	(39.5)	(63.6)	(58.6)	(38.6)	(55.0)
Proceeds from disposal of investments	26.6	44.0	110.3	15.9	39.1	62.7
Purchases of money market funds	–	–	–	–	–	(1.0)
Proceeds from disposal of money market funds	–	–	–	1.0	–	–
Net receipts/(payments) from derivatives	(1.0)	–	(7.9)	9.3	4.5	17.7
Purchases of property, plant and equipment	–	–	–	(1.1)	(3.6)	(6.2)
Proceeds from disposal of property, plant and equipment	–	–	–	–	0.1	2.4
Proceeds from disposal of joint ventures	–	–	–	0.2	0.1	0.4
Purchases of investment property	–	–	–	(12.1)	–	–
Proceeds from disposal of investment property	–	–	–	–	–	6.3
Purchases of subsidiaries net of cash acquired	–	–	–	(3.1)	(2.9)	(4.3)
Proceeds from disposal of subsidiaries net of cash disposed	–	–	–	0.7	–	(0.2)
Loans advanced	(6.0)	–	–	(4.3)	–	–
Net cash flow from/(used in) investing activities	(41.5)	4.5	38.8	(52.1)	(1.3)	22.8
Financing activities						
Interest paid	(0.2)	–	(0.7)	(1.2)	(2.2)	(4.5)
Distributions paid to holders of equity shares	(13.6)	(13.0)	(19.0)	(13.6)	(13.0)	(19.0)
Dividends paid to minority interests	–	–	–	(0.1)	(0.7)	(1.0)
Proceeds from new borrowings	–	–	50.0	7.4	1.8	60.0
Repayment of borrowings	–	–	(50.0)	(1.5)	(0.3)	(52.9)
Purchase of treasury stock	–	–	(50.4)	–	–	(50.4)
Proceeds from disposal of treasury stock	–	–	50.4	–	–	50.4
Exercise of share options	0.8	2.2	2.2	0.8	2.2	2.2
Repurchase of own shares	(1.8)	(2.3)	(3.5)	(1.8)	(2.3)	(3.5)
Net cash flow used in financing activities	(14.8)	(13.1)	(21.0)	(10.0)	(14.5)	(18.7)
Net decrease in cash and cash equivalents	(48.2)	(6.4)	32.0	(48.8)	(11.8)	28.1
Cash and cash equivalents at period start	55.5	23.5	23.5	73.9	42.7	42.7
Exchange gains on cash and cash equivalents	–	–	–	(0.9)	0.6	3.1
Cash and cash equivalents at period end	7.3	17.1	55.5	24.2	31.5	73.9

Notes to the condensed set of financial statements

1. General information

Caledonia Investments plc is an investment trust company domiciled in the United Kingdom. The address of its registered office is Cayzer House, 30 Buckingham Gate, London SW1E 6NN. The ordinary shares of the company are listed on the London Stock Exchange and the New Zealand Exchange.

This condensed set of financial statements was approved for issue on 25 November 2009 and is unaudited.

The information for the period ended 30 September 2009 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 March 2009 has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2. Basis of accounting

This condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' and should be read in conjunction with the annual financial statements for the year ended 31 March 2009, which were prepared in accordance with IFRSs as adopted by the European Union.

3. Accounting policies

Except as described below, the same accounting policies, presentations and methods of computation are followed in this condensed set of financial statements as were applied in the company's latest audited annual financial statements.

- IAS 1 (revised 2007) 'Presentation of Financial Statements' requires the presentation of a statement of comprehensive income.
- IFRS 8 'Operating Segments' requires financial information to be presented on the same basis as used for internal performance measurement.

4. Dividends

Amounts recognised as distributions to equity holders in the period were as follows:

	6 mths 30 Sep 2009 £m	6 mths 30 Sep 2008 £m	Year 31 Mar 2009 £m
Final dividend for the year ended 31 March 2009 of 23.5p per share (2008 – 22.6p)	13.5	13.0	13.0
Interim dividend for the year ended 31 March 2009 of 10.3p per share	–	–	6.0
	13.5	13.0	19.0

The directors have declared an interim dividend for the year ending 31 March 2010 of 10.6p per share, totalling £6.1m, which has not been included as a liability in this condensed set of financial statements. This dividend will be payable on 7 January 2010 to holders of shares on the register on 4 December 2009. The ex-dividend date will be 2 December 2009.

5. Capital commitments

On 30 September 2009, the company had undrawn fund and other commitments totalling £56.9m (30 September 2008 – £85.3m and 31 March 2009 – £96.0m).

6. Borrowings

At 30 September 2009, the company had £100m in undrawn committed revolving facilities expiring in 2013.

7. Share capital

During the six months ended 30 September 2009, 157,587 shares were released by the Employee Share Trust on the exercise of options and calling of deferred bonus awards for a consideration of £0.8m. 111,239 shares were repurchased by the Employee Share Trust at a cost of £1.8m.

At 30 September 2009, the company had entered into a share buy-back arrangement for up to £2.0m, equating to 119,976 shares. Provision for a similar arrangement at the last year end for £2.0m equating to 155,159 shares was reversed.

On 29 May 2009, executive share options were granted over 286,501 shares, with an average fair value of 392p per share.

8. Related parties

Caledonia Group Services Ltd, a wholly-owned subsidiary of the company, provides management services to the company. During the period, £5.0m was charged to the company (30 September 2008 – £5.0m and 31 March 2009 – £10.2m).

9. Impairment of assets

During the six months ended 30 September 2009, the group recognised impairments of £0.5m (30 September 2008 – £nil and 31 March 2009 – £16.5m).

10. Operating segments

The chief operating decision-maker has been identified as the Executive Committee, which reviews the company's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The performance of operating segments is assessed on a measure of company gross portfolio return, principally comprising gains and losses on investments and investment income. Reportable profit or loss is after 'Other items', which comprise management and other expenses and treasury income. Reportable assets equate to the company's net asset value.

Reportable results and assets view subsidiaries and joint ventures as investments held at fair value and include liabilities of the company. To reconcile to group profit or loss and total assets 'Eliminations' comprise the difference between the aggregate fair value and total assets of subsidiaries and joint ventures and the company's liabilities.

	Profit or loss before tax			Assets		
	6 mths 30 Sep 2009 £m	6 mths 30 Sep 2008 £m	Year 31 Mar 2009 £m	6 mths 30 Sep 2009 £m	6 mths 30 Sep 2008 £m	Year 31 Mar 2009 £m
Financial	87.0	(27.3)	(70.2)	323.5	274.9	232.9
Funds	44.2	(31.5)	(52.0)	325.4	319.4	284.5
Property	41.2	(44.0)	(82.3)	110.5	108.6	55.5
Consumer	53.7	(22.4)	(39.3)	165.6	112.1	95.5
Oil and gas	26.0	(20.4)	(45.2)	98.8	98.2	74.1
Industrial	15.2	26.3	(45.4)	111.7	175.8	89.6
FTSE options	(19.3)	11.7	24.8	0.5	26.2	24.2
Gross portfolio	248.0	(107.6)	(309.6)	1,136.0	1,115.2	856.3
Other items	(6.4)	(4.7)	(9.8)	(3.7)	1.4	49.9
Reportable total	241.6	(112.3)	(319.4)	1,132.3	1,116.6	906.2
Eliminations	3.2	15.8	25.5	158.4	138.2	164.1
Group total	244.8	(96.5)	(293.9)	1,290.7	1,254.8	1,070.3

Independent review report to Caledonia Investments plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-year financial report for the six months ended 30 September 2009, which comprises the condensed comprehensive income statement, the condensed statement of financial position, the condensed statement of changes in equity, the condensed statement of cash flows and related notes 1 to 10. We have read the other information contained in the half-year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-year financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-year financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-year financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-year financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-year financial report for the six months ended 30 September 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.



Deloitte LLP

Chartered Accountants and Statutory Auditors
London, United Kingdom
25 November 2009

Information for shareholders

Dividends

Shareholders on the UK register who wish to have dividends paid directly into a bank account, rather than by cheque to their registered address, can complete a mandate form for this purpose. Mandates may be obtained from Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Where dividends are paid directly into shareholders' bank accounts, dividend tax vouchers are sent directly to shareholders' registered addresses. Shareholders on the New Zealand register may arrange to receive their dividends by direct credit to a specified New Zealand bank account. New Zealand registered shareholders should contact Computershare Investor Services Ltd, Private Bag 92119, Auckland 1142, New Zealand if they wish to set up such an arrangement.

Share prices

The company's ordinary shares are listed on the London Stock Exchange under the SEDOL code of 0163992 or TIDM code of CLDN. Prices are published daily in the Financial Times under the 'Investment Companies' heading and in other leading newspapers.

The company's ordinary shares are also listed on the New Zealand Exchange under the security code of CDN. Shareholders in New Zealand are able to trade their shares locally and receive dividends in New Zealand dollars.

The ISIN code for Caledonia's ordinary shares is GB0001639920.

Change of address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment, shareholders on the UK register should notify Capita Registrars at the address given above, under the signature of the registered holder, or where there is more than one registered holder, under the signature of the first named holder.

Shareholders on the New Zealand register should similarly notify Computershare Investor Services Ltd at the address given above, but where there is more than one registered holder, all holders should sign.

Monthly diluted net asset value per share

The company publishes a diluted net asset value per share announcement and a monthly fact sheet shortly after each month end. These can be found on the company's website at www.caledonia.com.

Financial calendar

Provisional dates for the company's financial events over the coming year are as follows:

Half-year results announced	25 November 2009
Half-year report published	8 December 2009
Interim dividend paid	7 January 2010
Annual results announced	19 May 2010
Annual report published	15 June 2010
Annual general meeting	21 July 2010
Final dividend paid	12 August 2010

Caledonia Investments ISA

The Caledonia Investments Individual Savings Account ('ISA') is a tax efficient savings account that allows participants to invest up to £7,200 each tax year (£10,200 from 6 April 2010, or from 6 October 2009 for savers who are over 50). Lump sum payments or regular monthly deposits can be made to the ISA.

The plan manager of the ISA is Capita Financial Nominees Ltd, which can be contacted at Capita Financial Group, 2 The Boulevard, City West One Office Park, Gelderd Road, Leeds LS12 6NT or telephoned on 0845 922 0044 (calls cost 10p per minute including VAT, plus network extras).

Documentation for the ISA is also available on Caledonia's website.

Caledonia Investments Share Savings Scheme

The Caledonia Investments Share Savings Scheme is a plan that aims to provide a simple and flexible way for investors to purchase shares in Caledonia. Lump sum payments or regular monthly deposits can be made to the Share Savings Scheme.

The Share Savings Scheme is provided by Capita IRG Trustees Ltd, which can be contacted at Capita Share Savings Scheme, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or telephoned on 0870 162 3135 (calls cost 10p per minute including VAT, plus network extras).

Documentation for the Share Savings Scheme is also available on Caledonia's website.

PEPs and ISAs

Caledonia's shares can be treated as qualifying investments for the purposes of the PEP and ISA rules.

Chairman

James R H Loudon²

Executive directors

Timothy C W Ingram (Chief Executive)
Jonathan H Cartwright (Finance Director)
The Hon Charles W Cayzer
James M B Cayzer-Colvin
John M May
William P Wyatt

Non-executive directors

Charles M Allen-Jones (Senior Independent)^{1,2,3,4}
Mark E T Davies^{2,3,4}
Richard Goblet d'Alviella¹
Charles H Gregson
David G F Thompson^{1,2,3,4}

1. Member of the Audit Committee
2. Member of the Nomination Committee
3. Member of the Remuneration Committee
4. Member of the Governance Committee

Associate directors

Graeme P Denison
Jonathan R Hale
Anthony E G Hambro
Mathew S D Masters
Sheena D McNeill
Paul M Whiteley

Secretary

Graeme P Denison

Registered office

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London SW1E 6NN

Registered number

Registered in England no 235481

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The Association of
Investment Companies



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