



CALEDONIA
INVESTMENTS

19 May 2005

Presentation of
Preliminary results to 31 March 2005



Introduction

Peter Buckley

Chairman

About Caledonia

- Investment trust since 1 April 2003
- Global Growth sector of investment trusts
- Quoted since 1960 (FTSE 250)
- Distinctive style:
 - Long term supportive shareholder
 - Significant minority stakes
 - Normally with board position
- 33.5% owned by Cayzer Trust Company and 45.7% by wider concert party
- Market cap £833m (16 May 2005)

Objectives

- Outperform FTSE All-Share Total Return over 5 and 10 years
- Pay a progressive dividend

... and also aim to provide positive returns over 5 and 10 years

Highlights to 31 March 2005

- NAV increase in year to 31 March 2005 of 21% i.e. 9% outperformance
- TSR increase
 - 125% over 5 years – 133% outperformance
 - 229% over 10 years – 111% outperformance
- Global Growth ranking (source: Lipper)
 - 4th out of 37 trusts (1 year)
 - 1st out of 35 trusts (3 years)
 - 1st out of 28 trusts (5 years)
 - 3rd out of 25 trusts (10 years)
- Share price discount narrowed during the year from 20.7% to 12.0%

Highlights to 31 March 2005 (continued)

- £124m invested and £218m realised during the year
- Proposed final dividend of 19.5 pence per share (28.2 pence for full year: +4.4%)
- 38th consecutive year of annual dividend increase
- Elective special dividend/share cancellation successfully completed
- Listed on New Zealand Stock Exchange – 1 November 2004
- Seeking renewed shareholder approval for further share buy-backs

Business review

Tim Ingram

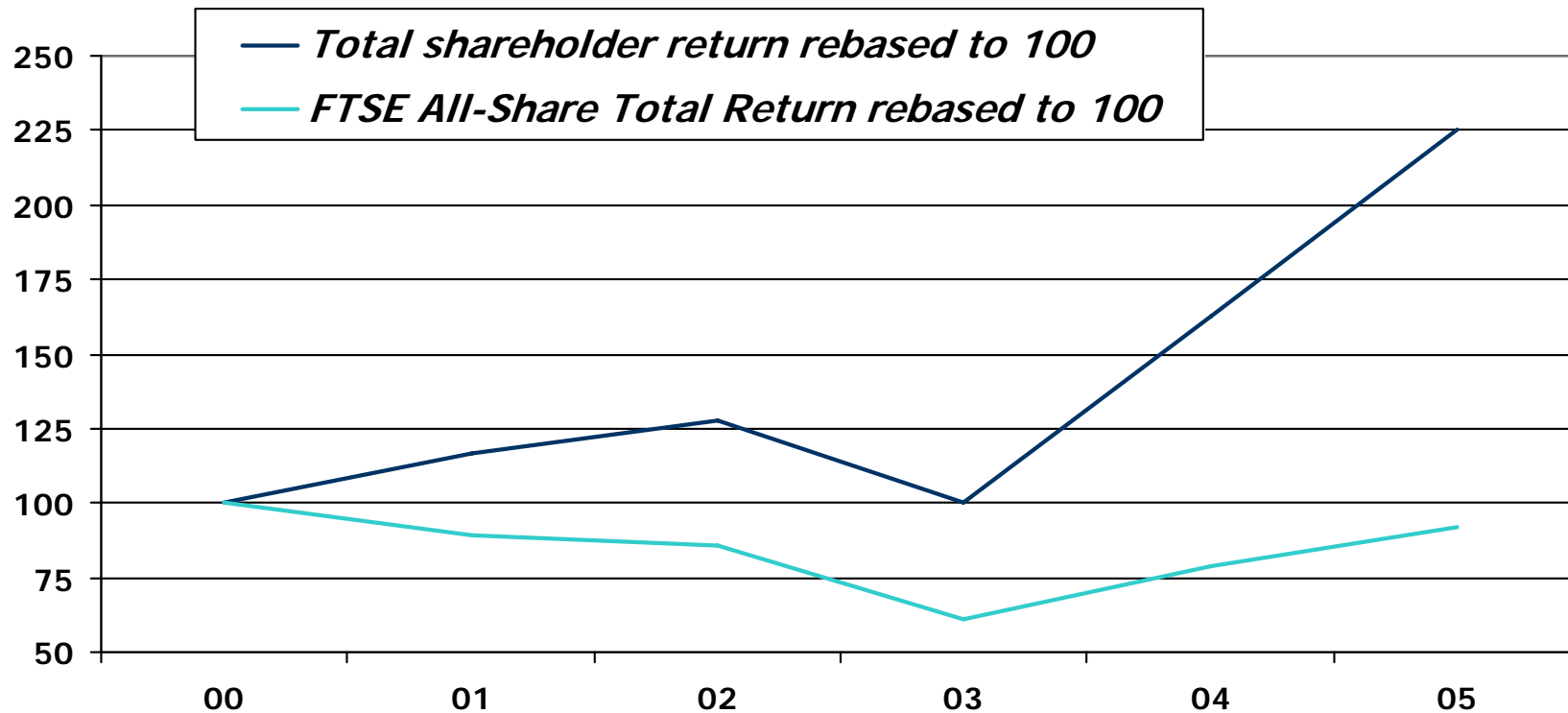
Chief Executive

Summary of the twelve months to 31 March 2005

	31.3.05	31.3.04	Change
Net asset value per ordinary share*	1554p	1282p	+21.2%
Share price	1367p	1017p	+34.4%
FTSE All-Share Index	2457.7	2197.0	+11.9%
Discount	12.0%	20.7%	narrowed

*Before accrual for final dividend

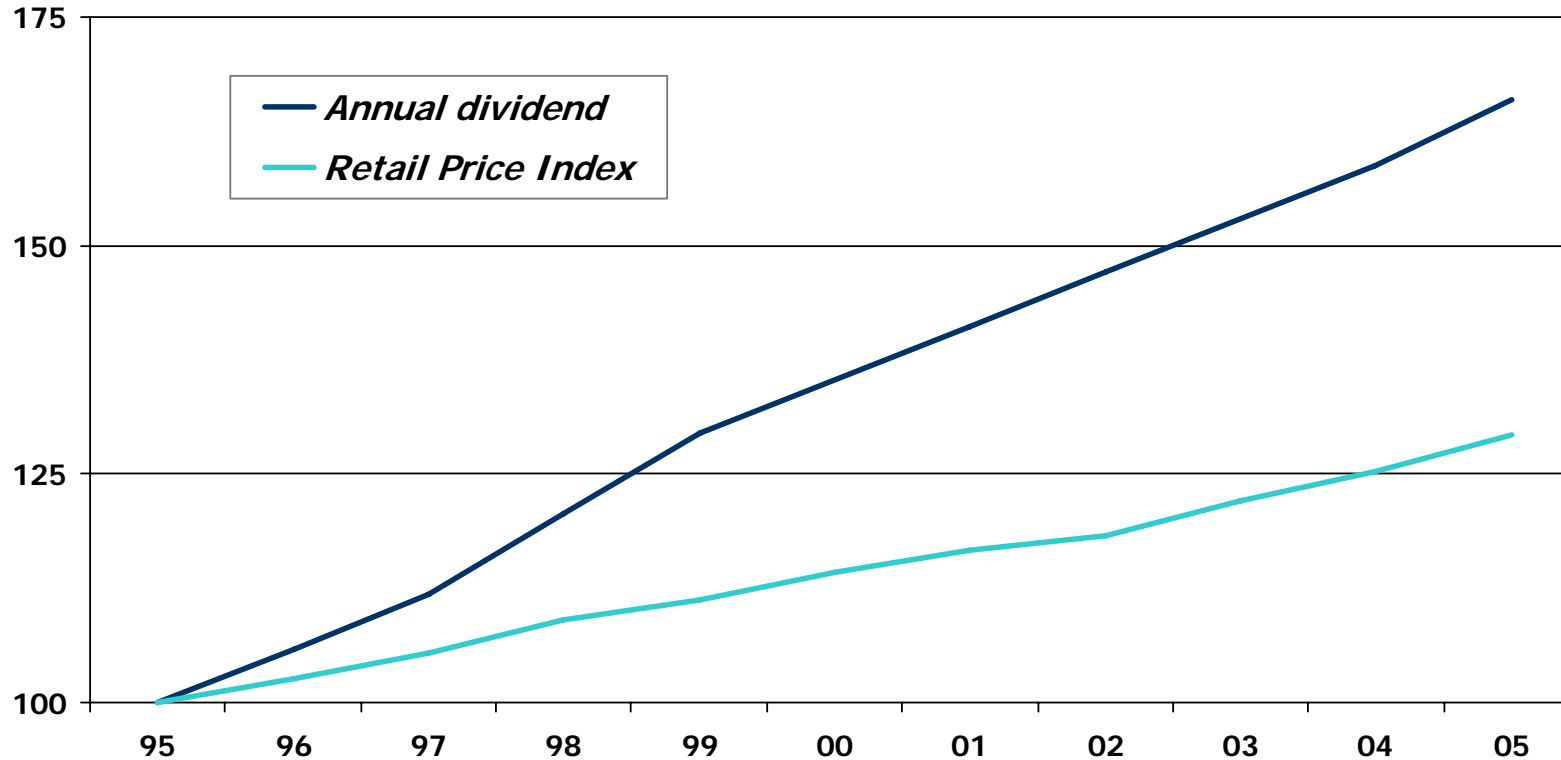
Total return: 5 years to 31 March 2005



Caledonia TR CAGR +17.6%

FTSE All-Share TR CAGR - 1.7%

Annual dividend growth*



Excluding special dividends of 30p and 70p per share in relation to 1997 and 2000 respectively

Caledonia dividend CAGR **5.2%**

RPI **2.6%**

Caledonia has a 38 year record of annual dividend growth

*** Including proposed final dividend of 19.5 pence per share**

Performance attribution for the 12 months to 31.03.05 and 24 months since conversion

	12 month change (%)	24 month change (%)
Caledonia net asset performance	+21.2%	+69.8%
FTSE All-Share Index	+11.9%	+41.6%
Outperformance	+9.3%	+28.2%
Outperformance due to sector selection	+0.5%	+7.5%
Outperformance due to stock selection	+7.6%	+21.3%
Overhead costs as a % of NAV	-1.1%	-2.5%
Special advisory costs as a % of NAV	-	-0.4%
NAV enhancement (elective special dividend)	+2.3%	+2.3%
Outperformance	+9.3%	+28.2%

Major outperformers year to 31 March 2005

Investment	Value 31.03.04 (£m)	Additions/ (Disposals) (£m)	Value 31.03.05 (£m)	Mov't in under- lying value (£m)	% chg in value ⁽¹⁾ (adj for add/disp)
Kerzner International	140.1	-62.0	117.4	39.3	+35%
British Empire Securities	76.6	0	104.9	28.3	+37%
Paladin Resources	37.4	-6.5	55.7	24.8	+72%
Aberforth Partners	32.9	-23.8	22.5	13.4	+60%
Quintain Estates	38.3	0.2	48.2	9.7	+25%
Offshore Logistics/Bristow	20.9	-3.7	23.8	6.6	+34%
Wallem Group	10.7	0	15.7	5.0	+47%
A G Barr	12.0	0	16.8	4.8	+40%
Savills	10.0	0.8	15.5	4.7	+45%
Melrose Resources	9.7	0.9	14.8	4.2	+42%
Total	388.6	-94.1	435.3	140.8	+41%
FTSE All-Share	2197.0		2457.7		+12%

(1) Additions/disposals assumed to occur mid way through 12 month period

Major underperformers year to 31 March 2005

Investment	Value 31.03.04 (£m)	Additions/ (Disposals) (£m)	Value 31.03.05 (£m)	Mov't in under- lying value (£m)	% chg in value ⁽¹⁾ (adj for add/disp)
Close Brothers	203.2	-57.1	139.5	-6.6	-4%
SVB Holdings	15.5	0	9.5	-6.0	-39%
Tribal Group	2.2	9.2	7.8	-3.6	-48%
Total	220.9	-47.9	156.8	-16.2	-8%
Outperformers (b/fwd)	388.6	-94.1	435.3	140.8	+41%
Other	301.2	54.0	380.9	25.7	+8%
Total NAV	910.7	-88.0	973.0	+150.3	+17%⁽²⁾
FTSE All-Share	2197.0		2457.7		+12%

(1) Additions/disposals assumed to occur mid way through 12 month period

(2) NAV/share increase 21% - difference principally due to enhancement effect of elective special dividend

Principal investments in the year to 31 March 2005

- Investments of £124m and disinvestments of £218m

i) New investments

	Percentage held	£m	£m
Cobepa	9.4%	22.8	
Incisive Media	8.8%	10.6	
Omniport	39.2%	6.0	
India portfolio	n.a.	7.4	
Berkshire Capital	30.0%	5.1	
Terrace Hill	7.5%	4.1	
Seven Publishing	21.7%	3.5	
		C/fwd	59.5

Principal Investments in the year to 31 March 2005

ii) Follow on investments

	Aggregate held	£m	£m
General Practice Group	30.0%	16.9	
Oval	27.4%	12.5	
Polar Capital funds	n.a.	9.3	
Tribal Group	7.4%	9.2	
Melrose	6.7%	0.9	
Other (including private equity draw downs)	n.a.	15.5	
			64.3
New investments (b/fwd)			59.5
Total investment			123.8

Principal Disinvestments in the year to 31 March 2005

	£m
Kerzner International (rebalancing 20.2% to 10.1%)	62.0
Close Brothers (rebalancing 17.6% to 12.5%)	57.1
Aberforth (distribution)	23.8
Radio Investments	13.7
Polar Capital and funds	12.4
Distributions from private equity funds	8.1
Redleaf II	7.0
Paladin (rebalancing 11.1% to 9.0%)	6.5
Hill + Smith	5.2
Active Capital Trust	5.1
Offshore Logistics/Bristow – capital reorganisation	3.7
Amerindo Internet Fund	3.0
Other	10.1
Total	217.7

Activity since year end

- £39.6m cash at 31 March 2005
- Principal investments/disinvestments in 6 weeks since 31 March 2005

Investments	£m
SIS (22%)	18.0
Disinvestments	
F&C Asset Management	20.0

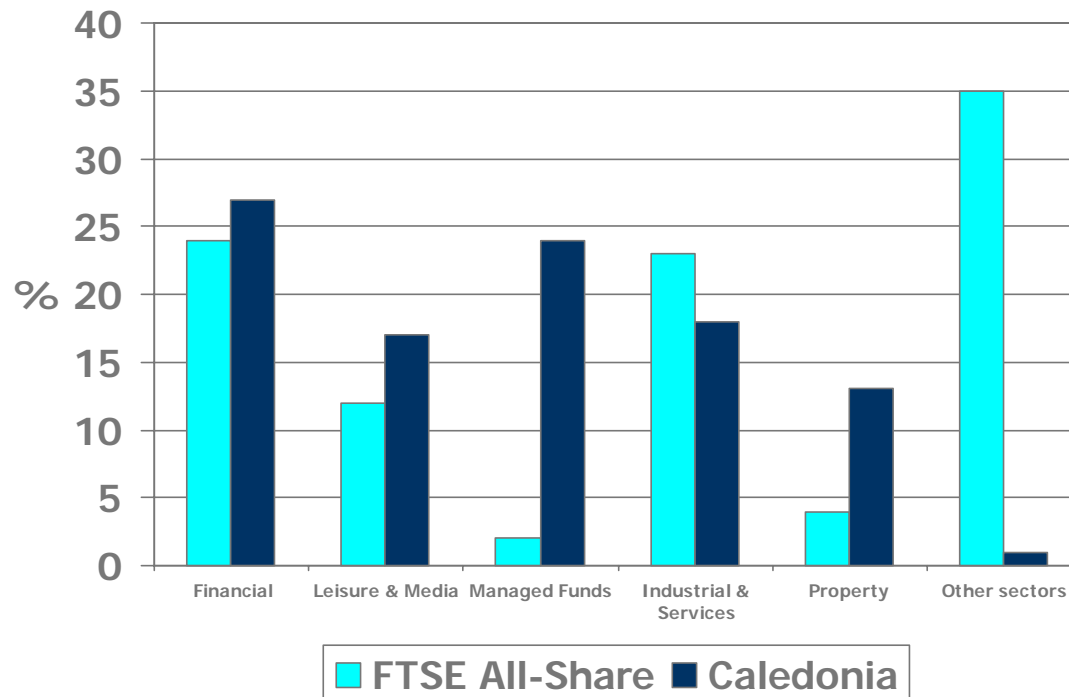
Finance Review

Jonathan Cartwright

Finance Director

Portfolio Information

Sector distribution as at 31 March 2005



Sector	FTSE All-Share %	Caledonia %	Board Policy Limit* %
Financial	24	27	40
Leisure & Media	12	17	30
Managed Funds	2	24	30
Ind'l & Services	23	18	30
Property	4	13	20
Other sectors	35	1	10
	100	100	

*No sector minimum requirement

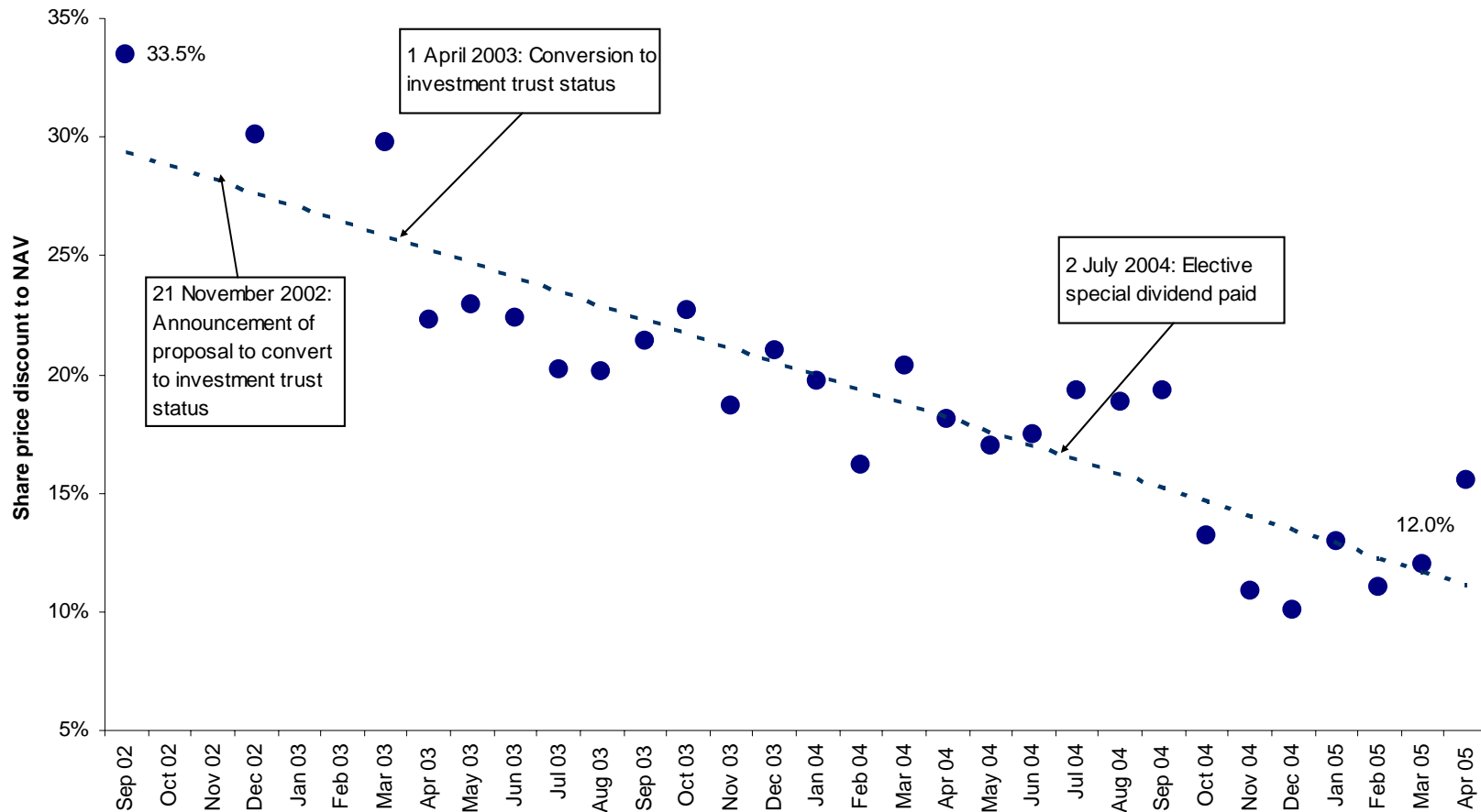
Portfolio Information (continued)

- Split of total assets as at 31 March 2005

	%
Quoted investments	66
Unquoted investments	31
Cash	3
	<hr/>
	100
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- At least 50% of total assets to be held in quoted investments or liquid assets

Share Price discount to NAV



Company cash flow year to 31 March 2005

	£m
Cash at 1 April 2004*	38.8
Acquisitions	(127.4)
Disposals	218.5
Ordinary Dividends	(18.9)
Elective Special Dividend	(88.0)
Investment Income	27.7
Others**	(11.1)
Cash at 31 March 2005*	<u>39.6</u>

*cash in hand plus short term deposits

**of which: management expenses £10.0m

Company total return year to 31 March 2005

	£m	£m
Gains on investments	165.8	
Income from investments	18.9	
	<hr/>	184.7
Expenses – management	(10.0)	
Other costs	(0.4)	
Interest payable	(1.0)	
	<hr/>	(11.4)
		<hr/>
		173.3
Taxation		(0.1)
		<hr/>
		173.2
		<hr/>
Total return per share (basic)		263.6p

International Financial Reporting Standards (IFRS)

- Report as from interim: 30 September 2005
- Key differences
 - Mark listed investments to bid prices vs mid-market (IAS 39)
 - Incorporate difference between B/S value of pension fund assets and discounted liabilities (IAS 19)
- Adjustments not expected to result in a material change to reported NAV per share

- Also, requirement to expense share based payments (IFRS 2) – but no effect on NAV per share

Closing Remarks

Tim Ingram

Chief Executive

Investment trust....performance driven

Key differentiators

- Valued reputation ⇨ strong deal flow (very discerning: 7 out of 153)
- Added value of constructive active management
- Largely self-managed

Outlook

- Cautious approach
- Care not to overpay
- Unlikely to be geared in the near term
- Seeking to renew buy-back powers
- Hands on understanding of portfolio
- Investing in India and looking at opportunities in the Far East as well as traditional areas



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Performance driven

