



Caledonia Investments plc

Half-year results for the six months ended 30 September 2008

Key points

- 11.0% decrease in diluted NAV per share over the period (4.1% outperformance vs FTSE All-Share index)
- 4.0% increase in interim dividend to 10.3p
- 234% total shareholder return over ten years (191% outperformance vs FTSE All-Share Total Return index)
- 110% total shareholder return over five years (65% outperformance vs FTSE All-Share Total Return index)
- 66% increase in diluted NAV per share over five years (43% outperformance vs FTSE All-Share index)
- £41m invested and £44m realised

Tim Ingram, Chief Executive, commented:

“Notwithstanding the extreme turbulence we have seen in world stock markets, our NAV per share has shown relative outperformance over the period against the FTSE All-Share index, despite a disappointing overall drop of 11%. We expect further economic shocks as asset prices adjust and credit remains tight. However, with our current level of liquidity and available committed financing facilities, we remain in a good position to make new investments, or add to our existing portfolio, when we judge the time to be right.

With the benefit of our strong balance sheet, we are able to maintain a progressive dividend policy with a 4% increase in the interim dividend to 10.3 pence per share.”

25 November 2008

Enquiries:

Caledonia Investments plc
Tim Ingram, Chief Executive
Jonathan Cartwright, Finance Director
020 7802 8080

College Hill
Tony Friend
Roddy Watt (mobile: 07766 998915)
020 7457 2020

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News release

Tel +44 (0)20 7457 2020
Email pr@collegehill.com

www.collegehill.com

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Chairman's statement

Results

The first six months to 30 September 2008 have seen extremely turbulent times in world stock markets, especially in the financial sector, and I regret to report that our net asset value per share has fallen by 11.0% over this period to 1919 pence. I take little comfort from the fact that we have fared better than the FTSE All-Share index, which has declined by 15.1%, as this follows the reduction of 4.6% in net assets per share reported for our year to 31 March 2008 against the index fall of 10.9%. Since 30 September, the market has continued to fall by a further 12.1% to 31 October with our own net assets per share declining by 15.2% to 1627 pence.

The disappointment expressed above must be set in the context of our longer term track record, where our five and ten year share price total return to 30 September 2008 amounted to 110% and 234%, which outperformed the FTSE All-Share Total Return index by 65% and 191% respectively. Whilst therefore our business model, which is based upon a longer term approach to investment, still engenders considerable confidence, it offers less flexibility given our reluctance to sell from strategic holdings purely to counter shorter term fluctuations in the market. Given our previously expressed concerns about the state of the economy and unsustainably high levels of borrowings, we might have done more to reduce some of our investment stakes. However, as described in the Chief Executive's review, we did successfully achieve some protection from the falls in the stock market by purchasing options on the FTSE index.

Dividend

Having given careful consideration to present circumstances, the directors have decided to continue their policy of making progressive dividend payments by declaring a 4% increase in the interim dividend. This dividend of 10.3 pence per share will be paid on 8 January 2009.

Portfolio and economic background

Our approach to investment during the period under review has been cautious, but we have added modestly to existing holdings where we believe value has been emerging with falling share prices. Full details are given in the Chief Executive's review.

I do not normally comment on broader economic circumstances with our half-year results. However, the collapse in the FTSE All-Share index of 33.5% over the 19 month period since 31 March 2007 referred to above is dramatic and only exceeded on three occasions since the Second World War over 65 years ago. More alarmingly, the falls of 73%, 37% and 51% in the stock market crashes of 1974, 1987 and 2002 were not accompanied by the threat of a systemic collapse in worldwide banking operations which has hopefully been averted over the past few weeks. However, as yet, there can be no certainty of this as markets may have further to fall.

The wider consequences of the banking disasters are not yet fully apparent, but they will have a serious adverse effect on economic growth for some time to come. The comparative weakness of the UK economy has already led to a marked decline of sterling against the euro and the US dollar. However, notwithstanding their recent setbacks, the growing economies of China, India and other Asian countries were not so powerful in the earlier collapses and should help to aid recovery this time round, though not without changing the balance of world economic power.

Outlook

We are fairly fully invested at the present time, which is certainly not ideal in current circumstances. There will undoubtedly be some extremely good investment opportunities in due course for those with the resources to invest and last summer we arranged five year borrowing facilities of £100m. The timing for new investment is uncertain given the extreme difficulties of the economic situation, but we are likely to build on some of our existing holdings where we know the strengths of the businesses and their managements and we shall remain opportunistic for new situations. We continue to believe that our longer term approach and our focus on proven and committed management teams leave us well placed to take advantage of these extraordinarily difficult times.

Peter Buckley
Chairman

Chief Executive's review

Long term performance summary

Our aim continues to be to provide consistently over five and ten year periods total shareholder returns ('TSR') which outperform the FTSE All-Share Total Return index and to provide positive total returns over rolling five year periods.

Notwithstanding the very turbulent conditions in financial markets, we report that these long term objectives are continuing to be met in both absolute and relative terms.

Six months performance summary

Over the six months we have witnessed a severe deterioration in the overall financial environment. The FTSE All-Share index fell by 15.1% and has significantly weakened further since then. As explained in our last annual report, our business philosophy, which centres on being a long term supportive and constructively involved shareholder, does mean that we do not normally liquidate our shareholdings in good companies just because of anticipated downturns in the market as a whole. In order to promote relative performance during a downturn we have adopted a number of measures which should not damage our reputation while protecting shareholder value. These include:

- o providing some downside protection through investing, via a subsidiary, Union-Castle, in FTSE index put options
- o investing in solid well run businesses, in line with our general style
- o remaining ungeared throughout the period.

Over the six month period our diluted NAV per share reduced from 2155p to 1919p - a most unwelcome decline of 11.0%. Nonetheless, this does represent over these six months a 4.1% outperformance compared with the FTSE All-Share index which declined by 15.1%.

At the end of September we had cash of approximately £17m, in addition to the bank facilities mentioned below, and our cash has increased since, to £27m by the end of October.

Bank facilities

We believe the present economic climate should bring some outstanding opportunities to make investments in good businesses with strong management teams at most attractive prices. In many cases this will be through further investment in existing businesses that we know well and believe to be substantially undervalued.

In order to benefit from such opportunities, at the end of July we put in place £100m of committed term bank facilities through two bilateral agreements for £50m five year revolving credit facilities with ING and the Royal Bank of Scotland. In addition, we have an overdraft facility of £10m. As at 30 September 2008, none of these facilities were drawn.

Investment activity

In view of the economic conditions, our investment activity was at a markedly lower level than previously. In the first six months of our financial year we made around £41m of investments which were all follow-on (thus backing managements that we know well), compared with investments totalling £113m made in the first six months of the previous financial year. These follow-on investments are shown in the table below.

Name	Resulting equity holding %	Category	Country of domicile	Business	Cost £m
Bristow Group	6.6	Equity	US	Helicopter services	6.7
Novera Energy	5.7	Equity	UK	Renewable energy	4.9
Cobepa	10.0	Equity	Belgium	Investment company	3.1
CBPE LP funds		Capital	UK	Investment funds	2.6
Close Brothers	13.5	Equity	UK	Merchant banking	2.1
Tribal Group	11.8	Equity	UK	Consultancy services	2.0
Other investments					19.5
					40.9

During the six months we realised a total of some £44m, which compares with £40m in the six month period to 30 September 2007. The major part of this resulted from the flotation of TGE Marine in May. Realisation activity is shown in the table below.

Name	Nature of realisation	Proceeds £m	Realised gain £m
TGE Marine	Part sale of equity/loan repayment	27.7	11.0
Union-Castle	Loan repayment	2.6	-
CLR Developments	Sale of equity	2.0	2.0
Other realisations		11.2	3.9
		43.5	16.9

The investments and realisations tables above do not include the reorganisation of £38.1m of investments in Eddington Capital funds, a cash neutral event, resulting in a realised gain of £12.8m.

Outlook

In previous reports we have been pessimistic in relation to the economic outlook and continue to believe that in the shorter term there will be further economic woes. However, as mentioned above, such conditions produce great opportunities for a long term investment company like ourselves and we believe that these opportunities will start arising in the nearer term.

Tim Ingram
Chief Executive

Our portfolio

Name	Equity holding %	Country of domicile	Business sector	Nature of business	Total £m	Net assets %
British Empire Securities[1,2]	18.2	UK	Funds	Investment trust	115.5	10.3
Close Brothers[1,2]	13.5	UK	Financial	Merchant banking	109.1	9.8
Oval[2]	24.1	UK	Financial	Insurance broking	56.5	5.1
TGE Marine[1,2]	35.4	Germany	Industrial	Gas engineering	47.2	4.2
Cobepa[2]	10.0	Belgium	Funds	Investment company	45.6	4.1
Bristow Group[1,2]	6.6	US/UK	Oil and gas	Helicopter services	44.6	4.0
Rathbone Brothers[1,2]	10.7	UK	Financial	Fund management	43.4	3.9
Melrose Resources[1,2]	9.7	UK	Oil and gas	Oil and gas E&P	37.0	3.3
Eddington Capital funds[2]		UK/ Cayman	Funds	Funds of hedge funds	36.1	3.2
Polar Capital funds[2]		Ireland/ Cayman	Funds	Hedge and long-only funds	33.4	3.0
Union-Castle[2]	100.0	UK	Financial	FTSE index hedging	26.2	2.4
Quintain Estates[1]	10.0	UK	Property	Property investment/ development	25.9	2.3
Satellite Information Services[2]	22.5	UK	Consumer	Betting information distribution	25.1	2.2
Sterling Industries[2]	100.0	UK	Industrial	Engineering	21.9	2.0
Avanti Communications[1,2]	24.4	UK	Consumer	Satellite communications	20.7	1.9
Celerant[2]	47.3	UK	Industrial	Management consulting	19.8	1.8
London & Stamford Property[1]	6.8	Guernsey	Property	Property investment	19.5	1.7
AG Barr[1]	9.4	UK	Consumer	Soft drinks	18.6	1.7
Begbies Traynor[1,2]	10.9	UK	Industrial	Corporate recovery services	15.8	1.4
Novae Group[1,2]	7.2	UK	Financial	Insurance services	15.6	1.4
Nova Springboard[2]		Guernsey	Funds	Investment fund	14.8	1.3
Serica Energy[1,2]	14.4	UK	Oil and gas	Oil and gas E&P	14.8	1.3
The Sloane Club[2]	100.0	UK	Consumer	Residential club	13.7	1.2
Tribal Group[1]	11.8	UK	Industrial	Consultancy services	13.2	1.2
Buckingham Gate[2]	100.0	UK	Property	Property investment	12.9	1.2
Greenhill Capital funds		Cayman	Funds	Investment funds	12.1	1.1
Varun Shipping[1,2]	11.2	India	Industrial	Shipping services	11.4	1.0
Edinmore[2]	100.0	UK	Property	Property trading	11.2	1.0
Other investments[3]					233.6	20.9
Total investments					1,115.2	99.9
Cash and other net assets					1.4	0.1
Net assets					1,116.6	100.0

1. Equity securities quoted on UK or overseas stock exchanges.
2. Board representation.
3. Comprised investments each less than 1% of net assets.

Net assets by business sector		Net assets by geography		Net assets by currency	
Financial	27%	United Kingdom	70%	Pounds sterling	81%
Funds	28%	Continental Europe	13%	Euro	7%
Property	10%	North America	7%	US dollar	7%
Oil and gas	9%	Asia	9%	Indian rupee	4%
Industrial	16%	Other countries	1%	Other currencies	1%
Consumer	10%				

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 2008. 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 2008 remain unchanged and each of them has the potential to affect the company's results during the remainder of the year ended 31 March 2009.

Caledonia aims to manage risk by:

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

Directors' responsibility statement

We confirm that to the best of our knowledge:

- o the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union
- o 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

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 2008, which comprises the condensed income statement, the condensed statement of recognised income and expense, the condensed balance sheet, the condensed cash flow statement and related notes 1 to 11 on a company and group basis. 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 2410 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 IFRS 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 2008 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 & Touche LLP
Chartered Accountants and Registered Auditor
London, UK
25 November 2008

Condensed income statement for the six months ended 30 September 2008

	Company			Group		
	6 mths 30 Sep 2008 £m	6 mths 30 Sep 2007 £m	Year 31 Mar 2008 £m	6 mths 30 Sep 2008 £m	6 mths 30 Sep 2007 £m	Year 31 Mar 2008 £m
Gains and losses on investments held at fair value through profit or loss	(132.1)	(35.2)	(70.2)	(136.4)	(39.2)	(80.7)
Gains and losses on derivatives used to hedge the fair value of investments	-	0.3	0.3	15.6	1.4	7.9
Provisions	10.0	-	-	10.0	-	-
Investment income	14.5	16.8	39.5	15.8	15.1	35.7
Investment income impairment	-	-	(9.3)	-	-	(5.1)
Gross portfolio return	(107.6)	(18.1)	(39.7)	(95.0)	(22.7)	(42.2)
Management expenses	(5.6)	(5.2)	(11.2)	(5.6)	(5.2)	(11.2)
Other expenses	(0.1)	(0.2)	(1.7)	(0.1)	(0.2)	(1.7)
Net portfolio return	(113.3)	(23.5)	(52.6)	(100.7)	(28.1)	(55.1)
Revenue from sales of goods and services	-	-	-	57.6	57.1	120.5
Operating expenses	-	-	-	(52.4)	(53.4)	(106.6)
Loss on disposal of operations	-	-	-	-	-	(0.1)
Gain on investment property	-	-	-	-	2.9	4.4
Share of results of joint ventures	-	-	-	0.3	1.8	0.4
Loss before finance costs	(113.3)	(23.5)	(52.6)	(95.2)	(19.7)	(36.5)
Treasury interest receivable	0.9	3.0	4.1	1.0	3.6	4.5
Exchange movements	0.1	(0.2)	(0.2)	(0.1)	(0.2)	(1.0)
Finance costs	-	-	-	(2.2)	(2.1)	(4.2)
Loss before tax	(112.3)	(20.7)	(48.7)	(96.5)	(18.4)	(37.2)
Taxation	(7.1)	6.5	4.8	(11.0)	5.0	(1.7)
Loss for the period	(119.4)	(14.2)	(43.9)	(107.5)	(13.4)	(38.9)
<i>Attributable to</i>						
Equity holders of the parent	(119.4)	(14.2)	(43.9)	(107.6)	(13.4)	(38.1)
Minority interest	-	-	-	0.1	-	(0.8)
	(119.4)	(14.2)	(43.9)	(107.5)	(13.4)	(38.9)
Basic earnings per ordinary share	-207.2p	-24.5p	-76.0p	-186.7p	-23.1p	-65.9p
Diluted earnings per ordinary share	-207.2p	-24.5p	-76.0p	-186.7p	-23.1p	-65.9p

Condensed statement of recognised income and expense for the six months ended 30 September 2008

	Company			Group		
	6 mths 30 Sep 2008 £m	6 mths 30 Sep 2007 £m	Year 31 Mar 2008 £m	6 mths 30 Sep 2008 £m	6 mths 30 Sep 2007 £m	Year 31 Mar 2008 £m
Exchange differences on translation of foreign operations	-	-	-	1.7	0.1	2.5
Actuarial gains and losses on defined benefit pension schemes	(3.5)	-	1.5	(6.0)	-	1.5
Tax on items recognised directly in equity	(0.8)	(0.2)	(0.9)	0.6	(0.2)	(0.9)
Net income/(expense) recognised directly in equity	(4.3)	(0.2)	0.6)	(3.7)	(0.1)	3.1)
Loss for the period	(119.4)	(14.2)	(43.9)	(107.5)	(13.4)	(38.9)
Total recognised income and expense	(123.7)	(14.4)	(43.3)	(111.2)	(13.5)	(35.8)
<i>Attributable to</i>						
Equity holders of the parent	(123.7)	(14.4)	(43.3)	(111.4)	(13.5)	(35.1)
Minority interest	-	-	-	0.2	-	(0.7)
	(123.7)	(14.4)	(43.3)	(111.2)	(13.5)	(35.8)

Condensed balance sheet at 30 September 2008

	Company			Group		
	30 Sep 2008 £m	30 Sep 2007 £m	31 Mar 2008 £m	30 Sep 2008 £m	30 Sep 2007 £m	31 Mar 2008 £m
<i>Non-current assets</i>						
Investments held at fair value through profit or loss	1,114.4	1,271.4	1,247.3	995.1	1,157.2	1,127.7
Investments in subsidiaries held at cost	0.8	0.8	0.8	-	-	-
Available for sale investments	-	-	-	0.6	0.5	0.5
Intangible assets	-	-	-	39.9	40.6	39.5
Property, plant and equipment	-	-	-	89.4	76.9	88.3
Investment property	-	-	-	5.4	4.3	5.4
Interests in joint ventures	-	-	-	7.9	9.7	7.7
Deferred tax assets	1.0	6.9	1.7	6.7	8.9	4.7
Employee benefits	-	-	2.0	-	-	2.0
Non-current assets	1,116.2	1,279.1	1,251.8	1,145.0	1,298.1	1,275.8
<i>Current assets</i>						
Inventories	-	-	-	18.1	16.8	16.2
Derivatives	-	-	-	31.2	9.1	19.6
Trade and other receivables	2.5	2.6	4.2	28.4	25.5	30.0
Current tax assets	-	-	-	0.3	-	0.3
Money market funds held at fair value through profit or loss	-	-	-	-	0.3	-
Cash and cash equivalents	17.1	36.1	23.5	31.8	52.7	42.7
Current assets	19.6	38.7	27.7	109.8	104.4	108.8
Total assets	1,135.8	1,317.8	1,279.5	1,254.8	1,402.5	1,384.6
<i>Current liabilities</i>						
Bank overdrafts	-	-	-	(0.3)	(0.4)	-
Interest-bearing loans and borrowings	-	-	-	(16.6)	(1.3)	(16.5)
Trade and other payables	(7.9)	(8.9)	(9.7)	(28.2)	(31.2)	(32.7)
Employee benefits	-	-	-	(2.7)	(1.3)	(3.9)
Current tax liabilities	(5.2)	(1.0)	(3.3)	(10.6)	(2.8)	(6.9)
Provisions	(3.5)	(13.5)	(13.5)	(4.1)	(14.0)	(14.1)
Current liabilities	(16.6)	(23.4)	(26.5)	(62.5)	(51.0)	(74.1)
<i>Non-current liabilities</i>						
Interest-bearing loans and borrowings	-	-	-	(52.8)	(58.0)	(51.3)
Employee benefits	(1.5)	(1.0)	(1.1)	(9.2)	(5.4)	(5.2)
Deferred tax liabilities	(1.1)	(3.2)	-	(2.5)	(4.4)	(2.7)
Non-current liabilities	(2.6)	(4.2)	(1.1)	(64.5)	(67.8)	(59.2)
Total liabilities	(19.2)	(27.6)	(27.6)	(127.0)	(118.8)	(133.3)
Net assets	1,116.6	1,290.2	1,251.9	1,127.8	1,283.7	1,251.3
<i>Equity</i>						
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	863.5	1,033.4	998.1	-	-	-
Retained earnings	272.7	272.7	274.3	1,141.2	1,295.4	1,266.7
Foreign exchange translation reserve	-	-	-	3.3	(0.6)	1.7
Own shares	(25.4)	(21.7)	(26.3)	(25.4)	(21.7)	(26.3)
Equity attributable to owners of the parent	1,116.6	1,290.2	1,251.9	1,124.9	1,278.9	1,247.9
Minority interest	-	-	-	2.9	4.8	3.4
Total equity	1,116.6	1,290.2	1,251.9	1,127.8	1,283.7	1,251.3
Undiluted net asset value per ordinary share	1939p	2237p	2180p			
Diluted net asset value per ordinary share	1919p	2212p	2155p			

Condensed cash flow statement for the six months ended 30 September 2008

	Company			Group		
	6 mths 30 Sep 2008 £m	6 mths 30 Sep 2007 £m	Year 31 Mar 2008 £m	6 mths 30 Sep 2008 £m	6 mths 30 Sep 2007 £m	Year 31 Mar 2008 £m
<i>Operating activities</i>						
Dividends received	11.8	12.3	25.6	11.9	12.8	25.3
Interest received	2.3	4.7	7.5	1.8	4.6	7.3
Cash received from customers	-	-	-	62.6	61.2	127.6
Cash paid to suppliers	(7.8)	(6.5)	(13.5)	(63.4)	(58.5)	(116.5)
Taxes received/(paid)	(4.3)	2.1	2.9	(8.9)	0.9	1.7
Group relief received	0.2	0.1	1.4	-	-	-
Net cash flow from operating activities	2.2	12.7	23.9	4.0	21.0	45.4
<i>Investing activities</i>						
Purchases of investments held at fair value through profit or loss	(39.5)	(112.6)	(199.7)	(38.6)	(105.0)	(188.3)
Proceeds on disposal of investments held at fair value through profit or loss	44.0	40.9	115.0	39.1	40.6	108.1
Proceeds on disposal of money funds held at fair value through profit or loss	-	-	-	-	-	0.3
Net receipts/(payments) from derivatives	-	0.3	0.3	4.5	(7.4)	(11.3)
Purchases of property, plant and equipment	-	-	-	(3.6)	(2.1)	(9.5)
Proceeds from disposal of property, plant and equipment	-	-	-	0.1	-	1.1
Proceeds on disposal of joint ventures	-	-	-	0.1	2.9	4.0
Proceeds on disposal of investment property	-	-	-	-	4.5	4.8
Purchases of subsidiaries net of cash acquired	-	-	-	(2.9)	(0.7)	(0.7)
Proceeds on disposal of subsidiaries net of cash disposed	-	-	-	-	-	(1.5)
Net cash flow from/(used in) investing activities	4.5	(71.4)	(84.4)	(1.3)	(67.2)	(93.0)
<i>Financing activities</i>						
Interest paid	-	-	-	(2.2)	(2.0)	(3.9)
Distributions paid to holders of equity shares	(13.0)	(12.5)	(18.2)	(13.0)	(12.5)	(18.2)
Dividends paid to minority interests	-	-	-	(0.7)	(0.1)	(0.1)
Proceeds from new borrowings	-	-	-	1.8	1.3	6.0
Repayment of borrowings	-	-	-	(0.3)	(8.6)	(9.5)
Net purchase of own shares	(0.1)	(1.3)	(6.4)	(0.1)	(1.3)	(6.4)
Net cash flow used in financing activities	(13.1)	(13.8)	(24.6)	(14.5)	(23.2)	(32.1)
Net decrease in cash and cash equivalents	(6.4)	(72.5)	(85.1)	(11.8)	(69.4)	(79.7)
Cash and cash equivalents at period start	23.5	108.6	108.6	42.7	121.7	121.7
Exchange gains on cash and cash equivalents	-	-	-	0.6	-	0.7
Cash and cash equivalents at period end	17.1	36.1	23.5	31.5	52.3	42.7

Notes to the condensed set of financial statements

1. General information

Caledonia Investments plc is an investment trust company domiciled in the United Kingdom and incorporated in England, under the Companies Acts 1908 to 1917. 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.

The information for the period ended 30 September 2008 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for the year ended 31 March 2008 has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

The half-year results are unaudited. They should not be taken as a guide to the full year and do not constitute the statutory accounts.

2. Accounting policies

This condensed set of financial statements has been prepared using accounting policies consistent with International Financial Reporting Standards ('IFRS') as adopted by the European Union and in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The half-year condensed set of financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2008, which were prepared in accordance with IFRS as adopted by the European Union.

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.

3. Dividends

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

	6 mths 30 Sep 2008 £m	6 mths 30 Sep 2007 £m	Year 31 Mar 2008 £m
Final dividend for the year ended 31 March 2008 of 22.6p per share (2007 - 21.6p)	13.0	12.5	12.5
Interim dividend for the year ended 31 March 2008 of 9.9p per share	-	-	5.7
	13.0	12.5	18.2

The directors have declared an interim dividend for the year ending 31 March 2009 of 10.3p per share, totalling £5.9m, which has not been included as a liability in this condensed set of financial statements. This dividend will be payable on 8 January 2009 to holders of shares on the register on 12 December 2008. The ex-dividend date will be 10 December 2008.

4. Earnings and net asset value per share

Earnings per share

The calculation of basic earnings per share of the company and of the group at 30 September 2008 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the six months ended 30 September 2008.

The calculation of diluted earnings per share takes account of the share options and deferred bonus plan awards with dilutive potential. The weighted average number of ordinary shares include the number of dilutive potential ordinary shares that could be issued as a result of the exercise of share options and the calling of shares under the deferred bonus plan.

	Company			Group		
	6 mths 30 Sep 2008 £m	6 mths 30 Sep 2007 £m	Year 31 Mar 2008 £m	6 mths 30 Sep 2008 £m	6 mths 30 Sep 2007 £m	Year 31 Mar 2008 £m
Earnings (basic and diluted)	(119.4)	(14.2)	(43.9)	(107.6)	(13.4)	(38.1)
	000's	000's	000's	000's	000's	000's
Weighted average shares (basic and diluted)	57,632	57,924	57,798	57,629	57,921	57,795

Net asset value per share

The company's undiluted net asset value per ordinary share is based on the net assets of the company at the period end and on the number of ordinary shares in issue at the period end less shares held by the Caledonia Investments plc Employee Share Trust and shares held by a subsidiary or accounted as held in treasury.

The company's diluted net asset value per ordinary share assumes the re-issue of shares accounted as held in treasury at the closing mid-market price on the balance sheet date, the exercise of all outstanding contingently issuable in-the-money share options and the calling of deferred bonus awards.

	30 Sep 2008	30 Sep 2007	31 Mar 2008
<i>Undiluted</i>			
Net assets (£m)	1,116.6	1,290.2	1,251.9
Number of shares (000's)	57,600	57,673	57,434
Net asset value per share (p)	1939	2237	2180
<i>Diluted</i>			
Net assets (£m)	1,134.7	1,311.5	1,277.7
Number of shares (000's)	59,119	59,302	59,301
Net asset value per share (p)	1919	2212	2155

5. 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 2007 - £5.0m and 31 March 2008 - £11.8m).

6. Segment reporting

The following is an analysis of the revenue and results for the period analysed by business segment, the group's primary basis of segmentation:

	Investing £m	Financial services £m	Industrial/ consumer £m	Property £m	Total £m
<i>6 mths 30 Sep 2008</i>					
Gross portfolio return	(102.8)	-	-	-	(102.8)
Trading revenue	-	7.0	50.1	1.0	58.1
Inter-segment sales	(2.2)	-	-	(0.5)	(2.7)
	(105.0)	7.0	50.1	0.5	(47.4)
Segment result	(109.6)	0.1	14.5	(0.5)	(95.5)
Unallocated net expense					(12.0)
Loss for the period					(107.5)
<i>6 mths 30 Sep 2007</i>					
Gross portfolio return	(20.7)	-	-	-	(20.7)
Trading revenue	-	7.4	44.3	5.7	57.4
Inter-segment sales	(2.0)	-	-	(0.3)	(2.3)
	(22.7)	7.4	44.3	5.4	34.4
Segment result	(28.0)	2.0	2.8	1.7	(21.5)
Unallocated net income					8.1
Loss for the period					(13.4)
<i>Year 31 Mar 2008</i>					
Gross portfolio return	(38.2)	-	-	-	(38.2)
Trading revenue	-	15.2	96.9	9.2	121.3
Inter-segment sales	(4.0)	-	-	(0.8)	(4.8)
	(42.2)	15.2	96.9	8.4	78.3
Segment result	(55.2)	1.4	10.6	6.3	(36.9)
Unallocated net expense					(2.0)
Loss for the year					(38.9)

7. Impairment of assets

There was no group impairment loss for the period (30 September 2007 - Enil and 31 March 2008 - £0.3m).

8. Capital commitments

On 30 September 2008, the company had undrawn fund and other commitments totalling £85.3m (30 September 2007 - £63.3m and 31 March 2008 - £106.2m).

9. Share based payments

The company operates two types of share based payment plans. The executive share option scheme is a discretionary plan for directors and senior management, entitling participants to purchase shares in the company at the market price at the date of grant, subject to service and company performance criteria, between three and ten years after the date of grant. The company also has a deferred bonus plan under which senior employees compulsorily defer part of their annual bonus, being any bonus in excess of 50% of their basic salary for the bonus year, into shares and may voluntarily defer up to 50% of their remaining cash bonus into shares. The company will match the number of shares comprised in the compulsory and voluntary deferrals, subject to service and company performance criteria.

In the period to 30 September 2008, participating employees in the executive share option scheme were awarded options over 207,517 shares at a price of 1980p per share (30 September 2007 and 31 March 2008 - 172,930 shares at 2158p per share). The weighted average fair value of these shares at the date of grant, using a binomial valuation model, was estimated at 523p per share (30 September 2007 and 31 March 2008 - 588p per share).

Also in the period to 30 September 2008, participating employees in the deferred bonus plan applied a proportion of their annual bonuses to purchase 60,660 shares at a price of 1980p per share (30 September 2007 and 31 March 2008 - 40,561 shares at 2158p per share). Matching awards of 60,660 shares were granted (2007 - 16,733 shares), which depend on company performance. The fair value of the bonus deferral shares was measured directly as the bonus foregone. The fair value of the matching shares was also 1980p per share, on a market neutral valuation basis (30 September 2007 and 31 March 2008 - 2158p per share).

The IFRS 2 expense charged to the income statement for the period was £0.5m (30 September 2007 - £0.7m and 31 March 2008 - £1.6m).

10. Borrowings

In July 2008, the company finalised agreements with The Royal Bank of Scotland plc and the London Branch of ING Bank NV, for five year committed revolving facilities in an amount of £50m from each bank. The committed facilities therefore total £100m and are subject to usual commercial covenants. In addition, the company has a £10m overdraft facility from The Royal Bank of Scotland plc.

As at 30 September 2008, none of the facilities had been drawn down.

11. Provisions

During the period, a £10.0m provision relating to the disposal of an investment in 2007 was released.

Copies of this statement are available at the company's registered office, Cayzer House, 30 Buckingham Gate, London SW1E 6NN, United Kingdom, or from its website at www.caledonia.com.