



Caledonia Investments plc

Final results for the year ended 31 March 2009

Key points

- 27.7% decrease in diluted NAV per share over the year (4.5% outperformance vs FTSE All-Share index)
- 4.0% increase in annual dividend to 33.8p
- 39% total shareholder return over five years (32% outperformance vs FTSE All-Share Total Return index)
- 147% total shareholder return over ten years (153% outperformance vs FTSE All-Share Total Return index)
- 23% increase in diluted NAV per share over five years (33% outperformance vs FTSE All-Share index)
- £63m invested and £99m realised

Tim Ingram, Chief Executive, commented:

"Our long standing policy of normally having a Caledonia executive on the board of our investee companies has served our shareholders well in these testing times. We are proposing to increase our annual dividend for the 42nd consecutive year."

28 May 2009

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

< COLLEGE HILL >

News release

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

www.collegehill.com

1 of 26

Chairman's statement

Results

During an extremely difficult year for markets, which saw the FTSE All-Share index fall by no less than 32%, Caledonia's net asset value ('NAV') per share suffered a significant but slightly lower reduction of 28%. This was nonetheless a most disappointing outcome and the factors that contributed to the decline in our short term performance are detailed by Tim Ingram, Caledonia's Chief Executive, in his report. But as he also describes, in terms of Caledonia's longer term performance, our share price total return has continued significantly to outperform the FTSE All-Share Total Return index over the last five and ten years.

Dividend

Notwithstanding the extent of the recent turmoil in markets, the directors have proposed a further increase in the dividend in view of our continued confidence about Caledonia's long term future performance.

The board has recommended a 4.0% increase of 0.9p in the final dividend to 23.5p per share, which will be payable on 13 August 2009. The total dividend for the year will thus amount to 33.8p, an increase of 4.0% over the previous year, and represents the 42nd successive year of annual dividend increases.

Peter Buckley

Included with Caledonia's half-year report was my tribute to our former Chairman, Peter Buckley, who sadly died on 2 December 2008. In that tribute, I described Peter's outstanding contribution to the company over 32 years as a director, during which he was Chief Executive from 1987 to 2002 and Chairman from 1994.

His leadership, business acumen and personal qualities will always be remembered and appreciated by his colleagues at Caledonia. The many letters and messages we have received from shareholders, investee companies and those who knew him outside the company bear testimony to the high regard in which he was held throughout his most successful business career.

We miss Peter enormously and shall continue to do so. However, one of his greatest attributes was his ability to build a strong team around him, and that team remains in place to take Caledonia forward.

Investment approach

Caledonia's distinctive long term, supportive investment approach was nurtured by Peter and has been successfully developed and refined by Tim Ingram and his management team. A key feature of Caledonia's strategy is to invest in significant, focused stakes and work actively and closely with the managers of investee companies, having taken great care to appraise their capabilities and commitment before investing. Good judgement of management teams is one of Caledonia's particular strengths and that has certainly been evident to me as a result of spending time with the managements of many of our investee companies since I became Chairman.

By applying this approach we shall seek to maintain the success which Caledonia has achieved over many years and to continue to create long term value for the company's shareholders. The support of The Cayzer Trust Company, Caledonia's largest shareholder, remains fundamental to Caledonia's business model.

Economic background

Since the onset of the US sub-prime mortgage crisis in the summer of 2007, followed about a year later by the collapse of Lehman Brothers, the continuing major shocks to the global financial system and the resultant lack of available credit for the business sector have caused widespread and severe recession in advanced economies and large reductions in equity market values.

As far as comments on the UK are concerned, I will not attempt to match the pungency of my predecessor's remarks in his reports! Suffice it to say that the failure of the banking sector, the level of indebtedness throughout the economy, but especially in the financial sector, and inflated property prices have been particular factors behind the UK's plunge into recession.

Portfolio

Elsewhere in this report are set out the details of the changes to Caledonia's investment portfolio during the past year. In the light of the economic situation, we have mainly focused on supporting existing portfolio investments and have, in particular, been in close liaison with key investee companies about their management of business and financial risk. In some cases, we have added to our holdings when we have perceived the current share price levels to represent good value, given our confidence in their managements.

Staff

It has been a particularly demanding year for those at Caledonia. However, we are fortunate to have on board a talented Chief Executive and management team supported by professional and hard working staff. I would like to thank them all very much for their dedication and diligence.

Outlook

Recessions are rarely short lived and, with many industries still contracting to a major extent, this one is not only global in dimension but is likely to be particularly deep and prolonged in the US, UK and Continental Europe.

In the UK, renewal of the availability of credit to the 'real' economy is vitally important to the eventual recovery from recession. Given the rapid rise in public debt, it is also critical that Government should in advance be seen to have the resolve to implement, once recovery has started, credible measures to curb the level of public borrowing and thus maintain relatively low long term interest costs.

India, where we believe our investments will deliver good long term value, has certainly not been immune from the global downturn but continues to enjoy relatively strong domestic demand.

Overall, given that there may still be false dawns in trying to anticipate recovery in equity markets, our emphasis in the short term is likely to remain on supporting and sometimes building on our existing holdings. However, we shall certainly consider closely any opportunities that we identify for new investments in businesses which have good management and offer the prospect of long term added value.

James Loudon
Chairman

Chief Executive's report

It is very disappointing - but in view of how markets have performed, perhaps not surprising - to have to report for a second year a fall in our diluted net asset value ('NAV') per share. Over the 12 months ended 31 March 2009, our NAV per share fell by 27.7% to 1559p per share. This does, nonetheless, represent outperformance of 4.5% against our benchmark, the FTSE All-Share index, which fell by 32.2% over the same period.

We are a long term investor and our aim continues to be to ensure that, over rolling five year periods, our total shareholder return ('TSR') consistently outperforms the FTSE All-Share Total Return index as well as producing positive absolute returns. Our share price of 1289p on 31 March 2009 showed a 26.7% increase over the price of 1017p five years earlier on 31 March 2004 - the FTSE All-Share index declined by 9.7% over the same five year period. Similarly, our TSR (which takes into account reinvestment of dividends) outperformed the FTSE All-Share Total Return index by 31.8% over this same five year period.

As reported in the Chairman's statement, we are also meeting our progressive dividend policy through proposing an increase in annual dividend for the 42nd consecutive year.

Since we converted to investment trust status in April 2003 - and have been measuring NAV on a consistent basis - our NAV per share has over the period significantly outperformed the FTSE All-Share index. In particular, in each of the six years since conversion, Caledonia's NAV per share has increased by more than the FTSE All-Share index in growth years and declined by less in the two years when markets have fallen.

However, despite meeting all of our longer term financial objectives and outperforming the market over the year in relative terms, it is undeniable and regrettable that shareholders have seen a significant decline in the value of their investment. We have therefore taken the decision this year to pay no bonuses at all to any director or member of staff, and only to review salaries for junior employees.

Business philosophy

As mentioned at the half year, our business philosophy, which centres around 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. Instead, and as a consequence of our market fears, over the last two financial years we have provided some downside protection to the value of our portfolio in a falling market through investing, both directly and through a subsidiary, in a number of FTSE 100 and 250 put options. We regard this strategy as a defensive form of insurance policy to protect part of our portfolio, rather than a deliberate 'play' on the market. A second way of reducing the effect of market falls on our NAV is through maintaining an unleveraged position with cash on our balance sheet. At the beginning of the financial year, we had £24m of liquidity, which increased to £56m at 31 March 2009.

Also core to our philosophy is normally to have one of our own senior executives as a non-executive director of the company in which we invest, whether it is listed or private. This style of constructive involvement through careful hands-on monitoring of the business of our investments, while time-consuming, is still very important to our strategy and, we believe, a major contributor to our long term performance. There are very few financial investors who exercise such involved long term behaviour with listed companies and I do believe that at least some of the disasters that have so blighted our economy could perhaps have been avoided if other significant financial investors were also prepared to be responsibly involved in this way.

Significant changes in value

The table below shows the major falls in value (defined as individually representing a fall of 1% or more of total net assets at the beginning of the year - being over £12m of absolute value decline). These are measured on a total return basis for the year to 31 March 2009.

Investment	Fall in value	
	£m	%
Quintain Estates	56.7	97.8
British Empire Securities	33.9	24.7
Oval	31.6	46.2
Bristow Group	25.1	42.8
Alok Industries	15.7	77.8
Retif	14.8	100.0
Incisive Media	14.4	100.0

Quintain Estates, in which we have a 10.6% stake, was for us the major disappointment of the year, with a huge drop in share price, as was also experienced by many leveraged property development companies with substantial land banks. At 31 March 2009, its share price was just 8.4p, while its net asset value per share was estimated at over 400p. Clearly there are significant risks at Quintain Estates of further falls in asset values and pressure on bank covenants, however, we have full confidence in the management team and expect there to be a strong recovery in the share price - in fact, by 26 May, it had increased more than six times to 51.75p.

British Empire Securities, where we have a 17.8% stake, continues to be one of our main holdings. The fall in value of this investment trust reflected market declines, but in fact was a 4.6% outperformance compared with the FTSE All-Share Total Return index for the same 12 month period.

Oval is an unquoted insurance broker, in which, on a fully diluted basis, we are a 41% shareholder. Although its business and profits remained satisfactory, our conservative valuation methodology for unquoted investments, which took into account falls in market multiples and the bank borrowings of Oval, led to a significant fall in its valuation.

Bristow Group, the US quoted global helicopter operating business which mainly serves the offshore oil and gas industry and in which we have a 6.6% shareholding, saw a sharp fall in its share price, reflecting in part the decline in oil prices and anticipated consequential effects on future demand for its services.

Alok Industries, the Indian quoted textiles producer in which we have a 14.4% shareholding, saw a sharp share price fall, mainly reflecting the decline in Indian share prices - the BSE Small Cap index fell by 58.6% over the 12 month period.

Retif, an unquoted France based shop fittings and supplies business, and Incisive Media, an unquoted UK based media business, were both highly leveraged management buy-out co-investments with private equity. Although both businesses continue to trade, in view of the high level of debt and breaches of loan covenants, we have valued them at £nil.

Notwithstanding the large falls in equity markets, a number of our investments have shown an absolute gain in value during the year (again measured on a total return basis), including the following:

Investment	Gain in value	
	£m	%
FTSE put options	24.8	221.7
Celerant Consulting	13.1	133.7
Capital Today China	5.2	110.5
London & Stamford Property	2.8	14.9
AG Barr	2.6	13.1
Wedbush Capital	1.1	37.1

As previously mentioned, our FTSE put options saw significant gains in value, offsetting to some extent the much greater falls elsewhere in our portfolio. In addition, our cash holdings have provided some protection in the bear market.

Celerant Consulting is a UK based unquoted company providing consultancy assistance in business efficiency, in which we have a 47.3% stake. The turnover and profitability of the business have grown considerably, and notwithstanding the falls in market multiples, this led to the gain in value.

Capital Today China is a Shanghai based private equity fund in which we have a 7.1% interest. The underlying investments in the fund are in aggregate showing good growth. It has also benefited from currency gains.

London & Stamford Property is a UK AIM quoted property company specifically set up to take advantage of the present property malaise, in which we are a 6.8% shareholder. Its share price rose during the year reflecting the confidence in the opportunistic property investments the company is making.

AG Barr is a UK quoted soft drinks company in which we have a 9.4% shareholding. It had another year of solid growth.

Wedbush Capital is a California based US private equity fund in which we have a 16.7% interest. Its portfolio is performing satisfactorily and the revaluation of the dollar against sterling has also aided the valuation.

We should also mention the commendable position of our largest investment, Close Brothers. This well-managed and conservatively run bank has avoided the ghastly woes of the banking community and continued to make a good return on shareholders' equity. Although its share price declined by 12.8% over the year, this was much less than the FTSE All-Share index decline of 32.2% and very much less than the bank sector decline of 65.1%.

Investment activity

In view of the sharply deteriorating economic conditions, although we examined around 80 new investment proposals, none were actually made. We have however during the year invested £63m in follow-on investments, where we have been adding to companies and situations that we know well. This was considerably lower than the £204m invested in the previous year.

During the year, we realised a total of £99m - slightly lower than the £114m realised in the previous year. Details are set out in the financial review.

Bank facilities

As anticipated in last year's annual report, at the end of July 2008 we put in place committed term bank facilities totalling £100m through two bilateral agreements for five year revolving credit facilities each of £50m with Royal Bank of Scotland and ING. Drawings under these facilities incur interest costs of between 0.80% and 0.85% over LIBOR. During the turmoil in the banking markets in October, we tested these facilities through making drawings and keeping all the proceeds in cash and Treasury Stock. These drawings were subsequently repaid and at 31 March 2009 the facilities remained undrawn but fully available.

These facilities are available until July 2013 and should enable us to take advantage of outstanding opportunities to make investments in good businesses with strong management teams and at most attractive prices.

Costs

Our philosophy of keeping a tight rein on costs continues. As previously mentioned, there have been no bonuses paid to any director or member of staff in relation to the 2009 financial year and further measures have also been taken to reduce other costs. As a result, although our net assets have declined over the year, these measures have enabled us to keep our pre-tax total expenses ratio ('TER') just below the 1% level (a similar percentage to the previous year). These also kept the ratio significantly below the average for the investment trust industry as a whole, which was 1.4%. For the 2010 financial year, there will be no increases to basic salaries other than very modest adjustments for junior staff.

Peter Buckley

The Chairman pays tribute to our former Chairman, Peter Buckley, who sadly died in December. It is his business model which has proved so beneficial to Caledonia and its shareholders.

It is only really possible to demonstrate genuine investment management prowess when measured over the long term. Peter was a director of this company and intensively involved in implementing, directing and presiding over its investment strategy for 32 years. By our estimation, over this period the total return from Caledonia's shares was 12,388%, which represents no less than a 7,911% outperformance against the FTSE All-Share index. Put another way, £1,000 invested in Caledonia shares on 28 January 1976, when Peter first became a director, with all dividends subsequently reinvested in shares, would have been worth £124,880 when he died on 2 December 2008. Very few have presided over a true long term level of performance of this magnitude.

His investment strategy lives on and all executives at Caledonia remain fully committed to what we fervently believe continues to be a value creating model.

Outlook

A year ago we reported that the economic outlook was not encouraging and that continues to be our stance. There has been huge damage inflicted on western economies - and most particularly on the United Kingdom - through, in recent years, a complete failure in banking regulation, loose control on Government expenditure and a concentration (and sometimes obsession) on the short term. Most of the apparent economic growth that our Government was so proud of had been driven by completely unsustainable increases in borrowing, which has led to the inevitable severe recession we are now experiencing. There will need to be a considerable period of de-leveraging (perhaps eventually aided by inflation) before we can get back to real sustainable growth.

However, this lamentable state of affairs does provide great opportunities for long term investors like ourselves and we are starting to see a number of potentially good value-creating opportunities. We would therefore expect to invest our liquidity during the year ahead and may well start utilising part of our bank facilities.

Tim Ingram
Chief Executive

Portfolio information

Investment portfolio holdings of over 1% of net assets:

Name	Equity holding %	Country of domicile	Business sector	Business	Total £m	Net assets %
Close Brothers[1,2]	13.7	UK	Financial	Merchant banking	105.5	11.6
British Empire Securities[1,2]	17.8	UK	Funds	Investment trust	100.8	11.1
Cobepa[2]	10.0	Belgium	Funds	Investment company	43.6	4.8
Oval[2]	22.9	UK	Financial	Insurance broking	38.6	4.3
Bristow Group[1,2]	6.6	US	Oil and gas	Helicopter services	36.2	4.0
Eddington Capital funds[2,3]		Cayman	Funds	Funds of hedge funds	35.6	3.9
Rathbone Brothers[1,2]	10.6	UK	Financial	Fund management	34.6	3.8
Polar Capital funds[2,3]		Ireland/ Cayman	Funds	Hedge and long-only funds	24.9	2.7
Melrose Resources[1,2]	10.1	UK	Oil and gas	Oil and gas exploration and production	24.7	2.7
FTSE put options[2]		UK	FTSE options	Portfolio hedging	24.2	2.7
Celerant[2]	47.3	UK	Industrial	Management consulting	22.9	2.5
AG Barr[1]	9.4	UK	Consumer	Soft drinks	22.4	2.5
London & Stamford Property[1]	6.8	Guernsey	Property	Property investment	21.6	2.4
Avanti Communications[1,2]	21.9	UK	Consumer	Satellite communications services	20.7	2.3
Satellite Information Services[2]	22.5	UK	Consumer	Betting information distribution	20.4	2.3
Novae Group[1,2]	7.2	UK	Financial	Insurance services	18.1	2.0
Nova Springboard[3]		Guernsey	Funds	Investment fund	15.0	1.7
Sterling Industries[2]	100	UK	Industrial	Engineering	14.2	1.6
Pragma		France	Funds	Investment funds	12.8	1.4
The Sloane Club[2]	100	UK	Consumer	Residential club owner and operator	11.8	1.3
Ermitage[2]	60.0	Jersey	Financial	Funds of hedge funds manager	11.6	1.3
Capital Today China		Cayman	Funds	Investment fund	11.3	1.2
Begbies Traynor[1,2]	10.8	UK	Industrial	Corporate recovery	11.3	1.2
Serica Energy[1,2]	14.4	UK	Oil and gas	Oil and gas exploration and production	11.0	1.2
Tribal[1]	11.4	UK	Industrial	Support services	10.1	1.1
Varun Shipping[1,2]	11.2	India	Industrial	Shipping services	9.7	1.1
Other investments[4]					142.7	15.8
Investment portfolio					856.3	94.5
Cash and other net assets					49.9	5.5
Net assets					906.2	100.0

1. Equity securities quoted on UK or overseas stock exchanges.
2. Board representation.
3. Caledonia is a shareholder in, and has board representation on, the fund management company.
4. Comprised investments of less than 1% of net assets each.

Analysis of investment portfolio value:

By business sector

Financial	27%
Funds	33%
Property	6%
Oil and gas	9%
Industrial	11%
Consumer	11%
FTSE options	3%

By geography

United Kingdom	61%
Continental Europe	14%
North America	8%
Asia and Far East	10%
Unallocated	7%

By security type

Equities quoted	55%
Equities unquoted	20%
Loans and fixed income	8%
Hedge funds and other	17%

By age

1 to 3 years	19%
3 to 5 years	10%
5 to 7 years	22%
Over 7 years	49%

By currency

Pounds sterling	81%
Euro	7%
US dollar	8%
Indian rupee	3%
Other	1%

Financial review

The financial review discusses the results of the company for the financial year and refers to the company's income statement and balance sheet. In addition to holding minority stakes in investee businesses, the company holds majority stakes in a number of companies. The results of these companies are included in the consolidated financial statements. However, management views these majority stakes as part of the company's investment portfolio and they are included in the discussion below in this context. Where appropriate, the financial review refers to aspects of the consolidated financial statements.

Key performance indicators

Our key performance indicators are as follows:

- o diluted net asset value per share performance against the FTSE All-Share index over one year
- o share price total return performance against the FTSE All-Share Total Return index over five and ten years
- o absolute share price total return over five years
- o total expenses ratio
- o deal flow.

Diluted net asset value per share

Net asset value ('NAV') per share, on a diluted basis, was 1559p at 31 March 2009, compared with 2155p at the same date in 2008 and 2258p in 2007. The decrease over the year of 596p (-27.7%) resulted principally from the movement in portfolio value (-28.3%) and annual dividends paid (-1.5%).

The table below shows the components of the movement in diluted NAV per share over the year.

	Net assets £m	Number of shares 000's	Dilution adjust[1] 000's	Diluted NAV/share p
At 31 March 2008	1,251.9	57,434	671	2155
Total return	(329.7)	-	-	(572)
Annual dividends[2]	(19.0)	-	-	(33)
Treasury shares	1.8	(6)	84	3
Employee share options	(0.1)	151	(206)	4
Share-based payments	1.3	-	-	2
At 31 March 2009	906.2	57,579	549	1559

1. The dilution adjustment is the number of free shares equivalent to achieve the same dilution effect as issuing treasury shares at market price and the exercise of share options and calling of deferred bonus shares.
2. NAV per share movement is taken as the dividend per share.

The company's NAV at 31 March 2009 of £906.2m (2008 - £1,251.9m) differs from the group's consolidated NAV of £929.3m (2008 - £1,247.9m), due to the inclusion of investments in subsidiaries at fair value in the company balance sheet and at underlying share of net assets in the consolidated balance sheet.

Total return

Caledonia incurred a negative total return for the year ended 31 March 2009 of £329.7m, which equates to -26.3% on opening equity, compared with -3.3% in 2008. The key components were net losses on investments, partially offset by investment income recognised over the year. The loss for the year and net income recognised directly in equity, comprised the company's total return, summarised in the table below.

	2009 £m	2008 £m
Gains and losses on investments and derivatives	(351.7)	(69.9)
Provisions	10.0	-
Investment and other income	34.6	39.5
Investment income impairment	(2.5)	(9.3)
Gross portfolio return	(309.6)	(39.7)
Management expenses	(9.6)	(11.2)
Other expenses	(0.5)	(1.7)
Net portfolio return	(319.7)	(52.6)
Treasury income and expenses	0.3	3.9
Taxation	(6.1)	4.8
Loss for the year	(325.5)	(43.9)
Net income/(expense) recognised in equity	(4.2)	0.6
Total recognised income and expense ('total return')	(329.7)	(43.3)

Gross portfolio return

Gross portfolio return comprises gains and losses on investments, investment income and other items. The gross portfolio return for the past three financial years was respectively -24.8% (2009), -3.2% (2008) and 12.4% (2007). The reduced performance in 2009, compared with 2008, reflected the downturn in equity markets. The FTSE All-Share index fell by 32.2% in 2009, compared with a decrease of 10.9% in 2008.

Net gains and losses on investments and derivatives for the year amounted to a loss of £351.7m, compared with a loss of £69.9m for the previous year. The provisions release in 2009 of £10.0m related to an investment disposal in May 2006.

Investment and other income of £34.6m was 12.4% lower than the £39.5m booked in 2008. This decrease resulted principally from the receipt in 2008 of a special dividend of £4.5m from Close Brothers, which was not repeated in 2009. The investment income impairment in 2009 and 2008 comprised impairments of interest accrued from high-yielding loan notes.

The principal contributors to the gross portfolio return are discussed in the Chief Executive's report.

Expenses

Management expenses comprised the costs incurred in managing the operations of the company and totalled £9.6m for the year, compared with £11.2m in 2008.

Other expenses of £0.5m (2008 - £1.7m) comprised transaction costs of potential and completed investments, performance fees to third party managers and other costs.

Treasury income and expenses

Treasury income and expenses, totalling £0.3m (2008 - £3.9m), reflected the net returns on treasury assets during the year. The company held net liquidity in term deposits, averaging £33.7m over the year. Also included were exchange losses of £0.8m (2008 - £0.2m), which arose from holding foreign currency balances.

Dividends

During the year, we paid dividends of 32.9p per share (2008 - 31.5p), amounting to £19.0m (2008 - £18.2m), representing the final dividend in respect of the year ended 31 March 2008 of 22.6p per share and the interim dividend in respect of the year ended 31 March 2009 of 10.3p per share. Caledonia maintains a progressive dividend policy and has an unbroken record of annual dividend increases over the last 42 consecutive years.

Treasury and employee trust shares

Shares held in treasury and held by the employee share trust are excluded from the undiluted NAV per share calculations.

At 31 March 2009, 667,388 shares were accounted as held in treasury, of which 95,000 shares were bought during the year at a cost of £1.2m and 155,159 shares were subject to a buy-back arrangement whereby, for the duration of the close period from 1 April to 27 May 2009, being the day before our results announcement, we had given an irrevocable undertaking to our broker, J.P.Morgan Cazenove, to purchase the company's shares on our behalf, within certain parameters. This instruction was subject to a maximum of £2.0m or 250,000 shares. At 31 March 2009, £2.0m represented the equivalent value of 155,159 shares at the closing mid-market price on that day.

Caledonia operates an employee share trust to hold shares pending transfer to employees as a result of the exercise of share options or calling of deferred bonus awards. At 31 March 2009, 547,910 shares were held by the trust, decreased from 700,079 shares held at the end of the previous year. During the year, the trust transferred 271,166 shares to staff on exercise of share options and bought 118,997 shares. These transactions resulted in a net payment by the trust of £0.1m.

NAV per share dilution

The NAV per share dilution adjustment measures the effect of re-issuing treasury shares at a discount to NAV per share and from the exercise of executive share options and the calling of deferred bonus shares by assuming that these events take place at the year end. The adjustment is expressed as a free shares equivalent.

At 31 March 2009, re-issuing the 667,388 shares (2008 - 661,131 shares) accounted as held in treasury at the closing mid-market price would have yielded proceeds of £8.6m (2008 - £13.6m). In addition, the exercise of the 691,275 (2008 - 1,205,896) in-the-money executive share options and calling of deferred bonus shares would have yielded proceeds of £4.1m (2008 - £12.3m).

The NAV dilution adjustment of 549,000 (2008 - 671,000) represents the equivalent number of shares for £nil consideration to achieve the same dilution effect.

Share price total return

We measure our longer term performance by comparing our share price total return against the FTSE All-Share Total Return index over five and ten year periods and also by our absolute share price total return over rolling five year periods. The total return measure assumes the re-investment of dividends on the ex-dividend date at the closing mid-market share price on that date.

Whilst the share price total return provides an accurate measure of investors' returns, it should be noted that it is based on the company's share price, which is not within the company's direct control.

Shares in Caledonia have produced a total return to investors of 39% over five years and 147% over ten years, compared with total returns of 7% and -6% respectively from the FTSE All-Share - outperformance of 32% and 153%.

As well as seeking to outperform the FTSE All-Share Total Return index over five and ten year periods, the company also aims to deliver positive total return on a rolling five year basis. Over the last ten years, we have made a positive total return over rolling five year periods, except for a short period in late March and early April 2003.

Total expenses ratio

The calculation of our pre-tax total expenses ratio ('TER') is based on our adjusted annualised management expenses, divided by closing net assets. Management expenses reflect the cost of managing the investment portfolio and exclude third party performance fees, investment transaction costs and restructuring costs.

For the purposes of calculating the TER, management expenses reported in the income statement are adjusted to expense the fair value of equity rights granted under our deferred bonus plan in the year to which the awards relate. This differs from the accounting treatment, which expenses some of the entitlements over the three year vesting period. The effect of this adjustment is to reduce reported management expenses by £1.0m to £8.6m in 2009 and increase them by £1.7m to £12.9m and by £0.1m to £11.1m in 2008 and 2007 respectively.

Deal flow

Our ability to access attractive investment opportunities, through our extensive network, is crucial to our strategy of being a long term, supportive investor. We measure our deal flow according to the number of opportunities that have passed our initial screening process and warrant further investigation as opportunities in which we might be interested in investing. During the year, we actively considered around 80 new investment opportunities, compared with 104 in 2008.

Cash flows

The key cash flows during the year comprised an aggregate inflow of £110.3m (2008 - £115.0m) from the realisation of investments and outflow of £63.6m (2008 - £199.7m) for the purchase of investments. In addition, Caledonia acquired two FTSE 100 put options for £7.9m.

At the year end, we held cash equivalents totalling £55.5m (2008 - £23.5m).

Gearing

Caledonia had no debt at 31 March 2009 (2008 - £nil). During 2009, borrowings rose to £50.0m for a short period to finance the purchase of UK Treasury Stock. Those borrowings were repaid three weeks later from the proceeds of sale of the Treasury Stock.

Subsidiary companies of Caledonia had borrowings totalling £81.4m at 31 March 2009 (2008 - £67.8m) to finance operations. Caledonia provided bank guarantees and letters of comfort in respect of £76.7m of these borrowings (2008 - £63.7m).

Investment portfolio

The value of the investment portfolio, including derivatives, at 31 March 2009 was £856.3m, compared with £1,248.1m at 31 March 2008.

Movement

The table below illustrates the movement in the value of the investment portfolio, including derivatives, over the year.

	2009 £m	2008 £m
Opening investment portfolio[1]	1,248.1	1,228.9
Investment[2]	63.3	203.8
Realisation proceeds[2]	(99.0)	(114.4)
Gains and losses on investments	(351.7)	(70.2)
Rolled-up interest	(4.4)	-
Closing investment portfolio[1]	856.3	1,248.1

1. Includes FTSE put options.
2. Certain connected investments and realisations, which do not have an impact on the investment holding, have been offset.

Investment

Caledonia invested a total of £63.3m in the year, compared with £203.8m in 2008. A summary of the principal investments is given in the table below.

Name	Resulting equity holding %	Category	Country of domicile	Business	Cost £m
<i>Follow-on investments</i>					
Bristow Group	6.6	Equity	US	Helicopter services	6.7
Oval	22.9	Loans	UK	Insurance broking	6.0
Novera Energy	5.7	Equity	UK	Renewable energy	4.9
Pragma		Shares	France	Investment fund	4.8
Easybox	99.9	Equity	Lux	Secure self-storage	3.2
Cobepa	10.0	Equity	Belgium	Investment company	3.0
Omniport	42.4	Equity	UK	Regional airports	3.0
Other investments					31.7
					63.3

'Other investments' comprised a number of follow-on investments of less than £3.0m each.

Realisations

Caledonia made full and partial realisations of holdings during the year with total proceeds of £99.0m (2008 - £114.4m), a summary of which is given in the table below.

Name	Nature of realisation	Proceeds £m	Realised gain/(loss) £m
TGE Marine	Part sale of equity/ repayment of loans	27.7	11.0
FTSE put options	Close-out of options	17.2	13.1
Polar Capital funds	Redemptions	9.4	(0.8)
Edinmore	Repayment of loan	9.0	-
Garlandheath	Buy-back of own shares	5.2	3.5
Strategic Partners Fund	Liquidation distribution	4.8	-
The Sloane Club	Buy-back of own shares	4.0	4.0
British Empire Securities	Part sale of equity	3.2	2.7
Other realisations		18.5	19.0
		99.0	52.5

The realisation of TGE Marine, the Germany based gas engineering company, comprised the sale of part of our stake for £8.7m, realising a gain over cost of £8.3m, and the repayment of loans amounting to £19.0m, including exchange gains of £2.7m.

The buy-back of own shares by Garlandheath, a wholly owned subsidiary, was funded from the sale of a property.

'Other realisations' comprised a number of realisations with proceeds or realised gains or losses of less than £3.0m each.

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 are set out below.

External risk

External risks arise from political, legal, regulatory and economic changes. Failure to comply with regulations could result in the company losing its listing and/or being subjected to UK corporation tax on its capital gains.

The company seeks to operate within applicable legal and regulatory frameworks. A Compliance Committee meets weekly and reviews Caledonia's current business for regulatory compliance, as well as considering investment proposals from a compliance perspective. The board receives and reviews regular reports on the controls in place to ensure compliance by the company with rules and regulations.

Strategic risk

Strategic risks arise from the conception, design and implementation of the company's business model and key decisions on investment levels and capital allocations. An inappropriate investment strategy could result in poor returns for shareholders. The board reviews strategy periodically.

Investment risk

Investment risk occurs in respect of specific investment decisions, subsequent performance of an investment or concentration of exposure to an economic sector or geographical region.

In addition to financial, legal and market due diligence, Caledonia's investment appraisal includes a rigorous assessment of investee management's track record of success and commitment to growing their business. All potential investments are presented to Caledonia's Investment Management Committee, which comprises executive directors and other senior managers and meets weekly. Any individual investment of £20m or more requires board approval.

Having made the investment decision, a process is put in place for managing the relationship with the investee company for the period through to realisation. This will usually include board representation by Caledonia investment executives. The executives will make regular reports to the Investment Management Committee on issues relevant to the investments for which they are responsible and there is a process of cyclical reporting to the board.

Caledonia invests in a range of economic sectors and geographical regions. The portfolio is monitored monthly against board approved guidelines to ensure that there is no undue exposure.

Investment values may fall as a result of market factors, including equity prices, interest rates and currency exchange rates. In seeking to achieve its investment objectives, the company, from time to time, may seek to reduce its exposure to price risk by taking positions in index futures and options. These instruments are used for the purpose of hedging some or all of the existing exposure within the investment portfolio.

Treasury and funding risk

Treasury risks principally comprise counterparty risk, uncertainty in market prices and rates and the requirement to access adequate funds to meet investment needs or other obligations as they fall due.

The main funding risks faced by Caledonia are interest rate risk and exchange rate risk. The level of these risks is addressed by the overall funding objective and the board regularly reviews and approves policies on the approach to each of these risks.

Caledonia's foreign exchange risk management policy allows for exposure to structural and transactional currency movements. In the event that there is an exit plan for a foreign currency denominated investment, a view will be taken of likely currency movements over the period to expected realisation and part or all of the exposure may be hedged using foreign currency contracts or currency derivatives.

The exposure to interest rate movements on treasury assets is managed through the use of term deposits and other treasury instruments. Where there are group borrowings, exposure to interest rate movements is managed through the use of derivatives, such as caps and collars, where appropriate.

Counterparty risk is managed through an approved list of counterparties with maximum exposures agreed by the board.

Management of treasury activities is delegated to executive directors and to the Group Treasurer. A detailed report on liquid assets and cash flow projections is submitted to the Investment Management Committee on a weekly basis. Monthly reports on Caledonia's funding position and cash flow forecasts are considered by the board.

Operational risk

Operational risk arises from potentially inadequate or failed processes, people and systems or from external factors.

Inadequate or failed processes could result in the misappropriation of assets, loss of income and recovery of receivables and misreporting of NAV per share. The board regularly reviews statements on internal controls and risk management procedures and subjects the books and records of the company to an annual audit.

The ability to recruit, develop and retain capable people is of fundamental importance to Caledonia's strategy and the loss of key staff could adversely affect investment returns. The company operates in a competitive industry and aims to remunerate staff in line with market practice, to provide development opportunities and to encourage staff motivation and retention.

A business continuity strategy is in place to ensure that operations can continue in the event of disruption. This strategy has been assessed against a detailed business impact analysis and is regularly tested.

Income statement

for the year ended 31 March 2009

	Company		Group	
	2009	2008	2009	2008
	£m	£m	£m	£m
Gains and losses on investments held at fair value through profit or loss	(350.4)	(70.2)	(350.8)	(80.7)
Gains and losses on derivatives to hedge the fair value of investments	(1.3)	0.3	26.1	7.9
Provisions	10.0	-	10.0	-
Investment and other income	34.6	39.5	38.9	35.7
Investment income impairment	(2.5)	(9.3)	(2.5)	(5.1)
Gross portfolio return	(309.6)	(39.7)	(278.3)	(42.2)
Management expenses	(9.6)	(11.2)	(9.6)	(11.2)
Other expenses	(0.5)	(1.7)	(0.5)	(1.7)
Net portfolio return	(319.7)	(52.6)	(288.4)	(55.1)
Revenue from sales of goods and services	-	-	131.0	120.5
Operating expenses	-	-	(135.5)	(106.6)
Loss on disposal of operations	-	-	(0.3)	(0.1)
Gain on investment property	-	-	0.3	4.4
Share of results of joint ventures	-	-	0.8	0.4
Loss before finance costs	(319.7)	(52.6)	(292.1)	(36.5)
Treasury interest receivable	1.6	4.1	1.7	4.5
Exchange movements	(0.8)	(0.2)	1.2	(1.0)
Finance costs	(0.5)	-	(4.7)	(4.2)
Loss before tax	(319.4)	(48.7)	(293.9)	(37.2)
Taxation	(6.1)	4.8	(6.9)	(1.7)
Loss for the year	(325.5)	(43.9)	(300.8)	(38.9)
<i>Attributable to</i>				
Equity holders of the parent	(325.5)	(43.9)	(300.6)	(38.1)
Minority interest	-	-	(0.2)	(0.8)
	(325.5)	(43.9)	(300.8)	(38.9)
Basic earnings per ordinary share	-564.1p	-76.0p	-521.0p	-65.9p
Diluted earnings per ordinary share	-564.1p	-76.0p	-521.0p	-65.9p

Statement of recognised income and expense for the year ended 31 March 2009

	Company		Group	
	2009	2008	2009	2008
	£m	£m	£m	£m
Exchange differences on translation of foreign operations	-	-	6.9	2.5
Transferred to income statement on disposal of foreign operation	-	-	(0.4)	-
Actuarial gains and losses on defined benefit pension schemes	(3.5)	1.5	(8.6)	1.5
Tax on items recognised directly in equity	(0.7)	(0.9)	0.6	(0.9)
Net income/(expense) recognised directly in equity	(4.2)	0.6	(1.5)	3.1
Loss for the year	(325.5)	(43.9)	(300.8)	(38.9)
Total recognised income and expense	(329.7)	(43.3)	(302.3)	(35.8)
<i>Attributable to</i>				
Equity holders of the parent	(329.7)	(43.3)	(302.6)	(35.1)
Minority interest	-	-	0.3	(0.7)
	(329.7)	(43.3)	(302.3)	(35.8)

Balance sheet at 31 March 2009

	Company		Group	
	2009	2008	2009	2008
	£m	£m	£m	£m
<i>Non-current assets</i>				
Investments held at fair value through profit or loss	848.9	1,247.3	773.2	1,127.7
Investments in subsidiaries held at cost	0.8	0.8	-	-
Available for sale investments	-	-	0.8	0.5
Intangible assets	-	-	28.8	39.5
Property, plant and equipment	-	-	90.4	88.3
Investment property	-	-	0.5	5.4
Interests in joint ventures	-	-	8.1	7.7
Deferred tax assets	2.0	1.7	7.9	4.7
Employee benefits	-	2.0	-	2.0
Non-current assets	851.7	1,251.8	909.7	1,275.8
<i>Current assets</i>				
Inventories	-	-	17.3	16.2
Derivatives	6.6	-	29.2	19.6
Trade and other receivables	4.0	4.2	38.5	30.0
Current tax assets	-	-	0.4	0.3
Money market funds held at fair value	-	-	1.0	-
Cash and cash equivalents	55.5	23.5	74.2	42.7
Current assets	66.1	27.7	160.6	108.8
Total assets	917.8	1,279.5	1,070.3	1,384.6
<i>Current liabilities</i>				
Bank overdrafts	-	-	(0.3)	-
Interest-bearing loans and borrowings	-	-	(1.6)	(16.5)
Trade and other payables	(2.4)	(9.7)	(32.8)	(32.7)
Employee benefits	-	-	(3.5)	(3.9)
Current tax liabilities	(4.0)	(3.3)	(3.8)	(6.9)
Provisions	(3.5)	(13.5)	(4.2)	(14.1)
Current liabilities	(9.9)	(26.5)	(46.2)	(74.1)
<i>Non-current liabilities</i>				
Interest-bearing loans and borrowings	-	-	(79.5)	(51.3)
Employee benefits	(1.5)	(1.1)	(11.1)	(5.2)
Deferred tax liabilities	(0.2)	-	(1.5)	(2.7)
Non-current liabilities	(1.7)	(1.1)	(92.1)	(59.2)
Total liabilities	(11.6)	(27.6)	(138.3)	(133.3)
Net assets	906.2	1,251.9	932.0	1,251.3
<i>Equity</i>				
Share capital	3.3	3.3	3.3	3.3
Share premium	1.3	1.3	1.3	1.3
Capital redemption reserve	1.2	1.2	1.2	1.2
Capital reserve	643.5	998.1	-	-
Retained earnings	281.5	274.3	940.4	1,266.7
Foreign exchange translation reserve	-	-	7.7	1.7
Own shares	(24.6)	(26.3)	(24.6)	(26.3)
Equity attributable to owners of the parent	906.2	1,251.9	929.3	1,247.9
Minority interest	-	-	2.7	3.4
Total equity	906.2	1,251.9	932.0	1,251.3
Undiluted net asset value per share	1574p	2180p		
Diluted net asset value per share	1559p	2155p		

Cash flow statement

for the year ended 31 March 2009

	Company		Group	
	2009	2008	2009	2008
	£m	£m	£m	£m
<i>Operating activities</i>				
Dividends received	27.3	25.6	25.3	25.3
Interest received	9.2	7.5	8.6	7.3
Cash received from customers	-	-	134.1	127.6
Cash paid to suppliers and employees	(16.3)	(13.5)	(130.3)	(116.5)
Taxes received/(paid)	(6.7)	2.9	(13.7)	1.7
Group relief received	0.7	1.4	-	-
Net cash flow from operating activities	14.2	23.9	24.0	45.4
<i>Investing activities</i>				
Purchases of non-current investments held at fair value through profit or loss	(63.6)	(199.7)	(55.0)	(188.3)
Proceeds on disposal of non-current investments held at fair value through profit or loss	110.3	115.0	62.7	108.1
Purchases of money market funds held at fair value through profit or loss	-	-	(1.0)	-
Proceeds on disposal of money market funds held at fair value through profit or loss	-	-	-	0.3
Net receipts/(payments) from derivatives	(7.9)	0.3	17.7	(11.3)
Purchases of property, plant and equipment	-	-	(6.2)	(9.5)
Proceeds from disposal of property, plant and equipment	-	-	2.4	1.1
Proceeds on disposal of joint ventures	-	-	0.4	4.0
Proceeds on disposal of investment property	-	-	6.3	4.8
Purchases of subsidiaries net of cash acquired	-	-	(4.3)	(0.7)
Proceeds on disposal of subsidiaries net of cash disposed	-	-	(0.2)	(1.5)
Net cash flow from/(used in) investing activities	38.8	(84.4)	22.8	(93.0)
<i>Financing activities</i>				
Interest paid	(0.7)	-	(4.5)	(3.9)
Distributions paid to holders of equity shares	(19.0)	(18.2)	(19.0)	(18.2)
Dividends paid to minority interests	-	-	(1.0)	(0.1)
Proceeds from new borrowings	50.0	-	60.0	6.0
Repayment of borrowings	(50.0)	-	(52.9)	(9.5)
Purchase of treasury stock held at fair value through profit or loss	(50.4)	-	(50.4)	-
Proceeds from disposal of treasury stock held at fair value through profit or loss	50.4	-	50.4	-
Net purchase of own shares	(1.3)	(6.4)	(1.3)	(6.4)
Net cash flow used in financing activities	(21.0)	(24.6)	(18.7)	(32.1)
Net increase/(decrease) in cash and cash equivalents	32.0	(85.1)	28.1	(79.7)
Cash and cash equivalents at year start	23.5	108.6	42.7	121.7
Exchange gains on cash and cash equivalents	-	-	3.1	0.7
Cash and cash equivalents at year end	55.5	23.5	73.9	42.7

Notes to the final results announcement

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 financial information included in this news release has been prepared using accounting policies consistent with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

2. Dividends

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

	2009 p	2009 £m	2008 p	2008 £m
Final dividend for the year ended 31 March 2008 (2007)	22.6	13.0	21.6	12.5
Interim dividend for the year ended 31 March 2009 (2008)	10.3	6.0	9.9	5.7
	32.9	19.0	31.5	18.2
Proposed final dividend for the year ended 31 March 2009 (2008)	23.5	13.5	22.6	13.0

The proposed final dividend has not been included as a liability in these financial statements. This dividend, if approved by shareholders at the annual general meeting to be held on 23 July 2009, will be payable on 13 August 2009 to holders of shares on the register on 10 July 2009. The ex-dividend date will be 8 July 2009.

For the purposes of section 842 of the Income and Corporation Taxes Act 1988, the dividends payable for the year ended 31 March 2009 are the interim dividend paid and the final dividend payable for that year, amounting to £19.5m (2008 - £18.7m).

3. Earnings and net asset value per share

Basic and diluted earnings per share

The calculation of basic earnings per share of the company and of the group at 31 March 2009 was based on the loss attributable to shareholders and the weighted average number of shares outstanding during the year ended 31 March 2009.

The calculation of diluted earnings per share of the company and of the group was based on the loss attributable to shareholders and the weighted average number of shares outstanding during the year, after adjustment for the effects of dilutive potential shares. At 31 March 2009 and 2008, there were no adjustments in respect of dilutive potential shares.

The loss attributable to shareholders was as follows:

	Company		Group	
	2009 £m	2008 £m	2009 £m	2008 £m
Loss attributable to shareholders (basic and diluted)	(325.5)	(43.9)	(300.6)	(38.1)

The weighted average number of shares was as follows:

	Company		Group	
	2009 000's	2008 000's	2009 000's	2008 000's
Issued shares at year start	58,795	58,795	58,795	58,795
Effect of shares held in treasury	(487)	(296)	(487)	(296)
Effect of shares held by the employee share trust	(608)	(701)	(608)	(701)
Shares held by a subsidiary	-	-	(3)	(3)
Weighted average number of shares during the year (basic and diluted)	57,700	57,798	57,697	57,795

Net asset value per share

The company's undiluted net asset value per share is based on the net assets of the company at the year end and on the number of shares in issue at the year 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 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 in-the-money share options and the calling of deferred bonus awards.

	Net assets 2009 £m	Number of shares 2009 000's	NAV per share 2009 p	Net assets 2008 £m	Number of shares 2008 000's	NAV per share 2008 p
Undiluted	906.2	57,579	1574	1,251.9	57,434	2180
Effect of treasury shares, share options and deferred bonus awards	12.7	1,359	(15)	25.8	1,867	(25)
Diluted	918.9	58,938	1559	1,277.7	59,301	2155

4. Related parties

Caledonia Group Services Ltd, a wholly owned subsidiary of the company, provides management services to the company. During the year, £10.2m was charged to the company (2008 - £11.8m).

5. Segment reporting

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

	Investing £m	Financial £m	Industrial/ consumer £m	Property £m	Total £m
<i>2009</i>					
Gross portfolio return	(285.3)	-	-	-	(285.3)
Trading revenue	-	15.5	114.2	2.2	131.9
Inter-segment sales	(3.0)	-	-	(0.9)	(3.9)
	(288.3)	15.5	114.2	1.3	(157.3)
Segment result	(277.4)	(9.9)	2.0	(7.6)	(292.9)
Net finance expense					(1.8)
Share of results of joint ventures					0.8
Taxation					(6.9)
Loss for the year					(300.8)

	Investing £m	Financial £m	Industrial/ consumer £m	Property £m	Total £m
<i>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)
Net finance expense					(0.7)
Share of results of joint ventures					0.4
Taxation					(1.7)
Loss for the year					(38.9)

6. Impairment of assets

The group impairment charge for the year was £16.5m (2008 - £0.6m).

7. Capital commitments

At the balance sheet date, the company had entered into unconditional loan commitments to limited partnerships, commitments to other investment funds and loan facilities to portfolio companies. In addition, other group companies had committed to incur capital expenditure, as follows:

	Company		Group	
	2009 £m	2008 £m	2009 £m	2008 £m
<i>Investments</i>				
Contracted but not called	82.2	100.6	82.2	100.6
Conditionally contracted	13.8	5.6	13.8	5.6
<i>Plant, property and equipment</i>				
Contracted but not delivered	-	-	0.1	1.5
	96.0	106.2	96.1	107.7

8. Share based payments

In the year to 31 March 2009, participating employees in the executive share option scheme were awarded options over 207,517 shares at a price of 1980p per share (2008 - 172,930 shares at 2158p per share). The weighted average fair value of these shares at the date of grant was estimated at 523p per share (2008 - 588p per share).

Also in the year to 31 March 2009, 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 (2008 - 40,561 shares at 2158p per share). Matching awards of 60,660 shares were granted (2008 - 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 (2008 - 2158p per share).

The IFRS 2 expense charged to the income statement for the year was £1.3m (2008 - £1.6m).

9. Provisions

During the year, a £10.0m provision relating to the disposal of an investment in May 2006 was released.

10. Financial information

The information in this final results announcement does not constitute statutory accounts within the meaning of Schedule 240 of the Companies Act 1985 (the 'Act'), but has been derived from the statutory accounts for the year ended 31 March 2009. The auditors have reported on those statutory accounts and their report was not qualified and did not contain statements under section 237(2) or (3) of the Act.

The statutory accounts for the year ended 31 March 2009 will be posted to shareholders on 22 June 2009 and made available for download from the company's website on 23 June 2009. Also, a copy will be delivered to the Registrar of Companies in accordance with section 242 of the Act, following approval by shareholders.

The statutory accounts for the year ended 31 March 2009 include a "Responsibility statement of the directors" as follows:

We confirm that, to the best of our knowledge:

1. the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole
2. the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Signed on behalf of the board:

Tim Ingram
Chief Executive
28 May 2009

Jonathan Cartwright
Finance Director
28 May 2009

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.