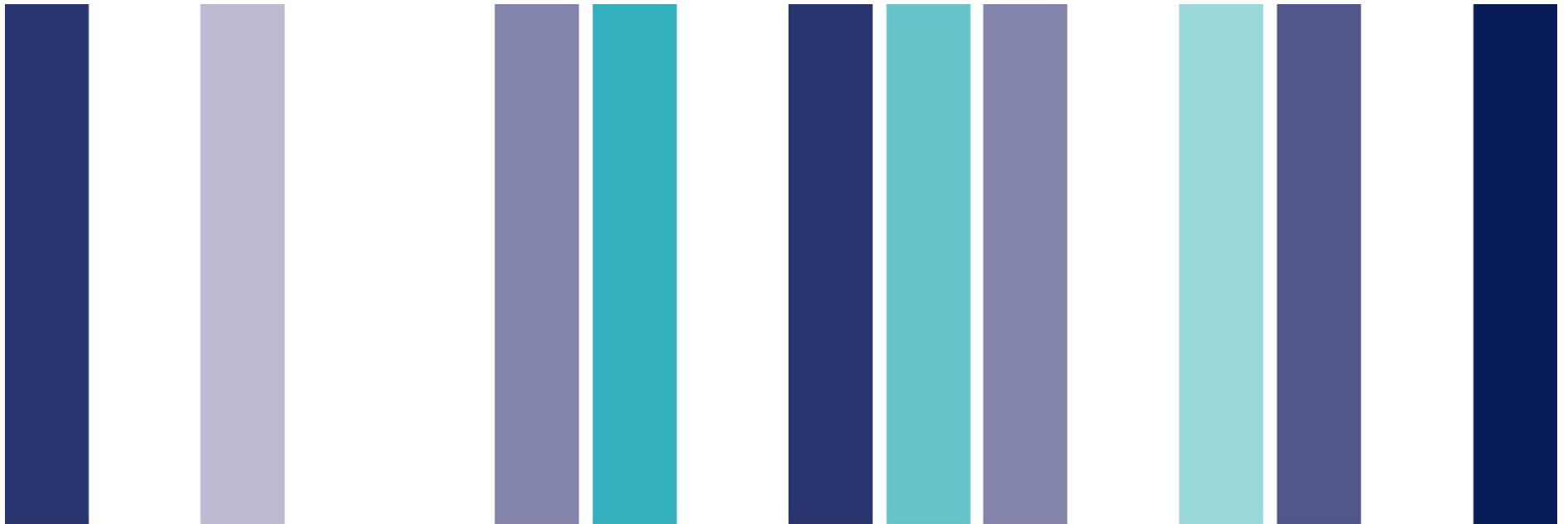




CALEDONIA
INVESTMENTS

Presentation of final results
for the year ending 31 March 2010



Introduction and Business Review

Tim Ingram

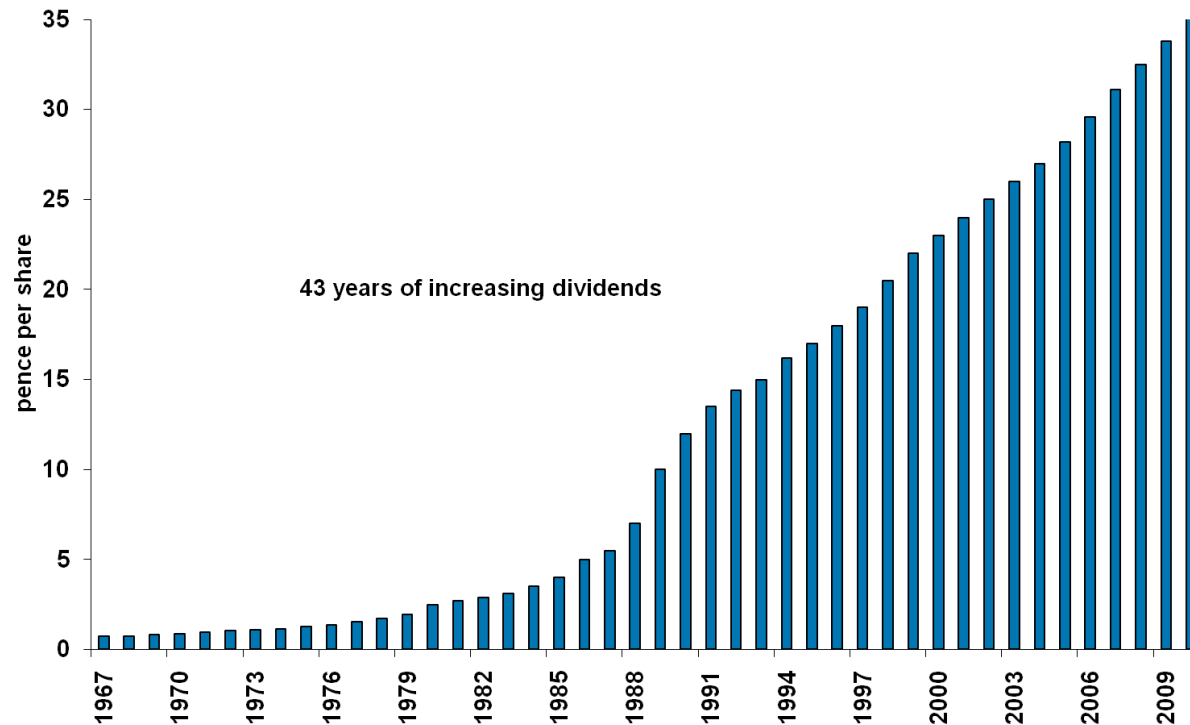
Chief Executive

About Caledonia

- Investment trust since 1 April 2003
- Global Growth sector of investment trusts
- Quoted since 1960 (FTSE 250)
- Distinctive style:
 - Significant minority stakes
 - Long term supportive shareholder
 - Usually with board position
 - Focused approach: top 10 holdings represent more than 50% of portfolio
 - Ability to invest in quoted or unquoted companies, UK or abroad
- 33.7% owned by Cayzer Trust Company, 46.3% by wider concert party
- Net assets of circa £1.2 billion
- Circa £300m distributable reserves

Principal objectives

- Outperform FTSE All-Share TR over 5 and 10 years
- Positive total returns over rolling 5 year periods
- Pay a progressive annual dividend – 43 years of annual growth



Highlights to 31 March 2010

- 30.5% increase in diluted NAV per share since 31.03.09 vs. FTSE All-Share Index (up 46.7%)

Defensive nature of portfolio led to outperformance during downturn but recent underperformance during rapid market rise

Summary of the twelve months to 31 March 2010

	31.03.10	31.03.09	Change
Diluted NAV per share	2034p	1559p	+30.5%
FTSE All-Share Index	2910	1984	+46.7%
Share price	1625p	1289p	+26.1%
Discount	20.1%	17.3%	widened

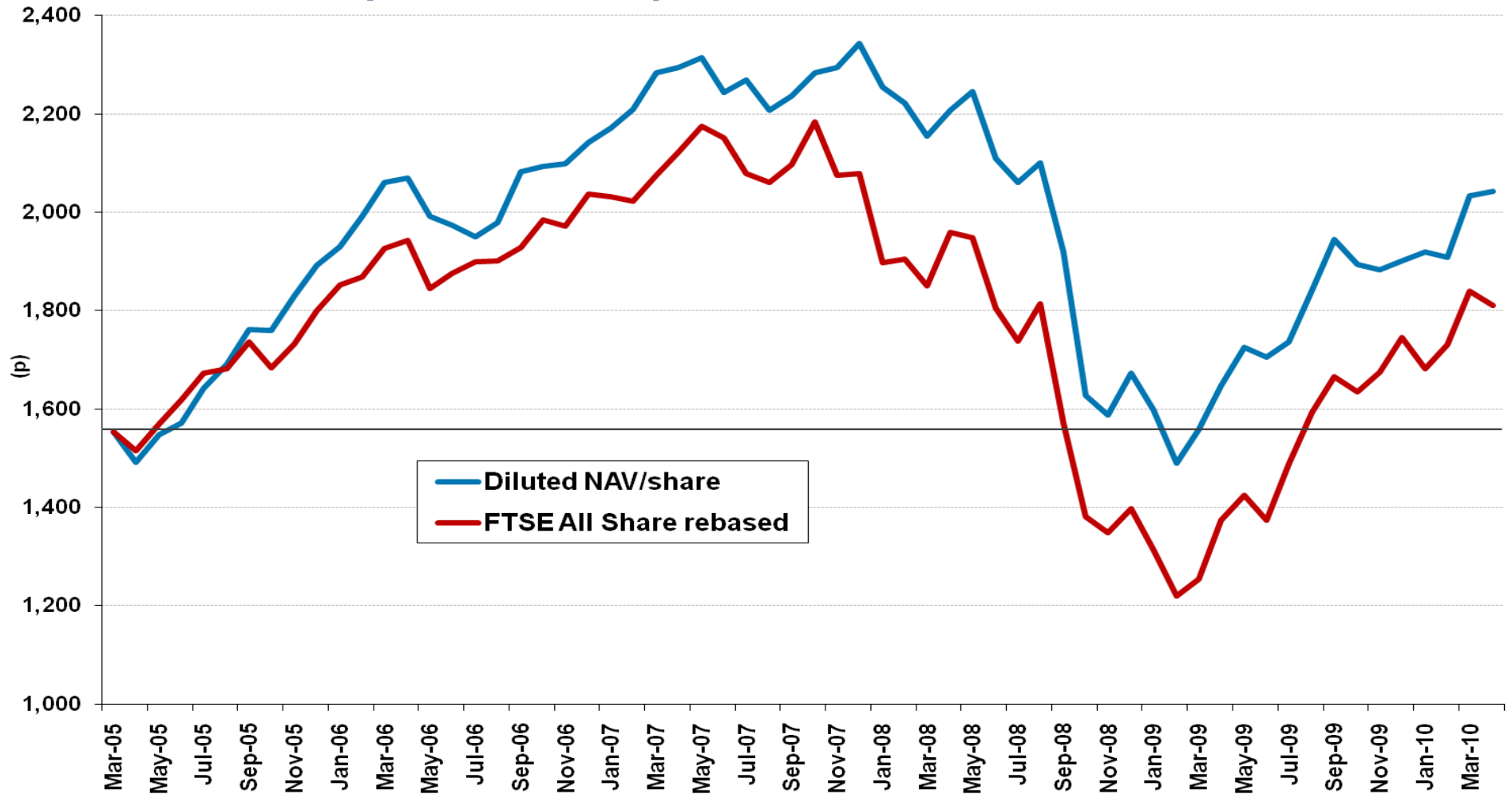
Highlights to 31 March 2010 (continued)

- TSR increase
 - +197% over 10 years (167% outperformance)
 - +32% over 5 years (9% underperformance)
- NAV per share increase
 - +122% over 7 years* (55% outperformance)
 - + 33% over 5 years (18% outperformance)
- 43 years of rising dividends – 10 year CAGR 4.4%
- Global Growth ranking (source: AIC)
 - 2nd out of 23 trusts (10 years)

Notes: TSR performance compared with FTSE All-Share Index and Total Return Index
NAV performance compared with FTSE All-Share Index

* Seven years since conversion to investment trust status

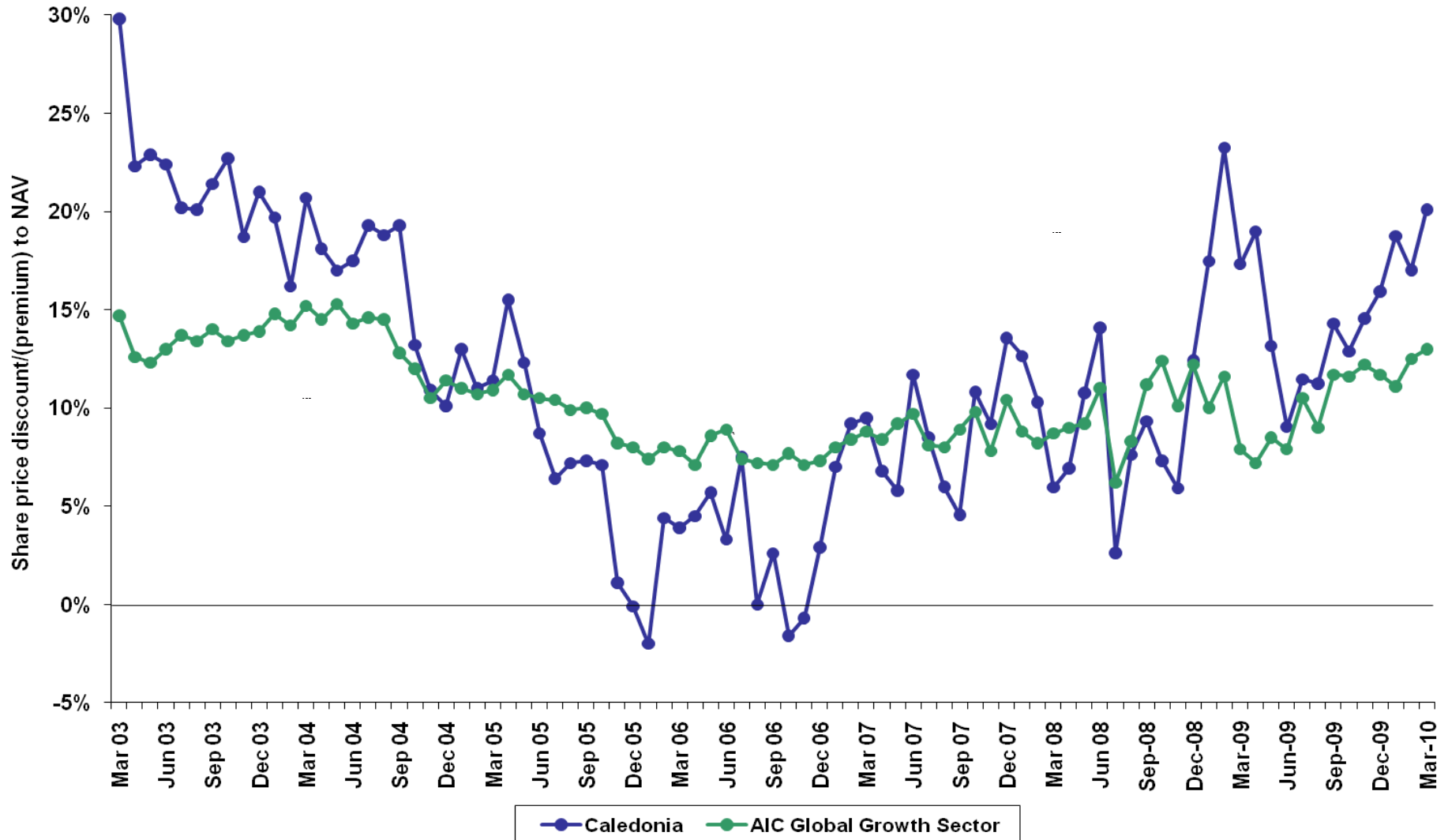
Diluted NAV per share performance since 31 March 2005



CAGR: Caledonia = +5.5%

FTSE All-Share = +3.0%

Share Price discount/(premium) to NAV per share



Performance attribution for the period ending 31 March 2010

	1 year change (%)	5 year change (%)
Net asset value per share performance	+30.5%	+32.9%
FTSE All-Share Index	+46.7%	+18.4%
Outperformance / (Underperformance)	-16.2%	+14.5%
Relative performance due to sector exposure	-0.2%	-6.5%
Relative performance due to stock selection	-11.4%	+26.3%
Relative performance due to FTSE put options	-2.0%	+0.7%
Management expenses as a % of NAV	-1.0%	-4.7%
Other*	-1.6%	-1.3%
Outperformance / (Underperformance)	-16.2%	+14.5%

* FY07: Elective Special Dividend +0.3%, FY10: partly accelerated dividend -1.6%
 Note: Analysis of outperformance contains estimates

Principal outperformers in the year to 31 March 2010

Investment	Value 31.03.09	Net additions less income distributions	Value 31.03.10	Gross return	Change in value[#]
	£m	£m	£m	£m	%
Dewan Housing	6.7	(0.2)	27.1	20.6	+311%
TGE Marine	3.2	6.7	22.8	12.9	+231%
Alok Industries	4.6	11.5	31.7	15.6	+112%
Quintain Estates	1.2	20.3	31.4	9.9	+104%
Avanti Communications	20.7	10.2	55.5	24.6	+99%
Amber Chemical	7.7	-	15.4	7.7	+99%
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FTSE All-Share Total Return					+52%

Principal underperformers in the year to 31 March 2010

Investment	Value 31.03.09	Net additions less income distributions	Value 31.03.10	Gross return	Change in value[#]
	£m	£m	£m	£m	%
FTSE put options	24.2	(9.8)	-	(14.4)	-84%
Ermitage	11.6	(1.4)	6.5	(3.7)	-34%
Begbies Traynor	11.3	3.6	10.7	(4.2)	-32%
Celerant Consulting	22.9	-	18.9	(4.0)	-18%
Novae Group	18.1	(1.2)	15.3	(1.6)	-9%
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FTSE All-Share Total Return					+52%

[#] Percentage change in value calculated using a TWROR methodology, assuming inflow/outflow occurs half way through the period under review.

Principal investments in the year to 31 March 2010

■ Investments of £116m

	Holding	£m
New investments		
Brookshire	80.0%	2.0
Follow on investments		
Quintain Estates (rights issue)	10.6%	20.3
London & Stamford (capital raising)	6.3%	12.6
Alok Industries (capital raising)	12.1%	11.8
Avanti Communications (capital raising)	16.4%	11.5
Oval (capital raising)	24.3%	7.5
Cobepa (cash call on part paid shares)	10.1%	7.1
TGE Marine (take private)	49.9%	6.7
Ermitage (restructuring)	91.7%	5.5
Edinmore Investments (property purchase)	100.0%	4.5
Other investments		26.6
Total investments		116.1

Principal realisations in the year to 31 March 2010

- Realisations of £84m

	Proceeds £m	Realised gain £m
Realisations		
Polar Capital funds (redemptions)	13.5	3.3
FTSE put options (close-out of options)	10.8	2.9
Rathbone Brothers (part sale of equity)	9.0	5.5
Caledonia EL Distribution (Ermitage - distribution)	6.5	6.5
GIC Housing Finance (sale of equity)	6.4	3.4
Novera Energy (sale of equity)	6.4	0.1
British Empire (part sale of equity)	6.3	5.5
Cazenove Group (sale of equity)	6.0	1.9
Other realisations (net)	19.0	2.6
Total realisations	83.9	31.7

Significant activity since year end

- £0.9m invested in April, principally through fund drawdowns
- £2.0m realised in April, largely from fund distributions

Financial Review

Stephen King

Finance Director

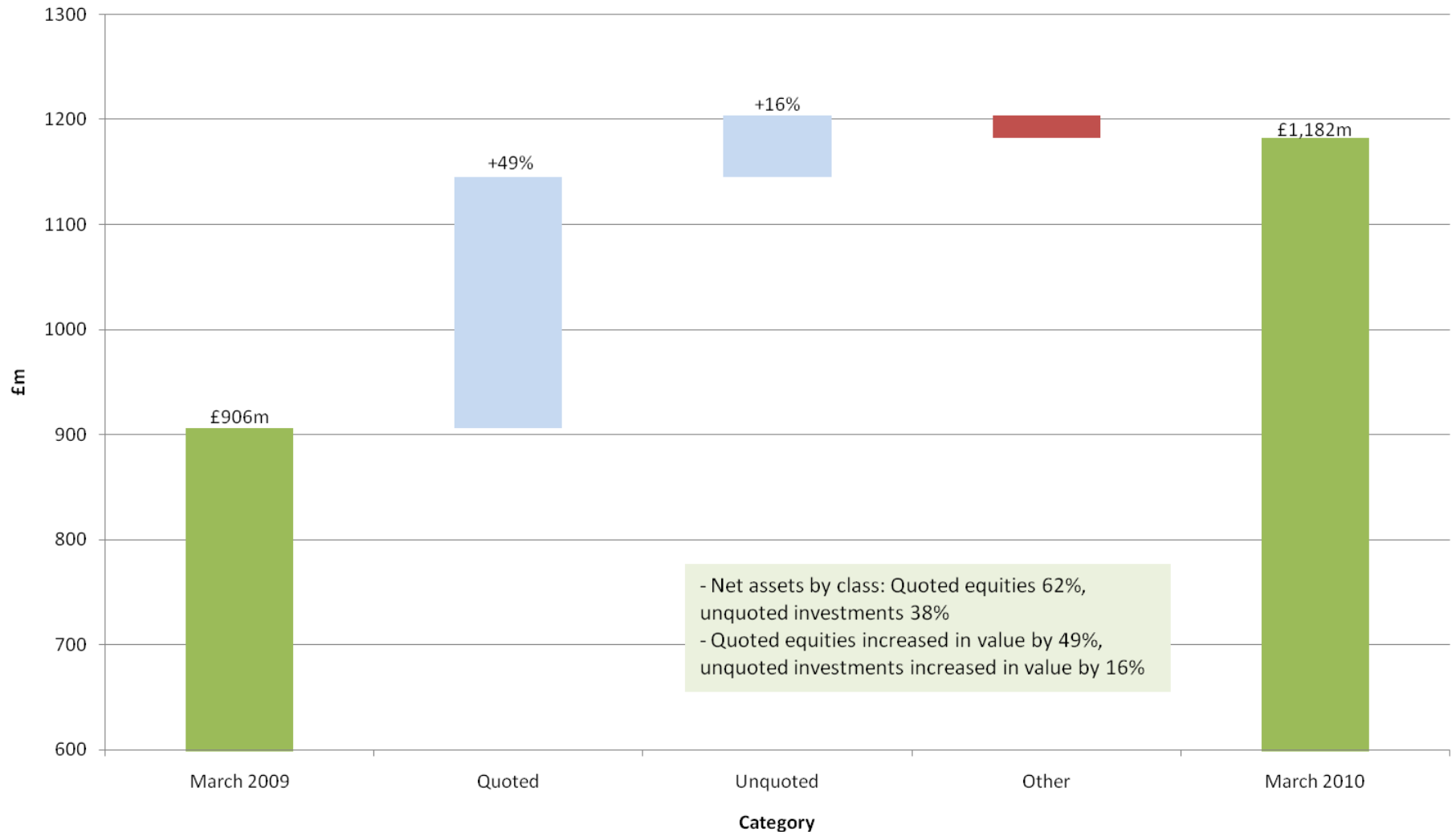
Summary net portfolio return

	2010 £m	2009 £m	Change £m
Gains and losses on investments and derivatives, net of provisions	289.9	(341.7)	631.6
Investment and other income, net of impairment	33.0	32.1	0.9
Gross portfolio return	322.9	(309.6)	632.5
Management expenses	(12.1)	(9.6)	(2.5)
Other expenses	(1.0)	(0.5)	(0.5)
Net portfolio return	309.8	(319.7)	629.5

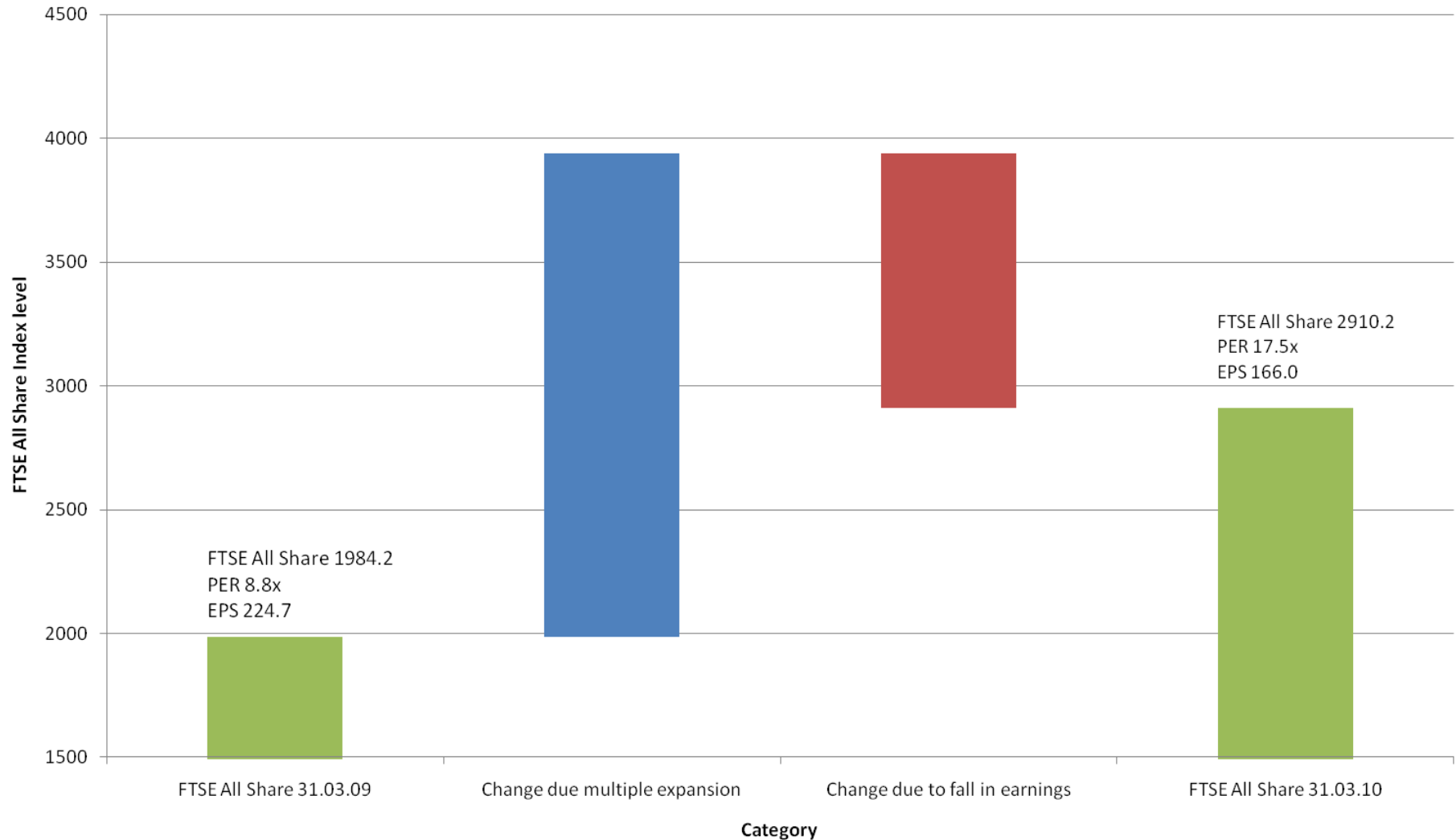
Summary Balance Sheet

	2010 £m	2009 £m	Change £m
Investments held at fair value through profit or loss	1,183.8	848.9	334.9
Other non-current assets	0.8	2.8	(2.0)
Non-current assets	1,184.6	851.7	332.9
Derivatives, trade and other receivables	5.9	10.6	(4.7)
Cash and cash equivalents	8.3	55.5	(47.2)
Current assets	14.2	66.1	(51.9)
Total assets	1,198.8	917.8	281.0
Total liabilities	(17.2)	(11.6)	(5.6)
Net assets	1,181.6	906.2	275.4
Diluted net asset value per share	2034p	1559p	475p

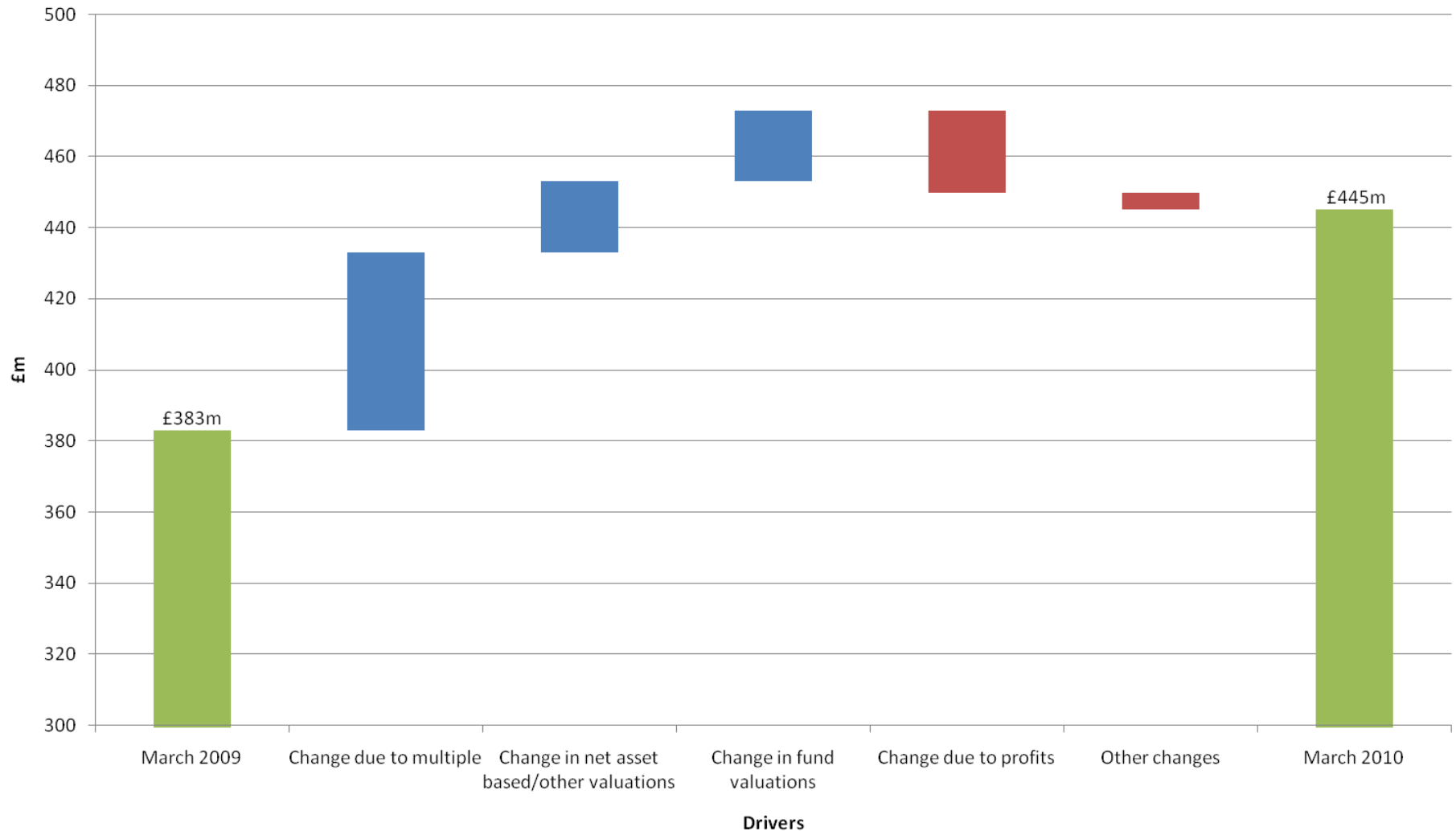
Quoted and unquoted investments: Composition of change in net assets between March 2009 and March 2010



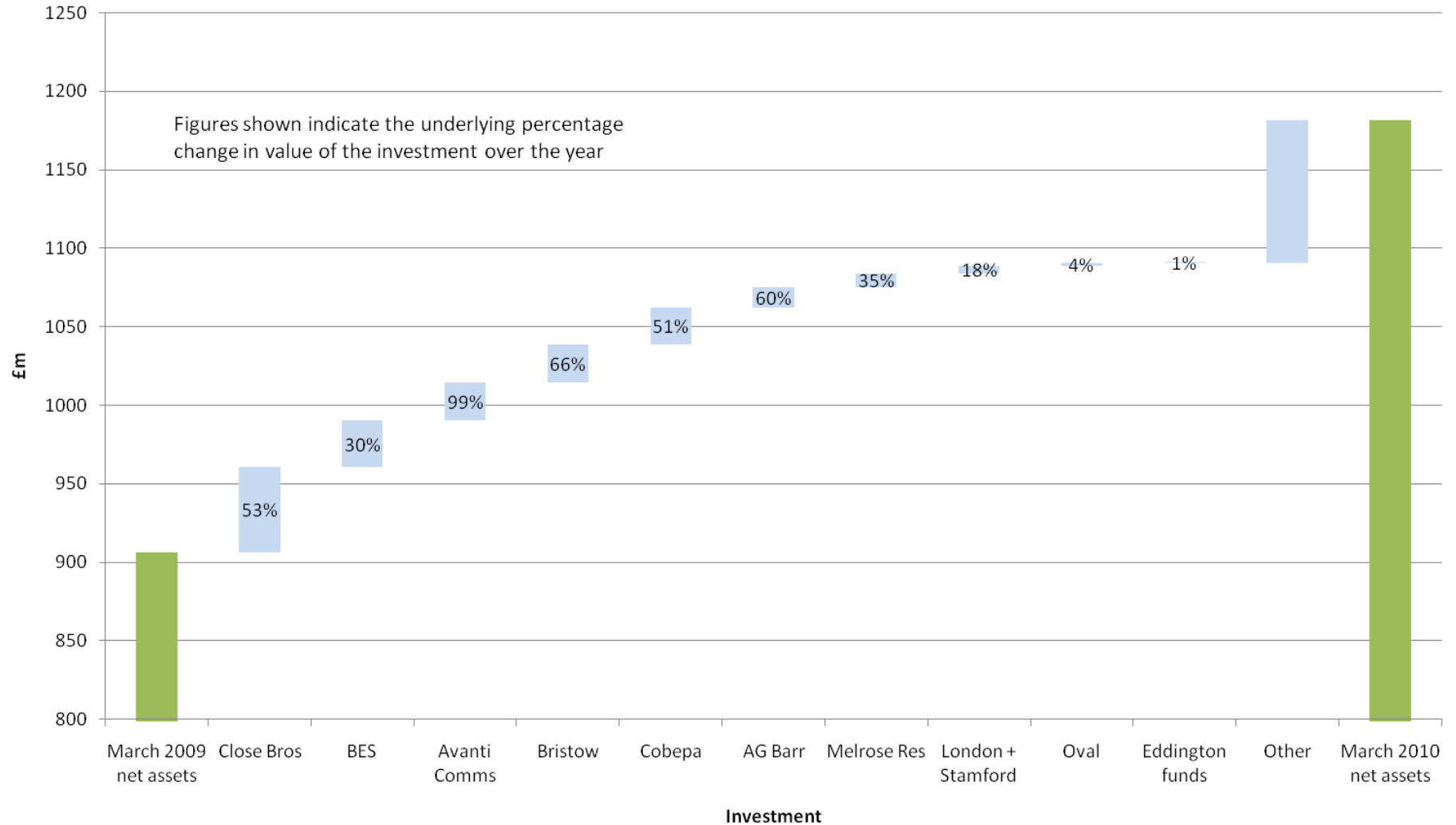
Drivers of change in level of the FTSE All Share index between March 2009 and March 2010



Key drivers of change in unquoted valuations between March 2009 and March 2010



Top ten investments: Contribution to change in net assets between March 2009 and March 2010



Cash / facilities

- £8m liquidity at 31 March 2010
- £100m five year committed facilities: expiry July 2013
 - Revolver £100m
 - Margin: 80-85bp over LIBOR
 - Available but undrawn
- Overdraft facility £10m

Movement in retained earnings in the year to 31 March 2010

- Retained earnings of £272m represent 23% of Net Asset Value
- Largest retained earnings in Investment Trust Sector

	£m	£m
Opening balance		281.5
Investment income	33.0	
Interest receivable	0.5	
	<u> </u>	315.0
Dividends: ordinary	<u>(34.0)</u>	
		281.0
Management expenses		(12.1)
Other (net)		<u>2.8</u>
Closing balance (all distributable)		<u>271.7</u>

Closing Remarks

Tim Ingram

Chief Executive

Outlook

- Cautious approach – well positioned for a fragile economy/market
- Growth opportunities in Asia and Far East
- Western economies look challenged

Concluding Comments

James Loudon

Chairman

Concluding comments

- Thank you to Tim Ingram
- Welcome to Will Wyatt

Key drivers of long term outperformance

- Identifying value creating and committed management teams
- Investing at lower prices than others – leverage the Caledonia brand
- Focus on few key investments (top 10 >50%); size £10m - £50m
- Constructive, active management
- Board representation (22 of top 25 investments)
- Self-managed (TER <1%); stable management team