



## Caledonia Investments plc

Half-year results for the six months ended 30 September 2011

### Highlights

- 13.4% decrease in diluted NAV per share over the six months (0.1% outperformance vs FTSE All-Share)
- 9.0% decrease in diluted NAV per share over five years (4.0% outperformance vs FTSE All-Share)
- 12.3% decrease in diluted NAV total return per share over the six months (0.5% underperformance vs FTSE All-Share TR)
- 177.9% share price total return over ten years (118.7% outperformance vs FTSE All-Share TR)
- £124m invested and £39m realised, including £71m invested through the Income & Growth pool
- 5.4% increase in interim dividend to 11.7p

	<i>30 Sep 2011</i>	<i>31 Mar 2011</i>	<i>Change</i>
Net asset value	£1,091m	£1,259m	-13.3%
NAV per share	1876p	2165p	-13.4%
Interim dividend per share	11.7p	11.1p	5.4%
Share price	1495p	1725p	-13.3%
Discount	20.3%	20.3%	
FTSE All-Share index	2654	3068	-13.5%
<i>Total shareholder returns</i>	<i>6 months</i>	<i>5 year</i>	<i>10 year</i>
Share price total return	-12.0%	-18.8%	177.9%
FTSE All-Share total return	-11.8%	4.0%	59.2%
Out/(under)-performance	-0.2%	-22.8%	118.7%

"Our proven model of investing over the longer term in a select portfolio of well-managed businesses remains at the heart of our strategy. We remain well-placed to take advantage of good opportunities at reasonable valuations despite extremely challenging market conditions. We have a strong balance sheet and are pleased to be able to increase our dividend by 5.4%."

**Will Wyatt, Chief Executive**

**22 November 2011**

For further information please contact:

Caledonia Investments plc  
Will Wyatt, Chief Executive  
Stephen King, Finance Director  
020 7802 8080

College Hill  
Tony Friend  
Roddy Watt  
020 7457 2020

## Management report

### Results

In the first half of our financial year, there was considerable volatility both in fixed income and equity markets caused by the deepening debt crises in the US and Europe. This culminated in a steep fall in stock markets in August, from which Caledonia was not immune. Our net asset value per share fell by 13% over the six months to 30 September 2011, broadly in line with the FTSE All-Share, our benchmark index. On the more relevant total return basis, Caledonia trailed the index by 0.5% due to its lower income characteristics, a yield gap that we intend to close as our recently established Income & Growth pool of investments develops.

We have continued with the execution of the strategy as reported in our March 2011 annual report. We invested £124m during the period under review, a large part of which went into the Income & Growth pool. This pool is designed specifically to bolster the yield from our portfolio to enable us in turn to provide a growing source of income for our shareholders. We also made further investments into two of our Asian holdings in line with our strategy of increasing our overall exposure to this region. The company ended the period with a small net debt position of £13m, having drawn £15m of its £100m term facilities.

We have also continued to reduce the absolute number of holdings in the portfolio, excluding the Income & Growth pool, by selling non-core and sub-scale investments. Overall, we realised £39m during the period from a mixture of fund distributions and the sale of our smaller investments in Vietnam and India.

### Performance

	Opening value £m	Investments £m	Disposals £m	Profit/(loss)[3] £m	Closing value £m	Total return %
<i>Pools</i>						
Quoted	427.0	16.6	–	(88.2)	355.4	(19.8)
Unquoted[2]	281.2	0.3	(4.9)	(16.2)	260.4	(4.3)
Asia	159.0	18.7	(11.9)	(18.1)	147.7	(10.4)
Property	105.3	4.7	(0.2)	(4.0)	105.8	(2.7)
Funds	198.6	12.6	(20.3)	(19.3)	171.6	(9.0)
Income & Growth	12.1	71.1	(1.8)	(7.2)	74.2	(12.9)
	1,183.2	124.0	(39.1)	(153.0)	1,115.1	(11.5)
Cash	101.2	(130.9)	39.2	(7.8)	1.7	
Other items	(25.7)	6.9	(0.1)	7.9	(11.0)	
Total assets	1,258.7	–	–	(152.9)	1,105.8	(12.1)

1. The balances and movements are taken from the results of the company.
2. Includes forward currency derivatives, valued at £1.2m (31 March 2011 - £0.8m liability).
3. Includes gains and losses on investments and derivatives totalling £153.9m loss and rolled-up interest of £0.9m.

### Investment portfolio

**Quoted** Three of our larger quoted companies, Close Brothers, Avanti Communications and Melrose Resources, which represent over half of the value of the Quoted pool, were particularly hard hit by market sentiment. This contributed to a reduction in value of £88m and a negative total return of 19.8%. Caledonia has traditionally taken large stakes in its investee companies, a by-product of which is a relatively high level of portfolio volatility. We remain confident that these companies have a bright future and have a much higher intrinsic value than currently being awarded by the market. On the other hand, we took advantage of the opportunities presented by fluctuating markets to build positions in several other companies which we have been tracking, but hitherto were unwilling to invest in, due to valuation parameters.

**Unquoted** Overall, the Unquoted pool had a negative total return of 4.3%, mainly reflecting reduced comparator multiples used in the valuation process. There were some notably good operational performances both from our directly held industrial companies, such as TGE Marine and Sterling Industries, which continue to trade strongly, and from those owned by Cobepa, the Belgian investment company. The number of new investment opportunities we are being shown remains at a reasonable level and we continue to progress with the sale of several existing portfolio companies.

**Asia** The Asia pool had a negative total return of 10.4%. The majority of our Asian investments are concentrated in India where, by comparison, the Sensex index fell by 15.4% over the same timeframe. A further £19m was invested into the Asia pool, including £6m to support a placing by Eredene Capital, £5m in Jardine Matheson and £4m in a follow-on investment in Marwadi, the Gujarat-based broking business. Dewan Housing Finance and First Blue, in both of which we are a shareholder, announced merger terms and have scheduled completion for Q2 2012, which will consolidate Dewan's position as the third largest private sector home finance business in the Indian market. In China, our investment in Capital Today, the private equity fund, showed a useful advance driven by the success of JingDong, the Chinese online retailer.

**Property** The Property pool provided a useful hedge to the volatile equity markets, with a more modest negative total return of 2.7%. In line with our strategic aims, we have made good progress in selling some of the historic smaller properties held in Edinmore, our wholly-owned subsidiary.

**Funds** The Funds pool had a negative total return of 9.0%. A total of £13m was invested into the Funds pool during the period and we realised £20m, of which £11m came from the sale of MeetingZone by the Nova Springboard fund, the buyout of which we backed in 2006. British Empire Securities, which makes up a large part of the value of the Funds pool, fell by 15% during the period, being treated particularly harshly by the rapid fall in markets in August. The opportunities presented by current market conditions should however suit its value oriented investment style.

**Income & Growth** The gradual investment of surplus liquidity into a pool of high quality large cap stocks with growth prospects in both dividends and earnings has been maintained with a further £71m being invested over the six month period. The pool has a wide geographic spread, with 50% exposed to Europe, 25% to the US and 25% to Asia-Pacific and South America. It has a running yield of 5%, which is marginally ahead of our strategic objective. The timeframe since the establishment of this pool is too short to provide meaningful comparison against benchmarks, especially as little income has accrued to date, though, with a negative total return for the period of 12.9% we are encouraged by early signs of outperformance in these volatile markets. Within the pool, there is a good spread of high quality global companies from the pharmaceutical, utility, telecommunications and food and beverage sectors. These are complemented by a selection of higher growth companies in Asia, Australia and Brazil within the financial and infrastructure sectors. The aim is for the portfolio to comprise about 40 to 45 companies and its composition will be reasonably stable once stock selection has been finalised. We would envisage increasing the size of this pool to about 15% of Caledonia's net assets over the next two years, in line with our strategy.

### **Board changes**

John May, an executive director of Caledonia since 2003, retired from the Board on 30 September 2011. John made a very significant contribution to the company over these eight years, both as a member of the Board and as a director of a number of our investee companies. On behalf of the Board, we would like to record our grateful thanks for all that he has done for Caledonia and its shareholders.

We were pleased to appoint Rod Kent and Robert Woods as additional independent non-executive directors on 1 October and 1 November 2011 respectively. Each brings a wealth of experience to our Board.

Rod was Managing Director of Close Brothers for 28 years until 2002 and then a non-executive director and latterly Chairman until 2008. He has also been Chairman of M&G, Bradford & Bingley and BT Pension Trustees, and Senior Independent Director of Whitbread. He is currently a non-executive director of Grosvenor Group and a Governor of the Wellcome Trust.

Robert spent his career at P&O, where he was CEO from 2004 until 2006. He has also been a non-executive director of Cathay Pacific Airways and is currently Chairman of P&O Ferries, Southampton Container Terminal, Tilbury Container Services and the Mission to Seafarers, as well as a non-executive director of John Swire and Sons.

### **Dividend**

The directors have declared an interim dividend of 11.7p per share. This represents an increase of 5.4% over the equivalent dividend last year and will be paid on 5 January 2012.

### **Outlook**

The near term story will continue to be dominated by the problems of the eurozone. Until there is a clear and achievable solution to the debt crises, investors will continue to be subjected to unusually large movements in markets. This, combined with the lack of clarity over the health of the world economy provides a difficult backdrop against which to invest. However, we will remain disciplined in only allocating capital to companies which have strong management and good prospects at attractive valuations.

James Loudon, Chairman  
Will Wyatt, Chief Executive

## Portfolio summary

Holdings over 1% of total assets at 30 September 2011 were as follows:

Name	Notes	Pool	Geography		Value £m	Total assets %
			(note 4)	Business		
Close Brothers	1,2	Quoted	UK	Financial services	129.8	11.7
British Empire Securities	1,2	Funds	UK	Investment trust	87.9	7.9
Cobepa	1,5	Unquoted	Belgium	Investment company	86.4	7.8
Bristow Group	1,2	Quoted	US	Helicopter services	66.5	6.0
A.G.Barr	2	Quoted	UK	Soft drinks	40.7	3.7
London & Stamford	1,2	Property	UK	Property investment	36.9	3.3
Avanti Communications	1,2	Quoted	UK	Satellite communications	33.8	3.1
Oval	1	Unquoted	UK	Insurance broking	32.2	2.9
Dewan Housing Finance	1,2	Asia	India	Housing finance	30.9	2.8
Satellite Information Services	1	Unquoted	UK	Broadcasting services	29.2	2.6
Sterling Industries	1	Unquoted	UK	Engineering	28.1	2.5
Capital Today China		Asia	China	Private equity funds	27.2	2.5
Quintain Estates	1,2	Property	UK	Property services	22.1	2.0
The Sloane Club	1	Unquoted	UK	Residential club	21.6	2.0
Celerant Consulting	1	Unquoted	UK	Management consultancy	20.8	1.9
TGE Marine	1	Unquoted	Germany	LNG engineering	20.7	1.9
Polar Capital	1,2	Quoted	UK	Fund manager	19.3	1.7
Alok Industries	2	Asia	India	Textiles	19.0	1.7
Melrose Resources	1,2	Quoted	UK	Oil and gas producer	16.2	1.5
Pragma		Funds	France	Investment funds	15.5	1.4
Eredene Capital	1,2	Asia	UK	Indian infrastructure	14.7	1.3
First Blue Home Finance	1	Asia	India	Housing finance	14.4	1.3
Novae Group	1,2	Quoted	UK	Insurance services	14.1	1.3
Edinmore Investments	1	Property	UK	Property investment	13.6	1.2
Perlus Microcap		Funds	US	Private equity fund	13.4	1.2
Nova Springboard	3	Funds	UK	Private equity fund	12.0	1.1
Income & Growth pool					74.2	6.7
Other investments					173.9	15.8
Investment portfolio					1,115.1	100.8
Cash and other items					(9.3)	(0.8)
Total assets					1,105.8	100.0
Borrowings					(15.0)	
Net assets					1,090.8	

1. Board representation.
2. Equity securities listed on UK or overseas stock exchanges.
3. Also a management company shareholding and board representation.
4. Geography is based on the country of listing, country of domicile for unlisted investments and underlying regional analysis for funds.
5. Included forward currency derivative to hedge euro movements, valued at £1.2m.

### **Pool distributions**

Quoted	32%
Unquoted	23%
Asia	13%
Property	10%
Funds	15%
Income & Growth	7%

### **Geographic distribution**

United Kingdom	56%
Continental Europe	18%
North America	10%
Asia	15%
Other countries	1%

### **Asset class distribution**

Listed companies	61%
Unlisted companies	29%
Private equity funds	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 2011. External risks arise from political, legal, regulatory and economic changes. Strategic risks arise from the conception, design and implementation of the company's business model. Investment risk occurs in relation to specific investment decisions, subsequent performance or concentration of exposure. Treasury and funding risks arise from counterparties, uncertainty in market prices and rates and liquidity availability. Operational risks arise from potentially inadequate or failed controls, processes, people or systems.

The principal risks and uncertainties identified in the annual report 2011 remain unchanged and each of them has the potential to affect the company's results during the remainder of the year ending 31 March 2012.

Caledonia aims to manage risk by:

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

### Going concern

The factors likely to affect the company's ability to continue as a going concern were set out in the annual report 2011. As at 30 September 2011, there have been no significant changes to these factors. Having reviewed the company's forecasts and other relevant evidence, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-year condensed financial statements.

## Directors' responsibility statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements, which has been prepared in accordance with IAS 34 'Interim Financial Reporting', gives a true and fair view of the assets, liabilities, financial position and profit or loss of the company, as required by DTR 4.2.4R of the 'Disclosure Rules and Transparency Rules';
- the interim management report includes a fair review of the information required by:
  - DTR 4.2.7R 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
  - DTR 4.2.8R 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

Will Wyatt, Chief Executive  
22 November 2011

## **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-yearly financial report for the six months ended 30 September 2011, which comprises the condensed statement of comprehensive income, the condensed statement of financial position, the condensed statement of changes in equity, the condensed statement of cash flows and related notes 1 to 11 on a company and group basis. We have read the other information contained in the half-yearly 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 the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules (the 'DTR') of the UK's Financial Services Authority (the 'UK FSA'). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 reached.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the EU.

### **Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly 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 UK. 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-yearly financial report for the six months ended 30 September 2011 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

### **J M Mills**

**for and on behalf of KPMG Audit Plc**

*Chartered Accountants*

15 Canada Square, London E14 5GL, United Kingdom

22 November 2011

## Condensed company statement of comprehensive income for the six months ended 30 September 2011

	Six months 30 Sep 2011			Six months 30 Sep 2010			Year 31 Mar 2011		
	Revenue £m	Capital £m	Total £m	Revenue £m	Capital £m	Total £m	Revenue £m	Capital £m	Total £m
<i>Revenue</i>									
Investment and other income	12.2	-	12.2	7.9	-	7.9	33.2	-	33.2
Gains/(losses) on fair value investments	-	(155.9)	(155.9)	-	39.5	39.5	-	72.5	72.5
Gains/(losses) on derivatives	-	2.0	2.0	-	-	-	-	(0.8)	(0.8)
<b>Total revenue</b>	<b>12.2</b>	<b>(153.9)</b>	<b>(141.7)</b>	<b>7.9</b>	<b>39.5</b>	<b>47.4</b>	<b>33.2</b>	<b>71.7</b>	<b>104.9</b>
Management expenses	(5.8)	(0.4)	(6.2)	(5.6)	(0.1)	(5.7)	(9.7)	(0.5)	(10.2)
Guarantee obligations	-	(5.0)	(5.0)	-	-	-	-	(10.0)	(10.0)
<b>Profit/(loss) before finance costs</b>									
	6.4	(159.3)	(152.9)	2.3	39.4	41.7	23.5	61.2	84.7
Treasury interest receivable									
	0.3	-	0.3	0.3	-	0.3	0.7	-	0.7
Finance costs									
	(0.2)	-	(0.2)	(0.2)	-	(0.2)	(0.4)	-	(0.4)
Exchange movements									
	(0.3)	-	(0.3)	(0.1)	-	(0.1)	0.5	-	0.5
<b>Profit/(loss) before tax</b>									
	6.2	(159.3)	(153.1)	2.3	39.4	41.7	24.3	61.2	85.5
Taxation									
	0.8	0.2	1.0	0.9	0.1	1.0	(0.9)	(0.5)	(1.4)
<b>Profit/(loss) and total comprehensive income for the period</b>									
	<b>7.0</b>	<b>(159.1)</b>	<b>(152.1)</b>	<b>3.2</b>	<b>39.5</b>	<b>42.7</b>	<b>23.4</b>	<b>60.7</b>	<b>84.1</b>
Earnings per share									
Basic	12.1p	-275.2p	-263.1p	5.5p	68.3p	73.8p	40.5p	105.0p	145.5p
Diluted	12.0p	-275.2p	-263.1p	5.5p	68.2p	73.7p	40.4p	104.7p	145.1p

The total column of the above statement represents the company's statement of comprehensive income, prepared in accordance with IFRSs as adopted the European Union.

The revenue and capital columns are supplementary to the company's statement of comprehensive income and are prepared under guidance published by the Association of Investment Companies.



## Condensed company statement of financial position at 30 September 2011

	30 Sep 2011 £m	30 Sep 2010 £m	31 Mar 2011 £m
<i>Non-current assets</i>			
Investments held at fair value through profit or loss	1,113.1	1,212.4	1,183.2
Investments in subsidiaries held at cost	0.8	0.8	0.8
<b>Non-current assets</b>	<b>1,113.9</b>	<b>1,213.2</b>	<b>1,184.0</b>
<i>Current assets</i>			
Trade and other receivables	7.0	3.8	3.6
Current tax assets	0.4	1.3	-
Cash and cash equivalents	1.7	19.3	101.2
Current assets	9.1	24.4	104.8
<b>Total assets</b>	<b>1,123.0</b>	<b>1,237.6</b>	<b>1,288.8</b>
<i>Current liabilities</i>			
Trade and other payables	(3.1)	(3.8)	(10.2)
Current tax liabilities	-	-	(0.5)
Provisions	(13.9)	(8.9)	(18.9)
Current liabilities	(17.0)	(12.7)	(29.6)
<i>Non-current liabilities</i>			
Interest-bearing loans and borrowings	(15.0)	-	-
Deferred tax liabilities	(0.2)	(0.8)	(0.5)
Non-current liabilities	(15.2)	(0.8)	(0.5)
<b>Total liabilities</b>	<b>(32.2)</b>	<b>(13.5)</b>	<b>(30.1)</b>
<b>Net assets</b>	<b>1,090.8</b>	<b>1,224.1</b>	<b>1,258.7</b>
<i>Equity</i>			
Share capital	3.3	3.3	3.3
Share premium	1.3	1.3	1.3
Capital redemption reserve	1.2	1.2	1.2
Capital reserve	833.7	971.6	992.8
Retained earnings	277.6	274.9	288.3
Own shares	(26.3)	(28.2)	(28.2)
<b>Total equity</b>	<b>1,090.8</b>	<b>1,224.1</b>	<b>1,258.7</b>
Undiluted net asset value per share	1892p	2120p	2180p
Diluted net asset value per share	1876p	2105p	2165p

## Condensed company statement of changes in equity for the six months ended 30 September 2011

	Share capital £m	Share premium £m	Capital redemp- tion reserve £m	Capital reserve £m	Retained earnings £m	Own shares £m	Total equity £m
<b>Six months ended 30 September 2011</b>							
Balance at 1 April 2011	3.3	1.3	1.2	992.8	288.3	(28.2)	1,258.7
Loss and total comprehensive income for the period	-	-	-	(159.1)	7.0	-	(152.1)
<i>Transactions with owners of the company</i>							
<i>Contributions by and distributions to owners</i>							
Share-based payments	-	-	-	-	0.4	-	0.4
Exercise of share options	-	-	-	-	-	0.6	0.6
Own shares purchased	-	-	-	-	(3.1)	1.3	(1.8)
Dividends paid	-	-	-	-	(15.0)	-	(15.0)
Total transactions with owners	-	-	-	-	(17.7)	1.9	(15.8)
Balance at 30 September 2011	3.3	1.3	1.2	833.7	277.6	(26.3)	1,090.8
<b>Six months ended 30 September 2010</b>							
Balance at 1 April 2010	3.3	1.3	1.2	932.1	271.7	(28.0)	1,181.6
Profit and total comprehensive income for the period	-	-	-	39.5	3.2	-	42.7
<i>Transactions with owners of the company</i>							
<i>Contributions by and distributions to owners</i>							
Own shares purchased	-	-	-	-	-	(0.2)	(0.2)
Total transactions with owners	-	-	-	-	-	(0.2)	(0.2)
Balance at 30 September 2010	3.3	1.3	1.2	971.6	274.9	(28.2)	1,224.1
<b>Year ended 31 March 2011</b>							
Balance at 1 April 2010	3.3	1.3	1.2	932.1	271.7	(28.0)	1,181.6
Profit and total comprehensive income for the year	-	-	-	60.7	23.4	-	84.1
<i>Transactions with owners of the company</i>							
<i>Contributions by and distributions to owners</i>							
Share-based payments	-	-	-	-	(0.4)	-	(0.4)
Own shares purchased	-	-	-	-	-	(0.2)	(0.2)
Dividends paid	-	-	-	-	(6.4)	-	(6.4)
Total transactions with owners	-	-	-	-	(6.8)	(0.2)	(7.0)
Balance at 31 March 2011	3.3	1.3	1.2	992.8	288.3	(28.2)	1,258.7

## Condensed group statement of comprehensive income for the six months ended 30 September 2011

	30 Sep 2011 £m	30 Sep 2010 £m	31 Mar 2011 £m
<i>Revenue</i>			
Investment and other income	11.3	7.7	24.7
Gains and losses on investments held at fair value through profit or loss	(161.6)	31.9	62.9
Gains and losses on derivatives used to hedge the fair value of investments	2.0	0.3	(0.2)
Revenue from sales of goods and services	50.9	56.2	118.2
<b>Total revenue</b>	<b>(97.4)</b>	<b>96.1</b>	<b>205.6</b>
Investment management expenses	(6.2)	(5.7)	(10.2)
Trade operating expenses	(49.6)	(53.8)	(126.2)
Gain/(loss) on disposal of operations	(1.0)	-	10.6
Gain/(loss) on investment property	0.4	0.4	(0.3)
Share of results of joint ventures	(0.7)	(1.9)	(3.8)
<b>Profit/(loss) before finance costs</b>	<b>(154.5)</b>	<b>35.1</b>	<b>75.7</b>
Treasury interest receivable	0.3	0.2	0.4
Finance costs	(1.0)	(1.2)	(2.4)
Exchange movements	(0.3)	(0.3)	0.1
<b>Profit/(loss) before tax</b>	<b>(155.5)</b>	<b>33.8</b>	<b>73.8</b>
Taxation	(2.8)	(0.3)	(6.2)
<b>Profit/(loss) for the period</b>	<b>(158.3)</b>	<b>33.5</b>	<b>67.6</b>
<i>Other comprehensive income</i>			
Exchange differences on translation of foreign operations	0.6	(1.2)	(1.3)
Transfer to profit or loss on disposal of foreign operations	-	-	0.1
Actuarial gains/(losses) on defined benefit pension schemes	(6.4)	0.2	0.7
Tax on other comprehensive income	2.1	(0.1)	(0.2)
<b>Total comprehensive income</b>	<b>(162.0)</b>	<b>32.4</b>	<b>66.9</b>
<i>Profit/(loss) for the period attributable to</i>			
Owners of the parent	(158.2)	33.6	68.8
Non-controlling interest	(0.1)	(0.1)	(1.2)
	<b>(158.3)</b>	<b>33.5</b>	<b>67.6</b>
<i>Total comprehensive income attributable to</i>			
Owners of the parent	(161.9)	32.5	68.2
Non-controlling interest	(0.1)	(0.1)	(1.3)
	<b>(162.0)</b>	<b>32.4</b>	<b>66.9</b>
Basic earnings per share	-273.6p	58.1p	119.0p
Diluted earnings per share	-273.6p	58.0p	118.7p

## Condensed group statement of financial position at 30 September 2011

	30 Sep 2011 £m	30 Sep 2010 £m	31 Mar 2011 £m
<i>Non-current assets</i>			
Investments held at fair value through profit or loss	1,021.7	1,118.3	1,095.5
Available for sale investments	0.8	0.8	0.8
Intangible assets	3.4	22.4	7.6
Property, plant and equipment	79.4	84.7	81.1
Investment property	24.5	21.2	20.5
Interests in joint ventures	2.0	5.8	2.7
Deferred tax assets	4.5	5.6	4.7
<b>Non-current assets</b>	<b>1,136.3</b>	<b>1,258.8</b>	<b>1,212.9</b>
<i>Current assets</i>			
Inventories	18.6	18.2	16.6
Trade and other receivables	28.1	27.3	29.1
Current tax assets	-	2.0	0.2
Cash and cash equivalents	20.4	39.3	121.5
<b>Current assets</b>	<b>67.1</b>	<b>86.8</b>	<b>167.4</b>
<b>Total assets</b>	<b>1,203.4</b>	<b>1,345.6</b>	<b>1,380.3</b>
<i>Current liabilities</i>			
Bank overdraft	(0.1)	(0.2)	-
Trade and other payables	(23.1)	(22.1)	(31.8)
Employee benefits	(1.5)	(2.9)	(3.7)
Current tax liabilities	(2.8)	(0.3)	(2.6)
Interest-bearing loans and borrowings	(40.2)	(10.4)	(48.2)
Provisions	(4.0)	(4.0)	(4.1)
<b>Current liabilities</b>	<b>(71.7)</b>	<b>(39.9)</b>	<b>(90.4)</b>
<i>Non-current liabilities</i>			
Interest-bearing loans and borrowings	(42.5)	(71.8)	(30.8)
Employee benefits	(13.4)	(8.2)	(7.9)
Deferred tax liabilities	(1.3)	(2.0)	(2.0)
<b>Non-current liabilities</b>	<b>(57.2)</b>	<b>(82.0)</b>	<b>(40.7)</b>
<b>Total liabilities</b>	<b>(128.9)</b>	<b>(121.9)</b>	<b>(131.1)</b>
<b>Net assets</b>	<b>1,074.5</b>	<b>1,223.7</b>	<b>1,249.2</b>
<i>Equity</i>			
Share capital	3.3	3.3	3.3
Share premium	1.3	1.3	1.3
Capital redemption reserve	1.2	1.2	1.2
Retained earnings	1,087.5	1,240.1	1,267.7
Foreign exchange translation reserve	4.9	4.2	4.3
Own shares	(26.3)	(28.2)	(28.2)
<b>Equity attributable to owners of the parent</b>	<b>1,071.9</b>	<b>1,221.9</b>	<b>1,249.6</b>
Non-controlling interest	2.6	1.8	(0.4)
<b>Total equity</b>	<b>1,074.5</b>	<b>1,223.7</b>	<b>1,249.2</b>

## Condensed group statement of changes in equity for the six months ended 30 September 2011

	Capital accounts (note 1) £m	Retained earnings £m	Currency translation reserve £m	Own shares £m	Non- controlling interest £m	Total equity £m
<b>Six months ended 30 September 2011</b>						
Balance at 1 April 2011	5.8	1,267.7	4.3	(28.2)	(0.4)	1,249.2
<i>Total comprehensive income for the period</i>						
Loss for the period	-	(158.2)	-	-	(0.1)	(158.3)
Other comprehensive income	-	(4.3)	0.6	-	-	(3.7)
Total comprehensive income	-	(162.5)	0.6	-	(0.1)	(162.0)
<i>Transactions with owners of the company</i>						
<i>Contributions by and distributions to owners</i>						
Share-based payments	-	0.4	-	-	-	0.4
Exercise of share options	-	-	-	0.6	-	0.6
Own shares purchased	-	(3.1)	-	1.3	-	(1.8)
Dividends paid	-	(15.0)	-	-	(0.2)	(15.2)
Total contributions and distributions	-	(17.7)	-	1.9	(0.2)	(16.0)
<i>Changes in ownership interests</i>						
Non-controlling interest disposed	-	-	-	-	3.3	3.3
Total transactions with owners	-	(17.7)	-	1.9	3.1	(12.7)
Balance at 30 September 2011	5.8	1,087.5	4.9	(26.3)	2.6	1,074.5
<b>Six months ended 30 September 2010</b>						
Balance at 1 April 2010	5.8	1,206.4	5.4	(28.0)	1.4	1,191.0
<i>Total comprehensive income for the period</i>						
Profit for the period	-	33.6	-	-	(0.1)	33.5
Other comprehensive income	-	0.1	(1.2)	-	-	(1.1)
Total comprehensive income	-	33.7	(1.2)	-	(0.1)	32.4
<i>Transactions with owners of the company</i>						
<i>Contributions by and distributions to owners</i>						
Own shares purchased	-	-	-	(0.2)	-	(0.2)
Dividends paid	-	-	-	-	(0.2)	(0.2)
Total contributions and distributions	-	-	-	(0.2)	(0.2)	(0.4)
<i>Changes in ownership interests</i>						
Capital contributed	-	-	-	-	0.7	0.7
Total transactions with owners	-	-	-	(0.2)	0.5	0.3
Balance at 30 September 2010	5.8	1,240.1	4.2	(28.2)	1.8	1,223.7

	Capital accounts (note 1) £m	Retained earnings £m	Currency translation reserve £m	Own shares £m	Non- controlling interest £m	Total equity £m
<b><i>Year ended 31 March 2011</i></b>						
Balance at 1 April 2010	5.8	1,206.4	5.4	(28.0)	1.4	1,191.0
<i>Total comprehensive income for the year</i>						
Profit for the year	-	68.8	-	-	(1.2)	67.6
Other comprehensive income	-	0.5	(1.1)	-	(0.1)	(0.7)
Total comprehensive income	-	69.3	(1.1)	-	(1.3)	66.9
<i>Transactions with owners of the company</i>						
<i>Contributions by and distributions to owners</i>						
Share-based payments	-	(0.4)	-	-	-	(0.4)
Own shares purchased	-	-	-	(0.2)	-	(0.2)
Dividends paid	-	(6.4)	-	-	(0.3)	(6.7)
Total contributions and distributions	-	(6.8)	-	(0.2)	(0.3)	(7.3)
<i>Changes in ownership interests</i>						
Capital contributed	-	-	-	-	0.6	0.6
Non-controlling interest acquired	-	(1.2)	-	-	(0.8)	(2.0)
Total changes in ownership interests	-	(1.2)	-	-	(0.2)	(1.4)
Total transactions with owners	-	(8.0)	-	(0.2)	(0.5)	(8.7)
Balance at 31 March 2011	5.8	1,267.7	4.3	(28.2)	(0.4)	1,249.2

1. Capital accounts at 1 April 2010, 30 September 2010, 31 March 2011 and 30 September 2011 comprised £3.3m of share capital, £1.3m of share premium and £1.2m of capital redemption reserve.

## Condensed statement of cash flows for the six months ended 30 September 2011

	Company			Group		
	6 mths 30 Sep 2011 £m	6 mths 30 Sep 2010 £m	Year 31 Mar 2011 £m	6 mths 30 Sep 2011 £m	6 mths 30 Sep 2010 £m	Year 31 Mar 2011 £m
<i>Operating activities</i>						
Dividends received	13.3	8.3	30.3	11.9	8.3	21.6
Interest received	0.6	1.6	2.3	0.3	2.1	2.7
Cash received from customers	-	-	-	55.4	61.3	123.6
Cash paid to suppliers and employees	(5.8)	(7.8)	(13.8)	(56.3)	(64.7)	(123.6)
Taxes received/(paid)	(0.1)	0.2	(0.1)	(0.8)	0.2	(0.6)
Group relief paid	-	-	(0.1)	-	-	-
<b>Net cash flow from operating activities</b>	<b>8.0</b>	<b>2.3</b>	<b>18.6</b>	<b>10.5</b>	<b>7.2</b>	<b>23.7</b>
<i>Investing activities</i>						
Purchases of investments	(130.9)	(48.5)	(112.9)	(132.4)	(41.1)	(91.4)
Proceeds from disposal of investments	39.2	59.0	195.5	39.0	59.0	173.4
Net receipts/(payments) from derivatives	-	-	-	0.2	(0.2)	(0.2)
Purchases of property, plant and equipment	-	-	-	(1.1)	(1.6)	(3.0)
Purchases of investment property	-	-	-	(3.5)	(8.8)	(8.8)
Purchases of joint ventures	-	-	-	-	(0.1)	(0.2)
Proceeds from disposal of joint ventures	-	-	-	-	-	1.2
Purchases of subsidiaries net of cash acquired	-	-	-	(2.0)	(0.2)	(2.2)
Proceeds from disposal of subsidiaries net of cash disposed	-	-	-	2.5	-	15.4
Loans advanced	(4.4)	-	-	(4.4)	-	-
Guarantee obligation settled	(10.0)	-	-	-	-	-
<b>Net cash flow from/(used in) investing activities</b>	<b>(106.1)</b>	<b>10.5</b>	<b>82.6</b>	<b>(101.7)</b>	<b>7.0</b>	<b>84.2</b>
<i>Financing activities</i>						
Interest paid	(0.2)	(0.2)	(0.3)	(1.0)	(1.0)	(2.2)
Dividends paid to owners of the company	(15.0)	-	(6.4)	(15.0)	-	(6.4)
Distributions paid to non-controlling interest	-	-	-	(0.2)	(0.2)	(0.3)
Proceeds from new borrowings	15.0	-	-	17.4	0.1	0.3
Repayment of borrowings	-	-	-	(10.3)	(3.1)	(6.8)
Capital contribution by non-controlling interest	-	-	-	-	0.7	0.6
Exercise of share options	0.6	-	-	0.6	-	-
Purchase of own shares	(1.8)	(1.6)	(1.6)	(1.8)	(1.6)	(1.6)
<b>Net cash flow used in financing activities</b>	<b>(1.4)</b>	<b>(1.8)</b>	<b>(8.3)</b>	<b>(10.3)</b>	<b>(5.1)</b>	<b>(16.4)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(99.5)</b>	<b>11.0</b>	<b>92.9</b>	<b>(101.5)</b>	<b>9.1</b>	<b>91.5</b>
Cash and cash equivalents at period start	101.2	8.3	8.3	121.5	30.5	30.5
Exchange movements on cash and cash equivalents	-	-	-	0.3	(0.5)	(0.5)
<b>Cash and cash equivalents at period end</b>	<b>1.7</b>	<b>19.3</b>	<b>101.2</b>	<b>20.3</b>	<b>39.1</b>	<b>121.5</b>

## Notes to the condensed financial statements

### 1. General information

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

This condensed set of financial statements was approved for issue on 22 November 2011 and is unaudited.

The information for the period ended 30 September 2011 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 March 2011 has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified, did not draw attention to any matters by way of emphasis of matter and did not contain a statement under section 498(2) and (3) of the Companies Act 2006.

### 2. Accounting policies

#### *Basis of accounting*

This condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' and should be read in conjunction with the annual financial statements for the year ended 31 March 2011, which were prepared in accordance with IFRSs as adopted by the European Union.

The condensed company financial statements have been prepared in accordance with the recommendations of the SORP issued by the Association of Investment Companies.

#### *Going concern*

The directors have assessed the risks facing the group and consider that it has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-year condensed set of financial statements.

#### *Changes in accounting policies*

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 owners of the company in the period were as follows:

	6 mths 30 Sep 2011 £m	6 mths 30 Sep 2010 £m	Year 31 Mar 2011 £m
Interim dividend for the year ended 31 March 2011 of 11.1p per share	-	-	6.4
Final dividend for the year ended 31 March 2011 of 26.0p per share	15.0	-	-
	15.0	-	6.4

The directors have declared an interim dividend for the year ending 31 March 2012 of 11.7p per share, totalling £6.7m, which has not been included as a liability in this condensed set of financial statements. This dividend will be payable on 5 January 2012 to holders of shares on the register on 9 December 2011. The ex-div date will be 7 December 2011.



#### **4. 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 period end and on the number of shares in issue at the period end less shares held by the Caledonia Investments plc Employee Share Trust, shares held by a subsidiary, shares accounted as held in treasury and shares subject to an irrevocable mandate given to J.P. Morgan Securities to purchase the company's shares for cancellation during the close period between the period end and the publication of the half-year results.

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 reporting date, the exercise of all outstanding in-the-money share options and the calling of deferred bonus awards.

#### **5. Impairment of assets**

During the period, the group recognised impairments of £1.3m (30 September 2010 - £1.5m and 31 March 2011 - £14.9m).

#### **6. Borrowings**

During the period, the company drew £15.0m of its £100m term facilities, expiring in July 2013.

The group repaid £10.0m of its bank facilities on expiry.

#### **7. Provisions**

During the period, the company recognised a £5.0m investment provision relating to a bank guarantee provided for subsidiary borrowings (30 September 2010 - £nil and 31 March 2011 - £10.0m).

In addition, the company utilised £10.0m of the provision made in 2011, in settlement of a guarantee obligations.

#### **8. Share capital**

During the period, the company purchased 70,000 of its own shares for £1.1m, which were subsequently cancelled, and its Employee Share Trust sold 36,940 shares for £0.6m and purchased 36,940 shares for £0.7m in connection with the exercise of share options. In the six months ended 30 September 2010 and year ended 31 March 2011, the company purchased 9,000 of its own shares for £0.2m, which it held in treasury. In the same periods, purchases by the Employee Share Trust were immaterial.

At 30 September 2011, the company had given an irrevocable instruction to J.P. Morgan Securities for the duration of its subsequent close period to purchase up to £2.0m of the company's own shares on its behalf for subsequent cancellation. At 30 September 2010 and 31 March 2011, similar instructions were issued to purchase up to £2.0m of the company's own shares on its behalf for holding in treasury. Provisions were made in respect of each of these instructions and were released after the respective close periods without any shares being bought.

#### **9. Capital commitments**

On 30 September 2011, the company had undrawn fund and other commitments totalling £79.4m (30 September 2010 - £85.3m and 31 March 2011 - £84.9m).

#### **10. Related parties**

Caledonia Group Services Ltd, a wholly-owned subsidiary of the company, provides management services to the company. During the period, £5.5m was charged to the company (30 September 2010 - £6.2m and 31 March 2011 - £9.1m).

## 11. Operating segments

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

The performance of operating segments is assessed on a measure of company total revenue, principally comprising gains and losses on investments and derivatives hedging those investments and investment income. Reportable profit or loss is after 'Treasury income' and 'Other items', which comprise management and other expenses and provisions. Reportable assets equate to the company's net asset value.

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

	Profit/(loss) before tax			Assets		
	6 mths 30 Sep 2011 £m	6 mths 30 Sep 2010 £m	Year 31 Mar 2011 £m	6 mths 30 Sep 2011 £m	6 mths 30 Sep 2010 £m	Year 31 Mar 2011 £m
<i>Pools</i>						
Quoted	(85.1)	15.2	30.2	355.4	439.7	427.0
Unquoted	(12.8)	29.4	57.2	260.4	289.6	281.2
Asia	(16.9)	9.0	3.3	147.7	144.6	159.0
Property	(2.9)	(10.3)	(7.3)	105.8	102.3	105.3
Funds	(17.8)	4.1	21.5	171.6	237.0	198.6
Income & Growth	(6.2)	-	-	74.2	-	12.1
Total revenue/investments	(141.7)	47.4	104.9	1,115.1	1,213.2	1,183.2
Cash and equivalents	0.3	0.3	0.7	1.7	19.3	101.2
Other items	(11.7)	(6.0)	(20.1)	(26.0)	(8.4)	(25.7)
Reportable total	(153.1)	41.7	85.5	1,090.8	1,224.1	1,258.7
Eliminations	(2.4)	(7.9)	(11.7)	112.6	121.5	121.6
Group total	(155.5)	33.8	73.8	1,203.4	1,345.6	1,380.3

The Unquoted pool assets included a forward currency derivative to hedge euro movements, valued at £1.2m (30 September 2010 - £nil and 31 March 2011 - £0.8m liability).

**END**

*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](http://www.caledonia.com). Neither the contents of the company's website, nor the contents of any website accessible from hyperlinks on the company's website (or any other website) is incorporated into, or forms part of, this announcement.*