



Caledonia Investments plc

Half-year results for the six months ended 30 September 2012

Highlights

- 3.8% NAV total return over the six months
- 1.9% total return outperformance of NAV against the FTSE All-Share over the six months
- 10.3% increase in interim dividend reflecting continued growth in income from portfolio
- £69m invested in the period, with the most significant transaction being the provision of \$42m of equity financing for the purchase of a portfolio of five US engineering companies
- £130m realised, including £49m from the sale of remaining British Empire Securities and continued realisation of smaller non-core investments
- Appointment of Stuart Bridges (Chief Financial Officer of Hiscox) as non-executive director

	30 Sep 2012	31 Mar 2012	Change
Net asset value	£1,153m	£1,134m	1.6%
NAV per share	2019p	1977p	2.1%
Interim dividend per share	12.9p	11.7p	10.3%
Net cash/(debt)	£7m	£(37m)	£44m
Discount	26.9%	24.8%	

NAV total return	6 months	1 year	3 years	5 years
	%	%	%	%
Caledonia	3.8	10.5	10.0	0.1
FTSE All-Share	1.9	17.2	26.1	8.7
Out/(under) performance	1.9	(6.7)	(16.1)	(8.6)

Will Wyatt, Chief Executive, commented:

"We have made significant progress on the delivery of the strategic initiatives implemented in 2011. The divestment of non-core, sub-scale investments is progressing well and income is increasing in line with our expectations. Whilst markets remain difficult, we are reassured by the improving performance across the portfolio."

"It gives me great pleasure to announce the appointment of Stuart Bridges as a non-executive director. Stuart is Chief Finance Officer of Hiscox and brings with him a wealth of experience in insurance and investment markets."

27 November 2012

For further information please contact:

Caledonia Investments plc
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Management report

Backdrop to results

Equity and fixed interest markets have continued to be volatile during the first half of our financial year, with investor concerns over the eurozone debt crisis once again a destabilising influence. Such a backdrop is undoubtedly unhealthy for the world economy and is a strong contributory factor behind the lack of growth in developed markets. The poor state of the European economy has a direct impact on the UK, which continues to show little to no signs of life. The two largest world economies, the US and China, are both growing slower than their long term average rates and policy makers are struggling to return them to full health.

Performance

Against this unpromising backdrop, we are pleased to report that Caledonia's net asset value total return per share was 3.8% over the six months to 30 September 2012, a 1.9% outperformance against the FTSE All-Share. This performance was driven by the Quoted, Unquoted and Property pools, which produced strong investment returns over the half-year.

The level of discount at which our shares traded compared with our net asset value widened slightly to 27%, although fluctuated in a range between 23% and 34% during the six month period. At such high levels of discount, investing in the existing portfolio through share buy-backs is accretive and represents good value for all shareholders. We have therefore continued to buy-back shares for cancellation, at a cost of £7.3m in the period under review.

Investment activity

We invested £69m during the period, the most significant transaction being the provision of \$42m of equity financing for the purchase of a portfolio of five US engineering companies, structured through a limited partnership, Nova Shell. The companies operate in a number of attractive industrial segments, including plastic injection moulding, manufacture of mechanical controls and orifice plates, fittings and gauging tools, and in the manufacture and assembly of wires, harnesses and cables for the electronics and medical industries. This transaction also gives us increased exposure to the US economy through companies that operate in specialised niches. These businesses have combined sales of \$90m and a strong cash generating profile, which will enable us to enjoy a healthy running yield whilst building capital value for the future.

We realised £130m, including £49m from the sale of our remaining holding in British Empire Securities ('BES'), which had been a core part of the portfolio since 1991. BES returned nearly 9x the capital invested, producing an IRR of 13.2% over our 21 year period of ownership, which is an outstanding record. This completes the gradual transfer of certain externally managed funds to our internally managed Income & Growth pool, in line with our strategy to raise the overall income flowing from the portfolio. We have continued to sell non-core investments, with a further six holdings either partly or fully exited in the half-year. In addition, we sold £17m of our holding in Close Brothers, as markets strengthened over the summer. This has both added some liquidity to the portfolio, of which £7m was in cash at the half-year, and reduced our significant exposure to the company, although it remains our largest single investment.

	Opening value £m	Invest- ments £m	Disp- osals £m	Change in value £m	Closing value £m	Invest- ment income £m	Time weight return %
<i>Pools</i>							
Quoted	402.7	6.5	(38.8)	30.2	400.6	3.2	8.6
Unquoted	272.7	27.3	(0.7)	12.0	311.3	8.7	7.7
Asia	147.7	5.0	(17.5)	(14.1)	121.1	1.4	(9.1)
Property	96.7	-	(0.1)	8.9	105.5	1.4	10.7
Funds	153.6	5.8	(53.6)	(2.6)	103.2	0.8	(1.4)
Income & Growth	110.6	24.6	(19.5)	0.3	116.0	2.8	2.9
Portfolio	1,184.0	69.2	(130.2)	34.7	1,157.7	18.3	4.7

Investment portfolio

Quoted (£401m, 35% of portfolio)

The strong performance of the Quoted pool was most significantly driven by Close Brothers, Avanti Communications, Bristow Group and AG Barr, which represent our four largest holdings. Avanti successfully launched its second satellite, which covers much of the Middle East and East Africa. The company is now sharply focussed on selling bandwidth on its two operational satellites as it moves from the start-up phase to a profitable and fast maturing telecoms company. AG Barr has agreed terms of its merger with Britvic. We can see the considerable industrial logic of such a move, which, should it receive the necessary approvals, will result in the combined entity being a very substantial player in the UK soft drinks market. There would also be considerable industrial synergies to be gained from such a move, of which shareholders would be the beneficiaries.

Unquoted (£311m, 27% of portfolio)

Several of our industrial holdings within the Unquoted pool have produced pleasing performances, with strong operational growth at Amber Chemicals and TGE Marine. Oval Group, the insurance broking business, looks well set to deliver a year of strong growth and, in Europe, Cobehold, the largest unquoted holding, is continuing to experience strong profits and dividend growth from its high quality portfolio of businesses. We are experiencing a satisfactory level of deal flow in a market that is notable for the difficulty of execution of deals, as sellers still have high price expectations and purchasers remain nervous. This, along with more sensible levels of bank debt being deployed, should help keep valuation levels in check, though companies with high quality earnings still attract premium prices.

Asia (£121m, 10% of portfolio)

The total return for the Asia pool was a disappointing -9%. This was to a large extent driven by a fall in the share price of Dewan Housing Finance, despite continued strong growth in its mortgage financing business. Its merger with First Blue is on track to be completed by mid-2013, which is later than originally hoped, due to a delay in the Indian court approvals procedure. As part of our strategy to gain exposure to Asia via well run holding companies and funds, we increased our holding in Jardine Matheson and subscribed for a \$20m commitment to Asia Alternatives Capital Partners III, an Asian fund of private equity funds.

Property (£106m, 9% of portfolio)

The strong investment performance in the Property pool was mostly attributable to a 36% rise in the share price of Quintain Estates over the past six months. Quintain has attracted a strong Hong Kong based JV partner for the previously unfunded Greenwich development site. The company was trading on a very wide discount to its intrinsic net asset value, which has started to narrow as a result of this and other positive news flow. More recently, London & Stamford has announced its intention to merge with Metric Property Investments.

Funds (£103m, 9% of portfolio)

The main change in the period was the sale of the BES holding, as previously mentioned. The performance of the Funds pool was broadly flat over the six months.

Income & Growth (£116m, 10% of portfolio)

This pool performed well during the period, producing a 3% total return. This is 2% ahead of its benchmark and builds on the good track record since inception. The sector and geographic weightings are shown below:

Sector		Geography	
Consumer goods	25%	UK	28%
Financials	18%	Europe	20%
Healthcare	12%	North America	26%
Oil & gas	12%	Asia ex-Japan	24%
Telecommunications	9%	Latin America	2%
Industrials	5%		
Other	19%		

The Income & Growth pool gives Caledonia a level of exposure to large international companies with good dividend track records and good growth prospects. It has a prospective dividend yield of 5% and we expect to increase the size of the pool over time towards 15-20% of our NAV, in line with our stated strategy.

Board

As announced in May with the full year results, Mark Davies will be retiring at the end of the calendar year, after ten years' invaluable service. As previously indicated, Charles Cayzer will move from an executive to a non-executive director role with effect from 4 December 2012, the date on which he becomes Chairman of The Cayzer Trust Company. As part of our on-going board refreshment process, we are delighted to announce the appointment of Stuart Bridges as an independent non-executive director with effect from 1 January 2013. Stuart is a chartered accountant and has been Chief Financial Officer of Hiscox, the international specialist insurer, since 1999, prior to which he held positions in various financial services companies in the UK and US, including Henderson Global Investors. He brings with him a wealth of experience in both the insurance and investment markets, which should be of great benefit to Caledonia.

Dividend

The directors have declared an interim dividend of 12.9p per share. This represents an increase of 10% over last year's equivalent and will be paid on 10 January 2013.

Outlook

We will continue to execute our strategic plan, evidenced by the disposal of non-core assets, a reduction in the number of core investments and a strong increase in the level of income flowing from the portfolio. The underlying performance of our portfolio is satisfactory considering the difficult economic times. Our proprietorial deal flow, enhanced by our strong balance sheet and flexible approach, is delivering a good level of investment opportunities. We are confident that our investment model and the companies and management teams in which we have invested will deliver superior returns for shareholders over the medium term.

Rod Kent
Chairman

Will Wyatt
Chief Executive

Portfolio summary

Holdings over 1% of net assets at 30 September 2012 were as follows:

Name	Note	Pool	Geography	Business	Value £m	Net assets %
Close Brothers	1,2	Quoted	UK	Financial services	144.4	12.5
Cobehold	1,5	Unquoted	Belgium	Investment company	88.6	7.7
Bristow Group	1,2	Quoted	US	Helicopter services	76.4	6.6
Avanti Communications	1,2	Quoted	UK	Satellite communications	53.3	4.6
AG Barr	2	Quoted	UK	Soft drinks	44.4	3.9
London & Stamford	1,2	Property	UK	Property investment	38.5	3.3
Oval	1	Unquoted	UK	Insurance broking	35.7	3.1
Satellite Information Services	1	Unquoted	UK	Broadcasting services	29.8	2.6
Sterling Industries	1	Unquoted	UK	Engineering	29.1	2.5
Quintain Estates	1,2	Property	UK	Property services	29.1	2.5
Nova Shell	3	Unquoted	US	Engineering	26.4	2.3
The Sloane Club	1	Unquoted	UK	Residential club	26.0	2.3
Capital Today China		Asia	China	Private equity fund	25.1	2.2
Bowers & Wilkins	1	Unquoted	UK	Audio equipment	24.0	2.1
Dewan Housing Finance	1,2	Asia	India	Housing finance	23.6	2.0
TGE Marine	1	Unquoted	Germany	LNG engineering	19.6	1.7
Perlus Microcap		Funds	US	Investment fund	19.0	1.6
Celerant Consulting	1	Unquoted	UK	Management consultancy	16.9	1.5
Polar Capital	1,2	Quoted	UK	Fund manager	15.8	1.4
Petroceltic International	2	Quoted	UK	Oil and gas producer	15.2	1.3
Spirax-Sarco Engineering	2	Quoted	UK	Steam engineering	13.5	1.2
Buckingham Gate	1	Property	UK	Property investment	13.0	1.1
Pragma Capital funds		Funds	France	Investment funds	12.6	1.1
Nova Springboard	3	Funds	UK	Private equity fund	12.5	1.1
Amber Chemical Co	1	Unquoted	UK	Specialty chemicals	11.9	1.0
Other investments					313.3	27.2
Investment portfolio					1,157.7	100.4
Cash and other items					(4.7)	(0.4)
Net assets					1,153.0	100.0

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 £5.9m.

Pool distribution

Quoted	35%
Unquoted	27%
Asia	10%
Property	9%
Funds	9%
Income & Growth	10%

Geographic distribution

United Kingdom	59%
Continental Europe	12%
North America	16%
Asia	12%
Other countries	1%

Asset class distribution

Listed companies	57%
Unlisted companies	30%
Private equity funds	12%
Hedge and other funds	1%

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 2012. 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 risks occur 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 2012 remain unchanged and each of them has the potential to affect the company's results during the remainder of the year ending 31 March 2013.

Caledonia aims to manage risk by:

- diversifying the portfolio by sector and geography
- ensuring access to relevant information from investee companies, often 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 2012. As at 30 September 2012, 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
27 November 2012

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 2012, 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 2012 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

27 November 2012

Condensed company statement of comprehensive income for the six months ended 30 September 2012

	Six months 30 Sep 2012			Six months 30 Sep 2011			Year 31 Mar 2012		
	Revenue £m	Capital £m	Total £m	Revenue £m	Capital £m	Total £m	Revenue £m	Capital £m	Total £m
<i>Revenue</i>									
Investment income	18.3	-	18.3	12.2	-	12.2	33.3	-	33.3
Gains and losses on fair value investments	-	31.2	31.2	-	(155.9)	(155.9)	-	(123.4)	(123.4)
Gains and losses on derivatives	-	2.6	2.6	-	2.0	2.0	-	4.4	4.4
Total revenue	18.3	33.8	52.1	12.2	(153.9)	(141.7)	33.3	(119.0)	(85.7)
Management expenses	(5.9)	(0.6)	(6.5)	(5.8)	(0.4)	(6.2)	(11.8)	(0.6)	(12.4)
Guarantee obligations provided	-	(3.3)	(3.3)	-	(5.0)	(5.0)	-	(7.0)	(7.0)
Guarantee obligations released	-	-	-	-	-	-	-	10.0	10.0
Profit/(loss) before finance costs	12.4	29.9	42.3	6.4	(159.3)	(152.9)	21.5	(116.6)	(95.1)
Treasury interest receivable	0.3	-	0.3	0.3	-	0.3	0.8	-	0.8
Finance costs	(0.3)	-	(0.3)	(0.2)	-	(0.2)	(0.6)	-	(0.6)
Exchange movements	(0.1)	-	(0.1)	(0.3)	-	(0.3)	(0.7)	-	(0.7)
Profit/(loss) before tax	12.3	29.9	42.2	6.2	(159.3)	(153.1)	21.0	(116.6)	(95.6)
Taxation	1.7	-	1.7	0.8	0.2	1.0	2.0	0.4	2.4
Profit/(loss) and total comprehensive income for the period	14.0	29.9	43.9	7.0	(159.1)	(152.1)	23.0	(116.2)	(93.2)
Earnings per share									
Basic	24.6p	52.7p	77.3p	12.1p	-275.2p	-263.1p	39.9p	-201.7p	-161.8p
Diluted	24.4p	52.1p	76.5p	12.0p	-275.2p	-263.1p	39.7p	-201.7p	-161.8p

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 2012

	30 Sep 2012 £m	30 Sep 2011 £m	31 Mar 2012 £m
<i>Non-current assets</i>			
Investments held at fair value through profit or loss	1,151.0	1,113.1	1,180.7
Investments in subsidiaries held at cost	0.8	0.8	0.8
Non-current assets	1,151.8	1,113.9	1,181.5
<i>Current assets</i>			
Derivative financial instruments	5.9	1.2	2.5
Trade and other receivables	8.3	5.8	8.0
Current tax assets	2.5	0.4	0.9
Cash and cash equivalents	6.8	1.7	8.4
Current assets	23.5	9.1	19.8
Total assets	1,175.3	1,123.0	1,201.3
<i>Current liabilities</i>			
Trade and other payables	(3.1)	(3.1)	(6.4)
Provisions	(19.2)	(13.9)	(15.9)
Current liabilities	(22.3)	(17.0)	(22.3)
<i>Non-current liabilities</i>			
Interest-bearing loans and borrowings	-	(15.0)	(45.0)
Deferred tax liabilities	-	(0.2)	-
Non-current liabilities	-	(15.2)	(45.0)
Total liabilities	(22.3)	(32.2)	(67.3)
Net assets	1,153.0	1,090.8	1,134.0
<i>Equity</i>			
Share capital	3.2	3.3	3.2
Share premium	1.3	1.3	1.3
Capital redemption reserve	1.3	1.2	1.3
Capital reserve	876.9	833.7	854.3
Retained earnings	287.2	277.6	290.6
Own shares	(16.9)	(26.3)	(16.7)
Total equity	1,153.0	1,090.8	1,134.0
Undiluted net asset value per share	2041p	1892p	1989p
Diluted net asset value per share	2019p	1876p	1977p

Condensed company statement of changes in equity for the six months ended 30 September 2012

	Share capital £m	Share premium £m	Capital redmptn reserve £m	Capital reserve £m	Retained earnings £m	Own shares £m	Total equity £m
Six months ended 30 September 2012							
Balance at 1 April 2012	3.2	1.3	1.3	854.3	290.6	(16.7)	1,134.0
Profit and total comprehensive income for the period	-	-	-	29.9	14.0	-	43.9
<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	-	-	-	-	-	0.2	0.2
Own shares purchased	-	-	-	(7.3)	-	(0.4)	(7.7)
Dividends paid	-	-	-	-	(17.8)	-	(17.8)
Total transactions with owners	-	-	-	(7.3)	(17.4)	(0.2)	(24.9)
Balance at 30 September 2012	3.2	1.3	1.3	876.9	287.2	(16.9)	1,153.0
Six months ended 30 September 2011							
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
Year ended 31 March 2012							
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 year	-	-	-	(116.2)	23.0	-	(93.2)
<i>Transactions with owners of the company</i>							
<i>Contributions by and distributions to owners</i>							
Share-based payments	-	-	-	-	1.1	-	1.1
Exercise of share options	-	-	-	-	-	0.6	0.6
Own shares purchased	-	-	-	-	-	1.3	1.3
Own shares cancelled	(0.1)	-	0.1	(22.3)	-	9.6	(12.7)
Dividends paid	-	-	-	-	(21.8)	-	(21.8)
Total transactions with owners	(0.1)	-	0.1	(22.3)	(20.7)	11.5	(31.5)
Balance at 31 March 2012	3.2	1.3	1.3	854.3	290.6	(16.7)	1,134.0

Condensed group statement of comprehensive income for the six months ended 30 September 2012

	30 Sep 2012 £m	30 Sep 2011 £m	31 Mar 2012 £m
<i>Revenue</i>			
Investment income	14.5	11.3	31.4
Gains and losses on investments held at fair value through profit or loss	31.3	(161.6)	(123.3)
Gains and losses on derivatives used to hedge the fair value of investments	2.6	2.0	4.3
Revenue from sales of goods and services	56.1	50.9	115.3
Total revenue	104.5	(97.4)	27.7
Investment management expenses	(6.5)	(6.2)	(12.4)
Trade operating expenses	(51.8)	(49.6)	(107.1)
Loss on disposal of operations	-	(1.0)	(1.2)
Gain on investment property	0.6	0.4	0.3
Share of results of joint ventures	-	(0.7)	(1.0)
Profit/(loss) before finance costs	46.8	(154.5)	(93.7)
Treasury interest receivable	0.3	0.3	0.7
Finance costs	(1.0)	(1.0)	(2.4)
Exchange movements	(0.1)	(0.3)	(0.8)
Profit/(loss) before tax	46.0	(155.5)	(96.2)
Taxation	0.1	(2.8)	(2.0)
Profit/(loss) for the period	46.1	(158.3)	(98.2)
<i>Other comprehensive income</i>			
Exchange differences on translation of foreign operations	(0.3)	0.6	-
Actuarial gains/(losses) on defined benefit pension schemes	0.1	(6.4)	(4.9)
Tax on other comprehensive income	-	2.1	1.5
Total comprehensive income	45.9	(162.0)	(101.6)
<i>Profit/(loss) for the period attributable to</i>			
Owners of the parent	45.6	(158.2)	(98.6)
Non-controlling interest	0.5	(0.1)	0.4
	46.1	(158.3)	(98.2)
<i>Total comprehensive income attributable to</i>			
Owners of the parent	45.4	(161.9)	(102.0)
Non-controlling interest	0.5	(0.1)	0.4
	45.9	(162.0)	(101.6)
Basic earnings per share	80.3p	-273.6p	-171.2p
Diluted earnings per share	79.5p	-273.6p	-171.2p

Condensed group statement of financial position at 30 September 2012

	30 Sep 2012 £m	30 Sep 2011 £m	31 Mar 2012 £m
<i>Non-current assets</i>			
Investments held at fair value through profit or loss	1,060.4	1,021.7	1,088.5
Available for sale investments	0.8	0.8	0.8
Intangible assets	3.0	3.4	2.6
Property, plant and equipment	73.9	79.4	76.8
Investment property	19.2	24.5	14.8
Interests in joint ventures	0.8	2.0	0.8
Deferred tax assets	5.0	4.5	5.4
Employee benefits	8.1	-	6.9
Non-current assets	1,171.2	1,136.3	1,196.6
<i>Current assets</i>			
Inventories	20.1	18.6	15.0
Derivative financial instruments	5.9	1.2	2.5
Trade and other receivables	35.6	26.9	35.7
Current tax assets	0.9	-	0.7
Cash and cash equivalents	17.4	20.4	24.6
Current assets	79.9	67.1	78.5
Total assets	1,251.1	1,203.4	1,275.1
<i>Current liabilities</i>			
Interest-bearing loans and borrowings	(19.9)	(40.2)	(20.8)
Derivative financial instruments	(0.1)	-	(0.1)
Bank overdraft	-	(0.1)	-
Trade and other payables	(21.8)	(23.1)	(25.3)
Employee benefits	(1.7)	(1.5)	(2.3)
Current tax liabilities	(0.7)	(2.8)	(1.2)
Provisions	(4.0)	(4.0)	(4.1)
Current liabilities	(48.2)	(71.7)	(53.8)
<i>Non-current liabilities</i>			
Interest-bearing loans and borrowings	(45.3)	(42.5)	(84.7)
Employee benefits	(15.6)	(13.4)	(15.4)
Deferred tax liabilities	(2.9)	(1.3)	(3.1)
Non-current liabilities	(63.8)	(57.2)	(103.2)
Total liabilities	(112.0)	(128.9)	(157.0)
Net assets	1,139.1	1,074.5	1,118.1
<i>Equity</i>			
Share capital	3.2	3.3	3.2
Share premium	1.3	1.3	1.3
Capital redemption reserve	1.3	1.2	1.3
Retained earnings	1,142.7	1,087.5	1,121.7
Foreign exchange translation reserve	4.0	4.9	4.3
Own shares	(16.9)	(26.3)	(16.7)
Equity attributable to owners of the parent	1,135.6	1,071.9	1,115.1
Non-controlling interest	3.5	2.6	3.0
Total equity	1,139.1	1,074.5	1,118.1

Condensed group statement of changes in equity for the six months ended 30 September 2012

	Share capital £m	Share premium £m	Capital redmptn reserve £m	Retained earnings £m	Currency reserve £m	Own shares £m	Non- control interest £m	Total equity £m
Six months ended 30 September 2012								
Balance at 1 April 2012	3.2	1.3	1.3	1,121.7	4.3	(16.7)	3.0	1,118.1
<i>Total comprehensive income for the period</i>								
Profit for the period	-	-	-	45.6	-	-	0.5	46.1
Other comprehensive income	-	-	-	0.1	(0.3)	-	-	(0.2)
Total comprehensive income	-	-	-	45.7	(0.3)	-	0.5	45.9
<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	-	-	-	-	-	0.2	-	0.2
Own shares purchased	-	-	-	(7.3)	-	(0.4)	-	(7.7)
Dividends paid	-	-	-	(17.8)	-	-	(0.2)	(18.0)
Total contributions and distributions	-	-	-	(24.7)	-	(0.2)	(0.2)	(25.1)
<i>Changes in ownership interests</i>								
Non-controlling interest acquired	-	-	-	-	-	-	0.2	0.2
Total transactions with owners	-	-	-	(24.7)	-	(0.2)	-	(24.9)
Balance at 30 September 2012	3.2	1.3	1.3	1,142.7	4.0	(16.9)	3.5	1,139.1
Six months ended 30 September 2011								
Balance at 1 April 2011	3.3	1.3	1.2	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	3.3	1.3	1.2	1,087.5	4.9	(26.3)	2.6	1,074.5

	Share capital £m	Share premium £m	Capital redmptn reserve £m	Retained earnings £m	Currency reserve £m	Own shares £m	Non- control interest £m	Total equity £m
Year ended 31 March 2012								
Balance at 1 April 2011	3.3	1.3	1.2	1,267.7	4.3	(28.2)	(0.4)	1,249.2
<i>Total comprehensive income for the year</i>								
Loss for the year	-	-	-	(98.6)	-	-	0.4	(98.2)
Other comprehensive income	-	-	-	(3.4)	-	-	-	(3.4)
Total comprehensive income	-	-	-	(102.0)	-	-	0.4	(101.6)
<i>Transactions with owners of the company</i>								
<i>Contributions by and distributions to owners</i>								
Exercise of share options	-	-	-	-	-	0.6	-	0.6
Share-based payments	-	-	-	1.1	-	-	-	1.1
Own shares purchased	-	-	-	-	-	1.3	-	1.3
Own shares cancelled	(0.1)	-	0.1	(22.3)	-	9.6	-	(12.7)
Dividends paid	-	-	-	(21.8)	-	-	(0.3)	(22.1)
Total contributions and distributions	(0.1)	-	0.1	(43.0)	-	11.5	(0.3)	(31.8)
<i>Changes in ownership interests</i>								
Non-controlling interest disposed	-	-	-	-	-	-	3.3	3.3
Non-controlling interest acquired	-	-	-	(1.0)	-	-	-	(1.0)
Total changes in ownership interests	-	-	-	(1.0)	-	-	3.3	2.3
Total transactions with owners	(0.1)	-	0.1	(44.0)	-	11.5	3.0	(29.5)
Balance at 31 March 2012	3.2	1.3	1.3	1,121.7	4.3	(16.7)	3.0	1,118.1

Condensed statement of cash flows for the six months ended 30 September 2012

	Company			Group		
	6 mths 30 Sep 2012 £m	6 mths 30 Sep 2011 £m	Year 31 Mar 2012 £m	6 mths 30 Sep 2012 £m	6 mths 30 Sep 2011 £m	Year 31 Mar 2012 £m
<i>Operating activities</i>						
Dividends received	20.1	13.3	30.6	15.7	11.9	27.4
Interest received	0.4	0.6	1.1	0.3	0.3	0.8
Cash received from customers	-	-	-	58.5	55.4	116.3
Cash paid to suppliers and employees	(5.8)	(5.8)	(11.9)	(66.1)	(56.3)	(116.9)
Taxes received/(paid)	0.1	(0.1)	(0.1)	(0.3)	(0.8)	(1.7)
Group relief received	-	-	0.7	-	-	-
Net cash flow from operating activities	14.8	8.0	20.4	8.1	10.5	25.9
<i>Investing activities</i>						
Purchases of investments	(69.6)	(130.9)	(251.7)	(71.4)	(132.4)	(244.6)
Proceeds from disposal of investments	127.3	39.2	129.0	127.7	39.0	126.2
Net receipts/(payments) from derivatives	(0.8)	-	1.1	(0.8)	0.2	1.3
Purchases of property, plant and equipment	-	-	-	(0.8)	(1.1)	(1.9)
Purchases of intangible assets	-	-	-	(0.1)	-	-
Purchases of investment property	-	-	-	(3.6)	(3.5)	(6.4)
Proceeds from disposal of investment property	-	-	-	-	-	1.4
Proceeds from disposal of joint ventures	-	-	-	-	-	0.9
Purchases of subsidiaries net of cash acquired	-	-	-	(0.7)	(2.0)	(2.6)
Proceeds from disposal of subsidiaries net of cash disposed	-	-	-	-	2.5	12.9
Loans advanced	-	(4.4)	(4.4)	-	(4.4)	(4.4)
Guarantee obligation settled	-	(10.0)	-	-	-	-
Net cash flow from/(used in) investing activities	56.9	(106.1)	(126.0)	50.3	(101.7)	(117.2)
<i>Financing activities</i>						
Interest paid	(0.3)	(0.2)	(0.5)	(1.0)	(1.0)	(2.3)
Dividends paid to owners of the company	(17.8)	(15.0)	(21.8)	(17.8)	(15.0)	(21.8)
Distributions paid to non-controlling interest	-	-	-	(0.2)	(0.2)	(0.3)
Proceeds from new borrowings	-	15.0	45.1	6.2	17.4	61.5
Repayment of borrowings	(45.0)	-	-	(45.0)	(10.3)	(30.3)
Proceeds from group company loans	-	-	2.5	-	-	-
Repayment of group company loans	(2.5)	-	-	-	-	-
Exercise of share options	0.2	0.6	0.6	0.2	0.6	0.6
Purchase of own shares	(7.9)	(1.8)	(13.1)	(7.9)	(1.8)	(13.1)
Net cash flow from/(used in) financing activities	(73.3)	(1.4)	12.8	(65.5)	(10.3)	(5.7)
Net decrease in cash and cash equivalents	(1.6)	(99.5)	(92.8)	(7.1)	(101.5)	(97.0)
Cash and cash equivalents at period start	8.4	101.2	101.2	24.6	121.5	121.5
Exchange movements on cash and cash equivalents	-	-	-	(0.1)	0.3	0.1
Cash and cash equivalents at period end	6.8	1.7	8.4	17.4	20.3	24.6

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 27 November 2012 and is unaudited.

The information for the period ended 30 September 2012 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 2012 has been delivered to the Registrar of Companies. The auditor's 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 2012, 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:

	6mths 30 Sep 2012 £m	6mths 30 Sep 2011 £m	Year 31 Mar 2012 £m
Interim dividend for the year ended 31 March 2012 of 11.7p per share	-	-	6.8
Final dividend for the year ended 31 March 2012 of 31.2p per share (2011 - 26.0p per share)	17.8	15.0	15.0
	17.8	15.0	21.8

The directors have declared an interim dividend for the year ending 31 March 2013 of 12.9p per share, totalling £7.3m, which has not been included as a liability in this condensed set of financial statements. This dividend will be payable on 10 January 2013 to holders of shares on the register on 14 December 2012. The ex-dividend date will be 12 December 2012.

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 and shares held by a subsidiary.

The company's diluted net asset value per share assumes the exercise of all outstanding in-the-money share options and the calling of performance share and deferred bonus awards.

5. Impairment of assets

During the period, the group recognised impairments of £nil (30 September 2011 - £1.3m and 31 March 2012 - £1.8m).

6. Borrowings

At the start of the period, the company had drawn £45.0m of its £100m term facilities, expiring in July 2013. During the period the loan was fully repaid.

7. Provisions

During the period, the company recognised a £1.2m investment provision relating to bank guarantees provided for subsidiary borrowings (30 September 2011 - £5.0m and 31 March 2012 - £7.0m). In addition, the company recognised a £2.1m provision relating to a solvency guarantee provided to a subsidiary.

In the year ended 31 March 2012, the company utilised £10.0m of the provision made in 2011, in settlement of guarantee obligations.

8. Share capital

During the period, the company purchased 517,500 of its own shares for £7.3m, which were subsequently cancelled, and its Employee Share Trust sold 35,005 shares for £0.2m and purchased 29,005 shares for £0.4m in connection with the exercise of share options and calling of deferred bonus awards.

In the six months ended 30 September 2011, the company purchased 70,000 of its own shares for £1.1m and, in the year ended 31 March 2012, 863,750 shares for £12.7m. Own shares purchases were subsequently cancelled. The company also cancelled the balance of 572,230 shares previously held in treasury. Also in the six months ended 30 September 2011, the Employee Share Trust sold 36,940 shares for £0.6m and purchased 36,940 shares for £0.7m, with a further 1,556 shares sold and purchased by the year ended 31 March 2012.

9. Capital commitments

On 30 September 2012, the company had undrawn fund and other commitments totalling £85.0m (30 September 2011 - £79.4m and 31 March 2012 - £80.4m).

10. Related parties

Caledonia Group Services Ltd, a wholly-owned subsidiary of the company, provides management services to the company. During the period, £5.4m was charged to the company (30 September 2011 - £5.5m and 31 March 2012 - £11.0m).

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	6 mths	Year	6 mths	6 mths	Year
	30 Sep	30 Sep	31 Mar	30 Sep	30 Sep	31 Mar
	2012	2011	2012	2012	2011	2012
	£m	£m	£m	£m	£m	£m
<i>Pools</i>						
Quoted	33.4	(85.1)	(32.2)	400.6	355.4	402.7
Unquoted	19.8	(12.8)	(20.7)	311.3	260.4	272.7
Asia	(12.7)	(16.9)	(18.6)	121.1	147.7	147.7
Property	10.3	(2.9)	(7.5)	105.5	105.8	96.7
Funds	(1.8)	(17.8)	(12.0)	103.2	171.6	153.6
Income & Growth	3.1	(6.2)	5.3	116.0	74.2	110.6
Total revenue/investments	52.1	(141.7)	(85.7)	1,157.7	1,115.1	1,184.0
Cash and equivalents	0.3	0.3	0.8	6.8	1.7	8.4
Other items	(10.2)	(11.7)	(10.7)	(11.5)	(26.0)	(58.4)
Reportable total	42.2	(153.1)	(95.6)	1,153.0	1,090.8	1,134.0
Eliminations	3.8	(2.4)	(0.6)	98.1	112.6	141.1
Group total	46.0	(155.5)	(96.2)	1,251.1	1,203.4	1,275.1

The Unquoted pool assets included a forward currency derivative to hedge euro movements, valued at £5.9m (30 September 2011 - £1.2m and 31 March 2012 - £2.5m).

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Listing Rules disclosures relating to Stuart Bridges

Other than as stated in the management report, there are no matters relating to Stuart Bridges that are required to be disclosed under LR 9.6.13R of the Listing Rules of the Financial Services Authority.

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. 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.