



Caledonia Investments plc

Final results for the year ended 31 March 2013

Financial highlights

	31 Mar 2013	31 Mar 2012	Change
Net asset value per share total return	+18.9%	-7.0%	
Net asset value per share	2299p	1977p	+16.3%
Net asset value	£1,299m	£1,134m	+14.5%
Annual dividend per share	47.2p	42.9p	+10.0%

Financial highlights

- **Strong 2012/13 performance**

Net asset value per share total return for the year ended 31 March 2013 was up 18.9%, driven by strong capital gains and a growing income stream.

- **Ten year performance record**

Since becoming an approved investment trust in 2003, Caledonia's NAV total return was 201.7%, outperforming the FTSE All-Share Total Return by 26.4%.

- **Portfolio delivering long term outperformance**

Rebalanced portfolio aimed at delivering long term outperformance for today's markets.

- **Improving portfolio yield**

The company has successfully increased its portfolio income profile over the last two years to produce a portfolio yield of 3.3% at 31 March 2013, broadly in line with market averages.

Will Wyatt, Chief Executive, commented:

"This has been a strong year for the company, in which our shareholders have seen a 19% total return, capping a 202% return since we became an investment trust ten years ago.

Continuing to deliver healthy returns to our shareholders over the long term remains our strategic priority. The actions we have taken over the last three years have ensured that we have a balanced portfolio tailored to our shareholders' requirements and capable of delivering long term outperformance in the current macroeconomic environment.

We continue to manage actively each of our investment pools to ensure it meets these objectives, those of shareholders and to deliver long term growth in capital and income."

30 May 2013

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Notes to editors

Caledonia Investments plc is a self-managed investment trust with net assets of £1.3bn. We take significant holdings in listed equities, private companies and funds. We take a long term investment approach – often over ten years – and have a predominantly ‘value’ style of investing, providing development capital for growing companies at sensible prices. We have a global outlook with a spread of currencies and economic exposure.

Our investment approach is underpinned by our extensive network from which we derive proprietary deal flow. We often involve ourselves with the boards of investee companies and always approach investments with a co-operative and long term mind set.

We aim to be a core investment for those seeking capital growth coupled to an increasing income stream over the long term.

Chairman and Chief Executive's report

Results

We are pleased to report a successful year for the company, which has delivered strong performance built on the strategic initiatives implemented over the past three years. Net asset value ('NAV') per share total return increased by 19%, driven by gains across our investment portfolio and a growing income stream. The board is recommending an overall dividend for the year of 47.2p per share, an increase of 10% over last year reflecting greater income generation following the portfolio rebalancing. This has enabled us to increase the dividend by 34% over the last three years and the current year's dividend will represent the 46th consecutive annual increase for shareholders.

The year has seen considerable changes, with a reduction in exposure to a single company or sector, an improvement in portfolio liquidity and the inclusion of a greater proportion of mature income generating assets. We have a £96m cash reserve to take advantage of new investment opportunities and to provide downside protection. The sale of subscale investments and the increased emphasis on income, combined with an increasing move away from reliance on the UK market and economy, has reshaped our portfolio. This has been achieved without relinquishing Caledonia's core values, namely to take the longer view and to select and support good management teams.

Caledonia offers a distinctive proposition for its shareholders, compared with other investment trusts. We have the Cayzer family as a large shareholder, holding some 48% of the shares, and members of the family fulfil key management roles. We therefore seek to manage wealth on a generational time scale. We also seek to pay a consistently rising dividend.

This long term view influences the shape of the investment portfolio. Some 38% of our assets are invested in unquoted situations, which require a longer investment horizon, but which we believe will, when well selected, produce a higher overall return than most quoted investments. In addition, we are able to take a longer term view of some of the rapidly growing markets in the world, such as Asia, which, despite their greater short term volatility, will grow faster over time.

Performance

In view of the above, the board has decided to cease using a one-year benchmark to measure progress. Except by coincidence, Caledonia's portfolio will not perform in the short term close to or in line with the FTSE All-Share index or any other index. What is relevant is that over the last ten years (a period which also coincides with our status as an investment trust), our NAV total return (i.e. capital plus dividends reinvested) has increased by 202%, outperforming the FTSE All-Share Total Return index, which increased by 175%. We consider this to be an appropriate index against which to compare Caledonia over the longer term, although we will keep this under review as our portfolio becomes increasingly international.

Our relative performance over the last five years has not been so good, although this timeframe includes the tumultuous events of the Global Financial Crisis ('GFC'), in the aftermath of which we have undergone a rebalancing of the investment portfolio and its risk profile.

Income

Income is a core feature of our long term investment proposition. During the year, £38m was derived from the portfolio, a 13% increase, representing a portfolio yield of 3.3%. It is our intention to maintain this structural level of income in the future.

Cash

By taking advantage of rising markets, we have built up a cash reserve of £96m, which represented 7% of net assets at the year end, from a position of net debt of £37m at the beginning of the year. In the volatile climate we are currently experiencing, we believe that cash is an important part of asset allocation, as this provides us with both downside protection and the flexibility to react quickly. In addition, we have recently renewed our committed five year bank facilities, although we have reduced the overall facility amount from £100m to £75m in view of our current cash position. These facilities remain undrawn and, together with our surplus cash, provide substantial resources to deploy opportunistically when targeted investments come within our identified value range. We feel that this is the correct way to be positioned, despite the allure of cheap long term debt currently on offer. Some of our portfolio

companies have their own debt, which we monitor regularly. Such debt is generally kept at prudent levels and is substantially lower than three years ago.

Portfolio

The top ten investments in total account for 43% of net assets. This year has demonstrated the value of holding long term positions in high quality, established companies, with the top ten holdings contributing significantly to performance. However, the portfolio is now more liquid and less concentrated than in recent times, as we have sold down some of our larger holdings. Cobehold, our second largest investment, is itself an investment company and has a diversified portfolio of 15 predominantly European holdings.

Our investment portfolio provides shareholders with a well-balanced spread of exposures to differing geographies. Of note is the increase in our US exposure, now at 16% compared with 7% three years ago, a trend we intend to continue. There will always be a substantial part of the portfolio invested in the UK, as our home marketplace dictates that the UK is our main source of deal flow, particularly in unlisted companies. When we analyse the portfolio by geography of revenue generation, we estimate that our exposure to sterling is about 45%, 18% to the euro and 15% to the US dollar, with the Asian currencies making up the bulk of the remainder.

Investment and divestment activity

We invested £142m during the course of the year, including £29m of new capital in the Income & Growth pool, as we continued to build its position within the overall portfolio in order to gain further exposure to global businesses with strong and growing dividends. It is notable that the Income & Growth pool has itself outperformed the FTSE All-Share index over the two years since its formation. We made one significant acquisition in the Unquoted pool during the year, a portfolio of five US industrial businesses, an investment totalling \$42m (£27m). We made several new commitments to private equity funds, in particular to give us diversified exposure to geographies where we are less willing to invest directly.

We took advantage of the run up in stock markets in the second half of the financial year to sell over half of our holding in Close Brothers, the UK based merchant bank. This has reduced our holding from 13% of net assets last year to a more balanced 7%, in line with our strategic target for individual investment exposure. We completed the sale of our stake in Celerant Consulting from the Unquoted pool, realising £46m (including £11m of accrued loan interest), an excellent 2.5x return on cost. In addition, we sold the remainder of our holding in British Empire Securities for £49m, which has been a good investment for shareholders, returning over nine times the capital invested over a 21 year period. Overall, £310m was realised from investment sales during the year.

Overview of pool performance

We moved during the year to managing the portfolio in four pools, integrating the Asia and Property pools with the remaining four. This has removed the sector and geographic overlap and completes the strategic realignment of our investments into pools of capital clearly defined by investment type.

Overall, the increase in net assets was driven by a particularly strong performance from our listed investments in Caledonia's traditional Quoted pool and our more recently established Income & Growth pool, which both had a total return in excess of 20% over the year.

Pool	Value 2012 £m	Invest- ments £m	Disposals £m	Change in value £m	Value 2013 £m	Income £m	Total return %
Quoted	552.1	11.4	(151.2)	104.9	517.2	16.0	24.6
Unquoted	311.7	46.2	(49.2)	39.4	348.1	14.8	17.7
Funds	209.6	14.3	(68.4)	11.3	166.8	1.9	7.7
Income & Growth	110.6	69.7	(40.8)	22.5	162.0	5.0	23.7
Portfolio	1,184.0	141.6	(309.6)	178.1	1,194.1	37.7	19.9

Quoted (£517m, 40% of net assets)

We look to invest in companies over the long term with established business models, strong balance sheets and good returns on capital and invested equity.

There were notably strong performances by Bristow Group, AG Barr and Close Brothers, as well as from some of the newer investments such as Weir Group, Spirax Sarco and Jardine Matheson. Bristow has grown significantly in value over the year and is now the largest holding in the portfolio. It is continuing to expand its business geographically and recently won the search and rescue contract from the UK Government covering the coastline of the UK that, after an initial transition period, will involve a \$2.5bn, ten year contract utilising 22 helicopters and hundreds of personnel. Markets finally gave Close Brothers the rating it undoubtedly deserves, being one of the very few banks to have come through the GFC with a clean bill of health. It has continued to grow its lending book profitably without taking undue risks, and we took advantage of this rise in valuation to sell over £100m of shares during the period and to reduce the size of this investment in relation to the portfolio. AG Barr, the maker of carbonated drinks such as Irn-Bru, enjoyed another year of strong underlying growth whilst attempting to consummate a merger with Britvic, which has been referred to the Competition Commission. London & Stamford and Metric Properties, both property companies, finalised their merger which leaves the combined company, LondonMetric, well capitalised and with greater depth of management. Quintain Estates enjoyed a welcome narrowing of its discount to NAV after attracting an Asian joint venture partner to finance the building of its Greenwich Peninsula site.

Unquoted (£348m, 27% of net assets)

We look to invest in unlisted businesses requiring capital and an investor with a balance sheet to support a long term perspective. We invest in both minority and majority positions.

The Unquoted pool achieved a total return of 18%, helped by the realisation of our investment in Celerant Consulting. This exit was matched by an investment in a group of US industrial companies, the Latshaw Group, that is performing ahead of our expectations. We have been actively reviewing other potential acquisitions and continue to see a strong flow of potential investments, several of which are proprietary in nature. We hope to secure at least one of these for the portfolio in the current financial year.

The remainder of the portfolio has solid growth prospects. The pool's management team has worked hard during the year with the portfolio to increase profitability, which has occasionally required more finely balanced decisions such as leadership change or a move to a realisation strategy. We anticipate further M&A activity during the current year, which may result in the sale of one or two holdings.

Funds (£167m, 13% of net assets)

We invest in both private and public equity funds, with an emphasis on providing exposure to areas of the world where we are less willing to invest directly.

The Funds pool completed the sale of British Empire Securities during the year. Several new commitments were made to private equity funds in the US and Asia although, overall, distributions exceeded drawdowns. We also hold interests in funds that invest in quoted securities, utilising specialist knowledge to gain exposure to areas of the world where it is more difficult for Caledonia to invest directly. The largest of these is Perlus, a US micro-cap value investor, which had another strong year.

Income & Growth (£162m, 12% of net assets)

The portfolio is comprised of shares in 42 international businesses, which provide a reliable and growing dividend. Cash flow returns to shareholders are prioritised in the invested businesses.

The Income & Growth pool's performance in the year was excellent, achieving a total return of 24%. This is a creditable result considering the pool's 5% yield target though, of course, markets are being given impetus from investors hungry for income. The pool provides Caledonia with both a diversity of income and, more importantly, exposure to successful businesses that operate on a global scale. We added a net £29m of capital to the portfolio during the year and anticipate adding to the pool again during the current year as it approaches its target size of 15% to 20% of NAV.

Share buy-backs

We continued our share buy-back policy during the year, buying and cancelling 1.1m shares, about 2% of the issued share capital, at a cost of £18m. With the discount still around 20%, this represented good value for all shareholders and we will once again seek the necessary shareholder approvals at the forthcoming AGM to continue with these buy-backs for a further year.

Dividend

The board is recommending shareholder approval of a final dividend of 34.3p, an increase of 10%, which would result in an equivalent increase in the total dividend for the year from 42.9p to 47.2p per share. This would be the 46th consecutive year of increases in our annual dividend and a rise of 34% over the last three years. The final dividend will be paid on 8 August 2013.

Board

The non-executive side of the board has seen several changes over the year.

Rod Kent took over from James Loudon as Chairman after the AGM in July 2012. James became Chairman in 2008 amidst difficult circumstances and steered the company and its subsequently appointed Chief Executive with great wisdom throughout the period of his Chairmanship. Mark Davies, who had served as a non-executive director on the board for ten years, stood down in December 2012, at which time Charles Cayzer also moved to a non-executive role. Stuart Bridges, who is the Chief Financial Officer of Hiscox, was appointed as a non-executive director in January 2013. He will take over as Chairman of the Audit Committee from David Thompson, who will retire from the board at the AGM in July, having served as a non-executive director for ten years. We thank him and Mark Davies for their contributions on a wide range of issues over the years.

On the executive side, the directors are supported by an impressive team of associate directors, who have executed the new strategy well and performed cohesively as a management team. We thank them, and all our staff, for their efforts and success during the year.

Outlook

Economic growth in developed markets is proving to be slower than governments would like, but in response central banks globally are cutting rates to historically low levels to stimulate growth, though with modest success. Thus a degree of stability has been created to allow time to deal with structural problems. Unprecedented printing of money via quantitative easing ('QE') allied with competitive currency devaluations is causing equity markets to rise and bond yields to fall, creating a wealth effect. Bond market valuations look stretched and equities have now recovered to be fair value, or modestly above in some cases. This leaves little room for disappointment by companies if economic growth does not pick up as we enter 2014. Central bank initiatives via QE are driving holders of cash to reinvest in risk assets due to negligible bank interest rates, which leave markets vulnerable to the eventual withdrawal of QE stimulus. Inflation remains the key risk that could derail current stimulus efforts, though is probably some way off. Markets are responding positively to policy initiatives at the current time, but clearly remain vulnerable to the efforts of previously untested economic tools unless economic growth gains traction in the coming year.

The actions we have taken over the last three years have ensured that we have a balanced portfolio tailored to our shareholders' requirements to deliver long term outperformance in the current macroeconomic environment.

Rod Kent
Chairman

Will Wyatt
Chief Executive

Portfolio summary

Holdings over 1% of net assets at 31 March 2013 were as follows:

Name	Pool	Geography	Business	Value £m	Net assets %
Bristow Group	Quoted	US	Helicopter services	105.7	8.1
Cobehold	Unquoted	Belgium	Investment company	91.6	7.1
Close Brothers	Quoted	UK	Financial services	86.7	6.7
AG Barr	Quoted	UK	Soft drinks	51.5	4.0
Avanti Communications	Quoted	UK	Satellite communications	47.2	3.6
Oval	Unquoted	UK	Insurance broking	37.8	2.9
Quintain Estates	Quoted	UK	Property services	36.7	2.8
LondonMetric Property	Quoted	UK	Property investment	35.5	2.7
Sterling Industries	Unquoted	UK	Engineering	30.7	2.4
Capital Today China	Funds	China	Private equity fund	29.2	2.3
The Sloane Club	Unquoted	UK	Residential club	28.8	2.2
Satellite Information Services	Unquoted	UK	Broadcasting services	28.5	2.2
Dewan Housing Finance	Quoted	India	Housing finance	27.8	2.1
Latshaw Group	Unquoted	US	Manufacturing	27.5	2.1
Polar Capital	Quoted	UK	Fund manager	24.1	1.9
Bowers & Wilkins	Unquoted	UK	Audio equipment	24.0	1.8
Perlus Microcap	Funds	US	Public equity fund	22.2	1.7
TGE Marine	Unquoted	Germany	LNG engineering	17.5	1.3
Spirax Sarco	Quoted	UK	Steam engineering	17.3	1.3
Amber Chemicals	Unquoted	UK	Specialty chemicals	15.2	1.2
Buckingham Gate	Unquoted	UK	Property investment	14.6	1.1
Pragma Capital funds	Funds	France	Private equity funds	14.3	1.1
Petroceltic International	Quoted	Ireland	Oil and gas producer	13.7	1.1
Nova Springboard	Funds	UK	Private equity fund	12.9	1.0
Other investments				353.1	27.2
Investment portfolio				1,194.1	91.9
Cash and other items				104.7	8.1
Net assets				1,298.8	100.0

1. Geography is based on the country of listing, country of domicile for unlisted investments and underlying regional analysis for funds.
2. Investment portfolio excludes £11.5m of unallocated investments.

Pool distribution

Quoted	40%
Unquoted	27%
Funds	13%
Income & Growth	12%
Cash and other	8%

Geographic distribution

United Kingdom	56%
Continental Europe	15%
North America	16%
Asia	10%
Other countries	3%

Asset class distribution

Listed equities	54%
Private companies	25%
Private equity funds	11%
Public equity funds	2%
Cash and other	8%

Risk management

Effective risk management is a key component of the company's business model and assists in ensuring that the different parts of the group operate within acceptable risk parameters. The board has overall responsibility for setting and monitoring the level of risk the company is prepared to accept.

Principal risks

Strategic

Risks in relation to the appropriateness of the business model to deliver long term growth in capital and income and the effective communication and delivery of the business model.

Strategic risks include the appropriate allocation of capital in relation to geographic, sector and currency exposures.

Investment

Risks in respect of specific investment and realisation decisions.

Investment risks include the appropriate research and due diligence of new investments and the timely execution of investment realisations for optimal shareholder value.

Market

Risk of losses in investments arising from movements in market prices, particularly in highly volatile markets.

Caledonia invests primarily in listed equities, private companies and equity funds. Its principal market risks are therefore equity price volatility, foreign exchange rate movements and interest rate volatility.

Mitigation

The company's business model and strategy are reviewed periodically, against market conditions and target returns.

The performance of the company and its key risks are monitored regularly by management and the board.

Borrowing levels and facilities require board approval and are carefully monitored and reported.

Pool managers have well-developed networks through which they attract proprietary deal flow.

Investment opportunities are subject to rigorous and disciplined investment appraisals and multi-stage approval processes. Target entry and exit events and prices are monitored and updated regularly, in relation to market conditions and strategic aims.

Market risks and sensitivities are reviewed on a weekly basis and actions taken to balance appropriately risk and return.

A regular review of market and investment volatility and value at risk is conducted by the board and the portfolio is realigned with strategic aims where appropriate. Reviews also consider investment concentration, currency and liquidity exposures.

Key developments

The portfolio was restructured during the year from six to four pools of capital, resulting in simplified reporting and responsibility structures.

A new financial communications agency was appointed to assist in communication of the company's business model, strategy and performance.

The company has continued to strengthen its internal resources to ensure appropriate and specific skills exist to undertake due diligence processes.

The investment appraisal and approval process has been standardised to ensure consistent quality and enable comparison between opportunities.

The company has introduced internal risk/return reporting to help identify changes in the portfolio risk profile.

Scenario reviews are undertaken to assess the impact of alternative asset allocation and whether it would better meet the company's aims.

Liquidity

Risk that liabilities cannot be met or new investments made due to a lack of liquidity. Such risk can arise from not being able to sell an investment due to lack of a market or from not holding cash or being able to raise debt.

Detailed cash forecasting for six months in advance is updated and reviewed weekly, including the expected drawdown of capital commitments.

The company has realised investments over the year to build a net cash balance amounting to £96m at the year end.

Listed portfolio liquidity is reviewed regularly. Loan facilities are maintained to provide appropriate liquidity headroom.

The borrowing facilities were renegotiated for a further five years, although reduced to £75m from the previous level of £100m.

Operational

Risks arising from inadequate or failed processes, people and systems or from external factors. Operational risks include recruiting, retaining and developing staff, appropriate systems and procedures, business disruption, exposure to litigation or fraud and adherence to the tax and regulatory environment.

Systems and control procedures are developed and reviewed regularly. They are tested, as part of the annual programme of controls assurance, to ensure effective operation.

A controls assurance programme has been developed, with the Risk Manager reviewing and testing key controls and procedures and reporting to the Audit Committee.

Appropriate remuneration and other policies are in place to encourage the retention of key staff. Business continuity plans are maintained, using an offsite facility.

Company statement of comprehensive income for the year ended 31 March 2013

	2013			2012		
	Revenue £m	Capital £m	Total £m	Revenue £m	Capital £m	Total £m
<i>Revenue</i>						
Investment income	39.4	-	39.4	33.3	-	33.3
Gains and losses on fair value investments	-	178.0	178.0	-	(123.4)	(123.4)
Gains and losses on derivatives	-	(3.1)	(3.1)	-	4.4	4.4
Total revenue	39.4	174.9	214.3	33.3	(119.0)	(85.7)
Management expenses	(13.2)	(0.7)	(13.9)	(11.8)	(0.6)	(12.4)
Guarantee obligations provided	-	(2.1)	(2.1)	-	(7.0)	(7.0)
Guarantee obligations released	-	5.1	5.1	-	10.0	10.0
Profit/(loss) before finance costs	26.2	177.2	203.4	21.5	(116.6)	(95.1)
Treasury interest receivable	0.6	-	0.6	0.8	-	0.8
Finance costs	(1.7)	-	(1.7)	(0.6)	-	(0.6)
Exchange movements	(0.4)	-	(0.4)	(0.7)	-	(0.7)
Profit/(loss) before tax	24.7	177.2	201.9	21.0	(116.6)	(95.6)
Taxation	3.4	1.5	4.9	2.0	0.4	2.4
Profit/(loss) and total comprehensive income for the year	28.1	178.7	206.8	23.0	(116.2)	(93.2)
Basic earnings per share	49.7p	316.0p	365.7p	39.9p	-201.7p	-161.8p
Diluted earnings per share	49.2p	312.7p	361.9p	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 by 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.

Company statement of financial position at 31 March 2013

	2013 £m	2012 £m
<i>Non-current assets</i>		
Investments held at fair value through profit or loss	1,204.8	1,180.7
Investments in subsidiaries held at cost	0.8	0.8
Non-current assets	1,205.6	1,181.5
<i>Current assets</i>		
Derivative financial instruments	-	2.5
Trade and other receivables	11.9	8.0
Current tax assets	2.1	0.9
Cash and cash equivalents	96.5	8.4
Current assets	110.5	19.8
Total assets	1,316.1	1,201.3
<i>Current liabilities</i>		
Trade and other payables	(4.4)	(6.4)
Provisions	(12.9)	(15.9)
Current liabilities	(17.3)	(22.3)
<i>Non-current liabilities</i>		
Interest-bearing loans and borrowings	-	(45.0)
Non-current liabilities	-	(45.0)
Total liabilities	(17.3)	(67.3)
Net assets	1,298.8	1,134.0
<i>Equity</i>		
Share capital	3.2	3.2
Share premium	1.3	1.3
Capital redemption reserve	1.3	1.3
Capital reserve	1,015.1	854.3
Retained earnings	294.9	290.6
Own shares	(17.0)	(16.7)
Total equity	1,298.8	1,134.0
Undiluted net asset value per share	2324p	1989p
Diluted net asset value per share	2299p	1977p

The financial statements were approved by the board and authorised for issue on 30 May 2013 and were signed on its behalf by:

Will Wyatt
Chief Executive

Stephen King
Finance Director

Company statement of changes in equity for the year ended 31 March 2013

	Share capital £m	Share premium £m	Capital redemp- tion reserve £m	Capital reserve £m	Retained earnings £m	Own shares £m	Total equity £m
Balance at 31 March 2011	3.3	1.3	1.2	992.8	288.3	(28.2)	1,258.7
Loss and total comprehensive income	-	-	-	(116.2)	23.0	-	(93.2)
Transactions with owners of the company							
<i>Contributions by and distributions to owners</i>							
Exercise of 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)	-	(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
Profit and total comprehensive income	-	-	-	178.7	28.1	-	206.8
Transactions with owners of the company							
<i>Contributions by and distributions to owners</i>							
Exercise of options	-	-	-	-	-	0.6	0.6
Share-based payments	-	-	-	-	1.3	-	1.3
Own shares purchased	-	-	-	-	-	(0.9)	(0.9)
Own shares cancelled	-	-	-	(17.9)	-	-	(17.9)
Dividends paid	-	-	-	-	(25.1)	-	(25.1)
Total transactions with owners	-	-	-	(17.9)	(23.8)	(0.3)	(42.0)
Balance at 31 March 2013	3.2	1.3	1.3	1,015.1	294.9	(17.0)	1,298.8

Group statement of comprehensive income for the year ended 31 March 2013

	2013 £m	2012 £m
<i>Revenue</i>		
Investment income	33.5	31.4
Gains and losses on fair value investments	178.2	(123.3)
Gains and losses on derivatives	(3.2)	4.3
Revenue from sales of goods and services	117.0	115.3
Total revenue	325.5	27.7
Investment management expenses	(13.9)	(12.4)
Trade operating expenses	(106.7)	(107.1)
Loss on disposal of operations	-	(1.2)
Gain on investment property	0.4	0.3
Share of results of joint ventures	(0.6)	(1.0)
Profit/(loss) before finance costs	204.7	(93.7)
Treasury interest receivable	0.5	0.7
Finance costs	(3.2)	(2.4)
Exchange movements	(0.2)	(0.8)
Profit/(loss) before tax	201.8	(96.2)
Taxation	0.3	(2.0)
Profit/(loss) for the year	202.1	(98.2)
<i>Other comprehensive income</i>		
Exchange differences on translation of foreign operations	1.1	-
Actuarial losses on defined benefit pension schemes	(4.2)	(4.9)
Tax on other comprehensive income	1.4	1.5
Total comprehensive income	200.4	(101.6)
<i>Profit/(loss) for the year attributable to</i>		
Owners of the parent	201.3	(98.6)
Non-controlling interest	0.8	0.4
	202.1	(98.2)
<i>Total comprehensive income attributable to</i>		
Owners of the parent	199.6	(102.0)
Non-controlling interest	0.8	0.4
	200.4	(101.6)
Basic earnings per share	356.0p	-171.2p
Diluted earnings per share	352.3p	-171.2p

Group statement of financial position at 31 March 2013

	2013 £m	2012 £m
<i>Non-current assets</i>		
Investments held at fair value through profit or loss	1,087.4	1,088.5
Available for sale investments	0.9	0.8
Intangible assets	2.8	2.6
Property, plant and equipment	73.8	76.8
Investment property	25.0	14.8
Interests in joint ventures	0.2	0.8
Deferred tax assets	5.0	5.4
Employee benefits	6.9	6.9
Non-current assets	1,202.0	1,196.6
<i>Current assets</i>		
Inventories	19.0	15.0
Derivative financial instruments	-	2.5
Trade and other receivables	41.7	35.7
Current tax assets	0.9	0.7
Cash and cash equivalents	116.2	24.6
Current assets	177.8	78.5
Total assets	1,379.8	1,275.1
<i>Current liabilities</i>		
Interest-bearing loans and borrowings	(0.2)	(20.8)
Derivative financial instruments	(0.2)	(0.1)
Trade and other payables	(25.4)	(25.3)
Employee benefits	(2.5)	(2.3)
Current tax liabilities	(0.5)	(1.2)
Provisions	(3.9)	(4.1)
Current liabilities	(32.7)	(53.8)
<i>Non-current liabilities</i>		
Interest-bearing loans and borrowings	(51.6)	(84.7)
Employee benefits	(17.5)	(15.4)
Deferred tax liabilities	(2.2)	(3.1)
Non-current liabilities	(71.3)	(103.2)
Total liabilities	(104.0)	(157.0)
Net assets	1,275.8	1,118.1
<i>Equity</i>		
Share capital	3.2	3.2
Share premium	1.3	1.3
Capital redemption reserve	1.3	1.3
Retained earnings	1,278.0	1,121.7
Foreign exchange translation reserve	5.4	4.3
Own shares	(17.0)	(16.7)
Equity attributable to owners of the parent	1,272.2	1,115.1
Non-controlling interest	3.6	3.0
Total equity	1,275.8	1,118.1

The financial statements were approved by the board and authorised for issue on 30 May 2013 and were signed on its behalf by:

Will Wyatt
Chief Executive

Stephen King
Finance Director

Group statement of changes in equity for the year ended 31 March 2013

	Share capital £m	Share premium £m	Capital redemp- tion reserve £m	Retained earnings £m	Currency trans- lation reserve £m	Own shares £m	Non-con- trolling interest £m	Total equity £m
Balance at 31 March 2011	3.3	1.3	1.2	1,267.7	4.3	(28.2)	(0.4)	1,249.2
<i>Total comprehensive income</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)
Transactions with owners of the company								
<i>Contributions by and distributions to owners</i>								
Exercise of share options	-	-	-	-	-	0.6	-	0.6
Own shares purchased	-	-	-	-	-	1.3	-	1.3
Share-based payments	-	-	-	1.1	-	-	-	1.1
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
<i>Total comprehensive income</i>								
Profit for the year	-	-	-	201.3	-	-	0.8	202.1
Other comprehensive income	-	-	-	(2.8)	1.1	-	-	(1.7)
Total comprehensive income	-	-	-	198.5	1.1	-	0.8	200.4
Transactions with owners of the company								
<i>Contributions by and distributions to owners</i>								
Exercise of share options	-	-	-	-	-	0.6	-	0.6
Own shares purchased	-	-	-	-	-	(0.9)	-	(0.9)
Share-based payments	-	-	-	1.3	-	-	-	1.3
Own shares cancelled	-	-	-	(17.9)	-	-	-	(17.9)
Dividends paid	-	-	-	(25.1)	-	-	(0.4)	(25.5)
Total contributions and distributions	-	-	-	(41.7)	-	(0.3)	(0.4)	(42.4)
<i>Changes in ownership interests</i>								
Non-controlling interest acquired	-	-	-	(0.5)	-	-	0.2	(0.3)
Total changes in ownership interests	-	-	-	(0.5)	-	-	0.2	(0.3)
Total transactions with owners	-	-	-	(42.2)	-	(0.3)	(0.2)	(42.7)
Balance at 31 March 2013	3.2	1.3	1.3	1,278.0	5.4	(17.0)	3.6	1,275.8

Company and group statements of cash flows for the year ended 31 March 2013

	Company		Group	
	2013 £m	2012 £m	2013 £m	2012 £m
<i>Operating activities</i>				
Dividends received	38.9	30.6	31.2	27.4
Interest received	0.8	1.1	0.7	0.8
Cash received from customers	-	-	120.0	116.3
Cash paid to suppliers and employees	(12.7)	(11.9)	(122.7)	(116.9)
Taxes received/(paid)	0.4	(0.1)	0.5	(1.7)
Group relief received	3.8	0.7	-	-
Net cash flow from operating activities	31.2	20.4	29.7	25.9
<i>Investing activities</i>				
Purchases of investments	(141.8)	(251.7)	(127.6)	(244.6)
Proceeds from disposal of investments	290.8	129.0	302.2	126.2
Net receipts/(payments) from derivative financial instruments	(0.6)	1.1	(0.6)	1.3
Purchases of property, plant and equipment	-	-	(1.9)	(1.9)
Purchases of intangible assets	-	-	(0.1)	-
Purchases of investment property	-	-	(10.2)	(6.4)
Proceeds from disposal of joint ventures	-	-	-	0.9
Proceeds from disposal of investment property	-	-	0.4	1.4
Purchases of subsidiaries net of cash acquired	-	-	(1.2)	(2.6)
Loans advanced	-	(4.4)	-	(4.4)
Proceeds from disposal of subsidiaries net of cash disposed	-	-	-	12.9
Net cash flow from/(used in) investing activities	148.4	(126.0)	161.0	(117.2)
<i>Financing activities</i>				
Interest paid	(0.5)	(0.5)	(2.3)	(2.3)
Dividends paid to owners of the company	(25.1)	(21.8)	(25.1)	(21.8)
Distributions paid to non-controlling interest	-	-	(0.4)	(0.3)
Proceeds from new borrowings	-	45.1	7.2	61.5
Repayment of borrowings	(45.1)	-	(61.5)	(30.3)
Loans from/(to) group companies	(2.5)	2.5	-	-
Exercise of share options	0.6	0.6	0.6	0.6
Purchase of own shares	(18.9)	(13.1)	(18.9)	(13.1)
Net cash flow from/(used in) financing activities	(91.5)	12.8	(100.4)	(5.7)
Net increase/(decrease) in cash and cash equivalents	88.1	(92.8)	90.3	(97.0)
Cash and cash equivalents at year start	8.4	101.2	24.6	121.5
Exchange movements on cash and cash equivalents	-	-	1.3	0.1
Cash and cash equivalents at year end	96.5	8.4	116.2	24.6

Notes to the final results announcement

1. General information

Caledonia Investments plc is an investment trust company domiciled in the United Kingdom and incorporated in England, under the Companies Acts 1908 to 1917. The address of its registered office is Cayzer House, 30 Buckingham Gate, London SW1E 6NN. The ordinary shares of the company are listed on the London Stock Exchange and the New Zealand Exchange.

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

2. Dividends

Amounts recognised as distributions to owners of the company in the year were as follows:

	2013		2012	
	p/share	£m	p/share	£m
Final dividend for the year ended 31 March 2012 (2011)	31.2	17.8	26.0	15.0
Interim dividend for the year ended 31 March 2013 (2012)	12.9	7.3	11.7	6.8
	44.1	25.1	37.7	21.8
Proposed final dividend for the year ended 31 March 2013 (2012)	34.3	19.1	31.2	17.8

The proposed final dividend has not been included as a liability in these financial statements. This dividend, if approved by shareholders at the annual general meeting to be held on 24 July 2013, will be payable on 8 August 2013 to holders of shares on the register on 12 July 2013. The ex-dividend date will be 10 July 2013.

For the purposes of section 1158 of the Corporation Tax Act 2010, and associated regulations, the dividends payable for the year ended 31 March 2013 are the interim and final dividends for that year, amounting to £26.4m (2012 – £24.6m).

3. Earnings and net asset value per share

Basic and diluted earnings per share

The calculation of basic earnings per share of the company and of the group was based on the profit or loss attributable to shareholders and the weighted average number of shares outstanding during the year. The calculation of diluted earnings per share included an adjustment for the effects of dilutive potential shares.

The company earnings were as follows:

	Revenue		Capital	
	2013	2012	2013	2012
	£m	£m	£m	£m
Profit/(loss) for the year	28.1	23.0	178.7	(116.2)

The profit attributable to shareholders was as follows:

	Company		Group	
	2013	2012	2013	2012
	£m	£m	£m	£m
Profit/(loss) attributable to shareholders (basic and diluted)	206.8	(93.2)	201.3	(98.6)

The weighted average number of shares was as follows:

	Company		Group	
	2013 000's	2012 000's	2013 000's	2012 000's
Issued shares at year start	57,359	58,795	57,359	58,795
Effect of shares cancelled	(463)	(455)	(463)	(455)
Effect of shares held in treasury	–	(391)	–	(391)
Effect of shares held by the employee share trust	(346)	(350)	(346)	(350)
Shares held by a subsidiary	–	–	(3)	(3)
Basic weighted average number of shares during the year	56,550	57,599	56,547	57,596
Effect of share options, performance share and deferred bonus awards	589	303	589	303
Diluted weighted average number of shares during the year	57,139	57,902	57,136	57,899

Net asset value per share

The company's undiluted net asset value per share is based on the net assets of the company at the year end and on the number of shares in issue at the year end less shares held by the Caledonia Investments plc Employee Share Trust, shares held by a subsidiary and shares accounted as held in treasury. 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 and, in the prior year, the re-issue of shares accounted as held in treasury at the closing mid-market price on the reporting date.

	2013			2012		
	Net assets £m	Number of shares 000's	NAV p/share	Net assets £m	Number of shares 000's	NAV p/share
Undiluted	1,298.8	55,880	2324	1,134.0	57,009	1989
Adjustments	3.2	764	(25)	2.6	476	(12)
Diluted	1,302.0	56,644	2299	1,136.6	57,485	1977

4. Operating segments

The following is an analysis of the profit or loss before tax for the year and assets analysed by primary operating segments:

	Profit or loss before tax		Assets	
	2013 £m	2012 £m	2013 £m	2012 £m
Quoted pool	120.9	(59.5)	517.2	552.1
Unquoted pool	52.8	(22.5)	348.1	311.7
Funds pool	12.9	(9.0)	166.8	209.6
Income & Growth pool	27.5	5.3	162.0	110.6
Investment portfolio	214.1	(85.7)	1,194.1	1,184.0
Other investments	0.2	-	11.5	-
Total revenue/investments	214.3	(85.7)	1,205.6	1,184.0
Cash and cash equivalents	0.6	0.8	96.5	8.4
Other items	(13.0)	(10.7)	(3.3)	(58.4)
Reportable total	201.9	(95.6)	1,298.8	1,134.0
Eliminations	(0.1)	(0.6)	81.0	141.1
Group total	201.8	(96.2)	1,379.8	1,275.1

During the year, investments previously in the Asia and Property pools were reallocated to the Quoted, Unquoted and Funds pools.

5. Share-based payments

In the year to 31 March 2013, participating employees in the performance share scheme were awarded options over 273,648 shares at nil-cost (2012 – 226,462 shares). The weighted average fair value of these shares, taken from their share price at the date of grant, was 1267p per share (2012 – 1545p).

Also in the year to 31 March 2013, participating employees in the deferred bonus plan voluntarily applied a proportion of their annual bonuses to purchase 680 shares (2012 – 23,632 shares). Matching awards of 680 shares were granted (2012 – 23,632 shares), which depend on company performance. The fair value of the bonus deferral shares was measured directly as the bonus foregone and was equivalent to 1267p per share (2012 - 1734p per share). The fair value of the matching shares was also 1267p per share, on a market neutral valuation basis (2012 - 1734p per share).

The IFRS 2 expense included in profit or loss for the year was £1.3m (2012 - £1.1m).

6. Provisions

During the year, the company recognised a £2.1m solvency guarantee provision and released a £5.1m provision related to bank guarantees provided for subsidiary borrowings. In the prior year, £3.0m of net bank guarantee provisions were released. These provisions have been allocated to the capital reserve. Other provisions in the group related to environmental and warranty claims. Provisions are based on an estimate of the expenditure to be incurred as a result of past events. The matters that gave rise to the provisions were expected to be resolved over the next year.

7. Capital commitments

At the reporting date, the company and group had entered into unconditional commitments to limited partnerships, commitments to other investment funds and loan facilities to portfolio companies, as follows:

	Company		Group	
	2013 £m	2012 £m	2013 £m	2012 £m
<i>Investments</i>				
Contracted but not called	59.2	67.5	59.2	67.5
Conditionally contracted	19.7	12.9	19.7	12.9
	78.9	80.4	78.9	80.4

8. Related parties

Caledonia Group Services Ltd, a wholly-owned subsidiary of the company, provides management services to the company. During the year, £12.3m was charged by Caledonia Group Services Ltd to the company (2012 - £11.0m).

9. Financial information

The information in this final results announcement does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006 (the 'Act'), but has been derived from the statutory accounts for the year ended 31 March 2013. The auditors have reported on those statutory accounts and their report was not qualified and did not contain statements under section 498 of the Act.

The statutory accounts for the year ended 31 March 2013 will be delivered to shareholders on 21 June 2013 and made available for download from the company's website on that date. Also, a copy will be delivered to the Registrar of Companies in accordance with section 441 of the Act, following approval by shareholders.

The statutory accounts for the year ended 31 March 2013 include a 'Directors' statement of responsibility' as follows:

We confirm that, to the best of our knowledge:

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

Signed on behalf of the board:

Will Wyatt
Chief Executive
30 May 2013

Stephen King
Finance Director
30 May 2013

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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.