



Caledonia Investments plc

Final results for the year ended 31 March 2015

Financial highlights

	31 Mar 2015	31 Mar 2014	Change
Net asset value per share total return	14.2%	14.9%	
Net asset value per share	2906p	2593p	12.1%
Net asset value	£1,627m	£1,446m	12.5%
Annual dividend per share	50.6p	49.1p	3.1%

Highlights

- NAV total return 14.2% for the year ended 31 March 2015
 - Performance underpinned by strong Fund and Unquoted pool returns
- Annualised ten year NAV total return of 8.6% - outperforming the FTSE All-Share by 0.9%
- Annual dividend up 3.1% to 50.6p per share, the forty-eighth consecutive annual increase
- Total investments of £241m during the year
- Total realisations of £372m, included £70m from the sale of Oval from the Unquoted pool

Will Wyatt, Chief Executive, commented:

"This has been a very strong year for Caledonia, with our portfolio delivering a healthy 14.2% return for shareholders, taking our total NAV to another record high and extending our ten year market outperformance. This performance was well ahead of our year on year objective and, together with our increasing income generation, has supported our proposed 3.1% rise in the total dividend for the year, the forty-eighth year of consecutive annual increases.

"Our portfolio is built on high quality businesses with strong prospects for the medium to long term. Coupled with our conservative cash position, we are well placed to capitalise on future opportunities and to meet our average annual return objectives of RPI+3% to RPI+6% over a ten year period."

27 May 2015

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Chairman's and Chief Executive's report

Results

We are pleased to report that Caledonia's portfolio has delivered another year of strong growth. The net asset value per share total return ('NAVTR'), which measures the growth of the balance sheet capital and the income that it produces, was 14.2% for the year. This creditable performance is well ahead of our year on year objective of delivering average annual returns of between RPI+3% and RPI+6% over ten year periods and contributed positively to the ten year annualised NAVTR at 31 March 2015 of 8.6%. Our year-end NAV per share recorded a new high of 2906p and we were pleased to see that this has been reflected in our share price, which increased by just under 19% in the 12 month period. The board is recommending a 3.1% increase in the final dividend, which would result in an overall increase of 3.1% for the year, the forty-eighth consecutive year of growth in our annual dividend.

Caledonia's strategy

Caledonia offers shareholders the opportunity to invest in a portfolio, much of which is not available to investors generally. The portfolio consists of four pools, each with a differing profile, not reflecting any single market or tracking any benchmark. Rather, it is the result of finding businesses that demonstrate attributes that fit our strategy – low gearing, cash generation and a strong position in their market place – and, particularly in the unquoted space, companies that prefer our offering as a long term provider of capital. By consistently delivering average annual returns over rolling ten year periods of between RPI+3% and RPI+6%, we aim to provide to shareholders a return that also exceeds the FTSE All-Share Total Return index over the long run.

The company's ownership structure and the fact that we invest from our own balance sheet, rather than raising external funds, allows us to take a much longer investment time horizon than many institutional investors, often over ten years. The long term commitment of the Cayzer family and our open-ended approach also helps to attract other family-owned businesses and management teams seeking capital to develop their businesses without the pressure of a change of ownership every few years. Our investments in Cobehold and more recently Choice Care Group and Park Holidays are good examples of these.

Our longer term, collaborative approach has several other differentiating advantages. It allows management teams to invest in opportunities for their businesses that take time to bear fruit. It avoids the distraction of frequent corporate action that is the inevitable result where the providers of capital have to return funds to their own investors within a fixed period of time. It also requires less reliance on gearing to achieve the required returns, thereby taking less risk with the balance sheets of the companies we invest in. However, when capital is plentiful and competition is strong, we often find ourselves out-bid by others more willing to use higher gearing and pay prices that we consider too high. We would rather maintain a disciplined approach and preserve our capital than overpay for an investment, however attractive.

We also seek to diversify our assets by allocating capital to different geographies and currencies. We invest in funds, both quoted market and private equity, to gain exposure to economies such as Asia and the US, where we consider it more effective to use local managers than to invest directly ourselves. In addition, we enable shareholders to gain exposure to a carefully picked selection of direct quoted investments. These also reflect our cautious nature with our preference for established companies which have demonstrated the ability to produce compound growth over the long term, such as AG Barr, Bristow Group and Close Brothers – all high quality businesses which we have held for many years.

Investment performance

Our long term investment strategy, together with the high proportion of less liquid unquoted investments in our portfolio, means that performance is most effectively measured over the longer term. The board's aim is therefore for Caledonia's NAVTR to outperform the FTSE All-Share Total Return index over rolling ten year periods. Our ten year investment horizon provides the timeframe for our portfolio to accumulate value, whilst optimising risk/return characteristics. We believe that targeting a performance range of long term RPI+3% to long term RPI+6% will lead to an outperformance against the FTSE All-Share over ten years.

	1 year %	3 years %	5 years %	10 years %
NAVTR	14.2	56.3	55.5	127.3
NAVTR annualised	14.2	16.1	9.2	8.6
RPI annualised	0.9	2.2	3.1	3.0
Caledonia RPI outperformance	13.3	13.9	6.1	5.6
FTSE All-Share TR annualised				7.7
Caledonia FTSE outperformance				0.9

Income and ongoing charges

Investment income for the year rose 15% to £47.2m which, after other income and expenses, fully covers the proposed dividend for the year. Growth in income has been a particular focus for us over the past five years and over this period has increased by 43%, driving the yield from the portfolio from under 2% to 3.3%, despite our NAV increasing by 38%. We believe the prudent way to run the company for our shareholders is to maintain a fully covered dividend without charging any of our management expenses to capital.

Our ongoing charges for the year were 1.22% of NAV against 1.03% for the prior year. The difference resulted largely from an increase in the cost of our share incentive plans, which reflected the recent strong performance of our NAV. Our business model of investing in unquoted companies requires more management resources than a purely quoted portfolio and therefore higher employment costs. We estimate that, based on an analysis of the expenses of other funds with similar investment focus to each of our individual pools, an equivalent 'sum of the parts' benchmark cost of running a fund with our particular attributes would be approximately 1.7% of NAV. We therefore believe that Caledonia's self-managed model offers shareholders good value for money.

Balance sheet and cash

Net cash at the year-end amounted to £131.0m against a small net debt position of £7.1m at the beginning of the year. This movement was the result of the proceeds from the sale of Oval in April 2014, distributions of cash by funds and top-slicing activity within our Quoted pool. Overall, during the course of the year, we invested £199.4m and realised £320.1m, not including investments and divestments made within the Income & Growth pool.

We consider it prudent at this stage of the stock market cycle to have a cushion of cash which, alongside committed bank facilities of £175m, will enable us to take advantage of opportunities as they present themselves. This is especially important in the unquoted arena, where the precise timing of investments is generally more unpredictable. The board's policy is to use modest structural gearing selectively within the individual portfolio companies, rather than borrow within Caledonia.

Overview of portfolio

The portfolio, before management expenses and other net assets were taken into account, returned 16.8% for the year under review. The bulk of this return came from the Unquoted and Funds pools, the latter returning an exceptional 45.2%, driven by Capital Today China ('CTC') and its investment in JD.com, which during the year listed on NASDAQ. It is important to point out that the performance of just about all of the underlying funds within the Funds pool was strong, although CTC was by far the biggest contributor. The Unquoted pool returned 19.2% over the year, with pleasing performances from two of our newer investments, Park Holidays and Latshaw Group. The Quoted pool produced a more modest return of 3.5%, following two consecutive years of over 20%, and was particularly affected by reductions in value of two of its larger holdings, Bristow Group and Weir, whose share prices were impacted by the falling oil price. The Income & Growth pool made a significant contribution to Caledonia's income account, yielding 4.3% net, as well as being on target for its capital return.

Pool	Value 2014 £m	Invest- ments £m	Disposals £m	Other movements £m	Value 2015 £m	Income £m	Return %
Quoted	497.8	80.5	(136.1)	5.5	447.7	11.4	3.5
Unquoted	568.3	4.9	(109.0)	46.1	510.3	23.1	19.2
Funds	204.4	104.0	(75.0)	94.3	327.7	3.6	45.2
Income & Growth	189.6	51.3	(51.6)	12.8	202.1	8.7	11.4
Portfolio	1,460.1	240.7	(371.7)	158.7	1,487.8	46.8	16.8
Other	(14.5)				139.1		
Net assets	1,445.6				1,626.9		14.2

The Quoted pool allocation at 28% has reduced to below its strategic range of 35-50% of the portfolio. This is a consequence of both top-slicing and exiting non-core investments to take advantage of high valuations and discipline in waiting for some of our identified new investment opportunities to come within our target price ranges. The Income & Growth pool at 13% also remained slightly below its strategic allocation of 15-20% of net assets. Again, we have resisted the temptation to rush into what has been a popular and hence expensive sector of the market of late. See the Portfolio summary section for details of portfolio allocation.

Overview of pool performance

Quoted (£448m, 28% of net assets)

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

The Quoted pool produced a total return of 3.5% for the year. This followed two years of strong growth (25% and 21% in 2013 and 2014 respectively), during which time the portfolio has continued to evolve in line with the strategy laid out in 2010. The companies within the pool now reflect the characteristics outlined above with only a few exceptions. We have added companies such as Jardine Matheson, Rolls-Royce, Microsoft, Atlas Copco, Oracle and Spirax Sarco, to long established holdings such as Bristow Group, LondonMetric Property, Close Brothers and AG Barr. Post the year end, we halved our holding in Avanti Communications to reflect the additional risk taken onto its balance sheet by a high yield bond issue in 2014. The Quoted pool team has a deeply researched list of target companies that it monitors closely, although we are unwilling to invest at current pricing levels.

Of particular note was the sale of our entire holding in Dewan Housing Finance in India, banking a healthy profit on total sale proceeds of £52m. We top-sliced our holdings in Close Brothers and Quintain Estates, following strong share price performance, and exited our holdings in both Petroceltic International and Urban&Civic following mergers, as these were no longer core to the Quoted pool strategy. We added substantially to our initial holding in Rolls-Royce and established new holdings in Microsoft and Oracle, all of which have strong business models that produce compound investment returns over time. Rolls-Royce, in particular, is a business best viewed over the long term and we took advantage of some short term adverse sentiment in the market to build a position of £23m.

Unquoted (£510m, 31% of net assets)

We invest in unlisted businesses requiring capital and where our balance sheet is able to provide a long term perspective. We invest in both majority and minority positions.

The Unquoted pool returned 19.2% for the year under review, including £23m of income. The returns for the year were primarily driven by an average increase in EBITDA growth of 12.2% in underlying pool investments. We are careful to structure deals which allow a good flow of dividends back to shareholders, which necessarily and prudently means that we utilise relatively low levels of bank debt. We have an annual total return target of 14% for the Unquoted pool, and given a yield target of 5%, the capital growth requirement is not overly demanding. This, in turn, means that we do not have to invest in more risky companies to achieve our returns.

We sold our holding in Oval, the insurance broker, on 1 April 2014 to Arthur J Gallagher, receiving £70m, a 2x return on invested capital, although we had already taken the uplift in valuation in our previous year's results. Brookshire sold a portfolio of property assets, profiting from the narrowing of yields in the sector. In addition, Latshaw Group, a group of five US engineering companies in which we invested in 2012, sold one of its businesses and distributed to us almost the entire cost of our original investment. Pleasingly, strong profits growth at Park Holidays, a UK based operator of caravan parks, and TGE Marine, a German LNG engineering business, have pushed their valuations significantly higher.

The Unquoted team pursued several potential transactions that evolved from our deal pipeline during the year, but we were unable to secure any of the businesses at prices with which we were comfortable. The private equity market has plentiful availability of debt at present and is prepared to pay multiples of profit that leave little headroom for the unexpected to happen. We will maintain our discipline and continue to find opportunities where the fit with Caledonia and our values outweighs pure pricing considerations.

Funds (£328m, 20% of net assets)

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

The Funds pool return of 45.2% was principally attributable to the successful flotation of JD.com, which is a key constituent of Capital Today China, a private equity fund launched in 2006 with Caledonia as a cornerstone investor. As a result, the fund is our largest single investment, being valued at the year end at £103.6m, even after distributing £15.2m of cash during the year. However, strong gains were also made from the rest of Funds pool, in particular from the Asian portfolio of quoted market funds. Excluding the exceptional performance within Capital Today China, the Funds pool return was 15.6% over the year. New investments were made during the year in four funds specialising in Asian listed equities at a cost of £60.9m, taking our overall exposure to £81.6m.

Income & Growth (£202m, 13% of net assets)

The pool holds interests in 36 international listed businesses, which provide a reliable and growing dividend. Cash flow returns to shareholders are a priority for the companies in which we invest.

The Income & Growth pool exceeded its 10% total return requirement, returning 11.4% for the year. The pool invests in global listed companies that have a higher than average dividend yield. This has been a popular area in which to invest over the past few years, as central banks have reduced interest rates. Whilst past returns have been healthy, these sorts of companies are now more highly rated, which makes the task of producing our required level of total return more challenging, although we can counter this by running a more concentrated portfolio without increasing our risk or volatility. We are pleased to welcome Jonathan Greig as the manager of the pool, who joined us in January to succeed Stephen Mitchell, who had managed the pool since its inception in 2011. Holdings within the pool include companies such as Pfizer, Novartis, General Electric, Zurich Insurance and Daimler, which fit well with our approach.

Share buy-backs and discount

The discount of Caledonia's shares to its underlying net asset value has ranged between 12% and 26% during the year. This provided opportunities to buy back shares for cancellation, thereby producing a permanent benefit for all shareholders. During the year, the discount has mostly been toward the lower end of the range and we bought back £0.6m of shares. We will ask for the necessary shareholder approvals at the annual general meeting to be able to continue with these buy-backs for a further year, albeit within the constraints of the annual waiver that we seek under the requirements of the Takeover Code.

Dividend

The board is recommending to shareholders a final dividend of 36.8p, giving a total dividend for the year of 50.6p, an increase of 3.1% on the previous year. This would represent the forty-eighth consecutive year of increases in our annual dividend. Only a handful of listed companies have achieved such a long and consistent record and it demonstrates our long term attitude to investing. Subject to approval by shareholders at the annual general meeting to be held at Cayzer House on 16 July 2015, the final dividend will be paid on 6 August 2015.

Board

As heralded in last year's annual report, Richard Goblet d'Alviella retired from the board in June 2014, with our thanks for the support he provided over his nine years as a non-executive director. He was replaced by Harold Boël, whose commercial and investment expertise gained at Corus and Sofina is already proving insightful.

Charles Allen-Jones also stepped down from the board just before the year end, after 13 years. His immense experience, common sense and wisdom will be missed by the company, as he has guided the executive management and the board through various challenges during his tenure. We are truly grateful for his immense contribution.

At the same time, we were pleased to welcome David Stewart to the board, whose experience, both in the fund management world and working for family businesses, is particularly relevant to Caledonia. Shonaid Jemmett-Page will also join the board on 1 July 2015 and her experience at KPMG, Unilever Asia and CDC Group, as well as from her current non-executive portfolio, will be of great benefit to us.

Outlook

The European Central Bank has taken over the baton of quantitative easing from The Federal Reserve and Bank of England. Interest rates in developed economies are being held at artificially low rates, in some cases the quite extraordinary situation exists where customers are charged for leaving money on deposit, and it looks as though they will stay low for quite some time yet. The combination of these two policies drove asset prices up, bond yields to new lows and stock markets to new highs. Strong currency movements are also a side effect of such policies. Corporate profits, and in particular margins, remain healthy and the economies of both the US and UK seem to be on a steady, if unspectacular, growth trajectory. Asia is more difficult to assess, which is reflected in markets which are more reasonably priced.

Although the UK General Election is now behind us, we still face uncertain times with a US presidential election due next year. We believe that our portfolio and conservative cash position leave us well placed however challenging market conditions may be. We are invested in high quality businesses that have good prospects for the medium to long term. Our strategy is delivering performance for shareholders at an appropriate level and we are confident that the portfolio is well positioned for the future.

Rod Kent
Chairman

Will Wyatt
Chief Executive

Portfolio summary

Holdings over 1% of net assets at 31 March 2015 were as follows:

Name	Pool	Geography	Business	Value £m	Net assets %
Capital Today China	Funds	China	Private equity fund	103.6	6.4
Park Holidays	Unquoted	UK	Caravan parks operator	101.1	6.2
Cobehold	Unquoted	Belgium	Investment company	92.2	5.7
TGE Marine	Unquoted	Germany	LNG engineering	64.9	4.0
Bristow Group	Quoted	US	Helicopter services	60.8	3.7
AG Barr	Quoted	UK	Soft drinks	57.6	3.5
Close Brothers	Quoted	UK	Financial services	56.1	3.4
The Sloane Club	Unquoted	UK	Residential club	55.0	3.4
Choice Care Group	Unquoted	UK	Care homes provider	51.5	3.2
Sterling Industries	Unquoted	UK	Engineering	35.5	2.2
Latshaw Group	Unquoted	US	Manufacturing	34.0	2.1
Perlus Microcap	Funds	US	Quoted market fund	29.8	1.8
Polar Capital	Quoted	UK	Fund manager	29.3	1.8
Avanti Communications	Quoted	UK	Satellite communications	29.3	1.8
Bowers & Wilkins	Unquoted	UK	Audio equipment	24.0	1.5
Quintain Estates	Quoted	UK	Property services	23.5	1.4
Rolls-Royce	Quoted	UK	Aircraft engine manufacturer	23.1	1.4
Spirax Sarco	Quoted	UK	Steam engineering	22.2	1.4
Macquarie Asia New Stars	Funds	Asia	Quoted market fund	21.7	1.3
Jardine Matheson	Quoted	Singapore	Industrial engineering	21.5	1.3
Satellite Information Services	Unquoted	UK	Broadcasting services	20.6	1.3
LondonMetric Property	Quoted	UK	Property investment	20.4	1.3
Microsoft	Quoted	US	Infrastructure technology	18.4	1.1
Oracle	Quoted	US	Infrastructure technology	17.8	1.1
Asia Landmark	Funds	Asia	Quoted market fund	16.6	1.0
Other investments				457.3	28.1
Investment portfolio				1,487.8	91.4
Cash and other items				139.1	8.6
Net assets				1,626.9	100.0

1. Geography is based on the country of listing, country of domicile for unlisted investments and underlying regional analysis for funds.
2. Unallocated investments totalling £11.0m are included in Cash and other items.

Pool distribution

Quoted	28%
Unquoted	31%
Funds	20%
Income & Growth	13%
Cash and other items	8%

Geographic distribution

United Kingdom	50%
Continental Europe	18%
North America	15%
Asia	16%
Other countries	1%

Asset class distribution

Listed equities	40%
Private companies	32%
Private equity funds	12%
Quoted market funds	8%
Cash and other items	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 strategic risk parameters. The board has overall responsibility for setting and monitoring the company's risk appetite.

Principal risks	Mitigation	Key developments
<p><i>Strategic</i></p> <p>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.</p> <p>Strategic risks include the appropriate allocation of capital in relation to geographic, sector and currency exposures.</p>	<p>The company's business model and strategy are reviewed periodically, against market conditions and target returns.</p> <p>The performance of the company and its key risks are monitored regularly by management and the board.</p>	<p>Caledonia has developed its risk monitoring procedures to ensure that there is a clear and monitored strategic alignment of the portfolio to the agreed strategy.</p>
<p><i>Investment</i></p> <p>Risks in respect of specific investment and realisation decisions.</p> <p>Investment risks include the appropriate research and due diligence of new investments and the timely execution of both new investments and realisations for optimising shareholder value.</p>	<p>Pool managers have well-developed networks through which they attract proprietary deal flow.</p> <p>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.</p>	<p>The continued development of investment management skills and expertise over the last three years has facilitated increased deal flow and quality of research across the portfolio.</p>
<p><i>Market</i></p> <p>Risk of losses in value of investments arising from movements in market prices, particularly in highly volatile markets.</p> <p>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.</p>	<p>Market risks and sensitivities are reviewed on a weekly basis and actions taken to balance appropriately risk and return.</p> <p>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.</p>	<p>Risk weighted performance reporting and portfolio risk analysis has been enhanced to look at the movement in the risk factors and why these have occurred, giving more complete insight into the characteristics and performance of Caledonia's portfolio.</p>

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 ahead is updated and reviewed weekly, including the expected drawdown of capital commitments.

Loan facilities are maintained to provide appropriate liquidity headroom.

The liquidity of the portfolio is reviewed regularly.

Average liquidity levels of our quoted portfolio have increased over the last year, as we have continued to realise less liquid, non-core investments.

Committed borrowing facilities of £175m are in place up to April 2018.

Operational

Risks arising from inadequate or failed processes, people and systems or from external factors.

Operational risks arise from the recruitment, development and retention of staff, systems and procedures and business disruption.

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.

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

An IT risk dashboard is maintained and is an important document, noting current IT risks facing Caledonia.

Increasing use of the cloud for systems processing, including email and for backing up data.

Regulatory and legal

Risk arising from exposure to litigation or fraud and adherence to the tax and regulatory environment, as Caledonia operates across a number of jurisdictions and in an industry that has been subject to increasing regulatory oversight.

Caledonia has internal resources to consider all regulatory and tax matters as they arise. Use is made of advisers and the Association of Investment Companies, of which Caledonia is a member and on whose self-managed investment company committee it is represented. Regular training is undertaken.

There have been no significant additional regulatory requirements in the year.

Group statement of comprehensive income for the year ended 31 March 2015

	2015			2014		
	Revenue £m	Capital £m	Total £m	Revenue £m	Capital £m	Total £m
<i>Revenue</i>						
Investment income	47.2	-	47.2	41.1	-	41.1
Other income	0.5	-	0.5	0.5	-	0.5
Gains and losses on fair value investments	-	179.9	179.9	-	151.4	151.4
Gains on fair value property	-	0.3	0.3	-	-	-
Total revenue	47.7	180.2	227.9	41.6	151.4	193.0
Management expenses	(18.3)	(0.6)	(18.9)	(13.6)	(0.5)	(14.1)
Other non-recurring expenses	(2.6)	-	(2.6)	-	-	-
Performance fees	-	(1.1)	(1.1)	-	-	-
Guarantee obligation provided	-	(0.7)	(0.7)	-	(0.8)	(0.8)
Warranty provision released	-	-	-	-	3.5	3.5
Profit before finance costs	26.8	177.8	204.6	28.0	153.6	181.6
Treasury interest receivable	0.3	-	0.3	1.2	-	1.2
Finance costs	(1.6)	-	(1.6)	(1.7)	-	(1.7)
Exchange movements	1.2	-	1.2	(0.3)	-	(0.3)
Profit before tax	26.7	177.8	204.5	27.2	153.6	180.8
Taxation	2.9	0.3	3.2	1.5	0.8	2.3
Profit for the year	29.6	178.1	207.7	28.7	154.4	183.1
<i>Other comprehensive income items never to be reclassified to profit or loss</i>						
Actuarial gain/(loss) on defined benefit pension schemes	-	(2.7)	(2.7)	-	1.4	1.4
Tax on other comprehensive income	-	0.9	0.9	-	(0.3)	(0.3)
Total comprehensive income	29.6	176.3	205.9	28.7	155.5	184.2
Basic earnings per share	53.7p	323.3p	377.0p	51.9p	279.2p	331.1p
Diluted earnings per share	52.9p	318.2p	371.1p	51.3p	276.1p	327.4p

The total column of the above statement represents the group'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 group's statement of comprehensive income and are prepared under guidance published by the Association of Investment Companies.

The profit for the year and total comprehensive income for the year is attributable to equity holders of the parent.

Statement of financial position at 31 March 2015

	Group		Company	
	2015	2014	2015	2014
	£m	£m	£m	£m
<i>Non-current assets</i>				
Investments held at fair value through profit or loss	1,498.8	1,451.9	1,496.2	1,435.9
Investments in subsidiaries held at cost	-	-	0.8	0.8
Property, plant and equipment	19.1	18.6	-	-
Deferred tax assets	2.4	1.0	-	-
Employee benefits	1.9	3.2	-	-
Non-current assets	1,522.2	1,474.7	1,497.0	1,436.7
<i>Current assets</i>				
Trade and other receivables	7.3	7.3	5.5	5.6
Current tax assets	0.4	-	1.2	0.1
Cash and cash equivalents	140.0	35.5	138.7	35.5
Current assets	147.7	42.8	145.4	41.2
Total assets	1,669.9	1,517.5	1,642.4	1,477.9
<i>Current liabilities</i>				
Bank overdrafts	-	(2.6)	-	-
Interest-bearing loans and borrowings	-	(20.0)	-	-
Trade and other payables	(16.0)	(15.0)	(11.7)	(6.8)
Employee benefits	(2.4)	(2.1)	-	-
Current tax liabilities	-	(0.2)	-	-
Provisions	(10.4)	(8.3)	(9.0)	(10.9)
Current liabilities	(28.8)	(48.2)	(20.7)	(17.7)
<i>Non-current liabilities</i>				
Interest-bearing loans and borrowings	(9.0)	(20.0)	-	(20.0)
Employee benefits	(5.0)	(3.4)	-	-
Deferred tax liabilities	(0.2)	(0.3)	-	-
Non-current liabilities	(14.2)	(23.7)	-	(20.0)
Total liabilities	(43.0)	(71.9)	(20.7)	(37.7)
Net assets	1,626.9	1,445.6	1,621.7	1,440.2
<i>Equity</i>				
Share capital	3.2	3.2	3.2	3.2
Share premium	1.3	1.3	1.3	1.3
Capital redemption reserve	1.3	1.3	1.3	1.3
Capital reserve	1,328.3	1,152.6	1,331.8	1,154.5
Retained earnings	310.0	304.4	301.3	297.1
Own shares	(17.2)	(17.2)	(17.2)	(17.2)
Total equity	1,626.9	1,445.6	1,621.7	1,440.2
Undiluted net asset value per share	2952p	2624p		
Diluted net asset value per share	2906p	2593p		

The financial statements were approved by the board and authorised for issue on 27 May 2015 and were signed on its behalf by:

Will Wyatt
Chief Executive

Stephen King
Finance Director

Statement of changes in equity for the year ended 31 March 2015

	Share capital £m	Share premium £m	Capital redemp- tion reserve £m	Capital reserve £m	Retained earnings £m	Own shares £m	Total equity £m
Group							
Balance at 31 March 2013	3.2	1.3	1.3	1,012.1	301.5	(17.0)	1,302.4
<i>Total comprehensive income</i>							
Profit for the year	-	-	-	154.4	28.7	-	183.1
Other comprehensive income	-	-	-	1.1	-	-	1.1
Total comprehensive income	-	-	-	155.5	28.7	-	184.2
<i>Transactions with owners of the company</i>							
<i>Contributions by and distributions to owners</i>							
Exercise of options	-	-	-	-	-	1.7	1.7
Share-based payments	-	-	-	-	0.7	-	0.7
Own shares purchased	-	-	-	-	-	(1.9)	(1.9)
Own shares cancelled	-	-	-	(15.0)	-	-	(15.0)
Dividends paid	-	-	-	-	(26.5)	-	(26.5)
Total transactions with owners	-	-	-	(15.0)	(25.8)	(0.2)	(41.0)
Balance at 31 March 2014	3.2	1.3	1.3	1,152.6	304.4	(17.2)	1,445.6
<i>Total comprehensive income</i>							
Profit for the year	-	-	-	178.1	29.6	-	207.7
Other comprehensive income	-	-	-	(1.8)	-	-	(1.8)
Total comprehensive income	-	-	-	176.3	29.6	-	205.9
<i>Transactions with owners of the company</i>							
<i>Contributions by and distributions to owners</i>							
Exercise of options	-	-	-	-	-	1.2	1.2
Share-based payments	-	-	-	-	3.3	-	3.3
Own shares purchased	-	-	-	-	-	(1.2)	(1.2)
Own shares cancelled	-	-	-	(0.6)	-	-	(0.6)
Dividends paid	-	-	-	-	(27.3)	-	(27.3)
Total transactions with owners	-	-	-	(0.6)	(24.0)	-	(24.6)
Balance at 31 March 2015	3.2	1.3	1.3	1,328.3	310.0	(17.2)	1,626.9
Company							
Balance at 31 March 2013	3.2	1.3	1.3	1,015.1	294.9	(17.0)	1,298.8
Profit and total comprehensive income	-	-	-	154.4	28.0	-	182.4
<i>Transactions with owners of the company</i>							
<i>Contributions by and distributions to owners</i>							
Exercise of options	-	-	-	-	-	1.7	1.7
Share-based payments	-	-	-	-	0.7	-	0.7
Own shares purchased	-	-	-	-	-	(1.9)	(1.9)
Own shares cancelled	-	-	-	(15.0)	-	-	(15.0)
Dividends paid	-	-	-	-	(26.5)	-	(26.5)
Total transactions with owners	-	-	-	(15.0)	(25.8)	(0.2)	(41.0)
Balance at 31 March 2014	3.2	1.3	1.3	1,154.5	297.1	(17.2)	1,440.2
Profit and total comprehensive income	-	-	-	177.9	28.2	-	206.1
<i>Transactions with owners of the company</i>							
<i>Contributions by and distributions to owners</i>							
Exercise of options	-	-	-	-	-	1.2	1.2
Share-based payments	-	-	-	-	3.3	-	3.3
Own shares purchased	-	-	-	-	-	(1.2)	(1.2)
Own shares cancelled	-	-	-	(0.6)	-	-	(0.6)
Dividends paid	-	-	-	-	(27.3)	-	(27.3)
Total transactions with owners	-	-	-	(0.6)	(24.0)	-	(24.6)
Balance at 31 March 2015	3.2	1.3	1.3	1,331.8	301.3	(17.2)	1,621.7

Statement of cash flows for the year ended 31 March 2015

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
<i>Operating activities</i>				
Dividends received	45.0	38.7	45.0	39.7
Interest received	3.6	5.9	2.6	4.4
Cash received from customers	0.5	1.5	-	-
Cash paid to suppliers and employees	(18.8)	(15.6)	(18.2)	(14.0)
Taxes received	0.3	1.3	0.3	1.3
Group tax relief received	1.7	3.1	2.0	3.4
Net cash flow from operating activities	32.3	34.9	31.7	34.8
<i>Investing activities</i>				
Purchases of investments	(240.4)	(327.1)	(239.2)	(318.7)
Proceeds from disposal of investments	372.7	255.7	358.7	246.6
Purchases of property, plant and equipment	(0.5)	(0.1)	-	-
Proceeds from disposal of property, plant and equipment	-	0.3	-	-
Net cash flow from/(used in) investing activities	131.8	(71.2)	119.5	(72.1)
<i>Financing activities</i>				
Interest paid	(1.6)	(2.5)	(1.2)	(2.0)
Dividends paid to owners of the company	(27.3)	(26.5)	(27.3)	(26.5)
Proceeds from new borrowings	20.0	35.0	-	35.0
Repayment of borrowings	(51.0)	(14.9)	(20.0)	(14.9)
Proceeds from group company loans	15.1	-	9.0	-
Repayment of group company loans	(11.6)	(0.4)	(7.9)	-
Exercise of share options	1.2	1.7	1.2	1.7
Purchase of own shares	(1.8)	(17.0)	(1.8)	(17.0)
Net cash flow used in financing activities	(57.0)	(24.6)	(48.0)	(23.7)
Net increase/(decrease) in cash and cash equivalents	107.1	(60.9)	103.2	(61.0)
Cash and cash equivalents at year start	32.9	93.8	35.5	96.5
Cash and cash equivalents at year end	140.0	32.9	138.7	35.5

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 in 1928, 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 premium listed on the London Stock 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.

In the current year the group has not adopted any new standards or interpretations.

2. Dividends

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

	2015		2014	
	p/share	£m	p/share	£m
Final dividend for the year ended 31 March 2014 (2013)	35.7	19.7	34.3	19.1
Interim dividend for the year ended 31 March 2015 (2014)	13.8	7.6	13.4	7.4
	49.5	27.3	47.7	26.5
Proposed final dividend for the year ended 31 March 2015 (2014)	36.8	20.3	35.7	19.7

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 16 July 2015, will be payable on 6 August 2015 to holders of shares on the register on 10 July 2015. The ex-dividend date will be 9 July 2015.

For the purposes of section 1158 of the Corporation Tax Act 2010 and associated regulations, the dividends payable for the year ended 31 March 2015 are the interim and final dividends for that year, amounting to £27.9m (2014 - £27.1m).

3. Earnings per share

Basic and diluted earnings per share

The calculation of basic earnings per share of the group was based on the profit 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 profit attributable to shareholders (basic and diluted) was as follows:

	2015	2014
	£m	£m
Revenue	29.6	28.7
Capital	178.1	154.4
Total	207.7	183.1

The weighted average number of shares was as follows:

	2015	2014
	000's	000's
Issued shares at year start	55,411	56,222
Effect of shares cancelled	(16)	(589)
Effect of shares held by the employee share trust	(296)	(327)
Basic weighted average number of shares during the year	55,099	55,306
Effect of performance shares, share options and deferred bonus awards	873	628
Diluted weighted average number of shares during the year	55,972	55,934

4. Operating segments

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

	Profit before tax		Assets	
	2015	2014	2015	2014
	£m	£m	£m	£m
Quoted pool	16.9	92.1	447.7	497.8
Unquoted pool	87.8	80.0	510.3	568.3
Funds pool	100.1	21.3	327.7	204.4
Income & Growth pool	21.5	0.2	202.1	189.6
Investment portfolio	226.3	193.6	1,487.8	1,460.1
Other investments	1.6	(0.6)	11.0	10.3
Total revenue/investments [1]	227.9	193.0	1,498.8	1,470.4
Cash and cash equivalents	0.3	1.2	140.0	32.9
Other items	(23.7)	(13.4)	31.1	14.2
Reportable total	204.5	180.8	1,669.9	1,517.5

1. In 2014, total investments comprised investments and property held at fair value.

5. Share-based payments

In the year to 31 March 2015, participating employees in the performance share scheme were awarded options over 200,722 shares at nil-cost (2014 - 206,761 shares).

Also in the year to 31 March 2015, participating employees received deferred awards over 59,229 shares (2014 - 51,510 shares). Matching awards of 59,229 shares were granted (2014 - 51,510 shares), which depend on company performance.

The IFRS 2 expense included in profit or loss for the year was £3.3m (2014 - £0.7m).

6. Provisions

During the year, the group and company recognised a £0.7m of solvency guarantee provision, the group recognised a £1.4m litigation provision, related to a claim arising from the acquisition of a subsidiary in 2013, and the company released a £2.6m bank guarantee provision, related to a bank loan that was repaid during the year. In the prior year, the group and company recognised a £0.8m of solvency guarantee provision and released a warranty provision of £3.5m, related to the disposal of an investment in 2006, and the company recognised a £0.7m bank guarantee provision.

With the exception of the litigation provision, these provisions were allocated to the capital reserve. As the matters that gave rise to the provisions were expected to be resolved over the next year, all provisions were classified as current liabilities.

7. Net asset value per share

The group's undiluted net asset value per share is based on the net assets of the group at the year end and on the number of ordinary shares in issue at the year end less ordinary shares held by the Caledonia Investments plc Employee Share Trust. The group'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.

	2015			2014		
	Net assets	Number of shares	NAV	Net assets	Number of shares	NAV
	£m	000's	p/share	£m	000's	p/share
Undiluted	1,626.9	55,107	2952	1,445.6	55,090	2624
Adjustments	1.2	924	(46)	2.3	748	(31)
Diluted	1,628.1	56,031	2906	1,447.9	55,838	2593

8. Capital commitments

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

	Group		Company	
	2015	2014	2015	2014
	£m	£m	£m	£m
<i>Investments</i>				
Contracted but not called	128.9	88.5	128.9	88.5
Conditionally contracted	29.7	19.0	29.7	19.0
	158.6	107.5	158.6	107.5

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 2015. 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 2015 will be delivered to shareholders on 16 June 2015 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 2015 include a 'Directors' statement of responsibility' as follows:

We confirm that, to the best of our knowledge:

- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the group
- the strategic report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the board:

Will Wyatt
Chief Executive
27 May 2015

Stephen King
Finance Director
27 May 2015

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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.