

2016

Candover Investments plc
Interim financial statement

Dear Shareholder

We are pleased to attach a copy of our interim results statement for the six months ended 30th June 2016. The first half has been a period of significant realisation activity, albeit in volatile markets, that has generated significant cash inflows for the Company totalling £30 million.

The valuation of our investment portfolio reduced by 19.8% in the first half of the year. The decline reflects the impact of the partial realisation by Arle of Parques Reunidos ('Parques') and Technogym, by way of Initial Public Offerings, in late April which both occurred below their 31st December 2015 valuations.

Candover's remaining indirect interests in both Parques and Technogym, which are subject to lock-up periods expiring in late October and early November 2016 respectively, have had different fortunes following their IPOs. As of 30th June 2016, the share price of Parques had declined by 16% from the IPO price, whilst the share price of Technogym had increased by 22%.

Over the first half of 2016, net assets per share fell 39.1% from 243p to 148p. The decline reflects a £15.4 million (86p) fall in the value of our investments on a constant currency basis. The weakness of Sterling against the Euro has, however, benefited net assets overall by £3.6 million. This currency movement comprised an uplift in the Sterling value of our investments of £5.7 million, offset by a £2.1 million increase in the Sterling value of our net debt.

The partial realisation of Parques and Technogym, together with the Stork sale proceeds received in March 2016, have resulted in net debt decreasing to £10.2 million at 30th June 2016 from £33.2 million at the start of the year. Towards the end of June, the Company repaid part of the current debt facility.

The first half has seen some important realisations reducing our net debt significantly, and leaving the Company with the majority of its remaining value linked to listed shares. The Board believes it is prudent to await the expiry of the lock-up arrangements relating to both Technogym and Parques, which affect the timing of the conversion of these investments to cash, before making any further decisions on returning value to shareholders.

Yours faithfully



Richard Stone
Chairman
23rd August 2016

Business and financial review

Overview

Net assets per share decreased by 39.1% or 95p per share during the six months to 30th June 2016 to 148p (31st December 2015: 243p). NAV growth is dependent upon the valuation of the portfolio managed by Arle Capital Partners Limited ('Arle') increasing, thereby offsetting the costs of running the business.

In late April, Candover announced the partial realisation by Arle of its investments in Parques Reunidos ('Parques') and Technogym S.p.A ('Technogym'), following the initial public offering ('IPO') of Parques in Spain and Technogym in Italy. In the IPO of Parques, Candover sold 7.7% of its interest in Parques for net cash proceeds of €3.5 million with the remaining interest in Parques valued at €42.1 million at the IPO price. Dealings in the shares of Parques commenced on 29th April 2016, following which the share price declined by 15.8% up to 30th June. The retained interest in Parques represents approximately 3.3% of its share capital.

In the IPO of Technogym, Candover sold 71.9% of its interest in Technogym for net cash proceeds of €17.3 million, after the exercise of the greenshoe option. Candover's remaining interest in Technogym was valued at €7.3 million at the IPO price. Dealings in the shares of Technogym commenced on 3rd May 2016, following which the share price increased by 21.7% up to 30th June. The retained interest in Technogym represents approximately 0.89% of its share capital.

Following the respective IPOs, both shareholdings are subject to lock-ups of 180 days from the date that shares commenced trading.

The retained portfolio's aggregate value decreased by £15.4 million, on a constant currency basis, which reflects a write down in the value of Parques of £16.5 million offset by a £1.1 million increase in the valuation of Technogym. The impact of foreign currency movements increased the valuation of the portfolio by £5.7 million, reflecting the weakness of Sterling relative to the Euro.

Candover's net debt decreased to £10.2 million during the first six months, compared to £33.2 million at the year end. This comprised gross cash balances of £20.6 million and gross debt of £30.8 million. The decrease in net debt reflected the receipt of aggregate realisation proceeds of £30.1 million from the Parques and Technogym IPOs together with proceeds from completion of the sale of the balance of Stork BV. This was offset by accrued interest charges, operating expenses and adverse foreign currency movements totalling £7.1 million.

In May 2016, the Company announced that the Board had concluded that, given both the length of the lock-up period and the structure of Candover's debt arrangements, the best use of cash balances was to make an initial repayment of debt rather than make a distribution to shareholders as permitted by the debt facility. This decision reflected the fact that under the terms of the debt facility a prepayment of up to €19.4 million is allowed, subject to the lender receiving a minimum return of 1.15x on the principal repaid. If this payment had been delayed until after 12th August 2016, the minimum return would have increased to 1.4x principal, diluting net assets by £3.85 million. The repayment was completed in late June.

Business and financial review cont.

Net asset value per share

Net assets per share decreased by 39.1% from 243p to 148p over the six months to 30th June 2016. The decrease of 95p per share was split between losses on financial instruments in the portfolio investments (86p), overall favourable currency movements (16p), and the impact of ongoing business costs (25p). In the first half, these costs comprised accrued financing costs, the investment manager's fee and general administration costs.

Table 1

	£m	p/share
Net asset value at 31st December 2015 as reported	53.2	243
Loss on financial instruments and other income ¹	(18.9)	(86)
Recurring administrative expenses	(1.2)	(5)
Finance costs	(4.4)	(20)
Currency impact:		
– Unrealised investments	5.7	26
– Retranslation of cash and cash equivalents	2.6	12
– Translation of loan	(4.7)	(22)
Net asset value at 30th June 2016 as reported	32.3	148

¹ Stated before favourable currency impact of £5.7 million

Investments

The valuation of investments at 30th June 2016, including accrued loan note interest, was £39.3 million. Valuations of the retained portfolio decreased for the period by £15.4 million, before currency effects, representing a decrease of 31.4% in the value of these investments over their 31st December 2015 value. The overall decrease in the valuation of the portfolio in the period was £9.7 million representing a decrease of 19.8% which included £5.7 million of favourable foreign currency movements.

Table 2

	£m
Investments at 31st December 2015	82.6
Disposals at valuation	(33.6)
Investments adjusted for additions and disposals	49.0
Revaluation of investments:	
– Valuation movements before currency impact	(15.4)
– Currency impact on unrealised investments	5.7
Investments at 30th June 2016	39.3

Business and financial review cont.

Net debt position

Candover's net debt decreased from £33.2 million as at 31st December 2015 to £10.2 million as at 30th June 2016. This reflects the cash inflow from realisations offset by the impact of interest accrued on borrowings, operating expenses and adverse foreign currency movements in the period.

Table 3

	30th June 2016 £m	31st December 2015 £m
Loans and borrowings	30.4	39.4
Deferred costs	0.4	0.3
Value of loan	30.8	39.7
Cash	(20.6)	(6.5)
Net debt	10.2	33.2

Profit before and after tax

Net revenue loss before tax and exceptional non-recurring costs for the period was £3.0 million compared to a profit of £2.3 million in the comparable period.

Including capital costs of £2.5 million (2015: £1.8 million), total administrative and finance costs in the period were £5.6 million (2015: £4.2 million). This included £0.6 million (2015: £1.1 million) of management fees payable to Arle, linked to the value of investments managed, and £4.4 million of financing costs (2015: £2.4 million) which increased following the refinancing completed in August 2015.

There was no exceptional non-recurring gain in the period (2015: gain £0.3 million).

Board

There were no changes to the Board during the period.

Dividend

The Board is not recommending a dividend payment, but the payments of dividends in the future will be reviewed in the context of our focus on delivering a progressive return of cash to shareholders over time.

Outlook

Our balance sheet is much improved following the first half realisations leaving the business better placed to weather any uncertainty over the foreseeable future. Until we can establish a route to secure liquidity from the shares held in Parques and Technogym, our NAV will be driven by the performance of both these businesses and their respective share price performance.

The Board believes that it is prudent to await the expiry of the lock-up periods for Parques and Technogym before making any future decisions on returning value to shareholders.

Manager's report

Arle Capital Partners Limited

Introduction

Arle is the private equity asset manager of the Candover 2005 Fund and Candover 2008 Fund (together 'the Candover Funds' or 'Funds'), as well as special purpose vehicles.

Portfolio Overview

The Candover Funds' portfolio has continued to make steady progress in optimising the operational and financial performance of its residual portfolio companies in readiness for exit. During the first six months of the year, Arle announced two partial realisations with the successful flotations of Parques Reunidos ('Parques') in Spain and Technogym in Italy. This leaves two companies in the portfolio yet to be realised: Expro International ('Expro') and Hilding Anders.

As a result of the pricing of the two partial exits during the period and the subsequent movement in their listed share price, the overall valuation of the Candover Funds' unrealised portfolio contracted by 20.7%. Individual company valuations for Expro and Hilding Anders remained constant from December 2015.

Parques Reunidos

Parques is a leading global operator of regional leisure parks and one of the three truly global leisure park operators. It operates a well-diversified portfolio of 57 different attraction parks, animal parks, water parks, family entertainment centres and other attractions which attract approximately 20 million visitors each year.

On 29th April 2016, Arle announced a partial exit of the investment, with the IPO of Parques on the Madrid, Barcelona, Bilbao and Valencia stock exchanges and on the Automated Quotation System or Mercado Continuo of the Spanish Stock Exchanges at €15.50, a discount of 23% to 31st December 2015 valuation.

Net proceeds from the IPO of €35.0 million were raised through a sale of 7.7% of the Candover Fund's investment. On listing, an interest of 33.9% of the ordinary share capital was retained and is subject to a lock-up period of 180 days. On 30th June 2016, the Candover Fund's residual stake in the listed shares, which is held via an intermediate holding company, was valued at €356.0 million.

Parques published Q3 results on 29th July 2016 and reported a 0.2% rise in aggregate revenue to June to €248.1 million compared to the same period in the previous year. It generated an aggregate EBITDA of €10.0 million which was a fall of €3.5 million compared to the same period in the prior year. The aggregate results to June correspond with the low season of the business and most of the revenue is generated during the fourth quarter due to the holiday period.

The company achieved solid results during the first and second quarters of the year growing revenue on a like-for-like basis by 3.8% and 17.0% respectively, which were offset by a decrease in revenue of 7.7% experienced during the third quarter of the year, which was affected by adverse weather conditions.

In July, the Group announced the agreement of a ten-year management contract with Sun Group to manage a theme park and a water park located in Halong Bay, Vietnam. In addition, throughout the year, a number of agreements were reached to develop five new leisure spaces within shopping centres: two in Madrid, one in London, one in Lisbon and one in Murcia. With these agreements Parques is now present in 14 countries, including the two new markets of Vietnam and Portugal.

Manager's report cont.

The valuation was written down by £16.5 million from 31 December 2015 to reflect the listed share price of €13.05 at 30th June 2016, before positive currency movements of £4.8 million (total: -54p per share).

Technogym

Technogym is a world-leading supplier of technology and design-driven products and services in the Wellness and Fitness industry. Founded in 1983, Technogym provides a complete range of cardio, strength and functional equipment alongside a cloud-based digital platform enabling consumers to connect with their personal wellness experience anywhere, both on Technogym equipment and via mobile apps on any device. Technogym targets four specific market segments: Fitness Clubs; Hospitality & Residential; Health, Corporate & Public (HCP); and Consumer.

At the end of April 2016, Arle announced the IPO of Technogym on the Mercato Telematico Azionario (MTA), organised and managed by the Borsa Italiana S.p.A.

Demand for the IPO was four times oversubscribed and the final share price settled at €3.25 per share, a discount of 19% to 31st December 2015 valuation, resulting in a market capitalisation of €650 million. At 30th June 2016, the share price was €3.95 with the stock trading well above the listing price.

Gross proceeds of €186.9 million were raised by Arle by listing 25% of Technogym's share capital and a further 3.75% from the greenshoe option.

A 15% stake was retained by Arle but this reduced to 11.25% after the greenshoe option was fully utilised. Arle entered a lock-up period of 180 days from the start date of trading on 3rd May 2016.

Technogym issued maiden results for the six months to 30th June 2016 on 4th August, reporting double digit revenue growth of 10.5% to €250 million compared to the same period in 2015. Excluding the foreign exchange impact, revenue growth was 12.4%. EBITDA growth was also strong with a 22.9% improvement to €35.2 million in the first half of 2016. At constant exchange rates, this was a 30.1% rise.

Technogym has also been the official and exclusive supplier of fitness equipment to the Rio 2016 Olympic Games. This was the sixth Olympic games as official supplier of equipment and gyms for the competing athletes.

The valuation was marked £2.9 million lower than at 31st December 2015, before positive foreign currency movements of £0.6 million (total: -10p per share).

Hilding Anders

Hilding Anders, the leading European manufacturer of beds and mattresses, showed a good trading performance in Europe and Asia while Russia's performance was below plan driven by more difficult market conditions. As planned, in Q2 2016 the business successfully exercised a call option to increase its stake in the Russian subsidiary.

Hilding Anders also successfully extended the maturities of its debt facilities by 2.5 years in an Amend & Extend process, providing the business with flexibility and time to execute on the European cost initiative programme, and to capitalise on the Asian and Russian growth.

The valuation was written down by £0.1 million against 31st December 2015 before positive foreign exchange movements of £0.2 million (total: nil p per share).

Manager's report cont.

Expro International

Expro, the international oilfield services company, reported annual results to 31st March 2016 with headline revenue of \$909.1 million, down 30%, and adjusted operating profit of \$223.5 million, down 32% compared to the fiscal year ending 31st March 2015.

These results reflected a challenging energy market, led by reduced commodity prices, which have seen lower activity levels across the business. To minimise the impact, Expro has proactively managed its cost base, reducing operating expenses to deliver stable adjusted EBITDA margins (compared to the previous fiscal year).

Through its long-term relationships with customers, Expro announced a number of key contract wins during the financial year, with Statoil, Tullow and, more recently, Apache.

Despite the industry downturn, Expro outperformed most of its peers in terms of EBITDA margin, and revenue and margin decline rates. Management continues to work hard to adjust the business in line with market conditions, while maintaining the highest levels of safety and service quality and including a strong focus on efficiency.

Expro's Middle East and North Africa region revenue is up compared to the prior fiscal year, and activity in the Gulf of Mexico has been remarkably resilient alongside strong results from its market-leading subsea completion business. Emerging technology product lines, including Meters and Wireless Well Solutions, have also performed well.

While the past year has undoubtedly been challenging for the industry, Expro continues to work closely with its customers, leaving the business well positioned for the cycle upside.

The valuation was held flat against 31st December 2015, benefiting from positive foreign currency movement of £0.1 million (total: nil p per share).

Realisations

There were two partial realisations during the period with the flotations of Parques and Technogym. Proceeds were received in the period following completion of the disposal of Stork which was agreed in December 2015.

Valuations

The investments are largely based in Western Europe and operate in the services, industrial and energy sectors. The co-investments managed by Arle on behalf of Candover are shown below.

Manager's report cont.

Portfolio valuations

Portfolio company	Residual cost ¹ £m	Valuation at 31st December 2015 £m	Additions and disposals £m	Valuation movement excluding FX ² £m	Valuation movement attributable to FX ² £m	Valuation at 30th June 2016 £m	Valuation movement pence per share ²
Parques Reunidos	30.6	43.4	(2.6)	(16.5)	4.8	29.1	(54)
Technogym ³	10.3	22.5	(13.1)	(2.9)	0.6	7.1	(10)
Hilding Anders	24.3	1.5	–	(0.1)	0.2	1.6	–
Expro International	94.4	0.5	–	–	0.1	0.6	–
Stork Group	5.0	14.1	(13.7)	(0.1)	–	0.3	–
Alma	15.3	–	–	–	–	–	–
All investments	179.9	82.0	(29.4)	(19.6)	5.7	38.7	(64)
Other investments ⁴	67.6	0.6	–	–	–	0.6	–
Total	247.5	82.6	(29.4)	(19.6)	5.7	39.3	(64)

1 Residual cost is original cost less realisations to date

2 Compared to the valuation at 31st December 2015 or acquisition date, if later

3 During the period a partial realisation of Technogym generated proceeds of £13.1 million. Taking into account the discount to the year-end valuation on IPO and subsequent upward movement in the value of the investment retained, the overall value of the investment in Technogym decreased by £2.9 million in the period (excluding FX). From an accounting perspective this movement was treated as a realised loss on IPO of the investment of £4.0 million with a subsequent uplift in the investment retained from the date of the IPO to 30th June 2016 of £1.1m

4 Represents other co-investments

Outlook

During the remainder of 2016, Arle will continue to focus on optimising performance across the portfolio, ensuring that the remaining investments in the Funds can be realised at the appropriate time.

Arle Capital Partners Limited

23rd August 2016

Candover portfolio

Analysis by value at 30th June 2016

By valuation method

1. Function of listed share price 93.5%
2. Multiple of earnings 5.7%
3. Disposal proceeds 0.8%

By region

1. Spain 75.2%
2. Italy 18.3%
3. Nordic 4.1%
4. United Kingdom 1.6%
5. Benelux 0.8%

By sector

1. Services 75.2%
2. Industrial 23.2%
3. Energy 1.6%

By age

1. Greater than five years 100%

Portfolio investments

Investment	Date of investment	Residual cost of investment £m	Directors' valuation £m	Movement from 31st December 2015 ¹ £m	Effective equity interest (fully diluted)	% of Candover's net assets	Basis of valuation
Parques Reunidos Operator of attraction parks	Mar-07	30.6	29.1	(11.7)	3.3	90.1	Function of listed share price
Technogym Premium fitness equipment and wellness products	Aug-08	10.3	7.1	(2.3)	0.9	22	Function of listed share price
Hilding Anders Bed and mattress manufacturer	Dec-06	24.3	1.6	0.1	4.3	5	Multiple of earnings
Expro International Oilfield services	Jul-08	94.4	0.6	0.1	4.7	1.9	Multiple of earnings
Stork Group Engineering conglomerate	Jan-08	5	0.3	(0.1)	N/A	0.9	Proceeds
Alma Consulting Group Cost consultancy	Dec-07	15.3	–	–	4.9	–	Multiple of earnings

1 Adjusted for additions and disposals in the period

Principal risks and uncertainties

Details of the principal risks and uncertainties facing the Group were set out in the Risk review on pages 6 to 8 of the 2015 Report and Accounts, a copy of which is available on our website (www.candoverinvestments.com).

The principal risks and uncertainties identified in the 2015 Report and Accounts, and the policies and procedures for minimising these risks and uncertainties, remain unchanged and each of them has the potential to affect the Group's results during the remainder of 2016. Our views on the current market conditions are reflected in the Business and financial review and the Manager's report.

Statement of Directors' responsibilities

The Directors of Candover Investments plc confirm that, to the best of their knowledge, the condensed set of financial statements in this interim report have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the EU, and give a fair view of the assets, liabilities, financial position and profit or loss of Candover Investments plc, and the undertakings included in the consolidation as a whole, and that the Manager's report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

By order of the Board

Ipes (UK) Limited
Company Secretary
23rd August 2016

Independent review report to the members of Candover Investments plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report of Candover Investments plc for the six months ended 30th June 2016 which comprises the Group statement of comprehensive income, the Group statement of changes in equity, the Group statement of financial position, the Group statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report which comprises only the Business and financial review, the Manager's report, the Candover portfolio, the Principal risks and uncertainties and the Statement of directors' responsibilities 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's members, 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. Our review work has been undertaken so that we might state to the Company's members those matters we are required to state to it in an independent review 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 and the Company's members as a body for our review work, for this report, or for the conclusion we have formed.

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 Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express 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 United Kingdom. A review of interim financial information consists of making enquiries, 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 30th June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants
London
23rd August 2016

Group statement of comprehensive income for the period ended 30th June 2016

£ million	Six months to 30th June 2016 unaudited			Six months to 30th June 2015 unaudited			Year to 31st December 2015 audited		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
(Loss)/gain on financial instruments at fair value through profit and loss									
Realised (losses)/gains	-	(3.4)	(3.4)	-	0.2	0.2	-	0.6	0.6
Unrealised (losses)/gains	-	(7.3)	(7.3)	-	(38.4)	(38.4)	-	(54.4)	(54.4)
	-	(10.7)	(10.7)	-	(38.2)	(38.2)	-	(53.8)	(53.8)
Revenue									
Investment and other income	0.1	-	0.1	4.7	-	4.7	6.4	-	6.4
Recurring administrative expenses	(0.9)	(0.3)	(1.2)	(1.2)	(0.6)	(1.8)	(2.6)	(0.9)	(3.5)
Exceptional non-recurring gains/(losses)	-	-	-	0.3	-	0.3	(5.1)	-	(5.1)
(Loss)/profit before finance costs and taxation									
	(0.8)	(11.0)	(11.8)	3.8	(38.8)	(35.0)	(1.3)	(54.7)	(56.0)
Finance costs	(2.2)	(2.2)	(4.4)	(1.2)	(1.2)	(2.4)	(3.2)	(3.2)	(6.4)
Exchange movements on borrowings	-	(4.7)	(4.7)	-	0.7	0.7	-	(1.5)	(1.5)
(Loss)/profit before taxation									
	(3.0)	(17.9)	(20.9)	2.6	(39.3)	(36.7)	(4.5)	(59.4)	(63.9)
Analysed between:									
(Loss)/profit before exceptional non-recurring costs	(3.0)	(17.9)	(20.9)	2.3	(39.3)	(37.0)	0.6	(59.4)	(58.8)
Exceptional non-recurring gains/(losses)	-	-	-	0.3	-	0.3	(5.1)	-	(5.1)
Taxation	-	-	-	(1.6)	-	(1.6)	(2.1)	-	(2.1)
(Loss)/profit after taxation									
	(3.0)	(17.9)	(20.9)	1.0	(39.3)	(38.3)	(6.6)	(59.4)	(66.0)
Total comprehensive income									
	(3.0)	(17.9)	(20.9)	1.0	(39.3)	(38.3)	(6.6)	(59.4)	(66.0)
Earnings per ordinary share:									
Total earnings per share									
- basic and diluted	(13p)	(82p)	(95p)	5p	(180p)	(175p)	(30p)	(272p)	(302p)
Dividends paid (£ millions)	-	-	-	-	-	-	-	-	-

The total column represents the Group statement of comprehensive income under IFRS. The supplementary revenue and capital columns are presented for information purposes as recommended by the Statement of Recommended Practice issued by the Association of Investment Companies and updated in November 2014

All of the loss for the period and the total comprehensive income for the period are attributable to the owners of the Company

No interim dividend is proposed

Group statement of changes in equity

for the period ended 30th June 2016

	Called up share capital £m	Share premium account £m	Other reserves £m	Capital reserves – realised £m	Capital reserves – unrealised £m	Revenue reserve £m	Total equity £m
Unaudited							
Balance at 1st January 2016	5.5	1.2	(0.1)	309.9	(252.4)	(10.9)	53.2
Net revenue after tax	–	–	–	–	–	(3.0)	(3.0)
Unrealised loss on financial instruments	–	–	–	–	(7.3)	–	(7.3)
Realised (loss)/gain on financial instruments	–	–	–	(27.9)	24.5	–	(3.4)
Exchange movements on borrowing	–	–	–	–	(4.7)	–	(4.7)
Costs net of tax	–	–	–	(2.5)	–	–	(2.5)
Profit/(loss) after tax	–	–	–	(30.4)	12.5	(3.0)	(20.9)
Total comprehensive income	–	–	–	(30.4)	12.5	(3.0)	(20.9)
Balance at 30th June 2016	5.5	1.2	(0.1)	279.5	(239.9)	(13.9)	32.3
Unaudited							
Balance at 1st January 2015	5.5	1.2	(0.1)	310.4	(193.5)	(4.3)	119.2
Net revenue after tax	–	–	–	–	–	1.0	1.0
Unrealised loss on financial instruments	–	–	–	–	(38.4)	–	(38.4)
Realised gain/(loss) on financial instruments	–	–	–	0.2	–	–	0.2
Exchange movements on borrowing	–	–	–	–	0.7	–	0.7
Costs net of tax	–	–	–	(1.8)	–	–	(1.8)
Profit/(loss) after tax	–	–	–	(1.6)	(37.7)	1.0	(38.3)
Total comprehensive income	–	–	–	(1.6)	(37.7)	1.0	(38.3)
Balance at 30th June 2015	5.5	1.2	(0.1)	308.8	(231.2)	(3.3)	80.9
Audited							
Balance at 1st January 2015	5.5	1.2	(0.1)	310.4	(193.5)	(4.3)	119.2
Net revenue after tax	–	–	–	–	–	(6.6)	(6.6)
Unrealised loss on financial instruments	–	–	–	–	(54.4)	–	(54.4)
Realised gain/loss on financial instruments	–	–	–	3.6	(3.0)	–	0.6
Exchange movements on borrowing	–	–	–	–	(1.5)	–	(1.5)
Costs net of tax	–	–	–	(4.1)	–	–	(4.1)
Loss after tax	–	–	–	(0.5)	(58.9)	(6.6)	(66.0)
Total comprehensive loss	–	–	–	(0.5)	(58.9)	(6.6)	(66.0)
Balance at 31st December 2015	5.5	1.2	(0.1)	309.9	(252.4)	(10.9)	53.2

Group statement of financial position at 30th June 2016

£ million	Notes	30th June 2016 unaudited	30th June 2015 unaudited	31st December 2015 audited
Non-current assets				
Financial investments designated at fair value through profit and loss				
Investee companies	5	38.7	102.4	82.0
Other financial investments	5	0.6	0.6	0.6
		39.3	103.0	82.6
Trade and other receivables		3.2	9.3	3.5
Deferred tax asset		–	0.5	–
		3.2	112.8	86.1
Current assets				
Trade and other receivables		0.1	0.1	–
Current tax asset		0.1	0.1	0.2
Cash and cash equivalents		20.6	20.8	6.5
		20.8	21.0	6.7
Current liabilities				
Trade and other payables		(0.6)	(0.2)	(0.2)
Provisions		–	(0.1)	–
Loans and borrowings		–	(52.6)	–
		(0.6)	(52.9)	(0.2)
Net current assets/(liabilities)		20.2	(31.9)	6.5
Total assets less current liabilities		62.7	80.9	92.6
Non-current liabilities				
Loans and borrowings		(30.4)	–	(39.4)
Net assets		32.3	80.9	53.2
Equity attributable to equity holders				
Called up share capital		5.5	5.5	5.5
Share premium account		1.2	1.2	1.2
Other reserves		(0.1)	(0.1)	(0.1)
Capital reserve – realised		279.5	308.8	309.9
Capital reserve – unrealised		(239.9)	(231.2)	(252.4)
Revenue reserve		(13.9)	(3.3)	(10.9)
Total equity		32.3	80.9	53.2
Net asset value per share				
Basic		148p	370p	243p
Diluted		148p	370p	243p

Group cash flow statement

for the period ended 30th June 2016

£ million	Notes	Six months to 30th June 2016 unaudited	Six months to 30th June 2015 unaudited	Year to 31st December 2015 audited
Cash flows from operating activities				
Cash flow from operations	4	(0.4)	(3.0)	(4.1)
Interest paid		(2.4)	(1.9)	(2.3)
Net cash outflow from operating activities		(2.8)	(4.9)	(6.4)
Cash flows from investing activities				
Purchase of financial investments		–	(1.9)	(2.3)
Sale of financial investments		30.1	1.7	8.2
Net cash inflow/(outflow) from investing activities		30.1	(0.2)	5.9
Cash flows from financing activities				
Loan notes issued		–	–	(54.0)
Loan facility utilised		–	–	35.0
Loan facility repaid		(15.8)	–	–
Net cash outflow from financing activities		(15.8)	–	(19.0)
Increase/(decrease) in cash and cash equivalents		11.5	(5.1)	(19.5)
Opening cash and cash equivalents		6.5	26.6	26.6
Effect of exchange rates and revaluation on cash and cash equivalents		2.6	(0.7)	(0.6)
Closing cash and cash equivalents		20.6	20.8	6.5

Notes to the Financial statements

for the period ended 30th June 2016

Note 1 General information

Candover Investments plc is a private equity investment trust listed on the London Stock Exchange, registered and incorporated in England and Wales. The consolidated financial statements, which are made up to the Statement of financial position date, incorporate the Financial statements of Candover Investments plc and Candover Services Limited, its wholly owned subsidiary.

This condensed consolidated half-year financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31st December 2015 were approved on 23rd March 2016. Those accounts, which contained an unqualified audit report under Section 498 of the Companies Act 2006 and which did not make any statements under Section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

Note 2 Basis of accounting

The condensed interim consolidated financial statements ('the interim financial statements') incorporate the Financial statements for the six months ended 30th June 2016 and are presented in Sterling which is the functional currency of the parent company. The accounting policies and presentation used in the preparation of this report are consistent with the consolidated financial statements for the year ended 31st December 2015. They have been prepared in accordance with IAS 34 'Interim Financial Reporting' (IAS 34). They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards ('IFRS'), and should be read in conjunction with the consolidated financial statements for the year ended 31st December 2015.

Under the UK Corporate Governance Code dated September 2014 and applicable regulations and guidance, including the FRC's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', the Directors are required to satisfy themselves that it is reasonable to presume that the Company is a going concern. Candover's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Business and financial review and the Manager's report on pages 2 to 8. The financial position of Candover, its cash flows, liquidity position and borrowing facilities are described in the Financial review on pages 2 to 4. The Directors have a reasonable expectation that Candover and the Group have adequate resources to continue as a going concern for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the interim financial statements as at 30th June 2016.

Note 3 Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were consistent with those applied in the Group's last annual financial statements for the year ended 31st December 2015.

Notes to the Financial statements cont.

for the period ended 30th June 2016

Note 4 Reconciliation of operating income to net cash flow from operating activities

£ million	Six months to 30th June 2016 unaudited	Six months to 30th June 2015 unaudited	Year to 31st December 2015 audited
Total income	0.1	4.7	6.4
Administrative expenses	(1.2)	(1.8)	(3.5)
Operating profit	(1.1)	2.9	2.9
Decrease/(increase) in trade and other receivables ¹	0.3	(5.6)	6.7
Increase/(decrease) in trade and other payables	0.4	(0.3)	(0.3)
Net cash outflow from operating activities	(0.4)	(3.0)	(4.1)

1 Includes accrued portfolio income recognised within Financial investments shown under Non-current assets on the Group statement of financial position

Note 5 Financial investments designated at fair value through profit and loss

£ million	Six months to 30th June 2016 unaudited	Six months to 30th June 2015 unaudited	Year to 31st December 2015 audited
Opening valuation	82.6	135.6	135.6
Disposals at valuation	(33.6)	(1.7)	(8.2)
Additions at cost	–	1.9	2.3
Valuation movements	(9.7)	(32.8)	(47.1)
Closing valuation	39.3	103.0	82.6

Notes to the Financial statements cont. for the period ended 30th June 2016

Note 6 Fair value hierarchy measurements and disclosures

IFRS 13 requires a company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices including interest rates, yield curves, volatilities, prepayment speeds, credit risks and default rates) or other market corroborated inputs.

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The table below sets out fair value hierarchy under the IFRS 7 fair value disclosures and IFRS 13 fair value measurement:

Group	Six months to 30th June 2016 unaudited			Total £m
	Level 1 £m	Level 2 £m	Level 3 £m	
Continuing equity investments	–	–	39.3	39.3
Cash equivalents ¹	20.6	–	–	20.6
Total	20.6	–	39.3	59.9

Group	Six months to 30th June 2015 unaudited			Total £m
	Level 1 £m	Level 2 £m	Level 3 £m	
Continuing equity investments	–	–	103.0	103.0
Cash equivalents ¹	20.8	–	–	20.8
Total	20.8	–	103.0	123.8

Group	Year to 31st December 2015 audited			Total £m
	Level 1 £m	Level 2 £m	Level 3 £m	
Continuing equity investments	–	–	82.6	82.6
Cash equivalents ¹	6.5	–	–	6.5
Total	6.5	–	82.6	89.1

¹ These are short-dated listed fixed income securities and money market instruments which meet the definition of cash and cash equivalents

Notes to the Financial statements cont. for the period ended 30th June 2016

There have been no transfers between levels since the year end 31st December 2015 despite the IPO of Technogym and Parques. Whilst Candover's interests in both entities are driven by their respective share prices, they are held via an unquoted intermediate company, with lock-up arrangements in force for their retained interests.

Valuations prepared by the investment manager are initially prepared by its finance department using comparable multiples sourced from an independent third party and financial results provided by the portfolio companies. The valuations for Technogym and Parques are now based on a function of the share price of the individual investments due to the nature of the investment held. These are then passed to the relevant investment executive for review and comment, in particular with respect to the sustainability of earnings and level of underlying debt; the comparables; and any adjustments to be made thereto for points of difference. Any changes to earnings basis or comparables used in a valuation, compared to the prior valuation, must be approved by the senior management of the investment manager. These valuations are then subject to review, challenge and approval by the senior management of the investment manager, who at the same time will discuss the underlying trading and outlook, both internal and external, of the portfolio company. The valuations are included in the financial statements of both Candover and the Candover Funds, which are audited by separate independent auditors.

Valuations are based on earning multiples as derived from comparable listed companies. Level 3 investments are sensitive to assumptions made when ascertaining fair value as described in the valuation policy above. Using an alternative assumption could have a significant impact on the fair value of Level 3 investments. A reasonable assumption could be to value the portfolio companies using the average market multiple of comparable listed companies, rather than the specific approach adopted. This would result in an unadjusted valuation of £41.9 million which is 9% higher than the current valuation. The multiples of the comparable basket of companies range from 9.2x to 9.9x with adjustments made to reflect the relative size and trading diversity between portfolio companies and listed comparable companies of +0% to -25% (June 2015: +39% to -37%, December 2015: +1% to -41%). These adjustments have an aggregate negative impact of £3.2 million giving a valuation of £38.7 million of portfolio companies as at 30th June 2016.

Notes to the Financial statements cont. for the period ended 30th June 2016

Note 7 Related party transactions

The nature of the Company's interest in the Candover 2005 and 2008 Funds is disclosed in Note 9 on page 64 of the 2015 Report and Accounts.

As at 30th June 2016, Candover's investments as a Special Limited Partner in the Candover 2005 Fund were valued at £0.4 million (31st December 2015: £0.4 million).

Note 8 Outstanding commitments

At 30th June 2016, the Company had no outstanding co-investment commitments.

Note 9 Operating segments

Candover's operating segments are being reported based on the financial information provided to the Chief Executive Officer of Candover. Co-investment activity is presented on the Group statement of comprehensive income in accordance with the Statement of Recommended Practice. Income arising from co-investment is reported under 'revenue', and capital gains and losses within 'capital'. The Group's material non-current assets are the portfolio companies of the co-investment segment. These are assessed geographically in the Manager's portfolio review on page 9. There have been no changes from prior periods in measurement methods used to determine operating segments during the six-month period to 30th June 2016.

Further information

Share price

The Company's shares are listed on the London Stock Exchange under share code 'CDI'. The share price is available on our website at www.candoverinvestments.com

Website

For the latest information about Candover Investments plc, visit our website www.candoverinvestments.com

Registrars

Enquiries concerning registered shareholdings, including changes of address, should be referred to:

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The Registry
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Beckenham
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BR3 4TU

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Overseas telephone number +44 (0)20 8639 3399
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¹ Calls cost 10p per minute plus network extras
Lines are open 9.00 am to 5.30 pm, Monday to Friday

Board of Directors

R A Stone^{§†}
Chairman

M J Fallen
Chief Executive Officer

S R J Longhurst^{§†}
Non-Executive Director, Chairman of the Audit, Risk and Valuation Committee

J Oosterveld^{§†}
Senior Independent Director, Chairman of the Remuneration Committee and the Nominations Committee

* Member of the Remuneration Committee
§ Member of the Audit, Risk and Valuation Committee
† Member of the Nominations Committee

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