Press release

For immediate release on 30th August 2012

Candover Investments plc
Interim results for the half year ended 30th June 2012

- **Net assets per share of 642p at 30th June 2012** (31st December 2011: 717p), a 10% decrease reflecting a drop in the value of the investment portfolio and adverse currency movements together with management and financing costs which have been cut by £1.7 million compared to the first half of 2011. Net assets were £140.4 million (31st December 2011: £156.6 million)

- **Investment portfolio declined by £11.3 million,** a 6.5% reduction since the year-end**.** Constant currency valuations dropped by £6.2 million with adverse foreign currency movements on investments totalling £5.1 million. Technogym was written up, driven by improved trading, but this was offset by reductions in Parques Reunidos and Qioptiq which was a reflection of weaker trading, and Stork, where comparable listed multiples fell during the period

- **Net debt of £16.5 million at 30th June 2012, reduced from £38.0 million at the year-end** with the ratio of net debt to net assets falling to 11.8% (31st December 2011: 24.3%). Since 30th June the receipt of deferred proceeds and carried interest from an earlier realisation reduced net debt on a pro-forma basis to £13.8 million

- **Loan-to-value covenant improved to 11.2% from 20.6% at the year-end,** and on a pro-forma basis improves to 9.3% after taking into consideration the deferred proceeds and carried interest received since the half year

- **Prepayment at par to noteholders of £7.5 million, financed by some of the proceeds from the realisation of Capital Safety Group,** lowering ongoing financing costs

- **Outstanding commitments to the Candover 2005 Fund at 30th June 2012 were £13.9 million** (31st December 2011: £14.9 million). In August a further €9.9 million (£8.0 million) was drawn down as part of the Stork restructuring, reducing uncalled commitments to £5.9 million

Malcolm Fallen, Chief Executive Officer, said:

“During the first half of 2012 we have cut our net debt further and reduced the costs associated with running the business. However, portfolio valuations continue to be affected by economic volatility and although there were some upward movements, these were offset by both valuation writedowns and adverse currency movements. The combination of lower investment values and the cost drag of the business, principally interest costs and manager’s fees, resulted in the fall in net assets per share during the first half of the year.

For the remainder of the year we will continue to keep a tight control on the friction costs of the business. In parallel, the recovery in the value and realisation of the portfolio remain essential tasks for our investment manager Arle. We continue to believe that there is significant potential realisable value in the underlying portfolio and will look to progressively return that value to shareholders over time as realisations are achieved by Arle.“

Ends.

For further information, please contact:

Malcolm Fallen, CEO, Candover Investment plc - +44 20 7489 9848

Helen Walsh, Communications - +44 7747 868347

Business and financial review

Overview

Net assets per share decreased by 10% during the six months to 30th June 2012 compared to an increase in the FTSE All-Share of 1.2% over the same period. NAV growth is dependent on improvements in the valuation of the portfolio managed by Arle, which is needed to offset the costs of running the business. While there were some upward movements, these were offset by both valuation writedowns and adverse currency movements which together with the cost drag, led to a fall in NAV.

We have significantly reduced our net debt and cut the friction costs associated with running the business. During the first six months we have continued to explore ways to mitigate our property liabilities which were fully provided for last year. Since the end of June we have found a solution which, subject to completing some outstanding conditions, could see our liability reduced by approximately £2.0 million.

The realisation of Capital Safety Group in January enabled us to pay down a further £7.5 million of our loan notes at par which will reduce our financing costs during 2012 and beyond. Additionally, the proceeds contributed to the halving of net debt from £38.0 million at 31st December 2011 to £16.5 million at 30th June 2012 and a further improvement in the loan-to-value ratio from 20.6% at the year end to 11.2% at 30th June 2012.

Since the half year, the receipt of deferred proceeds and carried interest relating to the realisation of Wood Mackenzie in 2009, has resulted in a further reduction in net debt on a pro-forma basis to £13.8 million, with the loan-to-value covenant further improving to 9.3%.

Our outstanding commitments to co-investments alongside the Candover 2005 Fund were largely unchanged over the first half as a result of limited follow-on investment activity in the portfolio that required external funding. In August a further €9.9 million (£8.0 million) was drawn down as part of the Stork restructuring, reducing uncalled commitments to £5.9 million.

Net asset value per share

Net assets per share decreased by 10% from 717p to 642p over the six months to 30th June 2012. The decline of 75p per share was split between valuation reductions before currency (29p), adverse currency movements (24p), and the effect of ongoing business costs (22p). In the first half, these comprised the net interest costs associated with the loan notes and investment manager's fee, offset by interest income, together with the one off impact of a write down of deferred tax assets and the benefit of the deferred proceeds from Wood Mackenzie (see Manager's report). See Table 1.

Table 1		
	£m	p/share
Net asset value at 31st December 2011 as reported	**156.6**	**717**
Loss on financial instruments and other income[1]	(6.2)	(29)
Recurring administrative expenses	(2.5)	(11)
Finance costs	(2.6)	(12)
Other (including tax)	0.3	1
	(11.0)	**(51)**
Currency impact:		
– Unrealised investments	(5.1)	(23)
– Retranslation of cash and cash equivalents	(0.3)	(1)
– Translation of loan and fair value hedge adjustment Balances	0.2	-
	(5.2)	**(24)**
Net asset value at 30th June 2012 as reported	**140.4**	**642**

[1] Stated before adverse currency impact of £5.1 million

Investments

The valuation of investments at 30th June 2012, including carried interest and accrued loan note interest, was £164.0 million. Valuations decreased in the period, before currency effects, by £6.2 million, representing a decrease of 3.5% on the value of these investments over their 31st December 2011 value. The overall reduction in the valuation of the portfolio in the period was £11.3 million.

See Table 2.

Table 2	
	£m
Investments at 31st December 2011[1]	**204.0**
Disposals at valuation	(29.2)
Additions at cost	0.5
Investments adjusted for additions and disposals	**175.3**
Revaluation of investments:	
– Valuation movements before currency impact	(6.2)
– Currency impact on unrealised investments	(5.1)
Investments at 30th June 2012	**164.0**

[1] Comprises financial investments designated at fair value through profit and loss account at 31st December 2011 of £174.8 million together with financial investments held for sale of £29.2 million relating to CSG

Net debt position and loan-to-value covenant

Candover's net debt has fallen from £38.0 million at 31st December 2011 to £16.5 million at 30th June 2012. This reflects net investment inflows of £28.7 million, offset by interest charges of £5.1 million. A repayment at par of £7.5 million of the loan notes was completed using some of the proceeds from the sale of Capital Safety Group. At this level of net debt the loan to value ratio of the Company's net debt was 11.2% compared to 20.6% at the year end.

See Table 3.

Table 3		
	30th June 2012	31st December 2011
	£m	£m
Loans and borrowings	**157.1**	167.1
Less fair value hedge adjustment	**(9.4)**	(11.6)
Deferred costs	**0.5**	0.6
Value of bonds	**148.2**	156.1
Cash	**(131.7)**	(118.1)
Net debt	**16.5**	38.0

On a pro-forma basis, taking into account deferred proceeds and carried interest received from the realisation of Wood Mackenzie the net debt of the Company would be £13.8 million, with a resulting loan-to-value ratio of 9.3%. See Table 4.

Table 4	Pro-forma £m
Net debt as reported at 30th June 2012	16.5
Deferred proceeds[1] Carried interest[2]	(1.9) (0.8)
Pro-forma net debt	13.8

[1] Deferred proceeds are in relation to the 2009 sale of Wood Mackenzie and have been included as a receivable in the financial statements
[2] Carried interest as at 30th June exchange rates

The outstanding commitment to the Candover 2005 Fund fell to £13.9 million over the period from £14.9 million at the year end, due to two small follow-on investments in the portfolio and foreign currency movements. After the period end, Candover provided funding for a small follow-on investment in Expro and a major restructuring of Stork to create two separate businesses. Following these investments, outstanding commitments have reduced to €7.3 million (£5.9 million).

Profit before and after tax

Following the writedown of investments in Stork and Parques Reunidos, £6.6 million of accrued income previously recognised has been reversed in the period. As a consequence, net revenue before exceptional items and tax was a loss of £7.6 million compared to a profit of £4.4 million in the comparable period.

Including capitalised costs of £2.0 million, total administrative and finance costs in the period were £5.1 million (2011: £6.8 million), which included £1.3 million of management fees payable to Arle linked to the value of investments managed and £2.6 million of financing costs.

A tax charge of £2.5 million (2010: nil) has been incurred as a result of writing back £2.5m of a deferred tax asset recognised in the balance sheet at 31st December 2011. This follows a reassessment of the timing and likely utilisation of tax losses carried forward.

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

Careful stewardship of the portfolio will remain an essential task for our investment manager Arle. The team's Active Management framework will be of critical importance to recovery of value in the portfolio in the near term. When realisations are achieved, we can then consider the most efficient mechanism, consistent with our status as an Investment Trust, to return cash to shareholders. For the remainder of the year we will continue to focus on keeping a tight control on the friction costs of the business. Until the economic environment settles and earnings in the underlying portfolio improve and drive valuations upwards, such costs will inevitably act as a drag on NAV.

Manager’s report

Arle Capital LLP

Arle is an independent private equity partnership based in London and is the Manager and General Partner of the Candover 2001 Fund and the Manager of the Candover 2005 and 2008 Funds. Candover Investments plc is a co-investor in each of the Funds.

During the first half of 2012, Arle’s focus has been to continue to work closely with our portfolio companies as volatility in the Eurozone continues unabated. Despite the uncertain and testing trading environment, Arle’s active ownership approach has enabled the investment team to make headway, resulting in:

- improvement in the capital structures in five portfolio companies following successful refinancings, restructurings, 'amend and extends', covenant resets and bond tenders
- completion of the sale of Capital Safety Group
- the sale of Expro’s Connectors & Measurements division to Siemens for US$630 million
- three add-on acquisitions for portfolio companies
- five external appointments to strengthen boards

Inside Arle, the team has been augmented and is almost at full complement. In H1 2012, a further two Investment Managers were appointed, bringing the team to thirty eight people spanning fifteen nationalities. Two senior industrialists joined as Arle Partners to sit alongside Fredrik Arp, former CEO of Volvo Cars and Trelleborg. In January 2012, Anders Pettersson, former CEO of Thule AB and Capital Safety Group joined Arle and in June 2012, Arle welcomed Sir George Buckley as its new Chairman. Sir George was formerly Chairman, President and CEO of 3M and has recently been appointed to non-executive positions at Hitachi and PepsiCo.

Sir George has joined the boards of Expro International and Technogym, bringing to bear his deep sector experience. Anders Pettersson has been appointed CEO at Hilding Anders and this year, Fredrik Arp has joined the Boards of Technogym and of Parques Reunidos as Chairman.

Portfolio Overview - Active Ownership in practice

Overall, revenue and EBITDA in the portfolio increased by 2% and 1% since December 2011 mainly driven by growth in emerging markets, new acquisitions and recent contract wins. Notwithstanding this, the Funds managed by Arle decreased by 3% to €1.85 billion in the first six months of 2012, against the backdrop of a weak economic environment in Europe. Candover’s investments showed a decrease of 6% with the differing level of performance reflecting the foreign currency translation effect between the Euro, the Fund’s base currency, and Sterling, Candover’s reporting currency.

A £1.9 million (9p per share) uplift was achieved at Technogym, while Innovia delivered an uplift of £1.2 million (5p per share). Stork was written down by £5.2 million (24p per share) due to comparable multiple decline, whilst Parques Reunidos was written down by £4.7 million (22p per share) with trading affected by the negative economic conditions in Italy and Spain. Qioptiq was written down by £2.5 million (11p per share) because of a weaker trading outlook for its defence business.

Expro International's performance for the year ended 31st March 2012 remained stable although it ended below expectations. However, subsequent trading during 2012 has been strong with year-to-date earnings over 30% ahead of prior year. The company has secured some valuable new contracts and its order book is now growing strongly.

The Board of Expro has been further strengthened with the appointments of Jean Vernet as Chief Financial Officer and, as already highlighted, Sir George Buckley as Chairman. In May 2012, Expro International sold its Connectors & Measurements division to Siemens AG at a valuation of US$630 million. The net proceeds were retained by the group to finance the growth strategy of its core business and to repay existing borrowings, and following completion of the sale, Expro International announced a cash tender offer to pay down US$425 million of its 8.50% senior secured loan notes due in 2016. With regards to 2012-13, Arle expects to see a continued improvement in performance at Expro, reflecting the strengthening demand for its services from the international oil & gas sector and the benefits of increased capital expenditure on new equipment.

During the first half, Parques Reunidos made two major park acquisitions funded from existing cash reserves, buying Noah’s Ark, the largest water park in the US, as well as acquiring Slagharen, a leading attractions park in the Netherlands. The company received consent from its lenders to complete an extension of its credit facilities to align the maturity of its European debt facilities with that of its US financing arrangements which expire in 2016.

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A covenant reset was also successfully completed. This has secured the capital structure required for Parques to execute its strategic growth plan through until 2016.

DX Group acquired Nightfreight, the market leader for larger and heavier parcel traffic in the B2C and B2B markets. This acquisition was financed by DX from existing balance sheet resources. The enlarged group is now one of the UK and Ireland's leading independent mail, courier and logistics network operators.

At Hilding Anders, Arle Partner Anders Pettersson was appointed as Chief Executive Officer to implement a refreshed growth strategy and an organisational restructuring.

Both Qioptiq and Innovia have successfully completed covenant resets in H1 2012. At Innovia, Malcolm Fallen, CEO of Candover Investments plc, was appointed to the Board as Non-Executive Chairman.

At ETG, which was written off at 31st December 2011, we were unable to reach agreement with the lenders on both a satisfactory restructuring of the debt and an appropriate valuation for the business. Consequently, we chose not to invest further equity into ETG and agreed to the lenders taking over control of the business.

Investments

During the six months to 30th June 2012, Candover Investments plc invested £0.5 million alongside the Candover Funds in support of follow-on investments in the following companies:

- £0.4 million in Alma to fund the restructuring of the management of the group
- £0.1 million in Expro International

In August 2012, Stork was refinanced in order to create two separate businesses: Fokker Technologies and Stork Technical Services. With separate capital structures, both companies are now well positioned to develop independently in their respective markets of defence and providing technical services to the energy sector. As part of the new financing arrangement, new equity was injected into the business, of which Candover's share was €9.9 million. The refinancing restructured all of Stork's existing credit facilities and closed on 16th August.

As at 30th June 2012, outstanding commitments to the Candover 2005 Fund were €17.3 million (£13.9 million). Following the investments made post the half year, outstanding commitments had reduced to €7.3 million (£5.9 million).

Realisations

The Candover Funds managed by Arle achieved realisation proceeds totalling €362.7 million in the six months to 30th June 2012. Candover Investments plc's share was £29.6 million. Total realisation proceeds during 2012 to date amount to €387.4 million, of which Candover's share is £32.3 million.

In January, Arle completed the sale of Capital Safety Group. The sale generated cash proceeds for Candover of £29.6 million, comprising an initial payment of £27.3 million received on completion and a deferred element of £2.3 million received in April 2012.

Post the half year, Wood Mackenzie, a former 2001 Fund investment, was sold by Charterhouse to Hellman & Friedman, triggering a deferred consideration payment of €24.7 million (Candover's share £1.9 million). As a result, Candover received a further carried interest payment of £0.8 million.

The principal realisations are set out in the table below:

	Candover £m	Total proceeds €m	Realisation type
Portfolio			
Capital Safety Group	29.6	362.7	Private equity sale
Wood Mackenzie[1]	1.9	24.7	Deferred consideration
Other			
Candover 2001 Fund carried interest[1]	0.8	-	Crystallisation of carried interest
Total realisations - 2012 to date	**32.3**	**387.4**	

[1] Proceeds received post the period end

Valuations

The existing portfolio of 11 companies is largely based in Western Europe but their operations extend into more than 130 countries. The portfolio is split between the industrial, energy and services sectors with the principal exposure being to industrials via investments in Stork, Qioptiq, Innovia, Technogym and Hilding Anders.

The ten largest investments are shown below. The eleventh investment is a residual 1.5% minority interest in ONO.

Portfolio company	**Residual cost[1] £m**	**Valuation at 31st December 2011 £m**	**Additions and disposals £m**	**Valuation movement excluding FX[2] £m**	**Valuation movement attributable to FX[2] £m**	**Valuation at 30th June 2012 £m**	**Valuation movement pence per share[2]**
Stork	34.7	42.5	-	(3.5)	(1.7)	37.3	(24)
Parques Reunidos	30.0	42.0	-	(3.1)	(1.6)	37.3	(22)
Expro International	92.1	37.8	0.1	(2.1)	0.1	35.9	(9)
Technogym	29.2	13.6	-	2.5	(0.5)	15.6	9
Qioptiq	6.8	10.5	-	(2.1)	(0.4)	8.0	(11)
Innovia Films	2.7	4.6	-	1.3	(0.2)	5.7	5
Alma Consulting Group	15.3	4.4	0.4	-	(0.2)	4.6	(1)
Hilding Anders	24.3	3.8	-	-	(0.1)	3.7	-
Get	1.7	2.5	-	0.3	-	2.8	1
DX Group	21.4	2.7	-	-	-	2.7	-
Ten largest investments[3]	**258.2**	**164.4**	**0.5**	**(6.7)**	**(4.6)**	**153.6**	**(52)**
Capital Safety Group	-	29.2	(29.2)	-	-	-	-
Ono	2.2	1.6	-	0.1	-	1.7	-
EurotaxGlass's	14.5	-	-	-	-	-	-
Candover 2001 Fund carried interest	-	8.0	-	0.4	(0.3)	8.1	-
Other	18	0.8	-	-	(0.2)	0.6	-
Other investments	**34.7**	**39.6**	**(29.2)**	**0.5**	**(0.5)**	**10.4**	**-**
Total	**292.9**	**204.0**	**(28.7)**	**(6.2)**	**(5.1)**	**164.0**	**(52)**

1 Residual cost is original cost less realisations to date
2 Compared to the valuation at 31st December 2011 or acquisition date, if later
3 Excluding Candover 2001 Fund carried interest

Outlook

We believe that the second half of the year will continue to see low levels of activity and high levels of volatility and nervousness across Europe. We see debt markets remaining challenged and macro-economic uncertainty continuing through to the year end. Arle will continue to actively manage its portfolio companies to safeguard and secure value throughout this volatile period.

Ten largest investments

Analysis by value at 30th June 2012

By valuation method

1. Multiple of earnings	100.0%

By region

1. United Kingdom	34.1%
2. Benelux	24.3%
3. Spain	24.3%
4. Italy	10.1%
5. Scandinavia	4.2%
6. France	3.0%

By sector

1. Industrials	45.7%
2. Services	30.9%
3. Energy	23.4%

By age

1. 3-4 years	33.5%
2. 4-5 years	29.1%
3. >5 years	37.4%

Ten largest investments
at 30th June 2012

Investment	Residual cost of investment £m	Valuation at 31st December 2011 £m[1]	Valuation movement excluding FX £m	Valuation movement attributable to FX £m	Valuation at 30th June 2012 £m	Effective equity interest (fully diluted)	% of net assets	Basis of valuation
Stork Engineering conglomerate	34.7	42.5	(3.5)	(1.7)	37.3	4.6%	26.1%	Multiple of earnings
Parques Reunidos Operator of attraction parks	30.0	42.0	(3.1)	(1.6)	37.3	3.9%	26.1%	Multiple of earnings
Expro International Oilfield services	92.1	37.9	(2.1)	0.1	35.9	4.7%	25.1%	Multiple of earnings
Technogym Premium fitness equipment and wellness products	29.2	13.6	2.5	(0.5)	15.6	3.2%	10.8%	Multiple of earnings
Qioptiq Optical engineering	6.8	10.5	(2.1)	(0.4)	8.0	5.4%	5.6%	Multiple of earnings
Innovia Films Transparent and coated films and polymer bank notes	2.7	4.6	1.3	(0.2)	5.7	5.7%	4.1%	Multiple of earnings
Alma Consulting Group Cost reduction and tax recovery services	15.3	4.8	0.0	(0.2)	4.6	3.6%	3.2%	Multiple of earnings
Hilding Anders Bed and mattress manufacturer	24.3	3.8	0.0	(0.1)	3.7	4.3%	2.6%	Multiple of earnings
Get Cable TV	1.7	2.5	0.3	0.0	2.8	0.5%	2.0%	Multiple of earnings
DX Group Mail services	21.4	2.7	0.0	0.0	2.7	4.0%	1.9%	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 40 to 43 of the 2011 Report and Accounts, a copy of which is available on our website (www.candoverinvestments.com).

The principal risks and uncertainties identified in the 2011 Annual Report, 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 2012. 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, gives a fair view of the assets, liabilities, financial position and profit or loss of Candover Investments plc, or 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.

The Directors of Candover Investments plc are listed on the page entitled Further information in this interim financial statement.

By order of the Board

John Ellman Brown
Company Secretary
30th August 2012

Independent review report to Candover Investments plc

Introduction

We have reviewed the condensed set of financial statements in the half-yearly financial report of Candover Investments plc for the six months ended 30 June 2012 which comprises the Group statement of comprehensive income, Group statement of changes in equity, Group statement of financial position, Group cash flow statement and the related notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company's members, as a body, 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'. Our review work has been undertaken so that we might state to the company's members those matters we are required to state to them 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 Services 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'. 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 30 June 2012 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 Services Authority.

Grant Thornton UK LLP
Auditor
London
30th August 2012

Group statement of comprehensive income

for the period ended 30th June 2012

£ million Unaudited	**Six months to 30th June 2012**			Six months to 30th June 2011			Year to 31st December 2011		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total	Revenue	Capital	Total
Gain/(loss) on financial instruments at fair value through profit and loss									
Realised gains	**-**	**12.0**	**12.0**	-	-	-	-	-	-
Unrealised (losses) and gains	**-**	**(16.3)**	**(16.3)**	-	6.3	6.3	-	(20.0)	(20.0)
	-	**(4.3)**	**(4.3)**	-	6.3	6.3	-	(20.0)	(20.0)
Revenue									
Investment and other income	**(4.5)**	**-**	**(4.5)**	8.6	-	8.6	15.3	-	15.3
Recurring administrative expenses	**(1.8)**	**(0.7)**	**(2.5)**	(2.6)	(1.0)	(3.6)	(4.5)	(2.0)	(6.5)
Exceptional non-recurring costs	**-**	**-**	**-**	-	-	-	(3.5)	-	(3.5)
(Loss)/profit before finance costs and taxation	**(6.3)**	**(5.0)**	**(11.3)**	6.0	5.3	11.3	7.3	(22.0)	(14.7)
Finance costs	**(1.3)**	**(1.3)**	**(2.6)**	(1.6)	(1.6)	(3.2)	(2.1)	(2.1)	(4.2)
Movement in the fair value of derivatives	**-**	**-**	**-**	-	(0.3)	(0.3)	-	(0.3)	(0.3)
Exchange movements on borrowings	**-**	**0.2**	**0.2**	-	(0.3)	(0.3)	-	(0.1)	(0.1)
(Loss)/profit before taxation	**(7.6)**	**(6.1)**	**(13.7)**	4.4	3.1	7.5	5.2	(24.5)	(19.3)
Analysed between:									
(Loss)/profit before exceptional non-recurring costs	**(7.6)**	**(6.1)**	**(13.7)**	4.4	3.1	7.5	8.7	(24.5)	(15.8)
Exceptional non-recurring costs	**-**	**-**	**-**	-	-	-	(3.5)	-	(3.5)
Taxation	**(2.5)**	**-**	**(2.5)**	-	-	-	-	-	-
(Loss)/profit after taxation from continuing operations	**(10.1)**	**(6.1)**	**(16.2)**	4.4	3.1	7.5	5.2	(24.5)	(19.3)
(Loss)/gain from CPL disposal group (“discontinued operations”)	**-**	**-**	**-**	(1.8)	-	(1.8)	(1.8)	-	(1.8)
(Loss)/profit after taxation	**(10.1)**	**(6.1)**	**(16.2)**	2.6	3.1	5.7	3.4	(24.5)	(21.1)
Other comprehensive income:									
Exchange differences on translation of foreign operations	**-**	**-**	**-**	(0.2)	-	(0.2)	(0.2)	-	(0.2)
Total comprehensive income	**(10.1)**	**(6.1)**	**(16.2)**	2.4	3.1	5.5	3.2	(24.5)	(21.3)
Earnings per ordinary share:									
Continuing operations – basic and diluted	**(46p)**	**(28p)**	**(74p)**	20p	14p	34p	24p	(112p)	(88p)
Discontinued operations – basic and diluted	**-**	**-**	**-**	(9p)	-	(9p)	(8p)	-	(8p)
Total earnings per share – basic and diluted	**(46p)**	**(28p)**	**(74p)**	11p	14p	26p	16p	(112p)	(96p)
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

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

No interim dividend is proposed

Group statement of changes in equity

for the period ended 30th June 2012

£ million Unaudited	**Called up share capital**	**Share premium account**	**Other reserves**	**Capital reserve – realised**	**Capital reserve – unrealised**	**Revenue reserve**	**Total equity**
Balance at 1st January 2012	**5.5**	**1.2**	**(0.1)**	**311.6**	**(163.0)**	**1.4**	**156.6**
Net revenue after tax	-	-	-	-	-	(10.1)	(10.1)
Unrealised loss on financial instruments	-	-	-	-	(6.1)	-	(6.1)
Realised gain/(loss) on financial instruments	-	-	-	12.0	(10.2)	-	1.8
Movement in fair value of derivatives	-	-	-	-	-	-	
Exchange movements on borrowing	-	-	-	-	0.2	-	0.2
Costs net of tax	-	-	-	(2.0)	-	-	(2.0)
Profit after tax	-	-	-	10.0	(16.1)	(10.1)	(16.2)
Other comprehensive income							
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	10.0	(16.1)	(10.1)	(16.2)
Balance at 30th June 2012	**5.5**	**1.2**	**(0.1)**	**321.6**	**(179.1)**	**(8.7)**	**140.4**
Unaudited							
Balance at 1st January 2011	**5.5**	**1.2**	**0.1**	**360.5**	**(187.4)**	**(2.0)**	**177.9**
Net revenue after tax	-	-	-	-	-	2.6	2.6
Unrealised gain on financial instruments	-	-	-	-	6.3	-	6.3
Realised (loss)/gain on financial instruments	-	-	-	(42.7)	42.7	-	-
Movement in fair value of derivatives	-	-	-	-	(0.3)	-	(0.3)
Exchange movements on borrowing	-	-	-	-	(0.3)	-	(0.3)
Costs net of tax	-	-	-	(2.6)	-	-	(2.6)
Profit/(loss) after tax	-	-	-	(45.3)	48.4	2.6	5.7
Other comprehensive income							
Exchange differences on translation of foreign operations	-	-	(0.2)	-	-	-	(0.2)
Total comprehensive income	-	-	(0.2)	(45.3)	48.4	2.6	5.5
Balance at 30th June 2011	**5.5**	**1.2**	**(0.1)**	**315.2**	**(139.0)**	**0.6**	**183.4**
Audited							
Balance at 1st January 2011	**5.5**	**1.2**	**0.1**	**360.5**	**(187.4)**	**(2.0)**	**177.9**
Net revenue after tax	-	-	-	-	-	3.4	3.4
Unrealised loss on financial instruments	-	-	-	-	(20.0)	-	(20.0)
Realised (loss)/gain on financial instruments	-	-	-	(44.8)	44.8	-	-
Movement in fair value of derivatives - continuing operations	-	-	-	-	(0.3)	-	(0.3)
Exchange movements on borrowing	-	-	-	-	(0.1)	-	(0.1)
Costs net of tax	-	-	-	(4.1)	-	-	(4.1)
Profit/(loss) after tax	-	-	-	(48.9)	24.4	3.4	(21.1)
Other comprehensive income							
Exchange differences on translation of foreign operations	-	-	(0.2)	-	-	-	(0.2)
Total comprehensive income	-	-	(0.2)	(48.9)	24.4	3.4	(21.3)
Balance at 31st December 2011	**5.5**	**1.2**	**(0.1)**	**311.6**	**(163.0)**	**1.4**	**156.6**

Group statement of financial position
at 30th June 2012

£ million Unaudited	Notes	**30th June 2012**		30th June 2011		31st December 2011	
Non-current assets							
Property, plant and equipment			**-**		-		-
Financial investments designated at fair value through profit and loss							
Investee companies	4	**155.5**		221.4		166.4	
Other financial investments	4	**8.5**		12.5		8.4	
			164.0		233.9		174.8
Trade and other receivables		**7.6**		8.2		8.1	
Deferred tax asset		**1.0**		3.5		3.5	
			172.6		245.6		186.4
Current assets							
Trade and other receivables		**2.2**		1.0		0.1	
Derivative financial instruments		-		38.6		-	
Current tax asset		**0.2**		0.1		0.1	
Cash and cash equivalents		**131.7**		111.6		118.1	
			134.1		151.3		118.3
Financial investments held for sale			**-**		-		29.2
			134.1		151.3		147.5
Current liabilities							
Trade and other payables		**(3.5)**		(4.6)		(3.6)	
Derivative financial instruments		**-**		(35.5)		-	
Provisions		**(5.7)**		(4.5)		(6.6)	
			(9.2)		(44.6)		(10.2)
Net current assets			**124.9**		106.7		137.3
Total assets less current liabilities			**297.5**		352.3		323.7
Non-current liabilities							
Loans and borrowings			**(157.1)**		(168.9)		(167.1)
Net assets			**140.4**		183.4		156.6
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			**321.6**		315.2		311.6
Capital reserve – unrealised			**(179.1)**		(139.0)		(163.0)
Revenue reserve			**(8.7)**		0.6		1.4
Total equity			**140.4**		183.4		156.6
Net asset value per share							
Basic			**642p**		839p		717p
Diluted			**642p**		839p		717p

Group cash flow statement
for the period ended 30th June 2012

£ million Unaudited	Notes	**Six months to 30th June 2012**	Six months to 30th June 2011	Year to 31st December 2011
Cash flow from operating activities				
Cash flow from operations	**3**	**7.5**	(6.1)	(13.2)
Interest paid		**(5.1)**	(3.1)	(7.0)
Net cash inflow/(outflow) from operating activities		**2.4**	(9.2)	(20.2)
Cash flows from investing activities				
Purchase of financial investments		(0.5)	(21.8)	(20.3)
Sale of financial investments		19.5	86.8	89.2
Net cash inflow from investing activities		**19.0**	65.0	68.9
Cash flows from financing activities				
Swap sale proceeds		-	-	12.8
Loan notes repayment		(7.5)	(27.2)	(27.2)
Net cash outflow from financing activities		**(7.5)**	(27.2)	(14.4)
Increase in cash and cash equivalents		**13.9**	28.6	34.3
Opening cash and cash equivalents		**118.1**	79.9	79.9
Effect of exchange rates and revaluation on cash and cash equivalents		**(0.3)**	3.1	3.9
Closing cash and cash equivalents		**131.7**	111.6	118.1

Notes to the financial statements

Note 1 – General information

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 2011 were approved on 29th March 2012. These accounts which contained an unqualified audit report under Section 495 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 Group financial statements are prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union. This statement has been prepared using accounting policies and presentation consistent with those applied in the preparation of the accounts for the Group for the year ended 31st December 2011, and in accordance with IAS 34 'Interim Financial Reporting' (Revised). New standards adopted this period are IAS 24 'Related Party Disclosures' (Revised) and IFRS 7 'Financial Instruments: Disclosures' (Revised).

Note 3 – Reconciliation of operating income to net cash flow from operating activities

£ million	**Six months to 30th June 2012**	Six months to 30th June 2011	Year to 31st December 2011
Total income	**(4.5)**	8.6	15.3
Administrative expenses	**(2.5)**	(5.5)	(11.6)
Operating (loss)/profit	**(7.0)**	3.1	3.7
Decrease/(increase) in trade and other receivables	**15.8**	3.2	(0.7)
(Decrease)/increase in trade and other payables	**(1.3)**	(12.4)	(16.3)
Depreciation	-	-	0.1
Net cash inflow/(outflow) from operating activities	**7.5**	(6.1)	(13.2)

Note 4 – Financial investments designated at fair value through profit and loss

£ million	**Six months to 30th June 2012**	Six months to 30th June 2011	Year to 31st December 2011
Opening valuation	**204.0**	310.0	310.0
Disposals at valuation	**(29.2)**	(32.6)	20.2
Additions at cost	**0.5**	21.8	(34.4)
Investments realised on sale of strip	**-**	(82.3)	(82.4)
Valuation movements	**(11.3)**	17.0	(9.4)
Closing valuation	**164.0**	233.9	204.0

Note 5 – Related party transactions

The nature of the Company's interest in the Candover 1997, 2001, 2005 and 2008 Funds is disclosed in note 13 on page 73 of the 2011 Report and Accounts.

As at 30th June 2012, Candover's investments as a Special Limited Partner in the Candover 2001 and 2005 and Funds were valued at £8.1 million and £0.4 million respectively (31st December 2011, Candover 2001 Fund £8.4 million, and Candover 2005 Fund £0.4 million). The movement in valuation of the Candover 2001 Fund is due mainly to movements in the exchange rates.

Note 6 – Outstanding commitments

At 30th June 2012, the Company had an outstanding commitment to fund investments alongside the Candover 2005 Fund of £13.9 million (31st December 2011: £14.9 million).

Note 7 – Subsequent events
Post the interim period Candover provided funding for two follow-on investments. July saw further investment in Expro, followed in August by a refinancing of Stork (see also Manager's report). As a result the outstanding commitment figure has reduced to £5.9 million.

Candover's property liabilities were fully provided for at 31st December 2011. Since the end of June a solution has been found which, subject to completing some outstanding conditions, could see the liability reduced by approximately £2.0 million.

Since the half year, Candover has received deferred proceeds and carried interest relating to the realisation of Wood Mackenzie in 2009 totalling £2.7 million.