CANDOVER

Candover Investments plc

Interim financial statement 2010

About Candover

Candover* was founded in 1980 and listed on the London Stock Exchange in 1984. Its aim is to provide its shareholders with quoted access to private equity returns. Its main focus to date has been in investing in private companies across Europe alongside funds managed by its wholly-owned subsidiary, Candover Partners Limited, which has raised ten funds from investors around the globe.

Shareholder summary

Net assets per share
903p

Net assets per share after currency movements decreased by 13.0% to 903p for the six months to 30th June 2010 compared to the NAV at 31st December 2009 (1038p)

Net debt
£58.8m

Net debt was £58.8m as at 30th June 2010, compared to £74.8m at 31st December 2009

Loan-to-value ratio
25%

The loan-to-value ratio was 25.0% as at 30th June 2010. At 31st December 2009 this ratio was 26.4%

Outstanding investment commitments
2.8x covered

The £72.7m of uncalled Candover 2005 Fund commitments are more than 2.8x covered by cash and undrawn bank facilities of £200.1m

Ten largest investments
90% of portfolio

Expro International individually accounts for 32.2% of the portfolio

* References in this interim financial statement to Candover or the Company mean Candover Investments plc and/or, where appropriate, one or more of its subsidiaries, and references to Candover Partners means Candover Partners Limited.

Our strategy and priorities

During the first half of this year we have continued to build upon last year's momentum aimed at delivering greater stability for the business. The termination agreement reached with Candover Partners and the Limited Partners of the Candover 2008 Fund in January of this year was a milestone in this respect and leaves us in a solid position with regard to meeting our outstanding commitments to ongoing funds.

In the first half we received an unsolicited approach from a third party to buy the whole of the Company. Recognising that your Board has a fiduciary duty to consider any credible approach, we began discussions with this third party aimed at understanding how such a potential offer might bring further financial stability to Candover and maximise the value for shareholders. These talks came to an end in early July when the Board requested that the potential offeror clarify its position. It confirmed that it was no longer considering making an offer. Whilst the talks were constructive they never reached a point where a clear proposal was forthcoming that could be considered by the Board or shareholders.

We have used this first half to review our options for the Company based upon our belief that there is significant value in the underlying investments in the portfolio. We consider that the best way to optimise value for shareholders is likely to be Candover remaining as a listed investment trust, with the sole purpose of returning cash to investors over time as portfolio realisations are made by Candover Partners. We are therefore reviewing the range of returns that could be achieved, the likely timescales, and the best way of returning capital to shareholders.

The interests of the Company and Candover Partners remain closely aligned, with the principal aim being to maximise the value of the existing portfolio in the interests of all investors. We remain committed to supporting the team to assist them in delivering this value.

Further announcements will be made to shareholders in due course.

Malcolm Fallen
Chief Executive Officer
31st August 2010

Business and financial review

Business review

Performance

Our results for the half year reflect the instability in the markets, both in terms of company valuations – with the FTSE 100 on 30th June approaching its lowest point this year – and adverse foreign exchange movements. During the first six months, our net assets fell by 13.0% to 903p, compared to a 7.9% fall in the FTSE All-Share over the same period. The concentration of the portfolio in Expro International and its resultant exposure to volatility in the oil and gas sector, influenced by the events in the Gulf of Mexico, had a marked effect on our first half valuations. However, since the period end, there has been a stabilisation in the market, with all major indices improving.

In the preliminary statement in March, we outlined certain key metrics which we intend to use to provide clarity of performance and to demonstrate shareholder value:

Net assets per share (“NAV”)

The Company’s net assets per share of 903p after currency movements decreased by 13.0% over the period to 30th June 2010 (31st December 2009: 1038p). Excluding Expro International, this decrease was principally caused by adverse currency movements (54p) and the combined write down of Alma and EurotaxGlass’s to reflect lower multiples (52p). In the case of Expro International, a downward revaluation was made to reflect volatility in the oil and gas sector and the resultant decline in multiples of comparable quoted companies. This accounted for 65p of the decrease in NAV, offset by a favourable currency impact of 25p relating to that asset.

Outstanding commitments

Outstanding commitments to the Candover 2005 Fund at 30th June 2010 were £72.7 million (31st December 2009: £80.7 million), with the ratio of outstanding commitments to net assets being 36.9%. Since the period end, investments totalling £33.6 million have been made in DX Group, EurotaxGlass’s, Expro International, Hilding Anders and Technogym, reducing the outstanding commitments to £39.1 million at period end exchange rates.

Net debt

As at 30th June 2010, net debt was £58.8 million (31st December 2009: £74.8 million), with the loan to value ratio of 25.0% (31st December 2009: 26.4%) being well within the required threshold of 40.0%. Expected proceeds from Ontex, as announced on 14th July 2010, and the follow-on commitments noted above, will result in a net investment outflow of £17.2 million during the second half of the year assuming no further investments or realisations.

Cash and undrawn bank facilities

At 30th June 2010, cash and undrawn bank facilities were £200.1 million (31st December 2009: £206.3 million), meaning our outstanding commitments are 2.8 times covered.

Concentration of the portfolio

At 30th June 2010, the ten largest investments comprised 90.4% of Candover’s investment value, with Expro International individually accounting for 32.2%. Following the sale of Ontex, concentration of the portfolio will have increased, and this trend will continue as further realisations occur.

Board

We have now transitioned to a smaller Board to reflect our status as a smaller company, with Antony Hichens, Chris Russell and Nicholas Jones stepping down at the AGM in May.

Dividend

The Board continues to feel that it is not appropriate to recommence paying dividends to shareholders at this stage. As part of the cash maximisation strategy, we will determine the appropriate mechanisms to return capital to shareholders, including looking at restarting dividends in due course.

Outlook

Looking ahead, the portfolio continues to demonstrate its potential for long-term value and whilst the outlook for the macro environment remains hard to predict, both the broader mergers and acquisitions and private equity markets in Europe have seen a steady increase in activity which should support our value maximisation strategy.

Financial review

Net asset value per share

Net assets per share, including currency movements, reduced by 135p to 903p, a decrease of 13.0% since 31st December 2009. The decrease over the six month period compares with a fall in the FTSE All-Share of 7.9% over the same period.

Two-thirds of our investments are Euro denominated and therefore the valuation of these assets is exposed to the Euro/Sterling exchange rate. Candover has hedged its currency exposure in order to mitigate any adverse impact on its loan to value covenant through the denomination of its cash, debt and swaps rather than the potential currency impacts on net asset values. As a result, currency fluctuations can have a material impact on net assets. Table 1 below summarises the movements in net assets during the first half. The net adverse impact of currency movements on both investments and net debt reduced reported NAV by 29p to 903p.

At 30th June 2010, net assets per share before currency movements were 932p compared to 1038p at 31st December 2009, a reduction of 106p over the period. Of this, Expro International accounted for 65p, with valuation reductions on Alma and EurotaxGlass's accounting for the balance.

Table 1

	£m	£m	p/share	p/share
Net asset value at 31st December 2009 as reported		**227.0**		**1038**
Loss on financial instruments at fair value through profit and loss before currency[1]		(13.9)		(64)
Profit after taxation		(6.9)		(31)
Capitalised expenses (net of tax)		(2.9)		(13)
Others		0.5		2
		203.8		**932**
Currency impact:				
– Unrealised investments	(13.6)		(62)	
– Restatement of cash and cash equivalents	(10.0)		(46)	
– Translation of loan and swap balances	17.2		79	
		(6.4)		(29)
Net asset value at 30th June 2010 as reported		**197.4**		**903**

1 Includes valuation movements as shown in Table 2, realised gains on investments of £1.5 million, gains on reducing financial liabilities on equity commitments of £0.9 million, but excludes decreases in accrued investment income of £4.2 million (recognised in profit after taxation).

Business and financial review
continued

Investments
The valuation of investments, including accrued loan note interest, at 30th June 2010 was £270.7 million (31st December 2009: £319.9 million). Table 2 below summarises the movement in our investments over the first half.

Table 2

	£m	£m
Investments at 31st December 2009		**319.9**
Disposals at valuation		(15.1)
Additions		–
Revaluation of investments:		
– Valuation movements before currency	(20.5)	
– Currency impact on unrealised investments	(13.6)	
		(34.1)
Investments at 30th June 2010		**270.7**

Net debt position
Candover's net debt has fallen from £74.8 million as at 31st December 2009 to £58.8 million as at 30th June 2010, principally due to the receipt of realisation proceeds of £17.7 million. Table 3 below analyses our net debt.

Table 3

£ million	30th June 2010	31st December 2009
Loans and borrowings	**203.6**	194.6
Fair value hedge adjustment	**(17.7)**	(13.3)
Deferred costs	**1.2**	1.3
Value of loan note	**187.1**	182.6
Value of related swaps	**(28.2)**	(1.5)
Cash	**(100.1)**	(106.3)
Net debt	**58.8**	74.8

The outstanding commitment to the Candover 2005 Fund fell to £72.7 million over the period from £80.7 million at the year end, largely due to currency movements.

Net revenue before tax
For the six month period net revenue before exceptional items and tax was a loss of £6.2 million compared to a gain of £5.2 million in the comparable period. This resulted from a £9.4 million adverse variance in investment and other income reflecting the impact of lower valuations on the level of accrued income that is recognised. Table 4 below analyses the makeup of net revenue.

In light of the change in our focus on realisation rather than investment, we have reviewed and revised the allocation of expenses between revenue and capital. In particular, this change reflects the impact of longer hold periods on investments before realisations which will result in a greater proportion of the anticipated future return being received as loan stock interest, rather than capital gains, which would therefore be recognised as revenue rather than capital return.

Table 4

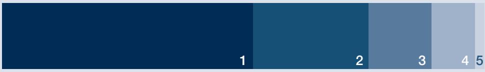
£ million	30th June 2010	30th June 2009
Management fees from managed funds	**6.8**	9.8
Costs before exceptional items and taxation taken to revenue before adjustment to capitalised expenses allocation basis	**(8.4)**	(11.1)
	(1.6)	(1.3)
Adjustment to capitalised expenses allocation basis	**(1.7)**	–
Investment and other income	**(2.9)**	6.5
(Loss)/profit before exceptional items and taxation	**(6.2)**	5.2

Manager's report

Ten largest investments
Analysis by value as at 30th June 2010

By valuation method


1. Multiple of earnings 92%
2. Sale price 8%

By region


1. United Kingdom 53%
2. Benelux 24%
3. Spain 13%
4. France 9%
5. Switzerland 1%

By sector


1. Energy 36%
2. Industrials 28%
3. Financials 14%
4. Leisure 13%
5. Health 8%
6. Support services 1%
7. Media nil%

By age


1. <1 year nil%
2. 1-2 years nil%
3. 2-3 years 61%
4. 3-4 years 18%
5. 4-5 years 7%
6. >5 years 14%

The European buyout market continues to show renewed signs of activity, with deal values of €25.2 billion in the first half of the year only ten per cent lower than the value of all buyouts completed in the year to 31st December 2009. The increase in buyout activity is encouraging in the context of exits, and to this end Candover Partners has realised its investment in Springer Science+Business Media and has entered into an agreement to sell Ontex. The Springer and Ontex transactions are two of the largest buyouts announced in Europe in the past 12 months.

Investments
The Candover 2008 Fund's investment period was terminated in January and as a result no new investments were made during the first six months of the year. However, Candover Partners continues to explore ways to enhance portfolio company values both organically and through add-on acquisition. Since the period end, Expro International has agreed to acquire Production Testers International, an Asian based oilfield services company. Candover will invest £1.5 million and the Candover 2005 and 2008 Funds will invest £25.0 million in the transaction.

In addition, since the period end Candover has invested in the following portfolio companies:

- £2.2 million in DX Group as part of a balance sheet restructuring;
- £2.3 million in EurotaxGlass's as part of a restructuring;
- £6.7 million in Hilding Anders to repay a facility put in place to fund acquisitions; and
- £20.9 million in Technogym to repay a debt facility put in place at the time of the original acquisition.

Manager's report
continued

Portfolio company	Candover £m	Funds £m
DX Group	2.2	13.1
EurotaxGlass's	2.3	13.7
Expro International	1.5	25.0
Hilding Anders	6.7	40.7
Technogym	20.9	126.4
Total investments – post period end	**33.6**	**218.9**

Realisations
Candover and its managed funds achieved realisation proceeds totalling £52.2 million during the period. Candover's share was £17.7 million of which £16.8 million was from its managed funds.

In February, Candover and the Candover 2001 Fund realised its holding in Springer Science+Business Media. The sale generated proceeds of £16.3 million for Candover, of which £12.6 million resulted from the crystallisation of the carried interest. The Candover 2001 Fund received proceeds of £32.1 million, before payment of carried interest, which including proceeds from three earlier refinancings, equates to an overall multiple of 1.8 times the original investment.

In May, Candover Partners and the equity syndicate reached agreement with the lenders of Gala Coral on a new capital structure, which resulted in the mezzanine holders taking 100% of the equity. The transaction completed in June and generated proceeds for Candover of £0.5 million including £0.2 million from the crystallisation of the carried interest; the Candover 2001 Fund received £2.4 million. When combined with earlier proceeds realised from the sale of an equity stake and two refinancings, the Gala Coral investment will have achieved an investment multiple of 0.6 times the original investment.

Since the period end, Candover Partners has agreed to sell its holding in Ontex. The sale, which is expected to complete before the year end, will generate initial estimated cash proceeds for Candover of £16.4 million, including £4.6 million of carried interest. A guaranteed, interest accruing deferred payment, will result in further proceeds valued today at £7.1 million and will be payable between completion and September 2012. The carried interest from this deferred payment will return an additional £2.8 million. The Candover 2001 Fund will receive estimated initial proceeds of £92.0 million and a further £55.7 million from the deferred payment, giving an investment multiple, before carried interest, of 0.7 times the original investment.

	Capital proceeds		
Company	Candover £m	Funds £m	Exit route
Gala Coral	0.3	2.4	Restructuring
Springer Science+Business Media	3.7	32.1	Private equity sale
Candover 2001 Fund carried interest	12.8	–	Crystallisation of carried interest
Other	0.9		
Total realisations to 30th June 2010	**17.7**	**34.5**	
Ontex	18.9	147.7	Private equity sale
Candover 2001 Fund carried interest	7.4	–	Crystallisation of carried interest
Total realisations post period end	**26.3**	**147.7**	

Valuations

During the period under review, the portfolio has shown continued signs of stabilisation. Of the top ten investments, six are trading ahead at the earnings level on a 12 month rolling basis compared to the year end position, with the remainder trading in line with expectations. Over the same period, eight investee companies have reduced their net debt position, with the portfolio weighted average net debt to EBITDA multiple of 4.3 times (December 2009: 4.8 times). This excludes Expro International, which replaced its senior debt with a high yield bond in December 2009 in order to ensure its financial structure was better suited to the cyclical nature of the oil and gas sector.

The ten largest companies represent 90.4% of the portfolio, with the Candover 2001 Fund carried interest representing a further 6.7%. Within the portfolio, Expro International accounts for 32.2% of the value, and movements in its valuation therefore have a significant impact on the value of the portfolio and therefore net asset value.

During the period, Expro International was written down by 14.6% on a constant currency basis to reflect the volatility in the oil and gas sector and the resultant decline in multiples of quoted comparables which have been adversely impacted by the Macondo well incident in the Gulf of Mexico. By way of illustration, the Dow Jones Global Oil Equipment and Services Index (the closest industry index) fell by 16.8% during the same period. The oilfield services market has continued to be challenging over the period with oil and gas operators continuing to be impacted by the uncertainty in the global markets. Despite this, Expro International has displayed resilient characteristics and the lead indicators of the business are increasingly encouraging. The business has seen a significant increase in customer inquiry levels versus the prior year; it has recently secured over £250.0 million of contract wins across its operations worldwide and has a global order book of over £800.0 million. The business is geographically diversified with only around 5.0% of revenues derived from the Gulf of Mexico area.

Expro International sees significant opportunity as the market recovers given it is one of the leading providers to operators in developing complex oil reserves with its suite of safe and value enhancing products and services. The business is accelerating its investment in its people, technology and regional infrastructure to capitalise on these opportunities and overcome the structural supply challenges faced by the industry. This also includes the acquisition of Product Testers International which will enhance its product and service offering. The acquisition is expected to complete in September 2010. As a result of these investments, Candover Partners believes Expro International is well positioned to maximise the opportunities offered by the medium to long-term fundamentals of the oil and gas sector, which continue to remain robust.

Outlook

Candover Partners believes that the portfolio continues to perform well in what remains an uncertain trading environment. Its focus remains on maximising value, working closely with each company and management team to ensure they are well positioned to trade profitably, as well as build value for the future.

Ten largest investments

as at 30th June 2010

	Investment	Residual cost of investment £m	Valuation at 31st December 2009 £m
	**1. Expro International** Oilfield services	109.4	95.8
	**2. Stork** Engineering conglomerate	48.9	43.8
	**3. Parques Reunidos** Operator of attraction parks	25.7	34.7
	**4. Alma Consulting Group** Cost reduction and tax recovery services	20.5	30.9
	**5. Ontex** Hygienic disposables	21.3	19.8
	**6. Qioptiq** Optical engineering	9.6	15.8
	**7. Capital Safety Group** Fall protection equipment	11.9	10.8
	**8. Equity Trust** Trust services	8.3	12.6
	**9. Innovia Films Limited** Chemicals	3.8	5.0
	**10. EurotaxGlass's** Automotive data intelligence	17.4	11.4

Valuation movement excluding FX £m	Valuation movement attributable to FX £m	Valuation at 30th June £m	Effective equity interest (fully diluted)	% of net assets	Basis of valuation
(14.2)	5.5	87.1	7.2%	44.1%	Multiple of earnings
–	(4.4)	39.4	6.4%	20.0%	Multiple of earnings
–	(3.5)	31.2	5.6%	15.8%	Multiple of earnings
(4.5)	(3.1)	23.3	5.4%	11.8%	Multiple of earnings
1.1	(2.0)	18.9	4.9%	9.6%	Sale price
–	(1.6)	14.2	7.2%	7.2%	Multiple of earnings
–	0.6	11.4	6.7%	5.8%	Multiple of earnings
–	(1.3)	11.3	5.6%	5.7%	Multiple of earnings
–	(0.5)	4.5	8.0%	2.3%	Multiple of earnings
(6.8)	(1.1)	3.5	8.0%	1.8%	Multiple of earnings

Principal risks and uncertainties

Details of the principal risks and uncertainties facing the Group were set out in the risk review on pages 36 to 39 of the 2009 Report and Accounts, a copy of which is available on our website (www.candoverinvestments.com).

The principal risks and uncertainties identified in the 2009 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 2010. Our views on the current market conditions are reflected in the business 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 on pages 12 to 16 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the EU, and that the Manager's report on page 5 includes a fair review of the information required by DTR 4.2.4, DTR 4.2.7 and DTR 4.2.8.

The directors of Candover Investments plc are listed on page 17 of this interim financial statement.

By order of the Board

Philip Price
Company Secretary
31st August 2010

Independent review report to Candover Investments plc

Introduction

We have been engaged by the Company to review the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30th June 2010 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 in accordance with guidance contained in ISRE (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 those matters we are required to state to them in a 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, 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 IFRSs 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 to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the 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 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Grant Thornton UK LLP
Registered Auditor
London
31st August 2010

Group statement of comprehensive income

for the period ended 30th June 2010

£ million	Six months to 30th June 2010			Six months to 30th June 2009			Year to 31st December 2009		
Unaudited	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Loss/(gain) on financial instruments at fair value through profit and loss									
Realised gains and losses	**–**	**(2.8)**	**(2.8)**	–	(12.4)	(12.4)	–	(9.8)	(9.8)
Unrealised gains and losses	**–**	**(18.8)**	**(18.8)**	–	(0.4)	(0.4)	–	30.5	30.5
	–	**(21.6)**	**(21.6)**	–	(12.8)	(12.8)	–	20.7	20.7
Revenue									
Management fees from managed funds	**6.8**	**–**	**6.8**	9.8	–	9.8	18.6	–	18.6
Investment and other income	**(2.9)**	**–**	**(2.9)**	6.5	–	6.5	13.3	–	13.3
	3.9	**–**	**3.9**	16.3	–	16.3	31.9	–	31.9
Recurring administrative expenses	**(8.7)**	**(1.4)**	**(10.1)**	(10.1)	(3.6)	(13.7)	(19.7)	(5.2)	(24.9)
Exceptional non-recurring costs	–	–	–	(15.4)	–	(15.4)	(17.1)	–	(17.1)
(Loss)/Profit before finance costs and taxation	**(4.8)**	**(23.0)**	**(27.8)**	(9.2)	(16.4)	(25.6)	(4.9)	15.5	10.6
Finance costs	**(1.4)**	**(1.5)**	**(2.9)**	(1.0)	(4.1)	(5.1)	(1.8)	(7.1)	(8.9)
Movement in the fair value of derivatives	**–**	**0.3**	**0.3**	–	(1.0)	(1.0)	–	(0.8)	(0.8)
Exchange movements on borrowings	**–**	**1.8**	**1.8**	–	5.8	5.8	–	3.7	3.7
(Loss)/Profit before taxation	**(6.2)**	**(22.4)**	**(28.6)**	(10.2)	(15.7)	(25.9)	(6.7)	11.3	4.6
Analysed between:									
(Loss)/Profit before exceptional non-recurring costs	**(6.2)**	**(22.4)**	**(28.6)**	5.2	(15.7)	(10.5)	10.4	11.3	21.7
Exceptional non-recurring costs	**–**	**–**	**–**	(15.4)	–	(15.4)	(17.1)	–	(17.1)
Taxation	**(0.7)**	**–**	**(0.7)**	(0.8)	–	(0.8)	(2.3)	–	(2.3)
(Loss)/Profit after taxation	**(6.9)**	**(22.4)**	**(29.3)**	(11.0)	(15.7)	(26.7)	(9.0)	11.3	2.3
Other comprehensive income:									
Exchange differences on translation of foreign operations	**(0.3)**	**–**	**(0.3)**	(0.4)	–	(0.4)	0.4	–	0.4
Total comprehensive income	**(7.2)**	**(22.4)**	**(29.6)**	(11.4)	(15.7)	(27.1)	(8.6)	11.3	2.7
Earnings per ordinary share:									
Before exceptional non-recurring costs									
Basic and diluted	**(33p)**	**(103p)**	**(136p)**	18p	(72)p	(54)p	37p	52p	89p
After exceptional non-recurring costs									
Basic and diluted	**(33p)**	**(103p)**	**(136p)**	(52)p	(72)p	(124)p	(41p)	52p	11p
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 profit for the period and the total comprehensive income for the period is attributable to the owners of the Company.

All items in the above Statement derive from continuing operations. No operations were acquired or discontinued in the period.

No interim dividend is proposed.

Group statement of changes in equity

for the period ended 30th June 2010

£ 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 2010	**5.5**	**1.2**	**0.2**	**359.5**	**(160.5)**	**21.1**	**227.0**
Net revenue after tax	–	–	–	–	–	(6.9)	(6.9)
Unrealised loss on financial instruments	–	–	–	–	(18.8)	–	(18.8)
Realised gain/(loss) on financial instruments	–	–	–	3.2	(6.0)	–	(2.8)
Movement in fair value of derivatives	–	–	–	–	0.3	–	0.3
Exchange movements on borrowing	–	–	–	–	1.8	–	1.8
Costs net of tax	–	–	–	(2.9)	–	–	(2.9)
(Loss) after tax	–	–	–	0.3	(22.7)	(6.9)	(29.3)
Exchange differences on translation of foreign operations	–	–	(0.3)	–	–	–	(0.3)
Total comprehensive income	–	–	(0.3)	0.3	(22.7)	(6.9)	(29.6)
Balance at 30th June 2010	**5.5**	**1.2**	**(0.1)**	**359.8**	**(183.2)**	**14.2**	**197.4**
Unaudited							
Balance at 1st January 2009	**5.5**	**1.2**	**(0.2)**	**369.8**	**(182.1)**	**30.1**	**224.3**
Dividends	–	–	–	–	–	(8.7)	(8.7)
Share based payments	–	–	1.2	–	–	–	1.2
Transactions with equity holders	–	–	1.2	–	–	(8.7)	(7.5)
Net revenue after tax	–	–	–	–	–	(11.4)	(11.4)
Unrealised loss on financial instruments	–	–	–	–	(0.4)	–	(0.4)
Realised gain/(loss) on financial instruments	–	–	–	24.1	(36.5)	–	(12.4)
Movement in fair value of derivatives	–	–	–	–	(1.0)	–	(1.0)
Exchange movements on borrowing	–	–	–	–	5.8	–	5.8
Costs net of tax	–	–	–	(7.7)	–	–	(7.7)
Profit/(loss) after tax	–	–	–	16.4	(32.1)	(11.4)	(27.1)
Exchange differences on translation of foreign operations	–	–	(0.4)	–	–	0.4	–
Total comprehensive income	–	–	(0.4)	16.4	(32.1)	(11.0)	(27.1)
Balance at 30th June 2009	**5.5**	**1.2**	**(0.6)**	**386.2**	**(214.2)**	**19.1**	**197.2**
Audited							
Balance at 1st January 2009	**5.5**	**1.2**	**(0.2)**	**369.8**	**(182.1)**	**30.1**	**224.3**
Net revenue after tax	–	–	–	–	–	(9.0)	(9.0)
Unrealised loss on financial instruments	–	–	–	–	30.5	–	30.5
Realised gain/(loss) on financial instruments	–	–	–	2.0	(11.8)	–	(9.8)
Movement in fair value of derivatives	–	–	–	–	(0.8)	–	(0.8)
Exchange movements on borrowing	–	–	–	–	3.7	–	3.7
Costs net of tax	–	–	–	(12.3)	–	–	(12.3)
Profit/(loss) after tax	–	–	–	(10.3)	21.6	(9.0)	2.3
Exchange differences on translation of foreign operations	–	–	0.4	–	–	–	0.4
Total comprehensive income	–	–	0.4	(10.3)	21.6	(9.0)	2.7
Balance at 31st December 2009	**5.5**	**1.2**	**0.2**	**359.5**	**(160.5)**	**21.1**	**227.0**

Group statement of financial position

at 30th June 2010

£ million Unaudited	Notes	**30th June 2010**		30th June 2009		31st December 2009	
Non-current assets							
Property, plant and equipment			**2.4**		3.5		2.7
Financial investments designated at fair value through profit and loss							
Investee companies	4	**252.3**		230.9		291.6	
Other financial investments	4	**18.4**		25.7		28.3	
			270.7		256.6		319.9
Trade and other receivables			**5.3**		2.9		4.7
Deferred tax asset			**2.8**		5.9		3.4
			281.2		268.9		330.7
Current assets							
Trade and other receivables		**10.1**		7.7		8.2	
Derivative financial instruments		**49.3**		32.9		38.4	
Current tax asset		**0.1**		–		0.9	
Cash and cash equivalents		**100.1**		151.9		106.3	
		159.6		192.5		153.8	
Current liabilities							
Trade and other payables		**(7.4)**		(22.0)		(13.8)	
Financial liability on equity commitments		**(11.3)**		(27.3)		(12.2)	
Derivative financial instruments		**(21.1)**		(27.6)		(36.9)	
Current tax liabilities		**–**		(0.2)		–	
		(39.8)		(77.1)		(62.9)	
Net current assets			**119.8**		115.4		90.9
Total assets less current liabilities			**401.0**		384.3		421.6
Non-current liabilities							
Loans and borrowings			**(203.6)**		(187.1)		(194.6)
Net assets			**197.4**		197.2		227.0
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)**		(0.6)		0.2
Capital reserve – realised			**359.8**		386.2		359.5
Capital reserve – unrealised			**(183.2)**		(214.2)		(160.5)
Revenue reserve			**14.2**		19.1		21.1
Total equity			**197.4**		197.2		227.0
Net asset value per share							
Basic			**903p**		902p		1038p
Diluted			**903p**		902p		1038p

Group cash flow statement

for the period ended 30th June 2010

£ million **Unaudited**	Notes	**Six months to 30th June 2009**	Six months to 30th June 2008	Year to 31st December 2008
Cash flow from operating activities				
Cash flow from operations	3	**(10.2)**	(3.6)	(16.1)
Interest paid		**(3.0)**	(7.2)	(11.0)
Tax reclaimed/(paid)		**0.7**	3.9	3.8
Net cash from operating activities		**(12.5)**	(6.9)	(23.3)
Cash flows from investing activities				
Purchase of property, plant and equipment		**(0.3)**	–	(0.1)
Purchase of financial investments		**–**	(0.1)	(40.0)
Sale of property, plant and equipment		**–**	–	0.1
Sale of financial investments*		**16.6**	41.6	44.4
Net cash inflow from investing activities		**16.3**	41.5	4.4
Cash flows from financing activities		**–**	–	–
Increase/(decrease) in cash and cash equivalents		**3.8**	34.6	(18.9)
Opening cash and cash equivalents		**106.3**	133.2	133.2
Effect of exchange rates and revaluation on cash and cash equivalents		**(10.0)**	(15.9)	(8.0)
Closing cash and cash equivalents		**100.1**	151.9	106.3

*Whilst rolled-up loan note interest is disclosed within "Financial investments designated at fair value through profit and loss" on the balance sheet, any interest received or receivable is shown within the revenue column of the "Statement of comprehensive income" and so included in cash flow from operating activities above.

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 2009 were approved on 24th March 2010. 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 2009, and in accordance with IAS 34 'Interim Financial Reporting'. New standards adopted this period are IAS 27 Consolidated and Separate Financial Statements (Revised) and IFRS 3 Business Combinations (Revised).

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

£ million	**Six months to 30th June 2010**	Six months to 30th June 2009	Year to 31st December 2009
Total income	**3.9**	16.3	31.9
Administrative expenses	**(10.1)**	(29.1)	(42.0)
Operating (deficit)	**(6.2)**	(12.8)	(10.1)
Increase/(decrease) in trade and other receivables	**1.7**	6.0	(1.9)
(Decrease)/increase in trade and other payables	**(6.3)**	2.8	(4.4)
Depreciation	**0.4**	0.5	1.2
Option cost	**–**	(0.1)	(0.8)
(Profit)/loss on disposal of fixed assets	**0.2**	–	–
Net cash (outflow) from operating activities	**(10.2)**	(3.6)	(16.1)

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

£ million	**Six months to 30th June 2010**	Six months to 30th June 2009	Year to 31st December 2009
Opening valuation	**319.9**	313.9	313.9
Additions at cost	**–**	0.1	40.0
Disposals	**(15.1)**	(46.8)	(48.9)
Valuation movements	**(34.1)**	(10.6)	14.9
Closing valuation	**270.7**	256.6	319.9

'Other financial investments' comprise the Company's valuation of its investment as a Special Limited Partner in managed funds.

There was a change in accounting policy during the year ended 31st December 2009 in relation to the disclosure of the rolled-up loan note interest. As the value of rolled-up loan note interest recognised is based on the overall value of the investment, the Directors feel it more appropriate to disclose rolled-up loan note interest in the Group statement of financial position within financial investments designated at fair value through profit and loss rather than in trade and other receivables.

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 10 on page 64 of the 2009 Report and Accounts.

As at 30th June 2010, Candover's investments as a Special Limited Partner in the Candover 2001, 2005 and 2008 Funds were valued at £18.0 million, £0.2 million and £0.1 million respectively (31st December 2009: Candover 2001 Fund £27.9 million, Candover 2005 Fund £0.3 million, and Candover 2008 Fund £0.1 million). The movement in valuation of the Candover 2001 Fund is due mainly to realisations.

The Company's subsidiaries are listed in note 11 on page 67 of the 2009 Report and Accounts, which includes a description of the nature of their business.

During the period the Company undertook transactions with Candover Partners Limited which provided investment and administration services to the Company, for which the Company was charged £2.8 million (2009: £4.6 million).

Note 6 – Outstanding commitments
At 30th June 2010, the Company had an outstanding commitment to fund investments alongside the Candover 2005 Fund of £72.7 million (31st December 2009: £80.7 million). The reduction in the period was due to currency movements.

Further information

Share price
The Company's shares are listed on the London Stock Exchange under share code 'CDI'. The share price is quoted daily in the Financial Times, The Daily Telegraph, The Times, The Independent and the Evening Standard and is also available on our website at www.candoverinvestments.com/ and www.candoverinvestments.com/investor-info/price-graph.

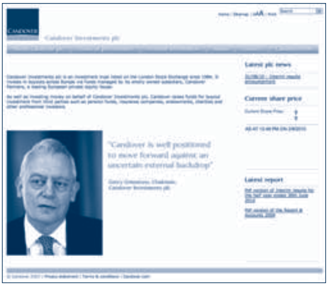
ISA status
The Board has considered the ISA status of Candover's shares and for the time being considers that a decision to make Candover's shares eligible for inclusion in an ISA will impose constraints on the Company's investment criteria that will not be in the overall interests of shareholders.

Website
For the latest information about Candover Investments plc visit our website:

Home page:
www.candoverinvestments.com

Latest plc news
www.candoverinvestments.com/media/latest-plc-news

Dividend History
www.candoverinvestments.com/financial-performance/dividend-history



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* Calls cost 10p per minute plus network extras, lines are open 8.30am-5.30pm Monday-Friday

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Non-executive Chairman, Nominations Committee Chairman

M J Fallen
Chief Executive Officer

Lord Jay of Ewelme GCMG §*†
Non-executive, Senior Independent Director

J Oosterveld §*
Non-executive, Remuneration Committee Chairman

R A Stone FCA §*†
Non-executive, Audit, Risk and Valuation Committee Chairman

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

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