



# INTRODUCTION TO CANDOVER



Candover organises and invests principally in mid-to-large European buyouts with an enterprise value in excess of €500 million. Typically our deals require an equity investment in the range of €200 million to €500 million per transaction. We generally seek investments where we can be the lead investor.

With 137 buyouts to our name, we have a wide range of contacts across sectors which enables us to identify and research the best opportunities and work with the best management teams. Sectors of particular interest to us include energy, media, financial services, support services, leisure, technology and industrials.

We identify and acquire companies using investment criteria we have honed over 28 years in business. We work in close partnership with skilled management teams to build substantial businesses with excellent prospects.

Talented management is all-important. We back ambitious, entrepreneurial teams in companies with dynamic growth profiles. We look for cash-generative businesses which have strong competitive positions in expanding markets.

Within our investee companies we see our role as helping top managers perform at their best. We contribute financial expertise and can support growth plans with follow-on funds as needed. We act as partners to build long-term value for these businesses. When the time comes to realise investments, we seek exits that reward all participants fully for their time, capital and risk.

Our business objectives:

- to achieve above average capital gains from our investments; and
- to maintain a progressive dividend policy for our shareholders.

References in this interim financial statement to Candover mean Candover Investments plc and/or, where appropriate, one or more of its subsidiaries.

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be obtainable from the issuer or its agents and would contain detailed information about the issuer of the securities and its management, as well as financial statements. Neither this document nor the information contained herein constitutes an offer to sell or the solicitation of an offer to buy any securities. These materials do not constitute an offer of securities for sale in the United States. No money, securities or other consideration is being solicited, and, if sent in response to the information contained herein, will not be accepted.

# HIGHLIGHTS

## Outperformance against FTSE All-Share over six months

# +12.4%

Net assets per share of 2051p, a decrease of 0.7% since 31st December, 2007 (31st December, 2007: 2065p). FTSE All-Share decreased by 13.1% over the same period.

## NAV 12 months' growth

# +11.0%

Net assets per share of 2051p, an increase of 11.0% since 30th June, 2007 (30th June, 2007: 1848p). FTSE All-Share decreased by 16.1% over the full year.

## Interim dividend growth

# +10.0%

Interim dividend increased by 10% to 22.0p (2007: 20.0p).

## COMPANY STRUCTURE

### CANDOVER INVESTMENTS PLC

#### Candover as an investment trust

Key performance measures:

- Net asset value growth
- Profit and dividend growth

### CANDOVER PARTNERS LIMITED

A wholly owned subsidiary. Responsible for investment decisions and management of the funds.

#### Candover as a fund manager

Key performance measures:

- Return on investments
- Fund raising

## Funds

### Candover 1997 Fund

£850.0 million fund of which Candover committed €300.0 million

### Candover 2001 Fund

€2.7 billion fund of which Candover committed €300.0 million

### Candover 2005 Fund

€3.5 billion fund of which Candover committed €500.0 million

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# CHAIRMAN'S STATEMENT



Gerry Grimstone  
Chairman

## Introduction

Candover continues to make good progress despite the economic slowdown, with the value of our portfolio being largely maintained. Net assets per share showed a modest decline of 0.7% over the six months to 30th June, 2008, compared to a decrease of 13.1% in the FTSE All-Share Index over the same period. Year on year, however, our net assets per share increased by 11.0% over the 12 months to 30th June, 2008 compared with a decrease of 16.1% in the FTSE All-Share Index.

At 30th June, 2008, the unaudited net assets attributable to the ordinary shares were £448.3 million compared to £451.3 million at 31st December, 2007. Net assets per share were 2051p compared to 2065p at 31st December, 2007 and 1848p at 30th June, 2007.

## Our performance

The net asset value has remained broadly in line with the December 2007 level. The increase in the value of unrealised investments of £5.7 million incorporates favourable currency movements of £20.6 million. This has been offset by the reduction in retained earnings following the payment of the final dividend for the previous year.

The valuation of financial investments at 30th June, 2008 was £424.5 million, compared to £344.9 million at 31st December, 2007 and reflects new investments net of realisations of

£73.9 million, and a net increase of £5.7 million in the valuation of investments. The sale of the residual shares in Wellstream and Aspen realised proceeds of £24.1 million, and as a result, the value ascribed to Candover's share of the carried interest in the 2001 Fund was increased by £3.4 million (16p per share) to £24.4 million.

Profits before tax for the six months under review were £9.5 million, compared to £10.6 million for the first half of 2007. This reflects our current cautious view on fixed asset investment income given the uncertain outlook for the European economy.

Cash and liquid assets, net of loans of £158.1 million, totalled £25.0 million compared with £114.2 million at 31st December, 2007.

The strength of the euro against the pound in the first half of the year benefited the valuation of our portfolio and, combined with movements on our cash portfolio net of debt, added about 87p to our NAV. We will continue to monitor our exposure to foreign currencies and, if need be, will take appropriate action to reduce our exposure to such movements.

## Our environment

As expected, European buyout market activity in the first half of 2008 was significantly lower than during the first half of 2007, with values down by more than 58% from €115 billion to €48 billion. This was largely due to a shortage in the availability of debt for the larger transactions that historically have accounted for the majority of the market in value terms. We expect the difficult market conditions to continue in the second half, and we anticipate that the buyout market in 2008 will be significantly behind the records set in recent years.

## Dividends

The Board has decided to increase the interim dividend by 10.0% to 22.0p per ordinary share compared to 20.0p per ordinary share last year. The dividend will be paid on 15th October, 2008 to shareholders on the register at 19th September, 2008.

## The Candover 2008 Fund

In March it was announced that we had commenced marketing our tenth fund, the Candover 2008 Fund, with a target of €5.0 billion. The Fund held its first closing in August with total commitments of €2.8 billion. Candover committed €1.0 billion to the Fund. The 2008 Fund has already made its first investment, contributing two thirds of the funding for Expro International, with the 2005 Fund providing one third.

## The Board

There have been several changes to the Board during the period. Jimmy West retired from the Board at the AGM in May, having served as a director for over 20 years, and we are very grateful for his contribution to the company during that time. He has been succeeded as Senior Independent Director by Antony Hichens.

Lord Jay of Ewelme and Nicholas Jones were appointed as non-executive directors during the period and we are delighted to welcome them to the Board. As previously reported, Michael Jay was the Permanent Under-Secretary at the Foreign Office and Head of the Diplomatic Service. Nicholas was until recently Vice Chairman of Lazard in London.

## Geographic expansion

We continue to explore ways to enhance shareholder value. Whilst our primary focus remains on pan-European buyouts, we believe that our experience in Europe over the past 28 years puts us in a strong position to expand into new regions, although we intend to tread cautiously.

The Candover Asia operation is now up and running with the opening of an office in Hong Kong. The Asian team is led by Jamie Paton, who set up 3i's North Asian business. He has been joined by five other experienced individuals. We expect to open an office in Mumbai shortly.

We have also established a new team to focus on opportunities in Eastern Europe, led by Lindsay Stuart, who has 25 years of private equity experience. We believe that the continued

economic development of Eastern Europe represents an interesting opportunity for Candover. The team of four will initially be based in London.

We have also strengthened our pan-European buyout team with a number of hires, bringing the team up to 43 investment executives.

## Prospects

The value of Candover's portfolio has been largely maintained despite the continued economic uncertainty. The recent investments in Technogym and Expro International show that Candover is very much open for business despite the credit crisis. Although no company can be immune from the economic pressures facing Europe at the present time, we believe our portfolio to be in good shape and we continue to believe that this is a good time to invest with company valuations and debt multiples back to more sensible levels. Realisations, however, will be harder to achieve.

The first closing of the Candover 2008 Fund marks a significant milestone in our activities, and we expect that our commitment of €1.0 billion to this Fund will help underpin Candover's continued success.



**Gerry Grimstone**  
Chairman  
27th August, 2008

# INTERIM MANAGEMENT REPORT

Despite the slowdown in European buyout activity, Candover has made a strong start to the year with one investment, two realisations and a refinancing achieved during the half year, and a further two investments made since the period end.

## Investments

In January, Candover and the 2005 Fund invested £351.8 million in Stork, a diversified Dutch engineering conglomerate active in component manufacturing for civil and military aerospace, maintenance and support of aeroplanes (mainly Fokker aircraft) and provision of technical services.

Since the period end, Candover and the 2005 Fund invested £141.8 million for a significant minority stake in Technogym. The company is a global leader in the design, production and marketing of premium fitness equipment and wellness products which serves the major fitness club chains, as well as professional customers in the hospitality, corporate, education, medical and military markets.

Additionally, Candover and the 2005 and 2008 Funds completed the acquisition of Expro International, an oilfield services business which provides products and services to commission, measure and improve the flow management of oil and gas wells. Candover and the 2005 and 2008 Funds invested £473.6 million in total. Candover and the 2005 Fund initially acquired an 8% stake in Expro during the half year, prior to a consortium completing the delisting in August. Candover's final investment amount will be increased, but that amount will depend on the level of syndication.

## Investments

Date of investment	Company	Activity	Candover £m	2005 Fund £m
January	Stork	Engineering	49.9	301.9
April	Expro International	Oilfield services	31.1	133.8
			81.0	435.7

Candover also made four investments during the half year in existing portfolio companies:

- £3.8 million in Gala Coral, alongside £30.1 million provided by the 2001 Fund, as part of a refinancing;
- £15.7 million in Parques Reunidos, alongside £95.3 million provided by the 2005 Fund to fund follow-on acquisitions;
- £1.1 million in Alma, alongside £6.7 million provided by the 2005 Fund to fund a follow-on acquisition; and
- £0.8 million in Ferretti, alongside £4.7 million provided by the 2005 Fund as part of a restructuring within the holding company.

## Realisations

Candover and its managed funds achieved realisation proceeds totalling £292.1 million during the period; Candover's share was £31.7 million.

In April, we sold our residual shares in Wellstream. The shares have performed extremely well since listing at 320p per share in April 2007. We sold our shares for 1210p per share in April 2008, bringing Wellstream's overall investment multiple to 6.9 times the original investment. In May we sold our residual shares in Aspen, and together with earlier proceeds, the investment generated an investment multiple (at constant currency movements) of 1.9 times the original investment. In addition, Wood Mackenzie completed its second refinancing, and has now returned 0.8 times the original investment.

## Realisations

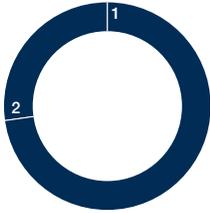
Date of exit	Company	Proceeds		Exit route
		Candover £m	2001 Fund £m	
April	Wellstream	15.6	143.6	Sale of quoted stock
April	Wood Mackenzie	5.3	49.1	Refinancing
May	Aspen	8.5	67.7	Sale of quoted stock
	Other	2.3	–	
		31.7	260.4	

## Investments

Analysis by value as at 30th June, 2008

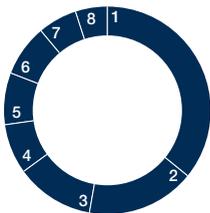
### By valuation method

1. Multiple of earnings 73%
2. Cost 27%



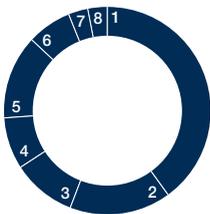
### By region

1. United Kingdom 36%
2. Benelux 17%
3. Italy 12%
4. France 8%
5. Spain 8%
6. Scandinavia 8%
7. Germany 6%
8. Switzerland 5%



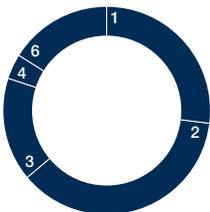
### By sector

1. Industrials 40%
2. Support services 16%
3. Leisure 10%
4. Financials 8%
5. Energy 13%
6. Media 7%
7. Health 3%
8. External funds 3%



### By age

1. <1 year 27%
2. 1-2 years 37%
3. 2-3 years 16%
4. 3-4 years 4%
5. 4-5 years 0%
6. >5 years 16%



## Valuations

The portfolio continues to diversify by sector and geography. The value attributed to UK-based companies reduced from 44% at the year end to 36% at the period end, and we would expect this to fall further in the coming years as Candover seeks to diversify its portfolio across Europe as well as into Asia and Eastern Europe. Industrial companies make up 40% of the portfolio, although the diversity within that group ensures that we are not over-exposed to a particular niche, with companies ranging from precision optics to luxury motor yacht manufacturers.

Our continued success at completing transactions since the start of the credit crunch is reflected in the immaturity of the portfolio: 27% of the portfolio is less than a year old; 64% of the portfolio is less than two years old.

The 20 largest companies represent 99% of the portfolio.

## Outlook

Looking ahead, there can be no doubt that the markets in which we operate will continue to be challenging. We do not foresee any easing of the tight credit market conditions in the short term and this will continue to have an impact on the industry as a whole, with financing costs increasing and levels of activity remaining depressed. However, we consider that current market conditions present us with more opportunities than challenges and believe that we can maintain the momentum we have achieved so far this year.

Colin Buffin  
Managing Director  
Candover Partners Limited  
27th August, 2008

Marek Gumienny  
Managing Director  
Candover Partners Limited  
27th August, 2008

# 20 LARGEST INVESTMENTS

AS AT 30TH JUNE, 2008

Investment	Geography	Date of investment
<b>Stork</b> Engineering conglomerate	Netherlands	January 2008
<b>Ferretti</b> Luxury yacht manufacturer	Italy	January 2007
<b>Expro International</b> Oilfield services	UK	April 2008
<b>Hilding Anders</b> Bed manufacturer	Sweden	December 2006
<b>Parques Reunidos</b> Operator of attraction parks	Spain	March 2007
<b>DX Group</b> Mail services	UK	September 2006
<b>Springer Science + Business Media</b> Academic publisher	Germany	January/ September 2003
<b>Alma Consulting Group</b> Cost reduction and tax recovery services	France	December 2007
<b>EurotaxGlass's</b> Automotive data intelligence	Switzerland	June 2006
<b>Wood Mackenzie</b> Energy research	UK	July 2005/ October 2007
<b>ALcontrol</b> Laboratory testing	UK	December 2004
<b>Qioptiq</b> Optical engineering	UK	December 2005
<b>Ontex</b> Hygienic disposables	Belgium	January 2003/ July 2007
<b>Capital Safety Group</b> Fall protection equipment	UK	June 2007
<b>Gala Coral</b> Retail gaming	UK	March 2003/ October 2005
<b>Equity Trust</b> Trust services	UK	May 2003
<b>Ciclad 4</b> French buyout fund	France	July 2005
<b>ICG Mezzanine Fund 2003</b> Mezzanine fund	UK	March 2004
<b>Ono</b> Cable TV	Spain	November 2005
<b>Ciclad 3</b> French buyout fund	France	April 2000

Note 1. Candover's final investment amount, and therefore its effective equity interest, will depend on the level of syndication.

Residual cost of investment £000	Directors' valuation £000	Effective equity interest (fully diluted)	% of Candover's net assets	Basis of valuation
49,862	53,037	6.5%	11.8%	Transaction value
32,879	48,572	5.5%	10.8%	Multiple of earnings
31,069	31,069	See note 1	6.9%	Transaction value
27,418	30,942	9.1%	6.9%	Multiple of earnings
26,176	28,227	5.6%	6.3%	Multiple of earnings
28,038	28,038	8.9%	6.3%	Multiple of earnings
573	24,989	4.0%	5.6%	Multiple of earnings
20,504	22,746	5.5%	5.1%	Transaction value
17,394	20,018	8.0%	4.5%	Multiple of earnings
1,775	18,987	6.3%	4.2%	Multiple of earnings
13,202	15,131	6.8%	3.4%	Multiple of earnings
9,567	13,732	7.4%	3.1%	Multiple of earnings
21,324	12,710	6.3%	2.8%	Multiple of earnings
11,433	11,308	6.4%	2.5%	Multiple of earnings
28,623	10,621	1.8%	2.4%	Multiple of earnings
7,587	8,561	5.5%	1.9%	Multiple of earnings
3,912	5,210	NA	1.2%	Multiple of earnings
3,181	3,613	NA	0.8%	Multiple of earnings
3,083	3,598	0.2%	0.8%	Multiple of earnings
Nil	3,563	NA	0.8%	Multiple of earnings

## PRINCIPAL RISKS AND UNCERTAINTIES

Details of the principal risks and uncertainties facing the Group were set out on pages 61 to 68 of the 2007 Annual Report and Accounts, a copy of which is available on the website. In summary, those risks and uncertainties were as follows: market risk, currency risk (in particular the euro and US dollar), interest rate risk, other price risk, liquidity risk, credit risk, fair values of financial assets and financial liabilities and capital management policies and procedures.

The principal risks and uncertainties identified in the 2007 Annual Report remain unchanged and each of them has the potential to affect the Group's results during the remainder of 2008.

Candover aims to minimise risk by:

- Diversifying the portfolio by size, sector and geography;
- Monitoring the Group's exposure to foreign currencies and fixed interest securities;

- Using foreign currency borrowing and derivative financial instruments to reduce the Group's exposure to future exchange rate movements;
- Ensuring full and timely access to relevant information from the investee companies and attending board meetings;
- Managing cash and non-cash equivalents in such a way that they are readily realisable to meet investment and operating needs; and
- Monitoring and reviewing the broad structure of the Group's capital on an ongoing basis.

Our views on the current market conditions are reflected in the Chairman's statement and interim management 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 11 to 15 have been prepared in accordance with IAS 34 'Interim Financial Reporting', and that the interim management report on pages 4 and 5 includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The directors of Candover Investments plc are listed on page 16.

By order of the Board

**Andrew Moberly**  
Company Secretary  
27th August, 2008

# INDEPENDENT REVIEW REPORT TO 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 for the six months ended 30th June, 2008 which comprises the Group income statement, Statement of recognised income and expenses, Reconciliation of movements in equity, Group balance sheet, 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, 2008 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

Auditor  
London  
27th August, 2008

# GROUP INCOME STATEMENT

## FOR THE PERIOD ENDED 30TH JUNE, 2008

Unaudited	Six months to 30th June, 2008			Six months to 30th June, 2007			Year to 31st December, 2007		
	Revenue £000	Capital £000	Total* £000	Revenue £000	Capital £000	Total* £000	Revenue £000	Capital £000	Total* £000
<b>Gains on financial investments and cash equivalents at fair value through profit and loss</b>									
Realised gains and losses	-	15,083	15,083	-	9,520	9,520	-	70,012	70,012
Unrealised gains and losses	-	6,663	6,663	-	70,545	70,545	-	64,292	64,292
	-	21,746	21,746	-	80,065	80,065	-	134,304	134,304
<b>Revenue</b>									
Management fees from managed funds	19,973	-	19,973	18,855	-	18,855	37,400	-	37,400
Investment and other income	11,978	-	11,978	10,688	-	10,688	21,888	-	21,888
	31,951	-	31,951	29,543	-	29,543	59,288	-	59,288
Administrative expenses	(21,358)	(5,830)	(27,188)	(18,934)	(5,296)	(24,230)	(37,920)	(9,339)	(47,259)
<b>Profit before finance costs and taxation</b>	10,593	15,916	26,509	10,609	74,769	85,378	21,368	124,965	146,333
Finance costs	(1,132)	(4,718)	(5,850)	(10)	(260)	(270)	(369)	(1,984)	(2,353)
Movement in the fair value of derivatives	-	(14,832)	(14,832)	-	-	-	-	(1,989)	(1,989)
Exchange movements on borrowings	-	(1,402)	(1,402)	-	-	-	-	(3,567)	(3,567)
<b>Profit before taxation</b>	9,461	(5,036)	4,425	10,599	74,509	85,108	20,999	117,425	138,424
Taxation	(2,743)	3,006	263	(3,308)	1,522	(1,786)	(6,880)	3,397	(3,483)
<b>Profit attributable to equity shareholders</b>	6,718	(2,030)	4,688	7,291	76,031	83,322	14,119	120,822	134,941
Earnings per ordinary share									
Basic	30p	(9)p	21p	33p	348p	381p	64p	553p	617p
Diluted	30p	(9)p	21p	33p	348p	381p	64p	552p	616p
Dividends paid (£000)	8,743	-	8,743	7,918	-	7,918	12,290	-	12,290

An interim dividend in respect of 2008 of 22p per ordinary share, amounting to a total dividend of £4,808,000, is proposed. This dividend is not reflected in the interim financial statement.

\* The total column represents the Income Statement under IFRS.

# STATEMENT OF RECOGNISED INCOME AND EXPENSES

FOR THE PERIOD ENDED 30TH JUNE, 2008

	Six months to 30th June, 2008 £000	Six months to 30th June, 2007 £000	Year to 31st December, 2007 £000
Unaudited			
<b>Profit attributable to equity shareholders</b>	<b>4,688</b>	83,322	134,941
Exchange differences on translation of foreign operations	(178)	(40)	(111)
<b>Total recognised income and expenses</b>	<b>4,510</b>	83,282	134,830

# RECONCILIATION OF MOVEMENTS IN EQUITY

FOR THE PERIOD ENDED 30TH JUNE, 2008

	Six months to 30th June, 2008 £000	Six months to 30th June, 2007 £000	Year to 31st December, 2007 £000
Unaudited			
<b>Opening total equity</b>	<b>451,265</b>	328,521	328,521
Total recognised income and expenses	4,510	83,282	134,830
Return of cash	–	(66)	(67)
Share-based payments	1,263	–	271
Dividends	(8,743)	(7,918)	(12,290)
<b>Closing total equity</b>	<b>448,295</b>	403,819	451,265

# GROUP BALANCE SHEET

AT 30TH JUNE, 2008

Unaudited	Notes	30th June, 2008		30th June, 2007		31st December, 2007	
		£000	£000	£000	£000	£000	£000
<b>Non-current assets</b>							
Property, plant and equipment			3,962	3,311			4,146
Financial investments designated at fair value through profit and loss							
Investee companies	3	399,663		359,313		323,477	
Other financial investments	3	24,828		19,051		21,407	
			424,491		378,364		344,884
Deferred tax asset			6,066		4,894		4,894
			434,519		386,569		353,924
<b>Current assets</b>							
Trade and other receivables		32,697		33,782		33,574	
Derivative financial instruments		7,312		–		8,374	
Cash and cash equivalents		183,083		18,482		240,309	
			223,092		52,264		282,257
<b>Current liabilities</b>							
Trade and other payables		(26,289)		(21,548)		(49,462)	
Loans and borrowings		–		(11,523)		–	
Derivative financial instruments		(24,049)		–		(7,731)	
Current tax liabilities		(916)		(1,943)		(1,658)	
			(51,254)		(35,014)		(58,851)
<b>Net current assets</b>			171,838		17,250		223,406
<b>Total assets less current liabilities</b>			606,357		403,819		577,330
<b>Non-current liabilities</b>							
Loans and borrowings			(158,062)		–		(126,065)
<b>Net assets</b>			448,295		403,819		451,265
<b>Equity attributable to equity holders</b>							
Called up share capital		5,464		5,464		5,464	
Share premium account		1,232		1,232		1,232	
Share-based payment reserve		1,534		–		271	
Translation reserve		(308)		(59)		(130)	
Capital redemption reserve		499		499		499	
Capital reserve – realised		359,085		253,731		326,593	
Capital reserve – unrealised		42,961		105,555		77,483	
Revenue reserve		37,828		37,397		39,853	
<b>Total equity</b>			448,295		403,819		451,265
<b>Net asset value per share</b>							
Basic			2051p		1848p		2065p
Diluted			1996p		1848p		2048p

# GROUP CASH FLOW STATEMENT

## FOR THE PERIOD ENDED 30TH JUNE, 2008

Unaudited	Six months to 30th June, 2008		Six months to 30th June, 2007		Year to 31st December, 2007	
	£000	£000	£000	£000	£000	£000
<b>Cash flow from operating activities</b>						
Cash flow from operations	(16,897)		(627)		33,068	
Interest paid	(4,765)		(295)		(637)	
Tax paid	(1,651)		(3,962)		(5,944)	
<b>Net cash from operating activities</b>		<b>(23,313)</b>		<b>(4,884)</b>		<b>26,487</b>
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(267)		(1,841)		(3,146)	
Purchase of financial investments	(103,485)		(55,334)		(90,485)	
Sale of property, plant and equipment	–		–		92	
Sale of financial investments	31,684		52,852		162,415	
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(72,068)</b>		<b>(4,323)</b>		<b>68,876</b>
<b>Cash flows from financing activities</b>						
Equity dividends paid	(8,743)		(7,918)		(12,315)	
Return of cash	–		(5,064)		(5,064)	
Loans repayments	–		(22,212)		(33,735)	
Advances of loans	32,958		–		119,870	
<b>Net cash from financing activities</b>		<b>24,215</b>		<b>(35,194)</b>		<b>68,756</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(71,166)</b>		<b>(44,401)</b>		<b>164,119</b>
<b>Opening cash and cash equivalents</b>		<b>240,309</b>		<b>63,437</b>		<b>63,437</b>
Effect of exchange rates and revaluation on cash and cash equivalents		13,940		(554)		12,753
<b>Closing cash and cash equivalents</b>		<b>183,083</b>		<b>18,482</b>		<b>240,309</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Note 1 – General information

The information for the year ended 31st December, 2007 does not constitute statutory accounts as defined in Section 240 of the United Kingdom Companies Act 1985. Comparative figures for 31st December, 2007 are taken from the full accounts, which have been delivered to the Registrar of Companies and contain an unqualified audit report and did not contain a statement under Section 237(2) or Section 237(3) of the Companies Act 1985.

## 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, 2007, and in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

## Note 3 – Financial investments designated at fair value through profit and loss

	Six months to 30th June, 2008 £000	Six months to 30th June, 2007 £000	Year to 31st December, 2007 £000
Opening valuation	344,884	295,263	295,263
Additions at cost	103,485	55,334	90,485
Disposals	(29,588)	(42,606)	(96,468)
Appreciation	5,710	70,373	55,604
Closing valuation	424,491	378,364	344,884

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

## Note 4 – Related party transactions

The Company's interest in the Candover 1997, 2001 and 2005 Funds is disclosed in note 10 on page 54 of the 2007 Annual Report and Accounts.

As at 30th June, 2008, Candover's investments as a Special Limited Partner in the 2001 and 2005 Funds were valued at £24,452,000 and £248,000 respectively (31st December, 2007: 2001 Fund £21,005,000 and 2005 Fund £202,000). Candover's investment in the unauthorised unit trust, which is a Special Limited Partner in the 1997 Fund, was valued at £128,000 (31st December, 2007: £200,000).

The directors have authorised commitments of €500.0 million and €300.0 million, which will be invested pro rata and in parallel with the Candover 2005 Fund and Candover 2001 Fund respectively. At 30th June, 2008, the outstanding commitment to the Candover 2005 Fund was €128.7 million (31st December, 2007: €236.7 million), and the outstanding commitment to the Candover 2001 Fund was €4.4 million (31st December, 2007: €10.5 million). At 30th June, 2008, the outstanding commitments to other investment funds were €5.1 million (31st December, 2007: €6.0 million).

The Company's subsidiaries are listed in note 11 on page 55 of the 2007 Annual Report, which includes a description of the nature of their business. The table below lists those subsidiaries set up during the half year.

	Nature of business	Country of incorporation	Issued share capital
Candover Asia Limited	Identifying investment opportunities in Asia	Hong Kong	HK\$1
Candover Eastern European Partners Limited	Identifying investment opportunities in Eastern Europe	England & Wales	£1
Candover 2008 GP Limited	General Partner of the Candover 2008 Fund	Guernsey	£10,000

During the period the Company undertook transactions with Candover Services Limited which provided investment and administration services to the Company, for which the Company was charged £6,667,000 (2007: £6,667,000).

## Note 5 – Post balance sheet events

Since the period end, Candover committed €1.0 billion to the 2008 Fund. Candover also invested £20.1 million in Technogym and completed the delisting of Expro International. Candover's eventual investment in Expro International will depend on the level of syndication.

# FURTHER INFORMATION

## Information for shareholders

### 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/](http://www.candoverinvestments.com/) and [www.candoverinvestments.com/investor-info/price-graph](http://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](http://www.candoverinvestments.com)

### Latest plc news

[www.candoverinvestments.com/media/latest-plc-news](http://www.candoverinvestments.com/media/latest-plc-news)

### Dividend History

[www.candoverinvestments.com/financial-performance/dividend-his](http://www.candoverinvestments.com/financial-performance/dividend-his)



## Registrars

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

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Email [ssd@capitaregistrars.com](mailto:ssd@capitaregistrars.com)

\* Calls cost 10p per minute plus network extras

## Board of directors

**G E Grimstone \*†**

Non-executive Chairman

**A P Hichens MBA §†**

Non-executive, nominations committee chairman  
Senior Independent Director

**Lord Jay of Ewelme GCMG §†**

Non-executive

**N M H Jones FCA §\***

Non-executive

**C Russell FSIP FCA §\***

Non-executive, audit committee chairman

**R A Stone FCA §†**

Non-executive, remuneration committee chairman

\* Member of the remuneration committee

§ Member of the audit committee

† Member of the nominations committee



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