



Press release

For immediate release on 1st March 2010

Candover Investments plc Preliminary unaudited results for the year ended 31st December 2009

Business highlights

- Financial stability substantially improved through a combination of asset sales, increased investment valuations and a lower cost base
- Investment period of Candover 2008 Fund terminated in January 2010, releasing Candover from all liabilities including further investment commitments
- Candover Partners currently focused on maximising the value from existing portfolio and exploring options to rebuild investment capacity

Financial headlines

- Net assets per share of 1038p, an increase of 15.1% compared to the NAV at 30th June 2009 (902p); up 1.2% against 31st December 2008 (1026p). Rise in NAV driven by steady recovery in underlying portfolio valuations, largely due to increase in valuation multiples particularly with respect to Expro International
- Net debt of £74.8 million as at 31st December 2009 - including £106.3 million of cash or cash equivalents - representing a loan-to-value ratio of 26% (2008: 34%), well within the required threshold of 40%
- Net debt reduced to £60.1 million and loan-to-value ratio falls to 23% on a pro-forma basis following post year end combined cash proceeds of £14.7 million from the sale of Springer Science+Business Media and a further Candover 2001 Fund carry payment
- Outstanding investment commitments to the Candover 2005 Fund of £80.8 million more than twice covered by cash and undrawn bank facilities

Portfolio

- Wood Mackenzie realised at a 2.7x multiple and an IRR of 56% and Springer realised at a 1.8x multiple and an IRR of 28%
- Successful capital restructuring of Hilding Anders with Candover maintaining control and the \$1.4 billion refinancing of Expro International's entire senior debt in the high yield bond market
- Portfolio management by Candover Partners targeted on ensuring each investee company has appropriate capital structure and is well positioned to maximise profitability and cash flow either organically or by acquisition
- Six of the ten largest investments delivering earnings ahead of prior year with all portfolio companies well positioned to grow in 2010



Malcolm Fallen, Chief Executive Officer, said:

“We have taken decisive action over the past year to ensure that Candover is on a much more stable footing. The strategic review and the subsequent restructuring of the firm and the Candover 2008 Fund, together with some timely asset realisations, have all contributed to our much-improved financial health. Our priority for the year ahead is to build on that progress and begin to explore the options to build an enduring business which creates value for all of Candover’s investors.

“We are committed to supporting the high quality team of investment professionals at Candover Partners, who are clearly focused on delivering the value inherent in the portfolio. We will also work with them to consider how and when to rebuild investment capacity in the light of the changed environment. We believe that Candover is well positioned to move forward against an uncertain external backdrop.”

Ends.

*Candover means Candover Investments plc and / or one or more of its subsidiaries

** Candover Investments means Candover Investments plc

***Candover Partners means Candover Partners Limited

For further information, please contact:

Candover
Malcolm Fallen
Helen Walsh

+44 20 7489 9848

Tulchan
Susanna Voyle
Peter Hewer

+44 20 7353 4200



Business review

Overview

The last year was one of enormous challenge for all participants in the private equity industry – and Candover was clearly not immune. There was an unprecedented decline in investments, realisations and fund raising activities caused by an economic slowdown across the world, the near collapse of the global banking system and the tightening in credit markets. These events, combined with lower valuations and weaker trading in portfolio companies, forced many private equity houses to reappraise their strategies. Candover faced all these challenges which in our case were amplified by the structural aspects unique to our long-standing business model.

Over the course of the last year we took decisive action. Candover has moved to a situation in which its overall stability is much improved, from a position of financial and corporate uncertainty. The strategic review conducted in the first half of the year, the subsequent essential restructuring of the business and the Candover 2008 Fund, together with the timely benefit of asset realisations and an improvement in the external environment, have all contributed to our much improved financial health.

Performance

The Company's net assets per share increased by 1.2% over the year to 1038 pence (2008: 1026 pence) after non-recurring exceptional costs of £17.1 million and adverse currency movements of £20.2 million. At the half year we reported a 12.1% decrease in net assets per share, but in the second half of the year there was a steady recovery in the underlying value of the portfolio, resulting in net assets per share up 15.1% at the year end. This was mainly due to an increase in the multiples derived from the quoted markets which we use when valuing our assets.

Asset sales made a major contribution to our stabilisation, with the sale of Wood Mackenzie by Candover Partners in July substantially improving our financial position. The Company received cash proceeds of £36.4 million, which included £16.8 million from the crystallisation of carried interest payments from the Candover 2001 Fund. During the year, we also sold our interest in three French buyout funds for £5.3 million. The positive impact of these events helped us manage our net debt position and greatly enhanced our ability to meet the covenant obligations on our loan notes.

In December 2009 Candover acquired the remaining tranche of Expro International shares. As outlined last year this tranche of shares had been held in a separate entity, which was guaranteed by the Company, following the purchase of Expro International in July 2008. This structure was created to enable the Limited Partners in the Candover 2008 Fund (which had not had a first closing at the time of the Expro International transaction) to participate in the investment by way of syndication. After the first and second closings, €43.2 million (£40.0 million) remained in the entity pending syndication, which, following the suspension of the Candover 2008 Fund, did not take place. As a result, this stake was taken onto our balance sheet at the year end.

The combination of realisations, the restructuring costs and the impact of acquiring the additional Expro International investment has resulted in our net debt at the year end rising to £74.8 million against £54.5 million at the start of 2009. At 31st December 2009, our loan-to-value ratio was 26%, (compared to 34% a year earlier) and 25% at 30th June - well within the required threshold of 40% as required under the terms of our loan note. The improvement in our loan-to-value ratio reflects the uplift in the value of our investments. Our cash of £106.3 million, and an undrawn £100.0 million bank facility, mean that we have access to sufficient capital to meet our follow-on commitments of £80.8 million to the Candover 2005 Fund.



Since the year end, the Company has received a further £14.7 million by way of proceeds from the sale of Springer Science+Business Media by Candover Partners, together with a further carried interest payment from the Candover 2001 Fund. The effect of these cash proceeds has been to reduce net debt on a pro forma basis to £60.1 million and the loan-to-value ratio to 23%.

The current portfolio does have both sector and geographical diversity, but one of the consequences of the realisations and the acquisition of the additional stake in Expro International, is the increase in its concentration during the last year. As at 31st December 2009 the ten largest investments comprised 87.7% of Candover's investment value (2008: 85.4% on a like-for-like basis), with Expro International individually accounting for 29.9% (2008: 21.2%). This concentration will continue as further realisations occur.

Dividend

In light of the financial results for the year, the Board has decided that it is not yet appropriate to recommend that the Company pays a dividend. However, the Board expects to recommend restarting the payment of dividends when the Company is in an appropriate position to do so.

Strategic review and the Candover 2008 Fund

The first half of the year was particularly testing and we undertook a comprehensive review of strategic options as we sought to reinforce our financial position and maximise value for shareholders. The outcome was a radical restructuring in the scope and scale of our operations. We considered a range of other options for the business, including expressions of interest in acquiring the Company. However, after careful consideration, we concluded that none of these would deliver superior value for shareholders compared with the anticipated benefits from the future realisation of the portfolio.

Our work on strategy went hand-in-hand with the process of reaching agreement with Candover Partners and the Limited Partners of the Candover 2008 Fund over the future of that fund. The investment period of the Candover 2008 Fund was put into suspension in March 2009 in order to allow talks on its future to be concluded following our assessment that we would not be able to maintain our €1.0 billion commitment. These talks concluded that it would not be appropriate to resurrect the Candover 2008 Fund and shortly after the year end we announced that agreement had been reached to terminate the investment period of the Fund.

The Candover 2008 Fund's sole investment is in Expro International. Under the agreement, investor commitments have been scaled back pro rata to meet the cost of the Expro International investment. Additionally, a follow-on reserve of €100 million has been created to allow Expro International to continue to take advantage of market opportunities. The Company will not be contributing to this follow-on reserve. The other key terms of the agreement are that the Company will surrender its Candover 2008 Fund carry entitlement to the Limited Partners and that all Limited Partners have waived any claims that they may have against the Company and Candover Partners as a result of our withdrawal from the Candover 2008 Fund.

Overall, we believe that the Candover 2008 Fund was terminated on terms satisfactory to Candover Investments plc.

The impact of the formal termination of the Candover 2008 Fund, taken together with other key events since March 2009, leaves us with the financial strength to meet our remaining investment commitments to the Candover 2005 Fund. This can be seen by looking at the Company's uncalled commitments position from a "before and after" perspective as illustrated in the table below. The ratio of outstanding commitments to net assets has fallen from 393% to 36%, whilst the ratio of cash and undrawn bank facilities to outstanding commitments has risen from 23% to 255%.

| | Candover 2005/2008 Fund¹ outstanding commitments | Candover 2005 Fund commitments only |
|---|--|--|
| Outstanding commitments as at 31 st December 2009 | €994m | €90m |
| Net assets as at 31 st December 2009 ² | €253m | €253m |
| Ratio of outstanding commitments to net assets | 393% | 36% |
| Ratio of cash & undrawn facilities to outstanding commitments | 23% | 255% |

¹ Outstanding investment commitments: €904m (Candover 2008 Fund) and €90m (Candover 2005 Fund)

² Net assets converted at a year end exchange rate of €1.1112

Candover Partners

During 2009 we considered carefully the validity of the structure of our business model; specifically, whether a listed public company which invests, realises and recycles profits through a wholly owned discretionary fund manager, who owes fiduciary duties to its third party Limited Partner investors, had sufficient control over its own destiny. As part of this, we reviewed the various internal arrangements that operated within the Company and considered the legal separation of Candover Partners from the Company.

We concluded that the informal arrangements that existed between Candover Partners and the Company were not sufficiently robust. Importantly since the year end, we have entered into a binding agreement with Candover Partners which formalises the relationship between the Company as an investor and Candover Partners as its asset manager. The agreement sets clear rules for our financial arrangements with Candover Partners which are market based and defines the administrative services required by the Company.

We do not believe that legal separation is a current priority as the interests of the Company and Candover Partners are closely aligned at this point in time, with the principal aim being the maximising of value from the existing portfolio in the interests of all investors.

Together with Candover Partners, we analysed the level of operating resources appropriate to our changed environment and this resulted in a reduction in staffing from 100 at the start of 2009 to 42 today. We also closed our nascent operations in Asia and Eastern Europe.

We are committed to supporting the restructured Candover Partners' team to enable them to deliver the value in the portfolio.



Board structure and management

At the beginning of the year, the Board was entirely non-executive and Candover Investments had no separate executive management. This was not satisfactory given the turmoil we faced. Malcolm Fallen joined the Company on an interim basis in March 2009, and was appointed CEO in September. His appointment was not only instrumental in helping achieve stability but also has redefined our operational model thereby helping to manage the potential conflicts in our structure. We are confident that Malcolm's leadership will continue to be an important factor in driving the business forward and in the creation of future value for shareholders.

The restructuring of Candover Partners provided the opportunity to implement its long-planned succession strategy. John Arney was appointed Managing Partner, a new position, responsible for strategy and management while Marek Gumienny became Chairman of Candover Partners. Following the resolution of the Candover 2008 Fund discussions, Colin Buffin left the Company after 25 years and we would like to thank him and other departed colleagues for their immense contribution to the development of the business.

There will be further changes to the Board in 2010 to reflect the fact that Candover is now a smaller company managed by a full time CEO. The Board will reduce in size from seven non-executive positions to four, with Antony Hitchens, Chris Russell and Nicholas Jones stepping down at the AGM. All three are to be thanked for their service over the years, with Antony notably having served as a non-executive for 21 years, latterly as the Senior Independent Director. Richard Stone will become Chairman of the audit committee, Lord Jay will become the Senior Independent Director, Jan Oosterveld will become Chairman of the remuneration committee and Gerry Grimstone will become Chairman of the nominations committee.

Risk-based management

The events of last year have strengthened our view that we need to embed risk management more firmly throughout Candover. This will not only provide strong corporate governance, but will also actively protect and manage shareholder value. We have undertaken a comprehensive risk review exercise, focused on updating the risk profiles of both the Company and Candover Partners. We now have a group-wide picture of risk which distinguishes between the roles of the investor and asset manager respectively.

Private equity as an asset class has an inherently higher risk level than some other asset classes because of the corresponding potential for higher rewards. We will continue to monitor this very closely to ensure the right balance. If we were materially to increase the level of risk mitigation, such as through the use of derivatives, we believe this could significantly affect the potential returns available.

Strategy and priorities

In the next phase of its development, Candover will focus on the following key measures which we believe are both clear determinants of shareholder value and consistent with a risk-based approach:

- The level of our net assets per share;
- The ratio of our net debt to the value of our investments;
- The ratio of our outstanding investment commitments relative to net assets;
- The level of our cash balances and undrawn bank facilities relative to these outstanding commitments; and
- The level of concentration within the investment portfolio



We believe that use of these metrics will provide us with clarity on performance and will highlight which options are realistic as we develop a sustainable model for growing shareholder value in private equity over the longer term.

Outlook

The completion of the strategic review, the subsequent restructuring process and the agreement reached with the Limited Partners of the Candover 2008 Fund, draws to a close a difficult period for Candover. As we begin 2010, we are well positioned to move forward on a more stable basis – while remaining mindful of continued uncertainty in the external environment. The outlook for the macro economic environment remains hard to predict, although the worst of the banking crisis appears to be behind us and the major economies are starting to emerge from recession. This should be good for the longer term value of our investments. The flow of private equity transactions has begun to increase, albeit modestly, and this should enhance our ability to benefit from realisations which in turn should improve our financial position further.

Our priority for the year ahead is to build on the progress we have made, exploring the options we now have for the Company that will ensure an enduring business which creates value for all of Candover's investors.



Financial review

Net asset value per share

Net assets per share after currency movements and exceptional non-recurring costs were 1038p, an increase of 1.2% since 31st December 2008.

Two-thirds of our investments are Euro denominated and therefore the valuation of these assets is exposed to the Euro/Sterling exchange rate. Candover manages 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 managing potential currency impacts on net asset values. As a result, currency fluctuations can have a material impact on net assets. See Table 1.

At 31st December 2009, net assets per share before currency movements and exceptional non-recurring costs were 1208p compared to 1026p at 31st December 2008. The increase of 17.7% over the year compares with a rise in the FTSE All-Share of 25.0% over the same period, reflecting the growing stabilisation in the underlying investment value of the portfolio.

Table 1

| | £ million | £ million | p/share | p/share |
|--|-----------|-----------|---------|---------|
| Net asset value at 31 st December 2008 as reported | | 224.3 | | 1026 |
| Gain on financial instruments at fair value through profit and loss before currency ¹ | | 44.7 | | 204 |
| Profit before exceptional non-recurring costs | | 10.4 | | 47 |
| Capitalised expenses (net of tax) | | (12.3) | | (56) |
| Others (including tax) | | (2.9) | | (13) |
| | | 264.2 | | 1208 |
| Currency impact: | | | | |
| - Unrealised investments | (27.2) | | (125) | |
| - Restatement of cash and cash equivalents | (8.0) | | (36) | |
| - Translation of loan and swap balances | 15.1 | | 69 | |
| | | (20.1) | (92) | |
| Exceptional non-recurring costs | | (17.1) | | (78) |
| Net asset value at 31 st December 2009 as reported | | 227.0 | | 1038 |

¹ Includes valuation movements as shown in Table 2, realised losses on investments of £5.2 million, gains on reduced financial liabilities from equity commitments of £2.1 million, but excludes increases in accrued investment income of £11.2 million (recognised in profit before exceptional non-recurring costs)

Investments

The valuation of investments, including carried interest and accrued loan note interest, at 31st December 2009 was £319.9 million (31st December 2008: £313.9 million).

Valuation movements before currency effects were £59.0 million. Taking into account additions and disposals this is an increase of 20.5% on the value of investments at 31st December 2008. See Table 2.

Table 2

| £ million | Investments | |
|---|---------------|--------------|
| Investments at 31 st December 2008 | | 313.9 |
| Disposals at valuation | (49.0) | |
| Additions | 40.0 | |
| Transfer of provision from "financial liability on equity commitments" ¹ | <u>(16.8)</u> | (25.8) |
| Revaluation of investments: | | |
| - Valuation movements before currency | 59.0 | |
| - Currency impact on unrealised investments | <u>(27.2)</u> | |
| | | 31.8 |
| Investments at 31 st December 2009 | | <u>319.9</u> |

¹ The provision relates to the tranche of Expro International shares guaranteed by the Company pending syndication, subsequently acquired by Candover in December 2009

Net debt

Candover's net debt has increased from £54.5 million at 31st December 2008 to £74.8 million as at 31st December 2009. The increase in net debt reflects the impact of the acquisition of the Expro International shares, which had been guaranteed by the Company, for €43.2 million. Realisation proceeds received during the year were £45.1 million, partly offset by operating cash outflows relating to the non-recurring exceptional costs. See Table 3.



Table 3

| £ million | 31 st December 2009 | 31 st December 2008 |
|-----------------------------|-----------------------------------|-----------------------------------|
| Loans and borrowings | 194.6 | 217.5 |
| Fair value hedge adjustment | (13.3) | (21.0) |
| Deferred costs | 1.3 | 1.6 |
| Value of bonds | 182.6 | 198.1 |
| Value of related swaps | (1.5) | (10.4) |
| Cash | (106.3) | (133.2) |
| Net debt | 74.8 | 54.5 |

The outstanding commitment to the Candover 2005 Fund fell to £80.8 million over the period from £90.4 million at the prior year end, largely due to currency movements. This compares to cash balances of £106.3 million plus an undrawn Revolving Credit Facility of £100.0 million which expires in October 2012.

Whilst net debt has increased over the year, the loan-to-value ratio has reduced from 33.6% at the start of the year to 26.4% at the end of the year due to the realisations achieved, uplifts in valuations and careful control of costs. The guarantee provided against the remaining Expro International shares that had not been syndicated has now been released following the acquisition of these shares by Candover. Prior to the acquisition the Company was required to treat the guarantee as debt for the purposes of the loan-to-value calculations, but could not include the value of the related Expro International shares. Following the acquisition the value of the shares is taken into account and this has a small favourable effect on the loan-to-value ratio.

Taking into account the proceeds received from the sale of Springer post year end together with further carry from the Candover 2001 Fund, the loan-to-value ratio would fall to 22.7% on a pro-forma basis.

Profit before tax

Profit before exceptional items and tax was £10.4 million compared to £5.2 million in the prior year. This resulted from the impact of restructuring our cost base to offset lower management fee income, together with improvements in the underlying portfolio and increasing levels of accrued investment income.

Exceptional non-recurring costs of £17.1 million were incurred on undertaking the strategic review, restructuring costs and the costs of discontinued operations in Asia and Eastern Europe.

Manager's portfolio review

Overview

For most of the year, the European buyout market suffered from the fragility in the broader environment. The combination of uncertainty around valuations, the lack of availability of debt and general market malaise resulted in deal values declining to levels not seen since 1996, with deal volumes falling to 1993 levels.

For the first time in its 29 year history, Candover Partners made no new investments during the year, following the suspension of the Candover 2008 Fund in April. As a result of this, and mindful of the challenging economic climate faced by our portfolio company management teams, our priority has been to ensure that the portfolio has been well positioned to minimise the negative impacts of a downturn, as well as being well equipped to build value for the future. Our approach for each company has therefore focused on ensuring:

- That an appropriate and sustainable capital structure is in place
- That management are focused on the challenges faced by their businesses; and
- That the businesses are well positioned to maximise profitability and cash flow either organically or by acquisition

During the year, four companies completed financial restructurings. In the case of both ALcontrol and Ferretti, we concluded that committing further capital as part of these restructurings would not be in investors' interests, and the investments were exited at no value. By contrast, in the case of Hilding Anders, we played an active role in the restructuring and as a consequence remain the majority shareholder after providing additional funding of €29 million for future acquisitions in the form of an equity bridge. Expro International successfully refinanced its entire senior debt by raising a \$1.4 billion high yield bond, thereby ensuring that its financial structure is better suited to the cyclical nature of the oil and gas sector. Net debt to EBITDA stands at around 6x and funding headroom has been reset to provide greater flexibility through the cycle.

Overall, six of our ten largest investments show earnings ahead of prior year and we believe that they are all well positioned to grow in 2010. In terms of the level of leverage across the portfolio, the weighted average net debt to EBITDA multiple for those of the largest ten investments included within the Candover 2001 Fund has fallen to 3.4x (2008: 4.2x). Excluding Expro International, where its capital structure has been altered by the high yield bond, the weighted average net debt to EBITDA multiple for those of the largest ten investments included in the Candover 2005 Fund has remained steady at 5.2x despite the adverse market conditions of the past year.

Investments and realisations

Whilst there were no new investments made by the managed funds, Candover acquired the remaining €43.2 million (£40.0 million) of Expro International shares.

Candover and the managed funds achieved realisation proceeds of £223.6 million during the year – Candover's own share of such realisation proceeds was £45.1 million. In June, Candover and the Candover 2001 Fund sold their holding in Wood Mackenzie. The sale generated proceeds of £36.4 million for Candover (including loan note interest of £0.7 million), of which £16.8 million resulted from the crystallisation of carried interest. The Candover 2001 Fund achieved a return of £173.6 million before payments of carried interest (including loan note interest of £5.0 million), bringing the overall investment multiple to 2.7x with an IRR of 56%. In addition, Candover sold its interests in three French buyout funds for £5.3 million.



The sale of Springer Science+Business Media completed in February 2010, generating proceeds of £14.7 million for Candover, which included further carried interest distributions relating to the Candover 2001 Fund. The Candover 2001 Fund achieved a return of £27.7 million on this transaction before payment of carried interest which, together with the proceeds received from three earlier refinancings, brings the overall investment multiple to 1.8x with an IRR of 28%.

The principal realisations are set out in Table 1.

Table 1

| Portfolio company | Candover £m | Funds £m | Type |
|--|-------------|--------------|-------------------------------------|
| Wood Mackenzie | 19.6 | 173.6 | Private equity sale |
| Candover 2001 Fund carried interest | 16.8 | - | Crystallisation of carried interest |
| Ciclad 2,3 and 4 | 5.3 | - | Private equity sale |
| Other | 3.4 | 21.7 | |
| Total realisations - 2009 | 45.1 | 195.3 | |
| Springer | 3.2 | 27.7 | Private equity sale |
| Candover 2001 Fund carried interest | 11.5 | - | Crystallisation of carried interest |
| Total realisations – 2010 to date | 14.7 | 27.7 | |

1 Proceeds shown above include loan interest income

2 The carried interest receipts are distributed to the Company from the fund receipts

Portfolio valuation review

Table 2 shows the valuation movement by portfolio company. Adverse exchange rate movements reduced the effect of the valuation uplifts on Euro and US dollar denominated investments although overall, the portfolio has been written up by £31.8 million (146p per share) since December 31st 2008.



Table 2

| Portfolio company | Residual cost ¹ | Valuation at 31 st December 2008 | Additions & disposals | Valuation movement excluding FX ² | Valuation movement attributable to FX ² | Valuation At 31 st December 2009 | Valuation movement pence per Share ² |
|-------------------------------------|----------------------------|---|-----------------------|--|--|---|---|
| | £m | £m | £m | £m | £m | £m | |
| Expro International ³ | 109.4 | 48.3 | 23.1 | 34.7 | (10.3) | 95.8 | 112 |
| Stork | 48.9 | 47.0 | - | - | (3.2) | 43.8 | (15) |
| Parques Reunidos | 25.7 | 33.9 | - | 3.4 | (2.6) | 34.7 | 4 |
| Alma | 20.5 | 26.8 | - | 6.4 | (2.3) | 30.9 | 19 |
| Ontex | 21.3 | 16.8 | (0.9) | 5.4 | (1.5) | 19.8 | 18 |
| Qioptiq | 9.6 | 19.8 | - | (2.8) | (1.2) | 15.8 | (18) |
| Equity Trust | 8.3 | 11.3 | - | 2.2 | (0.9) | 12.6 | 6 |
| Eurotax Glass | 17.4 | 16.2 | - | (4.0) | (0.8) | 11.4 | (22) |
| Capital Safety Group | 11.8 | 15.2 | - | (3.2) | (1.2) | 10.8 | (20) |
| Innovia Films | 3.8 | - | - | 5.4 | (0.4) | 5.0 | 23 |
| Ten largest investments | 276.7 | 235.3 | 22.2 | 47.5 | (24.4) | 280.6 | 107 |
| Springer | 0.6 | 20.0 | - | (16.5) | (0.2) | 3.3 | (77) |
| ICG 2003 Fund | 2.9 | 4.5 | 0.1 | (1.2) | (0.2) | 3.2 | (7) |
| Ono | 3.1 | 0.8 | - | 0.7 | (0.1) | 1.4 | 3 |
| ICG 2000 Fund | 1.0 | 1.6 | - | (0.3) | (0.1) | 1.2 | (2) |
| Hilding Anders | 27.4 | - | - | - | - | - | - |
| Technogym | 19.5 | - | 0.1 | (0.1) | - | - | - |
| DX Group | 28.0 | - | - | - | - | - | - |
| Gala | 28.6 | - | - | - | - | - | - |
| Wood Mackenzie | - | 20.8 | (20.8) | - | - | - | - |
| Candover 2001 Fund carried interest | - | 19.2 | (16.8) | 27.6 | (2.1) | 27.9 | 117 |
| Other | 34.2 | 11.7 | (10.6) | 1.3 | (0.1) | 2.3 | 5 |
| Other investments | 145.3 | 78.6 | (48.0) | 11.5 | (2.8) | 39.3 | 39 |
| Total | 422.0 | 313.9 | (25.8) | 59.0 | (27.2) | 319.9 | 146 |

¹ Residual cost is original cost less realisations to date

² Compared to the valuation at 31st December 2008 or acquisition date, if later

³ Includes an additional investment in Expro International made in December 2009

Ten largest investments

The ten largest investments were in total written up by £23.1 million (107p per share) during the year to 31st December 2009.

Expro International is one of the leading oil field service providers specialising in well flow management with a particular focus on the most technically challenging deepwater environments. Expro International's operations are critical to the development of oil and gas reservoirs and are utilised by multinational oil majors as well as state-owned national oil companies. Expro International has faced a challenging environment over the past 12 months, but we are confident that the sector fundamentals of a tight supply of hydrocarbons, coupled with high rates of reserve decline, will begin to reassert themselves. In December 2009, Expro International successfully raised a \$1.4 billion high-yield bond in order to optimise the company's capital structure. The proceeds were used to refinance in full the original senior debt facilities; the mezzanine debt was retained and covenant headroom



expanded. This investment has been written up by £24.4 million (112p per share), after adverse foreign exchange movements, to reflect improved public market comparables.

Stork is a diversified Dutch engineering conglomerate active in the aerospace and technical services sectors. The group enjoys good market positions in the sectors and niches in which it operates and there is a clear strategy for driving value from each of the divisions. Stork faced a number of challenges in 2009 with each of the markets it serves suffering from the global recession. Management implemented a number of cost cutting measures, the benefits of which are now being seen. The investment in Stork has been held at the prior valuation, although an adverse exchange rate movement resulted in a downward adjustment of £3.2 million (15p per share).

Parques Reunidos further consolidated its position during the year as one of the world's leading operators of attraction parks. The company enjoys leading market positions in all its key markets and the majority of the parks are the leading family attraction in the surrounding area. Parques performed well in 2009 with profits ahead of prior year despite the economic downturn and poor weather in the US during the summer months. Management continue to drive operational improvements throughout the park portfolio, particularly in the parks acquired in the past 12-18 months. The investment was written up by £0.8 million (4p per share), after adverse foreign exchange movements, to reflect the profit growth during the year.

Alma Consulting Group is one of the European leaders in cost reduction and optimisation offering a wide range of services based on a success fee model. The business continues to develop organically, with profits ahead of prior year driven by solid sales growth and good cost control. The valuation has been written up by £4.1 million (19p per share), after adverse foreign exchange movements.

Ontex, one of the leading European manufacturers of retailer branded diapers and feminine hygiene products, reported strong profit growth in 2009 driven by lower raw material pricing and manufacturing efficiencies. Ontex continues to focus on customer satisfaction and has won a number of new contracts during the year which have further contributed to the improved underlying operating margin. The valuation was written up by £3.9 million (18p per share) reflecting the improved trading performance after adverse foreign exchange movements.

Qioptiq is one of the world's leading manufacturers of high-precision optical components. The business continued to benefit from strong defence markets both in the UK and the US, although growth was offset by a weak commercial market, which has particularly suffered from the global recession, and the negative effect of currency movements. The valuation has been written down by £4.0 million (18p per share), after adverse foreign exchange movements.

Equity Trust, a leading trust and fiduciary services group, performed well during the year due to its market position, global reach and focus on customer service, despite the slowdown in global trade and corporate activity. The valuation has been written up by £1.3 million (6p per share) after adverse foreign exchange movements.

EurotaxGlass's, a provider of automotive intelligence, is predominantly a B2B subscription business providing valuation data to all sectors of the automotive industry. Whilst its revenues are not correlated to new car sales, the global downturn has had an impact on some areas of the business such as advertising revenues from dealers. Management have successfully completed the restructuring of the cost base commenced in 2008, which has limited the impact of weaker sales. The investment has been written down by £4.8 million (22p per share) to reflect the difficult trading environment as well as adverse foreign exchange movements.



Capital Safety Group is one of the global market leaders in height safety and fall protection equipment. Capital Safety's products are widely used in industries such as oil and gas, construction (predominantly non-residential), manufacturing and telecoms. These sectors have all, to varying degrees, been impacted by the global economic downturn, although management is, as far as possible, mitigating the impact of the recession on revenues through operational improvements and by taking steps to position the business in new markets. Given the challenging trading environment the investment has been written down by £4.4 million (20p per share) after adverse foreign exchange movements.

Innovia Films manufactures speciality films primarily for packaging, and is the only manufacturer of polymer bank notes in the world via a joint venture with the Reserve Bank of Australia. The valuation was written up by £5.0 million (23p per share) reflecting the strong profit growth achieved in 2009 on the back of lower raw material costs.

Other investments

The remainder of the portfolio was written up by £8.7 million (39p per share).

Springer Science+Business Media is a publisher of scientific journals and books. The company has been at the forefront of the industry's move towards electronic content, with the migration from print to online books in particular, driving the company's performance. An agreement was reached to sell Springer Science+Business Media in December and the transaction completed in February 2010. The valuation has been written down by £16.7 million (77p per share) to reflect the sale price. Together with the proceeds received from three earlier refinancings, Springer Science+Business Media returned a cash equivalent of 1.8x the original investment and an IRR of 28%.

ICG Mezzanine Fund 2003 commenced investing in 2004 and is now fully invested. At 31st December 2009, 80 mezzanine investments had been made by the Fund of which 41 had been realised in full and 11 investments had been partially realised. The investment has been written down by £1.4 million (7p per share).

Ono is a Spanish cable operator in which Candover and the Candover 2001 Fund have a small minority interest. The company performed well in 2009, with profit growth driven by a focus on higher margin customers and good cost control. The investment has been written up by £0.6 million (3p per share) after adverse foreign exchange movements.

ICG Mezzanine Fund 2000 commenced investing in 2001 and is now fully invested. At 31st December 2009, 51 mezzanine investments had been made by the Fund of which 46 had been realised in full and 1 investment had been fully repaid but not realised. The investment has been written down by £0.4 million (2p per share).

Hilding Anders is a European and Asian manufacturer of beds and mattresses. The company has diverse products and operations, selling both branded and private label products and operates in 40 countries. Since the buyout in December 2006, the company has grown both organically and through the acquisition of eight geographically diverse bed manufacturers. However, demand for beds and mattresses is impacted by prevailing economic conditions and consumer confidence, and consequently demand has softened. Despite this, profits were ahead of prior year driven by lower raw material prices and operational improvements. The company agreed a new capital structure in November and in doing so, significantly reduced leverage. The valuation is retained at nil, although we have written back the provision against a future equity commitment of £2.1 million (10p per share) in full.



Technogym is a global leader in the design and manufacture of premium branded fitness equipment and wellness solutions, and enjoys strong brand recognition internationally. The long term fundamentals underpinning growth, such as health awareness, remain intact. However, the business has suffered from a lack of commercial finance as well as weak economic conditions, as a number of key customers have deferred the replacement of equipment and the opening of new gym facilities. The short term outlook remains challenging, and as a result our investment remains valued at nil, with no adjustment to the £12.2 million (56p per share) provided against a future equity commitment.

DX Group is one of the largest independent end-to-end operators in the UK postal market offering mail solutions for both businesses and the secure mail market. Key customers include property lawyers, financial institutions, national and local government agencies, and credit card companies, all of which have been adversely impacted by the recession in the UK. Given the significant impact of the recession on trading, the company is in the process of restructuring its balance sheet, and as a result the valuation remains at zero.

Gala Coral is one of the leading integrated betting and gaming groups in Europe, with strong market positions in licensed betting shops, bingo clubs and casinos and a high quality multimedia offering. Group trading has been impacted by the recession as well as the ongoing effect of the smoking ban in England and Wales. As a result, the business is currently being restructured and the investment continues to be valued at zero.

Carried interest

Candover's share of the Candover 2001 Fund carried interest was valued at £27.9 million (2008: £19.2 million).

In conclusion, the majority of the investee companies are performing well, and we will continue to focus on maximising value throughout the portfolio over the course of 2010 and beyond.

Candover Partners Limited

1st March 2010



Ten largest investments

as at 31st December 2009

| Investment | Geography | Date of investment | Residual cost of investment £m | Directors' valuation £m | Effective equity interest (fully diluted) | % of Candover's investment value | % of Candover's net assets |
|---|-------------|--------------------|-----------------------------------|----------------------------|---|----------------------------------|----------------------------|
| Expro International Oilfield services | UK | Apr-08 | 109.4 | 95.8 | 7.2% | 29.9% | 42.2% |
| Stork Engineering conglomerate | Netherlands | Jan-08 | 48.9 | 43.8 | 6.4% | 13.7% | 19.3% |
| Parques Reunidos Operator of attraction parks | Spain | Mar-07 | 25.7 | 34.7 | 5.6% | 10.8% | 15.3% |
| Alma Consulting Group Cost reduction and optimisation | France | Dec-07 | 20.5 | 30.9 | 5.4% | 9.7% | 13.6% |
| Ontex Hygienic disposables | Belgium | Jan- 03/Jul-07 | 21.3 | 19.8 | 3.9% | 6.2% | 8.7% |
| Qioptiq Optical engineering | UK | Dec-05 | 9.6 | 15.8 | 7.2% | 4.9% | 7.0% |
| Equity Trust Trust services | UK | May-03 | 8.3 | 12.6 | 5.6% | 3.9% | 5.6% |
| EurotaxGlass's Automotive data intelligence | Switzerland | Jun-06 | 17.4 | 11.4 | 8.0% | 3.6% | 5.0% |
| Capital Safety Group Fall protection equipment | UK | Jun-07 | 11.8 | 10.8 | 6.4% | 3.4% | 4.8% |
| Innovia Films Limited Transparent and coated films and polymer bank notes | UK | Sep-04 | 3.8 | 5.0 | 8.0% | 1.6% | 2.2% |

1 All investee companies have been valued on a multiple of earning basis



Ten largest investments

Analysis by value as at 31st December 2009

By valuation method

1. Multiple of earnings 100%

By sector

1. Energy 34%
2. Industrials 27%
3. Financials 16%
4. Leisure 12%
5. Health 7%
6. Support services 4%

By region

1. United Kingdom 50%
2. Benelux 23%
3. Spain 12%
4. France 11%
5. Switzerland 4%

By age

1. <1 year nil%
2. 1-2 years 50%
3. 2-3 years 27%
4. 3-4 years 4%
5. 4-5 years 6%
6. >5 years 13%



Group statement of comprehensive income

for the year ended 31st December 2009

| Unaudited | Year to 31 st December 2009 | | | Year to 31 st December 2008 | | |
|--|--|---------------|--------------|--|-----------------|----------------|
| | Revenue £m | Capital £m | Total* £m | Revenue £m | Capital** £m | Total* £m |
| Gains/(losses) on financial instruments at fair value through profit and loss | | | | | | |
| Realised gains and losses | - | (9.8) | (9.8) | - | 34.3 | 34.3 |
| Unrealised gains and losses | - | 30.5 | 30.5 | - | (224.9) | (224.9) |
| Total | - | 20.7 | 20.7 | - | (190.6) | (190.6) |
| Revenue | | | | | | |
| Management fees from managed funds | 18.6 | - | 18.6 | 46.4 | - | 46.4 |
| Investment and other income | 13.3 | - | 13.3 | (5.2) | - | (5.2) |
| Total | 31.9 | - | 31.9 | 41.2 | - | 41.2 |
| Recurring administrative expenses | (19.7) | (5.2) | (24.9) | (33.2) | (9.0) | (42.2) |
| Exceptional non-recurring costs | (17.1) | - | (17.1) | - | - | - |
| Profit/(loss) before finance costs and taxation | (4.9) | 15.5 | 10.6 | 8.0 | (199.6) | (191.6) |
| Finance costs | (1.8) | (7.1) | (8.9) | (2.8) | (11.1) | (13.9) |
| Movement in the fair value of derivatives | - | (0.8) | (0.8) | - | 2.2 | 2.2 |
| Exchange movements on borrowings | - | 3.7 | 3.7 | - | (11.8) | (11.8) |
| Profit/(loss) before taxation | (6.7) | 11.3 | 4.6 | 5.2 | (220.3) | (215.1) |
| Analysed between: | | | | | | |
| Profit/(loss) before exceptional non-recurring costs | 10.4 | 11.3 | 21.7 | 5.2 | (220.3) | (215.1) |
| Exceptional non-recurring costs | (17.1) | - | (17.1) | - | - | - |
| Taxation | (2.3) | - | (2.3) | (1.4) | 3.9 | 2.5 |
| Profit/(loss) after taxation | (9.0) | 11.3 | 2.3 | 3.8 | (216.4) | (212.6) |
| Other comprehensive income: | | | | | | |
| Exchange differences on translation of foreign operations | 0.4 | - | 0.4 | - | - | - |
| Profit/(loss) attributable to equity shareholders | (8.6) | 11.3 | 2.7 | 3.8 | (216.4) | (212.6) |
| Earnings per ordinary share: | | | | | | |
| Before exceptional non-recurring costs - basic and diluted | 37p | 52p | 89p | 17p | (990)p | (973)p |
| After exceptional non-recurring costs - basic and diluted | (41p) | 52p | 11p | 17p | (990)p | (973)p |
| Dividends paid | - | - | - | 13.6 | - | 13.6 |

* The total column represents the group statement of comprehensive income under IFRS.

** The classification of fair value gains and losses on derivatives was revised in 2008. Fair value gains and losses on derivative financial instruments which are taken out to mitigate the Group's foreign currency exposure on its financial investments are now classified within "Gains on financial instruments at fair value through profit and loss" on the income statement. Previously, gains and losses on these derivative financial instruments were classified after "finance costs" on the income statement. The change, which has no impact on profit before tax, has been made in accordance with IAS 8 as in the opinion of the Directors, it results in more relevant information about the effect of derivative transactions. Gains and losses on derivative financial instruments which have been taken out to mitigate the Group's exposures on its loans and borrowings continue to be classified after "finance costs" on the income statement.

- 1 All of the profit for the year and the total comprehensive income for the year is attributable to the owners of the Company.
- 2 The total column of the statement is the statement of comprehensive income of the Company prepared in accordance with 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.
- 3 All items in the above Statement derive from continuing operations. No operations were acquired or discontinued in the year.
- 4 No final dividend is proposed.



Statement of changes in equity

for the year ended 31st December 2009

| Unaudited | Called up share capital | Share premium account | Other reserves | Capital reserve – realised | Capital reserve – unrealised | Revenue reserve | Total equity |
|---|--------------------------------|------------------------------|-----------------------|-----------------------------------|-------------------------------------|------------------------|---------------------|
| £m | | | | | | | |
| 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 gain on financial instruments | - | - | - | - | 30.5 | - | 30.5 |
| Realised 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 attributable to equity shareholders | - | - | - | (10.3) | 21.6 | (9.0) | 2.3 |
| Exchange differences on translation of foreign operations | - | - | 0.4 | - | - | - | 0.4 |
| Balance at 31st December 2009 | 5.5 | 1.2 | 0.2 | 359.5 | (160.5) | 21.1 | 227.0 |
| Audited | Called up share capital | Share premium account | Other reserves | Capital reserve – realised | Capital reserve – unrealised | Revenue reserve | Total equity |
| £m | | | | | | | |
| Balance at 1st January 2008 | 5.5 | 1.2 | 0.6 | 326.6 | 77.5 | 39.9 | 451.3 |
| Dividends | - | - | - | - | - | (13.6) | (13.6) |
| Share based payments | - | - | (0.2) | - | - | - | (0.2) |
| Share buy-backs | - | - | (0.6) | - | - | - | (0.6) |
| Transactions with equity holders | - | - | (0.8) | - | - | (13.6) | (14.4) |
| Net revenue after tax | - | - | - | - | - | 3.8 | 3.8 |
| Unrealised loss on financial instruments | - | - | - | - | (224.9) | - | (224.9) |
| Realised gain on financial instruments | - | - | - | 59.4 | (24.9) | - | 34.3 |
| Movement in fair value of derivatives | - | - | - | - | 2.2 | - | 2.2 |
| Exchange movements on borrowing | - | - | - | - | (11.8) | - | (11.8) |
| Costs net of tax | - | - | - | (16.2) | - | - | (16.2) |
| Profit attributable to equity shareholders | - | - | - | 43.2 | (259.6) | 3.8 | (212.6) |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | - |
| Balance at 31st December 2008 | 5.5 | 1.2 | (0.2) | 369.8 | (182.1) | 30.1 | 224.3 |



Group statement of financial position

at 31st December 2009

| Unaudited | 31 st December 2009 | | 31 st December 2008 | |
|--|--------------------------------|---------------|--------------------------------|---------------|
| | £m | £m | £m | £m |
| Non-current assets | | | | |
| Property, plant and equipment | | 2.7 | | 4.0 |
| Financial investments designated at fair value through profit and loss | | | | |
| Portfolio companies* | 291.6 | | 294.3 | |
| Other financial investments | 28.3 | | 19.6 | |
| | | 319.9 | | 313.9 |
| Trade and other receivables | | 4.7 | | 7.1 |
| Deferred tax asset | | 3.4 | | 6.5 |
| | | 330.7 | | 331.5 |
| Current assets | | | | |
| Trade and other receivables | 8.2 | | 14.1 | |
| Derivative financial instruments | 38.4 | | 58.7 | |
| Current tax asset | 0.9 | | 3.9 | |
| Cash and cash equivalents | 106.3 | | 133.2 | |
| | | 153.8 | | 209.9 |
| Current liabilities | | | | |
| Trade and other payables | (13.8) | | (20.3) | |
| Financial liability on equity commitments | (12.2) | | (31.1) | |
| Derivative financial instruments | (36.9) | | (48.2) | |
| | | (62.9) | | (99.6) |
| Net current assets | | 90.9 | | 110.3 |
| Total assets less current liabilities | | 421.6 | | 441.8 |
| Non-current liabilities | | | | |
| Loans and borrowings | | (194.6) | | (217.5) |
| Net assets | | 227.0 | | 224.3 |
| Equity attributable to equity holders | | | | |
| Called up share capital | | 5.5 | | 5.5 |
| Share premium account | | 1.2 | | 1.2 |
| Other reserves | | 0.2 | | (0.2) |
| Capital reserve – realised | | 359.5 | | 369.8 |
| Capital reserve – unrealised | | (160.5) | | (182.1) |
| Revenue reserve | | 21.1 | | 30.1 |
| Total equity | | 227.0 | | 224.3 |
| Net asset value per share | | | | |
| Basic | | 1038p | | 1026p |
| Diluted | | 1038p | | 1026p |

* The value of rolled-up loan note interest recognised has been reclassified within "financial investments designated at fair value through profit and loss" rather than in accrued income, as the value recognised is based on the overall value of the investment



Group cash flow statement

for the year ended 31st December 2009

| Unaudited | Year to 31 st December 2009 | | Year to 31 st December 2008 | |
|---|--|---------------|--|----------------|
| | £m | £m | £m | £m |
| Cash flows from operating activities | | | | |
| Cash flow from operations | | (16.1) | | (22.9) |
| Interest paid | | (11.0) | | (11.7) |
| Tax received/(paid) | | 3.8 | | (4.7) |
| Net cash from operating activities | | (23.3) | | (39.3) |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | (0.1) | | (0.9) | |
| Purchase of financial investments | (40.0) | | (168.8) | |
| Sale of property, plant and equipment | 0.1 | | - | |
| Sale of financial investments* | 44.4 | | 47.4 | |
| Net cash from investing activities | | 4.4 | | (122.3) |
| Cash flows from financing activities | | | | |
| Equity dividends paid | - | | (13.6) | |
| Purchase of own shares | - | | (0.6) | |
| Advances of loans | - | | 33.2 | |
| Net cash from financing activities | | - | | 19.0 |
| (Decrease) in cash and cash equivalents | | (18.9) | | (142.6) |
| Opening cash and cash equivalents | | 133.2 | | 240.3 |
| Effect of exchange rates and revaluation on cash and cash equivalents | | (8.0) | | 35.5 |
| Closing cash and cash equivalents | | 106.3 | | 133.2 |

* 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



Note to the financial statements

The preliminary results for the year ended 31st December 2009 are unaudited. The financial information included in this statement does not constitute the Group's statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31st December 2009 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies in due course.

The information given as comparative figures for the year ended 31st December 2008 does not constitute the Company's statutory accounts for those financial periods. Statutory accounts for the year ended 31st December 2008, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.