



Interim financial
statement 2007

Highlights

+23.0% NAV six months growth

Net assets per share of 1848p, an increase of 23.0% since 31st December, 2006 (31st December, 2006: 1503p).

+34.7% NAV 12 months growth

Net assets per share of 1848p, an increase of 34.7% since 30th June, 2006 (30th June, 2006: 1372p).

+11.1% interim dividend growth

Interim dividend increased by 11.1% to 20.0p (2006: 18.0p).

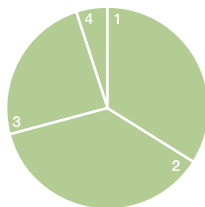
+5.0% interim pre tax profit growth

Pre tax profit increased by 5.0% to £10.6 million (30th June, 2006: £10.1 million).

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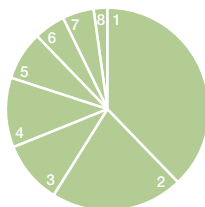
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Investments – analysis by value



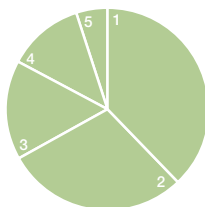
Investments by valuation method

1. Multiple of earnings 34%
2. Cost 37%
3. Sale price 24%
4. Stock market price 5%



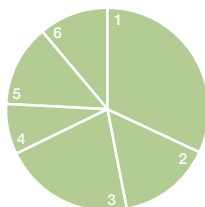
Investments by region

1. United Kingdom 38%
2. Scandinavia 21%
3. Italy 10%
4. Americas 11%
5. Germany 8%
6. Switzerland 5%
7. Benelux 5%
8. Spain 2%



Investments by sector

1. Industrials 38%
2. Support services 29%
3. Media 16%
4. Leisure 12%
5. Financials 5%



Investments by age

1. <1 year 32%
2. 1-2 years 15%
3. 2-3 years 21%
4. 3-4 years 8%
5. 4-5 years 13%
6. >5 years 11%

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

Introduction to Candover

Candover organises and invests principally in large European buyouts. We identify and acquire outstanding companies. 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
- to maintain a progressive dividend policy for our shareholders

Chairman's statement



Introduction

Candover has continued to make excellent progress. Our net assets per share increased by 23.0% over the six months to 30th June, 2007 compared with an increase of 5.7% in the FTSE All-Share Index over the same period. This uplift was principally due to revaluations of investee companies and gains from companies which have either been realised or partially exited in the year to date.

At 30th June, 2007, the unaudited net assets attributable to the ordinary shares were £403.8 million compared to £328.5 million at 31st December, 2006. Net assets per share were 1848p compared to 1503p at 31st December, 2006, and 1372p at 30th June, 2006. This represents increases of 23.0% and 34.7% respectively.

Investments

In total, Candover invested £55.3 million during the six months to 30th June, 2007 in three significant new investments and five follow-on financings.

In January 2007, as reported at the year end, Candover and the 2005 Fund completed the buyout of Ferretti, a luxury yacht manufacturer. Candover invested £32.3 million and the 2005 Fund invested £195.5 million in the transaction.

In March, Candover and the 2005 Fund completed the buyout of Parques Reunidos, a theme park operator. Candover invested £7.5 million and the 2005 Fund invested £45.5 million, with deferred consideration of up to £79.5 million to be invested by Candover and the 2005 Fund in 2008-2010.

In June, Candover and the 2005 Fund completed the buyout of Capital Safety Group, a global player in the fall protection market. Candover invested £11.5 million and the 2005 Fund invested £68.5 million.

Since the period end, Parques Reunidos has signed an agreement to acquire Palace Entertainment Inc, the largest operator of water parks and family entertainment centres in the United States. This acquisition represents a major step in Parques Reunidos' strategy of becoming a leading player in the global leisure parks market. Candover and the 2005 Fund will invest between US\$130-150 million, the final amount depending on the eventual financing structure.

Realisations

Candover and its managed funds achieved realisation proceeds totalling £443.8 million during the period; Candover's share was £51.6 million. Since the period end, a further £519.0 million has been agreed, of which Candover's share is £78.7 million.

As reported at the year end, in January, Candover made a partial exit from Vetco International through the sale of its subsidiary, Vetco Gray. The sale resulted in proceeds of £14.3 million for Candover and £132.9 million for the 2001 Fund. Since the period end, the remaining subsidiary, Aibel, has been sold, resulting in proceeds of £4.5 million for Candover and £40.9 million for the 2001 Fund. In total, the investment has returned cash equivalent to 4.1 times the original investment.

In April, Wellstream listed on the London Stock Exchange at 320p per share. At the listing, Wellstream repaid the loan stock representing a significant proportion of the cost of the original investment and Candover also sold 4.3 million of its shares. The loan repayment and share sale resulted in £173.6 million being realised in cash, £17.6 million for Candover and £156.0 million for the 2001 Fund. Candover's residual holding of 1.3 million shares is valued at £5.6 million and the 2001 Fund's holding is valued at £51.6 million.

“Our net assets per share increased by 19.2%... compared with an increase of 5.7% in the FTSE All-Share Index.”

Refinancings of Innovia Films and Get took place in May. Innovia Films returned almost all of the original investment, while Get returned approximately half of the original investment.

Since the period end, in addition to the sale of Aibel, we have achieved a full exit from Thule, and announced the sales of Bureau van Dijk and our stake in Dakota, Minnesota & Eastern Railroad Corporation (DM&E). The sale of Thule resulted in proceeds of £30.8 million for Candover and £262.9 million for the 2001 Fund (excluding short-term bridging finance provided). The sale of Bureau van Dijk, which is due to complete in October, will return approximately £16.0 million to Candover and £136.8 million to the 2001 Fund.

The sale of our interest in DM&E marks the end of a 21 year investment period; we originally invested in 1986. The company is merging with Canadian Pacific and the transaction is expected to close in the next 30 to 60 days. The total price being paid for DM&E is US\$1.48 billion payable at closing, with future contingent payments of up to approximately US\$1.0 billion if certain performance criteria are met prior to 31st December, 2025. Candover's investment

Chairman's statement

continued

has been written up to £27.4 million reflecting the estimated initial net consideration. No value has been ascribed to the deferred consideration, given the conditional nature of the proceeds. Candover's maximum entitlement to the deferred consideration is US\$80 million.

Results for the six months to 30th June, 2007

The increase in net assets of £75.3 million since 31st December, 2006 was mainly due to a net increase in the valuation of our portfolio companies, with £42.8 million of the uplift coming from investments either valued at disposal proceeds or listed price. The 2001 Fund continues to do well and the value ascribed to Candover's share of the carried interest in the 2001 Fund was increased by £9.5 million (43p per share) to £18.0 million.

Profits before tax for the six months under review were £10.6 million, compared to £10.1 million for the first half of 2006. This growth has come from increased investment and other income.

The valuation of financial investments at 30th June, 2007 was £378.4 million, compared to £295.3 million at 31st December, 2006. This valuation of £378.4 million was calculated having taken into account new investments, net of realisations, of £12.7 million, and a net increase of £70.4 million in the valuation of investments.

Cash and liquid assets, net of loans of £11.5 million, totalled £7.0 million compared with £29.7 million at 31st December, 2006.

Dividends

The Board has decided to increase the interim dividend by 11.1% to 20.0p per ordinary share compared to 18.0p per ordinary share last year. The dividend will be paid on 17th October, 2007 to shareholders on the register at 21st September, 2007.

Financing

We have previously made clear that we intend to maintain our position as one of the leading pan-European private equity houses. In order to diversify our sources of funding and to maintain flexibility for the future, we have provisionally agreed, subject to final documentation, a debt private placement of approximately £150.0 million of senior notes with maturities of seven and eight years. The financing is due to be completed in early November.

Board and staff

We have hired two experienced individuals during the half year as part of our strategy to expand our capabilities around the deal team. Jim Graham joins the portfolio management team from Orange, and Kit Tuke joins as a debt specialist from Barclays Capital.

I am very sad to report that Nicolas Lethbridge, who had been on the Board of Candover since January 2003, died on 16th August, 2007 following an accidental fall. Because of his wisdom, experience, and good humour, Nico was a tremendous asset to us and we will miss him very much. Our greatest sympathy and condolences go to his family.

Prospects

The current volatility in the banking markets has reduced the availability of bank finance for leveraged transactions, and this is likely to have an impact on both the pricing of transactions and the level of activity in the private equity market. The lower debt multiples will probably result in lower prices; this could cause potential vendors, including ourselves, to delay selling businesses in the expectation that we will see the banking market, and therefore pricing, recover in the short to medium-term.

As a result, whilst we have achieved a high number of realisations in the first half of this year, we do not expect to see this repeated in the second half. However, provided we can find suitable opportunities, this should be a good period for investing if the benefits of lower pricing materialise.

We remain confident in the outlook for Candover.

A handwritten signature in black ink, appearing to read 'Grimstone', written in a cursive style.

G E Grimstone
Chairman
7th September, 2007

“We remain confident
in the outlook for
Candover.”

20 largest investments

as at 30th June, 2007

Investment	Geography	Date of investment
Ferretti Luxury yacht manufacturer	Italy	Jan 2007
Thule Sports utility transportation	Sweden	Dec 2004
Gala Coral Retail gaming	UK	Mar 2003/Oct 2005
DX Group Mail services	UK	Sep 2006
Dakota, Minnesota & Eastern Railroad Corporation Railroads	US	Sep 1986
Hilding Anders Bed manufacturer	Sweden	Dec 2006
Springer Science + Business Media Academic publisher	Germany	Jan/Sep 2003
EurotaxGlass's Automotive data intelligence	Switzerland	Jun 2006
Bureau van Dijk Electronic Publishing Electronic publishing	Netherlands	Nov 2004
ALcontrol Group Laboratory testing	UK	Dec 2004
Get Cable TV	Norway	Jan 2006
Qioptiq Optical engineering	UK	Dec 2005/Oct 2006
Capital Safety Group Fall protection equipment	UK	Jun 2007
Aspen Insurance Holdings Reinsurance	US	Jun 2002
Wood Mackenzie Energy research	UK	Jul 2005
Parques Reunidos Attraction parks	Spain	Mar 2007
Equity Trust Holdings Trust services	UK	May 2003
Wellstream Oil & gas pipeline	UK	Mar 2003
Innovia Films Speciality film	UK	Sep 2004
Vetco International Oil & gas services	UK	July 2004

Cost of investment £000	Directors' valuation £000	Effective equity interest (fully diluted)	% of Candover's net assets	Basis of valuation
32,288	33,193	5.5%	8.2%	Cost
17,276	32,497	6.7%	8.0%	Sale proceeds
24,775	31,977	1.8%	7.9%	Multiple of earnings
28,038	28,038	9.4%	6.9%	Cost
888	27,403	7.9%	6.8%	Sale proceeds
27,418	26,923	7.8%	6.7%	Cost
573	26,096	4.0%	6.5%	Multiple of earnings
17,397	17,026	9.1%	4.2%	Multiple of earnings
7,788	15,972	6.3%	4.0%	Sale proceeds
13,202	12,867	6.8%	3.2%	Multiple of earnings
8,844	12,712	9.4%	3.1%	Multiple of earnings
9,739	11,954	8.6%	3.0%	Multiple of earnings
11,504	11,287	6.9%	2.8%	Cost
6,814	9,533	0.9%	2.4%	Market price
82	7,891	4.1%	2.0%	Multiple of earnings
7,489	7,435	5.6%	1.8%	Cost
6,787	6,526	5.4%	1.6%	Multiple of earnings
15	5,622	1.4%	1.4%	Market price
2,459	5,102	8.0%	1.3%	Multiple of earnings
0	4,450	2.5%	1.1%	Sale proceeds

Independent review report of the auditors 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, 2007 which comprises Group income statement, Statement of recognised income and expenses, 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 APB Statements of Standards for Reporting Accountants 'International Standard on Review Engagements (UK and Ireland) 2410'. 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 Listing 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, 2007 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Listing Rules of the United Kingdom's Financial Services Authority.

Grant Thornton UK LLP

Chartered accountants
London
7th September, 2007

Note 1

The maintenance and integrity of the Candover Investments plc website is the responsibility of the directors: the interim review does not involve consideration of these matters and, accordingly, the Company's reporting accountants accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

Note 2

Legislation in the United Kingdom governing the preparation and dissemination of the interim report may differ from legislation in other jurisdictions.

Group income statement

for the period ended 30th June, 2007

Unaudited	Six months to 30th June, 2007			Six months to 30th June, 2006			Year to 31st December, 2006		
	Revenue £000	Capital £000	Total* £000	Revenue £000	Capital £000	Total* £000	Revenue £000	Capital £000	Total* £000
Gains on financial investments and cash equivalents at fair value through profit and loss									
Realised gains and losses	–	9,520	9,520	–	7,587	7,587	–	14,249	14,249
Unrealised gains and losses	–	70,545	70,545	–	16,047	16,047	–	38,029	38,029
	–	80,065	80,065	–	23,634	23,634	–	52,278	52,278
Revenue									
Management fees from managed funds	18,855	–	18,855	19,547	–	19,547	39,454	–	39,454
Investment and other income	10,688	–	10,688	10,121	–	10,121	21,007	–	21,007
Total revenue	29,543	–	29,543	29,668	–	29,668	60,461	–	60,461
Administrative expenses	(18,934)	(5,296)	(24,230)	(19,533)	(4,157)	(23,690)	(39,841)	(8,315)	(48,156)
Profit before finance costs and taxation	10,609	74,769	85,378	10,135	19,477	29,612	20,620	43,963	64,583
Interest payable and similar charges	(10)	(260)	(270)	(14)	–	(14)	(12)	(222)	(234)
Profit before taxation	10,599	74,509	85,108	10,121	19,477	29,598	20,608	43,741	64,349
Taxation	(3,308)	1,522	(1,786)	(2,952)	1,247	(1,705)	(6,231)	2,560	(3,671)
Profit attributable to equity shareholders	7,291	76,031	83,322	7,169	20,724	27,893	14,377	46,301	60,678
Earnings per ordinary share									
Basic and diluted	33.3p	347.9p	381.2p	32.8p	94.8p	127.6p	65.8p	211.8p	277.6p
Dividends paid (£000)	7,918	–	7,918	7,002	–	7,002	11,008	–	11,008

An interim dividend in respect of 2007 of 20p per ordinary share, amounting to a total dividend of £4,371,000, 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, 2007

Unaudited	Six months to 30th June, 2007 £000	Six months to 30th June, 2006 £000	Year to 31st December, 2006 £000
Profit attributable to equity shareholders	83,322	27,893	60,678
Exchange differences on translation of foreign operations	(40)	(6)	(11)
Total recognised income and expenses	83,282	27,887	60,667

Reconciliation of movements in equity

for the period ended 30th June, 2007

Unaudited	Six months to 30th June, 2007 £000	Six months to 30th June, 2006 £000	Year to 31st December, 2006 £000
Opening total equity	328,521	380,261	380,261
Total recognised income and expenses	83,282	27,887	60,667
Return of cash	(66)	(101,313)	(101,374)
Dividends	(7,918)	(7,002)	(11,033)
Closing total equity	403,819	299,833	328,521

Group balance sheet

at 30th June, 2007

Unaudited	Notes	30th June, 2007		30th June, 2006		31st December, 2006	
		£000	£000	£000	£000	£000	£000
Non-current assets							
Property, plant and equipment			3,311	915			1,679
Financial investments designated at fair value through profit and loss	3						
Investee companies		359,313		213,879		284,336	
Other financial investments		19,051		7,005		10,927	
			378,364	220,884		295,263	
Trade and other receivables			–	4,460		1,141	
Deferred tax asset			4,894	3,026		4,737	
			386,569	229,285		302,820	
Current assets							
Trade and other receivables		33,782		15,628		29,616	
Cash and cash equivalents		18,482		79,935		63,437	
			52,264	95,563		93,053	
Current liabilities							
Trade and other payables		(21,548)		(22,917)		(29,655)	
Loans and borrowings		(11,523)		–		(33,735)	
Current tax liabilities		(1,943)		(2,098)		(3,962)	
			(35,014)	(25,015)		(67,352)	
Net current assets			17,250	70,548		25,701	
Net assets			403,819	299,833		328,521	
Equity attributable to equity holders							
Called up share capital		5,464		5,464		5,464	
Share premium account		1,232		1,232		1,232	
Translation reserve		(59)		(14)		(19)	
Capital redemption reserve		499		499		499	
Capital reserve – realised		253,731		222,672		226,894	
Capital reserve – unrealised		105,555		35,133		56,427	
Revenue reserve		37,397		34,847		38,024	
Total equity			403,819	299,833		328,521	
Net asset value per share			1848p	1372p		1503p	

Group cash flow statement

for the period ended 30th June, 2007

Unaudited	Six months to 30th June, 2007		Six months to 30th June, 2006		Six months to 31st December, 2006	
	£000	£000	£000	£000	£000	£000
Cash flow from operating activities						
Cash flow from operations	(627)		9,278			12,261
Interest paid	(295)		(14)			(293)
Tax paid	(3,962)		(5,967)			(7,780)
Net cash from operating activities		(4,884)		3,297		4,188
Cash flows from investing activities						
Purchase of property, plant and equipment	(1,841)		(188)		(1,405)	
Purchase of financial investments	(55,334)		(35,298)		(96,144)	
Sale of property, plant and equipment	–		29		12	
Sale of financial investments	52,852		26,698		43,756	
Net cash from investing activities		(4,323)		(8,759)		(53,781)
Cash flows from financing activities						
Equity dividends paid		(7,918)		(7,002)		(11,008)
Return of cash		(5,064)		(96,234)		(96,367)
Loans and borrowings		(22,212)		–		33,735
Decrease in cash and cash equivalents		(44,401)		(108,698)		(123,233)
Opening cash and cash equivalents		63,437		189,392		189,392
Effect of exchange rates and revaluation on cash and cash equivalents		(554)		(759)		(2,722)
Closing cash and cash equivalents		18,482		79,935		63,437

Notes to the financial statements

Note 1 – General information

The information for the year ended 31st December, 2006 does not constitute statutory accounts as defined in Section 240 of the United Kingdom Companies Act 1985. Comparative figures for 31st December, 2006 are taken from the full accounts, which have been delivered to the Registrar of Companies and contain an unqualified audit report.

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, 2006, 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, 2007 £000	Six months to 30th June, 2006 £000	Year to 31st December, 2006 £000
Opening valuation	295,263	187,875	187,875
Additions at cost	55,334	35,298	96,144
Disposals	(42,606)	(18,077)	(28,419)
Appreciation	70,373	15,788	39,663
Closing valuation	378,364	220,884	295,263

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

Note 4 – Return of cash

Following the return of cash in May 2006, the outstanding C shares (1,093,460) were purchased during the period.

Board of directors

G E Grimstone *†
Chairman

S W Curran FCCA
Non-executive

A P Hichens MBA §†
Non-executive, nominations committee chairman

C Russell FSIP FCA §*
Non-executive, audit committee chairman

R A Stone FCA §*
Non-executive, remuneration committee chairman

J G West FCA MSI §†
Non-executive, Senior Independent Director

* Member of the remuneration committee

§ Member of the audit committee

† Member of the nominations committee

Find out more

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

Home page:
<http://www.candoverinvestments.com/>

Latest plc news:
<http://www.candoverinvestments.com/media/latest-plc-news>

Dividend History:
<http://www.candoverinvestments.com/financial-performance/dividend-his>

Share price:
<http://www.candoverinvestments.com/investor-info/price-graph>



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Candover Investments plc

20 Old Bailey
London EC4M 7LN

Telephone +44 20 7489 9848

Facsimile +44 20 7248 5483

Email info@candover.com

Website www.candoverinvestments.com