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Cape PLC ("Cape" or the "Group")

INTERIM RESULTS: 6 months to 30 June 2008

Cape PLC (AIM: CIU), the international provider of essential support services to the energy and natural resources sectors, announces a record set of results for the six month period ended 30 June 2008.

Financial highlights

- Group turnover from continuing operations up 58% to £295.9m (2007: £187.4m)
  - 57% at constant currencies (2007: £187.9m)
- Group adjusted operating profit[(1)] up 103% to £29.9m (2007: £14.7m)
  - 103% at constant currencies (2007: £14.7m)
- Group operating profit up 65% to £22.3m (2007: £13.5m)
- Operating margins improved to 10.1% per cent (2007: 7.8% per cent)
- Adjusted diluted earnings per share up 28% to 13.1p (2007: 10.2p)
- Basic earnings per share up 11.7% to 11.5p (2007: 10.3p)
- Cash generated from continuing operating activities of £26.1m (2007: outflow £4.0m) with net debt in line with management expectations
- Strong outlook for full year and beyond – 2008 results will be ahead of market expectations

Business highlights

- Organic growth over the first half +25%
- Integration of acquisitions and delivery of synergies proceeding to plan
- 66% revenue now derived from energy/petrochem sector
  - resources sector accounts for 12%
- 46% of revenue now derived from high quality long term contracts
  - Maintenance
  - Outages
  - shutdowns
- Operating margins improved in all regions
- The Group now employs over 14,000 people in 30 countries around the globe
- Appointment of Merrill Lynch as Financial Adviser and Joint Broker and Numis Securities as NOMAD and Joint Broker
- Cape to seek Main Market listing in Q2 2009, subject to regulatory approvals

Martin May, Chief Executive Officer, said:

"I am very pleased to report that Cape has delivered another set of exceptional results over the first half of 2008. The markets in which the Group operates remain buoyant, underpinned by long term factors, principally the growing demand for energy. Cape's business is significantly second half weighted, and we expect that underlying growth in demand for our services will continue to be strong and believe that our results for the full year will be ahead of market expectations."

1. Adjusted operating profit comprises profit before interest and taxation of £22.3m (2007: £13.5m), adjusted for exceptional items of £3.5m (2007: nil), IDC costs of £2.7m (2007: £1.0m) and amortisation of intangible assets of £1.4m (2007: £0.2m)

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Chairman’s Statement

I am delighted to report that the first half of 2008 saw Cape once again making significant progress across all its businesses. The Group has continued to refine its regional focus to build momentum in its chosen markets founded on ever-strengthening customer relationships, the highest standards of safety performance and on time delivery of its services.

Despite the current difficult global market conditions, macroeconomic circumstances remain favourable to our activities, with high levels of energy demand underpinning our customers’ work programmes in both our domestic and international markets. Underlying this strength in our customers’ markets is the high quality ongoing maintenance, outage and shutdown contracts which provide robust revenues independent of current macroeconomic factors. We are therefore confident that the rest of 2008 will continue to show strong growth and that Cape’s prospects for 2009 remain highly promising.

Move to the Main Market

The directors consider that the Main Market of the London Stock Exchange would be a more appropriate location for the Company’s share listing, providing access to a wider investor base and a higher profile through which to build new business opportunities. We are therefore pleased to announce that Cape will seek a primary listing of its ordinary shares on the Official List of the UK Listing Authority and move to trading on the London Stock Exchange Main Market for listed securities in the second quarter of 2009, subject to regulatory approvals.

To support that process, we announced earlier this month our new line-up of company advisers, with Merrill Lynch appointed Financial Adviser and Joint Broker, and Numis Securities as NOMAD and Joint Broker. I believe this highly complementary and experienced combination of advisers will provide invaluable support to Cape in achieving its wider strategic aims.

Our ambitions for the Company are also reflected in our strengthening of senior management during the period, with the appointment of Richard Bingham as Chief Financial Officer, Steve Murdoch as executive director with responsibility for Australia, a key area for the Company, and Jeremy Rhodes as Group Company Secretary. These appointments complete a senior management team that has the experience and expertise to deliver growth for the Company and its shareholders in a manner befitting a Main Market plc.

I would like to thank my predecessor David McManus, who stepped down as Chairman at the AGM, for his huge contribution to the Company’s development. It is a great privilege to take on the role he filled so successfully and we are delighted that he remains on the Board of Cape as a Non-Executive Director.

Let me conclude by expressing my gratitude for the continuing dedication of management and staff whose commitment lies at the foundation of our success.

Sean O’Connor
Chairman
22 September 2008

Chief Executive’s Operating Report and Financial Review

The six month period to 30 June 2008 provides further evidence of the progress that the Company has made in delivering its strategy and, as a consequence, improved performance.

The reorganisation last year of the Group into four geographic business units (the UK, Gulf/Middle East, Far East & Pacific Rim, and the CIS/Caspian (including Sakhalin Island) has started to bear fruit. Over the first half, Cape's decentralised structure has delivered higher margins along with strong organic growth. From the start of 2008 the Group's plc function was relocated to Stockley Park in West London. Looking ahead, I believe that this structure will allow the regional management teams more opportunity to focus on business development and operational effectiveness whilst at the same time allowing the plc team to further refine and develop our long term strategy for the Group.

The first half has once again seen the Company continue to broaden its range of services whilst deepening relationships with existing customers, demonstrating our ability to benefit from repeat business and increased remits across the life cycle of our customers' assets. We have seen major contract awards in every regional business unit with many of them winning awards for exceptional performance in safety, often in difficult operating environments.

Over the first six months, revenue from continuing operations increased by 58% to £295.9m (2007: £187.4m) with operating margins before other items of 10.1% (2007: 7.8%) resulting in a group adjusted operating profit of £29.9m (2007: £14.7m), an increase of 103% over the corresponding half year. The Group Operating Profit for the six months to June 2008 was £22.3m (2007: £13.5m).

Exceptional charges of £3.5m (2007: nil) include the costs associated with the reorganisation of the newly acquired Australian businesses, the closure of an Australian business unit planned at the time of acquisition and the relocation of the head office and plc functions to Stockley Park. The level of these charges is in line with management's expectations.

Industrial Disease Claims (IDC) cost £2.7m in the first half (2007: £1.0). The claims are funded out of the ring-fenced funds created through the Scheme of Arrangement in 2006, and do not have an effect on the operating performance of the Company. The Group Adjusted operating profit of £29.9m excludes both the interest received on the Scheme Assets and the outflows due to claims.

The three key 2008 objectives for the Group remain unchanged. These are:

- to deliver strong organic growth;
- demonstrate firm progress on integration of the Australian acquisitions; and
- to generate sufficient free cash flow to reduce net debt by £30m

We remain on track to deliver on all three of these objectives.

With regard to progress on our Australian business our entry into the LNG and resources markets is progressing satisfactorily. We have made good progress in assimilating TCC, Concept and PCH into our existing regional business and the Cape brand is increasingly visible in these regions. There remains much work to be done to ensure that the quality of our offering in the region is of the consistency and standard to which we aspire and deliver elsewhere. Whilst first half results have been impacted by several factors in the Australian market place, we expect to see strongly improved performance from this region over the second half and we believe the outlook for Australia and the region as a whole in 2009 and beyond is very promising.

Net debt (excluding restricted funds) at 30 June 2008 stood at £199.0m (31 December 2007: £189.2m) reflecting the seasonal working capital flows and capital expenditure requirements in the first half. Net capital expenditure in the first half amounted to £12.2m (2007: £12.0m). With the volume of underutilised equipment acquired through the PCH acquisition and the current demobilisation on Sakhalin 1 & 2, capital expenditure will be significantly reduced over the second half. The seasonal reduction in working capital and the reduced capital spend is expected to result in the diminution of our debt over the full year. The Group has a £220m five year fully committed and syndicated debt facility.

United Kingdom

In the UK, the Group continues to leverage advantages from the increased trend for outsourcing in energy and petrochem markets, where the demand for Cape's safety critical maintenance services remains strong. The Group's bundled offering is attractive to clients seeking to consolidate their supply chain with a partner whose reputation for safety and reliability is unparalleled.

Market conditions in Cape's core sectors, in combination with is range of long-term contracts, are such that it has been largely insulated from the general downturn in the UK economy. Whilst the increase in both oil and gas prices has resulted in the extension of the life of many offshore assets, which brings with it additional maintenance opportunities, the first half has seen a reduction in offshore project work deferred to the second half of 2008 or even the first half of 2009.

The amount of shutdown and project work in the power sector continues to rise as power generation plants age. The Group continues to add to its skill-set to meet the anticipated needs of the next generation of coal, oil, gas and nuclear power plants.

Significant commercial progress has been made during the first six months of 2008, with revenues increasing by 13.7% against the first half of trading of 2007, coupled with management actions which have produced a strong improvement in the region's ability to generate cash from ongoing operations. Operating profit for the first six months of 2008 of £10.5m was 26.5% higher than in the corresponding period (2007: £8.3m). Visibility of earnings remain strong with a forward order book for the UK region of over £350 million (31 December 2007 : £352m).

In addition, during the first half of 2008 the UK management team has been further enhanced by the appointment of a Health, Safety, Environment and Quality (HSEQ) Director, a Business Support Services Director and two Regional Operational Directors providing greater breadth and depth to support future organic growth.

Gulf/Middle East

The regional backdrop remains extremely positive. The region continues to benefit from very high levels of investment in new projects across the energy, oil, gas and petrochem sectors in each of Cape's markets. We have market leading positions in Saudi Arabia, Abu Dhabi, Qatar, Bahrain, Oman and Kuwait.

Revenues for the six months to 30 June 2008 were £49.6m (2007 £30.1m) and operating profit was £11.6m (2007 £6.4m).

Revenue growth in the region over the first half was up 64.8% compared to the corresponding six months in 2007, whilst operating profit was up 81.3%. We remain confident that we can maintain similar levels of activity over the second half.

The PCH operations in the Gulf have now been fully integrated into our regional business.

Notable contract awards include, in Saudi Arabia, Nasr Al Hajr/KBR ($57m over 18 months) and MMG/JEL ($24m), whilst in Bahrain new business has been awarded by Kobelco and BAPCO. The Group has also won contracts in Qatar from Descon and Q-Con.

Going forward, our long term focus will be on offering a greater level of bundled services to clients. We have also successfully launched offshore diving as an additional service to both existing and new clients with revenues already exceeding our expectations. Turnarounds and maintenance are the key long term focus, with these increasing in line with the substantial new plants coming on stream in the region.

Key appointments in the period to further strengthen the regional team included country managers for Saudi Arabia and Bahrain, together with a regional HR Director and a regional head of purchasing based in Bahrain.

CIS States/Caspian (including Sakhalin Island)

Revenues for the region in the six months to 30 June 2008 were £27.9m (2007 £22.4m) with revenue growth increasing 24.5% from the corresponding period in 2007. Operating profit before exceptional items increased 325% to £3.4m (2007 £0.8m). We remain confident of the outlook for the region having established ourselves as the market leader in the Caspian and on the east coast of Russia.

Our work on the Sakhalin LNG 2 project has now progressed to the early stages of demobilisation, with the work scope 80 per cent complete and substantial completion planned during Q3 2008. On 9th September 2008, the Cape Sakhalin LNG 2 project team achieved a milestone of seven million man hours worked without a lost time incident. Having secured the maintenance contract for the project during 2007 we now look forward to the next stage of investment in this world class facility. Using Sakhalin as a springboard we have recently established a new operation on the east coast of Russia in Khabarovsk.

Our other CIS/Caspian operations continue to grow, with the Kazakhstan business reopening an office in Aksai to take advantage of the resurgence of work in the Karachaganak field. With our locations in Atyrau and Actau we can now cover all opportunities that arise on the Eastern side of the Caspian. From Kazakhstan we are ideally positioned to restart and re-establish operations in Azerbaijan as and when the next round of investment takes place.

The PCH operations in the Caspian have strengthened our position, providing us with significant quantities of equipment which are being effectively redeployed.

Our operations in the Mediterranean and North Africa, which also fall under this area of management for Cape, have made significant steps in recent months. We have completed a major shutdown for British Gas in Tunisia and are well placed to secure work on the future projects planned in the country. We have recently secured work in Southern Spain on The Adriatic LNG floating facility which will sail to its permanent location offshore Venice in Q4 2008. We anticipate ongoing involvement with the structure and taking part in the hook up through the rest of 2008 and into 2009. Our operations in Malta and Egypt continue with existing term contracts being extended.

Far East/Pacific Rim

Australia

Following our acquisition last year of three businesses in Australia (Total Corrosion Control Group, Concept Hire Limited and PCH Group Limited) Cape has dedicated much time and effort to delivering a higher standard of service and positioning the regional business for growth.

The acquisitions have provided Cape with immediate and significant entry into the burgeoning Australian LNG market together with the rapidly growing mining and resources sectors.

The performance in the region over the first half was impacted by several factors. These included the costs of rationalising the newly integrated businesses, delays to the commencement of certain major project work in Western Australia, a downturn in some of the local markets due to interest rate rises and prolonged extreme rainfall in Queensland during Q1. We are pleased to report that performance has now improved. We expect to see the benefits in our second half results, and look forward to a step change in performance during 2009. In addition, the expected synergies are beginning to show through in the financial performance whilst the new management team is bedding in well. We are also beginning to win business from the local market rather than only from international operators active in the region, demonstrating the benefit of our enhanced network of local relationships.

Asia (Thailand, Singapore, Indonesia, Philippines) and New Caledonia

At the end of the first half nearly 90 per cent of the full year forecast sales had been secured. Several key project awards are imminent which should result in a healthy opening pipeline of work for 2009 extending into 2010.

The PCH operations in Asia have now been fully integrated into our regional business.

Major contract awards included Woodside's Pluto Pre-Assemblies Scaffolding Project in Thailand. The project will last for at least 2 years with the workforce planned to peak at 300. The project will take place in the fabrication yards in Laemchabang port, Thailand. In addition, the DOW Chemicals SPEII scaffolding and insulation project in Thailand was secured and will run for at least 18 months, with a peak work force of 120. The Shell Mono Ethylene Glycol (MEG) project in Singapore was secured with a project value of £4.0m over 10 months, and a peak workforce of 300. The project will take place on Jurong Island close to Singapore.

A two-year extension/renewal of the maintenance contract for Shell in the Philippines for the Malampaya platforms was also won with an average workforce of 60 and a peak of up to 200 men during the shutdown period. The Goro Nickel project in New Caledonia has utilised more than 200 men with the project now expected to continue well into 2009. The majority of the operatives required have been trade tested and trained to our exacting standards at our Philippines Training Centre, with the trainees achieving a UK and internationally recognized scaffold qualification.

Health, Safety and the Environment

The strength of our performance in terms of heath, safety and environmental ('HSE') standards provides the foundation of our offering and Cape continues to focus much time and effort on these matters. We are pleased to announce that underlying performance in this area when measured against a basket of key performance indicators continues to demonstrate an overall improving trend.

Continual improvement lies at the heart of our approach to HSE. During the last 6 months there have been a number of new initiatives designed to help Cape further improve its HSE performance, the most notable being:

- Introduction of a set of Golden Rules - eight themes essential to ensure the health and safety of our employees and members of the public who could be affected by our operations. These rules are designed to set Group performance expectations and ensure that our employees understand the consequences if they fail to live up to these goals.

- To establish a set of HSE and technical key performance indicators for use globally across the Group to measure both leading and lagging indicators. These are designed to enable the business to proactively manage its performance in these matters to achieve our goal to be demonstrably the best in our industry sector.

- Award of an IT contract to develop and roll-out a group-wide single internet based global HSE reporting and analysis system. The pilot will be introduced this month with full implementation planned for the beginning of 2009.

- As part of the Group initiative to integrate the respective newly acquired businesses into the Cape health and safety culture, and to share best practice, a global health and safety conference was held in June.

We firmly believe that the strength of our business model is a direct consequence of the knowledge, training and safety culture of our people throughout the organisation. Over the first half of 2008 we have increased our commitment to training by providing world class facilities and courses to internationally recognised standards. Additional courses and competencies are continually being added to our capabilities so that we can provide bundled services to our clients.

Queen's Award for Enterprise

On Monday 14th July 2008 I was honoured on behalf of the Group to receive the Queen's Award for Enterprise during a reception at Buckingham Palace. It goes without saying that this could not have been achieved without the support, commitment and dedication of every single member of our staff worldwide, for which I would like to thank them.

Outlook

The Australian acquisitions of TCC, Concept and PCH, completed during 2007, have, along with our existing business units, secured Cape a solid foothold in the burgeoning energy and resources markets of the Far East and Pacific Rim. We fully expect the expansion of the breadth and depth of our services in those parts of the world to form an increasingly important component of Cape's future. We are now better placed than ever before to cross sell the Group expertise to current and potential clients.

Progress elsewhere, in the Middle East/Gulf, CIS/Caspian and in our UK onshore and offshore markets has been very encouraging and bodes well for the future. We expect, as in previous years, to see a strong set of second half results and post record results for 2008 as a whole.

Cape is in its strongest position to date with increasing visibility on earnings and a growing forward order book. With a promising second half to come we are confident that our full year performance for 2008 will be ahead of market expectations and that Cape's prospects for 2009 and beyond remain highly promising.

Martin K May
Chief Executive Officer
22 September 2008

CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 30 JUNE 2008

	Unaudited Half year ended 30 June 2008			Unaudited Half year ended 30 June 2007			Year ended 31 December 2007		
	Before	**Other**	**Total**	Before	Other	Total	Before	Other	Total

		other items*	**items***		other items*	items*		other items*	items*	
	Notes	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Continuing operations										
Revenue		**295.9**	**-**	**295.9**	187.4	-	187.4	428.8	-	428.8
Group operating profit before other items		**29.9**		**29.9**	14.7		14.7	38.7	-	38.7
Amortisation of intangible assets		**-**	**(1.4)**	**(1.4)**	-	(0.2)	(0.2)	-	(1.0)	(1.0)
Industrial disease costs		**-**	**(2.7)**	**(2.7)**	-	(1.0)	(1.0)	-	(1.6)	(1.6)
Exceptional items	**3**	**-**	**(3.5)**	**(3.5)**	-	-	-	-	(0.3)	(0.3)
Group operating profit		**29.9**	**(7.6)**	**22.3**	14.7	(1.2)	13.5	38.7	(2.9)	35.8
Finance income		**0.4**	**1.0**	**1.4**	-	1.0	1.0	1.2	2.2	3.4
Finance costs		**(9.0)**	**-**	**(9.0)**	(1.1)	-	(1.1)	(6.2)	-	(6.2)
Profit before tax		**21.3**	**(6.6)**	**14.7**	13.6	(0.2)	13.4	33.7	(0.7)	33.0
Taxation	**4**	**(5.4)**	**4.8**	**(0.6)**	(3.3)	-	(3.3)	(8.4)	3.0	(5.4)
Profit from continuing operations		**15.9**	**(1.8)**	**14.1**	10.3	(0.2)	10.1	25.3	2.3	27.6
Discontinued operations										
Operating loss		**(0.2)**	**-**	**(0.2)**	-	-	-	(0.7)	-	(0.7)
Taxation		-	-	-	-	-	-	-	-	-
Loss attributable to discontinued operation		**(0.2)**	**-**	**(0.2)**	-	-	-	(0.7)	-	(0.7)
Profit for the year		**15.7**	**(1.8)**	**13.9**	10.3	(0.2)	10.1	24.6	2.3	26.9
Attributable to:										
Equity shareholders				**13.2**			9.6			26.9
Minority interest				**0.7**			0.5			-
				13.9			10.1			26.9
Earnings per share for profit attributable to equity shareholders										
From continuing and discontinued operations										
Basic	**5**			**11.5p**			10.3p			26.0p
Diluted	**5**			**11.3p**			10.0p			25.5p
From continuing operations										
Basic	**5**			**11.7p**			10.3p			26.7p
Diluted	**5**			**11.5p**			10.0p			26.2p

* Other items include: amortisation of intangible assets, industrial disease related income and expenses and exceptional items

CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2008

	Notes	**Unaudited 30 June 2008 £m**	Unaudited 30 June 2007 £m	31 December 2007 £m
Assets				
Non current assets				
Intangible assets		**181.4**	17.2	165.6
Property, plant and equipment	6	**142.0**	40.3	127.0
Retirement benefit asset		**0.1**	8.0	0.1
Deferred tax asset		**9.2**	3.8	6.7
		332.7	69.3	299.4
Current assets				
Inventories		**18.5**	12.3	15.8
Trade and other receivables		**157.3**	103.2	144.5
Financial assets - derivative financial instruments		**2.6**	0.1	-
Cash - Scheme funds (restricted)		**38.1**	39.2	39.1
Cash and cash equivalents	8	**15.7**	53.7	20.1
		232.2	208.5	219.5
Liabilities				
Current liabilities				
Financial liabilities				
- Borrowings		**(36.9)**	(8.8)	(45.5)
- Derivative financial instruments		**-**	-	(0.1)
Trade and other payables		**(99.7)**	(73.2)	(96.7)
Current tax liabilities		**(6.2)**	(4.0)	(6.6)
		(142.8)	(86.0)	(148.9)
Net current assets		**89.4**	122.5	70.6
Non current liabilities				
Financial liabilities				
- Borrowings		**(177.8)**	(21.1)	(163.8)
Retirement benefit liabilities		**(3.7)**	(2.3)	(3.1)
Deferred tax liabilities		**(11.8)**	(2.9)	(10.4)
Provisions		**(12.7)**	(12.9)	(12.0)
		(206.0)	(39.2)	(189.3)
Net assets		**216.1**	152.6	180.7
Shareholders' equity				
Called up share capital	9	**33.0**	32.0	32.8
Share premium account	9	**7.9**	86.2	7.5
Special reserve	9	**1.0**	-	1.0
Other reserves	9	**27.0**	(2.9)	5.5
Retained earnings	9	**146.5**	36.8	132.9
Total shareholders' equity		**215.4**	152.1	179.7
Minority interest in equity	9	**0.7**	0.5	1.0
Total equity		**216.1**	152.6	180.7

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE HALF-YEAR ENDED 30 JUNE 2008

	Unaudited Half-year Ended 30 June 2008	Unaudited Half-year Ended 30 June 2007	Year Ended 31 December 2007
	£m	£m	£m
Net exchange adjustments offset in reserves net of tax	**19.7**	(0.6)	6.1
Actuarial gain/ (loss) recognised in the pension scheme	**2.5**	(4.2)	(4.3)
Movement in restriction of retirement benefit asset in accordance with IAS 19	**(2.8)**	3.7	(5.8)
Movement on deferred tax relating to pension asset	**-**	0.2	2.5
Cash flow hedges - fair value gains/(losses)	**1.8**	(0.1)	1.6
Excess tax on share option scheme	**-**	(0.1)	(0.2)
Net income/(expense) recognised directly in equity	**21.2**	(1.1)	(0.1)
Profit for the period	**13.9**	10.1	26.9
Total recognised income relating to the period	**35.1**	9.0	26.8
Attributable to:			
Equity shareholders	**34.4**	8.5	26.8
Minority interest	**0.7**	0.5	-
	35.1	9.0	26.8

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 30 JUNE 2008

	Notes	**Unaudited Half-year Ended 30 June 2008 £m**	Unaudited Half-year Ended 30 June 2007 £m	Year Ended 31 December 2007 £m
Cash flows from operating activities				
Cash generated from/(absorbed by) operating activities	**7**	**25.6**	(4.0)	17.8
Interest received		**1.4**	1.0	3.4
Interest received on restricted funds		**(1.0)**	(1.0)	(2.2)
Net interest received		**0.4**	-	1.2
Interest paid		**(8.3)**	(1.2)	(6.2)
Issue costs of new bank loans		**(1.5)**	-	(2.6)
Tax paid		**(3.2)**	(1.6)	(3.3)
Net cash inflow/(outflow) from operating activities		**13.0**	(6.8)	6.9
Cash flows from investing activities				
Purchase of businesses net of cash acquired		**(3.6)**	(2.9)	(185.2)
Purchase of businesses deferred consideration paid		**(0.9)**	(1.0)	(1.1)
Proceeds from sale of property, plant and equipment		**1.3**	0.2	1.8
Purchase of property, plant and equipment	**6**	**(12.2)**	(11.2)	(25.3)
Net cash used in investing activities		**(15.4)**	(14.9)	(209.8)
Cash flows from financing activities				
Net proceeds from issue of ordinary share capital		**0.6**	68.0	68.3
Proceeds from borrowings		**-**	-	169.6
Finance lease principal payments		**(2.9)**	(0.9)	(2.8)
Repayment of borrowings		**(2.2)**	(2.8)	(26.0)
Net cash received from financing activities		**(4.5)**	64.3	209.1
Exchange losses on cash, cash equivalents and bank overdrafts		**0.1**	(0.1)	(0.1)
Net (decrease)/ increase in cash, cash equivalents and bank overdrafts		**(6.8)**	42.5	6.1
Opening cash, cash equivalents and bank overdrafts		**15.2**	9.1	9.1
Closing cash, cash equivalents and bank overdrafts	**8**	**8.4**	51.6	15.2

Note to the Financial Statements

1. Preparation of interim accounts

The interim financial report has been prepared under the historical cost convention; as modified by the accounting for derivative financial instruments at fair value through profit or loss; and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. This interim financial report does not comply with IAS 34 'Interim Financial Reporting', which is not currently required to be applied under AIM rules.
The same accounting policies and methods of computation are followed in the interim financial statements as the latest published audited accounts, which are available on the Company's website at www.capeplc.com.

The Group has elected to change the primary reporting format for segmental analysis from business segment to geographical segment as this reflects the way management review the businesses performance since the reorganisation of the business into four separate regions.

Of the new standards, amendments and interpretations that are in issue and mandatory for the financial year end to 31 December 2008, there is no financial impact on this condensed consolidated financial report.

The financial information included in this interim financial report for the six months ended 30 June 2008 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985 and is unaudited. A copy of the Group's annual report and accounts for the year ended 31 December 2007, which were prepared under IFRS have been delivered to the Registrar of Companies and include an auditors' report which was unqualified.

In forming their opinion, the auditors considered the adequacy of the disclosures made in the financial statements concerning the impact of, and accounting for, potential future claims for industrial disease compensation. An independent actuarial estimate of the range of certain potential liabilities has been performed, however, given the wide range of estimates and significant degree of uncertainty surrounding them, it is not possible for the Directors to quantify, with sufficient reliability, the amount required to settle future claims and accordingly claims are generally accounted for on the basis of claims lodged or settlements reached and outstanding at the balance sheet date.

However, if it were possible to assess reliably the present value of the amount required to settle future claims such that this was provided in the balance sheet, there would be a materially adverse effect on the Group's financial position. Details of the circumstances relating to this 'Emphasis of matter – contingent liability for industrial disease claims' are described in the contingent liability note in the annual report and accounts for the year ended 31 December 2007. The auditors' opinion was not qualified in this respect.

This interim financial report will be published on the Company's website, in addition to the paper version posted to shareholders. The maintenance and integrity of the Cape PLC website is the responsibility of the directors. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

2. Segmental reporting

Geographical segments

Six months ended 30 June 2008 (unaudited)

	United Kingdom	**Gulf/ Middle East**	**CIS/ Caspian**	**Far East/ Pacific Rim**	**Central costs**	**Group**
Continuing operations	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Revenue	**143.5**	**49.6**	**27.9**	**74.9**	**-**	**295.9**
Operating profit/(loss) before other items	**10.8**	**11.6**	**3.4**	**6.4**	**(2.3)**	**29.9**
Amortisation of intangible assets	**(0.3)**	**-**	**-**	**(1.1)**	**-**	**(1.4)**
IDC costs	**-**	**-**	**-**	**-**	**(2.7)**	**(2.7)**
Exceptional items	**-**	**-**	**(0.7)**	**(1.8)**	**(1.0)**	**(3.5)**
Operating profit/(loss)	**10.5**	**11.6**	**2.7**	**3.5**	**(6.0)**	**22.3**
Finance income						**1.4**
Finance costs						**(9.0)**
Profit before tax						**14.7**
Taxation						**(0.6)**
Profit from continuing operations						**14.1**
Discontinued operations						
Operating loss	**(0.2)**	**-**	**-**	**-**	**-**	**(0.2)**
Taxation	-	-	-	-	-	-
Loss attributable to discontinued operations	-	-	-	-	-	**(0.2)**
Attributable to:						
Minority interests						**0.7**
Equity shareholders						**13.2**
						13.9

There are no significant inter-segment sales between segments

Six months ended 30 June 2007 (unaudited)

	United Kingdom	Gulf/ Middle East	CIS/ Caspian	Far East/ Pacific Rim	Central costs	Group
Continuing operations	£m	£m	£m	£m	£m	£m
Revenue	126.2	30.1	22.4	8.7	-	187.4
Operating profit/(loss) before other items	8.5	6.4	0.8	0.7	(1.7)	14.7
Amortisation of intangible assets	(0.2)	-	-		-	(0.2)
IDC costs	-	-	-	-	(1.0)	(1.0)
Operating profit/(loss) before exceptional items	8.3	6.4	0.8	0.7	(2.7)	13.5
Finance income						1.0
Finance costs						(1.1)
Profit before tax						13.4
Taxation						(3.3)
Profit from continuing operations						10.1

Attributable to:	
Minority interests	0.5
Equity shareholders	9.6
	10.1

There are no significant inter-segment sales between segments

2. Segmental reporting (continued)

Geographical segment
Year ended 31 December 2007

	United Kingdom	Gulf/ Middle East	CIS/ Caspian	Far East/ Pacific Rim	Central costs	Group
Continuing operations	£m	£m	£m	£m	£m	£m
Revenue	270.1	66.1	47.1	45.5	-	428.8
Operating profit/(loss) before other items	21.5	12.4	4.8	3.4	(3.4)	38.7
Amortisation of intangible assets	(0.5)	-	-	(0.5)	-	(1.0)
IDC costs	-	-	-	-	(1.6)	(1.6)
Exceptional items	-	-	-	(0.3)	-	(0.3)
Operating profit/(loss)	21.0	12.4	4.8	2.6	(5.0)	35.8
Finance income						3.4
Finance costs						(6.2)
Profit before tax						33.0
Taxation						(5.4)
Profit from continuing operations						27.6
Discontinued operations						
Operating profit	(0.1)	-	-	-	-	(0.1)
Exceptional items	(0.6)	-	-		-	(0.6)
Profit before tax	(0.7)	-	-	-	-	(0.7)
Taxation	-	-	-	-	-	-
Profit attributable to discontinued operations	(0.7)	-	-	-	-	(0.7)
Net profit attributable to equity shareholders						26.9

There are no significant inter-segment sales between segments

Business segment

	Unaudited Half-year ended 30 June 2008		Unaudited Half-year ended 30 June 2007		Year ended 31 December 2007	
	Revenue	**Operating profit**	Revenue	Operating profit	Revenue	Operating profit
Continuing operations	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Industrial Services	**295.9**	**30.8**	187.4	16.2	428.8	41.1
Central costs	-	**(2.3)**	-	(1.7)	-	(3.4)
Industrial disease costs	-	**(2.7)**	-	(1.0)	-	(1.6)
Exceptional items	-	**(3.5)**	-	-	-	(0.3)
	295.9	**22.3**	187.4	13.5	428.8	35.8

3. Exceptional items

	Unaudited Half-year ended 30 June 2008 £m	Unaudited Half-year ended 30 June 2007 £m	Year ended 31 December 2007 £m
Continuing operations			
Reorganisation costs in relation to Australian acquisitions	**2.5**	-	0.3
Relocation of Head office	**1.0**	-	-
	3.5	-	0.3

During the first half of the year, costs have been incurred in relation to the integration of the three Australian business, both with each other and into the existing Cape Group. These costs include redundancy costs of senior employees of the acquired companies and losses incurred due to the closure of certain acquired business which did not fit with Cape's business plan.

The Group has also incurred costs in relation to the relocation of the Group head office from Wakefield to Stockley Park. This relocation was completed in the first half of the year and the costs were in the large employee related.

4. Taxation

The tax charge for the six months to 30 June 2008 includes an exceptional tax credit of £3.0m due to PCH entering into the tax consolidation group in Australia. The tax effective rate prior to this tax credit would be 24.9% (six months to June 2007: 24.2%)

5. Earnings per ordinary share

The basic earnings per share calculation for the 6 month period ended 30 June 2008 is based on the profit attributable to equity shareholders of £13.2 million (2007: £9.6 million) divided by the weighted average number of 25p ordinary shares of 114,096,941 (2007: 93,585,033).

The diluted earnings per share calculation for the 6 month period ended 30 June 2008 is based on the profit attributable to equity shareholders of £13.2 million (2007: £9.6 million) divided by the weighted average number of 25p ordinary shares of 116,228,163 (2007: 95,961,277).

Share options are considered potentially dilutive as the average market price during the year was above the average exercise price.

An adjusted basic and diluted earnings per share has been calculated in order to show the earnings per share from continuing operations before any exceptional costs, IDC related costs and revenue, amortisation of intangible assets and the tax effect of these items.

	Unaudited Half-year ended 30 June 2008		Unaudited Half-year ended 30 June 2007		Year ended 31 December 2007	
	Earnings £m	**EPS pence**	Earnings £m	EPS pence	Earnings £m	EPS pence
Basic earnings per share						
Continuing operations	**13.4**	**11.7**	9.6	10.3	27.6	26.7
Discontinued operations	**(0.2)**	**(0.2)**	-	-	(0.7)	(0.7)
Basic earnings per share	**13.2**	**11.5**	9.6	10.3	26.9	26.0
Diluted earnings per share						
Continuing operations	**13.4**	**11.5**	9.6	10.0	27.6	26.2
Discontinued operations	**(0.2)**	**(0.2)**	-	-	(0.7)	(0.7)
Diluted earnings per share	**13.2**	**11.3**	9.6	10.0	26.9	25.5
Adjusted basic earnings per share						
Earnings from continuing operations	**13.4**	**11.7**	9.6	10.3	27.6	26.7
Amortisation of intangibles	**1.4**	**1.2**	0.2	0.2	1.0	1.0
Exceptional items	**3.5**	**3.1**	-	-	0.3	0.3
IDC related costs and revenue	**1.7**	**1.5**	-	-	(0.6)	(0.6)
Tax effect of adjusting items	**(1.8)**	**(1.6)**	-	-	(0.2)	(0.2)
Exceptional Australian tax credit	**(3.0)**	**(2.6)**	-	-	(2.8)	(2.7)
Adjusted earnings per share	**15.2**	**13.3**	9.8	10.5	25.3	24.5
Adjusted diluted earnings per share						
Earnings from continuing operations	**13.4**	**11.5**	9.6	10.0	27.6	26.2
Amortisation of intangibles	**1.4**	**1.2**	0.2	0.2	1.0	1.0
Exceptional items	**3.5**	**3.1**	-	-	0.3	0.3
IDC related costs and revenue	**1.7**	**1.5**	-	-	(0.6)	(0.6)
Tax effect of adjusting items	**(1.8)**	**(1.6)**	-	-	(0.2)	(0.2)
Exceptional Australian tax credit	**(3.0)**	**(2.6)**	-	-	(2.8)	(2.6)
Diluted adjusted earnings per share	**15.2**	**13.1**	9.8	10.2	25.3	24.1

6. Property, plant and equipment

During the six months ended 30 June 2008, the Group acquired assets with a cost of £17.5m (2007: £12.2m) and received proceeds from asset sales of £1.3m (2007: £0.2m) giving net capital expenditure of £16.2m (2007: £12m). The capital expenditure of £12.2m (2007: £11.2) shown in the cash flow statement represents the actual cash outflow and therefore excludes purchases funded through new finance leases.

7. Cash flow from operating activities

	Unaudited Half-year ended 30 June 2008 £m	Unaudited Half-year ended 30 June 2007 £m	Year ended 31 December 2007 £m
Cash flows from operating activities			
Continuing operations			
Profit for the period	**22.3**	13.5	35.8
Depreciation	**7.7**	4.1	8.7
Amortisation of intangibles	**1.4**	0.2	1.0
Share option charge	**0.7**	0.4	0.3
Difference between pension charge and cash contributions	**(0.3)**	(0.4)	-
Loss/(profit) on sale of property, plant and equipment	**0.3**	-	(0.1)
Changes in working capital (excluding the effects of acquisitions and disposals)			
Increase in inventories	**(2.4)**	(4.0)	(4.0)
Increase in receivables	**(10.5)**	(23.6)	(29.7)
Increase in payables	**4.2**	7.0	8.2
Increase/(decrease) in provisions	**0.7**	(2.0)	(3.9)
Operating movements relating to Scheme	**2.0**	1.8	3.2
Cash generated from/(absorbed by) continuing operations	**26.1**	(3.0)	19.5
Discontinued operations			
Loss for the period	**(0.2)**	-	(0.7)
Profit on sale of property	**-**	-	(0.5)
Decrease/(increase) in receivable	**0.1**	-	(0.1)
Decrease in payables	**(0.4)**	(1.0)	(1.4)
Increase in provisions	**-**	-	1.0
Cash outflow from discontinued operations	**(0.5)**	(1.0)	(1.7)
Cash generated from/(absorbed by) operating activities	**25.6**	(4.0)	17.8

8. Cash and cash equivalents

For the purpose of the interim consolidated cash flow statement, cash and cash equivalents are comprised of the following:

	Unaudited Half-year ended 30 June 2008 £m	Unaudited Half-year ended 30 June 2007 £m	Year ended 31 December 2007 £m
Cash and cash equivalents	**15.7**	53.7	20.1
Bank overdraft	**(7.3)**	(2.1)	(4.9)
Cash and cash equivalents including overdraft	**8.4**	51.6	15.2

9. Statement of changes in equity

Unaudited	Share Capital £m	Share Premium £m	Special Reserve £m	Retained Earnings £m	Other reserves £m	Total £m	Minority interest £m	Total £m
At 1 January 2007	25.2	25.0	-	27.2	(2.2)	75.2	-	75.2
Exchange adjustments net of tax	-	-	-	-	(0.6)	(0.6)	-	(0.6)
Issue of share capital	6.8	63.2	-	-	-	70.0	-	70.0
Issue expenses	-	(2.1)	-	-	-	(2.1)	-	(2.1)
Cash flow hedges - fair value gains in period	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Net profit	-	-	-	9.6	-	9.6	0.5	10.1
Actuarial loss recognised in the pension scheme	-	-	-	(4.2)	-	(4.2)	-	(4.2)
Movement in restriction of retirement benefit asset in accordance with IAS 19	-	-	-	3.7		3.7		3.7
Deferred tax on actuarial loss	-	-	-	0.2	-	0.2	-	0.2
Share options			-					
- proceeds from shares issued	-	0.1	-	-	-	0.1	-	0.1
- value of employee services	-	-	-	0.3	-	0.3	-	0.3
At 30 June 2007	32.0	86.2	-	36.8	(2.9)	152.1	0.5	152.6
At 1 January 2007	25.2	25.0	-	27.2	(2.2)	75.2	-	75.2
Exchange adjustments net of tax	-	-		-	6.1	6.1	-	6.1
Issue of share capital	7.4	70.7	-	-	-	78.1	-	78.1
Issue expenses	-	(2.1)	-	-	-	(2.1)	-	(2.1)
Capital reduction	-	(86.3)	1.0	85.3	-	-	-	-
Cash flow hedges - fair value gains in period	-	-	-	-	1.6	1.6	-	1.6
Net profit	-	-	-	26.9	-	26.9	-	26.9
Actuarial loss recognised in the pension scheme	-	-	-	(4.3)	-	(4.3)	-	(4.3)
Movement in restriction of retirement benefit asset in accordance with IAS 19	-	-	-	(5.8)	-	(5.8)	-	(5.8)
Deferred tax on actuarial loss	-	-	-	2.5	-	2.5	-	2.5
Minority interest arising on business combination	-	-	-	-	-	-	1.0	1.0
Share options								
- proceeds from shares issued	0.2	0.2	-	-	-	0.4	-	0.4
- value of employee services	-	-	-	0.8	-	0.8	-	0.8
- deferred tax on share options	-	-	-	(0.2)	-	(0.2)	-	(0.2)
- issued as part of deferred consideration	-	-	-	0.5	-	0.5	-	0.5
At 31 December 2007	32.8	7.5	1.0	132.9	5.5	179.7	1.0	180.7

9. Statement of changes in equity (continued)

Unaudited	Share Capital	Share Premium	Special Reserve	Retained Earnings	Other reserves	Total	Minority interest	Total
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2008	32.8	7.5	1.0	132.9	5.5	179.7	1.0	180.7
Exchange adjustments net of tax	-	-	-	-	19.7	19.7	-	19.7
Cash flow hedges - fair value gains in period	-	-	-	-	1.8	1.8	-	1.8
Acquisition of minority interest	-	-	-	-	-	-	(1.0)	(1.0)
Net profit	-	-	-	13.2	-	13.2	0.7	13.9
Actuarial gain recognised in the pension scheme	-	-	-	2.5	-	2.5	-	2.5
Movement in restriction of retirement benefit asset in accordance with IAS 19	-	-	-	(2.8)	-	(2.8)	-	(2.8)
Share options								
- proceeds from shares issued	0.2	0.4	-	-	-	0.6	-	0.6
- value of employee services	-		-	0.7	-	0.7	-	0.7
At 30 June 2008	**33.0**	**7.9**	**1.0**	**146.5**	**27.0**	**215.4**	**0.7**	**216.1**

10. Contingent liabilities

The Group discloses contingent liabilities in relation to industrial disease claims, leasehold properties, an employment tribunal and guarantees and bonds in the annual report and accounts. Details of these contingent liabilities, which are unchanged since 31 December 2007, can be found in the annual report and accounts for the year ended 31 December 2007 in note 32. As referred to in note 1, the auditors' report for the year ended 31 December 2007 included an emphasis of matter in respect of the contingent liability for industrial disease claims.

11. Retirement benefits asset

The last triennial actuarial valuation was performed in April 2007. In accordance with IAS19 the valuation as at 31 December 2007 was updated to reflect the latest actuarial assumptions and asset values to June 2008.

The surplus on the Scheme as calculated under IAS 19 is £15.4 million (31 December 2007: £12.6 million). Under IFRIC 14 the group must consider the minimum funding requirements of the pension scheme. This has resulted in the surplus recognised in the pension scheme being reduced to £nil (31 December 2007: £nil).