3i Group plc
Half-yearly report

2009

3i is a mid-market private equity business. Our focus is on buyouts, growth capital and infrastructure, investing across Europe, Asia and North America.

Key financial data

	Six months to/as at 30 September 2009	Six months to/as at 30 September 2008	Six months to/as at 31 March 2009
Investment activity			
Investment	**£190m**	£668m	£300m
Realisations	**£507m**	£597m	£711m
Net divestment/(investment)	**£317m**	£(71)m	£411m
Returns			
Gross portfolio return	**£316m**	£(78)m	£(2,128)m
Gross portfolio return on opening portfolio value[1]	**7.8%**	(1.3)%	(35.4)%
Total return	**£81m**	£(182)m	£(1,968)m
Total return on opening shareholders' funds[2]	**3.2%**	(4.5)%	(48.5)%
Dividend per ordinary share	**1.0p**	3.8p[3]	–
Portfolio and assets under management			
Own balance sheet	**£3,780m**	£5,934m	£4,050m
External funds	**£3,445m**	£4,019m	£3,969m
Total assets under management	**£7,225m**	£9,953m	£8,019m
Balance sheet			
Net debt	**£854m**	£1,802m	£1,912m
Gearing	**31%**	47%	103%
Net asset value	**£2,746m**	£3,852m	£1,862m
Diluted net asset value per ordinary share	**£2.86**	£5.90[3]	£2.79[4]

1 Opening portfolio value is the weighted average of the opening portfolio value, less the opening portfolio value of 3i's share of Quoted Private Equity, plus the value of investments transferred from 3i Quoted Private Equity plc to 3i Group plc.
2 Opening shareholders' funds is the weighted average of opening shareholders' funds and the equity value following the liquidation of 3i Quoted Private Equity plc and the nine for seven rights issue.
3 Adjusted to reflect the bonus element from the rights issue and the 3i Quoted Private Equity plc transaction.
4 Adjusted to reflect the impact of the rights issue and issue of shares related to the acquisition of 3i Quoted Private Equity plc.

This half-yearly report may contain certain statements about the future outlook for 3i Group plc and its subsidiaries ("3i"). Although we believe our expectations are based on reasonable assumptions, any statements about the future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

This report has been drawn up and presented for the purposes of complying with English law. Any liability arising out of or in connection with the half-yearly report for the six months to 30 September 2009 will be determined in accordance with English law. The half-yearly results for 2009 and 2008 are unaudited.

Annual and half-yearly reports online
To receive shareholder communications electronically in future, including your annual and half-yearly reports and notices of meetings, please go to
www.shareview.co.uk/clients/3isignup
to register your details.

Chairman's statement

"The transformation of our balance sheet positions 3i well for the next stage of the cycle."

I would like to start by thanking shareholders for their support for our £732 million rights issue, which – combined with other actions taken by the company – transformed our balance sheet during the first half of the year.

The business generated strong cash flow through a cautious approach to investment, the acceleration of the sale of a number of non-core assets and a good overall level of realisations. Together with the rights issue, this enabled the Group to reduce net debt from £1.9 billion at 31 March 2009 to £854 million at 30 September 2009. Gearing fell sharply from 103% to 31% over the same period, and we have also taken action to extend the maturity of our outstanding debt.

A total return of £81 million for the six months to 30 September 2009 represented a 3.2% return on opening shareholders' funds (adjusted for the rights issue and the 3i Quoted Private Equity plc transaction). While the multiples used to value the portfolio have risen, lower portfolio company earnings during the past year have – as is usual at this stage in the cycle – had a dampening effect on valuations. However, both provisions and the need for further investment in portfolio companies were lower than anticipated. Moreover, despite the challenging conditions, a number of companies were able to increase their profitability.

Baroness Hogg
Chairman
11 November 2009

In my statement in May, I said that the Board intended to pay a total dividend this year at least as high in aggregate as that paid in respect of the year ended 31 March 2009 (£24 million), and remained committed to the principle of paying an increasing dividend thereafter. The Board has therefore approved an interim dividend of 1p per share.

At the AGM, I reported that our Deputy Chairman, Oliver Stocken, would be retiring at the end of 2009. His wisdom and experience have been of enormous benefit to 3i for many years. Lord Smith of Kelvin also stepped down from the Board at the end of October in order to focus on his other responsibilities, notably the chairmanship of the 2014 Commonwealth Games Organising Committee. Oliver and Robert have made outstanding contributions to the Board, providing the perfect balance of support and challenge.

We were delighted to welcome two new non-executive Directors, John Allan and Alistair Cox, in September and October respectively. They both bring a wide range of international industrial expertise. John is Chairman of DSG International and is a member of the boards of Deutsche Lufthansa AG, ISS A/S and National Grid plc. Alistair is Chief Executive of Hays plc and was formerly CEO of Xansa plc. John has succeeded Robert Smith as Chairman of our Remuneration Committee.

Despite the strong rise in stock markets this year and signs of life in the mergers and acquisitions markets, many major economies remain fragile. We will therefore be taking a measured approach to investment, and continuing to focus on cost discipline.

3i has strong market positions in Asia, as well as Europe, and long experience in Growth Capital investing, as well as Buyouts and Infrastructure. These advantages position the company well to support growth in our portfolio companies, driving value for shareholders. 3i is therefore well placed to select the best private equity opportunities, in rapidly changing markets, through the next stage of the economic cycle.

3i at a glance

Our focus is on buyouts, growth capital and infrastructure, investing across Europe, Asia and North America.

Buyouts

as at 30 September

	2009 £m	2008 £m
Own balance sheet	**1,560**	2,084
External funds	**2,254**	2,624
Total	**3,814**	4,708

Market focus: leading mid-market transactions, with an enterprise value of typically up to €1 billion.

Geographic focus: Europe and Asia.

Funding model: investments made with a combination of funds managed by 3i and 3i's own balance sheet.

Value creation: capitalising on 3i's premium market access and working with our portfolio companies to systematically deliver step improvements in performance.

Financial performance
six months to/as at 30 September

	2009 £m	2008 £m
Investment	**111**	338
Realisations	**62**	326
Realised profits	**39**	115
Unrealised value movement	**53**	(51)
Portfolio income	**40**	67
Gross portfolio return	**132**	131
Gross portfolio return %	**9%**	7%
Fees receivable from external funds	**20**	21

Key features of the six months to 30 September 2009

- Investment focused on strengthening existing portfolio.
- Low level of realisations as a result of subdued mergers and acquisitions activity.
- Focus of activity on portfolio management against a challenging environment for earnings.
- Further development of 3i's Active partnership approach and in-house banking expertise.
- Some signs of improving market conditions towards the end of the period.

Growth Capital

as at 30 September

	2009 £m	2008 £m
Own balance sheet	**1,551**	2,332
External funds	**28**	159
Total	**1,579**	2,491

Market focus: minority investments, typically between €25 million and €150 million in established, profitable and international businesses.

Geographic focus: Europe, Asia and North America.

Funding model: investments to date made principally from own balance sheet.

Value creation: capitalising on 3i's premium market access and working with our portfolio companies to systematically deliver step improvements in performance.

Financial performance
six months to/as at 30 September

	2009 £m	2008 £m
Investment	**62**	279
Realisations	**275**	169
Realised profits	**5**	40
Unrealised value movement	**132**	(237)
Portfolio income	**22**	39
Gross portfolio return	**159**	(158)
Gross portfolio return %	**9%**	(7%)
Fees receivable from external funds	**–**	–

Key features of the six months to 30 September 2009

- Realisations of £275 million achieved at book value.
- Focus of activity on the portfolio, which saw stable earnings in a tough environment.
- Investment activity focused on supporting strategic growth in the portfolio.
- Some signs of improving market conditions and increased deal flow towards the end of the period.

Infrastructure

as at 30 September

	2009 £m	2008 £m
Own balance sheet	**365**	530
External funds	**1,163**	947
Total	**1,528**	1,477

Market focus: investing in infrastructure assets, principally in transportation, utilities and social infrastructure.

Geographic focus: Europe, India and North America.

Funding model: investments made by funds managed and advised by 3i as well as from 3i's own balance sheet.

Value creation: capitalising on 3i's premium market access and working with our portfolio companies to systematically deliver step improvements in performance.

Financial performance
six months to/as at 30 September

	2009 £m	2008 £m
Investment	**2**	22
Realisations	**45**	8
Realised profits	**–**	6
Unrealised value movement	**47**	7
Portfolio income	**10**	23
Gross portfolio return	**57**	36
Gross portfolio return %	**15%**	7%
Fees receivable from external funds	**8**	16

Key features of the six months to 30 September 2009

- Unrealised value growth from the increase in 3i Infrastructure plc ("3iN") share price.
- IPO of 3i India Infrastructure Fund ("IIF") investment, Adani Power.
- Recurring yield from fund fee income (IIF) and dividend income (3iN).
- Partial realisation of residual Group holding in AWG at book value.

Non-core activities

as at 30 September

	2009 £m	2008 £m
Own balance sheet	**304**	988
External funds	**–**	289
Total	**304**	1,277

There are three non-core activities: Quoted Private Equity, Venture Portfolio and SMI.

Quoted Private Equity
This activity, which is now concluded, was a £400 million listed fund, 3i Quoted Private Equity plc ("3i QPEP"), in which 3i held a 44.9% shareholding. It was established in 2007 to provide capital and value creation techniques to smaller public companies.

Venture Portfolio
This consists of the residual portfolio of early-stage technology investments.

SMI
This consists of 3i's older, smaller minority investments.

Key features of the six months to 30 September 2009

Quoted Private Equity
- The acquisition of the assets of 3i QPEP by 3i Group plc, completed in April 2009, released £110 million of cash to the Group.

Venture Portfolio
- £93 million was realised from this portfolio.
- The residual value of the Venture Portfolio at 30 September was £167 million, of which 64% has been agreed for sale and therefore the disposal process is substantially complete.

SMI
- £32 million was realised from this portfolio at a 28% uplift to opening value.
- The residual value of the SMI portfolio at 30 September was £137 million and therefore the initiative, launched in September 2001, is substantially complete.

Group

as at 30 September

	2009 £m	2008 £m
Own balance sheet	**3,780**	5,934
External funds	**3,445**	4,019
Total	**7,225**	9,953

3i's objective is to generate returns through a combination of:
- realised and unrealised growth in the value of assets held by the Group;
- portfolio income and fees from the funds that it manages or advises.

3i is differentiated through:
- the combination of its business lines, sectors, geographical resources and network;
- its active partnership style of investing;
- its approach to corporate responsibility.

Financial performance
six months to/as at 30 September

	2009 £m	2008 £m
Investment	**190**	668
Realisations	**507**	597
Realised profits	**13**	190
Unrealised value movement	**227**	(411)
Portfolio income	**76**	143
Gross portfolio return	**316**	(78)
Gross portfolio return %	**8%**	(1%)
Fees receivable from external funds	**28**	38

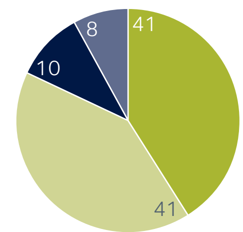
Key features of the six months to 30 September 2009
- Net debt reduced from £1.9 billion at 31 March to £854 million.
- Completion of £732 million rights issue in June 2009[1].
- Stable NAV per share (adjusted for rights issue and QPE transaction) £2.86 (31 March 2009: £2.79).
- Cautious approach to new investment.
- Process for the disposal of non-core portfolio substantially complete.
- Small number of realisations from core portfolio at above book value.
- Strong focus on portfolio management and increasing the Group's competitive advantage.
- Extension of 3i's debt maturity profile.

1 The full effects of the rights issue are explained on pages 26 to 29.

A focused mid-market business with a diversified portfolio

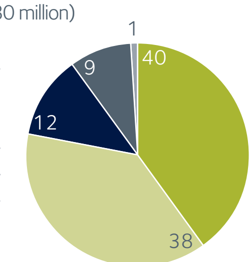
Porfolio by business line (%)
(Total portfolio value: £3,780 million)
as at 30 September 2009

- Buyouts
- Growth Capital
- Infrastructure
- Non-core activites



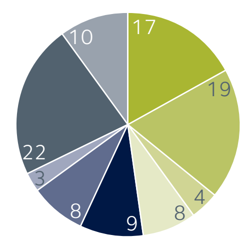
Portfolio by geography (%)
(Total portfolio value: £3,780 million)
as at 30 September 2009

- UK
- Continental Europe
- Asia
- North America
- Rest of World



Portfolio by sector (%)
(Total portfolio value: £3,780 million)
as at 30 September 2009

- Healthcare
- Business Services
- Media
- Consumer
- Financial Services
- Technology
- Oil, Gas and Power
- General Industrial
- Infrastructure



Chief Executive's statement

Our purpose:

to provide quoted access to private equity returns.

Our business:

3i is a mid-market private equity business. Our focus is on buyouts, growth capital and infrastructure, investing across Europe, Asia and North America.

Our strategy:

- to invest in high-return assets;
- to grow our assets and those we manage on behalf of third parties;
- to extend our international reach, directly and through investing in funds;
- to use our balance sheet and resources to develop existing and new business lines; and
- to continue to build our strong culture of operating as one company across business lines, geographies and sectors.

Michael Queen
Chief Executive
11 November 2009

In our Annual report in May, I said that our main priorities were to ensure that 3i was financially robust and operationally agile to both withstand the downturn and to be ready to take advantage of investment opportunities when the economy recovered. I am pleased to report we have made good progress on each of these priorities and although the macroeconomic environment remains fragile, I believe that we are now well positioned to take advantage of an upturn.

"A transformed financial position"

3i ended the six months to 30 September with a transformed financial position. I would like to thank our shareholders for the support we received from them for the £732 million rights issue completed in June. This was a key element of our debt reduction strategy which, combined with measures taken to generate cash from within the Company, enabled a reduction in net debt from £1.9 billion at 31 March this year to £854 million at the end of September and an increase in the Group's liquidity from £1 billion to £2 billion in the same period. In addition, the maturity profile for our remaining debt was also improved.

A cautious approach to new investment, combined with the opportunity to realise a small number of core assets at good prices, meant that realisations exceeded investment by £317 million. Good progress was made on the sale of our non-core portfolios in the period, with 33% of the opening non-core portfolio value sold and the sale of a further 16% agreed. This significant reduction in non-core activity has enabled greater focus on our three core areas of Buyouts, Growth Capital and Infrastructure.

"Improved performance"

After what was one of the most challenging periods in the Group's history, 3i returned to profitability in the first six months to 30 September 2009. Gross portfolio returns of 9% for each of our Buyouts and Growth Capital businesses and 15% for Infrastructure were driven by unrealised value growth and helped to drive a positive total return of £81 million. This was despite an environment which remained highly challenging for portfolio company earnings and at a time when our conservative approach to valuations means that there is a lag in the recovery of portfolio values.

"Better placed to invest in the upturn"

Within the business, we have used this period when levels of investment activity have been lower as an opportunity to conduct a thorough review of our investment and asset management processes from origination to realisation. All transactions undertaken over the last few years have been evaluated, key lessons shared and actions have been taken to improve our investment processes. The appointment of Ian Nolan as Chief Investment Officer will continue to reinforce a more strategic, consistent and disciplined approach to investment decisions.

We have also continued to focus on cost effectiveness. Operating expenses were 18% lower than the equivalent period last year and we have made greater use of outsourcing to specialist providers.

3i has always worked with the boards of its portfolio companies to improve operating performance and strategic direction. We continue to develop our series of programmes to improve the functional performance of businesses in areas such as salesforce effectiveness, working capital management, efficient manufacturing and procurement. These programmes are being rolled out across the portfolio and are already delivering material benefits in terms of enhanced performance and therefore value of our investments.

We describe our approach as "Full Potential Investing" – ie we aim to maximise the value of every company we invest in through working closely with management in an "Active partnership" style.

Combined with our mid-market focus, market access and resources, I believe the changes that we have made to the business mean that we are better placed to invest in the upturn and create increased value for our shareholders.

"Still cautious about the economy"

I had hoped to be reporting clear evidence of an upturn – unfortunately, at this stage, we are only seeing clear signs of recovery in India and China. There are mixed signals from the US, and Europe remains challenged due to a combination of high government debt, low consumer demand and stressed banking sectors in many countries, all of which may create a tough environment for some time to come. Recent stock market rallies do not seem to reflect the real economy and, as a result, we remain cautious.

From previous cycles we do know that companies' working capital needs will start to rise as economies recover, creating a need for additional finance to support the rebuilding of stock and financing debtors as revenues return to growth. Given the banking sector's difficulties, we expect a significant increase in demand for growth capital and this presents a significant opportunity for 3i. In Asia, growth has resumed and, in India in particular, our Growth Capital and Infrastructure businesses are seeing a good flow of opportunities.

The financial sector as a whole continues to attract public and political scrutiny. We welcome this legitimate interest, but caution against inappropriate regulation that may stifle the private equity industry, an industry which provides a financial catalyst to entrepreneurial success and job creation. Europe, in particular, needs to ensure that it is an attractive base for growth businesses given the competition from North and South America and Asia. I am indebted to my colleague Jonathan Russell's efforts as Chairman of the European Venture Capital Association for making these points very eloquently over the last year.

"Optimistic about 3i's prospects"

Looking forward, I am optimistic about 3i's prospects. While difficult economics create challenges, 3i is well placed to make good investments in Buyouts, Growth Capital and Infrastructure. Our model has been reviewed and refreshed and is ready for the new environment.

Our primary purpose remains to deliver strong returns to our shareholders and investors. Every decision we take will have this objective in mind. We will, however, continue to emphasise our traditional values. In a downturn, it is all too easy to forget the underlying core values that have made a business successful – 3i has not done this. We will continue to strive to be both a responsible company and a responsible investor in all that we do to build on our 65-year heritage and generate returns for the future.

Business review

The key Group financial performance measures are:

	Six months to 30 September 2009	Six months to 30 September 2008	Six months to 31 March 2009
Total return	**3.2%**	(4.5)%	(48.5)%
Gross portfolio return	**7.8%**	(1.3)%	(35.4)%
Net operating expenses	**£79m**	£99m	£84m
Cost efficiency	**2.0%**	1.6%	1.4%
Gearing	**31%**	47%	103%
NAV per share growth[1]	**£0.07**	£(0.47)	£(5.17)

1 Growth in NAV per share is stated before dividends, other distributions to shareholders, the rights issue and the 3i QPEP transaction. The comparatives have not been restated for the rights issue and the 3i QPEP transaction.

Business activity

Group overview

As can be seen from Chart 1, at £507 million (2008: £597 million), the level of realisations was substantially higher than the amount invested in the six months to 30 September 2009 of £190 million (2008: £668 million). This relatively low level of investment reflected the Group's caution over the economic environment and a lower requirement for investment in the portfolio than anticipated.

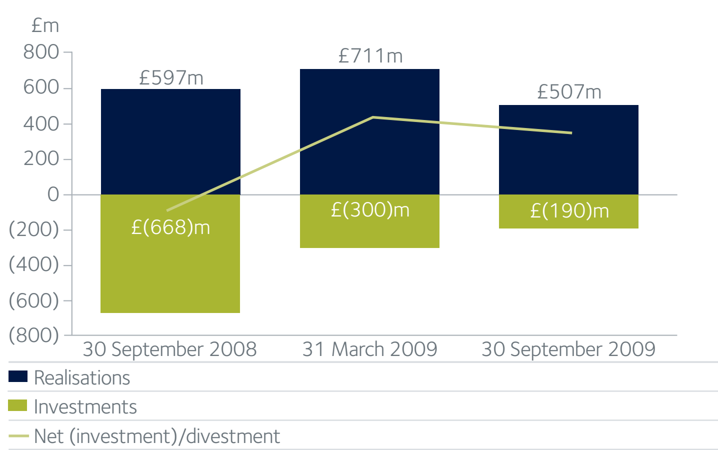
Further progress was made in realising the Group's non-core portfolio, with 33% of the opening value of this segment of the portfolio realised in the period, rising to 49% including Venture Portfolio realisations agreed but not yet completed.

The market

Statistics from Dealogic's M&A review, published on 1 October 2009, show that the value of global mergers and acquisitions for the first nine months of calendar year 2009 was 35% lower than for the same period in 2008, the lowest level since 2004.

Private equity activity has been very subdued for most of 2009. According to the Q3 2009 preliminary data released by unquote", private equity investment for the first half of 2009 in Europe at €8 billion, was only 15% of that in the same period in 2008. However, Q3 showed activity starting to pick up, with €10 billion of investment in the three months to 30 September 2009.

Chart 1: Realisations and investment
for the six months to



P6 to 8
for information on business activity

P9 to 14
for further information on returns

P15
for further information on our balance sheet

Investment activity

Investment

3i adopted a selective approach to investment in the six months to 30 September 2009, with the portfolio being the main focus of investment activity. Consequently, gross investment in the period of £190 million (2008: £668 million) was low and no new companies were added to the portfolio.

The generally good health of the portfolio meant that only £47 million was required for equity cures or rescue situations (in 13 portfolio companies). As can be seen from Chart 2, the balance was used to support portfolio development through acquisition or other means. Of the £190 million invested in the period, £94 million of cash was invested in portfolio companies and the remainder primarily related to £92 million of capitalised interest.

Charts 3 and 4 illustrate the split of investment in the period by business line and geography. As can be seen from Chart 3, at £15 million (2008: £29 million), follow-on investment in the non-core activities was minimal.

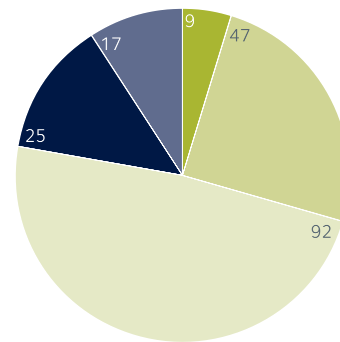
A further £117 million (2008: £512 million) was also invested on behalf of managed or advised funds, including £79 million for Buyouts funds and £38 million for 3i Infrastructure plc and the 3i India Infrastructure Fund.

P16 to 19
for further information on our business lines

Chart 2: Further portfolio investment (£m)
for the six months to 30 September 2009
(Total investment: £190 million)

- Acquisition finance
- Rescue/equity cure
- Capitalised interest[1]
- Drawdown on existing arrangements
- Other

1 Includes PIK notes.



A Payment in Kind (PIK) note is a loan instrument whereby, at pre-agreed dates, interest accrued is capitalised and rolled into the value of the principal of the loan and is payable at the loan repayment date. This capitalised interest is included within the definition of gross investment.

Chart 3: Investment by business line (£m)
for the six months to 30 September 2009
(Total investment: £190 million)

- Buyouts
- Growth Capital
- Infrastructure
- Non-core activites

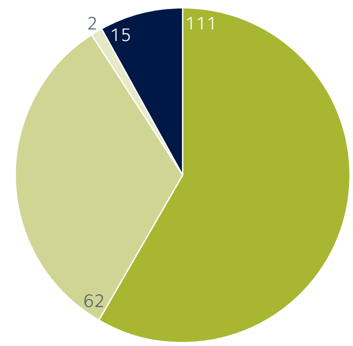
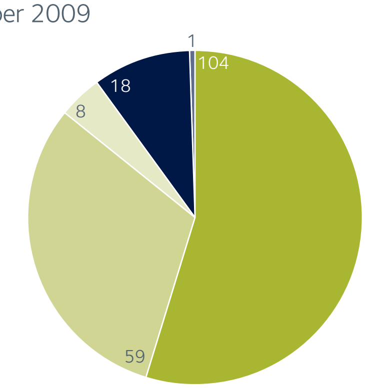


Chart 4: Investment by geography (£m)
for the six months to 30 September 2009
(Total investment: £190 million)

- UK
- Continental Europe
- Asia
- North America
- Rest of World



Business review

Realisations

Despite a generally low level of mergers and acquisitions activity, realisations of £507 million were achieved in the period (2008: £597 million). Realisations from the non-core portfolio of £125 million represented 25% of the total (2008: 16%). £46 million was also realised from Growth Capital assets formerly held within the QPE business line. The disposal process of these non-core activities is now substantially complete.

Realisations from the Venture Portfolio of £93 million included only £23 million from the sale of venture assets, announced in September 2009, and represented 42% of the opening Venture Portfolio value. This percentage increases to 73% if realisations that have been agreed as part of the £128 million sale are included. More detail is provided on this transaction on page 19.

The largest realisation in the period was the sale of the Group's investment in Venture Production plc to Centrica plc for £145 million. Other quoted realisations amounted to £106 million.

Overall, realisations were achieved at just above their 31 March 2009 carrying value, generating a realised profit of £13 million, or 3% over the opening portfolio value.

As can be seen from Chart 5, Growth Capital generated the largest level of realisations at £275 million, 69% of which was represented by the Venture Production plc realisation and the realisation of investments transferred from 3i QPEP.

Total realisations do not include the £110 million of cash received by the Group in respect of the acquisition of 3i QPEP, completed in April 2009.

Buyouts realisations activity was low in the period at £62 million, including £30 million from the partial disposal of quoted investment, Telecity plc, and £29 million relating to the disposal of investments held within the Debt Warehouse.

Chart 6 shows the geographic split of realisations. The sales of non-core assets and the realisation of Venture Production plc meant that some 63% of realisations in the period were in the UK. Asian realisations of £78 million were notable and included Salamander Energy (£43 million).

A breakdown of realisations by type is shown in Chart 7. Other realisations of £58 million include £50 million of share buybacks by existing portfolio management teams, the majority of which are from our non-core portfolio. The balance of £8 million relates to deferred consideration from investments.

Chart 5: Realisations by business line (£m)
for the six months to 30 September 2009
(Total realisations: £507 million)

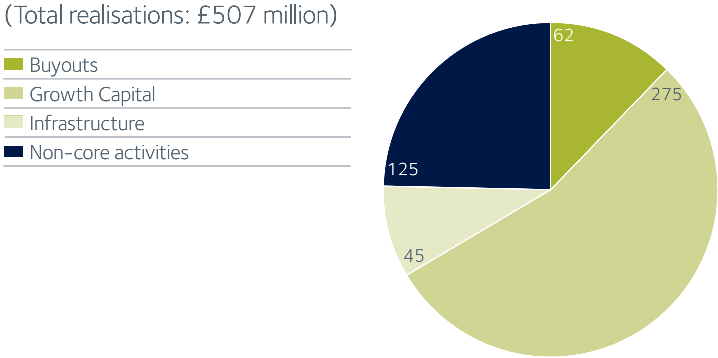


Chart 6: Realisations by geography (£m)
for the six months to 30 September 2009
(Total realisations: £507 million)

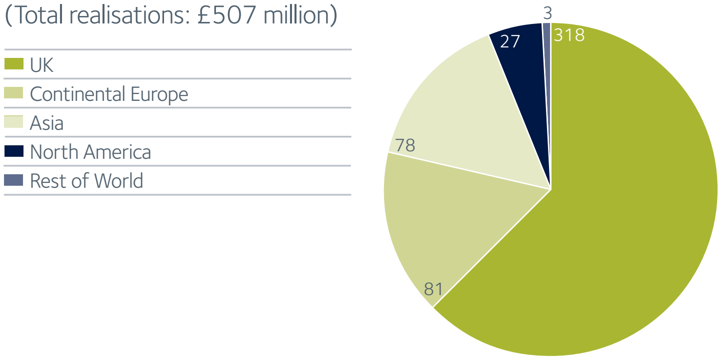
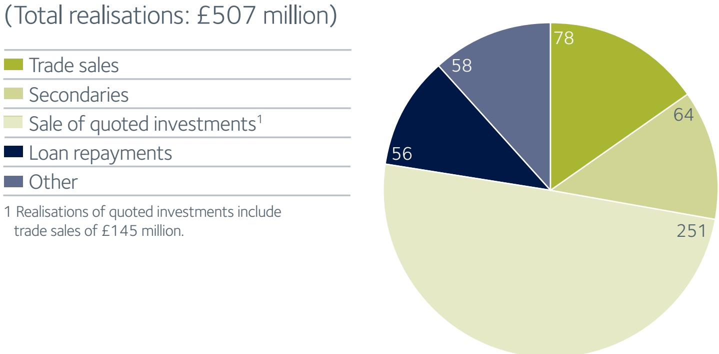


Chart 7: Realisations by type (£m)
for the six months to 30 September 2009
(Total realisations: £507 million)



1 Realisations of quoted investments include trade sales of £145 million.

Returns

Total return

The total return for the period of £81 million represents a 3.2% return over opening shareholders' funds. This was a substantial improvement on the previous six months to 31 March 2009 (£(1,968) million), as well as on the first half of the previous financial year (£(182) million) and was driven by a 7.8% positive gross portfolio return of £316 million (2008: £(78) million). The core business lines generated a gross portfolio return of 10% (2008: (0.2)%).

The key driver of this return was an unrealised value movement of £227 million, as the effect of the recovery in equity markets on the multiples used to value unquoted portfolio companies on an earnings basis was only partially offset by the impact of the tougher trading environment on the earnings used in these valuations.

Operating expenses, at £108 million, were £23 million lower than for the same period last year, although portfolio income also reduced to £76 million (2008: £143 million). Finally, total return was reduced by an adverse currency movement of £66 million in the period and a pensions charge of £36 million (2008: £18 million charge).

Realised profits

Overall realised profits of £13 million (2008: £190 million) consisted of realised profits of £44 million from the core Buyouts, Growth Capital and Infrastructure business lines and a realised loss of £(31) million from the non-core activities. Realisations from the core portfolio were at an aggregate uplift over opening portfolio value of 13%, which includes a £28 million realised profit from the Debt Warehouse.

The following table includes comparatives for the six months to 31 March 2009 to facilitate the understanding of trends in elements of the total return through the recent period of exceptional volatility.

Table 1: Total return

	For the six months to 30 September 2009 £m	For the six months to 30 September 2008 £m	For the six months to 31 March 2009 £m	For the year to 31 March 2009 £m
Realised profits/(losses) over value on disposal of investments	**13**	190	(127)	63
Unrealised profits/(losses) on revaluation of investments	**227**	(411)	(2,029)	(2,440)
Portfolio income				
Dividends	**22**	51	14	65
Income from loans and receivables	**54**	89	19	108
Fees receivable/(payable)	**–**	3	(5)	(2)
Gross portfolio return	**316**	(78)	(2,128)	(2,206)
Fees receivable from external funds	**28**	38	37	75
Carried interest				
Carried interest receivable from external funds	**(2)**	10	(13)	(3)
Carried interest and performance fees payable	**(2)**	33	23	56
Operating expenses	**(108)**	(131)	(119)	(250)
Net portfolio return	**232**	(128)	(2,200)	(2,328)
Net interest payable	**(55)**	(42)	(44)	(86)
Movement in the fair value of derivatives	**8**	(2)	(36)	(38)
Net foreign exchange movements	**(66)**	11	304	315
Other finance income	**–**	–	3	3
Income taxes	**(2)**	(3)	(1)	(4)
Pension actuarial (loss)/gain	**(36)**	(18)	10	(8)
Revaluation of own use property	**–**	–	(4)	(4)
Total comprehensive income ("Total return")	**81**	(182)	(1,968)	(2,150)

Business review

Unrealised value movements

The unrealised value movement was £227 million for the six months to 30 September 2009 (2008: £(411) million), which was a significant improvement over the six months to 31 March 2009 (£(2,029) million). There were two key drivers for that movement. The first was the recovery in equity markets in the period, which had a positive effect on the quoted portfolio and, more significantly, on the multiples used to value those unquoted portfolio companies valued on an earnings basis. The impact of multiple movements on the unquoted equity portfolio was £464 million.

The other feature was the consequence of a much tougher trading environment for many of the Group's portfolio companies and the impact that this had on the earnings used to value those companies valued on an earnings basis. Lower earnings used to value this segment of the portfolio accounted for a value reduction of £322 million.

Chart 8 shows the proportion of portfolio value on a valuations basis as at 30 September 2009.

Chart 8: Proportion of portfolio value by valuation basis (%) as at 30 September 2009

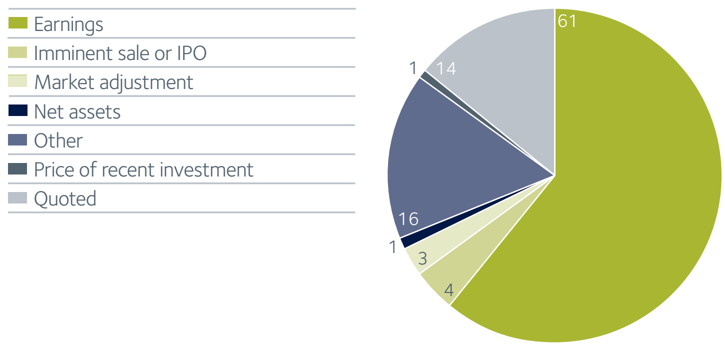


Table 2: Unrealised profits/(losses) on revaluation of investments

	For the six months to 30 September 2009 £m	For the six months to 30 September 2008 £m	For the six months to 31 March 2009 £m	For the year to 31 March 2009 £m
Earnings and multiples based valuations				
Equity – Earnings multiples	**464**	(194)	(218)	(412)
– Earnings	**(322)**	78	(64)	14
Loans – Impairments (earnings basis)	**2**	(56)	(564)	(620)
First time movements from cost	**–**	(30)	(519)	(549)
Market adjustment	**(40)**	–	(35)	(35)
Other bases				
Provisions	**(27)**	(192)	36	(156)
Uplift to imminent sale	**1**	148	(288)	(140)
Loans – Impairments (other basis)	**52**	–	(228)	(228)
Other movements on unquoted investments	**(11)**	(78)	(110)	(188)
Quoted portfolio	**108**	(87)	(39)	(126)
Total	**227**	(411)	(2,029)	(2,440)

Impact of earnings multiples movement Quoted markets rose strongly in the six months to 30 September 2009. The earnings multiples applied to value the unquoted equity portfolio are sourced from comparable quoted companies and market sector data. Due to rises in quoted markets, the increase in the weighted average multiple, post marketability discount, applied to those companies in the 3i portfolio valued on an earnings basis was 21%. This is generally below rises seen in market indices. However, as the valuation process is portfolio company specific, the portfolio mix may mean that our earnings multiple movements do not exactly match overall market movements. One difference is in 3i's higher performing, higher value assets, which tend to outperform the overall market and where the multiples applied have remained much more stable over the recent market volatility.

Earnings movements When valuing a portfolio investment on an earnings basis, the earnings used are the latest management accounts data for the last 12 months, unless the data from the forecast is lower or we believe a lower figure from the latest audited accounts provides a more reliable picture of performance. Reflecting the general economic environment and the Group's desire to be conservative, the mix at 30 September 2009 was 22% audited accounts (2008: 48%), 39% management accounts (2008: 21%) and 39% forecast earnings (2008: 31%).

While in a number of these portfolio companies we have seen improved earnings, there have been several companies where, due to the economic conditions, earnings have continued to deteriorate. This has resulted in a 6% fall in earnings on a weighted average basis in the period. Due to the conservative approach of taking forecast earnings where we expect further deterioration, the weighted average movement in earnings used for the valuation is a fall of 13%.

The value reduction in the unquoted equity portfolio for the period relating to earnings was £322 million, with the majority of this being concentrated in a small number of companies in sectors and geographies particularly impacted by the economic downturn.

Impairments An impairment is recognised once the enterprise value (less senior debt) of an investment falls below the carrying value of 3i's loans. This was a significant feature in last year's value movement, with total impairments to 31 March 2009 of £(848) million. As a consequence of improved multiples and/or earnings in a number of the portfolio companies and the Debt Warehouse valuation, there was a small net reversal of £54 million in the six months to 30 September 2009.

Provisions Five investments were provided for in the period, with total provisions of £(27) million (2008: £(192) million).

Quoted portfolio The strong rise in quoted equity markets in the six months to September 2009 led to unrealised value growth of £108 million (2008: £(87) million) in the quoted portfolio. This included increases in the value of 3i Infrastructure plc (£49 million), Buyouts investment, Telecity plc (£35 million) and Growth Capital investment, Welspun (£11 million).

Portfolio income

Portfolio income of £76 million (2008: £143 million), comprises interest receivable on loans of £54 million (2008: £89 million) and dividends of £22 million (2008: £51 million). Fees receivable, net of abort costs, were £nil (2008: £3 million). Interest income was not recognised on a number of loans where there was a provision or impairment at 31 March 2009. This has contributed to the reduction in interest receivable from last year. Due to the high level of capitalised interest, total income received as cash in the period was £30 million.

Gross portfolio return

Gross portfolio return during the period was £316 million, a 7.8% return over the opening portfolio value (first half 2009: £(78) million, second half 2009: £(2,128) million), which comprised a positive return of £348 million from our core business lines and a £32 million loss from our non-core activities.

All three core business lines generated a positive return in the period as each business line generated modest realised profits, benefited from an improvement in earnings multiples and generated a good level of portfolio income. Buyouts and Growth Capital each delivered gross portfolio returns of 9%. Infrastructure, at 15%, was higher as a consequence of the increase in the value of 3i Infrastructure plc.

The non-core activities generated a gross portfolio return of £(32) million, as realised losses within the Venture Portfolio were offset by returns from the SMI portfolio, which generated a 13% gross portfolio return.

Business review

Fees receivable from external funds
Fees receivable from external funds of £28 million (2008: £38 million) include £20 million (2008: £21 million) of fees from our managed Buyouts funds. The decrease principally arose as a result of a number of older Buyouts funds reaching their maturity. The 3i India Infrastructure Fund generated fees of £4 million (2008: £4 million).

The advisory and performance fee from 3i Infrastructure plc totalled £3 million (2008: £11 million). This reduction is mainly due to the performance fee received for the period to 30 September 2008, which included £6 million relating to the performance of 3i Infrastructure plc for the year ended 31 March 2008, as 3i Infrastructure plc announced its results after 3i Group plc.

Net carried interest and performance fees payable
Carried interest payable aligns the incentives of 3i's investment staff and the management teams in 3i's portfolio with the interests of 3i's shareholders. Carried interest payable is accrued on the realised and unrealised profits generated, taking relevant performance hurdles into account. Net carried interest in the six months to 30 September 2009 was £4 million payable (2008: £(43) million net receivable), in line with increases in portfolio value.

Operating expenses
During the last 12 months, the Group undertook a number of steps to reduce operating expenses. This included a significant downsizing exercise in December 2008, the closure of the QPE business line and the accelerated disposal of non-core activities. As a consequence, headcount was reduced significantly from 731 at 30 September 2008, to 607 at 31 March 2009 and to 537 at 30 September 2009. This reduction in headcount, together with a greater focus on cost control across the business, has resulted in operating expenses being 18% lower than in the same period last year at £108 million (2008: £131 million).

The Group's formal "cost efficiency" key performance indicator is measured as total operating expenses, less fees receivable, as a percentage of the opening portfolio value. As can be seen from Table 3, despite the significant reduction in operating expenses in the period, the fall in the opening portfolio value at 31 March 2009 resulted in a reduction in reported cost efficiency from last year.

Exchange movements
The Group has continued to use core currency borrowings to hedge the portfolio and has not provided any additional hedging through derivative contracts. As a consequence, 67% of the European and Nordic portfolios and 14% of the North American and Asian portfolios are now hedged. The foreign exchange movement of £(66) million in the period (2008: £11 million) was largely driven by the weakening of the US dollar against sterling.

Pension
An actuarial movement of £(36) million in the period relates to the Group's UK defined benefit pension scheme, which was impacted by a fall in the discount rate used to determine the present value of the scheme's future obligations under IAS 19. Rising equity markets in the period resulted in an increase in the value of the plan's assets. However, a fall in corporate bond yields has reduced the discount factor used to determine the present value of the scheme's obligations, leading to an increase in the deficit.

During the year to 31 March 2008, the Group agreed with the trustees of the UK defined benefit pension scheme to make additional contributions of £45 million per annum for the next two years and £20 million per annum of contributions for the following three years. During the period, these contributions totalled £23 million.

Table 3: Cost efficiency
for the six months to 30 September

	2009 £m	2008 £m
Operating expenses	**108**	131
Fees receivable from external funds[1]	**(29)**	(32)
Net operating expenses	**79**	99
Net operating expenses/opening portfolio ("Cost efficiency")	**2.0%**	1.6%

1 Excluding performance fees from 3i Infrastructure plc.

Portfolio and assets under management

Table 4: Assets under management

	As at 30 September 2009 £m	As at 30 September 2008 £m	As at 31 March 2009 £m
3i direct portfolio	**3,780**	5,934	4,050
Managed funds	**2,815**	3,220	3,079
Advised funds	**630**	799	890
Total	**7,225**	9,953	8,019

The Group uses the latest published net asset value rather than the market price to measure external assets under management.

Assets under management include 3i's directly held portfolio, managed unlisted funds (some of which are co-investment funds) and advised and listed funds.

Total assets under management at 30 September 2009 of £7,225 million are broadly balanced between directly held (52%) and managed or advised assets (48%). Assets under management are lower than those at 31 March 2009 (£8,019 million), despite value growth in the portfolio held at the end of the period. This was chiefly the result of higher levels of realisations compared to new investment, the effect of the 3i QPEP transaction on advised funds and the closure of one older managed fund.

Portfolio assets directly owned by the Group

The movement in value of portfolio assets directly owned by the Group from £4,050 million at 31 March 2009 to £3,780 million at 30 September 2009, was due to a number of factors. The largest of these was the divestment of £494 million of opening portfolio value, including significant sales of non-core assets. The value of the portfolio held at the end of the period grew by £227 million but this was offset by currency movements of £(117) million and other movements, including the impact of the solvent liquidation of 3i QPEP (£(20) million).

An analysis of portfolio value movement by business line and for the non-core activities is provided in Table 5. The increase of 6% in the value of the Buyouts portfolio was due to investments of £111 million, the low level of realisations in the period and an unrealised value movement of £53 million, which offset foreign exchange movements of £(13) million on the portfolio.

Realisations of £270 million of the opening portfolio value and foreign exchange movements of £(78) million were the key reasons for a reduction in the value of the Growth Capital portfolio from £1,574 million at 31 March 2009 to £1,551 million at 30 September 2009. These offset an increase of £151 million arising from the transfer of assets from 3i QPEP and value growth in the portfolio held at the end of the period.

The Infrastructure business line portfolio at 30 September 2009 was stable at £365 million, only slightly down from the £371 million at 31 March 2009. The realisation of the Group's direct holding in AWG for £44 million and the £49 million rise in the value of the Group's 33% shareholding in 3i Infrastructure plc were the two most significant movements.

Further detail on the composition of each business line's portfolio is provided in the business line reviews on pages 16 to 19.

Table 5: Portfolio value movement by business line

	Opening portfolio value 31 March 2009 £m	Impact of 3i QPE liquidation £m	Investment £m	Opening value realised £m	Value movement £m	Other £m	Closing portfolio value 30 September 2009 £m
Core business lines							
Buyouts	1,467	–	111	(23)	53	(48)	**1,560**
Growth Capital	1,574	151	62	(270)	132	(98)	**1,551**
Infrastructure	371	–	2	(45)	47	(10)	**365**
	3,412	151	175	(338)	232	(156)	**3,476**
Non-core activities	638	(171)	15	(156)	(5)	(17)	**304**
Total	4,050	(20)	190	(494)	227	(173)	**3,780**

Business review

As can be seen from Tables 6 and 7, 3i continues to have a well diversified portfolio by geographic region and sector. The changes to the geographic and sector mix in the period were minimal and arose principally from the specific nature of realisations, but also from the fact that the value of the US Growth Capital portfolio increased from £153 million at 31 March 2009 to £328 million.

The acceleration of the disposal of the non-core portfolio continued, with 33% of the opening portfolio value realised in the period for £125 million. This percentage would increase to 49% if further realisations in the Venture Portfolio, agreed in the period, were included. As a consequence of this and unrealised value movements of £(5) million, the value of the residual non-core portfolio held at 30 September 2009 was £304 million (£399 million including former QPE investments managed by the Growth Capital business line), compared with £638 million at 31 March 2009. The non-core portfolio represented 8% of the portfolio value directly owned by the Group at 30 September, compared with 16% at 31 March 2009.

Assets managed or advised by 3i

Table 8 provides details for each of the funds managed or advised by 3i at 30 September 2009. New investment through Eurofunds III, IV and V was minimal in the period, with the result that Eurofund V, which was only 53% invested at the end of the period, continues to have significant capacity to invest.

3i Infrastructure plc announced its results for the half year to 30 September on 5 November 2009. 3i Infrastructure plc reported a total return of £16.3 million, or 1.8% on shareholders' equity, underpinned by the robust operational and financial performance of its portfolio. The 3i India Infrastructure Fund made no new investments in the period and with 42% of its capital invested at 30 September 2009, has substantial capacity for investment.

The Group's managed funds at £2,815 million at 30 September were lower than the £3,079 million at 31 March 2009. This was primarily due to foreign exchange movements. In addition, one older legacy fund was wound up, resulting in a reduction of £80 million.

Table 6: 3i direct portfolio value by geography

	As at 30 September 2009 £m	As at 30 September 2008 £m	As at 31 March 2009 £m
Continental Europe	**1,462**	2,432	1,618
UK	**1,504**	2,269	1,719
Asia	**468**	658	491
North America	**339**	553	209
Rest of World	**7**	22	13
Total	**3,780**	5,934	4,050

Table 7: 3i direct portfolio value by sector

	As at 30 September 2009 £m	As at 30 September 2008 £m	As at 31 March 2009 £m
Business Services	**717**	835	749
Consumer	**312**	614	327
Financial Services	**352**	452	265
General Industrial	**837**	1,386	764
Healthcare	**637**	657	545
Media	**173**	422	214
Oil, Gas and Power	**98**	304	253
Technology	**289**	629	391
	3,415	5,299	3,508
Infrastructure	**365**	530	371
Quoted Private Equity	**–**	105	171
Total	**3,780**	5,934	4,050

Table 8: Managed and advised funds
as at 30 September 2009

Fund	Final close date	Fund size	3i commitment	Invested 30 September 2009 %	Realised[1] 30 September 2009 %
3i Eurofund III	July 1999	€1,990m	€995m	91%	184%
3i Eurofund IV	June 2004	€3,067m	€1,941m	94%	172%
3i Eurofund V	November 2006	€5,000m	€2,780m	53%	7%
3i Infrastructure plc	March 2007	£818m	£272m	80%	n/a
3i India Infrastructure Fund	March 2008	$1,195m	$250m	42%	–

1 Defined as proceeds as a percentage of original amount invested.

Group balance sheet

Table 9: Group balance sheet

	As at 30 September 2009	As at 30 September 2008	As at 31 March 2009
Shareholders' funds	**£2,746m**	£3,852m	£1,862m
Net debt	**£854m**	£1,802m	£1,912m
Gearing	**31%**	47%	103%
Diluted net asset value per share	**£2.86**	£5.90[1]	£2.79[2]

1 Adjusted to reflect the bonus element from the rights issue and the 3i QPEP transaction.
2 Adjusted to reflect the impact of the rights issue and shares issued as part of the acquisition of the assets of 3i QPEP.

Borrowings

A number of measures to reduce net debt resulted in a significantly strengthened capital structure at 30 September 2009. These included the £732 million rights issue, which was completed in June 2009, and the solvent liquidation of 3i QPEP, which resulted in a net cash inflow of £110 million.

The reduction in net debt from £1,912 million at 31 March 2009 to £854 million at 30 September 2009, combined with the increase in equity value to £2,746 million (31 March 2009: £1,862 million) following the rights issue and a positive total return led to substantially lower gearing at 30 September 2009 of 31% (31 March 2009: 103%, 30 September 2008: 47%).

During the period, gross debt fell from £2,656 million to £2,529 million. The main movement was the replacement of the Group's £150 million multicurrency bilateral facility with a new £100 million facility on 28 September 2009 and extending the maturity date through to 31 October 2012. Other significant movements include the close out of the remaining foreign exchange swap portfolio and the impact of sterling strengthening against the dollar and the euro.

In addition, the Group has agreed two further multicurrency revolving credit facilities. The first, a £275 million forward start facility, commencing on 20 September 2010 and maturing on 31 October 2012, and the second, since the period end, a five year £200 million bilateral facility, commenced on 4 November 2009 and maturing on 4 November 2014.

As a result of the above, the repayment profile on £300 million of drawings under committed long-term facilities, previously due within one year from 30 September 2009, has been extended to three years and the long-term debt repayable within one year has been reduced from £456 million to £106 million.

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Liquidity and cash

The combination of the completion of the rights issue, the disposal of non-core assets, a good level of realisations and the cautious approach to investment has resulted in liquidity increasing to £1,959 million from £1,020 million at 31 March 2009. This comprises cash and deposits of £1,673 million and undrawn facilities of £286 million.

Currency hedging

Until October 2008, the Group used a combination of cash settled currency swaps and core currency borrowings to hedge the portfolio. However, the cash volatility associated with this strategy and the significant weakening of sterling during the financial year to 31 March 2009 meant that this strategy was no longer appropriate. The Group therefore closed out the majority of its foreign exchange swap portfolio in the second half of the financial year to 31 March 2009.

As noted on page 12, the Group has maintained this policy of only using core currency borrowings to hedge the portfolio. As a consequence, 67% of the European and Nordic portfolios and 14% of the North American and Asian portfolios are now hedged.

Diluted NAV

The diluted NAV per ordinary share at 30 September 2009 was £2.86 (31 March 2009: £4.96). The liquidation of 3i QPEP, through the issue of new shares, reduced the net asset value by £0.23. The bonus element of the rights issue impacted NAV per share by £(1.79) and there was a further £0.15 dilution from the rights issue as well as an additional dilution of £0.02 relating to employee share-based awards granted in the period. The total return of £81 million increased the net asset value per share by £0.09.

Risks and uncertainties

The main elements of 3i's risk management framework, together with a description of the principal inherent risks and uncertainties faced by the Group, are set out in the Risk section of the 3i Group Report and accounts 2009 and remained unchanged in the period. Improvements to the effectiveness of the risk management structure, which were outlined in the Report and accounts 2009, were implemented at the start of the current financial year. This half-yearly report makes reference to the evolution and management of specific key risks, and related results and outcomes, which should be viewed in the context of the risk management framework and principal inherent risk factors.

Business review Business lines

Buyouts

Market environment
European mid-market buyout activity was subdued in the period. According to the Q2 2009 unquote" private equity barometer, the value of european buyout activity in the first six months of 2009, at €6 billion, was only 13% of the level in the prior year.

Fund raising for mid-market buyouts firms was also limited. However, a low investment rate, combined with the significant capital raised in previous periods, means that there is still a substantial excess of capital over the supply of investment opportunities. Competition, therefore, has kept pricing at higher levels than might have been anticipated.

Some signs of life in the M&A markets appeared towards the end of the period, with a number of high-profile major international transactions and, in Europe, a small number of buyout transactions.

Investment activity
Investment of £111 million (2008: £338 million) exceeded realisations of £62 million (2008: £326 million). The low level of investment was a result of the portfolio requiring less financial support than anticipated and no new investments in the period. Further investment in the portfolio comprised a mix of capitalised interest, equity cures and successful restructurings (£103 million, 2008: £112 million), as well as supporting portfolio development through acquisition or other means (£8 million).

Following a strategy of aggressively exiting the portfolio in 2006-2008, there were no full exits in the period. Realisations of £62 million included the partial sale of Telecity, which generated proceeds of £30 million and £29 million from the Debt Warehouse.

Long-term performance
A more stable portfolio and low realisations activity has meant that there has been little change since 31 March 2009 to the performance by vintage year. As shown in Table 10, returns for 2002 to 2007 remain strong and, at this early stage, returns for the 2008 and 2009 vintages are negative.

Returns
The gross portfolio return for the period of £132 million (2008: £131 million) represented a return of 8.9% (2008: 6.5%) over the opening portfolio value. As can been seen from Table 11, the largest element of this return at £53 million (2008: £(51) million) was unrealised value growth from the portfolio.

The effect of increased multiples on the valuation of those investments valued on an earnings basis was £211 million (2008: £(58) million). The effect of lower overall earnings used in valuing this segment of the portfolio was £(235) million (2008: £34 million).

The reduction in portfolio income in the period is principally due to the fall in interest through not recognising accrued interest, where provisions or impairments against loans were taken in the second half of the previous financial year.

Realised profits of £39 million (2008: £115 million) principally relate to Telecity (£4 million) and the Debt Warehouse (£28 million).

Portfolio
The value of the portfolio at 30 September 2009 was stable at £1,560 million (31 March 2009: £1,467 million), reflecting low levels of investment and realisations activity.

As anticipated, it has been a challenging environment for the portfolio. At 30 September 2009, the significant majority of the portfolio was valued using earnings based on the lower of latest management accounts or forecast earnings. At the individual company level, there have been some good performances. We continue to take proactive steps to protect and grow earnings across the portfolio through our Active partnership programme.

At 30 September 2009, 60% of the portfolio based on cost was classified as healthy, compared to 67% of cost at 31 March 2009.

The average EBITDA multiple used to value investments valued on an earnings basis was 7.0x (8.3x pre marketability discount), a 13% increase from 6.2x used at 31 March 2009. This is after the typical 15% marketability discount applied to Buyouts investments.

The largest portfolio investment at 30 September 2009 was Enterprise (£135 million).

Debt Warehouse
There was a £45 million positive movement in the value of 3i's investment in the Debt Warehouse in the six months to 30 September 2009 as a result of an improvement in the secondary loan market.

A detailed breakdown of the assets under management for the Buyouts business line is provided on pages 2, 13 and 14.

Table 10: Long-term performance – Buyouts

New investments made in financial years to 31 March Vintage year	Total investment £m	Return flow £m	Value remaining £m	**IRR to 30 September 2009**	IRR to 30 September 2008	IRR to 31 March 2009
2009	333	1	284	**(8)%**	n/a	n/a
2008	653	20	334	**(26)%**	6%	(30)%
2007	583	290	445	**22%**	38%	25%
2006	503	795	282	**47%**	50%	46%
2005	367	953	58	**61%**	64%	62%
2004	329	523	76	**33%**	36%	34%
2003	276	664	15	**49%**	49%	49%
2002	186	441	–	**61%**	61%	61%

Analysis excludes investment in Debt Warehouse.

Table 11: Returns from Buyouts (£m)
six months to 30 September

	2009	2008
Realised profits over value on the disposal of investments	**39**	115
Unrealised profits/(losses) on the revaluation of investments	**53**	(51)
Portfolio income	**40**	67
Gross portfolio return	**132**	131
Fees receivable from external funds	**20**	21

Growth Capital

Market environment

The market for new investment was subdued, although there were early signs of an increase in new investment opportunities towards the end of the period.

3i's own analysis suggests that the growth capital market in Europe, Asia and North America in the first nine months of 2009 was only approximately 25% of that of the previous year. However, since July, we have seen increasing confidence amongst the leaders of independent businesses and a lack of availability or attractiveness of debt funding. This has resulted in increased dealflow.

3i's approach of working in partnership with entrepreneurs and management teams to drive value growth through international expansion, with low reliance on leverage, is well suited to this environment. 3i continues to see the majority of deals in its target growth capital markets.

Realisations activity, which is driven by M&A activity, followed this pattern, with limited activity for much of the period and signs of increased levels of M&A in the final month.

Investment activity

Realisations of £275 million (2008: £169 million) were substantially in excess of investment of £62 million (2008: £279 million). The two largest of these realisations were Venture Production plc (£145 million) and Salamander Energy (£43 million).

Investment was targeted at supporting the growth of existing portfolio companies, with £28 million invested in nine different portfolio companies to support their expansion through acquisition or through organic development.

Long-term performance

Table 12 shows the long-term performance of Growth Capital since 2002. The improvement in returns for the 2008 vintage since 31 March 2009 is largely due to the realisations of Venture Production plc and CAIR. Returns for other vintages are largely unchanged from 31 March 2009.

Returns

The gross portfolio return for the period of £159 million (2008: £(158) million) represented a return of 9.3% (2008: (6.7)%) over the adjusted weighted average opening portfolio value. As can be seen from Table 13, the largest element of this was unrealised value growth from the portfolio, which at £132 million was a significant improvement on the £(237) million for the equivalent period last year and the £(792) million for the six months to 31 March 2009. This more than offset lower levels of realised profits and portfolio income.

The effect of increased multiples on the valuation of those investments valued on an earnings basis was £219 million (2008: £(119) million). The effect of lower earnings used in valuing this segment of the portfolio was £(64) million (2008: £28 million).

Portfolio

The opening and closing values of the portfolio at £1,574 million and £1,551 million reflect the low level of investment, good level of realisations, the increase in value, as well as the impact of the transfer of 3i QPEP investments.

Although 2009 to date has been an extremely challenging year, the Growth Capital portfolio has shown stable earnings performance. The health of the portfolio has also been robust. As at 30 September 2009, 78% was classified as healthy, based on cost (2008: 88%). The reduction from the 81% at 31 March 2009 was driven by the sale of large, healthy investments, rather than a material downgrade across the portfolio.

The average multiple used to value investments valued on an earnings basis was 7.3x, a 37% increase from the 5.3x used at 31 March 2009. This is after a typical 25% marketability discount is applied to reflect the Growth Capital business line's minority shareholding.

The largest Growth Capital investment is Quintiles (£148 million).

A detailed breakdown of the assets under management for the Growth Capital business line is provided on pages 2, 13 and 14.

Table 12: Long-term performance – Growth Capital

New investments made in financial years to 31 March Vintage year	Total investment £m	Return flow £m	Value remaining £m	**IRR to 30 September 2009**	IRR to 30 September 2008	IRR to 31 March 2009
2009	206	1	162	**(19)%**	n/a	n/a
2008	1,034	198	734	**(5)%**	5%	(16)%
2007	550	147	332	**(6)%**	6%	(2)%
2006	427	556	96	**23%**	34%	23%
2005	178	247	49	**26%**	28%	27%
2004	297	486	12	**25%**	26%	25%
2003	223	411	45	**25%**	25%	25%
2002	498	715	6	**12%**	13%	12%

Table 13: Returns from Growth Capital (£m)
six months to 30 September

	2009	2008
Realised profits over value on the disposal of investments	**5**	40
Unrealised profits/(losses) on the revaluation of investments	**132**	(237)
Portfolio income	**22**	39
Gross portfolio return	**159**	(158)
Fees receivable from external funds	**–**	–

Business review Business lines

Infrastructure

Market environment

With uncertainties on the sustainability of the economic recovery and persisting volatility in asset prices, conditions for new investment in infrastructure assets remain challenging. Financing is available for the right opportunities, albeit at less advantageous terms than before the economic downturn, but final-stage completion risk on individual transactions remains high.

The environment for new investment will remain difficult, at least while asset prices are still adjusting to reflect uncertainty in both the quoted and unquoted markets. The competitive environment for infrastructure investment, however, remains more benign than before the economic downturn and the opportunity is attractive, driven, among other factors, by Budgetary constraints.

Investment activity

The Infrastructure business line's investment is mainly made through 3i Infrastructure plc and the 3i India Infrastructure Fund.

Investment activity remained muted during the period. Investment in the six months to 30 September 2009 totalled £2 million (2008: £22 million). This sum was drawn down by the 3i India Infrastructure Fund for an additional investment in Adani Power Limited before its IPO.

Realisations totalled £45 million during the six months to 30 September 2009 (2008: £8 million). This was attributable almost entirely to the disposal of a large part of 3i's holding in AWG to other shareholders of 3i Osprey LP, the vehicle through which 3i holds its shares. The proceeds for this transaction were broadly in line with the book value at 31 March 2009.

Performance

The Infrastructure business line has generated a gross portfolio return of £57 million for the six months to 30 September 2009 (2008: £36 million), representing a 15.4% return on opening value. This was driven principally by a strong increase in the mark-to-market valuation of 3i's holding in 3i Infrastructure plc (up £49 million in the period), which was only slightly offset by a £2 million decline in the value of the 3i India Infrastructure Fund. The decline in the Fund's valuation was driven by the dilution of its holding in Adani Power following its IPO earlier in the year.

Portfolio income of £10 million in the six months (2008: £23 million) was substantially attributable to dividend income from 3i Infrastructure plc. Portfolio income was significantly lower compared to the previous period, as last year's figure benefited strongly from a special dividend of £6 million paid by AWG, following the sale of one of its non-core assets.

Fees receivable for management and advisory services to 3i Infrastructure plc and the 3i India Infrastructure Fund totalled £8 million for the six months to 30 September 2009, down from £16 million in the six months to 30 September 2008.

This reduction was mainly due to the performance fee for the period to 30 September 2008 including £6 million relating to the performance of the company for the year ended 31 March 2008. This timing difference was due to 3i Infrastructure plc announcing its results after 3i Group plc at 31 March 2008.

Portfolio

3i's infrastructure portfolio is principally accounted for by its 33.2% holding in 3i Infrastructure plc and its $250 million commitment to the 3i India Infrastructure Fund.

3i Infrastructure plc reported a total return of £16.3 million for the six months to 30 September 2009 (on an investment basis), representing a return of 1.8% on shareholders' equity.

Of 3i's $250 million commitment to the 3i India Infrastructure Fund, $118 million had been drawn down for investment as at 30 September 2009.

Table 14: Returns from Infrastructure (£m)
six months to 30 September

	2009	2008
Realised profits over value on the disposal of investments	**–**	6
Unrealised profits on the revaluation of investments	**47**	7
Portfolio income	**10**	23
Gross portfolio return	**57**	36
Fees receivable from external funds	**8**	16

A detailed breakdown of the assets under management for the Infrastructure business line is provided on pages 2, 13 and 14.

Non-core activities

Quoted Private Equity

In April 2009, the Group completed the acquisition of the assets of 3i QPEP. This resulted in cash of £110 million and the portfolio assets (£147 million) of the company being transferred to 3i Group.

Five investments were transferred to Growth Capital, of which two have subsequently been realised, generating proceeds of £46 million.

Venture Portfolio

The Venture Portfolio generated realisations of £93 million (2008: £73 million) in the six months to 30 September 2009 through a combination of individual asset, as well as portfolio sales. The sale of a large majority of the European Venture Portfolio to a consortium including Coller Capital, HarbourVest Partners and DFJ Esprit, which was signed on 13 September 2009, was the most significant realisation in the period. This sale will generate realisations of approximately £128 million. £23 million of this was received by 30 September and the majority of the balance is due to be received by 31 March 2010. Including this sale will result in 73% of the opening portfolio value being sold.

The high level of realisations activity in the period resulted in a reduction in the Venture Portfolio from 123 companies valued at £314 million at 31 March 2009 to 68 and £167 million at 30 September 2009. Removing the assets agreed for sale at 30 September 2009 would reduce the portfolio further to 51 companies valued at £61 million.

Investment activity in the period was minimal at £15 million (2008: £29 million) and related principally to draw downs of existing commitments.

Gross portfolio return in the period was £(52) million, a (17)% return over the opening portfolio value (2008: £(64) million, (16)%). This negative return was driven by realised losses of £(38) million following the accelerated sale of the portfolio and a further £(13) million unrealised loss.

SMI

The SMI portfolio continued to generate a good level of realisations in the period. Realisations totalled £32 million, at an average uplift over the opening portfolio value of 28%. The most significant realisation was the sale of BE Wedge, a galvanising business, which generated proceeds of £8 million.

Gross portfolio return in the period of £20 million (2008: £14 million) represented a 13% return over the opening portfolio value (2008: 6%). Realised profits were £7 million, income was £5 million and unrealised profits were £8 million.

At 30 September 2009, there were 61 companies in the SMI portfolio (31 March 2009: 74), with a value of £137 million (31 March 2009: £153 million).

Consolidated statement of comprehensive income

for the six months to 30 September 2009

	Notes	**Six months to 30 September 2009 (unaudited) £m**	Six months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
Realised profits over value on the disposal of investments	2	**13**	190	63
Unrealised profits/(losses) on the revaluation of investments	3	**227**	(411)	(2,440)
		240	(221)	(2,377)
Portfolio income				
Dividends		**22**	51	65
Income from loans and receivables		**54**	89	108
Fees receivable/(payable)		**–**	3	(2)
Gross portfolio return	1	**316**	(78)	(2,206)
Fees receivable from external funds	1	**28**	38	75
Carried interest				
Carried interest receivable from external funds	4	**(2)**	10	(3)
Carried interest and performance fees payable	4	**(2)**	33	56
Operating expenses		**(108)**	(131)	(250)
Net portfolio return		**232**	(128)	(2,328)
Interest receivable	5	**6**	22	34
Interest payable	5	**(61)**	(64)	(120)
Movement in the fair value of derivatives	6	**8**	(2)	(38)
Exchange movements		**(242)**	32	505
Other finance income		**–**	–	3
Loss before tax		**(57)**	(140)	(1,944)
Income taxes		**(2)**	(3)	(4)
Loss for the period		**(59)**	(143)	(1,948)
Other comprehensive income				
Exchange differences on translation of foreign operations		**176**	(21)	(190)
Revaluation of own-use property		**–**	–	(4)
Actuarial losses		**(36)**	(18)	(8)
Other comprehensive income for the period		**140**	(39)	(202)
Total comprehensive income for the period ("Total return")		**81**	(182)	(2,150)
Analysed in reserves as:				
Revenue		**53**	95	99
Capital		**(148)**	(256)	(2,059)
Translation reserve		**176**	(21)	(190)
		81	(182)	(2,150)
Earnings per share				
Basic (pence)	10	**(7.1)**	(23.4)[1]	(318.7)[1]
Diluted (pence)	10	**(7.1)**	(23.4)[1]	(318.7)[1]

1 Restated to reflect the impact of the bonus elements of the rights issue and the acquisition of 3i QPEP.

The rates and amounts of dividends paid and proposed are shown in note 11.

Consolidated statement of changes in equity

for the six months to 30 September 2009

	Notes	**Six months to 30 September 2009 (unaudited) £m**	Six months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
Total equity at start of period	9	**1,862**	4,057	4,057
Loss for the period	9	**(59)**	(143)	(1,948)
Exchange differences on translation of foreign operations	9	**176**	(21)	(190)
Revaluation of own-use property	9	**–**	–	(4)
Actuarial losses	9	**(36)**	(18)	(8)
Total comprehensive income for the period		**81**	(182)	(2,150)
Equity settled call option	9	**–**	5	5
Share-based payments	9	**(2)**	4	3
Ordinary dividends	11	**–**	(41)	(64)
Issues of ordinary shares	9	**805**	7	9
Own shares	9	**–**	2	2
Total equity at the end of the period		**2,746**	3,852	1,862

Consolidated balance sheet

as at 30 September 2009

	Notes	30 September 2009 (unaudited) £m	30 September 2008 (unaudited) £m	31 March 2009 (audited) £m
Assets				
Non-current assets				
Investments				
Quoted equity investments		**519**	812	611
Unquoted equity investments		**1,822**	3,204	1,970
Loans and receivables		**1,439**	1,918	1,469
Investment portfolio	1	**3,780**	5,934	4,050
Carried interest receivable		**46**	62	44
Property, plant and equipment		**20**	29	22
Total non-current assets		**3,846**	6,025	4,116
Current assets				
Other current assets		**63**	64	70
Derivative financial instruments		**2**	67	10
Deposits		**384**	48	59
Cash and cash equivalents		**1,289**	620	675
Total current assets		**1,738**	799	814
Total assets		**5,584**	6,824	4,930
Liabilities				
Non-current liabilities				
Carried interest payable		**(45)**	(79)	(51)
Loans and borrowings		**(1,720)**	(1,746)	(1,793)
B shares	7	**(6)**	(12)	(12)
Convertible bond		**(395)**	(379)	(384)
Subordinated liabilities		**(7)**	(8)	(7)
Retirement benefit deficit		**(14)**	(56)	(18)
Deferred income taxes		**(2)**	(2)	–
Provisions		**(4)**	(8)	(18)
Total non-current liabilities		**(2,193)**	(2,290)	(2,283)
Current liabilities				
Trade and other payables		**(211)**	(197)	(255)
Carried interest payable		**(21)**	(83)	(61)
Loans and borrowings		**(346)**	(290)	(349)
Derivative financial instruments		**(55)**	(102)	(112)
Current income taxes		**(2)**	(4)	(3)
Provisions		**(10)**	(6)	(5)
Total current liabilities		**(645)**	(682)	(785)
Total liabilities		**(2,838)**	(2,972)	(3,068)
Net assets		**2,746**	3,852	1,862
Equity				
Issued capital	8	**717**	284	284
Share premium	9	**777**	403	405
Capital redemption reserve	9	**42**	42	42
Share-based payment reserve	9	**18**	23	20
Translation reserve	9	**(3)**	(10)	(179)
Capital reserve	9	**818**	2,769	968
Revenue reserve	9	**447**	413	394
Other reserves	9	**5**	5	5
Own shares	9	**(75)**	(77)	(77)
Total equity		**2,746**	3,852	1,862

Consolidated cash flow statement

for the six months to 30 September 2009

	Six months to 30 September 2009 (unaudited) £m	Six months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
Cash flow from operating activities			
Purchase of investments	**(94)**	(550)	(827)
Proceeds from investments	**477**	597	1,308
Interest received	**9**	15	23
Dividends received	**22**	51	65
Portfolio fees (paid)/received	**(1)**	8	–
Fees received from external funds	**24**	24	63
Carried interest received	**–**	23	43
Carried interest paid	**(46)**	(53)	(103)
Operating expenses	**(127)**	(202)	(316)
Income taxes paid	**(1)**	(3)	(5)
Net cash flow from operations	**263**	(90)	251
Cash flow from financing activities			
Net proceeds from liquidation of 3i QPEP	**110**	–	–
Proceeds from the nine for seven rights issue	**732**	–	–
Fees paid for the nine for seven rights issue	**(33)**	–	–
Proceeds from issues of share capital	**16**	7	9
Disposal of own shares	**–**	2	2
Repurchase of B shares	**(6)**	(9)	(9)
Dividend paid	**–**	(41)	(64)
Interest received	**6**	22	34
Interest paid	**(56)**	(24)	(80)
Premium on call options acquired	**–**	(78)	(78)
Premium on call options sold	**–**	29	29
Proceeds from long-term borrowings	**–**	685	686
Repayment of long-term borrowings	**(51)**	(465)	(585)
Net cash flow from short-term borrowings	**3**	(164)	(46)
Net cash flow from derivatives	**(35)**	–	(249)
Net cash flow from deposits	**(327)**	(4)	(15)
Net cash flow from financing activities	**359**	(40)	(366)
Cash flow from investing activities			
Purchases of property, plant and equipment	**–**	(1)	(4)
Sales of property, plant and equipment	**–**	–	3
Net cash flow from investing activities	**–**	(1)	(1)
Change in cash and cash equivalents	**622**	(131)	(116)
Cash and cash equivalents at the beginning of the period	**675**	752	752
Effect of exchange rate fluctuations	**(8)**	(1)	39
Cash and cash equivalents at the end of the period	**1,289**	620	675

Notes to the accounts

1 Segmental analysis

6 months to 30 September 2009 (unaudited)	Buyouts £m	Growth Capital £m	Infrastructure £m	Quoted Private Equity £m	Smaller Minority Investments £m	Venture Portfolio £m	Total £m
Gross portfolio return[1]							
Realised profits/(losses) over value on the disposal of investments	39	5	–	–	7	(38)	13
Unrealised profits/(losses) on the revaluation of investments	53	132	47	–	8	(13)	227
Portfolio income	40	22	10	–	5	(1)	76
	132	159	57	–	20	(52)	316
Fees receivable from external funds	20	–	8	–	–	–	28
Net (investment)/divestment							
Realisations	62	275	45	–	32	93	507
Investment	(111)	(62)	(2)	–	–	(15)	(190)
	(49)	213	43	–	32	78	317
Balance sheet							
Value of investment portfolio at end of period	1,560	1,551	365	–	137	167	3,780

6 months to 30 September 2008 (unaudited)	Buyouts £m	Growth Capital £m	Infrastructure £m	Quoted Private Equity £m	Smaller Minority Investments £m	Venture Portfolio £m	Total £m
Gross portfolio return[1]							
Realised profits over value on the disposal of investments	115	40	6	–	4	25	190
Unrealised (losses)/profits on the revaluation of investments	(51)	(237)	7	(37)	2	(95)	(411)
Portfolio income	67	39	23	–	8	6	143
	131	(158)	36	(37)	14	(64)	(78)
Fees receivable from external funds	21	–	16	1	–	–	38
Net (investment)/divestment							
Realisations	326	169	8	–	21	73	597
Investment	(338)	(279)	(22)	–	–	(29)	(668)
	(12)	(110)	(14)	–	21	44	(71)
Balance sheet							
Value of investment portfolio at end of period	2,084	2,332	530	105	228	655	5,934

12 months to 31 March 2009 (audited)	Buyouts £m	Growth Capital £m	Infrastructure £m	Quoted Private Equity £m	Smaller Minority Investments £m	Venture Portfolio £m	Total £m
Gross portfolio return[1]							
Realised profits/(losses) over value on the disposal of investments	255	(66)	(20)	–	4	(110)	63
Unrealised (losses)/profits on the revaluation of investments	(995)	(1,029)	(62)	26	(68)	(312)	(2,440)
Portfolio income	62	60	32	–	11	6	171
	(678)	(1,035)	(50)	26	(53)	(416)	(2,206)
Fees receivable from external funds	45	1	26	3	–	–	75
Net (investment)/divestment							
Realisations	494	461	117	–	27	209	1,308
Investment	(519)	(343)	(50)	(3)	–	(53)	(968)
	(25)	118	67	(3)	27	156	340
Balance sheet							
Value of investment portfolio at end of year	1,467	1,574	371	171	153	314	4,050

1 The segmental profit or loss reported in accordance with IFRS 8: Operating Segments, is defined as gross portfolio return.

2 Realised profits/(losses) over value on the disposal of investments

	6 months to September 2009 Unquoted Equity (unaudited) £m	6 months to September 2009 Quoted Equity (unaudited) £m	6 months to September 2009 Loans and receivables (unaudited)[1] £m	6 months to September 2009 Total (unaudited) £m	6 months to September 2008 Unquoted Equity (unaudited) £m	6 months to September 2008 Quoted Equity (unaudited) £m	6 months to September 2008 Loans and receivables (unaudited) £m	6 months to September 2008 Total (unaudited) £m	12 months to March 2009 Unquoted Equity (audited) £m	12 months to March 2009 Quoted Equity (audited) £m	12 months to March 2009 Loans and receivables (audited) £m	12 months to March 2009 Total (audited) £m
Net proceeds	**139**	**175**	**193**	**507**	507	41	49	597	1,023	172	113	1,308
Valuation of disposed investments	**(147)**	**(152)**	**(190)**	**(489)**	(329)	(31)	(45)	(405)	(896)	(214)	(117)	(1,227)
Investments written off	**(3)**	**–**	**(2)**	**(5)**	–	–	(2)	(2)	(14)	–	(4)	(18)
	(11)	**23**	**1**	**13**	178	10	2	190	113	(42)	(8)	63

1 Loans and receivables include net proceeds of £29 million (2008: nil) and realised profits of £28 million (2008: nil) from the variable funding notes relating to the Debt Warehouse.

3 Unrealised profits/(losses) on the revaluation of investments

	6 months to September 2009 Unquoted Equity (unaudited) £m	6 months to September 2009 Quoted Equity (unaudited) £m	6 months to September 2009 Loans and receivables (unaudited) £m	6 months to September 2009 Total (unaudited) £m	6 months to September 2008 Unquoted Equity (unaudited) £m	6 months to September 2008 Quoted Equity (unaudited) £m	6 months to September 2008 Loans and receivables (unaudited) £m	6 months to September 2008 Total (unaudited) £m	12 months to March 2009 Unquoted Equity (audited) £m	12 months to March 2009 Quoted Equity (audited) £m	12 months to March 2009 Loans and receivables (audited) £m	12 months to March 2009 Total (audited) £m
Movement in the fair value of equity	**119**	**108**	**–**	**227**	(52)	(87)	–	(139)	(1,323)	(126)	–	(1,449)
Provisions, loan impairments and other movements[1]	**(24)**	**–**	**24**	**–**	(76)	–	(196)	(272)	(110)	–	(881)	(991)
	95	**108**	**24**	**227**	(128)	(87)	(196)	(411)	(1,433)	(126)	(881)	(2,440)

1 Included within loan impairments is a £45 million value increase for variable funding notes relating to the Debt Warehouse (September 2008: nil, March 2009: £112 million decrease).

Provisions have been recognised only on investments where it is considered there is a 50% risk of failure. All other equity movements are included within movement in the fair value of equity.

4 Carried interest

	6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
Carried interest receivable from external funds	**(2)**	10	(3)
Carried interest and performance fees payable	**(2)**	33	56
	(4)	43	53

Carried interest receivable represents the Group's share of profits from external funds. Each fund is reviewed at the balance sheet date and income is accrued based on fund profits in excess of the performance conditions within the fund, taking into account cash already returned to fund investors and the fair value of assets remaining in the fund.

Carried interest payable represents the amount payable to executives from the Group's carried interest schemes. As with carried interest receivable, each scheme is separately reviewed at the balance sheet date, and an accrual made equal to the executives' share of profits in excess of the performance conditions in place in the scheme.

Notes to the accounts

5 Net interest payable

	6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
Interest receivable			
Interest on bank deposits	6	22	34
	6	22	34
Interest payable			
Interest on loans and borrowings	(40)	(39)	(84)
Interest on convertible bond	(8)	(9)	(17)
Amortisation of convertible bond	(10)	(14)	(20)
Subordinated borrowings[1]	(2)	(1)	2
Net finance expense on pension plan[2]	(1)	(1)	(1)
	(61)	(64)	(120)
Net interest payable	(55)	(42)	(86)

1 Includes the fair value movement on the underlying loan.
2 £14 million of interest receivable relating to the return on the UK defined benefit pension scheme plan assets and the £15 million of interest payable on the pension plan have been reclassified to net finance expense on pension plan for the six months to 30 September 2008.

6 Movement in the fair value of derivatives

	6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
Forward foreign exchange contracts and currency swaps	–	–	4
Interest rate swaps	7	4	(46)
Derivative element of convertible bond	1	6	58
Call options	–	(12)	(54)
	8	(2)	(38)

7 B shares

	6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
Opening balance	12	21	21
Issued in period	–	–	–
Repurchased and cancelled	(6)	(9)	(9)
Closing balance	6	12	12

On 10 August 2009 the Company repurchased and subsequently cancelled 4,670,975 B shares.

8 Issued capital

Authorised	30 September 2009 (unaudited) Number	30 September 2009 (unaudited) £m	30 September 2008 (unaudited) Number	30 September 2008 (unaudited) £m	31 March 2009 (audited) Number	31 March 2009 (audited) £m
Ordinary shares of 73 19/22p	1,102,899,402	815	555,076,720	410	555,076,720	410
B shares of 1p	660,000,000	7	660,000,000	7	660,000,000	7
Unclassified shares of 10p	1,000,000	0.1	1,000,000	0.1	1,000,000	0.1

8 Issued capital (continued)

Issued and fully paid	6 months to 30 September 2009 (unaudited) Number	6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) Number	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) Number	12 months to 31 March 2009 (audited) £m
Ordinary shares of 73 19/22p						
Opening balance	383,970,880	284	382,741,094	283	382,741,094	283
Issued under employee share plans	6,569,797	5	1,007,544	1	1,229,786	1
Nine for seven rights issue	542,060,391	400				
Issued for acquisition of assets of 3i Quoted Private Equity plc	37,604,945	28				
Closing balance	970,206,013	717	383,748,638	284	383,970,880	284

During the period 1 April 2009 to 30 September 2009, no share options were exercised.

9 Equity

6 months to 30 September 2009	Share Capital (unaudited) £m	Share Premium (unaudited) £m	Capital redemption reserve (unaudited) £m	Share-based payment reserve (unaudited) £m	Translation reserve (unaudited) £m	Capital reserve (unaudited) £m	Revenue reserve (unaudited) £m	Other[1] reserves (unaudited) £m	Own shares (unaudited) £m	Total equity (unaudited) £m
Opening balance	284	405	42	20	(179)	968	394	5	(77)	1,862
Profit for the period						(112)	53			(59)
Exchange differences on translation of foreign operations					176					176
Actuarial losses						(36)				(36)
Total comprehensive income for the period	–	–	–	–	176	(148)	53	–	–	81
Share-based payments				(2)						(2)
Release on exercise/forfeiture of share options						(2)			2	–
Issue of ordinary shares	433	372								805
Closing balance	717	777	42	18	(3)	818	447	5	(75)	2,746

On 12 June 2009, 3i Group plc raised £699 million net of £33 million of expenses by way of a rights issue.

6 months to 30 September 2008	Share Capital (unaudited) £m	Share Premium (unaudited) £m	Capital redemption reserve (unaudited) £m	Share-based payment reserve (unaudited) £m	Translation reserve (unaudited) £m	Capital reserve (unaudited) £m	Revenue reserve (unaudited) £m	Other[1] reserves (unaudited) £m	Own shares (unaudited) £m	Total equity (unaudited) £m
Opening balance	283	397	42	21	11	3,026	359	–	(82)	4,057
Profit for the period						(238)	95			(143)
Exchange differences on translation of foreign operations					(21)					(21)
Actuarial losses						(18)				(18)
Total comprehensive income for the period	–	–	–	–	(21)	(256)	95	–	–	(182)
Equity settled call option								5		5
Share-based payments				4						4
Release on exercise/forfeiture of share options				(2)		(1)			3	–
Ordinary dividends							(41)			(41)
Issue of ordinary shares	1	6								7
Own shares									2	2
Closing balance	284	403	42	23	(10)	2,769	413	5	(77)	3,852

1 Other reserves include the cost of the option relating to the call spread overlay set up as part of the £430 million convertible bond. This equity settled element of the call spread overlay has a strike price of £9.35 and 7,156,828 exercisable shares as a result of the rights issue (prior to rights issue had a strike price of £14.09 and 4,749,031 exercisable shares).

Notes to the accounts

9 Equity (continued)

Year to 31 March 2009	Share Capital (audited) £m	Share Premium (audited) £m	Capital redemption reserve (audited) £m	Share-based payment reserve (audited) £m	Translation reserve (audited) £m	Capital reserve (audited) £m	Revenue reserve (audited) £m	Other[1] reserves (audited) £m	Own shares (audited) £m	Total equity (audited) £m
Opening balance	283	397	42	21	11	3,026	359	–	(82)	4,057
Profit for the period						(2,047)	99			(1,948)
Exchange differences on translation of foreign operations					(190)					(190)
Revaluation of own-use property						(4)				(4)
Actuarial losses						(8)				(8)
Total comprehensive income for the period	–	–	–	–	(190)	(2,059)	99	–	–	(2,150)
Equity settled call option								5		5
Share-based payments				3						3
Release on exercise/forfeiture of share options				(4)		1			3	–
Ordinary dividends							(64)			(64)
Issue of ordinary shares	1	8								9
Own shares									2	2
Closing balance	284	405	42	20	(179)	968	394	5	(77)	1,862

1 Other reserves include the cost of the option relating to the call spread overlay set up as part of the £430 million convertible bond. This equity settled element of the call spread overlay has a strike price of £9.35 and 7,156,828 exercisable shares as a result of the rights issue (prior to rights issue had a strike price of £14.09 and 4,749,031 exercisable shares).

10 Per share information

On 28 April 2009, 3i Group plc acquired the assets of 3i Quoted Private Equity plc (3i QPEP) through a solvent liquidation of the company. The Group paid 50p in cash and 0.1706 of new 3i Group shares for each 3i QPEP share. This resulted in 37.6 million shares being issued. The earnings per share comparative has been adjusted by a rate of 0.98, being the ratio between the theoretical ex-transaction price and the closing share price prior to the transaction.

Through the rights issue on 12 June 2009, 3i Group plc issued 542 million new ordinary shares at 135p per new ordinary share on the basis of nine new ordinary shares for every seven ordinary shares held. Prior period comparatives for EPS have been adjusted by a factor of 0.6227 to reflect the bonus element inherent in the rights issue. The factor is calculated based on the pre-issue price of 410p, the closing price on the last day the shares traded cum-rights. The NAV per share comparatives have been restated by adjusting the comparative NAV by the net assets and the number of shares relating to the 3i QPEP transaction, by £90 million and 37.6 million respectively. The adjustment factor of 0.6227 has then been applied to this adjusted NAV per share to derive the restated figure.

The earnings and net assets per share attributable to the equity shareholders of the Company are based on the following data:

	6 months to 30 September 2009 (unaudited)	6 months to 30 September 2008 (unaudited)[1]	12 months to 31 March 2009 (audited)[1]
Earnings per share (pence)			
Basic	**(7.1)**	(23.4)	(318.7)
Diluted	**(7.1)**	(23.4)	(318.7)
Earnings (£m)			
Loss for the period attributable to equity holders of the Company	**(59)**	(143)	(1,948)
Effect of dilutive ordinary shares	**–**	–	–
	(59)	(143)	(1,948)

	6 months to 30 September 2009 (unaudited) Number	6 months to 30 September 2008 (unaudited) Number	12 months to 31 March 2009 (audited) Number
Weighted average number of shares in issue			
Ordinary shares	**850,771,252**	383,162,777	383,495,547
Own shares	**(16,208,452)**	(10,623,552)	(10,465,956)
	834,562,800	372,539,225	373,029,591
Impact of rights issue bonus element and 3i QPEP bonus element		237,926,036	238,239,213
Effect of dilutive potential ordinary shares			
Share options[2]	**–**	–	–
Convertible bond	**–**	–	–
Diluted shares	**834,562,800**	610,465,261	611,268,804

1 Restated to reflect the impact of the bonus element of the rights issue and the solvent liquidation of 3i QPEP. The pre-rights issue net assets used to calculate the NAV per share comparatives include £90 million relating to the 37.6 million shares issued following the 3i QPEP transaction.
2 The potential effect of share options is excluded from the dilution calculation for the period, as the impact is anti-dilutive.

10 Per share information (continued)

	30 September 2009 (unaudited)	30 September 2008 (unaudited)[1]	31 March 2009 (audited)[1]
Net assets per share (pence)			
Basic	**288**	597	296
Diluted	**286**	590	294
Net assets (£m)			
Net assets attributable to equity holders of the Company	**2,746**	3,852	1,862

	30 September 2009 (unaudited) Number	30 September 2008 (unaudited) Number	31 March 2009 (audited) Number
Number of shares in issue			
Ordinary shares	**970,206,013**	383,748,638	383,970,880
Own shares	**(15,832,669)**	(10,413,397)	(10,259,767)
	954,373,344	373,335,241	373,711,113
Impact of rights issue bonus element and 3i QPEP		286,593,604	286,821,345
	954,373,344	659,928,845	660,532,458
Effect of dilutive potential ordinary shares			
Share options	**6,073,695**	4,731,712	1,399,354
Impact of rights issue bonus element and 3i QPEP		3,021,957	893,712
Diluted shares	**960,447,039**	667,682,514	662,825,524

1 Restated to reflect the impact of the bonus element of the rights issue and the solvent liquidation of 3i QPEP. The pre-rights issue net assets used to calculate the NAV per share comparatives include £90 million relating to the 37.6 million shares issued following the 3i QPEP transaction.

NAV per share reconciliation adjusted for share issues

The nine for seven rights issue completed on 12 June and the acquisition of the assets of 3i QPEP through the issue of 37.6 million new shares has resulted in the opening NAV per share not being directly comparable with the closing NAV per share. The following table illustrates the impact of these share issues on the opening NAV per share.

Group basic NAV per share	Net assets £m	Number of shares	Basic NAV per share impact pence
31 March 2009 reported position	1,862	373,711,113	4.98
Impact of 3i QPEP acquisition	90	37,604,945	(0.23)
	1,952	411,316,058	4.75
Impact of nine for seven rights issue[4]	699	536,210,336[1]	(1.94)
31 March 2009 adjusted for share issues	2,651	947,526,394	2.81
Other shares in period	14	6,846,950[2]	(0.02)
	2,665	954,373,344	2.79
Total comprehensive income in period	81	954,373,344	0.09
	2,746	954,373,344	2.88

Group diluted NAV per share	Net assets £m	Number of shares	Diluted NAV per share impact pence
31 March 2009 reported position	1,862	375,110,467	4.96
Impact of 3i QPEP acquisition	90	37,604,945	(0.23)
	1,952	412,715,412	4.73
Impact of nine for seven rights issue[4]	699	536,210,336[1]	(1.94)
31 March 2009 adjusted for share issues	2,651	948,925,748	2.79
Other shares issued/increase in dilutive shares in period	14	11,521,291[3]	(0.02)
	2,665	960,447,039	2.77
Total comprehensive income in period	81	960,447,039	0.09
	2,746	960,447,039	2.86

1 The number of shares included within the impact of the nine for seven rights issue includes 542,060,391 ordinary shares issued less 5,850,055 ordinary shares issued to the 3i Group Employee Trust as part of the rights issue, which are included in our own shares and deducted from the number of ordinary shares issued when calculating basic and diluted NAV per share.
2 Other shares relate to employee share incentive plans.
3 Other shares in diluted NAV per share include (2) above and additional dilutive share options.
4 Net proceeds of the nine for seven rights issue were £699 million, representing £732 million gross proceeds, less £33 million of costs.

Notes to the accounts

11 Dividends

	6 months to 30 September 2009 (unaudited) pence per share	6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) pence per share[1]	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) pence per share[1]	12 months to 31 March 2009 (audited) £m
Declared and paid during the period						
Ordinary shares						
Final dividend	**–**	**–**	6.7	41	6.7	41
Interim dividend	**–**	**–**	–	–	3.8	23
	–	**–**	6.7	41	10.5	64
Proposed dividend	**1.0**	**10**	3.8	24	–	–

1 Restated to reflect impact of the bonus element of the rights issue and the solvent liquidation of 3i QPEP.

12 Contingent liabilities

	30 September 2009 (unaudited) £m	30 September 2008 (unaudited) £m	31 March 2009 (audited) £m
Contingent liabilities relating to guarantees available to third parties in respect of investee companies	**2**	8	6

At 30 September 2009, there was no material litigation outstanding against the Group.

13 Related parties

The Group has various related parties stemming from relationships with limited partnerships managed by the Group, its investment portfolio, its advisory arrangements, and its key management personnel.

Limited partnerships

The Group manages a number of external funds which invest through limited partnerships. Group companies act as the general partners of these limited partnerships and exert significant influence over them. The following amounts have been included in respect of these limited partnerships:

Income statement	6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
Carried interest receivable	**(2)**	10	(3)
Fees receivable from external funds	**25**	24	53

Balance sheet	30 September 2009 (unaudited) £m	30 September 2008 (unaudited) £m	31 March 2009 (audited) £m
Carried interest receivable	**46**	62	44

Investments

The Group makes minority investments in the equity of unquoted and quoted companies. This normally allows the Group to participate in the financial and operating policies of those companies. It is presumed that it is possible to exert significant influence when the equity holding is greater than 20%. These investments are not equity accounted for (as permitted by IAS 28) but are related parties. The total amounts included for these investments are as follows:

Income statement	6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
Realised (losses)/profits over value on the disposal of investments	**(26)**	108	151
Unrealised profits/(losses) on the revaluation of investments	**63**	(231)	(1,372)
Portfolio income	**63**	125	138

13 Related parties (continued)

Balance sheet	30 September 2009 (unaudited) £m	30 September 2008 (unaudited) £m	31 March 2009 (audited) £m
Quoted equity investments	352	490	496
Unquoted equity investments	1,147	1,769	1,224
Loans and receivables	1,327	1,508	1,219

From time to time transactions occur between related parties within the investment portfolio which the Group influences to facilitate the reorganisation or recapitalisation of an investee company. There has been no single transaction in the period with a material effect on the Group's financial statements and all such transactions are fully included in the above disclosure.

Advisory arrangements

The Group acts as advisor to 3i Infrastructure plc, which is listed on the London Stock Exchange, and acted as advisor to 3i QPEP prior to its solvent liquidation. The following amounts have been included in respect of these advisory relationships:

Income statement	6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
Realised losses over value on the disposal of investments	–	–	(25)
Unrealised profits/(losses) on the revaluation of investments	49	(42)	(47)
Fees receivable from external funds	3	12	19
Dividends	9	10	17

Balance sheet	30 September 2009 (unaudited) £m	30 September 2008 (unaudited) £m	31 March 2009 (audited) £m
Quoted equity investments	277	484	395

Key management personnel

The Group's key management personnel comprises the members of Management Committee and the Board's non-executive Directors.

Income statement	6 months to 30 September 2009 (unaudited) £m	6 months to 30 September 2008 (unaudited) £m	12 months to 31 March 2009 (audited) £m
Salaries, fees, supplements and benefits in kind	2	3	6
Bonuses and deferred share bonuses	1	1	1
Increase in accrued pension	–	–	–
Carried interest payable	4	2	(1)
Share-based payments	1	2	2
Termination benefits	–	–	3

Balance sheet	30 September 2009 (unaudited) £m	30 September 2008 (unaudited) £m	31 March 2009 (audited) £m
Bonuses and deferred share bonuses	1	2	1
Carried interest payable within one year	2	11	4
Carried interest payable after one year	6	6	7

Carried interest paid in the year to key management personnel was £6 million (2008: £8 million).

Accounting policies

Basis of preparation

These financial statements are the unaudited condensed half-yearly consolidated financial statements (the "Half-yearly Financial Statements") of 3i Group plc, a company incorporated in Great Britain and registered in England and Wales, and its subsidiaries (together referred to as the "Group") for the six-month period ended 30 September 2009.

The Half-yearly Financial Statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and should be read in conjunction with the Consolidated Financial Statements for the year to 31 March 2009 ("Report and accounts 2009"), as they provide an update of previously reported information.

The Half-yearly Financial Statements were authorised for issue by the Directors on 11 November 2009.

The Half-yearly Financial Statements have been prepared in accordance with the accounting policies set out in the Report and Accounts 2009 with the exception of the requirements of the revision to IAS 1: Presentation of Financial Statements and the adoption of IFRS 8: Operating Segments. The remaining new and revised International Financial Reporting Standards ("IFRS") and interpretations effective in the period have had no impact on the accounting policies of the Group. The presentation of the Half-yearly Financial Statements reflects the disclosure required by IAS 1: Presentation of Financial Statements. Where necessary, comparative information has been reclassified or expanded from the previously reported Half-yearly Financial Statements to take into account any presentational changes made in the Report and Accounts 2009. The Half-yearly Financial Statements do not constitute statutory accounts. The statutory accounts for the year to 31 March 2009, prepared under IFRS, have been filed with the Registrar of Companies and the auditors have issued a report, which was unqualified and did not contain a statement under section 237(2) or section 237(3) of the Companies Act 1985.

The preparation of the Half-yearly Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The most significant techniques for estimation are described in the accounting policies and in "portfolio valuation – an explanation" in the Report and Accounts 2009.

The Group operates in business lines where significant seasonal or cyclical variations in activity are not experienced during the financial year.

Statement of Directors' responsibilities

The Directors confirm to the best of their knowledge that:

a) the condensed set of financial statements have been prepared in accordance with IAS 34 as adopted by the European Union; and

b) the interim management report includes a fair review of the information required by the FSA's Disclosure and Transparency Rules (4.2.7 R and 4.2.8 R).

The Directors of 3i Group plc and their functions are listed on page 40.

By order of the Board

K J Dunn Secretary

11 November 2009

Independent review report to 3i Group plc

Introduction

We have been engaged by 3i Group plc to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2009 which comprises the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated balance sheet, consolidated cash flow statement and the related notes 1 to 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in the accounting policies note, 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 half-yearly 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 30 September 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
London

11 November 2009

Ten largest investments

The table below provides information on our ten largest investments in respect of the Group's holding excluding any managed or advised external funds. The valuation basis provides further information on how the Group's valuation has been derived. Income represents dividends received (inclusive of overseas withholding tax) and gross interest receivable in the six months to 30 September 2009. Net assets and earnings figures are taken from the most recently audited accounts of the investee business, and are the net assets of each business and the total earnings on ordinary activities after tax respectively. Earnings are stated after charging interest and tax resulting from the company-specific capital structure and therefore can differ from the earnings used in the valuation process. It should be noted that, because of the varying rights attached to the classes of shares held by the Group, it could be misleading to attribute a certain proportion of the earnings and net assets to the proportion of equity capital held by the Group.

Further information on our portfolio investments is provided as case studies, which are available on our investor relations website, www.3igroup.com

Case name	Business line	Geography	First invested in	Valuation basis	Proportion of equity shares held	Residual cost £m	Valuation £m	Income in the year £m	Net assets £m	Earnings £m
3i Infrastructure plc	Infrastructure	UK	2007	Quoted						
3i-infrastructure.com										
Quoted investment company, investing in infrastructure										
Equity shares					33.2%	270	277	9		
						270	277	9	921	43
Quintiles Transnational Corporation	Growth	US	2008	Earnings						
quintiles.com										
Clinical research outsourcing solutions										
Equity shares					7.0%	100	148	2		
						100	148	2	(421)	24
ACR Capital Holdings Pte Limited	Growth	Singapore	2006	Other						
asiacapitalre.com										
Reinsurance in large risk segments										
Equity shares					31.6%	105	135	–		
						105	135	–	410	(15)
Enterprise Group Holdings Limited	Buyouts	UK	2007	Earnings	32.2%					
enterprise.plc.uk										
UK utilities and public sector maintenance outsourcing										
						138	135	9	194	(48)
Ambea AB	Buyouts	Sweden	2005	Earnings						
ambea.se										
Elderly, primary and specialist care										
Equity shares					44.7%	11	122	–		
Loans						9	11	–		
						20	133	–	63	15

Case name	Business line	Geography	First invested in	Valuation basis	Proportion of equity shares held	Residual cost £m	Valuation £m	Income in the year £m	Net assets £m	Earnings £m
Inspicio Sarl	Buyouts	UK	2007	Earnings						
inspicioplc.com										
Global testing and inspection										
Equity shares					38.2%	2	9	–		
Loans						114	114	8		
						116	123	8	(24)	(51)
Foster + Partners[1]	Growth	UK	2007	Earnings	40.0%					
fosterandpartners.com										
Architectural services										
							119	8	(32)	(18)
Memora Inversiones Funerarias	Buyouts	Spain	2008	Market adjustment						
memora.es										
Funeral service provider										
Equity shares					38.1%	8	9	–		
Loans						85	97	6		
						93	106	6	28	(9)
Telecity Group plc	Buyouts	UK	1998	Quoted						
telecitygroup.com										
Operator of carrier neutral data centres										
Equity shares					16.5%	11	105	–		
						11	105	–	189	25
MWM GmbH	Buyouts	Germany	2007	Earnings						
mwm.net										
Provider of decentralised power generation systems										
Equity shares					41.3%	28	39	–		
Loans						41	56	–		
						69	95	–	66	(18)

1 The residual cost of this investment cannot be disclosed per a confidentiality agreement in place at investment.

Forty other large investments

In addition to the ten largest investments shown on pages 34 and 35, detailed below are forty other large investments which are substantially all of the Group's investments valued over £15 million. This does not include eleven investments that have been excluded for commercial reasons.

Case name	Description of business	Business line	Geography	First invested in	Valuation basis	Proportion of equity shares held	Residual cost £m	Valuation £m
Labco SAS labco.eu	Clinical laboratories	Growth	France	2008	Earnings	17.4%	93	93
3i India Infrastructure Holdings Limited[1]	Fund investing in Indian infrastructure	Infrastructure	India	2007	Other	21.2%	59	81
British Seafood Distribution Group Holdings Limited britishseafood.co.uk	Seafood sourcer, processor and importer from Far East	Growth	UK	2007	Earnings	28.5%	79	81
Phibro Animal Health Corporation pahc.com	Animal healthcare	Growth	US	2008	Quoted	29.9%	89	80
Sortifandus, S.L. (GES – Global Energy Services) services-ges.com	Wind power service provider	Buyouts	Spain	2006	Earnings	43.1%	40	79
Mayborn Group plc mayborngroup.com	Manufacturer and distributor of baby products	Buyouts	UK	2006	Earnings	45.7%	70	69
Hyva Investments BV hyva.com	Branded hydraulics for commercial vehicles	Buyouts	Netherlands	2004	Earnings	44.1%	14	60
NORMA Group Holding GmbH normagroup.com	Provider of engineered joining technology	Buyouts	Germany	2005	Earnings	31.2%	27	60
Cornwall Topco Limited (Civica) civica.co.uk	Public sector IT and services	Buyouts	UK	2008	Earnings	40.6%	73	56
Gain Capital Holdings Inc gaincapital.com	Retail online foreign exchange trading	Growth	US	2008	Earnings	13.8%	48	53
Navayuga Engineering Company Limited necltd.com	Engineering and construction	Growth	India	2006	Earnings	10.0%	23	46
Alö Intressenter AB alo.se	Manufacturer of front end loaders	Growth	Sweden	2002	Earnings	35.2%	34	45
Ortnortopco AS (Axellia/Alpharma) alpharma.com	Developer and supplier of specialist active pharmaceutical ingredients	Buyouts	Norway	2008	Earnings	32.5%	64	44
Scandferries Holding GmbH (Scandlines) scandlines.de	Ferry operator in the Baltic Sea	Buyouts	Germany	2007	Other	22.7%	31	40
Everis Participaciones S.L. everis.com	IT consulting business	Growth	Spain	2007	Earnings	18.3%	30	37
Inspecta Holding OY inspecta.fi	Supplier of testing and inspection services	Buyouts	Finland	2007	Earnings	39.2%	46	37
Mold Masters Luxembourg Holdings Sarl moldmasters.com	Leading plastic processing technology provider	Growth	Canada	2007	Earnings	49.3%	83	35
Joyon Southside[1]	Real estate	Growth	China	2007	Other	49.9%	25	35
Radius Systems Limited radius-systems.com	Manufacture of thermoplastic pipe systems for gas and water distribution	Buyouts	UK	2008	Earnings	31.6%	28	33
Dockwise dockwise.com	Specialist in heavy transport shipping within the marine and oil and gas industry	Buyouts	Netherlands	2007	Quoted	14.7%	1	28

1 No company website available for this investment.

Case name	Description of business	Business line	Geography	First invested in	Valuation basis	Proportion of equity shares held	Residual cost £m	Valuation £m
Kneip Communication SA kneip.com	Outsourced publication of investment fund data	Growth	Luxembourg	2007	Earnings	41.1%	25	27
Periclimeno, SL (Panreac Quimica, S.A.) panreac.com	Manufacturer of chemicals for analysis	Buyouts	Spain	2005	Earnings	27.7%	14	26
Azelis Holding S.A. azelis.com	Distributor of specialty chemicals, polymers and related services	Buyouts	Luxembourg	2007	Earnings	32.1%	29	26
Franklin Offshore International Pte Ltd franklin.com.sg	Manufacture, installation and maintenance of mooring and rigging equipment	Growth	Singapore	2007	Other	30.9%	15	25
Boomerang TV, S.A. grupoboomerangtv.com	Production of audiovisual contents	Growth	Spain	2008	Earnings	40.0%	27	24
Hyperion Insurance Group Limited hyperiongrp.com	Specialist insurance intermediary	Growth	UK	2008	Other	27.2%	30	23
Advanced Power AG advancedpower.ch	Developer of conventional power stations	Growth	Switzerland	2007	Net Asset	38.1%	17	22
Hobbs Holding No. 1 Limited hobbs.co.uk	Retailer of women's clothing and footwear	Buyouts	UK	2004	Earnings	42.2%	49	22
Indiareit Offshore Fund[1]	Indian real estate fund	Growth	India	2007	Other	20.0%	21	21
Beijing Digital Telecom Co. Limited dixintong.com	Mobile phone retailer	Growth	China	2006	Earnings	17.4%	11	21
RBG Limited rbgltd.com	Oil and gas service provider	Buyouts	UK	1996	Earnings	39.5%	4	21
MKM Building Supplies (Holdings) Limited mkmbs.co.uk	Building material supplier	Growth	UK	1998	Earnings	30.3%	14	21
Asia Strategic Medtech Holdings (Mauritius) Limited (LHI) lhitechnology.com	Medical cable assemblies	Buyouts	China	2008	Earnings	37.5%	17	20
AES Engineering Limited aesseal.co.uk	Manufacturer of mechanical seals and support systems	Growth	UK	1996	Earnings	40.8%	17	20
Soya Concept AS soyaconcept.com	Fashion design company	Growth	Denmark	2007	Earnings	44.1%	13	18
DC Druck Chemie GmbH druckchemie.com	Business services	Buyouts	Germany	2008	Earnings	44.3%	22	18
Pearl (AP) Group Limited (Agent Provocateur) agentprovocateur.com	Women's lingerie and associated products	Buyouts	UK	2007	Other	39.0%	35	18
Welspun Gujarat Stahl Rohren Limited welspun.com	Oil and gas line pipe manufacturing	Growth	India	2007	Quoted	2.5%	19	16
Goromar XXI, S.L. (Esmalglass) esmalglass.com	Manufacturer of frites, glazes and colours for tiles	Buyouts	Spain	2002	Earnings	21.6%	20	15
Nova Rodman, S.L. rodman.es	Boat manufacturer	Growth	Spain	2004	Earnings	12.0%	19	15

1 No company website available for this investment.

Investor relations website

3igroup.com

Our aim is to provide timely and accurate information about 3i in a highly accessible way.

We recognise that our site has to serve the needs of a wide variety of users. So whether you are an analyst or journalist who has followed 3i for years, or whether you are just trying to learn more about what we do, we want you to have a good experience.

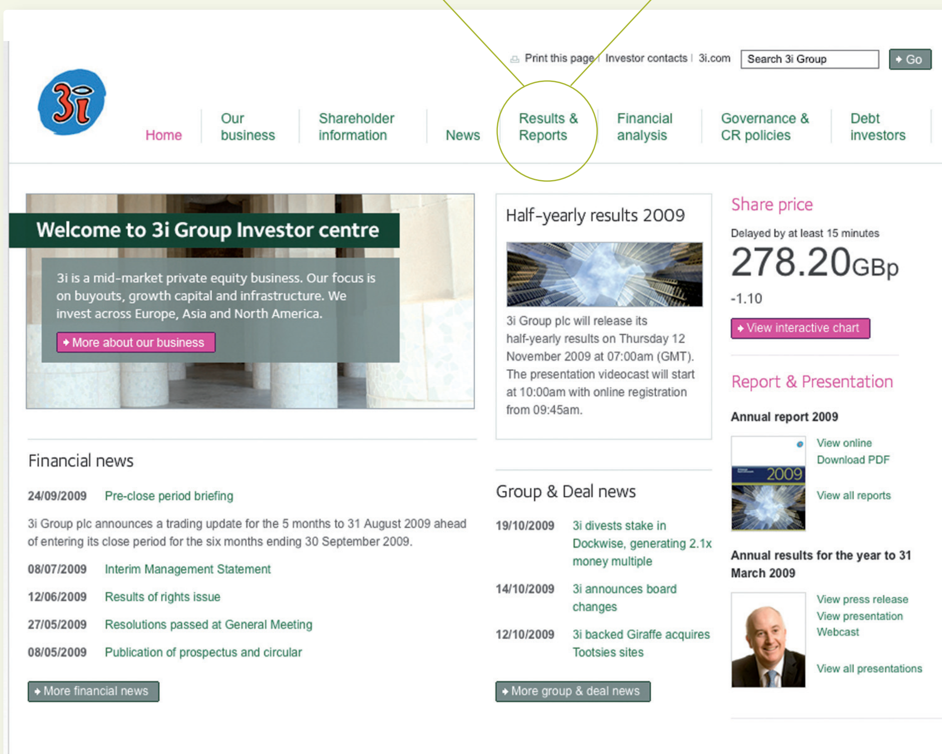
In order to reduce the environmental impact of our Half-yearly report, we have also included additional information on our website.

3i has a long history of pioneering in its industry on transparency and corporate responsibility. This track record has been built by listening to those we work with and learning from their feedback. So please visit the site and then give us yours.

Please contact us at ir@3igroup.com

Additional information:
www.3igroup.com/results-reports/additional-information.html

Results day centre:
www.3igroup.com/results-and-reports.html



A new mobile site will be available for 2010.

Information for shareholders

Financial calendar

Ex-dividend date for interim dividend	9 December 2009
Record date for interim dividend	11 December 2009
Interim dividend expected to be paid	13 January 2010

Shareholder profile Location of investors at 30 September 2009

UK	79.1%
US	8.7%
Continental Europe	8.2%
Other international	4.0%

At 30 September 2009, the number of ordinary shares in issue was 970,206,013 and the number of B shares in issue was 4,635,018.

Board of Directors
Baroness Hogg, Chairman
Oliver Stocken, Deputy Chairman
Michael Queen, Chief Executive and Executive Director
Julia Wilson, Finance Director and Executive Director
John Allan, Non-executive Director (from 1 September 2009)
Richard Meddings, Non-executive Director
Willem Mesdag, Non-executive Director
Christine Morin-Postel, Non-executive Director
Alistair Cox, Non-executive Director (from 1 October 2009)
Robert Swannell, Non-executive Director and Senior Independent Director

Investor relations and general enquiries

For all investor relations and general enquiries about 3i Group plc, including requests for further copies of the Report and accounts, please contact:

Group Communications
3i Group plc
16 Palace Street
London SW1E 5JD
Telephone +44 (0)20 7928 3131
Fax +44 (0)20 7928 0058
email ir@3igroup.com

or visit our investor relations website **www.3igroup.com** for full up-to-date investor relations information including the latest share price, recent annual and half-yearly reports, results presentations and financial news.

3i Group plc
Registered office:
16 Palace Street, London SW1E 5JD, UK

Registered in England No. 1142830

An investment company as defined by section 833 of the Companies Act 2006.

Electronic communications
If you would prefer to receive shareholder communications electronically in future, including your annual and half-yearly reports and notices of meetings, please go to **www.shareview.co.uk/clients/3isignup** to register your details.

More information on electronic communications can also be found on our website at **www.3igroup.com/e-comms**

Registrars
For shareholder administration enquiries, including changes of address, please contact:

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0871 384 2031
(or +44 121 415 7183 if calling from outside the UK)

Frequently used Registrars' forms may be found on our website **www.3igroup.com/registrar**

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November 2009

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