



## 3i Group plc Half-yearly report 2008



## Group financial highlights

3i is a mid-market private equity business. We focus on buyouts, growth capital, infrastructure and quoted private equity, investing across Europe, Asia and the US.

	6 months to 30 September 2008	6 months to 30 September 2007
<b>Business activity</b>		
Investment	<b>£668m</b>	£1,234m
Realisation proceeds	<b>£597m</b>	£1,044m
<b>Returns</b>		
Gross portfolio return	<b>£(78)m</b>	£622m
Total return	<b>£(182)m</b>	£512m
Total return on opening shareholders' funds	<b>(4.5)%</b>	12.0%
Dividend per ordinary share	<b>6.3p</b>	6.1p
<b>Assets under management</b>		
Own balance sheet	<b>£5,934m</b>	£5,130m
External funds	<b>£4,019m</b>	£3,053m
Total assets under management	<b>£9,953m</b>	£8,183m
<b>Balance sheet</b>		
Gearing	<b>47%</b>	30%
Diluted net asset value per ordinary share	<b>£10.19</b>	£10.07

The half-yearly report of 3i Group plc for the six months to 30 September 2008 may contain certain statements about the future outlook for 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 2008 will be determined in accordance with English law. The half-yearly results for 2008 and 2007 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](http://www.shareview.co.uk/clients/3isignup) to register your details.



## Chairman's statement

"3i is not immune from the contraction in credit markets, a downturn in economic activity and a slowdown in mergers and acquisitions. However, in this much tougher environment, 3i's diverse portfolio and our focus on active management are important strengths."

In my statement to you in our annual report in May I said that:

"We start the year at a moment of great uncertainty as to the impact of the credit crunch, energy prices and raw material costs on economic activity, and as to whether these pressures can be managed by the world's monetary authorities without precipitating recession or a sharp rise in inflation."

The most immediate consequences have been a sharp contraction in credit, a downturn in economic activity and a slowdown in mergers and acquisitions. 3i is not immune from these pressures. Even in the first half of the year, some of the effects were beginning to come through. In the six months to 30 September, we realised £597 million, generating realised profits of £190 million. However, the valuation of our unrealised assets was reduced by £411 million. This reflected a fall in the market price of our quoted assets, a reduction in the multiples used to value part of the unquoted portfolio and an increase in provisions.

Gross portfolio return was therefore marginally negative and 3i's total return was minus 4.5%, taking our net asset value back down to £3,852 million, which was broadly in line with its level in September 2007.

However, it is clear that there has been a further deterioration in economic conditions since 30 September, reflected in equity markets, and we must expect this to have a more significant effect on returns in the second half of the year. In accordance with valuation guidelines for the industry, 25% of our portfolio value at the end of September consisted of assets held at cost. The greater part of these will be moving to an earnings valuation at the year end. In line with our commitment to transparency, we have provided extra detail in this half-year report on the valuations of our larger assets, as well as analyses of our assets by valuation method.

Investment had already slowed in the first half of the year, to £668 million compared with £1,234 million in the first half of the previous year. Management is focused on actively managing 3i's assets, which are well-diversified by geography, type of investment and sector. While we continue to invest, we are doing so highly selectively, and management is also focused on maintaining liquidity to meet the needs of the portfolio.

Revenue remains strong, but like every other business, we are reviewing our costs to make sure they match our needs in these markets. These needs are changing as the shape of our business changes. The assimilation of later-stage technology investing into our Growth Capital business has already provided some opportunity to slim down the organisation. Meanwhile, 3i's Infrastructure business has grown substantially in the past couple of years through external fund-raising and provides another important element of diversity and source of income.

Increased portfolio income and fee income across the Group meant that revenue profits remained strong in the first half. The Board has therefore approved an increase in the interim dividend of 3.3% to 6.3p, up from 6.1p.

With approximately £10 billion of assets under management, the priority will continue to be to manage the portfolio in the most effective way. Changes made in the shape of the business over the past few years, reducing the number of investments and managing them within globally-integrated business lines, are of considerable assistance. Greater sector expertise, our active partnership and our close engagement in the strategy of our investee companies, all provide additional strength.



In September, we were delighted to welcome Richard Meddings to the Board. Richard has been Group Finance Director of Standard Chartered PLC since November 2006, having joined the board of that company as a group executive director in 2002. He brings a wide range of international and financial services experience.

Also in September, we announced that Julia Wilson, our Deputy Finance Director, will succeed Simon Ball as Finance Director with effect from 30 November.

It is too early to reach conclusions on the likely depth, length and global extent of the recession. But it is plain that the authorities face much greater challenges than they have known for some decades. In these circumstances, 3i's management is rightly taking a cautious approach to investment and focusing on the effective management of our substantial portfolio.

**Baroness Hogg** Chairman  
5 November 2008

## 3i at a glance

3i is a mid-market private equity business making and managing investments in Europe, Asia and the US. 3i Group plc is a FTSE 100 company, providing shareholders with quoted access to private equity returns. Investments are made with capital from the Group's own balance sheet and from funds which the Group manages or advises for others.

### Buyouts

Focusing on leading mid-market transactions primarily in Europe but also in Asia, with an enterprise value of typically up to €1 billion. Investments are generally made through Limited Partnership private equity funds.

### Growth Capital

Making minority investments of typically up to €250 million in established and profitable businesses across Europe, Asia and the US. Investments are generally made using 3i's own balance sheet resources.

### Infrastructure

Investing in a broad range of international infrastructure assets, principally in transportation, utilities and social infrastructure. Investments are made by 3i Infrastructure plc, a quoted company which is advised by 3i, the 3i India Infrastructure Fund, or from 3i's own balance sheet resources.

#### Gross portfolio return

**7%** (2007: 32%)

#### Gross portfolio return

**(7)%** (2007: 12%)

#### Gross portfolio return

**7%** (2007: 3%)

#### Financial performance (£m)

six months to/as at 30 September 2008

Investment	338
Realisation proceeds	326
Realised profits	115
Unrealised value movement	(51)
Portfolio income	67
Gross portfolio return	131
Fees receivable from external funds	21

#### Assets under management

Own balance sheet	2,084
External funds	2,624
	4,708

#### Financial performance (£m)

six months to/as at 30 September 2008

Investment	279
Realisation proceeds	169
Realised profits	40
Unrealised value movement	(237)
Portfolio income	39
Gross portfolio return	(158)
Fees receivable from external funds	–

#### Assets under management

Own balance sheet	2,332
External funds	159
	2,491

#### Financial performance (£m)

six months to/as at 30 September 2008

Investment	22
Realisation proceeds	8
Realised profits	6
Unrealised value movement	7
Portfolio income	23
Gross portfolio return	36
Fees receivable from external funds	16

#### Assets under management

Own balance sheet	530
External funds	947
	1,477

## Assets under management

Sept 07	63%	37%	<b>£8,183 million</b>
Mar 08	61%	39%	<b>£9,792 million</b>
Sept 08	60%	40%	<b>£9,953 million</b>

■ Owned 
 ■ External funds

### QPE

Creating value with the management teams of quoted companies through applying 3i's private equity skill base, network and resources. Investments are made through 3i Quoted Private Equity plc, a listed company which is advised by 3i.

### SMI

Managing and realising 3i's older smaller minority investments.

### Venture Portfolio

3i's portfolio of early and late-stage technology investments, made before 31 March 2008, is managed through a dedicated Venture Portfolio team. From 1 April 2008, any new late-stage technology investments have been made through the Growth Capital business line.

#### Gross portfolio return

**(26)%** (2007: n/a)\*

#### Gross portfolio return

**6%** (2007: 1%)

#### Gross portfolio return

**(9)%** (2007: 4%)

#### Financial performance (£m)

six months to/as at 30 September 2008

Investment	–
Realisation proceeds	–
Realised profits	–
Unrealised value movement	(37)
Portfolio income	–
Gross portfolio return	(37)
Fees receivable from external funds	1

Assets under management	
Own balance sheet	105
External funds	269
	374

#### Financial performance (£m)

six months to/as at 30 September 2008

Investment	–
Realisation proceeds	21
Realised profits	4
Unrealised value movement	2
Portfolio income	8
Gross portfolio return	14
Fees receivable from external funds	–

Assets under management	
Own balance sheet	228
External funds	–
	228

#### Financial performance (£m)

six months to/as at 30 September 2008

Investment	29
Realisation proceeds	73
Realised profits	25
Unrealised value movement	(95)
Portfolio income	6
Gross portfolio return	(64)
Fees receivable from external funds	–

Assets under management	
Own balance sheet	655
External funds	20
	675

\*Fund launched June 2007.



## Chief Executive's statement

"Our private equity business model and incentives are built on delivering cash-to-cash returns, and so delivery with respect to the capital already invested is our highest priority."

### Our purpose:

to provide quoted access to private equity returns.

### Our vision:

to be the private equity firm of choice:

- operating on a world-wide scale;
- producing consistent market-beating returns;
- acknowledged for our partnership style; and
- winning through our unparalleled resources.

### 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.

3i's financial performance for the six months to 30 September 2008 has been heavily influenced by the unfolding events of the financial markets, particularly the collapse of confidence reflected in the stock markets, which has had a negative effect on the valuation of the portfolio. As expected, our portfolio has also started to experience tougher economic conditions, and so earnings growth overall is slowing and the level of provisions has increased.

Total return was negative 4.5% for the six months. Gross portfolio return was negative 1.3%, with positive returns from Buyouts and Infrastructure offset by declines in Growth Capital and QPE. Our run-off portfolios of Venture and SMI had mixed fortunes, with SMI marginally ahead and Venture modestly negative.

The Buyouts return at 6.5% was strong, supported by profitable realisations as well as the positive uplift on ABX prior to its disposal, which completed on 1 October, just after the accounting period end. Portfolio income was also strong. Excluding the ABX uplift, the negative movement in unrealised values reflected adverse multiples and slowing earnings in those companies valued on an earnings basis, as well as new provisions in a number of cases where the full recovery of our investment may be at risk. A number of quoted positions also moved down in value, reflecting the wider movement in stock markets.

Our Growth Capital business was affected by similar factors. Due to the immaturity of the portfolio, its level of realisations was lower than in Buyouts. Consequently, there were only modest profits from realisations to offset the reductions in value due to market movements and, in some cases, deterioration in earnings. The overall return for Growth Capital for the six months was negative 6.7%.

Further detail on the performance of the gross portfolio return for each of the business lines is given later in this report. In summary, strong realised profits from realisations of £190 million and strong growth in portfolio income of £143 million were insufficient to offset the negative effect of multiples on the unquoted book of £194 million, the £87 million reduction due to movements on quoted stocks, and provisions of £192 million. The effect of portfolio earnings was modestly positive on a net basis.

The key feature of the Group's carried interest schemes is that they reward only realised profits. To reflect the adverse gross portfolio return, the accrual for carried interest payable to executives reduced by £33 million compared with the start of the year, a significant reversal from the cost of £98 million recorded in the first half of last year.

Fee income was strong at £38 million, a significant increase on the equivalent figure for the first six months of last year, reflecting the increased level of managed and advised funds. Costs were well controlled, with average headcount falling to 738 for the six months to 30 September 2008 (year to 31 March 2008: 772). Costs net of fees were just 1.6% of opening portfolio, well down on last year's ratio of 2.5% and tracking towards our annualised long-term key performance measure of 3%.



Activity levels for both investment and realisations were well down on last year's figures and, in line with our expectation at the start of the year, were broadly balanced, with new investment of £668 million and realisations of £597 million. Mergers and acquisitions markets became progressively more difficult through the summer months and, in view of the significant uncertainties with respect to the wider economy, our teams chose to be highly selective and invested in just 10 new investments, a significant reduction from the first half of last year and also below the figure of 12 for the second half of 2007/08. Whilst debt financing remains available for certain mid-market buyouts with strong franchises and good visibility of earnings, it is otherwise hard to secure as the major banks rebuild their balance sheets following losses elsewhere.

As far as 3i's own resources are concerned, following the successful launch of a new convertible bond in May, we have maintained liquidity, with careful selection of counterparties for our deposits.

Gearing at the half year increased to 47% from 40% at 31 March 2008. It is our expectation that investments and realisations will be broadly in line through the year, and so we expect to end the year with broadly the same level of net debt.

Since the start of the financial year, we have continued to raise new finance, mainly through structured bonds. Notwithstanding the recent concerted effort to recapitalise major banks, the credit markets have recently been effectively closed.

Increased volatility in the foreign exchange markets since the end of the half year, and the weakening of sterling, have caused us to review how we implement our foreign exchange hedging policy. Whereas previously we would use both core currency debt and derivatives to hedge our currency assets, we have decided, in view of the actual and potential near-term cashflow implications, that using derivatives is no longer appropriate in the current environment, and so our revised approach is only to hedge to the extent that matching currency debt is in place.

The credit and stock markets have deteriorated since late September and the outlook for the global economy continues to weaken. Against this stressed economic backdrop, it is particularly difficult to make predictions for the second half of the year. What seems likely is that, notwithstanding the bank recapitalisations, there will be an extended period, maybe years, during which credit for the wider economy will be scarce, and so consumers and companies will be reducing both consumption and investment. During this period we shall continue to engage actively with our portfolio, realise assets where value can be obtained, maintain liquidity, and invest selectively. Our business model and investment teams' incentives are built on delivering cash-to-cash returns, and so delivery with respect to the capital already invested is our highest priority.

Progression in net asset value in the second half will, as always, depend on many factors, not least portfolio earnings and multiples prevailing at the end of March 2009. However, given the deteriorating economic environment, and lower levels of activity in the mergers and acquisitions markets affecting realisations, the outlook is clearly to the downside, particularly as a number of assets will move from a valuation at cost to an earnings basis with appropriate marketability discount.

Our strategy of building a diversified international private equity firm capable of growing its assets under management is unchanged. However, it is clear that the growth in funds allocated by investors to private equity may well slow in the near term as investors take stock of their wider portfolios. We do believe that during this period of turbulence the stronger performers within the private equity industry will become even stronger, and are determined that 3i will build on the significant progress of the last few years to remain well placed for the upturn when it eventually comes.

Following the decision to combine our late-stage technology investing business with Growth Capital, Jo Taylor stepped down at the end of September. I should like to record my personal thanks for his contribution to 3i's development over a long period. We welcomed Bob Stefanowski to head our investment business in North America and invited Bruno Deschamps to join the Management Committee to bring together responsibility for our continental European markets and certain Group functions.

We continue actively to review our processes and structure and will take whatever actions are necessary to ensure that we are best positioned to minimise the negatives of the current environment whilst building shareholder value for the future. I look forward to reporting progress at the full year.

**Philip Yea** Chief Executive  
5 November 2008

# Business review Financial review

## The key Group financial performance measures are:

	2008	2007
Total return	<b>(4.5)%</b>	12.0%
Gross portfolio return	<b>(1.3)%</b>	14.3%
Cost efficiency	<b>1.6%</b>	2.5%
Gearing	<b>47%</b>	30%
Net asset value growth*	<b>£(0.47)</b>	£1.19

\*Growth in NAV is stated before dividends and other distributions to shareholders.

## Business activity

### Group overview

As predicted at the time of our annual results announcement in May, after three years of exceptional levels of realisations, realisation proceeds for the six months to 30 September 2008 were lower. At £597 million (2007: £1,044 million), these realisations exclude proceeds of £165 million from the sale of ABX, which were received shortly after the period end.

According to Dealogic M&A Global Analytics, global mergers and acquisitions activity for the five months from 1 April 2008 to 31 August 2008 fell by 34%.

In these volatile and highly illiquid markets, the Group has remained a highly selective investor, investing £668 million (2007: £1,234 million) in only 10 new investments during the period (2007: 28).

## Investment activity

### Investment

As can be seen from table 1, which provides an analysis of investment by business line and geography, new investment from the 3i balance sheet in the period was £668 million (2007: £1,234 million). As chart 1 shows, this investment was made across a broad range of sectors.

The average size of investment increased to £49 million (2007: £32 million). This increase was mainly driven by the Growth Capital team whose largest investment, and that of the Group, in the six months was an £80 million investment in Union Radio, a leading Hispanic radio operator.

In recent years, the Group's strategy has been to increase assets under management. Investment made by our managed and advised funds in the period totalled £512 million (September 2007: £512 million). This included investment advised on behalf of 3i Infrastructure plc and 3i Quoted Private Equity plc, as well as investments managed on behalf of Eurofund V and 3i India Infrastructure Fund.

Direct investment in Asia was only £19 million in the period (2007: £110 million), as a cautious approach was taken to pricing in the region. There was negative gross investment in the Infrastructure business line in Asia as 3i India Infrastructure Fund partnerships were rebalanced to reflect the revised shareholdings between 3i Group plc and other investors in the fund.

**Chart 1: Investment by sector (£668m)**

for the six months to 30 September 2008





## Realisations

As we predicted in May 2008, the combination of substantial realisations from the portfolio over the last three years, and a weaker mergers and acquisitions market, resulted in lower realisations in the period. Nonetheless, realisations of £597 million (2007: £1,044 million) were achieved at strong uplifts of 47% over opening value. Realisations from the Buyouts portfolio, as can be seen from table 2, at £326 million (2007: £540 million) were particularly resilient, given market conditions.

Realisations have been generated from a broad range of sectors and geographies. The largest in the period were from Buyouts, including the sales of Italian toy business, Giochi Preziosi (£166 million) and the UK's leading haulier of maritime containers, Freightliner (£85 million). The largest Growth Capital realisations were CID Novem, a German-based manufacturer of component parts for use in car interiors and Electrawinds, a Belgium-based provider of renewable energy, which generated combined proceeds of £88 million.

During the period, the Venture Portfolio also generated realisation proceeds of £73 million, realising some 7% of the opening portfolio value.

**Table 1: Investment by business line and geography (£m)**

for the six months to 30 September

	Continental Europe		UK		Asia		US		Rest of World		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Buyouts	164	294	156	141	16	–	–	–	2	1	338	436
Growth Capital	192	206	35	207	5	52	47	27	–	1	279	493
Infrastructure	–	–	25	2	(3)	56	–	–	–	–	22	58
QPE	–	–	–	182	–	–	–	–	–	–	–	182
SMI	–	–	–	–	–	–	–	–	–	–	–	–
Venture Portfolio	8	11	11	17	1	2	8	33	1	2	29	65
<b>Total</b>	<b>364</b>	<b>511</b>	<b>227</b>	<b>549</b>	<b>19</b>	<b>110</b>	<b>55</b>	<b>60</b>	<b>3</b>	<b>4</b>	<b>668</b>	<b>1,234</b>

**Table 2: Realisation proceeds by business line and geography (£m)**

for the six months to 30 September

	Continental Europe		UK		Asia		US		Rest of World		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Buyouts	236	202	90	338	–	–	–	–	–	–	326	540
Growth Capital	123	128	14	132	32	13	–	–	–	–	169	273
Infrastructure	–	6	8	26	–	–	–	–	–	–	8	32
QPE	–	–	–	17	–	–	–	–	–	–	–	17
SMI	11	8	10	63	–	–	–	–	–	–	21	71
Venture Portfolio	32	55	22	32	1	4	18	20	–	–	73	111
<b>Total</b>	<b>402</b>	<b>399</b>	<b>144</b>	<b>608</b>	<b>33</b>	<b>17</b>	<b>18</b>	<b>20</b>	<b>–</b>	<b>–</b>	<b>597</b>	<b>1,044</b>

## Returns

### Total return

During the period, total return was £(182) million (2007: £512 million), which is equivalent to a (4.5)% return over opening shareholders' funds (2007: 12.0%).

Realised profits for the six months were £190 million (2007: £337 million). There was an unrealised value movement of £(411) million (2007: £183 million), principally as a result of falls in the value of the quoted portfolio, lower multiples used to value the portfolio and increases in provisions and impairments.

Portfolio income was £143 million (2007: £102 million), some 40% higher than in the same period last year. Fund fee income of £38 million was 73% ahead of last year.

Net carried interest was positive at £43 million, reflecting the alignment of carried interest accrued with portfolio performance and valuation.

### Realised profits

Realised profits of £190 million (2007: £337 million) were generated at an average uplift to opening value of 47%, which is similar to the uplift achieved during the equivalent period last year (2007: 48%).

The largest realised profit in the period was from the Buyouts investment Freightliner, which generated a realised profit of £75 million.

### Unrealised value movement

During the period, global stock markets saw significant falls, including a 14% fall in the FTSE 100, a 22% fall in the European Small Cap, a 9% fall in the NASDAQ and an 18% fall in the Bombay Stock Exchange.

Against this backdrop, there was a significant unrealised value movement of £(411) million at 30 September 2008 (2007: £183 million). The major elements of this were a reduction in the value of the quoted portfolio of £87 million, a net reduction in equity investments valued on an earnings multiple basis of £194 million and provisions and impairments of £248 million.

These losses were offset by uplifts to sale of £148 million and earnings growth of £78 million.

**Earnings multiples** Falls in the international equity markets from 31 March 2008 to 30 September 2008, resulted in a fall in the comparable multiples used to value the portfolio. The result of this was a £194 million reduction in the value of the equity portfolio.

As a guide, during the period the average PE multiple for investments valued on a like for like basis has fallen from 10.8 to 9.9. The weighted average EBITDA multiple for Growth Capital was 6.2 (31 March 2008: 7.2) and for Buyouts 5.8 (31 March 2008: 6.3).

**Earnings growth** Notwithstanding the current market conditions, earnings growth within the portfolio for the first half resulted in a net increase in the value of the portfolio of £78 million (September 2007: £60 million). In valuing those investments held on an earnings basis, typically, the latest audited accounts are used to determine the earnings. Given the more challenging economic backdrop, greater use has been made of forecast earnings in valuing the portfolio in this period (2008: 31%, 2007: 8%).

Chart 2 shows the resultant proportion of portfolio value by valuation basis as at 30 September 2008. The "Other" category includes investments valued on a discounted cash flow or other industry standard basis and those investments where a partial provision has been taken.

### Provisions and impairments

Consistent with the weaker economic environment, provisions of £192 million were significantly above those for the same period last year (September 2007: £27 million) and amounted to 3% of the opening portfolio value.

If, as a consequence of valuing an investment on an earnings basis, the resulting value loss is greater than the equity component of the investment, then the shortfall is recognised against the loan and is classified as an impairment. Impairments to the value of loans in the period were £56 million.

### Quoted portfolio

The value of the quoted portfolio fell by £87 million from 1 April 2008 and represented 14% of the total portfolio value as at 30 September 2008, compared with 15% as at 31 March 2008.

Despite challenging equity markets, the Growth Capital team successfully completed the IPO of Little Sheep on the Hong Kong Stock Exchange. Upon flotation in June, 3i sold a quarter of its investment, generating a realised profit of £7 million.

The most significant value reductions in the period were from 3i Quoted Private Equity plc (£36 million, QPE) and Indian oil and gas pipe manufacturer, Welspun Gujarat (£22 million, Growth Capital).

**Table 3: Total return**

for the six months to 30 September

	2008 £m	2007 £m
Realised profits on disposal of investments	190	337
Unrealised (losses)/profits on revaluation of investments	(411)	183
Portfolio income	143	102
Gross portfolio return	(78)	622
Fees receivable from external funds	38	22
Carried interest receivable	10	36
Carried interest and performance fees payable	33	(98)
Operating expenses	(131)	(129)
Net portfolio return	(128)	453
Net interest payable	(42)	(1)
Movements in the fair value of derivatives	(2)	81
Exchange movements	32	(16)
Other	(3)	(2)
(Loss)/profit after tax	(143)	515
Reserve movements (pension and currency translation)	(39)	(3)
<b>Total recognised income and expense ("Total return")</b>	<b>(182)</b>	<b>512</b>

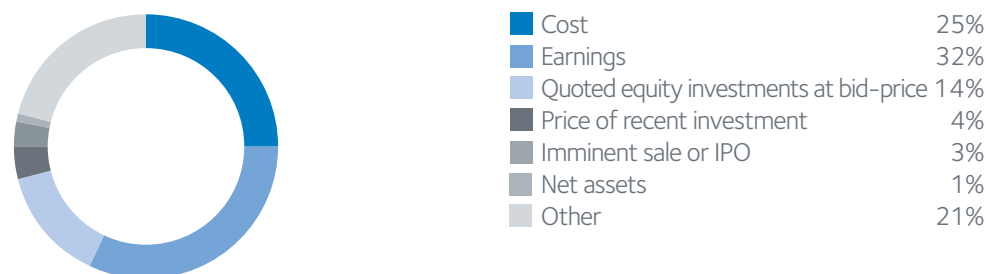
**Table 4: Unrealised (losses)/profits on revaluation of investments**

for the six months to 30 September

	2008 £m	2007 £m
Earnings multiples	(194)	25
Earnings growth	78	60
First-time movements	(30)	70
Provisions	(192)	(27)
Impairments to loans	(56)	(38)
Up rounds/down rounds	(2)	13
Uplift to imminent sale	148	33
Other movements on unquoted investments	(76)	3
Quoted portfolio	(87)	44
<b>Total</b>	<b>(411)</b>	<b>183</b>

**Chart 2: Proportion of portfolio value by valuation basis**

The portfolio for the six months to 30 September 2008 was valued on the following basis:



Note: Cost includes unquoted equity investments and loans and receivables.

## Business review Financial review continued

### Portfolio income

Portfolio income of £143 million is significantly above the amount received during the same period last year (2007: £102 million). The year-on-year increase was driven chiefly by the Buyouts portfolio, which contributed £67 million (2007: £48 million). The Infrastructure business line had strong portfolio income of £23 million in the period (2007: £6 million), including dividend income of £18 million (2007: £5 million).

### Gross portfolio return

The cumulative gross portfolio return for the half year was £(78) million (2007: £622 million), a (1.3)% return over the opening portfolio value (2007: 14.3%).

As shown in table 6, this included a good performance from our Buyouts business of 6.5% in the period, as well as a strong performance from the Infrastructure business, which delivered a gross portfolio return of 7.2%, despite a 2% fall in the share price of 3i Infrastructure plc over the period.

A modest level of realised profits, combined with the effect of lower valuation multiples on those investments valued on an earnings basis, resulted in a significant fall in gross portfolio return from the Growth Capital business to £(158) million (2007: £180 million).

**Table 5: Portfolio income**

for the six months to 30 September

	2008 £m	2007 £m
Dividends	51	34
Income from loans and receivables	89	57
Fees receivable	3	11
<b>Portfolio income</b>	<b>143</b>	<b>102</b>
Portfolio income/opening portfolio ("income yield")	<b>2.4%</b>	<b>2.3%</b>

**Table 6: Gross portfolio return by business line**

for the six months to 30 September

	Gross portfolio return		Return as a % of opening portfolio	
	2008 £m	2007 £m	2008 %	2007 %
Buyouts	131	405	6.5	31.6
Growth Capital	(158)	180	(6.7)	12.3
Infrastructure	36	13	7.2	2.8
QPE	(37)	(9)	(26.1)	n/a
SMI	14	2	5.7	0.5
Venture Portfolio	(64)	31	(8.7)	4.2
<b>Gross portfolio return</b>	<b>(78)</b>	<b>622</b>	<b>(1.3)</b>	<b>14.3</b>

**Table 7: Cost efficiency**

for the six months to 30 September

	2008 £m	2007 £m
Operating expenses	131	129
Fees receivable from external funds*	(32)	(22)
<b>Net operating expenses</b>	<b>99</b>	<b>107</b>
Net operating expenses/opening portfolio ("cost efficiency")	<b>1.6%</b>	<b>2.5%</b>

\*Excluding £6 million performance fees from 3i Infrastructure plc in 2008.

### **Fees receivable from external funds**

Fees receivable from external funds include fees from the Group's managed Buyouts and Infrastructure funds, as well as advisory and performance fees from 3i Infrastructure plc and 3i Quoted Private Equity plc.

At £38 million (2007: £22 million), fees receivable from external funds increased by 73% over the same period last year, following the final close of 3i India Infrastructure Fund on 31 March 2008, as well as the receipt of performance fees from 3i Infrastructure plc of £6 million (2007: £nil).

### **Carried interest receivable**

Carried interest receivable of £10 million (2007: £36 million) for the first six months was principally driven by the performance of the Buyouts investments made by Eurofund IV, including Giochi Preziosi. Freightliner was a 3i only investment and, as a consequence, no carried interest was receivable. During the period, uplifts from 3i India Infrastructure Fund resulted in the recognition of £5 million of carried interest receivable.

### **Carried interest and performance fees payable**

Carried interest payable aligns the incentivisation of 3i's investment staff and the management teams of 3i's portfolio with the interests of 3i's shareholders and investors. Carried interest payable is accrued on the realised and unrealised profits generated.

As a consequence of the fall in the value of the portfolio in the period, a portion of unrealised carried interest accrued as at 31 March 2008 has been reversed, resulting in a gain of £33 million at 30 September 2008.

Consistent with the treatment of carried interest receivable and payable, a proportion of the advisory and performance fee receivable from 3i Infrastructure plc is payable to 3i investment staff.

### **Operating expenses**

Progress has been made in achieving the Group's targets for mid and long-term cost efficiency. This metric, which is defined as operating costs net of management and advisory fee income as a percentage of opening portfolio, was 3.2% as at 30 September 2008 on an annualised basis.

This compares with the mid-term target of 4.5% and the long-term target of 3.0%, published in March 2007. Growth in fee income and assets under management, combined with a flattening of operating expenses, were the key reasons for this. During the period, the average number of employees was 738 (2007: 785).

### **Other movements**

The UK-defined benefit pension scheme is subject to a full actuarial valuation every three years. The most recent triennial valuation to 30 June 2007 was completed in September 2008 and resulted in an increase in the actuarial pension deficit to £86 million, which the Company has agreed to fund over five years.

The pension deficit, calculated for accounting purposes, under IAS19, which takes account of changes to assumptions regarding improvement in mortality as a result of the actuarial valuation, was £56 million. This resulted in an actuarial loss of £18 million in the period.

## Portfolio and 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.

Following significant growth in assets under management in recent years, assets under management increased modestly by some 2% (2007: 15%) in the period from £9,792 million at 31 March 2008 to £9,953 million at 30 September 2008.

The two key features of this movement were a reduction of £82 million (2007: £768 million increase) in the value of the 3i direct portfolio and an increase in the value of assets advised and managed of £243 million (2007: £281 million).

Assets managed or advised for others were over £4 billion for the first time and represented 40% (2007: 37%) of total assets under management at 30 September 2008.

The reduction in the value of the direct portfolio was driven by net investment activity of £71 million (2007: £190 million) being more than offset by an unrealised loss in the period of £411 million (2007: £183 million profit).

As can be seen from the tables on this and the following page, there is considerable diversity by investment type, geography and sector in both the direct and advised or managed assets.

**Portfolio assets directly owned by the Group**  
At £5,934 million (2007: £5,130 million), portfolio assets directly owned by the Group represented 60% (2007: 63%) of total assets under management at 30 September 2008. As can be seen from tables 9, 10 and 11, these assets are across a broad range of investment types, geographies and sectors.

The analysis of the direct portfolio value by business line and vintage in table 9 shows that Buyouts and Growth Capital represented 35% (2007: 31%) and 39% (2007: 36%) of the direct portfolio respectively. Infrastructure increased from just 2% two years ago, in September 2006, to 9% at 30 September 2008. SMI and Venture assets were reduced to 15% in the same period (2007: 20%).

Further detail on the changes in the value of portfolio assets for each business line is provided in the Business line reviews on pages 15 to 18.

**Table 8: Assets under management**

as at 30 September

	2008 £m	2007 £m
3i direct portfolio	5,934	5,130
Managed funds	3,220	2,451
Advised quoted funds	799	602
<b>Total</b>	<b>9,953</b>	<b>8,813</b>

**Table 9: 3i direct portfolio value by business line and vintage**

as at 30 September

	2009	2008	2007	2006	Pre-2006	2008	2007
	£m	£m	£m	£m	£m	£m	£m
New investments made in the year to 31 March							
Buyouts	231	674	659	266	254	2,084	1,571
Growth Capital	160	1,048	469	368	287	2,332	1,854
Infrastructure	–	54	474	2	–	530	502
QPE	–	104	1	–	–	105	176
SMI	–	–	–	–	228	228	312
Venture Portfolio	–	75	138	112	330	655	715
<b>Total</b>	<b>391</b>	<b>1,955</b>	<b>1,741</b>	<b>748</b>	<b>1,099</b>	<b>5,934</b>	<b>5,130</b>
Percentage	6%	33%	29%	13%	19%	100%	100%

**Table 10: 3i direct portfolio value by geography**

as at 30 September

	2008 £m	2007 £m
Continental Europe	2,432	2,331
UK	2,269	1,962
Asia	658	497
US	553	321
Rest of World	22	19
<b>Total</b>	<b>5,934</b>	<b>5,130</b>

**Table 11: 3i direct portfolio value by sector**

as at 30 September

	2008 £m	2007 £m
Business Services	835	792
Consumer	614	455
Financial Services	452	281
General Industrial	1,386	1,162
Healthcare	657	396
Media	422	420
Oil, Gas and Power	304	303
Technology	629	643
	<b>5,299</b>	<b>4,452</b>
Infrastructure	530	502
Quoted Private Equity	105	176
<b>Total</b>	<b>5,934</b>	<b>5,130</b>



**Table 12: Managed and advised funds**

Fund	Date closed	Fund size	3i commitment	Invested at 30 September 2008
Eurofund III	July 1999	€1,990m	€995m	90%
Eurofund IV	June 2004	€3,067m	€1,941m	91%
Eurofund V	November 2006	€5,000m	€2,780m	49%
3i Infrastructure plc	March 2007	£818m	£349m	68%
3i Quoted Private Equity plc	June 2007	£400m	£181m	44%
3i India Infrastructure Fund*	March 2008	\$1,195m	\$250m	28%

\*First close in September 2007 at \$500 million, including a commitment of \$250 million from 3i Group plc and \$250 million from 3i Infrastructure plc.

**Assets managed or advised by 3i**

Assets managed or advised by the Group on behalf of others grew by 6% during the period to £4,019 million (2007: £3,053 million). As can be seen from table 8, they grew 32% in the 12 months to 30 September 2008.

This growth was driven principally by the Infrastructure business line, which grew the funds it manages or advises by 33% (2007: 2%) to £947 million (2007: £392 million) in the period. Key contributors to this were the £115 million further capital raising by 3i Infrastructure plc and an increase in the value of 3i India Infrastructure Fund.

Buyouts, which represented 65% (2007: 73%) of assets managed or advised by the Group for others, had managed funds at 30 September 2008 of £2,624 million (2007: £2,229 million).

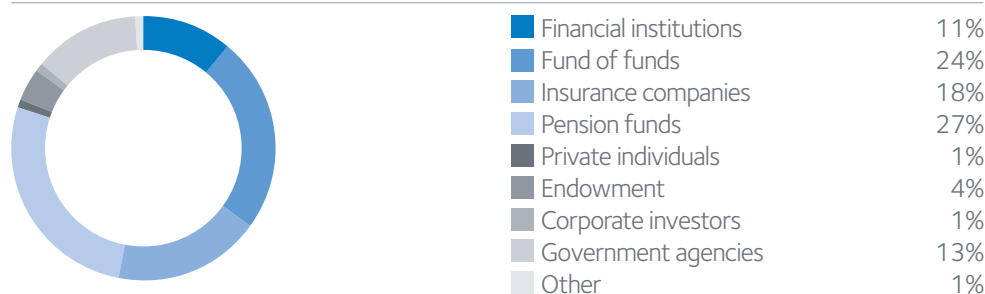
The source and type of investors whose funds the Group manages or advises, as can be seen from charts 3 and 4, are well diversified.

Table 12 provides details for each specific fund, including the proportion invested at 30 September 2008. There remained over £1.6 billion of committed capital to invest on behalf of external funds.

The value of external funds under management is based on the value on which income is earned by the Group, which normally includes uninvested commitments and the accounting valuation of invested assets.

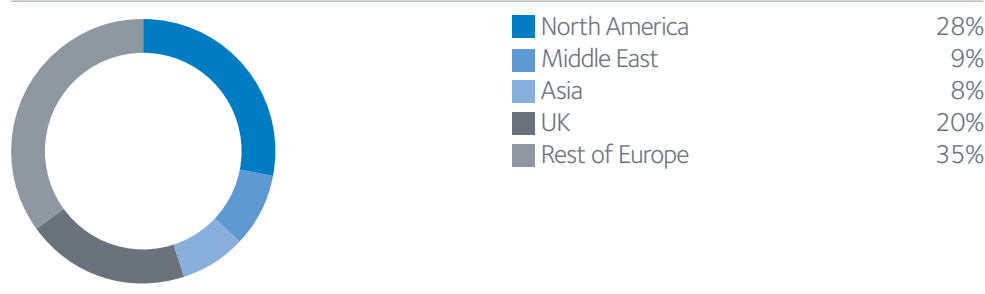
**Chart 3: Investor base for non-listed funds managed and advised by type of investor**

as at 30 September 2008



**Chart 4: Investor base for non-listed funds managed and advised by geographical location**

as at 30 September 2008



## Balance sheet

Broadly balancing investments and realisations in the period and the refinancing of the €550 million convertible bond, which matured on 1 August 2008, has meant that the Group had net debt of £1,802 million at 30 September 2008 (2007: £1,143 million) and gearing of 47% (2007: 30%).

In May 2008, a £430 million convertible bond was successfully raised to refinance the €550 million convertible bond, which matured on 1 August 2008. 3i also entered into agreements called "call spread overlays", effectively increasing the convertible premium and reducing the associated accounting volatility.

Gearing increased from 40% at 31 March 2008 to 47% at 30 September 2008. The principal driver of the increase in gearing in the period was the fall in shareholders' funds following the negative total return. Another factor was the effect of foreign exchange movements on debt, principally relating to the US dollar.

As at 30 September 2008, the Group had cash and cash equivalents of £668 million and undrawn committed facilities of £286 million, totalling £954 million (31 March 2008: £1,082 million).

## Currency hedging

The Group has maintained a policy of hedging the currency portfolio in the range of 90% to 100%. This has been achieved primarily through the use of cash settled foreign exchange swaps and by issuing core currency debt when appropriate and where available. Current market conditions, including sterling weakening, mean that the cash volatility associated with the use of relatively short-term foreign exchange swaps is no longer appropriate. Consequently, the Group is in the process of closing out its foreign exchange swap portfolio. Since 30 September 2008, around 60% of the US dollar, euro and Swedish krona swaps portfolio has been closed out with a cash settlement of around £100 million. When completed, and absent raising any further currency debt, it is expected that only 10% of the US portfolio and 40% of the European and Nordic portfolios will be hedged.

## Diluted net asset value

Net asset value per share of £10.19 at 30 September 2008 was £0.58 lower than at 31 March 2008. The fall in the six months was almost entirely driven by the total return in the period and a dividend of 10.9p.

## Risks and uncertainties

The principal risks and uncertainties faced by the Group are set out in the Risk Management section of the 3i Group Report and accounts 2008. The main categories of these risks were: External; Strategic; Investment; Treasury and Funding and Operational. This half-yearly report also refers to specific risks and uncertainties, and these should be viewed in conjunction with those principal risks.

**Table 13: Group balance sheet**

as at 30 September

	2008	2007
Shareholders' funds	<b>£3,852m</b>	£3,844m
Net borrowings	<b>£(1,802)m</b>	£(1,143)m
Gearing	<b>47%</b>	30%
<b>Diluted net asset value per ordinary share</b>	<b>£10.19</b>	£10.07

## Business review Buyouts

### Returns

A 6.5% gross portfolio return in the period on the opening portfolio value of £2,025 million (2007: 31.6%) was a satisfactory performance, especially in the light of market conditions. Key drivers of this £131 million (2007: £405 million) return were a 55% (2007: 90%) uplift to opening value on realisations of £326 million (2007: £540 million) and increased portfolio income of £67 million (2007: £48 million).

This result was also achieved despite a fall in the multiples used to value those companies valued on an earnings basis, as well as an increase in provisions and impairments to £146 million (2007: £40 million). Unrealised movements included an uplift to sale on ABX, the Belgium-based logistics business of £148 million.

The quoted portfolio generated £6 million (2007: £75 million) of unrealised value increase in the period, largely as a result of a £15 million increase in the value of 3i's investment in Telecity plc.

Portfolio income was up 40% to £67 million (2007: £48 million). Fees receivable from external funds of £21 million (2007: £18 million) were higher, principally due to exchange rate factors.

### Business activity

Despite the dislocation within the global credit markets, the Buyouts business completed six new investments in the period (2007: seven) across a range of sectors and geographies, and produced realisations proceeds of £326 million. Notable realisations included Giochi Preziosi (£166 million), Freightliner (£85 million) and Samplettest (£44 million).

The largest investment in the period was Axellia Pharmaceuticals (£57 million), a world-wide developer and supplier of specialist active pharmaceutical ingredients. During the period, the recently established Asia Buyouts team completed its first investment in LHI, a manufacturer of medical cables.

At 30 September 2008, Eurofund V had invested 49% of commitments.

Following the establishment of a debt warehouse facility in 2007, a further €154 million was invested during the half year (3i commitment: €31 million). As at 30 September 2008, the debt warehouse had invested a total of €429 million of which the 3i commitment was €86 million.

### Long-term performance

New investments made in the financial years ended 31 March

Vintage year	Total investment £m	Return flow £m	Value remaining £m	IRR to 30 September 2008	IRR to 30 September 2007
2008	624	19	618	6%	n/a
2007	532	125	659	38%	33%
2006	481	765	266	50%	50%
2005	359	951	96	64%	59%
2004	304	523	96	36%	34%
2003	271	664	35	49%	50%
2002	186	441	0	61%	61%

### Returns from Buyouts (£m)

six months to 30 September

	2008	2007
Realised profits over value on the disposal of investments	115	256
Unrealised (losses)/profits on the revaluation of investments	(51)	101
Portfolio income	67	48
<b>Gross portfolio return</b>	<b>131</b>	<b>405</b>
<b>Fees receivable from external funds</b>	<b>21</b>	<b>18</b>

### Business activity – investment and divestment (£m)

six months to 30 September

	2008	2007
Realisation proceeds	326	540
Investment	(338)	(436)
<b>Net (investment)/divestment</b>	<b>(12)</b>	<b>104</b>

### Portfolio

The majority of the portfolio continued to achieve earnings growth. However, the September valuations reflect that a more challenging environment has begun to impact portfolio performance.

Provision levels increased in the period from their historic low. The realised loss rate since 2001 was 2% (September 2007: 1%) and the aggregate provisions rate was 8% (September 2007: 4%).

Debt markets have continued to be challenging. However, in the first half of the financial year, we were still able to raise debt on good terms through our strong banking relationships, albeit not at the level seen for the 2007 and 2008 vintages.

Financing structures for Buyouts are typically based on seven to nine-year term loans. Only 5% of the leverage in the Buyouts portfolio at 30 September 2008 is repayable before the end

of December 2009, provided covenants are met. 71% of the leverage in the Buyouts portfolio at 30 September 2008 is repayable post December 2013, provided covenants are met.

### Long-term performance

The 2002 to 2006 vintages continue to perform strongly, having delivered £3.3 billion of cash return to 30 September on £1.6 billion of investment. A further £0.5 billion of unrealised value remained at 30 September 2008. Each of these vintages was significantly ahead of the through-the-cycle 20% IRR target.

The 2007 vintage has already delivered good liquidity, including the partial realisation of Dockwise and post 30 September 2008, the sale of ABX.

# Business review Growth Capital

## Returns

A gross portfolio return for the period of £(158) million (2007: £180 million) was driven by two key factors: a reduction in the value of the quoted portfolio of £(38) million (2007: £(1) million); and an unquoted value reduction of £(199) million (2007: value growth £111 million), including provisions and impairments of £73 million (2007: £14 million). Realised profits were marginally higher than the equivalent period last year.

These factors more than offset a strong level of portfolio income of £39 million (2007: £33 million); underlying earnings driven value growth across the portfolio of £28 million; and first time uplifts in value from investments such as Franklin, the Singapore-based oil and gas company.

## Business activity

A highly selective approach to new investment and a continuing strategy to grow average deal size resulted in four new investments being made in the period, with an average commitment of £67 million (2007: 15, £33 million).

New investments such as the £80 million investment in Spanish-based Union Radio, a company with growth ambitions in the US and Latin America, and the £48 million investment in French-based Labco, a laboratory services provider which is consolidating the market across Europe, demonstrate the international nature of businesses being targeted.

Realisation proceeds of £169 million in the period (2007: £273 million) were lower but generated higher realised profits of £40 million (2007: £37 million). The two largest realisations were CID Novem and Electrawinds, with combined proceeds of £88 million.

## Portfolio health

Although provisions increased during the period, the health of the portfolio was in line with the three-year average. At 30 September 2008, 88% of the portfolio was classified as healthy (2007: 92%), which compared with a rolling three-year average of 89%.

Underlying earnings growth within the portfolio remained good. Those investments valued on an earnings basis at 31 March 2008 and 30 September 2008 had an average increase in earnings of 29%.

The level of gearing within the Growth Capital portfolio was low, with the majority of these companies having little or no gearing.

## Long-term performance

New investments made in the financial years ended 31 March

Vintage year	Total investment £m	Return flow £m	Value remaining £m	IRR to 30 September 2008	IRR to 30 September 2007
2008	1,012	24	1,048	5%	n/a
2007	502	84	469	6%	3%
2006	415	383	368	34%	40%
2005	182	236	64	28%	32%
2004	294	475	22	26%	24%
2003	222	380	57	25%	25%
2002	497	659	92	13%	13%

## Returns from Growth Capital (£m)

six months to 30 September

	2008	2007
Realised profits over value on the disposal of investments	40	37
Unrealised (losses)/profits on the revaluation of investments	(237)	110
Portfolio income	39	33
<b>Gross portfolio return</b>	<b>(158)</b>	180
<b>Fees receivable from external funds</b>	<b>-</b>	-

## Business activity – investment and divestment (£m)

six months to 30 September

	2008	2007
Realisation proceeds	169	273
Investment	(279)	(493)
<b>Net investment</b>	<b>(110)</b>	(220)

## Long-term performance

The 2003 to 2006 vintages, which have high return flows, are above the 20% through-the-cycle target despite some valuation reductions since 31 March 2008. The 2007 and 2008 vintages were showing IRRs of 6% and 5% respectively at 30 September 2008.

# Infrastructure

## Returns

The Infrastructure business line delivered a return for the period of £52 million (2007: £17 million).

This strong performance arose from three principal sources: the movement in value of the Group's investment in 3i Infrastructure plc and 3i India Infrastructure Fund; fee income from both 3i Infrastructure plc and the 3i India Infrastructure Fund; and returns from 3i's direct investments in Infrastructure assets.

Unrealised value movements totalled £7 million (2007: £7 million) as the rise in the value of the Group's investment in the 3i India Infrastructure Fund and other assets more than offset a 2% fall in 3i Infrastructure plc's share price.

Fund fee income of £16 million increased compared to the equivalent period last year (2007: £4 million). This followed a significant increase in external funds under management from £392 million at 30 September 2007 to £947 million at 30 September 2008. This increase was principally driven by the successful final closing of 3i India Infrastructure Fund in March 2008.

Portfolio income of £23 million in the period (2007: £6 million) represented a yield of 4.6% (2007: 1.3%) and included a £10 million dividend from 3i Infrastructure plc, following the announcement of the company's first annual results in June 2008. A further £9 million dividend was received from the Group's direct investment in AWG, of which £6 million was generated following the sale of a non-regulated asset.

## Returns from Infrastructure (£m)

six months to 30 September

	2008	2007
Realised profits over value on the disposal of investments	6	–
Unrealised profits on the revaluation of investments	7	7
Portfolio income	23	6
<b>Gross portfolio return</b>	<b>36</b>	<b>13</b>
<b>Fees receivable from external funds</b>	<b>16</b>	<b>4</b>

## Assets under management (£m)

as at 30 September

	2008	2007
Own balance sheet	530	502
Managed funds	417	–
Advised funds	530	392*
	<b>1,477</b>	<b>894</b>

\*3i Infrastructure plc was launched in March 2007. The value of external funds was based on the share price at 30 September 2007. The Group now uses the latest published net asset value rather than the market price to measure external assets under management.

## Business activity

Investments are made by 3i Infrastructure plc, a quoted company which is advised by the Group, the 3i India Infrastructure Fund, which is managed by the Group, or from the Group's own balance sheet. Direct investment in the period was £22 million. New investment completed through funds managed or advised by the Group totalled £109 million.

In July 2008, 3i Infrastructure plc raised £114.6 million of further equity through a placing and open offer to fund further investment. 3i Group plc subscribed for additional shares, investing £25 million in the process.

# Quoted Private Equity ("QPE")

## Returns

Returns from QPE are principally driven by the share price of 3i Quoted Private Equity plc and the advisory and performance fees generated from the fund.

The negative gross portfolio return of £37 million was due to the reduction in the share price of 3i Quoted Private Equity plc.

## Fees receivable from external funds

The advisory fee payable to 3i Group is based on 2% of the gross investment value of 3i Quoted Private Equity plc less uninvested cash. As at 30 September 2008, 44% of the fund had been invested.

## Assets under management

These are based on the net asset value of 3i Quoted Private Equity plc at 30 September 2008. 3i Group plc holds 44.9% of the fund and the own balance sheet value is based on the share price of the company.

## Returns from QPE (£m)

six months to 30 September

	2008	2007
Realised profits over value on the disposal of investments	–	–
Unrealised losses on the revaluation of investments	(37)	(9)
Portfolio income	–	–
<b>Gross portfolio return</b>	<b>(37)</b>	<b>(9)</b>
<b>Fees receivable from external funds</b>	<b>1</b>	<b>–</b>

## Assets under management (£m)

as at 30 September

	2008	2007
Own balance sheet	105	176
External funds	269	210
	<b>374</b>	<b>386</b>

## Business review Venture Portfolio

On 1 April 2008, the Venture Portfolio Team was established to maximise value from a portfolio of 180 venture investments with a value of £738 million.

### Returns

The Venture Portfolio generated a gross portfolio return of £(64) million in the period (2007: £31 million). This comprised realised profits of £25 million (2007: £41 million), an unrealised value movement of £(95) million (2007: £(13) million) and portfolio income of £6 million (2007: £3 million). Uplifts on realisation over opening portfolio value were strong at 52%.

Of the unrealised value movement of £(95) million, £12 million was accounted for by the fall in value of quoted assets in the portfolio.

### Business activity

Consistent with strategy, the Venture Portfolio was a net divestor in the period with realisations of £73 million (2007: £111 million) and investment of £29 million (2007: £65 million). The largest realisation was the sale of Amaxa AG (£12 million), a German-based pharmaceuticals business.

Further investments in the portfolio are made on a selective basis where the team see the potential to enhance future returns. The largest investment in the period was £5 million in EUSA, a specialty pharmaceutical company focused on oncology, pain control and critical care in order to support the acquisition of Cytogen Corp.

### Closing portfolio value

At 30 September, there were 164 companies in the Venture portfolio with a combined book value of £655 million.

### Long-term performance

New investments made in the financial years ended 31 March

Vintage year	Total investment £m	Return flow £m	Value remaining £m	IRR to 30 September 2008	IRR to 30 September 2007
2008	61	2	75	<b>12%</b>	n/a
2007	178	8	138	<b>(13)%</b>	3%
2006	110	18	112	<b>9%</b>	3%
2005	94	28	57	<b>(4)%</b>	3%
2004	144	98	71	<b>6%</b>	8%
2003	123	32	28	<b>(18)%</b>	(16)%
2002	341	162	65	<b>(8)%</b>	(11)%

### Returns from Venture Portfolio (£m)

six months to 30 September

	2008	2007
Realised profits over value on the disposal of investments	<b>25</b>	41
Unrealised losses on the revaluation of investments	<b>(95)</b>	(13)
Portfolio income	<b>6</b>	3
<b>Gross portfolio return</b>	<b>(64)</b>	31
<b>Fees receivable from external funds</b>	<b>-</b>	-

### Business activity – investment and divestment (£m)

six months to 30 September

	2008	2007
Realisation proceeds	<b>73</b>	111
Investment	<b>(29)</b>	(65)
<b>Net divestment</b>	<b>44</b>	46



# Consolidated income statement

for the six months to 30 September 2008

	Notes	6 months to 30 September 2008 (unaudited) £m	6 months to 30 September 2007 (unaudited) £m	12 months to 31 March 2008 (audited) £m
Realised profits over value on the disposal of investments	2	190	337	523
Unrealised (losses)/profits on the revaluation of investments	3	(411)	183	291
		(221)	520	814
<b>Portfolio income</b>				
Dividends		51	34	56
Income from loans and receivables		89	57	149
Fees receivable		3	11	22
<b>Gross portfolio return</b>	1	(78)	622	1,041
Fees receivable from external funds	1	38	22	60
Carried interest				
Carried interest receivable from external funds	4	10	36	60
Carried interest and performance fees payable	4	33	(98)	(152)
Operating expenses		(131)	(129)	(274)
<b>Net portfolio return</b>		(128)	453	735
Interest receivable	5	36	61	89
Interest payable	5	(78)	(62)	(105)
Movements in the fair value of derivatives	6	(2)	81	158
Exchange movements		32	(16)	(44)
Other income		–	–	1
<b>(Loss)/profit before tax</b>		(140)	517	834
Income taxes		(3)	(2)	(6)
<b>(Loss)/profit after tax for the period</b>		(143)	515	828
<b>Earnings per share</b>				
Basic (pence)	10	(38.4)	122.0	207.9
Diluted (pence)	10	(38.4)	100.6	173.4

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

# Consolidated statement of recognised income and expense

for the six months to 30 September 2008

	6 months to 30 September 2008 (unaudited) £m	6 months to 30 September 2007 (unaudited) £m	12 months to 31 March 2008 (audited) £m
<b>(Loss)/profit for the period</b>	<b>(143)</b>	515	828
Exchange differences on translation of foreign operations	(21)	1	6
Revaluation of own use property	–	–	(1)
Actuarial losses	(18)	(4)	(41)
<b>Total recognised income and expense for the period</b>	<b>(182)</b>	512	792
Analysed in reserves as:			
Revenue	95	46	111
Capital	(256)	465	675
Translation reserve	(21)	1	6
	<b>(182)</b>	512	792

# Consolidated reconciliation of movements in equity

for the six months to 30 September 2008

	Notes	6 months to 30 September 2008 (unaudited) £m	6 months to 30 September 2007 (unaudited) £m	12 months to 31 March 2008 (audited) £m
Total equity at start of period		4,057	4,249	4,249
Equity settled call option		5	–	–
Total recognised income and expense for the period		(182)	512	792
Share-based payments		4	(1)	8
Ordinary dividends	11	(41)	(47)	(70)
Issue of B shares	7	–	(808)	(808)
Issues of ordinary shares		7	16	19
Buy-back of ordinary shares		–	(64)	(120)
Own shares		2	(13)	(13)
<b>Total equity at end of period</b>		<b>3,852</b>	3,844	4,057

# Consolidated balance sheet

as at 30 September 2008

	Notes	30 September 2008 (unaudited) £m	30 September 2007 (unaudited) £m	31 March 2008 (audited) £m
<b>Assets</b>				
<b>Non-current assets</b>				
Investments				
Quoted equity investments		812	778	889
Unquoted equity investments		3,204	2,743	3,209
Loans and receivables		1,918	1,609	1,918
<b>Investment portfolio</b>	1	<b>5,934</b>	5,130	6,016
Carried interest receivable		62	94	75
Property, plant and equipment		29	32	30
<b>Total non-current assets</b>		<b>6,025</b>	5,256	6,121
<b>Current assets</b>				
Other current assets		64	156	49
Derivative financial instruments		67	24	24
Deposits		48	617	44
Cash and cash equivalents		620	583	752
<b>Total current assets</b>		<b>799</b>	1,380	869
<b>Total assets</b>		<b>6,824</b>	6,636	6,990
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Carried interest payable		(79)	(145)	(110)
Loans and borrowings		(1,746)	(1,087)	(1,509)
B shares	7	(12)	(21)	(21)
Convertible bonds		(379)	(377)	–
Subordinated liabilities		(8)	(11)	(14)
Retirement benefit obligation		(56)	(4)	(38)
Deferred income taxes		(2)	(1)	(2)
Provisions		(8)	(9)	(5)
<b>Total non-current liabilities</b>		<b>(2,290)</b>	(1,655)	(1,699)
<b>Current liabilities</b>				
Trade and other payables		(197)	(185)	(166)
Carried interest payable		(83)	(71)	(140)
Convertible bonds		–	–	(433)
Loans and borrowings		(290)	(740)	(373)
Derivative financial instruments		(102)	(131)	(108)
Current income taxes		(4)	(3)	(5)
Provisions		(6)	(7)	(9)
<b>Total current liabilities</b>		<b>(682)</b>	(1,137)	(1,234)
<b>Total liabilities</b>		<b>(2,972)</b>	(2,792)	(2,933)
<b>Net assets</b>		<b>3,852</b>	3,844	4,057
<b>Equity</b>				
Issued capital	8	284	287	283
Share premium	9	403	394	397
Capital redemption reserve	9	42	38	42
Share-based payment reserve	9	23	18	21
Translation reserve	9	(10)	6	11
Capital reserve	9	2,769	2,868	3,026
Revenue reserve	9	413	317	359
Other reserves	9	5	–	–
Own shares	9	(77)	(84)	(82)
<b>Total equity</b>		<b>3,852</b>	3,844	4,057

# Consolidated cash flow statement

for the six months to 30 September 2008

	6 months to 30 September 2008 (unaudited) £m	6 months to 30 September 2007 (unaudited) £m	12 months to 31 March 2008 (audited) £m
<b>Cash flow from operating activities</b>			
Purchase of investments	(550)	(1,216)	(2,072)
Proceeds from investments	597	1,105	1,824
Interest received	15	22	47
Dividends received	51	34	56
Portfolio fees received	8	12	22
Fees received from external funds	24	21	61
Carried interest received	23	25	67
Carried interest paid	(53)	(109)	(154)
Operating expenses	(202)	(155)	(243)
Income taxes paid	(3)	(2)	(7)
<b>Net cash flow from operations</b>	<b>(90)</b>	<b>(263)</b>	<b>(399)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issues of share capital	7	16	19
Buy-back of ordinary shares	–	(64)	(120)
Purchase of own shares	–	(21)	(21)
Disposal of own shares	2	8	8
Repurchase of B shares	(9)	(798)	(798)
Dividend paid	(41)	(47)	(70)
Interest received	22	58	95
Interest paid	(24)	(46)	(125)
Net premium on call options	(49)	–	–
Proceeds from long-term borrowings	685	529	591
Repayment of long-term borrowings	(465)	(200)	(413)
Net cash flow from short-term borrowings	(164)	(121)	(133)
Net cash flow from deposits	(4)	1,051	1,624
<b>Net cash flow from financing activities</b>	<b>(40)</b>	<b>365</b>	<b>657</b>
<b>Cash flow from investing activities</b>			
Purchases of property, plant and equipment	(1)	(2)	(6)
Sales of property, plant and equipment	–	–	1
<b>Net cash flow from investing activities</b>	<b>(1)</b>	<b>(2)</b>	<b>(5)</b>
<b>Change in cash and cash equivalents</b>	<b>(131)</b>	<b>100</b>	<b>253</b>
Cash and cash equivalents at 1 April	752	486	486
Effect of exchange rate fluctuations	(1)	(3)	13
<b>Cash and cash equivalents at the end of the period</b>	<b>620</b>	<b>583</b>	<b>752</b>

# Notes to the accounts

## 1 Segmental analysis

	Buyouts £m	Growth Capital £m	Infrastructure £m	Quoted Private Equity £m	Smaller Minority Investments £m	Venture Capital £m	Total £m
<b>6 months to 30 September 2008 (unaudited)</b>							
<b>Gross portfolio return</b>							
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
<b>Net (investment)/divestment</b>							
Realisation proceeds	326	169	8	–	21	73	597
Investment	(338)	(279)	(22)	–	–	(29)	(668)
	(12)	(110)	(14)	–	21	44	(71)
<b>Balance sheet</b>							
Value of investment portfolio at end of period	2,084	2,332	530	105	228	655	5,934

	Buyouts £m	Growth Capital £m	Infrastructure £m	Quoted Private Equity £m	Smaller Minority Investments £m	Venture Capital £m	Total £m
6 months to 30 September 2007 (unaudited)							
<b>Gross portfolio return</b>							
Realised profits over value on the disposal of investments	256	37	–	–	3	41	337
Unrealised (losses)/profits on the revaluation of investments	101	110	7	(9)	(13)	(13)	183
Portfolio income	48	33	6	–	12	3	102
	405	180	13	(9)	2	31	622
Fees receivable from external funds	18	–	4	–	–	–	22
<b>Net (investment)/divestment</b>							
Realisation proceeds	540	273	32	17	71	111	1,044
Investment	(436)	(493)	(58)	(182)	–	(65)	(1,234)
	104	(220)	(26)	(165)	71	46	(190)
<b>Balance sheet</b>							
Value of investment portfolio at end of period	1,571	1,854	502	176	312	715	5,130

	Buyouts £m	Growth Capital £m	Infrastructure £m	Quoted Private Equity £m	Smaller Minority Investments £m	Venture Capital £m	Total £m
12 months to 31 March 2008 (audited)							
<b>Gross portfolio return</b>							
Realised profits over value on the disposal of investments	370	75	6	–	7	65	523
Unrealised (losses)/profits on the revaluation of investments	245	160	43	(42)	(27)	(88)	291
Portfolio income	116	67	18	–	20	6	227
	731	302	67	(42)	–	(17)	1,041
Fees receivable from external funds	39	2	18	1	–	–	60
<b>Net (investment)/divestment</b>							
Realisation proceeds	858	503	57	18	136	170	1,742
Investment	(788)	(990)	(38)	(182)	(6)	(156)	(2,160)
	70	(487)	19	(164)	130	14	(418)
<b>Balance sheet</b>							
Value of investment portfolio at end of year	2,025	2,366	501	142	244	738	6,016

# Notes to the accounts continued

## 2 Realised profits over value on the disposal of investments

	September 2008 Unquoted Equity £m	September 2008 Quoted Equity £m	September 2008 Loans and receivables £m	September 2008 Total £m	September 2007 Unquoted Equity £m	September 2007 Quoted Equity £m	September 2007 Loans and receivables £m	September 2007 Total £m	March 2008 Unquoted Equity £m	March 2008 Quoted Equity £m	March 2008 Loans and receivables £m	March 2008 Total £m
Net proceeds	507	41	49	597	638	160	246	1,044	1,081	199	462	1,742
Valuation of disposed investments	(329)	(31)	(45)	(405)	(333)	(134)	(235)	(702)	(627)	(162)	(425)	(1,214)
Investments written off	–	–	(2)	(2)	(2)	–	(3)	(5)	(2)	–	(3)	(5)
	178	10	2	190	303	26	8	337	452	37	34	523

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

	September 2008 Unquoted Equity £m	September 2008 Quoted Equity £m	September 2008 Loans and receivables £m	September 2008 Total £m	September 2007 Unquoted Equity £m	September 2007 Quoted Equity £m	September 2007 Loans and receivables £m	September 2007 Total £m	March 2008 Unquoted Equity £m	March 2008 Quoted Equity £m	March 2008 Loans and receivables £m	March 2008 Total £m
Movement in the fair value of equity	(52)	(87)	–	(139)	204	44	–	248	415	64	–	479
Provisions, loan impairments and other movements	(76)	–	(196)	(272)	(27)	–	(38)	(65)	(109)	–	(79)	(188)
	(128)	(87)	(196)	(411)	177	44	(38)	183	306	64	(79)	291

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

## 4 Carried interest

	6 months to 30 September 2008 (unaudited) £m	6 months to 30 September 2007 (unaudited) £m	12 months to 31 March 2008 (audited) £m
Carried interest receivable from external funds	10	36	60
Carried interest and performance fees payable	33	(98)	(152)
	43	(62)	(92)

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. Performance fees payable represents the amount payable to 3i Group plc executives under the investment advisory agreement with 3i Infrastructure plc. 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. During the period, the performance of some of the schemes resulted in a reversal of the accrual recognised as at 31 March 2008, resulting in the £33 million gain.

## 5 Net interest payable

	6 months to 30 September 2008 (unaudited) £m	6 months to 30 September 2007 (unaudited) £m	12 months to 31 March 2008 (audited) £m
<b>Interest receivable</b>			
Interest on bank deposits	22	58	83
Finance income on pension plan	14	3	6
	36	61	89
<b>Interest payable</b>			
Interest on loans and borrowings	(54)	(51)	(86)
Interest on Convertible Bonds	(9)	(3)	(4)
Amortisation of Convertible Bonds	(14)	(3)	(7)
Subordinated borrowings	(1)	(5)	(8)
	(78)	(62)	(105)
Net interest payable	(42)	(1)	(16)



## 6 Movements in the fair value of derivatives

	6 months to 30 September 2008 (unaudited) £m	6 months to 30 September 2007 (unaudited) £m	12 months to 31 March 2008 (audited) £m
Currency swaps	–	(1)	(1)
Interest rate swaps	4	13	(3)
Derivative element of convertible bonds	6	69	162
Call options	(12)	–	–
	<b>(2)</b>	81	158

## 7 B shares

	30 September 2008 (unaudited) £m	30 September 2007 (unaudited) £m	31 March 2008 (audited) £m
Opening balance	21	11	11
Issued in period	–	808	808
Repurchased and cancelled	(9)	(798)	(798)
<b>Closing balance</b>	<b>12</b>	21	21

The Company repurchased and cancelled 7,260,201 B shares on 28 July 2008. The Company expects to make further purchase offers in July 2009.

## 8 Issued capital

	30 September 2008 (unaudited) Number	30 September 2008 (unaudited) £m	30 September 2007 (unaudited) Number	30 September 2007 (unaudited) £m	31 March 2008 (audited) Number	31 March 2008 (audited) £m
<b>Authorised</b>						
Ordinary shares of 73 <sup>19</sup> /22p	555,076,720	410	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	1	1,000,000	1	1,000,000	1

	30 September 2008 (unaudited) Number	30 September 2008 (unaudited) £m	30 September 2007 (unaudited) Number	30 September 2007 (unaudited) £m	31 March 2008 (audited) Number	31 March 2008 (audited) £m
<b>Issued and fully paid</b>						
<b>Ordinary shares of 62<sup>69</sup>/88p</b>						
Opening balance	–	–	461,106,007	289	461,106,007	289
Issued on exercise of share options and under the 3i Group Share Incentive Plan	–	–	1,794,733	2	1,794,733	2
Share consolidation	–	–	(462,900,740)	(291)	(462,900,740)	(291)
<b>Closing balance</b>	<b>–</b>	<b>–</b>	–	–	–	–

# Notes to the accounts continued

## 8 Issued capital (continued)

	30 September 2008 (unaudited) Number	30 September 2008 (unaudited) £m	30 September 2007 (unaudited) Number	30 September 2007 (unaudited) £m	31 March 2008 (audited) Number	31 March 2008 (audited) £m
<b>Issued and fully paid</b>						
<b>Ordinary shares of 73<sup>19</sup>/22p</b>						
Opening balance	382,741,094	283	–	–	–	–
Share consolidation	–	–	393,465,629	291	393,465,629	291
Issued on exercise of share options, conversion of bonds and under the 3i Group Share Incentive Plan	1,007,544	1	622,464	1	1,275,465	1
Shares cancelled	–	–	(6,100,000)	(5)	(12,000,000)	(9)
<b>Closing balance</b>	<b>383,748,638</b>	<b>284</b>	<b>387,988,093</b>	<b>287</b>	<b>382,741,094</b>	<b>283</b>

During the period 1 April 2008 to 30 September 2008, the Company issued shares for cash on the exercise of share options at various prices from 567p to 728p per share (the market prices of shares on grant).

## 9 Equity

	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 reserves (unaudited) £m	Own shares (unaudited) £m	Total equity (unaudited) £m
<b>6 months to 30 September 2008</b>										
Opening balance	283	397	42	21	11	3,026	359	–	(82)	4,057
Total recognised income and expense					(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	–
Issue of ordinary shares	1	6								7
Dividends paid							(41)			(41)
Own shares									2	2
<b>Closing balance</b>	<b>284</b>	<b>403</b>	<b>42</b>	<b>23</b>	<b>(10)</b>	<b>2,769</b>	<b>413</b>	<b>5</b>	<b>(77)</b>	<b>3,852</b>

	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 reserves (unaudited) £m	Own shares (unaudited) £m	Total equity (unaudited) £m
<b>6 months to 30 September 2007</b>										
Opening balance	289	387	27	18	5	3,280	318		(75)	4,249
Total recognised income and expense					1	465	46			512
Share-based payments				4		(9)			4	(1)
Release on exercise/forfeiture of share options				(4)		4				–
Issue of ordinary shares	3	13								16
Dividends paid							(47)			(47)
Share buy-backs	(5)		5			(64)				(64)
Issue of B shares		(6)	6			(808)				(808)
Own shares									(13)	(13)
<b>Closing balance</b>	<b>287</b>	<b>394</b>	<b>38</b>	<b>18</b>	<b>6</b>	<b>2,868</b>	<b>317</b>		<b>(84)</b>	<b>3,844</b>

## 9 Equity (continued)

Year to 31 March 2008	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	Own shares (audited) £m	Total equity (audited) £m
Opening balance	289	387	27	18	5	3,280	318	(75)	4,249
Total recognised income and expense					6	675	111		792
Share-based payments				8					8
Release on exercise/forfeiture of share options				(5)		(1)		6	–
Issue of ordinary shares	3	16							19
Dividends paid							(70)		(70)
Share buy-backs	(9)		9			(120)			(120)
Issue of B shares		(6)	6			(808)			(808)
Own shares								(13)	(13)
<b>Closing balance</b>	<b>283</b>	<b>397</b>	<b>42</b>	<b>21</b>	<b>11</b>	<b>3,026</b>	<b>359</b>	<b>(82)</b>	<b>4,057</b>

## 10 Per share information

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 2008 (unaudited)	6 months to 30 September 2007 (unaudited)	12 months to 31 March 2008 (audited)
<b>Earnings per share (pence)</b>			
Basic	<b>(38.4)</b>	122.0	207.9
Diluted	<b>(38.4)</b>	100.6	173.4
<b>Earnings (£m)</b>			
(Loss)/profit for the period attributable to equity holders of the Company	<b>(143)</b>	515	828
Effect of dilutive ordinary shares	–	(60)	(87)
	<b>(143)</b>	455	741

	6 months to 30 September 2008 (unaudited) Number	6 months to 30 September 2007 (unaudited) Number	12 months to 31 March 2008 (audited) Number
<b>Weighted average number of shares in issue</b>			
Ordinary shares	<b>383,162,777</b>	432,213,305	408,633,804
Own shares	<b>(10,623,552)</b>	(9,967,948)	(10,458,932)
	<b>372,539,225</b>	422,245,357	398,174,872
Effect of dilutive potential ordinary shares			
Share options*	–	5,672,514	4,663,864
Convertible bonds	–	24,408,684	24,408,684
<b>Diluted shares</b>	<b>372,539,225</b>	452,326,555	427,247,420

\* The potential effect of share options is excluded from the dilution calculation for the period, as the impact is anti-dilutive.

	30 September 2008 (unaudited)	30 September 2007 (unaudited)	31 March 2008 (audited)
<b>Net assets per share (pence)</b>			
Basic	<b>1,032</b>	1,020	1,091
Diluted	<b>1,019</b>	1,007	1,077
<b>Net assets (£m)</b>			
Net assets attributable to equity holders of the Company	<b>3,852</b>	3,844	4,057

# Notes to the accounts continued

## 10 Per share information (continued)

	30 September 2008 (unaudited) Number	30 September 2007 (unaudited) Number	31 March 2008 (audited) Number
<b>Number of shares in issue</b>			
Ordinary shares	383,748,638	387,988,093	382,741,094
Own shares	(10,413,397)	(11,162,984)	(10,867,901)
	<b>373,335,241</b>	376,825,109	371,873,193
Effect of dilutive potential ordinary shares			
Share options	4,731,712	4,997,911	4,954,110
<b>Diluted shares</b>	<b>378,066,953</b>	381,823,020	376,827,303

## 11 Dividends

	6 months to 30 September 2008 (unaudited) Pence per share	6 months to 30 September 2008 (unaudited) £m	6 months to 30 September 2007 (unaudited) Pence per share	6 months to 30 September 2007 (unaudited) £m	12 months to 31 March 2008 (audited) Pence per share	12 months to 31 March 2008 (audited) £m
<b>Declared and paid during the period</b>						
Ordinary shares						
Final dividend	10.9	41	10.3	47	10.3	47
Interim dividend	–	–	–	–	6.1	23
	<b>10.9</b>	<b>41</b>	10.3	47	16.4	70
Proposed dividend	6.3	24	6.1	24	10.9	42

## 12 Contingent liabilities

	30 September 2008 (unaudited) £m	30 September 2007 (unaudited) £m	31 March 2008 (audited) £m
Contingent liabilities relating to guarantees available to third parties in respect of investee companies	8	7	15

At 30 September 2008, 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:

	6 months to 30 September 2008 (unaudited) £m	6 months to 30 September 2007 (unaudited) £m	12 months to 31 March 2008 (audited) £m
<b>Income statement</b>			
Carried interest receivable	10	36	60
Fund management fees	24	18	60
<b>Balance sheet</b>			
Carried interest receivable	62	94	75

### 13 Related parties (continued)

#### 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:

	6 months to 30 September 2008 (unaudited) £m	6 months to 30 September 2007 (unaudited) £m	12 months to 31 March 2008 (audited) £m
<b>Income statement</b>			
Realised profits over value on the disposal of investments	108	260	369
Unrealised (losses)/profits on the revaluation of investments	(231)	155	196
Portfolio income	125	98	204
<b>Balance sheet</b>			
Quoted equity investments	490	684	661
Unquoted equity investments	1,769	1,714	1,990
Loans and receivables	1,508	1,495	1,679

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 an adviser to 3i Infrastructure plc and 3i Quoted Private Equity plc, companies listed on the London Stock Exchange. The following amounts have been included in respect of these advisory relationships:

	30 September 2008 (unaudited) £m	30 September 2007 (unaudited) £m	31 March 2008 (audited) £m
<b>Income statement</b>			
Unrealised losses on the revaluation of investments	(42)	(4)	(11)
Fees receivable from external funds	12	4	12
Dividends	10	–	6
<b>Balance sheet</b>			
Quoted equity investments	484	510	503

# Notes to the accounts continued

## 13 Related parties (continued)

### Key management personnel

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

	30 September 2008 (unaudited) £m	30 September 2007 (unaudited) £m	31 March 2008 (audited) £m
<b>Income statement</b>			
Salaries, fees, supplements and benefits in kind	3	3	5
Bonuses and deferred share bonuses	1	–	12
Increase in accrued pension	–	–	–
Carried interest payable	2	9	19
Share-based payments	2	2	4

	30 September 2008 (unaudited) £m	30 September 2007 (unaudited) £m	31 March 2008 (audited) £m
<b>Balance sheet</b>			
Bonuses and deferred share bonuses	2	–	12
Carried interest payable within one year	11	5	11
Carried interest payable after one year	6	14	11

Carried interest paid in the year to key management personnel was £8 million (2007: £8 million).

## 14 Significant events

As a result of the bankruptcy filing in the US by Lehman Brothers in September 2008 and insolvency proceedings being commenced in respect of a number of its affiliates, the Company terminated the call spread overlay arrangements it had entered into with Lehman Brothers International (Europe) in May 2008 as part of the £430 million 3.625% three year convertible bond issued by the Company, details of which were explained in the 3i Group Report and accounts 2008. Termination of this call spread overlay arrangement resulted in a £12 million adjustment to the fair value of derivatives.

The original call spread overlay arrangement with Lehman Brothers International (Europe) has been replaced at a net cost of £13 million, with an equivalent arrangement with another counterparty, which will continue to offset the volatility within the convertible bond.

A claim has been filed against Lehman Brothers International (Europe) for the recovery of the economic loss of £15 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 2008. 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 2008 ("Report and accounts 2008"), as they provide an update of previously reported information.

The Half-yearly Financial Statements were authorised for issue by the Directors on 5 November 2008.

The Half-yearly Financial Statements have been prepared in accordance with the accounting policies set out in the Report and accounts 2008 as the 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 is consistent with the Report and accounts 2008. 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 2008. The Half-yearly Financial Statements do not constitute statutory accounts. The statutory accounts for the year to 31 March 2008, 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 2008.

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 42.

By order of the Board

**K J Dunn** Secretary

5 November 2008

# 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 2008 which comprises the Consolidated income statement, Consolidated statement of recognised income and expense, Consolidated reconciliation of movements in equity, Consolidated balance sheet, Consolidated cash flow statement and the related notes 1 to 14. 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 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

## Ernst & Young LLP

London

5 November 2008



# Assets under management

Total assets under management include portfolio assets directly owned by the Group, assets and uninvested commitments in funds managed by the Group, and investment companies advised by the Group.

	30 September 2008	30 September 2007	31 March 2008
<b>3i direct portfolio (£m)</b>			
Buyouts	2,084	1,571	2,025
Growth Capital	2,332	1,854	2,366
Infrastructure	530	502	501
QPE	105	176	142
SMI	228	312	244
Venture Portfolio	655	715	738
<b>Total</b>	<b>5,934</b>	<b>5,130</b>	<b>6,016</b>
<b>Managed funds (£m)</b>			
Buyouts	2,624	2,229	2,594
Growth Capital	159	198	183
Infrastructure	417	–	348
SMI	–	5	–
Venture Portfolio	20	19	18
<b>Total</b>	<b>3,220</b>	<b>2,451</b>	<b>3,143</b>
<b>Advised investment companies (£m)</b>			
3i Infrastructure plc <sup>1</sup>	530	392	364
3i Quoted Private Equity plc <sup>1</sup>	269	210	269
<b>Total</b>	<b>799</b>	<b>602</b>	<b>633</b>
<b>Total assets under management</b>	<b>9,953</b>	<b>8,183</b>	<b>9,792</b>

## Notes

1 The value of the advised investment companies is based on the most recently disclosed net asset value. For both 3i Infrastructure plc and 3i Quoted Private Equity plc this was as at 30 September 2008

## 3i portfolio

<b>3i direct portfolio value by geography (£m)</b>	<b>30 September 2008</b>	30 September 2007	31 March 2008
Continental Europe	<b>2,432</b>	2,331	2,573
UK	<b>2,269</b>	1,962	2,250
India	<b>294</b>	234	334
China	<b>198</b>	107	171
Other Asia*	<b>166</b>	156	174
US	<b>553</b>	321	497
Rest of World	<b>22</b>	19	17
<b>Total</b>	<b>5,934</b>	5,130	6,016

\*Includes Japan, Singapore, South Korea.

<b>3i direct continental European portfolio value (£m)</b>	<b>30 September 2008</b>	30 September 2007	31 March 2008
Benelux	<b>451</b>	366	419
France	<b>237</b>	224	195
Germany/Austria/Switzerland	<b>359</b>	372	428
Italy	<b>225</b>	175	351
Nordic	<b>619</b>	759	653
Spain	<b>426</b>	377	443
Other European*	<b>115</b>	58	84
<b>Total</b>	<b>2,432</b>	2,331	2,573

\*Other European includes investments in countries where 3i did not have an office at 30 September 2008.

<b>3i direct portfolio value by sector* (£m)</b>	<b>30 September 2008</b>	30 September 2007	31 March 2008
Business services	<b>835</b>	792	819
Consumer	<b>614</b>	455	703
Financial services	<b>452</b>	281	415
General industrial	<b>1,386</b>	1,162	1,423
Healthcare	<b>657</b>	396	572
Media	<b>422</b>	420	455
Oil, gas and power	<b>304</b>	303	316
Technology	<b>629</b>	643	670
Infrastructure	<b>530</b>	502	501
Quoted private equity	<b>105</b>	176	142
<b>Total</b>	<b>5,934</b>	5,130	6,016

\*The Group's sector analysis was updated at 31 March 2008. The figures in 30 September 2007 have been reclassified for comparison.

<b>3i direct portfolio value by valuation method (£m)</b>	<b>30 September 2008</b>	30 September 2007	31 March 2008
Imminent sale or IPO	<b>187</b>	94	185
Quoted	<b>812</b>	778	889
Earnings	<b>1,892</b>	1,569	1,660
Cost	<b>1,504</b>	1,809	2,007
Price of recent investment	<b>267</b>	244	308
Net assets	<b>34</b>	52	46
Other	<b>1,238</b>	584	921
<b>Total</b>	<b>5,934</b>	5,130	6,016

<b>3i direct Buyouts - portfolio value by valuation method (£m)</b>	<b>30 September 2008</b>	30 September 2007	31 March 2008
Imminent sale or IPO	167	39	150
Quoted	144	103	141
Earnings	862	672	781
Cost	678	686	767
Other	233	71	186
<b>Total</b>	<b>2,084</b>	1,571	2,025

<b>3i direct Growth Capital - portfolio value by valuation method (£m)</b>	<b>30 September 2008</b>	30 September 2007	31 March 2008
Imminent sale or IPO	6	2	12
Quoted	131	91	174
Earnings	850	722	710
Cost	756	741	1,041
Price of recent investment	46	–	26
Net assets	12	20	16
Other	531	278	387
<b>Total</b>	<b>2,332</b>	1,854	2,366

<b>3i direct - Infrastructure portfolio value by valuation method (£m)</b>	<b>30 September 2008</b>	30 September 2007	31 March 2008
Imminent sale or IPO	2	–	–
Quoted	380	337	362
Cost	–	142	38
Other	148	23	101
<b>Total</b>	<b>530</b>	502	501

## 3i portfolio continued

<b>3i direct QPE - portfolio value by valuation method (£m)</b>	<b>30 September 2008</b>	30 September 2007	31 March 2008
Quoted	<b>105</b>	176	142
Total	<b>105</b>	176	142
<b>3i direct SMI - portfolio value by valuation method (£m)</b>	<b>30 September 2008</b>	30 September 2007	31 March 2008
Imminent sale or IPO	<b>5</b>	38	9
Earnings	<b>165</b>	169	150
Cost	<b>-</b>	-	4
Net assets	<b>22</b>	32	23
Other	<b>36</b>	73	58
Total	<b>228</b>	312	244
<b>3i direct Venture Portfolio - portfolio value by valuation method (£m)</b>	<b>30 September 2008</b>	30 September 2007	31 March 2008
Imminent sale or IPO	<b>7</b>	15	14
Quoted	<b>52</b>	71	70
Earnings	<b>15</b>	6	19
Cost	<b>70</b>	240	157
Price of recent investment	<b>221</b>	244	282
Net assets	<b>-</b>	-	7
Other	<b>290</b>	139	189
Total	<b>655</b>	715	738
- of which early stage Venture Capital	<b>493</b>	564	578

# Investment

<b>3i direct investment by business line (£m)</b>	<b>6 months to 30 September 2008</b>	6 months to 30 September 2007	12 months to 31 March 2008
Buyouts	<b>338</b>	436	788
Growth Capital	<b>279</b>	493	990
Infrastructure	<b>22</b>	58	38
QPE	<b>–</b>	182	182
SMI	<b>–</b>	–	6
Venture Portfolio	<b>29</b>	65	156
<b>Total</b>	<b>668</b>	1,234	2,160

<b>3i direct investment by geography (£m)</b>	<b>6 months to 30 September 2008</b>	6 months to 30 September 2007	12 months to 31 March 2008
Continental Europe	<b>364</b>	511	707
UK	<b>227</b>	549	972
India	<b>2</b>	69	95
China	<b>17</b>	27	53
Other Asia*	<b>–</b>	14	23
US	<b>55</b>	60	303
Rest of World	<b>3</b>	4	7
<b>Total</b>	<b>668</b>	1,234	2,160

\*Includes Japan, Singapore, South Korea.

<b>3i direct continental European investment (£m)</b>	<b>6 months to 30 September 2008</b>	6 months to 30 September 2007	12 months to 31 March 2008
Benelux	<b>50</b>	11	24
France	<b>49</b>	21	40
Germany/Austria/Switzerland	<b>37</b>	146	155
Italy	<b>52</b>	38	142
Nordic	<b>30</b>	219	226
Spain	<b>84</b>	63	93
Other European*	<b>62</b>	13	27
<b>Total</b>	<b>364</b>	511	707

\*Includes investments in countries where 3i did not have an office at 30 September 2008.

## Investment continued

<b>3i direct investment by sector*</b> (£m)	<b>6 months to 30 September 2008</b>	6 months to 30 September 2007	12 months to 31 March 2008
Business services	98	347	456
Consumer	89	8	237
Financial services	79	96	218
General industrial	36	205	353
Healthcare	133	36	234
Media	93	16	56
Oil, gas and power	46	140	187
Technology	72	146	199
Infrastructure	22	58	38
Quoted private equity	–	182	182
<b>Total</b>	<b>668</b>	<b>1,234</b>	<b>2,160</b>

\*The Group's sector analysis was updated at 31 March 2008. The figures for 30 September 2007 have been reclassified for comparison.

<b>3i direct first and subsequent investment</b> (£m)	<b>6 months to 30 September 2008</b>	6 months to 30 September 2007	12 months to 31 March 2008
First investment in new investee companies	388	823	1,617
Drawdown on existing arrangements for first investments	57	77	92
Investment by 3i in external funds	31	249	253
Newly arranged further investment in existing portfolio companies	104	56	130
Other – including capitalised interest	88	29	68
<b>Total</b>	<b>668</b>	<b>1,234</b>	<b>2,160</b>

<b>Investment by business line (including managed and advised external funds)</b> (£m)	<b>6 months to 30 September 2008</b>	6 months to 30 September 2007	12 months to 31 March 2008
Buyouts	671	770	1,520
Growth Capital	279	493	991
Infrastructure	131	236	340
QPE	70	182	182
SMI	–	–	6
Venture Portfolio	29	65	156
<b>Total</b>	<b>1,180</b>	<b>1,746</b>	<b>3,195</b>

<b>Investment by geography (including managed and advised external funds)</b> (£m)	<b>6 months to 30 September 2008</b>	6 months to 30 September 2007	12 months to 31 March 2008
Continental Europe	491	828	1,275
UK	596	688	1,308
Asia	35	166	302
US	55	60	303
Rest of World	3	4	7
<b>Total</b>	<b>1,180</b>	<b>1,746</b>	<b>3,195</b>

# Realisations

<b>Realisation proceeds by business line (£m)</b>	<b>6 months to 30 September 2008</b>	6 months to 30 September 2007	12 months to 31 March 2008
Buyouts	326	540	858
Growth Capital	169	273	503
Infrastructure	8	32	57
QPE	–	17	18
SMI	21	71	136
Venture Portfolio	73	111	170
<b>Total</b>	<b>597</b>	<b>1,044</b>	<b>1,742</b>

<b>Realisation proceeds by geography (£m)</b>	<b>6 months to 30 September 2008</b>	6 months to 30 September 2007	12 months to 31 March 2008
Continental Europe	402	399	894
UK	144	608	783
India	–	–	–
China	19	2	5
Other Asia*	14	15	20
US	18	20	40
Rest of World	–	–	–
<b>Total</b>	<b>597</b>	<b>1,044</b>	<b>1,742</b>

\*Includes Japan, Singapore, South Korea and Taiwan.

<b>Realisation proceeds by method (£m)</b>	<b>6 months to 30 September 2008</b>	6 months to 30 September 2007	12 months to 31 March 2008
IPO	11	79	94
Sale of quoted investments	30	82	105
Sale of unquoted equity	507	637	1,081
Refinancing and loan repayments	49	246	462
<b>Total</b>	<b>597</b>	<b>1,044</b>	<b>1,742</b>

# Ten largest investments

The list below contains 10 of our 11 largest investments by value, with one excluded from the list for commercial reasons.

Investment	Business line	Geography	First invested in	Valuation basis	Proportion of equity shares held	Residual cost £m	Valuation £m
<b>3i Infrastructure plc</b>	Infrastructure	UK	2007	Quoted			
Quoted investment company, investing in infrastructure							
Equity shares					42.8%	349	380
						<b>349</b>	<b>380</b>
<b>XB Luxembourg Holdings 1 SA (ABX)</b>	Buyouts	Belgium	2006	Imminent sale			
Freight forwarding business							
Equity shares					41.1%	2	149
Loans						12	13
						<b>14</b>	<b>162</b>
<b>Venture Production plc<sup>1</sup></b>	Growth	UK	2007	Quoted			
Oil and gas production							
Equity shares					5.4%	34	49
Loans						77	77
						<b>111</b>	<b>126</b>
<b>Enterprise Group Holdings Limited</b>	Buyouts	UK	2007	Cost			
UK utilities and public sector maintenance outsourcing							
Equity shares					32.2%	3	3
Loans						117	117
						<b>120</b>	<b>120</b>
<b>Viridis Holdings S.p.A (Global Garden Products)</b>	Buyouts	Italy	2007	Cost			
Garden power tools							
Equity shares					33.7%	4	5
Loans						100	110
						<b>104</b>	<b>115</b>
<b>Quintiles Transnational Corporation</b>	Growth	US	2008	Cost			
Clinical research outsourcing solutions							
Equity shares					7.0%	100	111
						<b>100</b>	<b>111</b>
<b>ACR Capital Holdings Pte Limited</b>	Growth	Singapore	2006	Other			
Reinsurance in large risk segments							
Equity shares					31.6%	105	107
						<b>105</b>	<b>107</b>
<b>3i Quoted Private Equity plc</b>	QPE	UK	2007	Quoted			
Quoted investment company, investing in quoted companies							
Equity shares					44.9%	180	104
						<b>180</b>	<b>104</b>
<b>Inspicio Sarl</b>	Buyouts	UK	2007	Cost			
Global testing and inspection							
Equity shares					38.2%	2	2
Loans						99	99
						<b>101</b>	<b>101</b>
<b>Telecity Group plc</b>	Buyouts	UK	1998	Quoted			
Services for internet service providers							
Equity shares					22.6%	16	98
						<b>16</b>	<b>98</b>

Note

<sup>1</sup> Equity element is valued as listed, and loans are valued using amortised cost.



## Forty other large investments

In addition to the investments shown on page 40, detailed below are forty other large investments which are substantially all of the Group's investments valued over £32 million. This does not include two investments that have been excluded for commercial reasons.

Investment	Description of business	Business line	Geography	Valuation basis	First invested in	Residual cost £m	Valuation £m
Anglia Water Group Limited	Provider of drinking water and waste water services	Infrastructure	UK	Other	2006	86	94
Hyva Investments BV	Branded hydraulics for commercial vehicles	Buyouts	Netherlands	Earnings	2004	4	86
Ambea AB (H-Careholding)	Elderly, primary and specialist care	Buyouts	Sweden	Earnings	2005	20	84
Sortifandus, S.L. (GES – Global Energy Services)	Wind power service provider	Buyouts	Spain	Earnings	2006	36	82
MWM GmbH (DEUTZ Power Systems)	Provider of decentralised power generation systems	Buyouts	Germany	Earnings	2007	68	81
Sociedad de Servicios Radiofonicos Union Radio, S.L.	Hispanic radio operator	Growth	Spain	Cost	2008	80	79
DNA Oy	Telecom operator	Growth	Finland	Earnings	2007	88	78
Etel Networks Oy	Network services	Buyouts	Finland	Other	2007	86	77
Butterfield Fulcrum Group Limited	Hedge fund administrator	Growth	Bermuda	Cost	2007	74	76
British Seafood Distribution Group Holdings Limited	Seafood sourcer, processor and importer from Far East	Growth	UK	Cost	2007	73	73
Mold Masters Luxembourg Holdings Sarl	Leading plastic processing technology provider	Growth	Canada	Cost	2007	68	72
CDH China Growth Capital Fund II LP	China growth capital fund	Growth	China	Other	2005	11	64
Planet Acquisitions Holdings Limited (Chorion)	Owner of intellectual property	Buyouts	UK	Earnings	2006	64	63
Jake Holdings Limited (Mayborn)	Manufacturer and distributor of baby products	Buyouts	UK	Earnings	2006	62	62
Laholm Intressenter AB (DIAB)	Polymer-based sandwich construction laminates	Growth	Sweden	Earnings	2001	9	61
Cornwall Topco Limited (Civica)	Public sector IT and services	Buyouts	UK	Cost	2008	60	60
NORMA Group Holding GmbH	Provider of plastic and metal connecting technology	Buyouts	Germany	Earnings	2005	31	57
3i India Infrastructure Holdings Limited	Fund investing in Indian infrastructure	Infrastructure	India	Other	2007	33	54
Otnortopco AS (Alpha)	Developer and supplier of pharmaceutical ingredients	Buyouts	Norway	Cost	2008	57	54
Gain Capital Holdings Inc	Retail online foreign exchange trading	Growth	US	Cost	2008	48	54
Navayuga Engineering Company Limited	Engineering and construction	Growth	India	Earnings	2006	23	52
APB SpA (AP Bags)	Luxury handbags	Buyouts	Italy	Cost	2008	52	52
Ultralase Group Limited	Laser vision correction surgery	Buyouts	UK	Other	2008	64	50
Inspecta Holding Oy	Supplier of testing and inspection services	Buyouts	Finland	Cost	2007	42	48
Labco SAS	Clinical laboratories	Growth	France	Cost	2008	48	47
Hobbs Holding No. 1 Limited	Retailer of women's clothing and footwear	Buyouts	UK	Earnings	2004	46	45
Delta Hydrocarbons	Oil and gas exploration	Growth	Netherlands	Cost	2007	41	44
EUSA Pharma Inc	Business focused on pain control, oncology and critical care	Venture	UK	Other	2007	30	37
Mundra Port & Special Economic Zone (MPSEZ)	Port and Special Economic Zone operator	Growth	India	Quoted	2006	28	36
Alö Intressenter AB	Manufacturer of front end loaders	Growth	Sweden	Earnings	2002	32	36
Dockwise	Specialist in heavy transport shipping within the marine and oil and gas industry	Buyouts	Netherlands	Quoted	2007	1	35
Pearl (AP) Group Limited (Agent Provocateur)	Women's lingerie and associated products	Buyouts	UK	Cost	2007	35	35
Everis Participaciones S.L.	IT consulting business	Growth	Spain	Other	2007	30	35
Scandferries Holding GmbH (Scandlines)	Ferry operator in the Baltic Sea	Buyouts	Germany	Other	2007	31	35
Nimbus Communications Limited	Media and entertainment services	Growth	India	Other	2005	35	33
Demand Media Inc.	Internet/media domain name registry services	Venture	US	Other	2006	31	33
Goromar XXI, S.L. (Esmalglass)	Manufacture of frits, glazes and colours for tiles	Buyouts	Spain	Earnings	2002	19	33
Consulting 1 S.p.A (Targetti Sankey)	Design and manufacture of lighting fixtures	Growth	Italy	Other	2007	38	33
SLR Holdings Limited	Specialist environmental consultancy	Growth	UK	Cost	2008	33	33
Sistemas Technicos de Encofrados S.A. (STEN)	Sale and rental of formwork and scaffolding equipment	Growth	Spain	Earnings	2006	78	32

# Information for shareholders

## Financial calendar

Ex-dividend date for interim dividend	3 December 2008
Record date for interim dividend	5 December 2008
Interim dividend expected to be paid	7 January 2009

## Shareholder profile Location of investors at 30 September 2008

UK (including retail shareholders)	62.0%
US	25.9%
Continental Europe	10.5%
Other international	1.6%

At 30 September 2008, the number of ordinary shares in issue was 383,748,638 and the number of B shares in issue was 9,305,993.

## Board of Directors

Baroness Hogg, Chairman  
Oliver Stocken, Deputy Chairman  
and Senior Independent Director  
Philip Yea, Chief Executive and Executive Director  
Simon Ball, Finance Director and Executive Director  
Richard Meddings, Non-executive Director

Willem Mesdag, Non-executive Director  
Christine Morin-Postel, Non-executive Director  
Michael Queen, Executive Director  
Lord Smith of Kelvin, Non-executive Director  
Robert Swannell, Non-executive Director  
Julia Wilson, Finance Director Designate  
and Executive 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](mailto:ir@3igroup.com)

or visit our investor relations website [www.3igroup.com](http://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](http://www.shareview.co.uk/clients/3isignup) to register your details.

## 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/registrars](http://www.3igroup.com/registrars)

## Investor relations website – 3igroup.com

[www.3igroup.com](http://www.3igroup.com) is 3i Group's dedicated investor relations website, providing convenient access to online annual and half-yearly reports and presentations, as well as 3i's latest deal and financial news (with RSS feeds and an alert service) and a debt section. Our financial calendar and results day centre (including webcasts), historic AGM and dividend information are also on the site.

Shareholders will find tools such as share price charting, a Blackberry share price service, calculators, frequently used Registrars' forms and a dedicated email address for investor relations enquiries ([ir@3igroup.com](mailto:ir@3igroup.com)) on [www.3igroup.com](http://www.3igroup.com).

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Share price look-up and calculator:

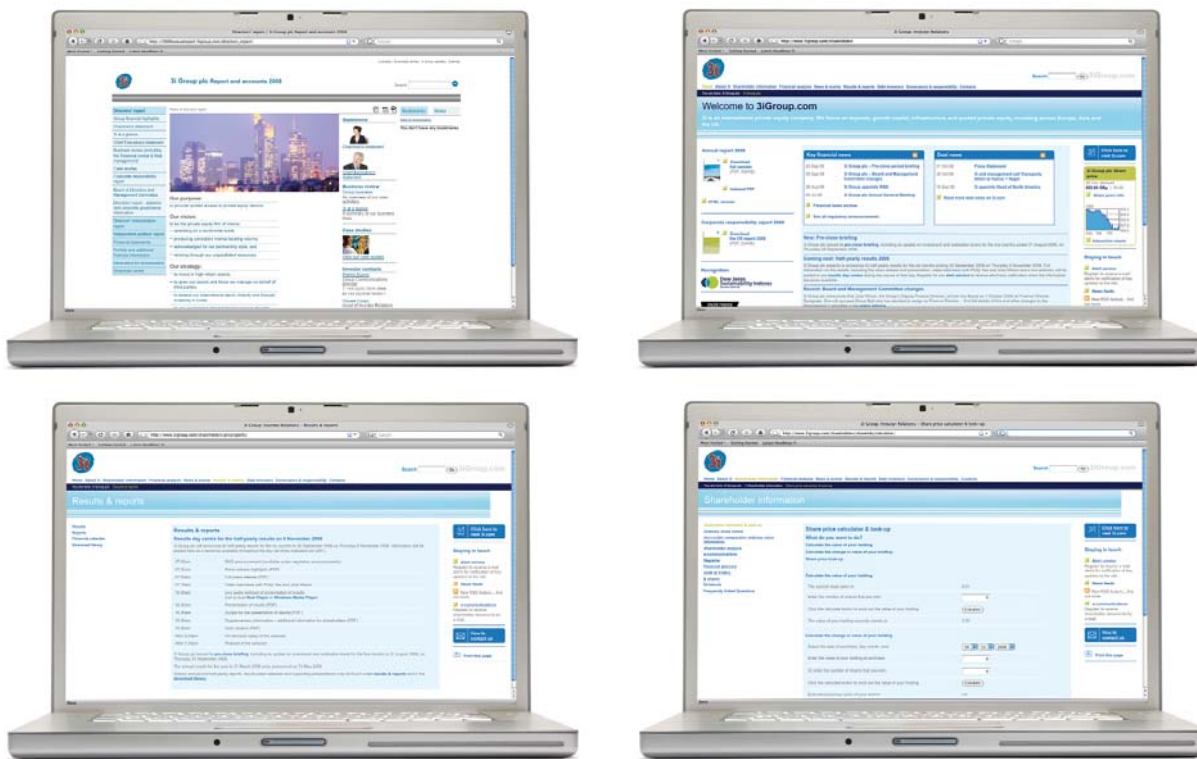
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**16 Palace Street, London SW1E 5JD, UK**  
**Telephone +44 (0)20 7928 3131**  
**Fax +44 (0)20 7928 0058**  
**Website [www.3igroup.com](http://www.3igroup.com)**

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