

3i Group plc
Half-yearly report 2007



Group financial highlights

3i is a world leader in private equity and venture capital. We focus on buyouts, growth capital, venture capital, infrastructure and quoted private equity, investing across Europe, Asia and the US.

	6 months to 30 September 2007	6 months to 30 September 2006
Business activity		
Investment	£1,234m	£589m
Realisation proceeds	£1,044m	£849m
Returns		
Gross portfolio return	£622m	£480m
Total return	£512m	£374m
Total return on opening shareholders' funds	12.0%	9.3%
Dividend per ordinary share	6.1p	5.8p
Assets under management		
Own balance sheet	£5,130m	£4,174m
Third-party funds	£3,053m	£2,859m
Total assets under management	£8,183m	£7,033m
Balance sheet		
Gearing	30%	13%
Diluted net asset value per ordinary share	£10.07	£7.92

Annual and half-yearly reports online

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The half-yearly report of 3i Group plc for the six months to 30 September 2007 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 2007 will be determined in accordance with English law. The half-yearly results for 2007 and 2006 are unaudited.

This report 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.

Chairman's statement

"3i's financial strength, values and approach have continued to serve the Company well."



This has been a remarkable period for the private equity industry. High levels of activity through the spring and summer, especially in the very large buyout market, generated intense interest in the industry from well beyond the financial community. The dislocation in the financial markets that then occurred from July onwards also brought a fresh set of challenges.

3i has continued to perform well throughout this period, delivering a total return of £512 million for the six months to 30 September 2007. This represents a return of 12.0% on opening shareholders' funds, which compares with a FTSE All-Share return of 1.0% for the same period. Investment in the half year grew to £1,234 million with an especially strong contribution from our Growth Capital business, which invested £493 million.

The Group has also made further strategic progress, successfully launching two public companies in 2007. One of these, 3i Infrastructure Limited, is now a FTSE 250 company. The other, 3i Quoted Private Equity Limited, is a £400 million company designed to bring 3i's unique style of investing to smaller public companies. These and other initiatives, such as our new 3i India Infrastructure Fund, launched in September, will not only broaden the spread of our activities but also provide a source of earnings for our shareholders.

The Directors have approved an interim dividend of 6.1p per ordinary share up from 5.8p last year.

The Group's continuing commitment to capital efficiency was demonstrated in the period with a total of £872 million returned to shareholders. This was achieved through a bonus issue of listed B shares (£808 million) and the purchase and subsequent cancellation of ordinary shares under the buyback authority granted by shareholders at the AGM in July 2007 (£64 million).

3i's financial strength, values and approach have continued to serve us well in a time when markets have been turbulent and the role of private equity has been debated. The Company has been at the vanguard of transparency and disclosure in the industry for many years, benchmarking our performance against our FTSE 100 peers as well as the best in the private equity industry. This, combined with our approach to corporate responsibility, has meant that we have been able to actively and confidently engage in the debate.

We therefore welcomed the review undertaken by Sir David Walker, who is due to report later this month. As a member of his advisory group, I have been particularly keen to assist Sir David in his objective of satisfying legitimate interests without placing too great a burden on the private equity industry, and portfolio companies it supports.

In July we were delighted to welcome Will Mesdag to the Board. Will, who is based in the United States, is currently the Managing Partner of Red Mountain Capital Partners LLC. As a former Partner and Managing Director of Goldman, Sachs & Co., he has worked in the USA, the UK and Germany and co-founded Goldman, Sachs's Capital Markets Group, its Asset Securitization Group and its European Financial Institutions Group. He therefore brings a wide and highly-relevant range of experience to 3i.

On behalf of the Board I would like to pay a special tribute to Tony Brierley, who retires from the Group in January 2008. Tony has made a tremendous contribution to 3i over his 24 years with the Company, and his support to me personally in ensuring the smooth operation of the Board has been invaluable. Tony's successor, Kevin Dunn, joined 3i from General Electric in October where he was a Senior Managing Director in GE's Commercial Finance division.

In summary, 3i has delivered another strong financial performance in the half year and made further strategic progress. The outlook is particularly difficult to predict. However, the broadening of our asset classes, our continued geographical development and an absolute focus on high-quality investment not only help to generate growth but also provide a robust position from which to deal with more challenging market conditions.

Baroness Hogg Chairman
7 November 2007

3i at a glance

3i is a private equity and venture capital business making and managing investments in Europe, Asia and the US. 3i Group plc is a FTSE 100 company, providing shareholders with liquid 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.

3i covers a range of private equity and venture capital activity, providing capital for businesses at all stages of their development.

For more information on our business lines, please see pages 11 to 14.

Buyouts

Focusing on leading mid-market transactions across Europe with an enterprise value of typically up to €1 billion.

Growth Capital

Making minority investments of typically €20 million to €250 million in established and profitable businesses across Europe, Asia and the US.

Venture Capital

Investing in early and late-stage technology companies in Europe and the US, with a focus on investing between €2 million to €50 million in the healthcare, IT and "cleantech" sectors.

Financial performance (£m)

6 months to 30 September 2007

Investment	436
Realisation proceeds	540
Realised profits	256
Unrealised value movement	101
Portfolio income	48
Gross portfolio return	405
Fees receivable from external funds	18
Assets under management	
Own balance sheet	1,571
Third-party funds	2,229
	3,800

Financial performance (£m)

6 months to 30 September 2007

Investment	493
Realisation proceeds	273
Realised profits	37
Unrealised value movement	110
Portfolio income	33
Gross portfolio return	180
Fees receivable from external funds	–
Assets under management	
Own balance sheet	1,854
Third-party funds	198
	2,052

Financial performance (£m)

6 months to 30 September 2007

Investment	65
Realisation proceeds	111
Realised profits	41
Unrealised value movement	(13)
Portfolio income	3
Gross portfolio return	31
Fees receivable from external funds	–
Assets under management	
Own balance sheet	715
Third-party funds	19
	734

Portfolio value by business line (£m)	30 September 2007	30 September 2006
Buyouts	1,571	1,534
Growth Capital	1,854	1,201
Venture Capital	715	826
Infrastructure	502	96
Quoted Private Equity ("QPE")	176	13
Smaller Minority Investments ("SMI")	312	504
Total	5,130	4,174

Infrastructure

Investing in a broad range of international infrastructure assets, principally in transportation, utilities and social infrastructure.

QPE

Creating value with the management teams of quoted companies through applying 3i's private equity skill base, network and resources.

SMI

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

Financial performance (£m)

6 months to 30 September 2007

Investment	58
Realisation proceeds	32
Realised profits	–
Unrealised value movement	7
Portfolio income	6
Gross portfolio return	13
Fees receivable from external funds	4
Assets under management	
Own balance sheet	502
Third-party funds	392
	894

Financial performance (£m)

6 months to 30 September 2007

Investment	182
Realisation proceeds	17
Realised profits	–
Unrealised value movement	(9)
Portfolio income	–
Gross portfolio return	(9)
Fees receivable from external funds	–
Assets under management	
Own balance sheet	176
Third-party funds	210
	386

Financial performance (£m)

6 months to 30 September 2007

Investment	–
Realisation proceeds	71
Realised profits	3
Unrealised value movement	(13)
Portfolio income	12
Gross portfolio return	2
Fees receivable from external funds	–
Assets under management	
Own balance sheet	312
Third-party funds	5
	317

Chief Executive's statement

"A strong set of half-year results."

"Further milestones in our strategic development were achieved."



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.

I am pleased to be able to report a strong set of half-year results, which evidence further progress in the delivery of 3i's strategy. Returns are strong; investment is significantly increased and our mix of geographies and asset classes continues to broaden.

Further milestones in our strategic development were achieved; the listing of 3i Quoted Private Equity Limited, the launch of our first Indian infrastructure fund and the first investment by our recently established New York Growth Capital team. Both our Venture Capital and SMI businesses continued their successful programmes to reduce the number of older investments.

A strong set of half-year results

Total return of £512 million for the first six months was 12.0% of opening shareholders' funds, comparing well with £374 million and 9.3% for the equivalent period a year ago. This strong return was built on further excellent realisations, another exceptional result from our Buyouts business, and a very strong contribution from our Growth Capital business. Our Venture Capital business showed some progress, albeit that accounting returns were below our long-term cash-to-cash targets. Modest returns from our Infrastructure and QPE businesses were largely reflective of the start-up status of their funds and resulting long-cash positions. At the Group level, the movement in the fair value of derivatives contributed £81 million (2006: £11 million) to total return.

Another exceptional result for our Buyouts business

The level of new investment at £1,234 million was significantly higher than the £589 million invested in the first half of last year. This reflects an increase in average deal size across our existing business lines as well as our initial investment of £181 million in 3i Quoted Private Equity Limited and a seed investment of £56 million in our recently launched 3i India Infrastructure Fund. Both our Buyouts and Growth Capital businesses were very active in terms of new investments, with Growth Capital at £493 million more than doubling last year's £198 million, and the Buyout investment of £436 million being significantly ahead of £236 million in the first half of last year.

Realisations continued to be strong at £1,044 million (2006: £849 million) with Buyouts again generating significant gains on disposal, by presenting attractive assets to receptive markets. The average uplift to opening book value achieved across all realisations was 48%, delivering realised profits of £337 million, significantly ahead of last year's £216 million. Unrealised profits remained strong at £183 million (2006: £141 million).

An important element of our strategy is to grow assets under management, whether directly or through managed or advised funds. This is being achieved by increasing the diversity of the geographies and asset classes where 3i is now active, as well as progressively increasing the average size of our investments. At the end of the half year, our assets under management were some £8.2 billion, up from £7.0 billion a year ago. Our assets in Asia represented some 10% of 3i's portfolio of investment assets (2006: 5%) and the average size of the Group's new investments was £32 million compared to £16 million a year ago.

An important element of our strategy is to grow assets under management

From time-to-time markets go through periods of adjustment. As a result of the sub-prime crisis in the USA, the external environment for both 3i and its investee companies changed significantly from the middle of July. 3i Group itself has a strong financial position with significant liquid resources. However the possible effects on consumer and business confidence have yet to be fully played out in terms of effects on corporate profits and the wider M&A markets.

For some 18 months our Buyouts business had been anticipating that the levels of leverage available on new transactions would adjust downwards. In the event, the change has been triggered by factors extraneous to the leveraged debt markets themselves. Leverage multiples on new transactions are, as expected, generally falling, but it is too soon to judge at what level the leveraged finance markets will ultimately settle or over what period the necessary adjustments will take place. As previously anticipated, the very high levels of realisations recently achieved are likely to reduce over the coming period, not least due to the relative immaturity of our portfolios. In the near term levels of new investment within our Buyouts business may be lower than otherwise. However, so far, our Growth Capital business continues its recent strong momentum.

Any effects of changes in the wider economy on our own portfolio have so far been hard to determine. Our returns model has been built on the critical selection of new investment opportunities and active engagement with management teams to deliver value during the period of 3i's involvement. I remain confident that our highly-focused approach can deliver cash-to-cash returns consistent with our through-the-cycle targets.

3i faces this potentially more challenging environment from a substantially stronger position than in previous cycles

Given the broad spread of our investment business, and the strong capabilities we are building across the world, 3i faces this potentially more challenging environment from a substantially stronger position than in previous cycles. I look forward to reporting further progress in the delivery of our strategy at the end of the financial year.

Philip Yea Chief Executive
7 November 2007

Business review

Group measures

The key Group financial performance measures are:

- Total return
- Gross portfolio return
- Cost efficiency
- Gearing
- Net asset value growth

With increasing deal size across each of the Growth Capital, Buyouts and Venture Capital business lines, combined with the £181 million investment in 3i Quoted Private Equity Limited, the Group's direct investment exceeded realisation proceeds by £190 million (2006: net divestment of £260 million).

Investment

The average size of new portfolio company investment increased to £32 million compared to £16 million a year earlier. In the Growth Capital business line, the strategy to target larger transactions has led to substantial growth in investment to £493 million (2006: £198 million). Buyout investment also increased, with several large deals in continental Europe completed in the period.

3i invested £56 million of a total commitment of \$250 million to the 3i India Infrastructure Fund, which announced its first close in September 2007. 3i is the nominated investment adviser to the new fund, which has also received a commitment of \$250 million from 3i Infrastructure Limited.

In June 2007 3i invested £181 million in 3i Quoted Private Equity Limited, a new investment vehicle listed on the London Stock Exchange. 3i Quoted Private Equity Limited successfully raised £400 million, including 3i's investment, to invest in European quoted assets as advised by 3i's QPE team.

Realisation proceeds

A number of large buyout assets sold in the first quarter gave rise to substantial uplifts over book value. As well as benefiting the Group's cash flow, these disposals have delivered distributions of over £200 million to investors in 3i's managed buyout funds. The buoyant market conditions experienced at the beginning of the year have moderated recently as a result of uncertainty in leveraged finance markets.

Realisation proceeds from Growth Capital, although slightly lower than the previous year, continued to be generated across a good balance of UK and continental European assets. Venture Capital realisations picked up markedly from 2006 following disposals from the German early stage technology portfolio.

SMI, the operation set up to realise value from small and often illiquid assets from older investment vintages, generated proceeds of £71 million (2006: £118 million), leaving the remaining SMI portfolio valued at £312 million (2006: £504 million) or 6% (2006: 12%) of the total portfolio.

Business activity

Group overview

The Group continues to invest in building its capabilities and is now managing and advising funds with a value of £8,183 million (2006: £7,033 million). This 16% increase has been delivered through new investment and significant value growth in 3i's direct portfolio, as well as the raising of new external funds.

Realisation proceeds from the portfolio exceeded £1 billion for the second consecutive six-month period as the Group continued its strategy of selling actively in receptive markets.

The Group also continued to broaden its investment activities across asset classes and geographies. New investment totalled £1,234 million (2006: £589 million) and 28 new companies were added to the portfolio (2006: 33 companies).

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

	Continental Europe		UK		Asia		US		Rest of World		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
6 months to 30 September												
Buyouts	294	128	141	106	–	–	–	–	1	2	436	236
Growth Capital	206	116	207	(3)*	52	85	27	–	1	–	493	198
Venture Capital	11	10	17	34	2	–	33	76	2	9	65	129
Infrastructure	–	–	2	10	56	–	–	–	–	–	58	10
QPE	–	–	182	14	–	–	–	–	–	–	182	14
SMI	–	1	–	1	–	–	–	–	–	–	–	2
Total	511	255	549	162	110	85	60	76	4	11	1,234	589

*Growth Capital figures previously included Infrastructure and QPE. The 2006 figures in this Business review have been restated to reflect this. UK investment in Growth Capital in 2006 was negative due to a syndication of an earlier investment.

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

6 months to 30 September	Continental Europe		UK		Asia		US		Rest of World		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Buyouts	202	171	338	217	–	–	–	–	–	–	540	388
Growth Capital	128	165	132	111	13	37	–	–	–	–	273	313
Venture Capital	55	6	32	5	4	–	20	15	–	–	111	26
Infrastructure	6	–	26	4	–	–	–	–	–	–	32	4
QPE	–	–	17	–	–	–	–	–	–	–	17	–
SMI	8	26	63	92	–	–	–	–	–	–	71	118
Total	399	368	608	429	17	37	20	15	–	–	1,044	849

Assets under management

Assets under management have increased by 16% to £8,183 million (2006: £7,033 million). At 30 September 2007, co-investment funds accounted for £2,451 million (2006: £2,859 million) of third-party funds under management and external quoted funds £602 million (2006: £nil).

The 3i directly-owned portfolio increased in value to £5,130 million (2006: £4,174 million) following an increase in Growth Capital investment, combined with 3i's direct investment in 3i Infrastructure Limited and 3i Quoted Private Equity Limited.

Continental European assets remain the largest geographic concentration within the portfolio at 45% (2006: 48%). Investment in India and China has led to the Asian portfolio increasing to £497 million or 10% of the total portfolio (2006: £210 million, 5%).

Table 3: Assets under management (£m)

as at 30 September	2007	2006
3i direct portfolio	5,130	4,174
Managed co-investment funds	2,451	2,859
Advised quoted funds	602	–
Total	8,183	7,033

Table 4: 3i direct portfolio value by business line and age (£m)

as at 30 September	Up to 1yr	1-3yrs	3-5yrs	5-7yrs	Over 7yrs	2007	2006
Buyouts	653	774	65	16	63	1,571	1,534
Growth Capital	769	622	214	185	64	1,854	1,201
Venture Capital	137	309	110	66	93	715	826
Infrastructure	479	–	23	–	–	502	96
QPE	174	2	–	–	–	176	13
SMI	1	4	9	27	271	312	504
Total	2,213	1,711	421	294	491	5,130	4,174
2007 percentage	43%	33%	8%	6%	10%	100%	
2006 percentage	27%	37%	13%	9%	14%	100%	

Table 5: Portfolio value by geography (£m)

as at 30 September	2007	2006
Continental Europe	2,331	1,984
UK	1,962	1,645
Asia	497	210
US	321	319
Rest of World	19	16
Total	5,130	4,174

Group returns

Total return

Total return for the six months to 30 September 2007 was £512 million (2006: £374 million), which represents a 12.0% return on opening shareholders' funds (2006: 9.3%). The increase in total return was primarily due to a strong gross portfolio return of 14.3% of opening portfolio value (2006: 11.6%), combined with a positive movement in the fair value of derivatives of £81 million (2006: £11 million).

Gross portfolio return

Gross portfolio return of £622 million (2006: £480 million) included another very strong contribution from the Buyouts business of £405 million, representing a 31.6% gross return on the opening Buyouts portfolio value (2006: £290 million, 19.8%).

Realised profits were very strong, representing an uplift of some 48% against opening value for those assets sold in the period.

Unrealised value growth contributed £183 million (2006: £141 million) to gross portfolio return. Earnings growth in the portfolio has remained robust.

Quoted value growth of £44 million (2006: £59 million) was largely due to a £72 million uplift on the merger of a Eurofund V asset, Dockwise, with a quoted competitor, which offset losses on quoted Venture Capital stocks and the Group's investment in 3i Quoted Private Equity Limited.

Portfolio income at £102 million (2006: £123 million) represents a six-month yield on the opening portfolio of 2.3% (2006: 3.0%). This reduction arose from the disposal of several high-yielding buyout investments, which has reduced interest income in the period, and reflects two large one-off redemption premiums received in the first half of 2006.

Table 6: **Total return**

6 months to 30 September	2007 £m	2006 £m
Realised profits on disposal of investments	337	216
Unrealised profits on revaluation of investments	183	141
Portfolio income	102	123
Gross portfolio return	622	480
Fees receivable from external funds	22	15
Carried interest receivable	36	35
Carried interest and performance fees payable	(98)	(48)
Operating expenses	(129)	(115)
Net portfolio return	453	367
Net interest payable	(1)	(2)
Movements in the fair value of derivatives	81	11
Exchange movements	(16)	(11)
Other	(2)	(2)
Profit after tax	515	363
Reserve movements (pension and currency translation)	(3)	11
Total recognised income and expense ("Total return")	512	374

Table 7: **Gross portfolio return by business line**

6 months to 30 September	Gross portfolio return		Return as a % of opening portfolio	
	2007 £m	2006 £m	2007 %	2006 %
Buyouts	405	290	31.6	19.8
Growth Capital	180	183	12.3	15.4
Venture Capital	31	(69)	4.2	(8.4)
Infrastructure	13	(1)	2.8	(1.1)
QPE	(9)	n/a	n/a	n/a
SMI	2	77	0.5	13.7
Gross portfolio return	622	480	14.3	11.6



For further information on Returns and IRRs please visit www.3igroup.com/shareholders/about/irrs/

Net portfolio return

Net portfolio return is the return achieved after including fees receivable from external funds, net carried interest and operating expenses. This has grown to £453 million or 10.4% of opening portfolio value (2006: £367 million, 8.9%).

Fees receivable from external funds

Fees receivable from external funds, representing management and advisory fees, have increased to £22 million in the period (2006: £15 million). Management fees from Eurofund V, the €5 billion mid-market Buyout fund raised by the Group last year, have been receivable since July 2006. Advisory fees relating to 3i Infrastructure Limited were £4 million (2006: £nil).

Carried interest

Carried interest aligns the incentivisation of 3i's investment staff and the management teams in 3i's portfolio with the interests of 3i's shareholders and fund investors.

Carried interest receivable is related principally to the performance of 3i's Eurofunds where carry is earned once certain performance hurdles have been achieved. Some £9 million of carried interest receivable has been recorded on Eurofund V, which was 29% invested at 30 September 2007, and £36 million has been accrued across all buyout funds combined (2006: £35 million).

Carried interest and performance fees payable have increased. This reflects both the rise in absolute levels of gross portfolio return achieved and the increased proportion of total return being created from more recent vintages, where higher levels of carried interest participation were introduced in line with market practice.



For an explanation on Carried interest please visit www.3igroup.com/shareholders/about/carried/

Table 8: **Unrealised profits/(losses) on revaluation of investments**

6 months to 30 September	2007 £m	2006 £m
Earnings multiples*	25	22
Earnings growth	60	16
First-time uplifts	70	64
Provisions and impairments	(65)	(59)
Up/down rounds	13	8
Uplift to imminent sale	33	160
Other	3	(11)
Quoted portfolio	44	(59)
Total	183	141

*The weighted average earnings multiple (excluding EBITDA valuations) at 30 September 2007 was 12.9 (2006: 12.3).

Table 9: **Portfolio income**

6 months to 30 September	2007 £m	2006 £m
Dividends	34	35
Income from loans and receivables	57	81
Fees receivable	11	7
Portfolio income	102	123
Portfolio income/opening portfolio ("income yield")	2.3%	3.0%

Table 10: **Cost efficiency**

6 months to 30 September	2007 £m	2006 £m
Operating expenses	129	115
Fees receivable from external funds	(22)	(15)
Net operating expenses	107	100
Net costs/opening portfolio ("cost efficiency")	2.5%	2.4%

Operating expenses

Over the last two to three years, the Group has made significant investment in building new capabilities with a resulting increase in new investment, funds under management and operating expenses.

Last year the Group introduced a new performance measure for cost efficiency, being operating expenses (net of fund management and advisory fee income) as a percentage of opening portfolio

value. The Group published a mid-term target of 4.5% per annum and a longer term objective of reducing this measure to 3.0% per annum.

On an annualised basis, the measure stood at 5.0% at 30 September 2007, compared with 5.3% for the year to 31 March 2007, reflecting the progress that has been made.

Movements in fair value of derivatives

Changes in 3i's share price during each accounting period have a direct impact on the fair value of the derivative element of 3i's €550 million 2008 Convertible Bond. During the six months to 30 September 2007, 3i's share price decreased from £11.36 to £9.97. As a consequence, the fair value of the equity derivative liability reduced, generating a gain of £69 million (2006: £4 million), which is the major contributory factor relating to the £81 million (2006: £11 million) gain in the income statement.

Table 11: **Group balance sheet** (£m)

as at 30 September	2007	2006
Shareholders' funds	3,844	3,648
Net borrowings	(1,143)	(475)
Gearing	30%	13%
Diluted net asset value per share	£10.07	£7.92

Group balance sheet

Capital structure

The Group's continuing commitment to capital efficiency was demonstrated in the period with a total of £872 million returned to shareholders.

This was achieved through a bonus issue of listed B shares (£808 million) and the purchase and subsequent cancellation of ordinary shares under the buyback authority granted by shareholders at the AGM in July 2007 (£64 million).

In June 2007, 3i Group plc issued a €500 million five year floating rate note, providing core funding for the Euro-denominated portfolio. On 6 July 2007, 3i Holdings plc repaid its £200 million floating rate bond on maturity, out of existing Group funds.

Net investment in the period further improved the Group's balance sheet effectiveness and at 30 September 2007 gearing was 30% (2006: 13%).

Growth in diluted net asset value ("NAV")

The Group's NAV per share increased by 8.0% over the six month period to £10.07 at 30 September 2007. The major contributor to this was the total return, which equated to 134p per share based on the fully diluted number of shares in issue.

The bonus issue of B shares and accompanying share consolidation in July 2007 had the effect of diluting NAV per share by 33p.

Deducting the final dividend of 10.3p per share, combined with a number of other small movements, led to a 75p overall increase in the period, and a 215p increase or 27% over the past 12 months.

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 2007. This interim management report also refers to specific risks and uncertainties, and these should be viewed in conjunction with those principal risks.

The key financial performance measures for our business lines are:

Gross portfolio return
Portfolio health
Long-term IRRs by vintage

Buyouts

Returns

Gross portfolio return: £405 million, 31.6% of opening portfolio value (2006: 19.8%)

Total realised profits of £256 million (2006: £76 million) were the main driver of the gross portfolio return from the Buyouts business line.

The business actively realised several large assets at significant uplifts over carrying value as the favourable market conditions experienced in the year to 31 March 2007 continued into the first quarter of this financial year. The largest realised profits were achieved on Care Principles (£66 million), Marken (£55 million) and HSS Hire Service (£45 million).

Dockwise, the first Eurofund V investment, was merged with a quoted competitor in May of this year and was the main contributor to total unrealised profits of £101 million (2006: £151 million).

Portfolio income of £48 million (2006: £63 million) has reduced in line with changes in the portfolio mix, with several high-yielding investments being sold in the last 12 months.

Fund management fee income

Fee income has increased in the period following the final close of Eurofund V, 3i's €5 billion mid-market buyout fund, in November 2006. The income stream from this new fund has offset a fall in income from earlier buyout funds which have reduced in size, following an extended period of strong realisation activity.

Business activity

Investment and divestment in the period were strong and produced a net cash inflow of over £100 million.

In highly competitive market conditions, the Buyouts business completed seven new investments across Europe, with a good sector spread. The largest of these investments were

Table 12: Returns from Buyouts (£m)

6 months to 30 September	2007	2006
Realised profits over value on the disposal of investments	256	76
Unrealised profits on the revaluation of investments	101	151
Portfolio income	48	63
Gross portfolio return	405	290
Fees receivable from external funds	18	13

Table 13: Business activity – investment and divestment activity (£m)

6 months to 30 September	2007	2006
Realisation proceeds	540	388
Investment	(436)	(236)
Net operational cash inflow	104	152

Table 14: Long-term performance

New investments made in the financial years ending 31 March Vintage year	Total investment (£m)	Return flow (£m)	Value remaining (£m)	IRR to 30 Sep 2007	IRR to 30 Sep 2006
2007	477	96	480	33%	n/a
2006	463	478	405	50%	12%
2005	337	645	200	59%	50%
2004	301	505	48	34%	29%
2003	265	662	33	50%	50%
2002	186	441	8	61%	61%

Eitel, the Nordic telecommunications company (£74 million), DEUTZ Power Systems, the German power supplier (£68 million), and Bestinvest, the UK-based provider of investment advice (£56 million).

Significant developments after the period end

In late October 2007, Telecity, a 2006 buyout, which was previously a 3i Venture Capital investment, was successfully floated on the London Stock Exchange at a capitalisation of £436 million, valuing 3i's stake, at that time, at £103 million, compared to the book value of £29 million at 30 September 2007.

In early November 2007, Coor Service Management, a 2004 Buyouts investment, was sold, subject to competition clearance, realising a projected uplift of £79 million over the 30 September 2007 book value.

Portfolio health

Since 2001, the aggregate level of provisions recognised is equivalent to 4% (2006: 3%) of cumulative investment to 30 September 2007, and the realised loss rate is 1% (2006: 1%).

Long-term performance

Realisations from recent investment vintages have helped to extend the successful track record of the Buyouts business. The vintages 2002 to 2006 have now all returned funds in excess of the original cost and in the case of the earlier vintages, 2002 and 2003, these have already returned more than twice the original cost. The cross-cycle cash-to-cash IRR target for Buyouts is 20%, which the business line is significantly exceeding, as table 14 shows.

Growth Capital

Returns

Gross portfolio return: £180 million, 12.3% of opening portfolio value (2006: 15.4%)

In a period of substantial growth in new investment, the Growth Capital business line also realised some large assets in the UK and continental Europe.

Relatively low profits on realisation accrued in this period since Hayley Conference Centres, Smart & Cook and Clínica Baviera, which were successfully sold in the first quarter, were all valued on an imminent sales basis at the start of the year. These profits have however been supplemented by value growth on the existing portfolio. Notable increases in value include a £16 million first time uplift from cost of Nimbus, the Indian media company, and earnings growth on two investments in the Swedish portfolio, DIAB and Boxer, which have led to a combined value uplift of £48 million.

Business activity

Investment in new markets and increasing deal size led to the Growth Capital business ending the period with a net cash outflow, in contrast to the same period last year. The period marked 3i's first Growth Capital deal in the US with a £27 million investment in Fulcrum, a fund administration business, based in Bermuda.

Large new investments, such as the £110 million investment in AIM-listed Venture Production, the North Sea oil and gas producer, and the £97 million investment in Nordic-based DNA, the integrated telecommunications and cable TV operator, are consistent with the strategic shift towards increasing investment size.

Portfolio health

Overall the portfolio health remains robust: at the balance sheet date 92% of the portfolio was classified as healthy, which compares to 88% one year previously and a rolling three-year average of 85%.

Table 15: Returns from Growth Capital (£m)

6 months to 30 September	2007	2006
Realised profits over value on the disposal of investments	37	90
Unrealised profits on the revaluation of investments	110	57
Portfolio income	33	36
Gross portfolio return	180	183
Fees receivable from external funds	–*	2

*Less than £0.5 million.

Table 16: Business activity – investment and divestment activity (£m)

6 months to 30 September	2007	2006
Realisation proceeds	273	313
Investment	(493)	(198)
Net operational cash (outflow)/inflow	(220)	115

Table 17: Long-term performance

New investments made in the financial year ending 31 March Vintage year	Total investment (£m)	Return flow (£m)	Value remaining (£m)	IRR to 30 Sep 2007	IRR to 30 Sep 2006
2007	435	7	438	3%	n/a
2006	401	322	352	40%	6%
2005	179	170	131	32%	36%
2004	293	370	98	24%	21%
2003	222	355	69	25%	24%
2002	493	573	167	13%	8%

Long-term performance

The above table shows good progress against this business line's IRR target across the cycle of 20%. Recent vintages have shown increasing asset quality, as evidenced by the IRR measured at 30 September 2007, and substantial early return flow, in particular from the 2005 and 2006 vintages.

Venture Capital

Returns

Gross portfolio return: £31 million, 4.2% of opening portfolio value (2006: loss (8.4)%)

Venture Capital's gross portfolio return was achieved despite several quoted stocks in the portfolio recording losses, including a further £13 million write down on the 2004 investment, Vonage, the NASDAQ-listed US voice-over-internet business.

Realised profits of £41 million (2006: £5 million) relate largely to the disposal of the German internet pharmaceuticals business DocMorris, which was sold in the period and generated a profit over opening value of £33 million.

Business activity

The Venture Capital business is now focused on delivering a smaller number of higher value later-stage investments. Three new deals were completed in the period (2006: 13). Total investment was £65 million (2006: £129 million). Divestment proceeds were in line with expectations and at £111 million (2006: £26 million) were significantly higher than 2006.

Portfolio health

The risk inherent in the Venture Capital portfolio is higher than in 3i's other business lines, reflected in the return targets set and volatilities anticipated. At 30 September 2007, 68% of the cost of the portfolio was classified as healthy, compared to 72% in the prior year and the three-year rolling average of 68%.

Long-term performance

The longer life cycle of Venture Capital investments and the tendency for the major element of returns to be generated on exit, means that it is too early to assess the performance of the most recent vintages, which are currently showing small positive IRRs.

Table 18: Returns from Venture Capital (£m)

6 months to 30 September	2007	2006
Realised profits over value on the disposal of investments	41	5
Unrealised profits on the revaluation of investments	(13)	(78)
Portfolio income	3	4
Gross portfolio return	31	(69)
Fees receivable from external funds	–*	–*

*Less than £0.5 million.

Table 19: Business activity – investment and divestment activity (£m)

6 months to 30 September	2007	2006
Realisation proceeds	111	26
Investment	(65)	(129)
Net operational cash inflow/(outflow)	46	(103)

Table 20: Long-term performance

New investments made in the financial year ending 31 March Vintage year	Total investment (£m)	Return flow (£m)	Value remaining (£m)	IRR to 30 Sep 2007	IRR to 30 Sep 2006
2007	141	8	136	3%	n/a
2006	91	10	84	3%	(3)%
2005	88	–	92	3%	(6)%
2004	141	84	88	8%	20%
2003	120	27	42	(16)%	(16)%
2002	328	131	77	(11)%	(12)%

Infrastructure

Returns

The largest asset in the Infrastructure portfolio throughout the period was the Group's 46% shareholding in 3i Infrastructure Limited. The share price of 3i Infrastructure Limited, which is now a constituent of the FTSE 250, has increased 1.2% in the period and this is reflected in unrealised profits as shown.

3i receives fees for its role as adviser to 3i Infrastructure Limited: £4 million is included as fund advisory fee income in the Group's total return.

Business activity

3i made new commitments in the period to the Bahrain-based Infrastructure fund Manara (\$50 million committed, nil invested) and to the newly formed 3i India Infrastructure Fund (\$250 million committed, £56 million invested).

Table 21: **Returns from Infrastructure** (£m)

6 months to 30 September	2007	2006
Realised profits over value on the disposal of investments	–	–
Unrealised profits on the revaluation of investments	7	(1)
Portfolio income	6	–
Gross portfolio return	13	(1)
Fees receivable from external funds	4	–

This fund, which has a target size of \$1 billion, is to be invested wholly in Indian infrastructure projects, and will be managed by 3i. The first investment, Adani Power, was completed by the 3i India Infrastructure Fund shortly after the \$500 million first close of the fund was announced in September 2007.

Total investment for the Infrastructure business line was £58 million including a further investment into Alma Mater.

QPE

Returns

The returns from the QPE business line largely comprised changes to the valuation of the Group's shareholding in 3i Quoted Private Equity Limited.

3i Quoted Private Equity Limited's share price at 30 September 2007 was 96p compared with 100p on listing. This contributed to an unrealised loss of £9 million for the first half.

Business activity

In 2006, 3i created a new business line, QPE, to invest in European quoted stocks using private equity investment techniques. After establishing a team of specialist investors, drawn from industry and from private equity, a £400 million fund was successfully raised on the London Stock Exchange in which 3i invested £181 million for a 45% stake.

Table 22: **Returns from QPE** (£m)

6 months to 30 September	2007	2006
Realised profits over value on the disposal of investments	–	–
Unrealised profits on the revaluation of investments	(9)	–
Portfolio income	–	–
Gross portfolio return	(9)	–
Fees receivable from external funds	–	–

During the period the QPE team also invested a further £1 million in Strategic Recovery Fund, an investment from 2006, taking total investment in the QPE business line to £182 million.

Consolidated income statement

for the six months to 30 September 2007

	Notes	6 months to 30 September 2007 (unaudited) £m	6 months to 30 September 2006 (unaudited) £m	12 months to 31 March 2007 (audited) £m
Realised profits over value on the disposal of investments	2	337	216	830
Unrealised profits on the revaluation of investments	3	183	141	323
		520	357	1,153
Portfolio income				
Dividends		34	35	81
Income from loans and receivables		57	81	158
Fees receivable		11	7	14
Gross portfolio return	1	622	480	1,406
Fees receivable from external funds	1	22	15	37
Carried interest				
Carried interest receivable from managed funds	4	36	35	81
Carried interest and performance fees payable	4	(98)	(48)	(142)
Operating expenses		(129)	(115)	(255)
Net portfolio return		453	367	1,127
Treasury interest receivable	5	61	47	91
Interest payable	5	(62)	(49)	(100)
Movements in the fair value of derivatives	6	81	11	(29)
Exchange movements		(16)	(11)	(31)
Other income		–	–	1
Profit before tax		517	365	1,059
Income taxes		(2)	(2)	(3)
Profit after tax and profit for the period		515	363	1,056
Earnings per share				
Basic (pence)	10	122.0	71.8*	220.4*
Diluted (pence)	10	100.6	68.8*	217.9*

*As restated (note 10).

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 2007

	6 months to 30 September 2007 (unaudited) £m	6 months to 30 September 2006 (unaudited) £m	12 months to 31 March 2007 (audited) £m
Profit for the period	515	363	1,056
Revaluation of own use property	–	–	1
Exchange differences on translation of foreign operations	1	(3)	5
Actuarial (losses)/gains	(4)	14	13
Total recognised income and expense for the period	512	374	1,075
Analysed in reserves as			
Revenue	46	69	134
Capital	465	308	936
Translation reserve	1	(3)	5
	512	374	1,075

Consolidated reconciliation of movements in equity

for the six months to 30 September 2007

	Notes	6 months to 30 September 2007 (unaudited) £m	6 months to 30 September 2006 (unaudited) £m	12 months to 31 March 2007 (audited) £m
Opening total equity		4,249	4,006	4,006
Total recognised income and expense for the period		512	374	1,075
Share-based payments		(1)	5	9
Ordinary dividends	11	(47)	(52)	(79)
Issue of B shares	7	(808)	(700)	(700)
Issues of shares		16	10	18
Share buy-backs		(64)	–	(74)
Own shares		(13)	5	(6)
Closing total equity		3,844	3,648	4,249

Consolidated balance sheet

as at 30 September 2007

	Notes	30 September 2007 (unaudited) £m	30 September 2006 (unaudited) £m	31 March 2007 (audited) £m
Assets				
Non-current assets				
Investments				
Quoted equity investments		778	279	570
Unquoted equity investments		2,593	2,507	2,534
Loans and receivables		1,759	1,388	1,258
Investment portfolio	1	5,130	4,174	4,362
Carried interest receivable		94	108	83
Property, plant and equipment		32	31	32
Total non-current assets		5,256	4,313	4,477
Current assets				
Other current assets		156	99	197
Derivative financial instruments		24	25	21
Deposits		617	763	1,668
Cash and cash equivalents		583	711	486
Total current assets		1,380	1,598	2,372
Total assets		6,636	5,911	6,849
Liabilities				
Non-current liabilities				
Carried interest payable		(145)	(106)	(153)
Loans and borrowings		(1,087)	(1,038)	(916)
Convertible Bonds		(377)	(359)	(363)
B shares	7	(21)	(11)	(11)
Subordinated liabilities		(11)	(21)	(21)
Retirement benefit obligation		(4)	(3)	(1)
Deferred income taxes		(1)	(1)	(1)
Provisions		(9)	(4)	(7)
Total non-current liabilities		(1,655)	(1,543)	(1,473)
Current liabilities				
Trade and other payables		(185)	(138)	(179)
Carried interest payable		(71)	(31)	(71)
Loans and borrowings		(740)	(400)	(675)
Derivative financial instruments		(131)	(145)	(189)
Current income taxes		(3)	(3)	(2)
Provisions		(7)	(3)	(11)
Total current liabilities		(1,137)	(720)	(1,127)
Total liabilities		(2,792)	(2,263)	(2,600)
Net assets		3,844	3,648	4,249
Equity				
Issued capital	8	287	294	289
Share premium	9	394	379	387
Capital redemption reserve	9	38	22	27
Share-based payment reserve	9	18	22	18
Translation reserve	9	6	(3)	5
Capital reserve	9	2,868	2,718	3,280
Revenue reserve	9	317	280	318
Own shares	9	(84)	(64)	(75)
Total equity		3,844	3,648	4,249

Consolidated cash flow statement

for the six months to 30 September 2007

	6 months to 30 September 2007 (unaudited) £m	6 months to 30 September 2006 (unaudited) £m	12 months to 31 March 2007 (audited) £m
Cash flow from operating activities			
Purchase of investments	(1,216)	(559)	(1,503)
Proceeds from investments	1,105	858	2,364
Interest received	22	53	68
Dividends received	34	35	66
Fees received	33	11	54
Carried interest received	25	5	76
Carried interest paid	(109)	(49)	(58)
Operating expenses	(155)	(118)	(202)
Income taxes paid	(2)	(1)	(8)
Net cash flow from operations	(263)	235	857
Cash flow from financing activities			
Proceeds from issues of share capital	16	10	18
Repurchase of ordinary shares	(64)	–	(74)
Movement in own shares	(13)	–	(12)
Repurchase of B shares	(798)	(689)	(689)
Dividend paid	(47)	(52)	(79)
Interest received	58	44	80
Interest paid	(46)	(40)	(101)
Proceeds from long-term borrowings	529	1	1
Repayment of long-term borrowings	(200)	(2)	(2)
Net cash flow from short-term borrowings	(121)	18	211
Net cash flow from deposits	1,051	345	(560)
Net cash flow from financing activities	365	(365)	(1,207)
Cash flow from investing activities			
Purchases of property, plant and equipment	(2)	(3)	(9)
Sales of property, plant and equipment	–	1	2
Net cash flow from investing activities	(2)	(2)	(7)
Change in cash and cash equivalents	100	(132)	(357)
Cash and cash equivalents at 1 April	486	847	847
Effect of exchange rate fluctuations	(3)	(4)	(4)
Cash and cash equivalents at the end of the period	583	711	486

Notes to the accounts

1 Segmental analysis

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

	Buyouts £m	Growth Capital £m	Venture Capital £m	Infrastructure £m	Quoted Private Equity £m	Smaller Minority Investments £m	Total £m
6 months to 30 September 2006 (unaudited)							
Gross portfolio return							
Realised profits over value on the disposal of investments	76	90	5	–	–	45	216
Unrealised profits on the revaluation of investments	151	57	(78)	(1)	–	12	141
Portfolio income	63	36	4	–	–	20	123
	290	183	(69)	(1)	–	77	480
Fees receivable from external funds	13	2	–	–	–	–	15
Net (investment)/divestment							
Realisation proceeds	388	313	26	4	–	118	849
Investment	(236)	(198)	(129)	(10)	(14)	(2)	(589)
	152	115	(103)	(6)	(14)	116	260
Balance sheet							
Value of investment portfolio at end of period	1,534	1,201	826	96	13	504	4,174

	Buyouts £m	Growth Capital £m	Venture Capital £m	Infrastructure £m	Quoted Private Equity £m	Smaller Minority Investments £m	Total £m
12 months to 31 March 2007 (audited)							
Gross portfolio return							
Realised profits over value on the disposal of investments	538	235	12	(15)	–	60	830
Unrealised profits on the revaluation of investments	123	269	(61)	3	6	(17)	323
Portfolio income	127	65	3	27	–	31	253
	788	569	(46)	15	6	74	1,406
Fees receivable from external funds	33	3	1	–	–	–	37
Net (investment)/divestment							
Realisation proceeds	1,341	691	187	5	–	214	2,438
Investment	(498)	(482)	(200)	(380)	(14)	(2)	(1,576)
	843	209	(13)	(375)	(14)	212	862
Balance sheet							
Value of investment portfolio at end of period	1,281	1,460	741	469	20	391	4,362

Notes to the accounts continued

2 Realised profits over value on the disposal of investments

	6 months to 30 September 2007			6 months to 30 September 2006			12 months to 31 March 2007		
	Equity £m	Loans and receivables £m	Total £m	Equity £m	Loans and receivables £m	Total £m	Equity £m	Loans and receivables £m	Total £m
Net proceeds	795	249	1,044	599	250	849	1,787	651	2,438
Valuation of disposed investments	(464)	(238)	(702)	(384)	(248)	(632)	(932)	(649)	(1,581)
Investments written off	(2)	(3)	(5)	–	(1)	(1)	(25)	(2)	(27)
	329	8	337	215	1	216	830	–	830

3 Unrealised profits on the revaluation of investments

	6 months to 30 September 2007			6 months to 30 September 2006			12 months to 31 March 2007		
	Equity £m	Loans and receivables £m	Total £m	Equity £m	Loans and receivables £m	Total £m	Equity £m	Loans and receivables £m	Total £m
Movement in the fair value of equity	248	–	248	200	–	200	396	–	396
Provisions and impairment of loans and receivables	(27)	(38)	(65)	(30)	(29)	(59)	(22)	(51)	(73)
	221	(38)	183	170	(29)	141	374	(51)	323

Provisions have been recognised 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 2007 (unaudited) £m	6 months to 30 September 2006 (unaudited) £m	12 months to 31 March 2007 (audited) £m
Carried interest receivable from managed funds	36	35	81
Carried interest and performance fees payable	(98)	(48)	(142)
	(62)	(13)	(61)

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

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

5 Net interest payable

	6 months to 30 September 2007 (unaudited) £m	6 months to 30 September 2006 (unaudited) £m	12 months to 31 March 2007 (audited) £m
Treasury interest receivable			
Interest on bank deposits	58	45	87
Finance income on pension plan	3	2	4
	61	47	91
Interest payable			
Interest on loans and borrowings	(51)	(41)	(84)
Interest on Convertible Bonds	(3)	(3)	(6)
Amortisation of Convertible Bonds	(3)	(4)	(7)
Interest on subordinated borrowings	(5)	(1)	(3)
	(62)	(49)	(100)
Net interest payable	(1)	(2)	(9)

6 Movements in the fair value of derivatives

	6 months to 30 September 2007 (unaudited) £m	6 months to 30 September 2006 (unaudited) £m	12 months to 31 March 2007 (audited) £m
Forward foreign exchange contracts	–	1	1
Currency swaps	(1)	–	–
Interest rate swaps	13	6	32
Derivative element of Convertible Bonds	69	4	(62)
	81	11	(29)

7 B shares

	30 September 2007 (unaudited) £m	30 September 2006 (unaudited) £m	31 March 2007 (audited) £m
Opening balance	11	–	–
Issued in period	808	700	700
Repurchased and cancelled	(798)	(689)	(689)
Closing balance	21	11	11

On 16 July 2007, the Company issued B shares with a nominal value of 1p on the basis of 11 B shares for eight existing 62⁶⁹/₁₀₀p ordinary shares. The B shares carry the right to a cumulative preferential dividend at a rate per annum of 3.75% based on a notional value of 127p per B share and an entitlement to a priority payment equal to 127p per B share, plus any accrued but unpaid dividend, from the assets of the Company on a winding up, but will not ordinarily carry voting rights in the Company.

The Company repurchased and cancelled in aggregate 628,537,525 B shares on 23 July 2007 and 20 August 2007 at a price of 127p per share. The Company expects to make future purchase offers in July 2008 and July 2009 at 127p per B share and has the right to repurchase all outstanding B shares on or after 14 July 2009.

8 Issued capital

	30 September 2007 (unaudited) Number	30 September 2007 (unaudited) £m	30 September 2006 (unaudited) Number	30 September 2006 (unaudited) £m	31 March 2007 (audited) Number	31 March 2007 (audited) £m
Authorised						
Ordinary shares of 62 ⁶⁹ / ₁₀₀ p	–	–	653,031,456	410	653,031,456	410
Ordinary shares of 73 ¹⁹ / ₁₀₀ p	555,076,720	410	–	–	–	–
B shares of 1p	660,000,000	7	610,000,000	6	610,000,000	6
Unclassified shares of 10p	1,000,000	–	1,000,000	–	1,000,000	–

	30 September 2007 (unaudited) Number	30 September 2007 (unaudited) £m	30 September 2006 (unaudited) Number	30 September 2006 (unaudited) £m	31 March 2007 (audited) Number	31 March 2007 (audited) £m
Issued and fully paid						
Ordinary shares of 53¹/₁₀₀p						
Opening balance	–	–	550,556,502	292	550,556,502	292
Issued on exercise of share options and under the 3i Group Share Incentive Plan	–	–	603,757	–	603,757	–
Share consolidation	–	–	(551,160,259)	(292)	(551,160,259)	(292)
Closing balance	–	–	–	–	–	–

Notes to the accounts continued

8 Issued capital (continued)

	30 September 2007 (unaudited) Number	30 September 2007 (unaudited) £m	30 September 2006 (unaudited) Number	30 September 2006 (unaudited) £m	31 March 2007 (audited) Number	31 March 2007 (audited) £m
Issued and fully paid						
Ordinary shares of 62⁶⁹/p						
Opening balance	461,106,007	289	–	–	–	–
Issued on exercise of share options and under the 3i Group Share Incentive Plan	1,794,733	2	978,178	2	2,169,634	2
Share consolidation	(462,900,740)	(291)	466,366,373	292	466,366,373	292
Shares cancelled	–	–	–	–	(7,430,000)	(5)
Closing balance	–	–	467,344,551	294	461,106,007	289

During the period 1 April 2007 to 15 July 2007, the Company issued shares for cash on the exercise of share options at various prices from 512p to 1,012p per share (the market prices of shares on grant).

On 16 July 2007, the Company consolidated its issued share capital on the basis of 17 ordinary shares of 73¹⁹/p each for every 20 ordinary shares of 62⁶⁹/p each held. A consolidation also took place in the prior year with 11 ordinary shares of 62⁶⁹/p being issued for every 13 ordinary shares of 53¹⁹/p. This coincided with the issue of the B shares in both years.

	30 September 2007 (unaudited) Number	30 September 2007 (unaudited) £m	30 September 2006 (unaudited) Number	30 September 2006 (unaudited) £m	31 March 2007 (audited) Number	31 March 2007 (audited) £m
Issued and fully paid						
Ordinary shares of 73¹⁹/p						
Opening balance	–	–	–	–	–	–
Share consolidation	393,465,629	291	–	–	–	–
Issued on exercise of share options and under the 3i Group Share Incentive Plan	622,464	1	–	–	–	–
Shares cancelled	(6,100,000)	(5)	–	–	–	–
Closing balance	387,988,093	287	–	–	–	–

During the period 16 July 2007 to 30 September 2007, the Company issued shares for cash on the exercise of share options at various prices from 470p to 895p per share (the market prices of shares on grant).

9 Equity

6 months to 30 September 2007	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	Own shares (unaudited) £m	Total equity (unaudited) £m
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)
Closing balance	287	394	38	18	6	2,868	317	(84)	3,844

6 months to 30 September 2006	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	Own shares (unaudited) £m	Total equity (unaudited) £m
Opening balance	292	376	17	17	–	3,110	263	(69)	4,006
Total recognised income and expense					(3)	308	69		374
Share-based payments				5					5
Issue of ordinary shares	2	8							10
Dividends paid							(52)		(52)
Issue of B shares		(5)	5			(700)			(700)
Own shares								5	5
Closing balance	294	379	22	22	(3)	2,718	280	(64)	3,648

9 Equity (continued)

Year to 31 March 2007	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	292	376	17	17	–	3,110	263	(69)	4,006
Total recognised income and expense					5	936	134		1,075
Share-based payments				9					9
Release on exercise/forfeiture of share options				(8)		8			–
Issue of ordinary shares	2	16							18
Dividends paid							(79)		(79)
Share buy-backs	(5)		5			(74)			(74)
Issue of B shares		(5)	5			(700)			(700)
Own shares								(6)	(6)
Closing balance	289	387	27	18	5	3,280	318	(75)	4,249

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 2007 (unaudited)	6 months to 30 September 2006 (unaudited)	12 months to 31 March 2007 (audited)
Earnings per share (pence)			
Basic	122.0	71.8*	220.4*
Diluted	100.6	68.8*	217.9*
Earnings (£m)			
Profit for the year attributable to equity holders of the Company	515	363	1,056
Effect of dilutive ordinary shares	(60)	5	–
	455	368	1,056

*Restated for the dilution effects of the Convertible Bonds and the deduction of own shares, not previously taken into account.

	6 months to 30 September 2007 (unaudited) Number	6 months to 30 September 2006 (unaudited) Number	12 months to 31 March 2007 (audited) Number
Weighted average number of shares in issue			
Ordinary shares	432,213,305	516,335,648	489,987,864
Own shares	(9,967,948)	(10,774,201)	(10,756,533)
	422,245,357	505,561,447	479,231,331
Effect of dilutive potential ordinary shares			
Share options	5,672,514	4,917,861	5,396,980
Convertible Bonds	24,408,684	24,408,684	–
Diluted shares	452,326,555	534,887,992	484,628,311

	30 September 2007 (unaudited)	30 September 2006 (unaudited)	31 March 2007 (audited)
Net assets per share (pence)			
Basic	1,020	798	944
Diluted	1,007	792	932
Net assets (£m)			
Net assets attributable to equity holders of the Company	3,844	3,648	4,249

Notes to the accounts continued

10 Per share information (continued)

	30 September 2007 (unaudited) Number	30 September 2006 (unaudited) Number	31 March 2007 (audited) Number
Number of shares in issue			
Ordinary shares	387,988,093	467,344,551	461,106,007
Own shares	(11,162,984)	(10,035,981)	(10,931,404)
	376,825,109	457,308,570	450,174,603
Effect of dilutive potential ordinary shares			
Share options	4,997,911	3,320,915	5,896,253
Diluted shares	381,823,020	460,629,485	456,070,856

11 Dividends

	6 months to 30 September 2007 (unaudited) pence per share	6 months to 30 September 2007 (unaudited) £m	6 months to 30 September 2006 (unaudited) pence per share	6 months to 30 September 2006 (unaudited) £m	12 months to 31 March 2007 (audited) pence per share	12 months to 31 March 2007 (audited) £m
Declared and paid during the period						
Ordinary shares						
Final dividend	10.3	47	9.7	52	9.7	52
Interim dividend	–	–	–	–	5.8	27
	10.3	47	9.7	52	15.5	79
Proposed dividend	6.1	24	5.8	27	10.3	47

12 Contingent liabilities

	30 September 2007 (unaudited) £m	30 September 2006 (unaudited) £m	31 March 2007 (audited) £m
Contingent liabilities relating to guarantees available to third parties in respect of investee companies	7	15	9

At 30 September 2007, 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 portfolio investments, its advisory arrangements, and its key management personnel.

Limited partnerships

The Group manages a number of third-party funds. These funds invest through a number of 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 2007 (unaudited) £m	6 months to 30 September 2006 (unaudited) £m	12 months to 31 March 2007 (audited) £m
Income statement			
Carried interest receivable	36	35	81
Fund management fees	18	15	37
Balance sheet			
Carried interest receivable	94	108	83
Amount due from limited partnerships	–	10	–

13 Related parties (continued)

Investments

The Group makes minority investments in the equity of unquoted investments. This normally allows the Group to participate in the financial and operating policies of that company. 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 2007 (unaudited) £m	6 months to 30 September 2006 (unaudited) £m	12 months to 31 March 2007 (audited) £m
Income statement			
Realised profits over value on the disposal of investments	260	130	715
Unrealised profits on the revaluation of investments	155	188	316
Portfolio income	98	122	195

	30 September 2007 (unaudited) £m	30 September 2006 (unaudited) £m	31 March 2007 (audited) £m
Balance sheet			
Quoted equity investments	684	64	411
Unquoted equity investments	1,714	1,916	1,392
Loans and receivables	1,495	1,321	803

From time to time transactions occur between related parties within the investment portfolio that 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 Limited and 3i Quoted Private Equity Limited, companies listed on the London Stock Exchange. The following amounts have been included in respect of these advisory relationships:

	6 months to 30 September 2007 (unaudited) £m	6 months to 30 September 2006 (unaudited) £m	12 months to 31 March 2007 (audited) £m
Income statement			
Unrealised losses on the revaluation of investments	(4)	–	–
Fund management fees	4	–	–

	30 September 2007 (unaudited) £m	30 September 2006 (unaudited) £m	31 March 2007 (audited) £m
Balance sheet			
Quoted equity investments	510	–	334

Key management personnel

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

	6 months to 30 September 2007 (unaudited) £m	6 months to 30 September 2006 (unaudited) £m	12 months to 31 March 2007 (audited) £m
Salaries, fees, supplements and benefits in kind	3	3	5
Bonuses and deferred share bonuses	–	–	8
Increase in accrued pension	–	–	–
Carried interest payable within one year	5	2	6
Carried interest payable after one year	14	8	12
Share-based payments	2	–	2

Carried interest paid in the period to key management personnel was £8 million (2006: £5 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 2007. 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 2007 ("Report and accounts 2007"), as they provide an update of previously reported information.

The Half-yearly Financial Statements were authorised for issue by the Directors on 7 November 2007.

The Half-yearly Financial Statements have been prepared in accordance with the accounting policies set out in the Report and accounts 2007 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 2007. 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 2007.

The Half-yearly Financial Statements do not constitute statutory accounts. The statutory accounts for the year to 31 March 2007, prepared under IFRS, have been filed with the Registrar of Companies on which the auditors 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 our "valuation methodology" for investments in the Report and accounts 2007.

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 36.

By order of the Board

K J Dunn Secretary
7 November 2007

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 2007 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 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

As disclosed in the accounting policies note, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of half-yearly financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2007 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

7 November 2007

Assets under management

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

	30 September 2007	30 September 2006	31 March 2007
3i direct portfolio (£m)			
Buyouts	1,571	1,534	1,281
Growth Capital	1,854	1,201	1,460
Venture Capital	715	826	741
Infrastructure	502	96	469
QPE	176	13	20
SMI	312	504	391
Total	5,130	4,174	4,362
Unquoted co-investment funds (£m)			
Buyouts			
–invested	937	821	689
–uninvested commitments	1,292	1,650	1,440
Growth Capital			
–invested	40	85	43
–uninvested commitments	158	249	184
Venture Capital			
–invested	5	8	6
–uninvested commitments	14	12	9
SMI	5	34	16
Total	2,451	2,859	2,387
Advised investment companies (£m)			
3i Infrastructure Limited*	392	–	385
3i Quoted Private Equity Limited*	210	–	–
Total	602	–	385
Total assets under management	8,183	7,033	7,134

*Excluding the Group's shareholdings in 3i Infrastructure Limited and 3i Quoted Private Equity Limited, which are shown in the 3i direct portfolio.

3i direct portfolio value by geography (£m)	30 September 2007	30 September 2006	31 March 2007
Continental Europe	2,331	1,984	1,894
UK	1,962	1,645	1,792
Asia	497	210	373
US	321	319	283
Rest of World	19	16	20
Total	5,130	4,174	4,362

3i direct continental European portfolio value (£m)	30 September 2007	30 September 2006	31 March 2007
Benelux	366	132	326
France	224	374	257
Germany/Austria/Switzerland	372	509	297
Italy	175	108	113
Nordic	759	459	491
Spain	377	380	370
Other European*	58	22	40
Total	2,331	1,984	1,894

*Other European includes investments in countries in which 3i did not have an office at 30 September 2007.

3i direct portfolio value by FTSE industrial classification (£m)	30 September 2007	30 September 2006	31 March 2007
Resources	265	138	107
Industrial	910	1,118	879
Consumer goods	735	822	857
Services and utilities	1,644	1,296	1,310
Financials	1,096	311	747
Information technology	480	489	462
Total	5,130	4,174	4,362

3i direct portfolio value by valuation method (£m)	30 September 2007	30 September 2006	31 March 2007
Imminent sale or IPO	63	400	220
Listed	735	237	521
Secondary market	43	42	49
Earnings	1,097	957	980
Cost	797	709	882
Further advance	238	160	150
Net assets	37	60	53
Other	361	221	249
Loan investments and fixed income shares	1,759	1,388	1,258
Total	5,130	4,174	4,362

3i direct Buyouts portfolio value by valuation method (£m)	30 September 2007	30 September 2006	31 March 2007
Imminent sale or IPO	15	271	–
Listed	100	25	23
Secondary market	5	1	–
Earnings	346	312	349
Cost	100	111	95
Other	46	14	45
Loan investments and fixed income shares	959	800	769
Total	1,571	1,534	1,281

3i direct Growth Capital portfolio value by valuation method (£m)	30 September 2007	30 September 2006	31 March 2007
Imminent sale or IPO	1	56	169
Listed	85	35	50
Secondary market	6	7	5
Earnings	581	358	411
Cost	487	304	422
Further advance	–	5	5
Net assets	10	16	14
Other	131	44	42
Loan investments and fixed income shares	553	376	342
Total	1,854	1,201	1,460

3i direct Venture Capital portfolio value by valuation method (£m)	30 September 2007	30 September 2006	31 March 2007
Imminent sale or IPO	12	31	19
Listed	40	153	90
Secondary market	30	33	40
Earnings	6	8	8
Cost	209	288	276
Further advance	238	144	141
Net assets	1	6	2
Other Venture Capital assets valued below cost	69	74	63
Other	48	21	37
Loan investments and fixed income shares	62	68	65
Total	715	826	741
– of which early stage Venture Capital	564	592	580

3i direct Infrastructure portfolio value by valuation method (£m)	30 September 2007	30 September 2006	31 March 2007
Listed	336	–	334
Cost	1	–	82
Other	–	9	–
Loan investments and fixed income shares	165	87	53
Total	502	96	469

3i direct QPE portfolio value by valuation method (£m)	30 September 2007	30 September 2006	31 March 2007
Listed	174	12	15
Secondary market	2	–	4
Loan investments and fixed income shares	–	1	1
Total	176	13	20

3i direct SMI portfolio value by valuation method (£m)	30 September 2007	30 September 2006	31 March 2007
Imminent sale or IPO	35	42	32
Listed	–	12	9
Secondary market	–	1	–
Earnings	164	279	212
Cost	–	6	7
Further advance	–	11	4
Net assets	26	38	37
Other	67	59	62
Loan investments and fixed income shares	20	56	28
Total	312	504	391

Venture Capital portfolio by sector (£m)	30 September 2007	30 September 2006	31 March 2007
Healthcare	224	269	243
Communications	80	144	106
Electronics, semiconductors and advanced technologies	148	146	150
Software	263	267	242
Total	715	826	741

Investment

3i direct investment by business line (£m)	6 months to 30 September 2007	6 months to 30 September 2006	12 months to 31 March 2007
Buyouts	436	236	498
Growth Capital	493	198	482
Venture Capital	65	129	200
Infrastructure	58	10	380
QPE	182	14	14
SMI	-	2	2
Total	1,234	589	1,576

3i direct investment by geography (£m)

Continental Europe	511	255	560
UK	549	162	650
Asia	110	85	259
US	60	76	92
Rest of World	4	11	15
Total	1,234	589	1,576

3i direct continental European investment (£m)

Benelux	11	38	218
France	21	7	71
Germany/Austria/Switzerland	146	30	44
Italy	38	-	-
Nordic	219	59	87
Spain	63	114	124
Other European*	13	7	16
Total	511	255	560

*Other European includes investments in countries in which 3i did not have an office at 30 September 2007.

3i direct investment by FTSE industrial classification (£m)

Resources	192	5	8
Industrial	158	156	211
Consumer goods	40	118	217
Services and utilities	399	203	511
Financials	369	33	534
Information technology	76	74	95
Total	1,234	589	1,576

Investment continued

3i direct first and subsequent investment (£m)	6 months to 30 September 2007	6 months to 30 September 2006	12 months to 31 March 2007
First investment in new investee companies	823	434	1,184
Drawdown on existing arrangements for first investments	77	14	38
Investment by 3i in external funds	249	29	168
Newly arranged further investment in existing portfolio companies	56	75	102
Other – including capitalised interest	29	37	84
Total	1,234	589	1,576

Investment by business line (including co-investment funds) (£m)

Buyouts	770	340	781
Growth Capital	493	205	489
Venture Capital	65	129	200
Infrastructure	58	10	380
QPE	182	14	14
SMI	–	2	2
Total	1,568	700	1,866

Investment by geography (including co-investment funds) (£m)

Continental Europe	737	318	765
UK	657	206	731
Asia	110	89	263
US	60	76	92
Rest of World	4	11	15
Total	1,568	700	1,866

Realisations

Realisation proceeds by business line (£m)	6 months to 30 September 2007	6 months to 30 September 2006	12 months to 31 March 2007
Buyouts	540	388	1,341
Growth Capital	273	313	691
Venture Capital	111	26	187
Infrastructure	32	4	5
QPE	17	-	-
SMI	71	118	214
Total	1,044	849	2,438

Realisation proceeds by geography (£m)	6 months to 30 September 2007	6 months to 30 September 2006	12 months to 31 March 2007
Continental Europe	399	368	1,159
UK	608	429	1,169
Asia	17	37	54
US	20	15	56
Total	1,044	849	2,438

Realisation proceeds by method (£m)	6 months to 30 September 2007	6 months to 30 September 2006	12 months to 31 March 2007
IPO	79	47	124
Sale of quoted investments	82	47	116
Trade and other sales	634	505	1,546
Loan and fixed income share repayments	249	250	652
Total	1,044	849	2,438

Realisation proceeds by FTSE industrial classification (£m)	6 months to 30 September 2007	6 months to 30 September 2006	12 months to 31 March 2007
Resources	56	47	156
Industrial	146	195	676
Consumer goods	222	155	302
Services and utilities	495	209	815
Financials	48	74	255
Information technology	77	169	234
Total	1,044	849	2,438

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	Residual cost £m	Directors' valuation £m
3i Infrastructure Limited Quoted investment company, investing in infrastructure	Infrastructure	UK ¹	2007		
Equity shares				325	336
				325	336
3i Quoted Private Equity Limited Quoted investment company, investing in quoted companies	QPE	UK ¹	2007		
Equity shares				181	174
				181	174
Venture Production plc Oil and gas production	Growth	UK	2002		
Loans				76	76
Equity shares				34	55
				110	131
Laholm Intressenter AB (DIAB) Polymer-based sandwich construction laminates	Growth	Sweden	2001		
Equity shares				44	100
				44	100
Kirk Newco plc (Enterprise) UK utilities and public sector maintenance outsourcing	Buyouts	UK	2007		
Loans				97	97
Equity shares				3	3
				100	100
DNA Oy Telecom operator	Growth	Finland	2007		
Equity shares				97	99
				97	99
ACR Capital Holdings Pte Ltd Reinsurance in large risk segments	Growth	Singapore	2006		
Equity shares				105	98
				105	98
Sistemas Técnicos de Encofrados S.A.(STEN) Sale and rental of formwork and scaffolding equipment	Growth	Spain	2006		
Equity shares				78	92
				78	92
Ambea AB (H-Careholding) Elderly, primary and specialist care	Buyouts	Sweden	2005		
Loans				59	60
Equity shares				11	28
				70	88
Boxer TV-Access AB Digital TV distributor	Growth	Sweden	2005		
Equity shares				56	87
				56	87

Note

¹ Quoted on the London Stock Exchange.

Forty other large investments

In addition to the investments shown on page 34, detailed below are forty other large investments which are substantially all of the Group's remaining investments valued over £25 million. This does not include one investment that has been excluded for commercial reasons.

Investment	Description of business	Business line	Geography	First invested	Residual cost £m	Directors' valuation £m
Anglian Water Group Limited	Provider of drinking water and waste water services	Infrastructure	UK	2006	86	86
Giochi Preziosi S.r.l.	Retailer and wholesaler of toys	Buyouts	Italy	2005	63	84
Dockwise	Specialist in heavy transport shipping within the marine and oil and gas industry	Buyouts	Netherlands	2007	1	78
Etel Networks Oy	Network services	Buyouts	Finland	2007	74	77
Coor Service Management Group AB	Facilities management services	Buyouts	Sweden	2004	31	75
DEUTZ Power Systems GmbH	Provider of decentralised power generation systems	Buyouts	Germany	2007	68	70
Tato Holdings Limited	Manufacture and sale of specialist chemicals	SMI	UK	1989	2	57
Senoble Holding SAS	Manufacturer of dairy products and chilled desserts	Growth	France	2004	27	57
3i India Infrastructure Holdings Limited	Fund investing in Indian infrastructure	Infrastructure	India	2007	56	56
Emperor I Limited (Bestinvest)	Wealth management	Buyouts	UK	2007	56	56
Jake Holdings Limited (Mayborn)	Manufacturer and distributor of baby and household products	Buyouts	UK	2006	54	54
Nimbus Communications Limited	Media and entertainment services	Growth	India	2005	39	51
Polyconcept Investments B.V.	Supplier of promotional products	Growth	Netherlands	2005	26	49
Planet Acquisitions Holdings Limited (Chorion)	Owner of intellectual property	Buyouts	UK	2006	48	48
Scandferries Holding AG (Scandlines)	Ferry operator in the Baltic Sea	Buyouts	Germany	2007	45	47
Hobbs Holdings No. 1 Limited	Retailer of women's clothing and footwear	Buyouts	UK	2004	40	47
Aviapartner Group S.A.	Airport ground handling	Buyouts	Belgium	2005	43	45
Volnay B.V. (VNU Media)	Dutch recruitment classified advertising	Buyouts	Netherlands	2007	43	45
Demand Media Inc	Online media publisher	Venture	US	2006	31	41
Sneca Holding Oy (Inspecta)	Supplier of testing, inspection and certification (TIC) services	Buyouts	Finland	2007	39	40
Consulting 1 S.p.A. (Targetti Sankey)	Design and manufacturing of lighting fixtures	Growth	Italy	2007	38	39
CDH China Growth Capital Fund II LP	China growth capital fund	Growth	China	2005	22	36
ABX Logistics Group	Industrial transportation	Buyouts	Belgium	2006	35	35
Sofitandus S.L. (GES – Global Energy Services)	Wind power service provider	Buyouts	Spain	2006	34	35
Sparrowhawk Holdings Limited (Crown Media)	UK and International TV channel business and library	Buyouts	UK	2005	23	34
Selbatoneil S.L. (La Sirena)	Specialist frozen food retailer	Buyouts	Spain	2006	29	31
Everis Participaciones S.L.	IT consulting business	Growth	Spain	2007	30	31
NORMA Group Holding GmbH	Provider of plastic and metal connecting technology	Buyouts	Germany	2005	26	31
Azelis Group	Distributor of speciality chemicals, polymers and related services	Buyouts	Italy	2007	28	30
Alö Intressenter AB	Manufacturer of front end loaders	Growth	Sweden	2002	31	29
Telecity Group plc	Services for internet service providers	Buyouts	UK	1998	17	29
PILATUS Aircraft Limited	Manufacturer of aircraft	Growth	Switzerland	2006	17	28
Yugureda S.L. (Gebomsa)	Concrete pumping	Buyouts	Spain	2005	2	27
Fulcrum Limited	Outsourced hedge fund administration	Growth	US	2007	27	26
Daorje Grupo	Spanish waste management business	Buyouts	Spain	2007	25	26
Kneip Communications S.A.	Outsourced publication of investment fund data	Growth	Luxembourg	2007	25	26
Morse plc	Technology integrator	Buyouts	UK	1995	8	26
NCP Services Topco Limited	Transport management and parking services	Buyouts	UK	2005	3	26
Hunan Zhongkai Property Co Limited (Joyon)	Real estate/developer	Growth	China	2007	25	25
Navayuga Engineering Company Limited	Engineering and construction	Growth	India	2006	23	25

Information for shareholders

Financial calendar

Ex-dividend date for interim dividend	28 November 2007
Record date for interim dividend	30 November 2007
Interim dividend expected to be paid	2 January 2008

Shareholder profile

Location of investors at 30 September 2007

UK (including retail shareholders)	64.8%
US	22.4%
Continental Europe	10.9%
Other international	1.9%

At 30 September 2007, the number of ordinary shares in issue was 387,988,093 and the number of B shares in issue was 16,566,194.

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
Willem Mesdag, Non-executive Director

Christine Morin-Postel, Non-executive Director
Michael Queen, Executive Director
Sir Robert Smith, Non-executive Director
Fred Steingraber, Non-executive Director
Robert Swannell, Non-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
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email ir@3igroup.com

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

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

3i Group plc

Registered office:
16 Palace Street, London SW1E 5JD, UK

Registered in England No. 1142830

An investment company as defined by section 266 of the Companies Act 1985.

Registrars

For shareholder administration enquiries, including changes of address, please contact:
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Aspect House
Spencer Road
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Telephone: 0870 195 6310
(or +44 121 415 7183 if calling from outside the UK)



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

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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) on www.3igroup.com.



Useful links

Home page:

www.3igroup.com/

Share price look-up and calculator:

www.3igroup.com/shareholders/shareinfo/calculator/

E-comms page:

<http://www.3igroup.com/shareholders/shareinfo/ecomms/>

Private equity and venture capital — a lexicon

<http://www.3igroup.com/shareholders/about/market/>

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November 2007

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