8 November 2007

Half-yearly results for the six months to 30 September 2007
Strong results for half-year and key strategic milestones achieved

For the six months to 30 September	2007	2006
Business activity		
Investment	**£1,234m**	£589m
Realisation proceeds	**£1,044m**	£849m
Returns		
Realised profits on disposal of investments	**£337m**	£216m
Gross portfolio return on opening portfolio value	**14.3%**	11.6%
Net portfolio return	**£453m**	£367m
Total return	**£512m**	£374m
Total return on opening shareholders' funds	**12.0%**	9.3%
Interim dividend per ordinary share	**6.1p**	5.8p
Portfolio and assets under management		
Own balance sheet	**£5,130m**	£4,174m
Third-party funds	**£3,053m**	£2,859m
	£8,183m	£7,033m
Net asset value per share (diluted)	**£10.07**	£7.92

Commentary

- Strong gross portfolio return of 14.3% in the six months to 30 September 2007, driven by a particularly good performance in both Buyouts and Growth Capital.
- Net asset value per share up 27% year-on-year, from £7.92 per share at 30 September 2006 to £10.07 per share at 30 September 2007.
- Further progress in implementing strategy with strong growth in assets under management and further diversification by geography and asset class, driven by:
  - Increased investment and significant value growth in 3i's direct portfolio;
  - Establishment of external funds advised by the Infrastructure (3i Infrastructure Limited, 3i India Infrastructure Fund) and QPE (3i Quoted Private Equity Limited) business lines.

Baroness Hogg, Chairman of 3i Group plc, said: "3i's financial strength, values and approach have continued to serve us well in reaching our key strategic milestones."

3i's Chief Executive, Philip Yea, added: "These are a strong set of half-year results. 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."

For further information, please contact:

Philip Yea, Chief Executive 3i Group plc	Tel: 020 7975 3386
Simon Ball, Finance Director 3i Group plc	Tel: 020 7975 3356
Patrick Dunne, Group Communications Director 3i Group plc	Tel: 020 7975 3283
Philip Gawith The Maitland Consultancy	Tel: 020 7379 5151

For further information regarding the announcement of 3i's half-yearly results to 30 September 2007, including video interviews with Philip Yea, Simon Ball and Jonathan Russell (available at 7.15am) and a live webcast of the results presentation (at 10.30am, available on demand from 2.00pm), please see www.3igroup.com.

Notes to editors

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

Our competitive advantage comes from our international network and the strength and breadth of our relationships in business. These underpin the value that we deliver to our portfolio and to our shareholders.

Total return		
6 months to 30 September	**2007**	2006
	£m	£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

Gross portfolio return by business line				
	Gross portfolio return		Return as a % of opening portfolio	
6 months to 30 September	**2007**	2006	**2007**	2006
	£m	£m	**%**	%
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

Unrealised profits/(losses) on revaluation of investments		
6 months to 30 September	**2007**	2006
	£m	£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).

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

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

Chief Executive's statement

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.

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.

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.

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.

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

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).

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.

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

6 months to 30 September	Continental Europe 2007	Continental Europe 2006	UK 2007	UK 2006	Asia 2007	Asia 2006	US 2007	US 2006	Rest of World 2007	Rest of World 2006	Total 2007	Total 2006
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.

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.

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

6 months to 30 September	Continental Europe 2007	Continental Europe 2006	UK 2007	UK 2006	Asia 2007	Asia 2006	US 2007	US 2006	Rest of World 2007	Rest of World 2006	Total 2007	Total 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).

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

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

6 months to 30 September	Gross portfolio return **2007** **£m**	2006 £m	Return as a % of opening portfolio **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

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.

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**	2006
	£m	£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%

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.

Table 10: **Cost efficiency**		
6 months to 30 September	**2007**	2006
	£m	£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%

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 movement in 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.

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%).

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

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.

Business lines

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.

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

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 Eltel, 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).

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

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.

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%

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.

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 then £0.5 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.

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

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%.

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.

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%

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.

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 then £0.5 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.

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)

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 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.

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**	–

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 Indian Infrastructure Fund ($250 million committed, £56 million invested).

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.

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	**–**	–

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.

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		**337**	216	830
Unrealised profits on the revaluation of investments		**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		**36**	35	81
Carried interest and performance fees payable		**(98)**	(48)	(142)
Operating expenses		**(129)**	(115)	(255)
Net portfolio return		**453**	367	1,127
Treasury interest receivable		**61**	47	91
Interest payable		**(62)**	(49)	(100)
Movements in the fair value of derivatives		**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)	2	**122.0**	71.8*	220.4*
Diluted (pence)	2	**100.6**	68.8*	217.9*

*As restated.

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

	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	**(47)**	(52)	(79)
Issue of B shares	**(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		**(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		**287**	294	289
Share premium		**394**	379	387
Capital redemption reserve		**38**	22	27
Share-based payment reserve		**18**	22	18
Translation reserve		**6**	(3)	5
Capital reserve		**2,868**	2,718	3,280
Revenue reserve		**317**	280	318
Own shares		**(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

6 months to 30 September 2007 (unaudited)	**Buyouts £m**	**Growth Capital £m**	**Venture Capital £m**	**Infrastructure £m**	**Quoted Private Equity £m**	**Smaller Minority Investments £m**	**Total £m**
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**

6 months to 30 September 2006 (unaudited)	Buyouts £m	Growth Capital £m	Venture Capital £m	Infrastructure £m	Quoted Private Equity £m	Smaller Minority Investments £m	Total £m
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

12 months to 31 March 2007 (audited)	Buyouts £m	Growth Capital £m	Venture Capital £m	Infrastructure £m	Quoted Private Equity £m	Smaller Minority Investments £m	Total £m
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
New 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

2 Per share information

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

	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

	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

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.

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. 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

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

Notes

1 Quoted on the London Stock Exchange.

Forty other large investments

In addition to the ten largest investments 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
Eltel 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

Investment Description of business	Business line	Geography	First invested	Residual cost £m	Directors' valuation £m
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

Note A
The half-yearly report 2007 will be posted to shareholders on 19 November 2007 and thereafter copies will be available from the Company Secretary, 3i Group plc, 16 Palace Street, London SW1E 5JD.

Note B
The interim dividend will be payable on 2 January 2007 to holders of ordinary shares on the register on 30 November 2007. The ex-dividend date will be 28 November 2007.