



Simon Ball/Mike Brown 23 June 2005



Disclaimer

This presentation provides illustrative statements for the year ended 31 March 2005 which have been prepared under IAS1 for comparative purposes to show the expected impact of the adoption of IFRS on 3i's financial statements. The illustrative statements are not statutory accounts and have been prepared on the basis of IAS as adopted by the EU as expected to be implemented by 31 March 2006. They have not been audited. Developments to IFRS and best practice may result in the final financial statements differing to the illustrative statements set out in this presentation. Statutory accounts for the years ended 31 March 2004 and 2005 have been reported on by the Company's auditors and such reports were unqualified. Such accounts for the year ended 31 March 2004 have been delivered to the Registrar of Companies and such accounts for the year ended 31 March 2005 have not been so delivered.



Simon Ball Finance Director



Adoption of International Financial Reporting Standards ("IFRS") Simon Ball



Agenda

- Introduction
- Impact on the financial statements
 - headlines
 - income statement
 - statement of changes in equity
 - balance sheet
- Summary
- Questions and answers

Adoption of International Financial Reporting Standards ("IFRS") Simon Ball

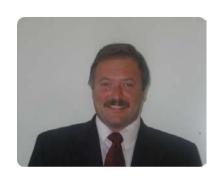


Introduction

- Commence reporting under IFRS from 1 April 2005
- Preparation for IFRS
 - FRS 17 Retirement Benefits
 - UITF 38 Accounting for ESOP Trusts
- No fundamental change to the economics of the business
- No change to the stated financial performance measures



Mike Brown Group Financial Controller



Mike Brown



Financial highlights: Comparison of IFRS and UK GAAP

	UK GAAP in IFRS format	Restated under IFRS	Difference
Total recognised income and expense for the period	£512m	£515m	0.59%
Profit for the year to 31.03.05	£515m	£506m	(1.75)%
Opening shareholders' funds as at 01.04.04	£3,230m	£3,299m	2.14%
Closing shareholders' funds as at 31.03.05	£3,637m	£3,712m	2.06%
Net asset value per share	603p	616p	2.16%



Income statement: gross portfolio return

	UK GAAP in IFRS format	Restated under IFRS	Difference
	£m	£m	£m
Realised profit on disposal of investments	260	252	(8)
Movement in fair value of investments	381	365	(16)
Impairment against loan and fixed income investments	(111)	(111)	-
Portfolio income	232	232	-
Gross portfolio return	762	738	(24)



Income statement: net portfolio return

	UK GAAP in IFRS format	Restated under IFRS	Difference
	£m	£m	£m
Gross portfolio return	762	738	(24)
Fund management fee income	30	30	-
Carried interest and investment performance plans	(66)	(66)	-
Administrative expense	(172)	(171)	1
Share based payments	-	(6)	(6)
Net portfolio return	554	525	(29)



Income statement

	UK GAAP in IFRS format	Restated under IFRS	Difference
	£m	£m	£m
Net portfolio return	554	525	(29)
Net interest payable	(36)	(35)	1
Movement in fair value of derivatives	-	13	13
Revaluation of investment property	1	1	-
Finance income on pension plan	1	1	-
Exchange differences	-	4	4
Other	(2)	-	2
Profit before tax	518	509	(9)
Taxation	(3)	(3)	-
Profit for the period	515	506	(9)



Statement of changes in equity

	UK GAAP in IFRS format	Restated under IFRS
	£m	£m
Profit for the period	515	506
Share based payment	-	6
Exchange differences	(3)	5
Other adjustments	-	(2)
Total recognised income and expense for the year	512	515
Total return under UK GAAP		512
Realised profit on disposal of investments		(8)
Movements in fair value of investments		(3)
Movement in fair value of derivatives		13
Currency on the derivative part of the Convertible Bo	nd	1
Total recognised income and expenses under IFRS		515



Impact of IFRS on 3i's net assets at 31 March 2005

	£m
Net assets at 31 March 2005 under UK GAAP	3,637
Removal of final dividend from liabilities	56
Increase in value of quoted investments	25
Difference between cost and fair value of convertible bonds	20
Difference between cost and fair value of derivatives	(26)
Net assets at 31 March 2005 under IFRS	3,712
Shareholders' funds at 31 March 2005 under IFRS	3,712



Current developments

- IAS 27 and SIC 12: Consolidated and Separate Financial Statements and Special Purposes Vehicles
- IAS 32/39: Financial Instruments



Summary

- No significant impact on the economics of the business
- No significant impact on the measures of business performance
- Impact on the financial statements
 - £3m increase in total income and expenses for the year to 31 March 2005
 - £9m decrease in 'profit' for the year to 31 March 2005
 - £75m increase in net assets at 31 March 2005 (13p per share)

