



3i Investments plc

Annual report and accounts
for the year to 31 March 2007

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3i Investments plc is authorised and regulated by the Financial Services Authority

Directors' report

The Directors submit their report with the financial statements for the year to 31 March 2007

Business review

The principal activity of the Company is to act as investment manager and adviser to 3i Group plc and various of its subsidiaries and to other third parties. The Company has its Head Office in London and operates a branch in Singapore.

The Company is authorised and regulated by the Financial Services Authority ("FSA")

During the year to 31 March 2007 the Company renegotiated its fee arrangements with its parent company, 3i plc. The Company's management fee is now set at £38.9m for investment management services supplied in accordance with its agreement with 3i plc and 3i Group plc. The Company's costs include the service fee paid to 3i plc for the supply of staff and services, the running costs of the Singapore branch and the Company's own audit, tax and regulatory fees. Its costs continue to be covered by the annual management fee.

The Directors do not consider that the Company carries on substantially different classes of business and no further segmental information has been presented. There have been no changes in activity in the year and the Directors do not foresee any future changes.

Results and dividend

The profit for the year after tax amounted to £1,551,000 (2006: £1,535,000). The Directors do not recommend a final dividend for the year (2006: £1,500,000).

Directors

P E Yea

S P Ball

D R Collis

M J Queen

C P Rowlands

J B C Russell

A J M Taylor

P Waller

J S Wilson – appointed 1 August 2006

3i Investments plc

Directors' report

Directors' interests

The beneficial interests in, and options to subscribe for, ordinary shares in 3i Group plc of those persons who were Directors of the Company at the end of the financial year are set out below. Ordinary share interests and options stated prior to the 3i Group plc share consolidation on 17 July 2006 relate to ordinary shares of 53¹/₈p each whilst those stated after that date relate to ordinary shares of 62⁶⁹/₈₈p each. The beneficial interests in ordinary shares include, where applicable, interests arising by virtue of conditional rights to acquire ordinary shares from the trustee of The 3i Group Employee Trust (the "Trust") under the terms of The 3i Group Management Equity Investment Plan ("MEIP"), and relating to Super-performance Share awards made to certain individuals by 3i Group plc. On 17 July 2006, 3i Group plc made a bonus issue of newly created B Shares (cumulative preference shares of 1p each) to its shareholders and the B Share interests of the Directors are also set out below.

	Beneficial interests				Share options (ordinary shares)				
	Ordinary shares		B Shares						
	held on 1 April 2006*	held on 31 March 2007	held on 1 April 2006*	held on 31 March 2007	held on 1 April 2006*	granted during the period	exercised during the period	lapsed during the period	held on 31 March 2007
D R Collis	44,288	116,817	-	36,859	51,353	45,753	-	-	97,106
C P Rowlands	6,552	109,671	-	6,678	343,281	-	-	-	343,281
J B C Russell	143,754	244,215	-	49,389	580,875	-	54,298	96,000	430,577
A J M Taylor	175,839	275,159	-	113,603	305,753	-	85,249	40,000	180,504
P Waller	459,406	493,953	-	3,189	624,776	-	69,050	96,000	459,726
J S Wilson	215	511	204	204	18,198	-	-	-	18,198

* or at date of appointment if later

As potential beneficiaries of the Trust, each Director held an interest in the ordinary shares held by the Trust (other than certain shares held by the Trust as nominee on behalf of specific individuals). Such holdings of the Trust amounted to 11,080,758 ordinary shares as at 1 April 2006, 10,446,476 ordinary shares as at 1 August 2006 and 10,931,404 ordinary shares as at 31 March 2007. These holdings of the Trust include ordinary shares over which the Directors are mentioned above as having conditional rights to acquire under MEIP, and ordinary share interests relating to Super-performance Share awards made by 3i Group plc.

3i Investments plc

Directors' report

Directors' interests continued

The beneficial interests of P E Yea, S P Ball and M J Queen in, and options to subscribe for, shares in 3i Group plc are disclosed in the financial statements of that company

P Waller has retained throughout the year the following interests in fellow subsidiary companies, one share of €16 in 3i Gestion SA and one share of €0.25 in 3i SA. These shares were all held in order to comply with the provisions contained in the Articles of Association of those companies

The Directors had no other interests in, or options to subscribe for the shares, debentures or loan stock of the Company or its fellow group companies at the beginning of the financial year or at the date of appointment (as the case may be) or at the end of the financial year

Statement of Directors' responsibilities

The Directors are required by UK company law to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of the year and of the result for the year. The Directors have responsibility for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. Appropriate accounting policies, which follow generally accepted accounting practice and are explained in the section entitled accounting policies, have been applied consistently and applicable accounting standards have been followed. In addition, these financial statements comply with International Financial Reporting Standards as adopted by the European Union and reasonable and prudent judgments and estimates have been used in their preparation.

Going concern

The Directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing the financial statements.

3i Investments plc

Directors' report

Policy for paying creditors

The Company's policy is to pay creditors in accordance with the CBI Prompt Payers Code of Good Practice, copies of which can be obtained from the Confederation of British Industry at Centre Point, 103 New Oxford Street, London, WC1A 1DU. The Company had no trade creditors during the current or previous year.

Audit information

Pursuant to s234ZA (2) of the Companies Act 1985, each of the Directors confirms that (a) so far as they are aware, there is no relevant audit information of which the auditors are unaware, and (b) they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of such information.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution proposing the reappointment of Ernst & Young LLP as auditors of the Company will be put to the forthcoming Annual General Meeting.

By Order of the Board

Company Secretary



Registered Office
16 Palace Street
London SW1E 5JD
9 MAY 2007

3i Investments plc

Independent auditors' report to the members of 3i Investments plc

We have audited the Company's financial statements for the year to 31 March 2007 which comprise the income statement, statement of recognised income and expense, balance sheet, cash flow statement, accounting policies A to E and the related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' report is consistent with the financial statements.

We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

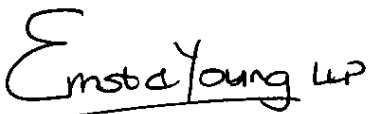
3i Investments plc

Independent auditors' report to the members of 3i Investments plc

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 March 2007 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Ernst & Young LLP

Registered Auditor

London

9/5/2007

3i Investments plc

Income statement

for the year to 31 March 2007

	Notes	2007 £'000	2006 £'000
Revenue	1	38,900	26,400
Administrative expenses	2	(37,991)	(25,560)
Operating profit		909	840
Unrealised profits/(losses) on financial asset		7	(20)
Interest receivable	5	695	686
Exchange movements		(53)	35
Profit before tax		1,558	1,541
Income taxes	6	(7)	(6)
Profit after tax for the year		1,551	1,535

All items in the above statement are derived from continuing operations

Statement of recognised income and expense

	2007 £'000	2006 £'000
Profit for the year	1,551	1,535
Exchange differences on translation of foreign operations	(8)	6
Total recognised income and expense for the year	1,543	1,541

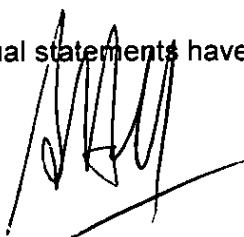
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Balance sheet

for the year to 31 March 2007

	Notes	2007 £'000	2006 £'000
Assets			
Current assets			
Trade and other receivables	8	20	10
Financial asset at fair value through profit and loss	9	457	505
Cash and cash equivalents		13,928	14,500
Total assets		14,405	15,015
Liabilities			
Current liabilities			
Trade and other payables	10	1,618	2,271
Total liabilities		1,618	2,271
Net assets		12,787	12,744
Equity			
Issued Capital	12	10,000	10,000
Translation reserve	12	(3)	5
Retained earnings	12	2,790	2,739
Total equity		12,787	12,744

The financial statements have been approved and authorised for issue by the Board of Directors



Director

9 MAY 2007

3i Investments plc

Cash flow statement

for the year to 31 March 2007

	2007	2006
	£000	£000
Profit before taxation	1,558	1,541
Adjustments for		
Revaluation (gain)/loss on government bond	(7)	20
Foreign exchange	53	(26)
Interest receivable	(695)	(686)
Cash flow from operating activities	909	849
Tax paid	(7)	(2)
Interest received	695	686
(Increase)/Decrease in receivables	(10)	16
Decrease in payables	(644)	(1,178)
Net cash flow from operating activities	943	371
Cash flows from financing activities		
Dividends paid	(1,500)	(1,500)
Net cash flow from financing activities	(1,500)	(1,500)
Change in cash and cash equivalents	(557)	(1,129)
Cash and cash equivalents at 1 April	14,500	15,638
Effect of exchange rate fluctuations	(15)	(9)
Cash and cash equivalents at 31 March	13,928	14,500

3i Investments plc

Accounting policies

A Statement of compliance These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and their interpretations issued or adopted by the International Accounting Standards Board as adopted for use in the European Union ("IFRS")

These financial statements have been prepared in accordance with and in compliance with the Companies Act 1985

New standards and interpretations not applied The IASB has issued the following standards and interpretations to be applied to financial statements with periods commencing on or after the following dates

International Accounting Standards (IAS/IFRS's)	Effective for periods beginning on or after
IAS 1 Amendment - Presentation of Financial Statements Capital Disclosures	1 January 2007
IFRS 7 Financial Instruments Disclosures	1 January 2007
IFRS 8 Operating segments	1 January 2009

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the financial statements in the period of initial application

B Basis of preparation The financial statements are presented in Sterling, the functional currency of the Company, and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated

The preparation of financial statements in conformity with IFRS 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 below

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements

C Cash and cash equivalents Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents comprise cash and short-term deposits as defined above

Intercompany cash flows resulting from cash transactions executed on behalf of other subsidiaries are not reflected in the cash flow statement as they do not represent the cash flows of the Company

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Accounting policies

D Income taxes Income taxes represent the sum of the tax currently payable and deferred tax. Tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity.

The tax currently payable is based on the taxable profit for the year. This may differ from the profit in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit ("temporary differences"), and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

E Financial instruments Financial instruments consist of accounts receivable, accounts payable, and treasury stock.

The Directors consider that the fair value of accounts receivables and accounts payable approximate their carrying value. Treasury stocks are held as financial assets at fair value through the profit and loss.

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Notes to the financial statements

1 Revenue

	2007	2006
	£'000	£'000
Management fee from parent company, 3i plc	38,900	26,400
	38,900	26,400

2 Operating profit

	2007	2006
	£'000	£'000
Operating profit is stated after charging		
Auditors' remuneration - audit fee	24	30

3 Staff costs

	2007	2006
	£'000	£'000
Wages and salaries	710	300
Other pension costs	2	3
	712	303

The average monthly number of employees during the year was 2 (2006 2)

3i Investments plc

Notes to the financial statements

4 Directors' emoluments

The Directors of the Company are also directors of fellow subsidiaries and receive remuneration from 3i plc. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as directors of fellow subsidiary companies.

All of those who served as Directors of the Company accrued retirement benefits under the 3i Group Pension Plan, a defined benefit contributory scheme.

The Company's contribution to pension schemes on behalf of Directors was £nil (2006: £nil). All pension contributions for the year were borne by 3i plc.

The Directors are granted options in shares of 3i Group plc. The fair value for the services provided to the Company by the Directors cannot be reliably estimated and as such no share-based payment charge has been allocated to the Company.

5 Interest receivable

	2007 £'000	2006 £'000
Bank interest receivable	695	686
	695	686

6 Income Taxes

	2007 £'000	2006 £'000
Current tax		
UK Corporation tax	7	6
Less: relief for foreign tax	(7)	(6)
Foreign tax	7	6
Total income taxes in the income statement	7	6

3i Investments plc

Notes to the financial statements

Reconciliation of income taxes in the income statement

The tax for the year is different to the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007 £'000	2006 £'000
Profit before tax	1,558	1,541
Profit before tax multiplied by rate of corporation tax in the UK of 30% (2006 30%)	467	462
Effects of		
Expenses not deductible for tax purposes	2	2
Foreign tax	7	6
Foreign tax credits available for double tax relief	(7)	(6)
Utilisation of tax losses claimed as group relief for nil consideration	(462)	(458)
Total income taxes in the income statement	7	6

3i Investments plc

Notes to the financial statements

7 Dividends paid and proposed	2007 £'000	2006 £'000
Paid during the period £0 15 per share (2006 £0 15 per share)	1,500	1,500
Proposed dividend £nil per share (2006 £0 15 per share)	-	1,500

8 Trade and other receivables	2007 £'000	2006 £'000
Prepayments and accrued income	20	10
	20	10

9 Financial asset at fair value through profit and loss	2007 £'000	2006 £'000
US Treasury stock 2031	457	505
	457	505

The government bonds are denominated in US dollars with a yield of 5.375% per annum and maturity date of 15 February 2031. They are held at fair value.

3i Investments plc

Notes to the financial statements

10 Trade and other payables	2007	2006
	£'000	£'000
Amounts owed to group undertakings	1,072	1,896
Other taxes and social security costs	10	10
Accruals and deferred income	536	365
	1,618	2,271

11 Share capital	Number of shares	Amount of shares £'000
Authorised, allotted, called-up and fully paid ordinary shares of £1 each		
At 1 April 2006 and 31 March 2007	10,000,000	10,000

12 Reconciliation of movement in equity

	Issued capital £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2005	10,000	(1)	2,704	12,703
Total recognised income and expense	-	6	1,535	1,541
Dividends paid	-	-	(1,500)	(1,500)
At 31 March 2006	10,000	5	2,739	12,744
At 1 April 2006	10,000	5	2,739	12,744
Total recognised income and expense	-	(8)	1,551	1,543
Dividends paid	-	-	(1,500)	(1,500)
At 31 March 2007	10,000	(3)	2,790	12,787

3i Investments plc

Notes to the financial statements

12 Reconciliation of movement in equity (continued)

Translation reserve

The Translation reserve is used to record exchange differences arising from the translation of the financial statements of the foreign branch

13 Parent undertaking and controlling party

The Company's immediate parent undertaking is 3i plc

The Company's ultimate parent undertaking and controlling party is 3i Group plc which is incorporated in Great Britain and registered in England and Wales. Copies of its group financial statements, which include the Company, are available from 16 Palace Street, London SW1E 5JD

14 Related parties

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Those transactions with Directors of the Company are disclosed in the Directors' report and note 4. The Company has no other key management personnel. Each of these categories of related parties and their impact on the financial statements is detailed below

Parent company

Investment management arrangements

Total fees received for investment management services, including the amount of accrued fees due at the end of the period, are detailed below

	2007 £'000	2006 £'000
Management charge for the year	38,900	26,400

Administration arrangements

Total fees paid for administration services, including the amount of accrued fees due at the end of the period, are detailed below

	2007 £'000	2006 £'000
Management charge for the year	37,000	24,600
Of which accrued at end of period	825	1,896