

REPORT OF THE DIRECTORS

The Directors submit their Report with the Accounts for the year ended 31st March 1993.

Directors

Ewen Cameron Stewart Macpherson
 Dr Neil Earl Cross
 Dr Richard Douglas Michael John Summers
 Brian Paul Larcombe - appointed 11th May 1992

Mr E C S Macpherson retires by rotation in accordance with the Articles of Association and, being eligible, offers himself for re-appointment.

Directors' Interests

The Directors had interests in Shares of £1 each in 3i Group plc as follows:

	<u>Interests In</u>	
	held on 1st April 1992 or date of appointment if later	held on 31st March 1993
Mr E C S Macpherson	14,775	15,975
Dr N E Cross	14,909	15,959
Dr R D M J Summers	11,134	12,034
Mr B P Larcombe	12,425	13,367

The Directors had options to acquire Shares of £1 each in 3i Group plc as follows:

	<u>Options to Acquire</u>			held on 31st March 1993
	held on 1st April 1992 or date of appointment if later	granted during the financial year	exercised during the financial year	
Mr E C S Macpherson	372,300	-	-	372,300
Dr N E Cross	359,050	-	-	359,050
Dr R D M J Summers	245,000	-	-	245,000
Mr B P Larcombe	246,500	-	-	246,500

The Directors had no other interests in or options to acquire the Shares, debentures or loan stock of the Company, its holding company or its fellow subsidiaries at the beginning of the period or the date of appointment (as the case may be), or at the end of the period.

31 HOLDINGS PLC

REPORT OF THE DIRECTORS (continued)

Principal Activity

The principal activity of the Company is that of an investment holding company.

Results and Dividend

The Company has made a profit after tax and extraordinary items of £26,397,809 during the financial year. The Directors recommend the payment of a final dividend of £30,000,000.

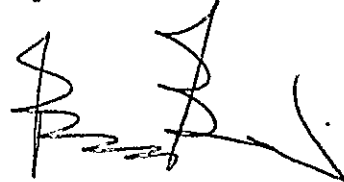
General

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Ernst & Young as auditors of the Company will be put to the Members at the Annual General Meeting.

By Order of the Board



Secretary

Registered Office:
91 Waterloo Road
London SE1 8XP
5th July 1993

3i HOLDINGS PLCPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST MARCH 1993

	<u>Notes</u>	<u>1993</u> £	<u>1992</u> £
Income from group undertakings	2	28,565,911	100,360,902
Operating charges	3	6,830	6,972
Provisions against investments		4,115,879	41,267,163
		<hr/>	<hr/>
Profit on Ordinary Activities before taxation	4	24,443,202	59,086,767
Taxation	5	(1,954,607)	9,958,519
		<hr/>	<hr/>
Profit on Ordinary Activities after taxation		26,397,809	49,128,248
Extraordinary items		-	149,255,712
		<hr/>	<hr/>
PROFIT FOR THE YEAR		26,397,809	198,383,960
Dividends	6	30,000,000	80,000,000
		<hr/>	<hr/>
RETAINED (LOSS)/PROFIT FOR THE YEAR		£(3,602,191)	£118,383,960
		<hr/>	<hr/>

STATEMENT OF RETAINED PROFITS

Balance at 31st March 1992	118,383,960	-
Retained (loss)/profit for the year	(3,602,191)	118,383,960
Currency Translation Adjustment	11,260,185	-
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Balance at 31st March 1993	£126,041,954	£118,383,960
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BALANCE SHEET AS AT 31ST MARCH 1993

Director
5th July 1993

3i HOLDINGS PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993

1. Accounting Policies

- (a) Basis of preparation of accounts
The accounts have been prepared under the historical cost convention and in accordance with accounting standards. Under the provisions of Section 228 Companies Act 1985 consolidated accounts have not been prepared as the Company is a wholly owned subsidiary undertaking of 3i Group plc, a company incorporated in Great Britain and registered in England and Wales.
- (b) Foreign currency translation
Foreign currency revenue items, assets and liabilities, are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange adjustments arising on the translation of investments and borrowings are dealt with through reserves. Exchange adjustments arising on realised transactions are dealt with in income.
- (c) Deferred tax
Provision is made for deferred tax, using the liability method, on short term timing differences and all other material timing differences which are expected to reverse in the future without being replaced.

2. <u>Income from group undertakings</u>	<u>1993</u> £	<u>1992</u> £
Dividends receivable	39,303,084	106,992,153
Interest receivable	26,897,841	45,319,851
Less: interest payable	(37,635,014)	(51,951,102)
	<u>28,565,911</u>	<u>100,360,902</u>

3. Operating Charges

None of the directors received any emoluments for the period.
(1992: nil)

4. Profit on ordinary activities before taxation

	<u>1993</u> £	<u>1992</u> £
This is shown after charging: Auditors' Remuneration	2,200	2,500

NOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST MARCH 1993

5. <u>Taxation</u>	<u>1993</u> £	<u>1992</u> £
The taxation (credit)/charge for the period comprises:-		
Tax credit on franked investment income	2,882,799	4,163,940
Deferred Taxation - note 10	(5,069,887)	5,794,579
Foreign Taxation	232,481	-
	<hr/>	<hr/>
(Credit)/charge for the period	£(1,954,607)	£9,958,519
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The taxation charge does not bear a normal relationship to the profit for the period because a substantial proportion of the Company's income is received as group dividends which are not subject to taxation. In addition, the provisions against investments are not deductible for corporation tax purposes.		
	<u>1993</u> £	<u>1992</u> £
6. <u>Dividends</u>		
Final proposed	£30,000,000	£80,000,000
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7. <u>Investment in Subsidiary Undertakings</u>		
Cost:		
At 31st March 1992	248,452,686	-
Additions	436,845,406	495,729,345
Exchange adjustment	2,210	-
Dividends paid out of preacquisition reserves	(308,888)	-
Disposals to ultimate parent undertaking	(3,930,845)	(247,276,659)
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At 31st March 1993	£681,060,569	£248,452,686
	<hr/>	<hr/>
Provisions:		
At 31st March 1992	4,070,928	-
Charge for the period	4,115,879	31,773,109
Released on Disposals	(771,998)	(27,702,181)
	<hr/>	<hr/>
At 31st March 1993	£7,414,809	£4,070,928
	<hr/>	<hr/>
Net Book amount at 31st March 1993	£673,645,760	£244,381,758
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The Directors are of the opinion that the number of undertakings in respect of which the Company is required to disclose information under Schedule 5 of the Companies Act 1985 is such that compliance would result in information of excessive length being given. Full information will be annexed to the Company's next annual return.

3i HOLDINGS PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993

7. Investment in Subsidiary Undertaking - continued

Details of the principal subsidiary undertakings are as follows:-

	Class of share	Percentage held
<u>Providing Services</u>		
3i plc	Ordinary shares of £1.	100
Ship Mortgage Finance plc	Ordinary shares of £1.	100
<u>Involved in Investment Activity</u>		
3i UK Holdings	Ordinary shares of £1.	100
3i Investments plc	Ordinary shares of 1p. 1% cumulative preference shares of 50p.	60
3i International Holdings Ltd	Ordinary shares of £1	100
3i Corporation (USA)	Ordinary shares of £1	100
<u>Dealing in Securities</u>		
Southbank Securities Ltd	Ordinary shares of £1.	100

All the principal subsidiary undertakings are incorporated in Great Britain and registered in England and Wales unless otherwise stated.

In the opinion of the Directors, the value of the above investments is not less than their carrying value.

8. Creditors: amounts falling due within one year

	<u>1993</u> £	<u>1992</u> £
Amounts due to parent undertaking	98,836,201	91,961,116
Amounts due to subsidiary undertakings	467,886,236	460,002,836
Other creditors	216,744	2,500
Proposed final dividend	30,000,000	80,000,000
	<u>596,939,181</u>	<u>631,966,452</u>

9. Provisions for Liabilities and Charges

	<u>1993</u> £	<u>1992</u> £
<u>Deferred Tax</u>		
Deferred tax has been fully provided at the rate of 33%		
Movement:		
at 31st March 1992	5,794,579	-
Profit and Loss Account	(5,069,887)	5,794,579
- see note 5	5,556,822	-
Other movements		
	<u>6,281,514</u>	<u>5,794,579</u>
At 31st March 1993		
Comprising:		
Short term timing differences	6,281,514	5,794,579

3i HOLDINGS PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993

10. Share Capital

Called Up Share Capital

	<u>1993</u> <u>£</u>	<u>1992</u> <u>£</u>
Authorised, allotted and fully paid Shares of £1 each	150,000,000	150,000,000

11. Contingent Liabilities

The Company and 3i plc have jointly and severally guaranteed the payment of principal and premium, if any, and interest on the undermentioned loan capital of 3i Group plc:

<u>Guaranteed Bonds and Notes</u>	<u>Amount outstanding</u>	
	<u>1993</u> <u>£000's</u>	<u>1992</u> <u>£000's</u>
11 1/4% Guaranteed Bonds 1996	100,000	100,000
10 3/4% Guaranteed Bonds 2001	100,000	100,000
Floating Rate Guaranteed Notes 1997	125,000	125,000
9 3/8% Unsecured Loan Notes 1994	50,000	50,000
Floating Rate Notes 1994	51,475	51,475

In addition they have also guaranteed the payment of principal on a borrowing by 3i Group plc from the Industrial Bank of Japan amounting to £50,000,000. (1992: £50,000,000)

The Company, 3i Group plc and 3i plc have jointly and severally guaranteed the payment of principal, premium, if any, and interest on the undermentioned loan capital of 3i International B.V.

<u>Guaranteed Bonds and Notes</u>	<u>Amount outstanding</u>	
	<u>1993</u> <u>£000's</u>	<u>1992</u> <u>£000's</u>
10 1/2% 1992 (US\$55,331,000)	-	31,882
10 3/4% 1993	7,555	13,410
7 7/8% 1993 (ECU 50,000,000)	32,082	27,831
5% 1993 (Yen 12,000,000,000)	-	44,944
10% 1993	65,000	65,000
9 1/8% 1994 (Fr 500,000,000)	53,345	46,449
Floating Rate Notes 1994	125,000	125,000
12% 1991/95	3,000	4,000
Bank Loans		
7% 1992 (Yen 6,435,000,000)	-	17,286
5 1/2% 1994/95 (Yen 7,000,000,000)	33,212	28,810

The Company has guaranteed the payment of principal and interest and any other sums owing in respect of a £500,000,000 revolving credit facility granted to 3i Group plc. At 31st March 1993 £315,000,000 had been drawn down. (1992: £175,000,000)

3i HOLDINGS PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1993

11. Contingent Liabilities - continued

The Company, 3i Group plc and 3i International Holdings have jointly and severally guaranteed the payment of principal and premium, if any, and interest on 8 7/8% Unsecured Loan Stocks 1992/7 issued by 3i plc. At 31st March 1993 this amounted to £8,965,000. (1992: £9,140,000)

12. Ultimate Parent Undertaking

The ultimate parent undertaking is 3i Group plc which is incorporated in Great Britain and registered in England and Wales. Copies of the group accounts can be obtained from 91 Waterloo Road, London, SE1 8XP.

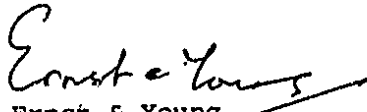
3i HOLDINGS PLC

REPORT OF THE AUDITORS

TO THE MEMBERS OF 3i HOLDINGS PLC

We have audited the accounts on pages 3 to 9 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31st March 1993 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young

Chartered Accountants
Registered Auditor

London

5 July 1993