

# Basis of preparation

The interim financial statements of 3i Group plc are for the six months to 30 September 2005. These interim consolidated financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (November 2005) and in respect of the revisions to IAS 39 published by the International Accounting Standards Board ("IASB") in June 2005 and IAS 19 issued but awaiting EU ratification. The standards to be applied, which will be adopted for the first time for the purpose of preparing consolidated financial statements for the year to 31 March 2006, will be those issued by the IASB and endorsed by the EU as at 31 March 2006. The IFRS standards and IFRIC interpretations that will be applicable at 31 March 2006, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these consolidated financial statements.

3i Group plc's consolidated financial statements were prepared in accordance with the United Kingdom's Generally Accepted Accounting Principles (UK GAAP) until the year to 31 March 2005. In preparing 3i Group plc's interim consolidated financial statements, the Board of Directors has amended certain accounting and valuation methods applied in the UK GAAP financial statements to comply with IFRS. The comparative figures in respect of 2004 were restated to reflect these adjustments. These figures have not been subject to audit.

The Group's IFRS accounting policies set out in pages 26 to 29 (Transition to IFRS) have been consistently applied to all periods presented. The effects of the transition from UK GAAP to IFRS on the Group's profit after taxation, net assets and cash flows are provided in pages 29 to 32 (Transition to IFRS).

These interim consolidated financial statements have been prepared on the historical cost basis, except for investment property, land and buildings, derivative financial instruments and financial assets at fair value through profit or loss that have been included at fair value. The basis of consolidation is included on page 26.

This interim report does not constitute statutory accounts. The statutory accounts for the year to 31 March 2005, prepared under UK GAAP, 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.

**Transitional arrangements** Rules regarding transitional arrangements are set out in IFRS 1, First-time adoption of IFRS, which generally requires full retrospective adoption of all accounting standards at the reporting date. Details of the primary IFRS exemptions that the Group has taken advantage of are included on page 29.

**Forward-looking statements** 3i's actual future results may differ materially from the plans, goals and expectations set forth in any of its forward-looking statements. Any forward-looking statements speak only as of the date they are made. 3i does not undertake to update forward-looking statements to reflect any changes in its expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

## Independent review report to 3i Group plc

**Introduction** We have been instructed by the Company to review the financial information for the six months ended 30 September 2005 which comprises the Consolidated income statement, Consolidated statement of recognised income and expense, Consolidated reconciliation of movements in equity, Consolidated balance sheet, Consolidated cash flow statement, and the related notes 1 to 9. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 "Review of interim financial information" 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority.

As disclosed in the Basis of preparation, the next annual financial statements of the Group will be prepared in accordance with those IFRSs adopted for use by the European Union.

The accounting policies are consistent with those that the Directors intend to use in the next financial statements. There is, however, a possibility that the Directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with those IFRSs adopted for use by the European Union. This is because as disclosed in the Basis of preparation, the Directors have anticipated that the revisions to IAS 39 published by the IASB in June 2005 and IAS 19, which have yet to be formally adopted for use in the EU will be so adopted in time to be applicable to the next annual financial statements.

**Review work performed** We conducted our review in accordance with guidance contained in Bulletin 1999/4 "Review of interim financial information" issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

**Review conclusion** On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2005.

**Ernst & Young LLP**  
London, 9 November 2005