7 May 2009

Results for the year to 31 March 2009

Solid financial performance in challenging economic environment

	Investment basis[1]		Consolidated IFRS basis	
	2009	2008[4]	2009	2008[4]
Total return [2]	£73.2m	£90.5m	£79.1m	£89.3m
Total return on average shareholders' equity [3]	8.8%	13.1%	9.5%	12.9%
Total dividend per share	5.3p	5.0p	5.3p	5.0p
Diluted net asset value ("NAV") per share	111.9p	108.6p	112.4p	108.5p
Diluted NAV per share after deducting final dividend	108.7p	105.6p	109.2p	105.5p
Portfolio value	£536.7m	£489.7m	£862.4m	£765.1m

(1) The investment basis accounts for majority investments and subsidiaries formed specifically for investment purposes in the same way as minority investments and does not consolidate these entities as required by International Financial Reporting Standards ("IFRS").
(2) For the consolidated IFRS basis, the total return in this measure is the total recognised income and expense attributable to equity holders of the parent and does not include minority interests. The gross consolidated total return for the period was £88.9 million (2008: £110.0 million).
(3) Time-weighted average shareholders' equity is defined as the weighted average of (i) opening shareholders' funds, less the final prior-year dividend paid and (ii) proceeds raised through the placing and open offer, less costs associated with the fundraising.
(4) Period from 16 January 2007 to 31 March 2008.

Commentary

- Solid financial performance in challenging economic environment, with total return of 8.8% on average shareholders' equity
- Portfolio performance robust, with 13.6% growth in EBITDA of underlying equity investments
- Strong income generation, covering full dividend of 5.2% on average shareholders' equity
- Profitable realisations despite challenging market conditions, at 42% uplift over cost and 17% uplift over opening value
- Steady growth in net assets
- Strong balance sheet position, with cash balances of £387m at 31 March 2009

Peter Sedgwick, Chairman of 3i Infrastructure plc, said: "3i Infrastructure has emerged from the market turmoil of the past year in a strong financial state and the level of income generation from the portfolio has underpinned the Board's decision to grow the dividend. In the period ahead, we will remain focused on building the portfolio and managing our assets to deliver our return objectives across the cycle."

Cressida Hogg, Managing Partner, Infrastructure, 3i Investments plc, added: "Through difficult market conditions, the portfolio's performance has been pleasingly robust and our initial investment theses are largely being confirmed. As the market opportunity develops, we are confident that 3i Infrastructure will be able to invest its liquidity in assets that enhance returns in the long term and bring diversity to the portfolio."

– ends –

For further information, please contact:

Peter Sedgwick, Chairman, 3i Infrastructure	Tel: 01534 711 444
Cressida Hogg, Managing Partner, Infrastructure, 3i Investments plc	Tel: 020 7975 3420
Stephen Halliwell, CFO, Infrastructure, 3i Investments plc	Tel: 020 7975 3263
Silvia Santoro, investor enquiries	Tel: 020 7975 3258
Jennifer Letki, press enquiries	Tel: 020 7975 3190
Lydia Pretzlik, The Maitland Consultancy	Tel: 020 7379 5151

For further information regarding the announcement of results for 3i Infrastructure plc please see www.3i-infrastructure.com. The analyst presentation will be made available on this website during the day.

Notes to editors

3i Infrastructure plc ("3i Infrastructure" or the "Company") is a Jersey-incorporated, closed-ended investment company that invests in infrastructure businesses and assets and is regulated by the Jersey Financial Services Commission. The Company listed on the London Stock Exchange in March 2007, raising £703 million in an Initial Public Offering and a further £115 million in a subsequent Placing and Open Offer in July 2008. The Company is a constituent of the FTSE 250 index.

3i Investments plc, a wholly-owned subsidiary of 3i Group plc, which is regulated in the UK by the Financial Services Authority, acts as Investment Adviser to 3i Infrastructure plc.

This press release is not for distribution (directly or indirectly) in or to the United States, Canada, Australia or Japan and is not an offer of securities for sale in or into the United States, Canada, Australia or Japan. Securities may not be offered or sold in the United States absent registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or an exemption from registration under the Securities Act. Any public offering to be made in the United States will be made by means of a prospectus that may be obtained from the issuer or selling security holder and will contain detailed information about 3i Group plc, 3i Infrastructure plc, 3i India Infrastructure Fund and management, as applicable, as well as financial statements. No public offering in the United States is currently contemplated.

The annual results of 3i Infrastructure plc for the year to 31 March 2009 have been drawn up and presented in accordance with and in reliance upon applicable English and Jersey law and the liabilities of the Company in connection with those results shall be subject to the limitations and restrictions provided by such law.

These annual results may contain certain statements about the future outlook for 3i Infrastructure plc. Although the Company believes its 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

The past financial year saw significant volatility in both equity and credit markets. What started as a financial crisis became an economic crisis, with a number of economies in the world now expected to contract in 2009 and, possibly, in 2010, with other economies growing more slowly.

In this volatile economic environment, the infrastructure sector has held up relatively well, demonstrating its value as an asset class. Against this backdrop, the Company and its Investment Adviser have remained very cautious in their investment approach, maintaining a strong cash position and well controlled gearing through the Company's portfolio, while deploying capital selectively in a limited number of new investments.

Our investment strategy remains to build a diversified portfolio of infrastructure assets that balances the different yield and capital growth characteristics of its underlying assets. Over the year, the Company invested £114.7 million in five junior debt instruments issued by infrastructure businesses, which will yield 20% on a weighted average basis, based on current value. While this investment adds some mark-to-market volatility to our portfolio valuation in the short to medium term, it has further improved the yield generated by our portfolio. The other main investment during the year was a draw down of £23 million by the 3i India Infrastructure Fund to finance an investment in the Krishnapatnam Port Company Limited, which has a concession to build and manage a port in the state of Andhra Pradesh in India, which is expected to deliver good capital growth.

Over the year to 31 March 2009, the Company achieved a total return, on a consolidated IFRS basis, of £79.1 million, representing a return of 9.5% on average shareholders' equity. On an investment basis, which the Board uses as the primary basis to monitor performance, the Company achieved a total return of £73.2 million (8.8%) which, while falling short of the long-term 12% return objective, is significant in the context of increasingly volatile markets, falling inflation and increasing risk premia.

The companies in our portfolio are generally performing well operationally. The underlying EBITDA of the portfolio companies increased by 13.6% year-on-year on a weighted average basis, despite significantly adverse macroeconomic conditions. The portfolio as a consequence is generating strong income (£41.2 million over the year), which, including the interest income earned on cash balances, fully covers the interim dividend of 2.1 pence per share paid out in December and the proposed final distribution of 3.2 pence per share, which total £43.0 million in aggregate.

Income generation was complemented by strong realised profits in driving the return. The Company generated £25.9 million in realised profits during the year through the sales of its stakes in the Alma Mater Fund and I^2 at significant uplifts over their previous valuations. These realisations were significant, not only for the profits they generated, but also because they demonstrate that the market for infrastructure investment is still active, and that debt finance is still available for assets with a robust operational performance.

This year's realisations further strengthened the Company's balance sheet, following the completion of a Placing and Open Offer in July 2008, which raised £114.6 million in new equity. The Company's cash balance stood at £386.8 million at 31 March 2009. While this may dilute returns in the short term, the availability of capital to deploy is key in the current market in positioning 3i Infrastructure to take advantage of the opportunity for infrastructure investment. The requirement for such investment remains undiminished in both developing and developed economies. With the number and strength of competitors significantly

affected by the ongoing financial crisis, the Board believes that the market opportunity is attractive, despite macro and financial headwinds.

The appointment of Sir John Collins in January 2009 as a non-executive Director and a member of the Audit Committee has further enhanced the expertise of the Board. Sir John has extensive experience in the financial and infrastructure sectors and as an adviser to both the the former Department of Trade and Industry and the Department for Environment, Food and Rural Affairs on energy and environmental policy. We believe that a strong Board with the skill to navigate these increasingly difficult markets will prove to be a competitive advantage for the Company.

Martin Dryden will retire from the Board following the AGM in July 2009. I, along with the rest of the Board, would like to thank him for his significant contribution, including his chairmanship of the Audit Committee. Steven Wilderspin will take over as chairman of the Audit Committee following the AGM.

3i Infrastructure has emerged from the market turmoil of the past year in a strong financial state and the level of income generation from the portfolio has under pinned the Board's decision to grow the dividend. In the period ahead, we will remain focused on building the portfolio and managing our assets to deliver our return objectives across the cycle.

Peter Sedgwick
Chairman
6 May 2009

Investment Adviser's review

About the Investment Adviser

3i Investments, a wholly-owned subsidiary of 3i Group, acts as Investment Adviser to the Company through its infrastructure investment team (the "investment advisory team").

The investment advisory team provides advice to the Company on the origination and completion of new investments, on the realisation of investments and on funding requirements, as well as on the management of the investment portfolio.

The investment advisory team is led by Cressida Hogg, who took over the management of 3i Group's infrastructure business from Michael Queen on 30 January 2009, following Michael's appointment as Chief Executive Officer of 3i Group. Formerly the investment advisory team's Senior Partner and Chief Investment Officer, Cressida has been involved in all investments made by the Company and as such guarantees continuity in strategy and execution.

The investment advisory team operates as a separate business line within 3i Group and at 31 March 2009 was staffed by 21 dedicated infrastructure investment professionals of whom 11 are based in London, seven in Mumbai and Delhi and three in New York. All have significant experience of investing in, or advising on, infrastructure or private equity assets.

The investment advisory team can also draw on 3i Group's network of more than 200 investment professionals, based in 12 countries, to originate infrastructure investments.

3i Group was among the subscribers to 3i Infrastructure's Initial Public Offering and subsequent Placing and Open Offer. On 19 February 2009, 3i Group sold a portion of its holding in the Company (9.5% of the issued share capital) to a number of international institutional investors, and currently owns 33.3% of the equity in the Company.

Market environment

The market environment has been challenging over the year, with worsening macroeconomic conditions across the world and governments resorting to radical intervention to shore up the banking system and to try to stimulate economic activity. It is too early to assess the effectiveness of such measures, but many commentators predict that the global economy will not return to growth for at least the next year.

Against this background, most public markets have seen dramatic volatility in asset pricing throughout the year. Adjustments in asset pricing to reflect greater market uncertainty continue in the unquoted equity market. Asset sales by distressed vendors and opportunities arising from the de-leveraging of corporate and bank balance sheets are presenting interesting investment opportunities.

Reduced lending by banks over the last year has constrained the availability of debt in all markets. Infrastructure businesses have not been immune from these pressures. While small and mid-sized deals in lower-risk infrastructure assets are still financeable by individual banks, the availability of debt financing for large deals is now only achievable using large "clubs" of banks. Across the market, the cost of debt finance is higher and is available on less beneficial terms than at the height of the market. The very long-term debt packages that were available on some assets are now usually offered at shorter tenors.

The competitive environment for infrastructure investment has become more benign. Many investors are preoccupied by fundraising or portfolio issues. Continued market uncertainty has made all investors more selective and raised their required rates of return.

Strategy
In these turbulent and challenging markets the Investment Adviser has been focused on ensuring that the Company's existing investments are performing as expected and has also been very selective about the investments that it recommends to the Company.

The investment policy for the Company has always been to invest in core infrastructure assets with strong market positions and predictable revenue streams, usually with some inflation linkage. Through difficult market conditions, the portfolio performance has been pleasingly robust and our initial investment theses are largely being confirmed. Close asset monitoring has identified potential issues early (for example as a result of the rapid slowdown in inflation) and we have been impressed with the performance and resilience of portfolio company management teams in such difficult times.

During the year the Investment Adviser has recommended that the Company invests cautiously, and this is demonstrated by the reduced investment activity. In a market where asset prices are continuing to fall it is key that the Company remains very selective, and chooses to invest only when assets clearly improve the overall return and yield characteristics of the Company's investment portfolio.

Both of these objectives are likely to be delivered by the Company's investment of £114.7 million in five junior debt interests. Credit market dislocation has provided an opportunity to buy these assets at attractive prices that did not reflect the strong credit quality of the underlying companies, all of whom operate in core infrastructure sectors. While this portfolio has added some mark-to-market volatility in portfolio value, it is the Company's intention at present to hold these assets to their final maturity dates, or until they are refinanced, and current pricing gives greater opportunity for capital uplift as the final maturity date nears.

While the Company is predominantly a very long-term investor in its assets, in situations where there are strong strategic reasons for selling an asset, or where an attractive offer is received, it will make pragmatic disposals. Two assets, the Alma Mater Fund and I^2, were sold profitably during the year at an average uplift over cost of 42%, despite adverse market conditions. The sale of I^2 also validated the availability of debt for suitable deals, as the acquirer raised a substantial debt package.

3i Infrastructure is currently very well placed to take advantage of attractive market opportunities because of its cash balances of £386.8 million at 31 March 2009. The Investment Adviser remains confident that the Company will be able to invest its remaining liquidity in very attractive assets that enhance returns and bring diversity to the portfolio. However, the Investment Adviser will continue to maintain investment discipline, and will not compromise on the quality of the investment opportunities it submits to the Company's Board.

Case study – Realisations

I^2

Investment – Social Infrastructure

3i Infrastructure acquired its 31.2% interest in Infrastructure Investors LP (“I^2”) in March 2007, as part of the original portfolio that seeded the Company at IPO. This investment was consistent with the Company’s strategy of building a diversified portfolio of assets, spanning the social infrastructure, utilities and transportation sectors. The other shareholders in I^2 were, at the time, Barclays Integrated Infrastructure Fund LP – a fund managed by Barclays Private Equity – and Société Générale. 3i Group had owned the asset since 2005 and was actively involved on the board of the investment management company, working with the management team to deliver an optimal vehicle for the ownership and management of PFI assets.

Asset ownership

I^2 makes and manages PFI investments, mainly acquired in the secondary market, in the UK. It is among the largest equity funds in this market and its projects include the Lewisham DLR extension, HM Treasury and HMRC offices and King’s College Hospital. These PFI contracts benefit from long-term concession agreements with the public sector, with revenues largely generated by availability payments.

During the time 3i Infrastructure was invested, the objective of I^2 was to build a diversified portfolio of PFI assets, generating stable returns for investors through the identification of portfolio synergies, operational efficiencies and by developing appropriate financial structures. By January 2009, I^2 had invested capital of £600 million and managed 84 assets in its portfolio.

Divestment

On 9 January 2009, the Company completed the sale of its interest in I^2 to Barclays Integrated Infrastructure Fund LP for a total consideration of £163.7 million (net of costs), of which £135.5 million was received in cash and £28.2 million in unsecured loan notes. A final income distribution of £3.0 million was also received from I^2 prior to the sale. Barclays Private Equity financed this acquisition through a mixture of equity and debt finance.

The total consideration received by the Company for the stake in I^2 represented a substantial uplift of £44.8 million over cost and, including the final income distribution, an increase of £16.2 million over the asset’s value at 30 September 2008.

Divestment strategy

While the asset was performing strongly, the Board and Investment Adviser took the view that the price offered by Barclays Private Equity was very attractive and that the proceeds from the sale could be invested profitably elsewhere.

This realisation is significant not only for the valuation achieved for the assets, but also because it validates the Company’s valuation methodology and because it demonstrates that debt finance remains available for quality assets.

Financial results

The Company has two performance objectives:

Performance indicator – Total return
Objective – to provide shareholders with a total return of 12% per annum on the aggregate of the net proceeds from the IPO and the Placing and Open Offer, to be achieved over the long term.
Measurement – total return for the period expressed as a percentage of average shareholders' equity(1).
Status – 8.8% total return for the year to 31 March 2009.

(1) Average shareholders' equity is the time-weighted average of (i) opening shareholders' funds less prior-year final dividend paid and (ii) net new funds raised in the financial year.

Performance indicator - Dividend

Objective – to target an annual distribution yield, on full investment, of 5% of the opening NAV.
Measurement – dividend paid or declared relating to the financial year, as a percentage of average shareholders' equity(1).
Status – total dividend of 5.3p per share equates to a 5.2% distribution on average shareholders' equity(1).

(1) Average shareholders' equity is the time-weighted average of (i) opening shareholders' funds less prior-year final paid dividend and (ii) net new funds raised in the financial year.

Summary of NAV growth
The undiluted net asset value on an investment basis at 31 March 2009 (after the deduction of the final dividend) was 109.7 pence per share (2008: 106.5 pence). Table 1, below, sets out in detail the key components of the 8.5 pence growth (8.8%) in NAV per share over the year and the 5.3 pence (5.2% of weighted average shareholders' equity) dividend paid and proposed for this financial year. The commentary below analyses the key drivers of the Company's investment activity and returns, as shown in Table 1, according to the investment basis of preparation.

Table 1**: Reconciliation of movements in net asset value per share on an investment basis** (pence)

Opening NAV per share	106.5
Portfolio income	
Realised profits	3.3
Income	7.0
Unrealised gains on unquoted assets	4.9
Unrealised loss on quoted assets	
Debt	(3.3)
Equity	(0.9)
Net FX movement	0.7
Costs (1)	(3.2)
Distributions to shareholders	
Interim	(2.1)
Final	(3.2)
Closing NAV per share	**109.7**

(1) Includes a 0.9p per share dilution of cost from the cost of equity raised, which is not reflected in the total return

The commentary below analyses in more detail the key drivers of the Company's investment activity and returns, as shown in Table 1, according to the investment basis of preparation.

Returns

3i Infrastructure achieved a total return for the year of £73.2 million, representing a 8.8% return on time-weighted average shareholders' equity (2008: £90.5 million, 13.1%), which adjusts opening shareholders' equity for the new equity raised in July 2008.

As shown in Table 1, the return for the year was driven principally by strong levels of cash generation from the portfolio, through profitable realisations and high levels of dividend and interest from portfolio assets. The return also benefited from unrealised gains on the unquoted elements of the portfolio, including foreign exchange gains, net of the Company's hedging programme, but this was partly offset by the unrealised mark-to-market loss on the quoted element of the Company's portfolio.

Capital return

Realised capital return Despite the difficult market conditions, two profitable disposals were achieved during the year. The sales of I^2 and the Alma Mater Fund generated cash proceeds of £177.4 million and realised capital profits of £25.9 million (2008: £nil) over opening portfolio valuation. In aggregate, this represented an uplift over cost of 42% and an uplift over the fair value of the assets at the beginning of the year of 17%.

The sale of the Company's interest in the Alma Mater Fund was completed in July 2008, generating proceeds of £41.9 million. This represents an uplift of £15.0 million over the asset cost and a £4.0 million uplift over the asset valuation at 31 March 2008.

The sale of the Company's 31.2% interest in I^2 was completed in January 2009, for a total consideration of £163.7 million. Of the consideration, £135.5 million was received as cash, for a profit of £21.8 million, with the balance of £28.2 million in unsecured loan notes.

Unrealised capital return The unrealised value loss of £13.7 million for the year (2008: value uplift £48.5 million) comprised a value uplift of £19.8 million on the unquoted element of the portfolio, underpinned by continued solid operational performance of the portfolio assets, and a decline of £33.5 million in the mark-to-market valuation of the quoted investments in the portfolio.

All unquoted equity assets in the portfolio were valued on a DCF basis, and accounted for an unrealised value uplift of £19.8 million over the year. The weighted-average discount rate increased from 12.4% at 31 March 2008 to 13.8% in March 2009. Valuation models were updated to include macroeconomic factors such as trends in interest and inflation rates.

For the quoted assets, the investment in the junior debt portfolio of £114.7 million was valued on a third-party mark-to-market basis and its valuation of £91.9 million at 31 March 2009 represented a 22.8% discount to cost, excluding any foreign exchange impact. The Company is planning to hold the investments in the junior debt portfolio to their final maturity dates, or until the instruments are refinanced, and has followed its policy to mark to market these instruments and not value them on a "hold to maturity" basis. The average remaining maturity of the debt investments held in the portfolio at 31 March 2009 is 5 years.

The Company also continues to hold a quoted equity stake of 8.6% in Novera plc the valuation of which, based on closing bid price at 31 March 2009, fell by £7.4 million in the year.

Foreign exchange gains Movements in foreign exchange rates generated gains on non-sterling assets of £38.4 million (2008: £18.1 million) as sterling depreciated against both the euro and the US dollar. The exchange gain on euro denominated assets totalled £21.0 million, while exchange gains on the US dollar denominated 3i India Infrastructure Fund were £17.4 million.

During the year the Company put in place a programme to hedge 85% of the euro asset exposure. As the euro denominated asset valuations have increased, the hedge transactions have fallen in value by £13.4 million in the year. This results in a net euro exchange gain of £7.6 million, as shown in Table 2.

The 3i India Infrastructure Fund is a US dollar denominated Fund which invests in rupee denominated assets. The real exchange exposure for the Company is therefore sterling to rupee. The Company did not hedge this exposure during the year. As the rupee has depreciated against the US dollar during the year, the valuation of these assets has fallen in US dollar terms during the year. This is fully reflected in the valuation of the Company's share of the 3i India Infrastructure Fund. This is equivalent to a £19.0 million loss in sterling terms.

A summary of the total exchange impact net of hedging, of £6.0 million, is set out in Table 2 below.

Table 2
Impact of foreign exchange movements on portfolio value, net of hedging
– year to 31 March 2009

		£m
Euro assets		
Translation of asset	£/€	21.0m
Hedging impact	£/€	(13.4)m
		£7.6m
3i India Infrastructure Fund		
Translation of asset	£/$	17.4m
Asset valuation[(1)]	$/rupee	(19.0)m
		£(1.6)m
Net foreign exchange gain		**£6.0m**

[(1)] Impact to asset valuation due to $/rupee exchange movement.

Investment return

Portfolio income Income generation from the portfolio was robust, totalling £41.2 million over the year (2008: £27.8 million). This was driven by strong dividends from Anglian Water Group Limited ("AWG"), partly due to the sale of Morrison Utilities Services, as well as from Oystercatcher, through solid underlying dividend distributions from each of the Oiltanking investments. Income from loans and receivables totalled £6.9 million during the year (2008: £10.5 million), the reduction being mostly due to the sale of I^2. Interest income from the junior debt portfolio was strong, at £8.7 million for the year.

Fees payable of £2.0 million are attributable to transaction costs, mainly in relation to deals which did not reach final completion.

Interest income Interest income from financial assets of £13.1 million (2008: £21.7 million) was lower compared to last year, due to the reduced average cash holdings during the year and due to the reduction in interest rates.

Advisory fee, performance fees and other operating costs
During the year, the Company incurred advisory and performance fees totalling £10.5 million (2008: £17.5 million). The advisory fee payable to 3i plc totalled £10.0 million for the year (2008: £8.0 million). This is calculated as 1.5% of Gross Investment Value, which is based on the opening portfolio value and the cost of new investments made during the year. The performance fee, calculated as 20% of returns above a performance hurdle of 8% growth in Net Asset Value, totalled £0.5 million (2008: £9.2 million). For a more detailed explanation of how fees are calculated, please refer to Note 20.

Operating expenses, comprising Board fees, service provider costs and other professional fees, totalled £2.3 million for the year (2008: £3.9 million). This is marginally higher on a like-for-like basis than last year's figure, which included indirect costs of £2.1 million associated with the Company's incorporation and IPO. Finance costs of £1.4 million (2008: £nil) comprise the arrangement and commitment fees for the Company's £225 million revolving credit facility.

The costs for the Placing and Open Offer of £3.3 million were charged directly to reserves.

Movements in the fair value of derivatives of £(13.4) million are the fair value movements of the hedging programme that was put in place during the year to partially hedge the exchange rate exposure from the Euro denominated portfolio.

Table 3
Summary total return on an investment basis (£m)

	Year to 31 March 2009 £m	Return per share 31 March 2009[1]	Period from 16 January 2007 to 31 March 2008 £m	Consolidated IFRS basis Year to 31 March 2009 £m
Realised profits over value on the disposal of investments	**25.9**	3.3p	-	25.9
Unrealised (losses)/profits on the revaluation of investments	**(13.7)**	(1.7)p	48.5	2.0
Foreign exchange gains on investments	**38.4**	4.9p	18.1	3.8
Capital return	**50.6**	6.5p	66.6	31.7
Portfolio income				
Dividends	**25.6**	3.3p	17.3	46.6
Income from loans and receivables	**6.9**	0.9p	10.5	10.2
Income from quoted debt investments	**8.7**	1.1p	-	8.7
Fees payable	**(2.0)**	(0.3)p	(3.4)	(2.1)
Interest receivable	**13.1**	1.7p	21.7	13.2
Investment return	**102.9**	13.2p	112.7	108.3
Advisory, performance and management fees payable	**(10.5)**	(1.3)p	(17.5)	(11.6)
Operating expenses	**(2.3)**	(0.3)p	(3.9)	(2.3)
Finance costs	**(1.4)**	(0.2)p	-	(14.3)
Movements in the fair value of derivative financial instruments	**(13.4)**	(1.7)p	-	(26.2)
Other costs	**(2.3)**	(0.2)p	(1.4)	(1.5)
Profit for the period	**73.0**	9.4p	89.9	52.4
Exchange difference on translation of foreign operations	**0.2**	-	0.6	36.5
Profit attributable to minority interests for the period	**-**	-	-	(9.8)
Total recognised income and expense "Total return"	**73.2**	9.4p	90.5	79.1

[1] Calculated on time-weighted average number of shares over the year.

Investment
At IPO, the Company set an objective of investing the net proceeds from IPO of £693.1 million within two years and based an investing key performance indicator on that measure. Aggregate investment and commitments made since IPO were £718.8 million at 31 March 2009, which exceeds this original objective.

In July 2008, the Company raised additional equity through a Placing and Open Offer and subsequently generated further cash proceeds through the sale of existing portfolio assets. The Company's objective remains to invest new equity raised or re-invest the cost returned through the sale of assets within two years of receiving such proceeds. This will be targeted within a wider policy of effective balance sheet management, which will be influenced by general economic conditions.

Investment activity
3i Infrastructure invested £174.0 million over the year, compared to £442.1 million in the period to 31 March 2008, which included the initial seed portfolio investment of £234.4 million. The slowdown in investment activity compared to 2008 was driven principally by a cautious approach to investment in the context of increasingly volatile markets. The Board and Investment Adviser have deployed resources selectively on a number of high-quality assets, focusing on improved portfolio yield.

New investment The largest investment in the year was the £114.7 million purchase, throughout the year, of a portfolio of five junior debt instruments, which the Company intends to hold to their final maturity dates, or until they are refinanced. The severe dislocation in the credit markets provided the Company with an opportunity to purchase junior debt instruments issued by infrastructure businesses with strong credit credentials, at prices significantly below par value, giving scope for capital growth through return to par and generating strong portfolio yield.

In February 2009, the 3i India Infrastructure Fund drew down US$32.9 million (£23.2 million) from the Company to fund an investment in Krishnapatnam Port Company Limited ("KPCL"). KPCL was awarded a 30-year concession (extendable to 50 years) to develop, operate and maintain the port of Krishnapatnam. The port is a natural, deep water, all-weather port with 12km of quays in the state of Andhra Pradesh in India, operated on a landlord port model. Inaugurated last July, the port is expected to handle about 100 million tonnes of bulk cargo when fully completed. In total, the 3i India Infrastructure Fund has now drawn down 41.2% of the Company's US$250 million commitment. A small level of drawdowns were returned, leaving net investment in the Fund for the year of £20.3 million.

Further investment in existing portfolio companies The Company made several further investments and had existing commitments into portfolio companies drawn down.

On 31 March 2009, the Company invested a further £10.3 million in AWG, which represents its pro-rata share of additional funding of £115 million provided to AWG by shareholders, to ensure that AWG continues to maintain a healthy buffer relative to its debt covenants. The terms of AWG's various debt facilities are related to its regulated capital value, which is set annually as at 31 March and adjusted by the rate of RPI. The recent rapid fall in RPI, and its exceptional unpredictability in the current economic circumstances, led AWG to decide that it would be prudent to seek a temporary increase in its capital. This additional funding was provided in the interest of prudent portfolio management and the Company expects that this additional capital will be redeemed over the next 12 to 18 months, depending, among other things, on actual levels of RPI over that period.

An additional £7.4 million was invested in Alpha Schools, completing the remaining scheduled investment obligations of the Company in relation to this PFI asset.

The Company also increased its holding in Octagon to 36.8%, investing £7.0 million to acquire part of the stake sold by an existing shareholder.

Finally, further drawdowns of commitments of £12.4 million and £1.9 million were made into I^2 and the Alma Mater Fund respectively before they were sold.

Balance sheet and net asset value
At 31 March 2009 the Company's net assets totalled £916.1 million (2008: £769.6 million), comprising the asset portfolio, valued at £536.7 million (2008: £489.7 million), cash balances of £386.8 million (2008: £253.7 million) and other net liabilities of £7.4 million (2008: £26.2 million). There were no external borrowings on a recourse basis to the Company. During the year the Company's cash position was strengthened through strong realisations and income from the portfolio, as well as through proceeds from the Placing and Open Offer. Cash on deposit was managed actively by the Investment Adviser, including regular reviews of counterparty selection and counterparty limits as the financial market landscape evolved, and is principally held in AAA-rated money market funds, as well as in short-term deposits.

In addition to its cash balances, the Company has at its disposal a £225 million revolving dual currency credit facility. As at 31 March 2009, and at the time of reporting, this facility had not been drawn.

On a consolidated IFRS basis, Oystercatcher Luxco 2, a subsidiary, had borrowings of €190 million drawn down in full and repayable in full in 2014. Oystercatcher Luxco 2 also had an additional undrawn facility of €60 million. The borrowings of Oystercatcher Luxco 2 are non-recourse to the Company.

The net asset value as at 31 March 2009 of £916.1 million reduces to £890.1 million (2008: £748.5 million) after the deduction of the proposed final dividend, which will be paid in July 2009.

Total NAV per share at 31 March 2009 was 112.9 pence. This reduces to 109.7p per share after the payment of the proposed final dividend of 3.2 pence per share. Diluted net asset value per share, adjusted for the 70.6 million warrants issued at IPO, was 108.7 pence (2008: 105.6 pence).

Table 4
Reconciliation of movements in net asset value (£m)

Opening NAV (post dividend)	748.5
Net Placing and Open Offer proceeds	111.4
Total return	73.2
Total dividends	(43.0)
Closing NAV (post-dividend)	890.1

Table 5

Summary balance sheet on an investment basis (£m)

	As at 31 March 2009 £m	Asset value per share 31 March 2009	As at 31 March 2008 £m	Consolidated basis As at 31 March 2009 £m
Assets				
Non-current assets				
Investment portfolio	**536.7**	66.2p	489.7	862.4
Current assets				
Other current assets and derivative financial instruments	**10.7**	1.3p	41.4	9.5
Cash and cash equivalents	**386.8**	47.7p	253.7	393.7
Total current assets	**397.5**	49.0p	295.1	403.2
Total assets	**934.2**	115.2p	784.8	1,265.6
Borrowings	**-**	-	-	(176.7)
Derivative financial instruments	**(9.4)**	(1.2)p	-	(27.3)
Total non-current liabilities	**(9.4)**	(1.2)p	-	(204.0)
Current liabilities				
Trade and other payables	**(4.7)**	(0.6)p	(15.2)	(4.6)
Derivative financial instruments	**(4.0)**	(0.5)p	-	(4.0)
Total current liabilities	**(8.7)**	(1.1)p	(15.2)	(8.6)
Total liabilities	**(18.1)**	(2.3)p	(15.2)	(212.6)
Net assets	**916.1**	112.9p	769.6	1,053.0
Equity				
Stated capital account	**111.4**	13.7p	-	111.4
Retained reserves	**804.3**	99.2p	769.0	755.3
Translation reserve	**0.4**	0.0p	0.6	54.0
Total shareholders' equity	**916.1**	112.9p	769.6	920.7
Minority interests				132.3
Total equity	**916.1**	112.9p	769.6	1,053.0

Basis of preparation

Throughout the Investment Adviser's review and Portfolio section, the Investment Adviser has presented the Company's net asset value and key financial statements to show the return on a pro forma investment basis, in addition to the consolidated financial statements, as required under International Financial Reporting Standards ("IFRS"). This pro forma investment basis presentation provides a more meaningful representation of the Company's net asset value, shows the Company's cash utilisation for investment and differentiates between non-recourse borrowings held within asset specific acquisition companies and borrowings which may be made at the Company level. The investment basis accounts for majority investments and subsidiaries formed specifically for investment purposes in the same way as minority investments, by determining a fair value for the investment, and therefore does not consolidate these entities line-by-line as is required under IFRS.

Several adjustments have been made in order to show returns on an investment basis, the main adjustments being:

3i Infrastructure holds 55.7% of 3i Osprey LP, the vehicle through which 3i Group also holds its investment in AWG. 3i Infrastructure is required under IFRS to consolidate the results and balance sheet of this Limited Partnership into its financial statements on a line-by-line basis. The remaining 44.3% of this entity is held by 3i Group and third parties. In the investment basis presentation, 3i Infrastructure has recognised only its share of the income and balance sheet of 3i Osprey LP. This adjustment has the effect of eliminating the minority interest entitlement shown on the Income statement and the Balance sheet on an IFRS basis.

One subsidiary of the Company, 3i Primary Infrastructure 2005-6 LP, which holds the investment in Alpha Schools, has investing partners which are entitled to 3.75% of share of profits, once certain cash hurdle criteria are met. Amounts due to this partnership are treated as a minority interest on a consolidated basis but are accrued as an expense in the investment basis.

3i Infrastructure holds 97% of the investment in Alpha Schools through its investment in Northern Infrastructure Investments LLP. The remaining 3% is held by a third party. This has been treated as a minority interest under the consolidated basis. On the investment basis, 3i Infrastructure has only recognised its share of the investment.

3i Infrastructure holds two wholly-owned subsidiaries, Oystercatcher Luxco 1 S.àr.l. and Luxco 2 S.àr.l., to fund the minority investment into three subsidiaries of Oiltanking GmbH. External borrowings were made by Oystercatcher Luxco 2 to partly fund the investments. These borrowings are non recourse to 3i Infrastructure. Under IFRS, the results and balance sheets of Oystercatcher Luxco 1 and Oystercatcher Luxco 2 subsidiaries are required to be consolidated into 3i Infrastructure's financial statements on a line-by-line basis. In the investment basis presentation Oystercatcher Luxco 2 is not consolidated but is accounted for as a portfolio asset held for investment purposes and is fair valued accordingly.

The Company invests in 3i India Infrastructure Holdings Limited through 3i India Infrastructure A LP, a limited partnership in which the Company is the sole investor. This partnership has not been consolidated under the investment basis and is treated as an investment, and is fair valued accordingly.

Portfolio

Portfolio summary

3i Infrastructure's objective is to build a portfolio of assets which is diversified by sector, maturity and geography, and which balances the different yield and capital growth characteristics of its underlying assets. Table 6 below summarises the valuation and changes in the portfolio for the year, as well as total return per asset. Tables 7, 8 and 9 below illustrate the breakdown of the portfolio by sector, maturity and geography as at 31 March 2009.

Table 6

Portfolio summary on an investment basis (£m)

Portfolio assets

			Valuation					Returns
	Investment in year	Total cost	**Directors' valuation March 2009**	Directors' valuation March 2008	Value movement	Foreign exchange translation	Income[4] in the year	**Asset total return in the year**
AWG	10.3	150.3	**162.9**	159.6	(7.0)	-	18.7	**11.7**
Oystercatcher [1]	-	84.5	**114.3**	98.3	(0.7)	16.7	8.8	**24.8**
Junior debt portfolio	114.7	114.7	**91.9**	-	(26.1)	3.3	8.7	**(14.1)**
3i India Infrastructure Fund	20.3	56.3	**90.3**	37.7	14.9	17.4	0.3	**32.6**
Octagon	7.0	20.2	**26.0**	13.6	5.4	-	1.0	**6.4**
Alpha Schools	7.4	7.6	**12.0**	0.3	4.3	-	0.6	**4.9**
T2C	-	6.5	**7.3**	7.9	(1.6)	1.0	(0.2)	**(0.8)**
Novera	-	11.2	**3.8**	11.2	(7.4)	-	-	**(7.4)**
	159.7	451.3	**508.5**	328.6	(18.2)	38.4	37.9	**58.1**
3i India Infrastructure Fund Commitments	-	102.7	**-**	-	-	-	-	**-**
	159.7	554.0	**508.5**	328.6	(18.2)	38.4	37.9	**58.1**

Assets divested/partially divested during the year

			Valuation					Returns
	Investment in year prior to sale	Total cost at sale	**Directors' valuation March 2009**	Directors' valuation March 2008	Value movement	Foreign exchange translation	Income [4] in the year	**Asset total return in the year**
I^2 [2]	12.4	118.9[3]	**28.2**	125.1	4.5	-	25.2	**29.7**
The Alma Mater Fund	1.9	26.9	**-**	36.0	-	-	4.0	**4.0**
	14.3	145.8	**28.2**	161.1	4.5	-	29.2	**33.7**

(1) 3i Infrastructure has a 45% interest in three of Oiltanking GmbH's subsidiaries through Oystercatcher Luxco 2 S.àr.l.
(2) I^2 was sold in January 2009. Part of the consideration was in the form of loan notes of £28.2 million charged on the assets in the I^2 fund.
(3) Proportion of opening value attributable to the loan notes is £23.7 million.
(4) Income in this table includes portfolio income and realised profits.

Table 7

Asset portfolio by sector

as at 31 March 2009

Social infrastructure	12%
Transportation	28%
Utilities	60%

Table 8
Asset portfolio by maturity
as at 31 March 2009

Early stage	12%
Operational growth	7%
Mature	81%

Table 9
Asset portfolio by geography
as at 31 March 2009

UK	57%
Continental Europe	17%
Asia	26%

Portfolio value
As set out in Table 10, portfolio value increased from £489.7 million to £536.7 million over the year. Investment of £174.0 million was £22.3 million higher than the opening portfolio value divested of £151.7 million (the opening portfolio value attributable to I^2 and the Alma Mater Fund). Of the total asset return of £91.8 million, £67.1 million was income or realised profits, and therefore had no impact on portfolio value. The remaining £24.7 million relates to unrealised value movements or foreign exchange, increasing closing portfolio value to £536.7 million.

Asset management strategy

The Investment Adviser provides portfolio management support to the Board, working with the management and shareholders of each of the portfolio companies to deliver improvements in their operational performance. At least one member of the investment advisory team regularly attends the board meetings of portfolio assets where equity stakes are held. The full resources of 3i Group's network are leveraged to drive value from each of the portfolio assets.

The performance of the portfolio companies is monitored closely by the Investment Adviser and the Board. The Investment Adviser receives and analyses management accounts for most portfolio assets on a monthly basis, and prepares reports for the 3i Infrastructure Board.

The Investment Adviser prepares formal annual reviews for each asset, which are submitted to the Board of Directors.

Underlying asset performance
The fully operational assets in which the Company holds an equity stake performed strongly during the year. Earnings before interest, tax, depreciation and amortisation ("EBITDA") for these assets increased by 13.6% on a like-for-like basis since the previous reporting period[(1)]. This increase was driven mainly by growth in the Oystercatcher companies and AWG and is evidence of the robustness of the portfolio's infrastructure assets and of improvement in operating margins at portfolio companies.

Assets excluded from this analysis are those substantially still in construction and not in operation, or generating EBITDA, such as T2C, or, within the 3i India Infrastructure Fund, Adani Power Private Limited ("Adani Power"), or assets held for less than one year, such as KPCL.

Table 10
Reconciliation of movements in portfolio value on an investment basis
(£m)

Opening portfolio value	489.7
New/further investments	174.0
Opening value divested	(151.7)
Total asset return	91.8
Income/profit on sale received	(67.1)
Closing portfolio value	536.7

(1) EBITDA data used is year-on-year comparison taken from full year audited accounts for 2007 and 2008, or, for companies with a March year end, unaudited management accounts to March 2009, adjusted where necessary to give a like-for-like comparison.

Portfolio valuation

Summary of valuation methodology
Investment valuations are calculated at the half year and at the financial year end by the Investment Adviser and then reviewed and approved by the Board. Investments are reported at the Directors' estimate of fair value at the reporting date. The valuation principles used are based on International Private Equity and Venture Capital ("IPEVC") valuation guidelines, generally using a discounted cash flow ("DCF") methodology, which the Board considers to be the most appropriate valuation methodology for infrastructure investments.

Discounted cash flow and discount rates
The majority of the portfolio was valued on a DCF basis. The weighted average discount rate applied at 31 March 2009 was 13.8% (31 March 2008: 12.4%), deriving from a range of 8.2% to 22.0%.

The discount rate applied to each asset comprises a risk-free rate and risk premium specific to the asset. Risk-free rates (measured against the 10-year government bond rate) decreased by 10.6% (Singapore) to 27.2% (UK) over the year. However, with risk premia generally increasing across the market, several asset discount rates were increased. The increase in the average discount rate over the year was also impacted by the sale of the Company's holding in I^2, which was valued using a discount rate towards the lower end of the range, and from the proportionate increase in value of the 3i India Infrastructure Fund, which was valued using a discount rate at the higher end of the range. Table 11 shows the movement in the weighted average discount rate applied to the portfolio in each six-month period since inception.

Table 11
Portfolio weighted average discount rates

September 2007	13.1%
March 2008	12.4%
September 2008	12.0%
March 2009	13.8% (from a range: 8.2% to 22.0%)

Other unquoted valuations
The Company's investment in the 3i India Infrastructure Fund was valued as the Company's share of net assets held by the Fund. The underlying assets held in the Fund are valued on a DCF basis, with the exception of one small element valued using sector earnings multiples derived from direct competitors.

Quoted assets
The Company's investment in the junior debt portfolio was valued using bid prices at 31 March 2009 provided by third-party brokers. The holding in Novera plc was valued using the closing bid price on the balance sheet date. No liquidity or marketability discounts are applied to quoted valuations.

Portfolio risk

The key risks for the Company, including underlying portfolio company risks, are set out in the Risks and uncertainties section. The likelihood of certain risks varies with macroeconomic volatility.

As a consequence of the tightening of debt markets, one of the key risks faced by the Company is re-financing risk in the underlying portfolio companies.

As at 31 March 2009, there was minimal refinancing and new debt requirement in the portfolio for the next financial year. Across the whole portfolio, £379 million needs to be refinanced or raised in 2010, of which £269 million has already been raised. In addition, 81% of portfolio refinancing falls due after 2018.

During the course of the year, a rapid deceleration in inflation in the UK has impacted infrastructure companies with index-linked revenues and costs. Several of the portfolio companies have index-linked revenues, as described in the individual asset summaries that follow.

Anglian Water Group

Anglian Water Group	
Cost	£150.3m
Value	£162.9m
Equity interest	9.0%
Further investment in the year	£10.3m
Income in the year	£18.7m
Asset total return	£11.7m
Valuation basis	DCF

The value on a consolidated IFRS basis is £292.6 million.

Description
Anglian Water Group Limited ("AWG") is the parent company of Anglian Water, the fourth largest water supply and waste water company in England and Wales as measured by regulatory capital value. The majority of the group's revenue is earned through tariffs regulated by Ofwat and linked to RPI. The group also includes Morrison Facilities Services, a support services business focused on local authority and social housing sectors, and a small property development business based in Scotland.

The investment is held through a limited partnership that is managed separately by 3i Investments and in which 3i Group also has an interest.

Strategy
Anglian Water aims to deliver a reliable supply of clean, safe drinking water and effective waste water services at an affordable price, while meeting the key challenges of regional growth and the impact of climate change.

Developments in the year
For the second consecutive year, Anglian Water was ranked first among water and wastewater companies in regulator Ofwat's Overall Performance Assessment, which measures and incentivises performance across the broad range of services provided to consumers and the environment.

AWG submitted to Ofwat its Final Business Plan setting out its operating and investment plans for 2010 to 2015, in April 2009. This includes a proposal to invest over £2.2 billion over the period, while limiting average bill increases for customers to 0.6% per annum above inflation.

AWG issued £115 million of senior preference shares in March 2009, of which 3i Infrastructure subscribed for its pro rata share, £10.3 million. This additional capital was injected as a precautionary measure in response to the exceptional decline in UK RPI, its effect on Anglian Water's regulated capital value, and on the headroom prudently maintained in AWG's debt facilities.

For the year ended 31 March 2009(1), EBITDA for the group had increased by 5.8% over the prior corresponding period.

AWG has complied with the Walker Code and its report and accounts are available on www.awg.com.

(1) Unaudited management accounts.

Oystercatcher

Oystercatcher	
Cost	£84.5m
Value	£114.3m
Equity interest	45.0%
Further investment in the year	-
Income in the year	£8.8m
Asset total return	£24.8m(1)
Valuation basis	DCF

(1) Includes £16.7 million of unrealised exchange gains.
The value on a consolidated IFRS basis is £309.2 million.

Description
Oystercatcher is the holding company through which 3i Infrastructure invested in 45% stakes in three subsidiaries of Oiltanking GmbH, located in the Netherlands, Malta and Singapore. These businesses provide over 3.2 million cubic metres of oil, petroleum and other oil-related and chemicals storage facilities and associated services to a broad range of clients, including private and state oil companies, refiners, petrochemical companies and traders. Contracts are let on a use-or-pay basis with fixed terms of up to 10 years, often with tariffs linked to local inflation rates.

Oiltanking is one of the world's leading independent storage partners for oils, chemicals and gases, operating 65 terminals in 21 countries with a total storage capacity of 14.5 million cubic metres.

Strategy
Experienced local management teams, supported by Oystercatcher's board representatives and Oiltanking's worldwide expertise, seek to develop infrastructure and services best suited to the needs of the market in each location, and to deliver high levels of customer service while maintaining strong safety and environmental standards.

Developments in the year
Market conditions were favourable throughout the year, with volatility in the oil price and the shape of the forward curve underpinning demand for storage by major oil companies and oil traders. All three businesses performed strongly in 2008, operating at or near full capacity, with full year EBITDA improving on average over 20% from 2007.

In Amsterdam, two new jetties were taken into operation in July 2008, increasing the terminal's vessel handling capacity and reducing waiting times for customers. In Singapore, construction of the expansion project is nearing completion and is expected to start operations in June 2009. In Malta, a new Chief Executive was appointed in December 2008.

Junior debt portfolio

Junior debt portfolio	
Cost	£114.7m
Value	£91.9m
Investment in the year	£114.7m
Income in the year	£8.7m
Asset total return[1]	£(14.1)m
Valuation basis	Quoted debt

[1] Includes £3.3 million of unrealised exchange gains.

Strategy

The Company's strategy has been to acquire a portfolio of junior debt investments in core infrastructure businesses at prices below par, delivering attractive equity-like returns and strong levels of cash yield.

The underlying businesses are in core infrastructure sectors and leading players in the markets in which they operate.

Market update
In line with global financial markets, the debt portfolio displayed significant pricing volatility throughout the course of the year.

The primary catalyst for pricing volatility is generally accepted as being the collapse of Lehman Brothers in September 2008, which created forced selling in illiquid markets as distressed investors sought to realise cash. Prices were further depressed as interest rates and expectations for future interest rates reduced cash yields. Stabilisation in market prices was only experienced towards the end of the first quarter in 2009, as forced redemptions slowed and the financial sector returned to a more even keel.

The Company took the opportunity to enhance expected total portfolio returns over this period through opportunistic incremental acquisitions, building its positions in the existing portfolio of investments and adding a fifth investment, in Associated British Ports, to the portfolio.

The current valuation of the portfolio on a mark-to-market basis is substantially below cost. Yield on the portfolio is running at an average of 7.2% on cost and 9.2% on current valuation, while the expected yield to maturity is 19.6% on current valuation.

The reported financial performance of each of the investments within the debt portfolio is monitored by the Investment Adviser and has been closely in line with the Company's expectations.

Viridian

Electricinvest Holding Company Limited
£500 million Junior Facility

Viridian operates both regulated and unregulated businesses within the Irish energy market. The regulated business manages 42,000km of power transmission and distribution infrastructure, supplying nearly 800,000 homes and businesses within Northern Ireland. The unregulated business focuses on power generation within the Republic of Ireland. A third division of Viridian offers power-related services to the power industry.

Viridian was acquired by Arcapita through a public-to-private transaction in December 2006.

NGW Arqiva

Macquarie UK Broadcast Enterprise Limited
£475 million Junior Facility

NGW Arqiva is the leading owner and operator of national broadcast infrastructure supporting television, radio and wireless communications in the UK. Following the acquisition of National Grid's broadcast network in April 2007, the group now owns and operates all 1,154 towers transmitting radio and/or TV in the UK, over 9,000 active wireless communications sites, one-third of the DTT spectrum in the UK and eight teleports across the globe providing global satellite distribution capability.

The company provides services to all terrestrial broadcasters in the UK, including the BBC, ITV and Sky, under long-term customer contracts. It also hosts mobile telephone equipment for the major mobile network operators under long-term contracts, with a high level of anticipated renewal. NGW Arqiva uses its global footprint of ground based teleport infrastructure to provide end-to-end satellite transmission, content management and distribution services to satellite broadcasters and content providers.

Télédiffusion de France

Tyrol Acquisition 2 SAS
€470 million Second Lien Facility

Télédiffusion de France ("TDF") is the leading provider of broadcast transmission infrastructure and services and telecoms infrastructure in France. Following a number of acquisitions, it is currently also the leading provider of mast infrastructure in Germany, Finland and Hungary. All of TDF's businesses enjoy large shares of the markets in which they operate.

TDF was part privatised in 2002, when France Télécom sold a majority stake to a number of investors. In 2006 there was a further change of ownership, which resulted in TDF being acquired by a consortium comprising TPG, AXA, Charterhouse, CDC and management/employees.

Thames Water

Kemble Water Structure Limited
£835 million Term Loan Facility

Thames Water is the UK's largest water and wastewater services company, supplying 2,600 million litres of tap water to 8.5 million customers across London and the Thames Valley and treating 2,800 million litres of sewerage for an area covering 13.6 million customers.

Thames Water was acquired by a Macquarie-led consortium from RWE in October 2006 following a competitive bidding process. Since the time of the acquisition, the shareholder group has successfully reorganised the company's capital structure, through the divestment of a number of the company's non-regulated businesses, and completion of a securitisation programme.

Associated British Ports

ABP Acquisitions UK Limited
£350 million credit facility

Associated British Ports ("ABP") is the largest port group in the UK and handles approximately a quarter of the country's seaborne trade through its 21 ports in England, Scotland and Wales. Its portfolio includes Grimsby and Immingham, the largest port in the UK by volume, and its ports provide over 81km of total quay length.

ABP was incorporated in 1982, and floated on the London Stock Exchange in February 1983. In August 2006 ABP was acquired by the Admiral consortium, comprising Goldman Sachs Infrastructure Partners, Borealis, GIC, and Infracapital.

Junior Debt Portfolio

	Total investment £m	Value 31 March 09 £m	Value movement £m
Viridian	36.8	28.5	(8.3)
NGW Arqiva	32.4	26.6	(5.8)
TDF	24.2	20.8[1]	(3.4)
Thames Water	18.9	13.8	(5.1)
ABP	2.4	2.2	(0.2)
	114.7	91.9	(22.8)

(1) Includes £3.3 million of unrealised exchange gains.

3i India Infrastructure Fund

3i India Infrastructure Fund	
Cost	£56.3m
Value	£90.3m
Equity interest	20.9%
Further investment in the year	£20.3m
Income in the year	£0.3m
Asset total return	£32.6m[1]
Valuation basis	LP share of assets

[1] Includes £17.4 million of unrealised exchange gains.

Description
3i India Infrastructure Fund (the "Fund") is a US$1.2 billion fund formed in 2007 to create a balanced portfolio of infrastructure investments in India including, but not limited to, investments in the port, airport, road and power sectors. 3i Infrastructure has committed US$250 million to the Fund. As at 31 March 2009, the Fund had completed three investments, totalling US$490 million.

Strategy
The Fund's strategy is to build a diversified portfolio of equity (or equivalent) investments in entities owning infrastructure assets, whose primary commercial operations are in India. The Fund expects to make its investments over two to four years, and most individual investments will be in the range of US$25 million to US$150 million, although some investments may be larger.

Developments in the year
In February 2009 the Fund completed a new investment in Krishnapatnam Port Company Limited. This business has been awarded a 30-year concession (extendable to 50 years) to develop, operate and maintain the Krishnapatnam port, a natural deep water, all-weather port in the state of Andhra Pradesh on the east coast of India. Construction of the port is well advanced and initial trading is in line with expectations.

Soma has continued to add a significant number of projects to its order book since the Fund's investment. These projects, particularly four road Build-Operate-Transfer joint ventures, have meant an increase in the order book of c.85%. Although implementation of a few construction projects has been delayed, Soma remains well placed to achieve the investment case forecasts for 2011.

Adani Power has made significant strides since the Fund invested, in both the construction of the initial phase of the first project where first fire was achieved in March 2009, and in the addition of significant new projects that have greatly increased the long-term generation capacity to a planned 9,900 MW (from the original 2,640 MW at the time of investment).

Future opportunities There are opportunities across a range of sectors that the investment team is currently monitoring. The Fund remains strongly positioned, with a well-established presence in its market, its agreement with the India Infrastructure Finance Corporation Ltd in place and the investment team's deep network of contacts.

India economic outlook India has not been immune to the continued global economic downturn. Although growth projections remain positive, due in no small part to continued increased domestic consumption, the most recent prediction from the International Monetary Fund suggests that growth will be a more moderate 4.5% for 2009 (against original predictions of 8%), rising to 5.6% for 2010.

In its most recent quarterly monetary policy review, issued in April, the Reserve Bank of India reported that although there were a number of factors putting pressure on the economy, such as falls in the export market and contraction of overseas investment, the Indian financial system remained resilient and stable.

With inflation having fallen from last year's high of over 12% to just above 0% in April, the government and the central bank have introduced a series of financial stimulants, including lowering the base interest rate six times in six months to the current level of 4.75%.

I^2

As part consideration for the sale in January 2009 of its stake in Infrastructure Investors LP ("I^2 "), 3i Infrastructure plc received loan notes with a principal amount of £28.2 million. The loan notes are unsecured, bear a fixed 8% interest rate (part cash pay) and are redeemable over the period to 2018. The issuer of the loan notes is BIIF IssuerCo Ltd, a holding company through which Barclays Integrated Infrastructure Fund LP owns I^2. The loan notes are serviced by cash flows upstreamed from I^2 post senior debt service. Under the terms of the loan notes, no equity dividends can be paid by BIIF IssuerCo Ltd whilst amounts (interest or principal) are due and outstanding on the loan notes.

Octagon

Octagon	
Cost	£20.2m
Value	£26.0m
Equity interest	36.8%
Further investment in the year	£7.0m
Income in the year	£1.0m
Asset total return	£6.4m
Valuation basis	DCF

Description
Octagon is the concession company under a 35-year PFI contract to build, operate and maintain the Norfolk and Norwich University Hospital. Construction of the hospital was completed in August 2001. Octagon receives RPI-linked payments from the NHS Trust to cover services and buildings maintenance, which are subject to performance deductions for service failures and unavailability. Octagon sub-contracts the provision of facilities services to Serco.

Strategy
Octagon's management team, with close shareholder involvement, focuses on ensuring the delivery of first-class service levels to the hospital and maintaining an excellent relationship with the NHS Trust.

Developments in the year
Octagon maintained its record of having no service failures and no unavailability deductions since commencement of operations. In May 2008, the NHS Trust became a Foundation Trust and was rated first in the country for quality of care in the annual patient survey conducted by the Healthcare Commission. Octagon made new appointments to the posts of General Manager and Finance Director following retirement of the incumbents. In March 2009, 3i Infrastructure acquired a further 10.5% interest in Octagon for £7.0 million through a disposal by one of the original shareholders.

Alpha Schools

Alpha Schools	
Cost	£7.6m
Value	£12.0m
Equity interest	50.0%
Further investment in the year	£7.4m
Income in the year	£0.6m
Asset total return	£4.9m
Valuation basis	DCF

The value on a consolidated IFRS basis is £13.3 million.

Description
Alpha Schools is the concession company under a 30-year PFI contract to build, operate and maintain 11 new schools on 10 sites in the Highland region of Scotland. Construction is substantially complete. Alpha Schools receives RPIX-linked payments from the Highland Council to cover services and buildings maintenance, which are subject to performance deductions for service failures and unavailability. Alpha Schools sub-contracts the provision of facilities services to Morrison Facilities Services.

Strategy
Alpha Schools' management team is focused on ensuring delivery of first-class service levels to the schools and maintaining an excellent relationship with the Highland Council, and on the timely completion of the remaining minor construction works.

Developments in the year
All schools have now been handed over for student occupation. Certain works continue at various sites as planned, including the demolition and clearance of old school buildings and the completion of external works. 3i Infrastructure invested its remaining commitment in Alpha Schools in February 2009.

Thermal Conversion Compound

Thermal Conversion Compound	
Cost	£6.5m
Value	£7.3m
Equity interest	16.7%
Further investment in the year	-
Income in the year	£(0.2)m
Asset total return	£(0.8)m[1]
Valuation basis	DCF

[1] Includes unrealised exchange gains of £1.0 million.

Description
Thermal Conversion Compound ("T2C") is a special purpose company established to build, operate and maintain a waste-to-energy plant on an industrial park near Frankfurt, Germany. The plant will generate steam and power from refuse-derived fuels. Construction is sub-contracted to Ebara, a Japanese environmental technology developer and provider, using existing technology. T2C has sub-contracted project management, operation and maintenance to Infraserv GmbH & Co. Höchst KG ("ISH"), which manages the industrial park where T2C is located. T2C has contracted long-term revenues under a 15 year fixed-price take-or-pay contract with ISH, with an upwards only price review after 10 years.

Strategy
T2C's management team is focused on achieving completion of construction and commencement of operations, while managing fuel procurement and ash disposal through placing contracts with a range of suppliers and off-takers.

Developments in the year
Construction is running behind the original timetable, with substantial completion now forecast by the contractor for December 2009. 3i Infrastructure, through its Investment Adviser, has ensured that T2C's management has engaged closely with the contractor to minimise and mitigate the effects of the delay.

Novera

Novera	
Cost	£11.2m
Value	£3.8m
Equity interest	8.6%
Further investment in the year	-
Income in the year	-
Asset total return	£(7.4)m
Valuation basis	Quoted

Description
Novera plc ("Novera") is a listed renewable energy company which generates electricity from wind, hydro, waste and landfill gas from 57 sites across the UK, with a total capacity of 118MW.

Further details on Novera are available on www.noveraenergy.com.

Strategy
Novera has established and demonstrable strengths in landfill gas operations and wind development. Novera intends to continue to grow scale to enable it to compete effectively in the rapidly expanding renewables market, and to build on its established position in its home market of the UK. Novera is also examining possibilities in selected overseas markets.

Developments in the year
In July 2008, an equity placing by Novera in which 3i Infrastructure did not participate reduced the Company's equity interest to 8.6%.

In February 2009, Novera's 30MW Lissett Airfield Wind Farm, located in the East Riding of Yorkshire, started production and sales. During the year, Novera received planning consent for two further wind farms with a potential capacity of up to 73MW. Novera was named as 'Company of the Year' at the New Energy Awards 2009.

Risks and uncertainties

Risk management

The Company has a risk management framework which provides a structured and consistent process for identifying, assessing and responding to risks in relation to its strategy and business objectives. Due to the structure of the Company, it is reliant on the risk management and control framework of the Investment Adviser and other key service providers, as well as on the risk management operations of each portfolio company.

The Company manages these risks through updates from the Investment Adviser and other service providers and, where possible, through representation on portfolio companies' boards.

Introduction

The Board is ultimately responsible for the risk management of the Company, which includes the oversight of the Company's risk governance structure and maintaining an appropriate internal control framework for the Company. The Board has a risk matrix which it monitors and updates regularly.

Risk assessment

External

Risk description

Risks arising from political, legal, regulatory, economic and competitor changes

Risk mitigation and control

- Review of potential new geographies, markets and sectors for investment subject to extensive due diligence
- Monitoring of regulatory and fiscal developments
- Diversification of the investment portfolio by sector and geography
- Modelling the sensitivity of the investment to macroeconomic variables and undertaking hedging where appropriate to mitigate risk

Strategic

Risk description

Risks arising from the analysis, design and implementation of the Company's business model and key decisions on investment growth rates and financing

Risk mitigation and control

- Monitoring of key performance indicators and forecasts
- Undertaking regular strategic reviews
- Reviewing and testing underlying assumptions in the Company's business model

Investment

Risk description

Risks in respect of specific asset investment decisions, the subsequent performance of an investment or concentration exposure within sectors in the portfolio

Risk mitigation and control

- Approval process for all investments
- Regular portfolio asset reviews
- Investment Adviser representation on the board of portfolio companies
- Concentration review for each new asset

Treasury and funding

Risk description
Risks arising from:
(i) inability to raise adequate funds to meet investment needs or obligations as they fall due;
(ii) uncertainty in market prices, rates and counterparty risk; and
(iii) inappropriate capital structure

Risk mitigation and control
- Borrowings' maturity analysis against cash flow requirements
- Credit/finance risk monitored on each asset
- Hedging of currency exposure on individual assets
- Regular Board review of funding options and review of counterparty limits

Operational

Risk description
Risks arising from inadequate or failed processes, systems or people both in 3i Infrastructure and in key service providers to whom investment advice and operational support are outsourced

Risk mitigation and control
- Annual Board review of performance of Investment Adviser/service providers
- Audit Committee review of controls within Investment Adviser/service providers
- Service providers responsible for assessing, controlling and reporting operational risks

External risks

Macroeconomic risks
The Company has invested mainly in Europe directly and in Asia through the 3i India Infrastructure Fund. The performance of the underlying investment portfolio is influenced by economic growth, interest rates, inflation rates, currency movements and changes in commodity and energy prices within each geographic region. The level of mergers and acquisitions activity, the number of active trade or other infrastructure or private equity buyers, the availability of well-priced debt finance and market conditions for initial public offerings, all have an impact on the Company's ability to invest in a particular location and on the performance of the underlying portfolio companies.

To mitigate this, the Company aims to invest over time in a range of infrastructure sectors, with different economic cycles and across different geographical markets. This includes expansion to the United States, which further diversifies the portfolio.

Geopolitical risk
Part of the Company's investment strategy is to invest in less mature or emerging markets. The legal, regulatory and capital frameworks in these markets may be less developed than in the other main geographical markets in which the Company operates. Changes and developments in all the Company's markets are monitored closely to ensure that any impact on the value of existing investments, planned levels of investment or investment returns are, as far as possible, anticipated, understood and acted upon. This work includes periodic legal and regulatory updates by geography, in-depth market and sector research and regular reviews for existing investments. Any proposed entry into new geographical markets is subject to extensive market research and due diligence.

Government policy and regulation
The Company is regulated by the Jersey Financial Services Commission and the Investment Adviser is an authorised person under the Financial Services and Markets Act 2000 and regulated by the Financial Services Authority in the United Kingdom. Changes to the regulatory frameworks under which the Company operates are closely monitored. There are also appropriate processes and procedures in place, at the Company and the Investment

Adviser, to minimise the risk of a breach of applicable regulations which could affect the Company's compliance costs, its business, results of operations or financial position.

Infrastructure assets which provide essential services are often regulated. Regulated assets will be subject to periodic reviews by the appropriate regulatory body. The outcome of such reviews may impact the returns generated from the asset, including the valuation. The Company, through the Investment Adviser, where applicable, will assist portfolio companies with regulatory reviews and monitor regulatory developments.

Strategic risks

The Company's strategy is based on a full analysis of its operating environment. In determining the appropriate business model, market and sector evaluations are taken into account, as well as the identification and assessment of external and internal risk factors. Significant unexpected changes or outcomes, beyond those factored into the Company's strategy and business model, may occur which could have an impact on the Company's performance or financial position. This is addressed through the monitoring of a range of key performance indicators, forecasts and periodic updates of plans and underlying assumptions.

Investment risks

Investment decisions

The Company operates in a competitive market. Changes in the number of market participants, the availability of finance within the market, the pricing of assets, or in the ability to access deals on a proprietary basis could have a significant effect on the Company's competitive position and on the sustainability of returns.

The ability of the Company to source and execute good quality investments in such markets is dependent upon a range of factors. The most important of these include: (i) the advice of the Investment Adviser and its ability to attract and develop people with the requisite investment experience and cultural fit; and (ii) effective application of collective knowledge and relationships to each investment opportunity.

Investment appraisal is undertaken in a rigorous manner through the Investment Adviser and the Board. The Board is appraised of work-in-progress by the Investment Adviser. However, investments are considered and only advanced for consideration and approval of the Board once they have been through a complete review process within the Investment Adviser, including review by an Investment Committee chaired by an authorised member of the 3i Group Management Committee and comprising senior investment executives.

Investment performance

The performance of the Company's portfolio is dependent upon a range of factors. These include, but are not limited to: (i) the quality of the initial investment decision described above; (ii) the ability of the portfolio company to execute successfully its business strategy; and (iii) actual outcomes against the key assumptions underlying the portfolio company's financial projections. Any one of these factors could have an impact on the valuation of a portfolio company and upon the Company's ability to make a profitable exit from the investment within the desired timeframe.

A rigorous process is put in place for managing the relationship with each portfolio company. This includes regular asset reviews and in many cases, where equity is held, Board representation by an investment executive from the investment advisory team.

Investment concentration
The Company invests across a range of economic sectors and geographies. Over exposure to a particular sector or geography could increase the impact of adverse changes in macroeconomic or market conditions on the Company. Any increase in the average size of investments over time could also increase the exposure of the Company to the performance of a small number of large investments, albeit in different sectors and/or geographies. The portfolio concentration measures are subject to periodic review by the Board.

Investment valuations
The valuation of the portfolio depends to some extent on macroeconomic conditions. Changes in market or macroeconomic conditions could impact the valuation of portfolio assets. This is mitigated to some degree by building portfolio diversification.

Treasury and funding risks
The Company's funding objective is that each category of investment asset is broadly matched with liabilities and shareholders' funds, according to the risk and maturity characteristics of the assets, and that funding needs are met ahead of planned investment.

Credit risk
The Company's financial assets are predominantly unsecured investments in unquoted companies. An increase in the concentration of the portfolio in a particular economic sector or geography could increase credit risk. Likewise, large or unexpected increases in interest rates or availability of credit for refinancing borrowings could increase credit risk, particularly in companies which are highly leveraged.

The Company considers its own maximum credit risk to be the carrying value of loans and receivables, hedging contracts and cash and cash equivalent amounts held, as credit risk exposure is managed on an asset-specific basis by individual investment managers at the Investment Adviser. Regular asset reviews provide an insight into the trading performance of individual assets and give an early indication of increased credit risk.

The Company's remaining financial assets are principally held in AAA-rated money market funds, with the remainder in the form of short term deposits with banks of A+ or better credit rating. Counterparty limits are set and closely monitored by the Board and regular review of counterparties is undertaken by the Investment Adviser and the Board.

Financing and interest rate risk
Changes in interest rates can affect the Company's net income by increasing costs of servicing debt drawn down by the Company to finance its investments. Changes in the level of interest rates can also affect, among other things:

(i) the cost and availability of debt financing and hence the Company's ability to achieve attractive rates of return on its investments;

(ii) the Company's ability to invest when competing with other potential buyers who may be able to bid for an asset at a higher price due to a lower overall cost of capital;

(iii) the debt financing capability of the infrastructure investments and businesses in which the Company is invested; and

(iv) the rate of return on the Company's uninvested cash balances and other floating-rate interest bearing instruments.

The Company's general financing strategy seeks to reduce exposure to interest rate risk by limiting borrowings to 50% of the gross assets of the Company. This exposure may also be

reduced by introducing a combination of a fixed and floating interest rate cost, allowing continued flexibility but creating some certainty on funding costs going forward. In addition, the Company may enter into hedging transactions (such as derivative transactions, including swaps or caps) to reduce exposure to interest rate risk. The Company may instead decide that a certain level of interest rate risk would be acceptable for the Company, even if it could otherwise be hedged. Interest rate hedging transactions will only be undertaken for the purpose of efficient portfolio management and are not carried out for speculative purposes.

At 31 March 2009, the Company had in place a £225 million credit facility which was undrawn and has remained undrawn throughout the year. At the same date, Oystercatcher Luxco 2, a subsidiary, had borrowings of €190 million drawn down in full and repayable in full in 2014. Oystercatcher Luxco 2 also had an additional undrawn facility of €60 million. The borrowings in Oystercatcher Luxco 2 are non-recourse to the Company.

The borrowing arrangements of the portfolio companies and their hedging arrangements are managed by the individual portfolio companies. The Board and Investment Adviser monitor the level of debt, refinancing risk and hedging levels in the portfolio companies on a regular basis.

Currency risk
A portion of the Company's underlying investments are denominated in currencies other than sterling. However, any dividends or distributions in respect of the ordinary shares will generally be made in sterling and the market prices and net asset value of the ordinary shares of the Company will be reported in sterling. Changes in rates of exchange may have an adverse effect on the value of the Company's investments or the income received from these investments. A change in foreign currency exchange rates may adversely impact returns on the Company's non-sterling denominated investments.

The Company's principal non-sterling currency exposures are to the euro, US dollar and indirectly, the Indian rupee and Singapore dollars, but this may change from time to time. The Company is not currently hedging all of its foreign currency denominated investments. The Board will review, on a regular basis, whether particular currency exposures should be hedged.

Currency hedging is carried out to seek to provide protection for the level of sterling dividends the Company aims to pay on its ordinary shares and to reduce the risk of currency fluctuations and the volatility of returns that may result from such currency exposure resulting from the translation of non-sterling denominated assets. This involves the use of foreign exchange swaps or foreign exchange forward contracts and other similar transactions. Currency hedging transactions will only be undertaken for the purpose of efficient portfolio management and are not carried out for speculative purposes.

Re-investment risk
Where the Company realises an investment and is seeking an alternative investment in which to re-invest the capital realised, suitable investment opportunities may not always be available. As a result, it may take a significant amount of time to re-invest the Company's capital. Although the Company has a policy of active management of its cash and liquid investments portfolio to enhance returns pursuant to the Company's treasury management policy, the investments in which the Company invests its cash are expected to generate returns that are substantially lower than the returns that the Company receives from infrastructure investments. There may also be a high degree of variability between the returns generated by different types of investments forming part of the Company's surplus cash and liquid investments portfolio.

Liquidity risk
The Company may face liquidity risks. As the Company's investments are in infrastructure businesses and assets, and will require a long-term commitment of capital, they are relatively illiquid. The Company can seek to manage liquidity needs by borrowing, but change to market sentiment may make credit expensive or unavailable. Liquidity may also be addressed by selling the more liquid assets in the Company's portfolio, but selling those assets first may in some circumstances not be advantageous to the Company. The Company anticipates that its committed finance facility should assist in mitigating some of the liquidity risk and would raise long-term capital in advance of investment needs. The Board regularly analyses available cash resource against the investment pipeline.

Operational risks

The Company is exposed to a range of operational risks which can arise from inadequate processes, people and systems or from external factors affecting both the Company and its external service providers. Each service provider is responsible for identifying, assessing, controlling and reporting operational risks. This is supported by a framework of core values, standards and controls operated by the Company.

The Board considers reports on the performance and operation of each key service provider to gain comfort on the operational risk mitigation. The Company also has regular updates on legal, taxation and regulatory matters from its advisers.

Income statement
for the year to 31 March

	Notes	**Year to 31 March 2009 £m**	Period from 16 January 2007 to 31 March 2008 £m
Realised profits over value on the disposal of investments	1	**25.9**	-
Unrealised profits on the revaluation of investments	1	**2.0**	68.6
Foreign exchange gains on investments held at fair value through profit and loss	1	**3.8**	1.2
		31.7	69.8
Portfolio income			
Dividends		**46.6**	30.7
Income from loans and receivables		**10.2**	13.8
Income from quoted debt investments		**8.7**	-
Fees payable		**(2.1)**	(7.5)
Interest receivable		**13.2**	21.8
Investment return	1	**108.3**	128.6
Advisory, performance and management fees payable	2	**(11.6)**	(19.0)
Operating expenses	3	**(2.3)**	(3.9)
Finance costs	4	**(14.3)**	(6.6)
Movements in the fair value of derivative financial instruments	5	**(26.2)**	(4.8)
Other expenses		**(1.5)**	(1.8)
Profit before tax		**52.4**	92.5
Income taxes	6	**-**	-
Profit after tax and profit for the period		**52.4**	92.5
Attributable to:			
Equity holders of the parent		**42.6**	71.8
Minority interests		**9.8**	20.7
Earnings per share			
Basic earnings per share attributable to equity holders of the parent (pence)	16	**5.4**	10.2
Diluted earnings per share attributable to equity holders of the parent (pence)	16	**5.4**	10.2

Statement of recognised income and expense
for the year to 31 March

	Group		Company	
	Year to 31 March 2009 £m	Period from 16 January 2007 to 31 March 2008 £m	**Year to 31 March 2009 £m**	Period from 16 January 2007 to 31 March 2008 £m
Exchange differences on translation of foreign operations	**36.5**	17.5	**-**	-
Net income recognised directly in equity	**36.5**	17.5	**-**	-
Profit for the period	**52.4**	92.5	**67.7**	38.9
Total recognised income and expense	**88.9**	110.0	**67.7**	38.9
Total recognised income and expense attributable to equity holders of the parent	**79.1**	89.3	**-**	-
Total recognised income and expense attributable to minority interests	**9.8**	20.7	**-**	-

Reconciliation of movements in equity
for the year to 31 March

		Group		Company	
	Notes	**Year to 31 March 2009 £m**	Period from 16 January 2007 to 31 March 2008 £m	**Year to 31 March 2009 £m**	Period from 16 January 2007 to 31 March 2008 £m
Opening total equity		**896.0**	-	**717.9**	-
Total recognised income and expense		**88.9**	110.0	**67.7**	38.9
Issue of ordinary shares		**111.4**	693.1	**111.4**	693.1
Ordinary dividends		**(38.1)**	(14.1)	**(38.1)**	(14.1)
Net capital (returned to)/drawn down from minority interests		**(5.2)**	107.0	**-**	-
Closing total equity	15	**1,053.0**	896.0	**858.9**	717.9
Total equity attributable to equity holders of the parent		**920.7**	768.3	**-**	-
Total equity attributable to minority interests		**132.3**	127.7	**-**	-

Balance sheet
as at 31 March

		Group		Company	
	Notes	**2009 £m**	2008 £m	**2009 £m**	2008 £m
Assets					
Non-current assets					
Investments					
Quoted equity investments	7	**3.8**	11.2	**-**	-
Unquoted investments	7	**640.7**	548.8	**-**	-
Debt investments held at fair value through profit and loss	7	**91.9**	-	**-**	-
Loans and receivables	7	**126.0**	205.1	**-**	-
Investment portfolio		**862.4**	765.1	**-**	-
Interests in Group entities	8	**-**	-	**485.2**	456.4
Total non-current assets		**862.4**	765.1	**485.2**	456.4
Current assets					
Other current assets	9	**9.5**	42.4	**10.8**	20.9
Derivative financial instruments	11	**-**	0.3	**-**	-
Cash and cash equivalents		**393.7**	259.6	**377.6**	253.0
Total current assets		**403.2**	302.3	**388.4**	273.9
Total assets		**1,265.6**	1,067.4	**873.6**	730.3
Liabilities					
Non-current liabilities					
Loans and borrowings	12	**(176.7)**	(151.0)	**-**	-
Derivative financial instruments	11	**(27.3)**	(5.0)	**(9.4)**	-
Total non-current liabilities		**(204.0)**	(156.0)	**(9.4)**	-
Current liabilities					
Trade and other payables	13	**(4.6)**	(15.3)	**(1.3)**	(12.4)
Derivative financial instruments	11	**(4.0)**	(0.1)	**(4.0)**	-
Total current liabilities		**(8.6)**	(15.4)	**(5.3)**	(12.4)
Total liabilities		**(212.6)**	(171.4)	**(14.7)**	(12.4)
Net assets		**1,053.0**	896.0	**858.9**	717.9
Equity					
Stated capital account	15	**111.4**	-	**111.4**	-
Retained reserves	15	**755.3**	750.8	**747.5**	717.9
Translation reserve	15	**54.0**	17.5	**-**	-
Total equity attributable to equity holders of the parent		**920.7**	768.3	**858.9**	717.9
Minority interests	15	**132.3**	127.7	**-**	-
Total equity		**1,053.0**	896.0	**858.9**	717.9

Directors
6 May 2009

Cash flow statement
for the year to 31 March

	Group		Company	
	Year to 31 March 2009 £m	Period from 16 January 2007 to 31 March 2008 £m	**Year to 31 March 2009 £m**	Period from 16 January 2007 to 31 March 2008 £m
Cash flow from operating activities				
Purchase of investments	**(150.8)**	(598.9)	**(141.7)**	(473.4)
Proceeds from investments	**177.6**	19.0	**175.8**	32.1
Income received from loans and receivables	**10.3**	10.1	**15.9**	2.6
Income from quoted debt investments	**8.7**	-	**-**	-
Dividends received	**46.6**	30.7	**16.3**	3.2
Fees paid on investment activities	**(3.8)**	(4.8)	**(3.7)**	(4.7)
Operating expenses paid	**(2.1)**	(3.6)	**(1.9)**	(1.4)
Interest received	**13.6**	21.2	**13.6**	20.6
Advisory, performance and management fees paid	**(21.2)**	(8.5)	**(18.0)**	(5.6)
Net cash flow from operations	**78.9**	(534.8)	**56.3**	(426.6)
Cash flow from financing activities				
Proceeds from issue of share capital	**114.6**	702.9	**114.6**	702.9
Fees paid on issue of share capital	**(3.2)**	(9.8)	**(3.2)**	(9.8)
Proceeds from redemption of shares in subsidiary	**-**	-	**3.1**	2.3
Interest paid	**(11.7)**	(6.2)	**-**	-
Proceeds from long-term borrowing of subsidiary	**-**	128.1	**-**	-
Short-term loan made to subsidiary undertaking	**-**	-	**(6.5)**	-
Fees paid on financing activities	**(1.4)**	(5.9)	**(1.6)**	(1.7)
Dividend paid	**(38.1)**	(14.1)	**(38.1)**	(14.1)
Distribution to minority interests	**(5.2)**	(4.2)	**-**	-
Net cash flow from financing activities	**55.0**	790.8	**68.3**	679.6
Change in cash and cash equivalents	**133.9**	256.0	**124.6**	253.0
Cash and cash equivalents at the beginning of the period	**259.6**	-	**253.0**	-
Effect of exchange rate fluctuations	**0.2**	3.6	**-**	-
Cash and cash equivalents at the end of the period	**393.7**	259.6	**377.6**	253.0

Statement of Directors' responsibilities

The Directors are required by Companies (Jersey) Law 1991 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 profit 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 (Jersey) Law 1991.

They 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. Suitable accounting policies, which follow generally accepted accounting practice and are explained in the notes to the financial statements, have been applied consistently, and applicable accounting standards have been followed.

In addition, these financial statements comply with International Financial Reporting Standards and reasonable and prudent judgments and estimates have been used in their preparation.

In accordance with the FSA's Disclosure and Transparency Rules, the Directors confirm to the best of their knowledge that:

(a) the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

(b) this report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties faced by the Company.

The Directors of 3i Infrastructure plc and their functions are listed below:

Peter Sedgwick, Non-executive Chairman
Philip Austin Non-executive Director and Senior Independent Director
Sir John Collins, Non-executive Director
Martin Dryden Non-executive Director and Chairman of the Audit Committee
Peter Wagner Non-executive Director
Steven Wilderspin Non-executive Director
Paul Waller Non-executive Director

By order of the Board

Peter Sedgwick
Chairman

6 May 2009

Significant accounting policies

3i Infrastructure plc (the "Company") is a company incorporated in Jersey, Channel Islands. The consolidated financial statements for the year to 31 March 2009 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group"). Separate financial statements of the Company are also presented. The accounting policies of the Company are the same as for the Group, except where separately disclosed.

The financial statements were authorised for issue by the Directors on 6 May 2009.

Statement of compliance
These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and their interpretations as issued by the International Accounting Standards Board.

These consolidated and separate financial statements have also been prepared in accordance with and in compliance with the Companies Law (Jersey) 1991.

New standards and interpretations not applied
The International Accounting Standards Board ("IASB") has issued the following standards and interpretations to be applied to financial periods commencing on or after the following dates:

		Effective for the period beginning on or after
IFRIC 13	Customer Loyalty Payments	1 July 2008
IAS39/IFRS7	Reclassification of financial assets	1 July 2008
IFRIC 9/IAS 39	Amendment – embedded derivatives	1 July 2008
IFRIC 16	Hedges of a net investment in foreign operations	1 July 2008
IFRS 2	Amendment – Share-based Payments: Vesting conditions and cancellations	1 January 2009
IAS 32/IAS 1	Puttable Financial Instruments and Obligations arising on liquidation	1 January 2009
IFRS 8	Operating Segments	1 January 2009
IAS 1	Presentation of Financial Statements (Revised)	1 January 2009
IAS 23	Borrowing Costs (Revised)	1 January 2009
IFRS 1/IAS 27	Amendment – Cost of all investment in a subsidiary; jointly controlled entity of associate	1 January 2009
IFRIC 15	Agreement for the construction of Real Estate	1 January 2009
IFRS 7	Amendment – Improving disclosures about financial instruments	1 January 2009
IAS 27	Amendment – Consolidated and separate financial statements	1 July 2009
IFRS 3	Business Combinations (Revised)	1 July 2009
IAS 39	Amendment – Eligible hedged items	1 July 2009
IFRS 1	Structural Amendment (Revised)	1 July 2009
IFRIC 17	Distributions of non-cash assets to owners	1 July 2009
IFRIC 18	Transfer of Assets from customers	1 July 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 and have decided not to adopt these early.

Basis of preparation
The financial statements of the Group and the Company are presented in sterling, the functional currency of the Company, rounded to the nearest hundred thousand pounds (£0.1 million) except where otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the Board 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 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.

Key estimates and judgments for 3i Infrastructure plc include the valuation of unquoted investments and the valuation of the derivative instruments.

Certain prior year balances have been reclassified to conform with current year presentation required under IFRS.

A. Basis of consolidation

(i) Subsidiaries – Subsidiaries are entities controlled by the Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates – Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments that are held as part of the Group's investment portfolio are carried in the balance sheet at fair value even though the Group may have significant influence over those companies. This treatment is permitted by IAS 28 Investment in Associates, which requires investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in the income statement in the period of the change. The Group has no interests in associates through which it carries on its business.

(iii) Transactions eliminated on consolidation – Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with jointly-controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

B. Exchange differences

(i) Foreign currency transactions – Transactions in currencies different from the functional currency of the Group entity entering into the transaction are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to sterling using exchange rates ruling at the date the fair value was determined.

(ii) Financial statements of non-sterling operations – The assets and liabilities of operations whose functional currency is not sterling, including fair value adjustments arising on consolidation, are translated to sterling at exchange rates ruling at the balance sheet date. The revenues and expenses of these operations are translated to sterling at rates approximating to the exchange rates ruling at the date of the transactions. Exchange differences arising on retranslation are recognised directly in a separate component of equity, the translation reserve, and are released upon disposal of the non-sterling operation.

C. Investment portfolio
(i) Recognition and measurement – Investments are recognised and derecognised on a date where the purchase or sale of an investment is under a contract whose terms require the delivery or settlement of the investments. The Group manages its investments with a view to profiting from the receipt of interest and dividends and changes in fair value of equity investments. Therefore, all quoted investments and unquoted equity investments are designated as at fair value through profit or loss upon initial recognition and subsequently carried in the balance sheet at fair value. Other investments include loan investments and are classified as loans and receivables and subsequently carried in the balance sheet at amortised cost less impairment. All investments are initially recognised at the fair value of the consideration given and held at this value until it is appropriate to measure fair value on a different basis, applying the Group's valuation policy. Acquisition costs are attributed to equity investments and recognised immediately in the income statement. Subsidiaries in the separate financial statements of the Company are accounted for at cost less provision for impairment.

(ii) Income
(a) Realised profits over value on the disposal of investments is the difference between the fair value of the consideration received less any directly attributable costs, on the sale of equity and the repayment of loans and receivables, and its fair value at the start of the accounting period, converted into sterling using the exchange rates in force at the date of disposal;

(b) Unrealised profits on the revaluation of investments is the movement in the fair value of investments between the start and end of the accounting period, or the investment acquisition and the end of the accounting date converted into sterling using the exchange rates in force at the end of the period;

(c) Portfolio income is that portion of income that is directly related to the return from individual investments. It is recognised to the extent that it is probable that there will be an economic benefit and the income can be reliably measured. The following specific recognition criteria must be met before the income is recognised:

– Dividends from equity investments are recognised in the income statement when the shareholders' rights to receive payment have been established to the extent that dividends, paid out of pre-acquisition reserves, adjust the fair value of the equity investment;

– Income from loans and receivables and debt held at fair value through profit or loss is recognised as it accrues by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash flows through the expected life of the financial asset to the asset's carrying value.

D. Fees
(i) Fees – Fees payable represent fees incurred in the process to acquire an investment and are measured on the accruals basis.

(ii) Advisory fee – An annual advisory fee is payable to 3i plc based on the Gross Investment Value of the Company. The fee is payable quarterly in advance and is accrued in the period it is incurred. Further explanations are provided in note 20.

(iii) Performance fee – 3i plc is entitled to a performance fee based on the Adjusted Total Return per ordinary share generated in the period in excess of a performance hurdle. The fee is payable annually in arrears and is accrued in the period it is incurred. Further explanations are provided in note 20.

E. Treasury assets and liabilities
Short-term treasury assets and short and long-term treasury liabilities are used to manage cash flows and overall costs of borrowing. Financial assets and liabilities are recognised in the balance sheet when the relevant Group entity becomes a party to the contractual provisions of the instrument.

(i) 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 purposes of the cash flow statement, cash and cash equivalents comprise cash and short-term deposits as defined above. Interest receivable on cash and cash equivalents is recognised on an accruals basis.

(ii) Bank loans, loan notes and borrowings – Loans and borrowings are initially recognised at the fair value of the consideration received, net of issue costs associated with the borrowings. After initial recognition, these are subsequently measured at amortised cost using the effective interest method, which is the rate that exactly discounts the estimated future cash flows through the expected life of the liabilities. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

(iii) Derivative financial instruments – Derivative financial instruments may be used to manage the risk associated with foreign currency fluctuations of portfolio income, the valuation of the investment portfolio and changes in interest rates on its borrowings. This is achieved by the use of forward foreign currency contracts and interest rate swaps. Such instruments shall be used for the sole purpose of efficient portfolio management. All derivative financial instruments are held at fair value through profit or loss.

Derivative financial instruments are recognised initially at fair value on the contract date and subsequently remeasured to the fair value at each reporting date. The fair value of forward exchange contracts is determined by discounting future cash flows at the prevailing market rates at the balance sheet date. The fair value of interest rate swaps is determined with reference to future cash flows and current interest and exchange rates. All changes in the fair value of derivative financial instruments are taken to the income statement. The maturity profile of derivative contracts is measured relative to the financial contract settlement date of each contract and the fair value of the derivative contracts are disclosed accordingly.

F. Other assets
Assets, other than those specifically accounted for under a separate policy, are stated at their cost less impairment losses. The cost of such assets or liabilities is considered approximate to their fair value. They are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated based on expected discounted future cash flows. Any change in levels of impairment is recognised directly in the income statement. An impairment loss is reversed at subsequent balance sheet dates to the extent that the asset's carrying amount does not exceed its carrying value, had no impairment been recognised.

G. Other liabilities
Liabilities, other than those specifically accounted for under a separate policy, are stated based on the amounts which are considered to be payable in respect of goods or services received up to the balance sheet date. The cost of other liabilities is considered to be approximate to their fair values.

H. Share capital
Share capital issued by the Company is recognised at the fair value of proceeds received and is credited to the stated capital account. Direct issue costs net of tax are deducted from the fair value of proceeds received.

I. Income taxes

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

The tax currently payable is based on the taxable profit for the period. This may differ from the profit included in the consolidated 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 Group'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. Where there are taxable differences arising on investments in subsidiaries and associates, and interests in joint ventures, deferred tax liabilities are recognised except where the Group is able to control reversal of the temporary difference and it is probable that the temporary differences will reverse in the foreseeable future.

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. However, where there are deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that both the temporary differences will reverse in the forseeable future and taxable profits will be available, against which the 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 differences arise from the initial recognition of goodwill and other assets and liabilities in a transaction that affects neither the taxable 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.

Notes to the accounts

1 Segmental analysis

for the year to 31 March 2009

	UK[1] £m	Continental Europe £m	Asia £m	**Total £m**
Investment return				
Realised profits over value on the disposal of investments	25.9	-	-	**25.9**
Unrealised profits/(losses) on the revaluation of investments	(24.0)	11.6	14.4	**2.0**
Foreign exchange gains on investments	-	3.8	-	**3.8**
Portfolio income	44.7	18.7	-	**63.4**
Interest receivable	13.2	-	-	**13.2**
Investment return	**59.8**	**34.1**	**14.4**	**108.3**
Net expenses	**(29.4)**	**(25.4)**	-	**(54.8)**
Profit before tax	**30.4**	**8.7**	**14.4**	**53.5**
Balance sheet				
Value of investment portfolio as at 31 March 2009	434.9	337.2	90.3	**862.4**
Cash and cash equivalents	381.0	12.7	-	**393.7**
Other assets	5.0	4.5	-	**9.5**
Assets	**820.9**	**354.4**	**90.3**	**1,265.6**
Loans and borrowings	-	(176.7)	-	**(176.7)**
Derivative financial instruments	(13.4)	(17.9)	-	**(31.3)**
Other liabilities	(4.6)	-	-	**(4.6)**
Liabilities	**(18.0)**	**(194.6)**	**-**	**(212.6)**
Net assets	**802.9**	**159.8**	**90.3**	**1,053.0**

for the period from 16 January 2007 to 31 March 2008	UK[1] £m	Continental Europe £m	Asia £m	**Total £m**
Investment return				
Unrealised profits/(losses) on the revaluation of investments	64.2	4.7	(0.3)	**68.6**
Foreign exchange gains on investments	-	1.2	-	**1.2**
Portfolio income	24.6	11.2	1.2	**37.0**
Interest receivable	21.8	-	-	**21.8**
Investment return	**110.6**	**17.1**	**0.9**	**128.6**
Net expenses	**(23.3)**	**(11.4)**	**-**	**(34.7)**
Profit before tax	**87.3**	**5.7**	**0.9**	**93.9**
Balance sheet				
Value of investment portfolio as at 31 March 2008	472.6	254.8	37.7	**765.1**
Cash and cash equivalents	253.0	6.6	-	**259.6**
Other assets	37.4	5.3	-	**42.7**
Assets	763.0	266.7	37.7	**1,067.4**
Loans and borrowings	-	(151.0)	-	**(151.0)**
Derivative financial instruments	-	(5.1)	-	**(5.1)**
Other liabilities	(15.3)	-	-	**(15.3)**
Liabilities	**(15.3)**	**(156.1)**	**-**	**(171.4)**
Net assets	**747.7**	**110.6**	**37.7**	**896.0**

[1] Including Channel Islands.

2 Advisory, performance and management fees payable

	Year to 31 March 2009 £m	Period from 16 January 2007 to 31 March 2008 £m
Advisory fee	**(10.0)**	(8.0)
Performance fee	**(0.5)**	(9.2)
Management fees	**(1.1)**	(1.8)
	(11.6)	(19.0)

Note 20 provides further details on the calculation of the advisory fee and the performance fee.

3 Operating expenses

Operating expenses include the following amounts:

	Year to 31 March 2009 £m	Period from 16 January 2007 to 31 March 2008 £m
Audit fees	**0.2**	0.2
Professional fees associated with the acquisition of initial portfolio	**-**	1.5
Directors' fees and expenses	**0.5**	0.5

Services provided by the Group's auditors

During the period the Group obtained the following services from the Group's auditors, Ernst & Young LLP.

		Year to 31 March 2009 £m	Period from 16 January 2007 to 31 March 2008 £m
Audit services			
Statutory audit	Company	**0.16**	0.13
	UK subsidiaries	**0.05**	0.02
	Overseas subsidiaries	**0.03**	0.03
		0.24	0.18

Non-audit services

Ernst & Young LLP provided non-audit service in relation to the Placing and Open Offer of new shares in July 2008. This amounted to £0.16 million and is included within the stated capital account.

4 Finance costs

	Year to 31 March 2009 £m	Period from 16 January 2007 to 31 March 2008 £m
Interest payable on loans and borrowings	**(11.7)**	(6.2)
Professional fees associated with the arrangements of debt financing	**(2.6)**	(0.4)
	(14.3)	(6.6)

5 Movements in the fair value of derivative instruments

	Year to 31 March 2009 £m	Period from 16 January 2007 to 31 March 2008 £m
Movements in the fair value of forward foreign exchange contracts	**(13.6)**	0.2
Movement in the fair value of interest rate swaps	**(12.6)**	(5.0)
	(26.2)	4.8

6 Income taxes

The Company had exempt company status for Jersey taxation purposes for the assessment year to 31 December 2008. Jersey's tax regime changed with effect from 1 January 2009. Under the new regime, Jersey incorporated companies will be treated as resident in Jersey and will be subject to a corporate income tax rate of 0%, applicable generally, or 10%, applicable to certain regulated financial services companies. As the Company is not a regulated financial services company for these purposes, the effect of the new Jersey tax regime is limited to a change from exempt company status to being subject to Jersey corporate income tax at the 0% rate.

Subsidiaries of the Company have provided for taxation at the appropriate rates in the countries in which they operate. As the investment returns of these subsidiaries are largely exempt from tax, in the relevant countries where they are subject to tax, the total tax provided in respect of them is minimal.

7 Investment portfolio

					Group As at 31 March 2009
	Quoted equity investments £m	**Unquoted investments £m**	**Debt investments £m**	**Loans and receivables £m**	**Total £m**
Opening fair value	11.2	548.8	-	205.1	**765.1**
Additions	-	28.8	114.7	39.2	**182.7**
Disposals and repayments	-	(32.8)	-	(118.9)	**(151.7)**
Revaluation	(7.4)	35.5	(26.1)	-	**2.0**
Other movements	-	60.4	3.3	0.6	**64.3**
Closing fair value	3.8	640.7	91.9	126.0	**862.4**

				Group As at 31 March 2008
	Quoted equity investments £m	Unquoted investments £m	Loans and receivables £m	Total £m
Opening fair value	-	-	-	-
Additions	11.2	440.9	223.6	675.7
Disposals and repayments	-	-	(19.0)	(19.0)
Revaluation	-	68.6	-	68.6
Other movements	-	39.3	0.5	39.8
Closing fair value	11.2	548.8	205.1	765.1

The holding period of investments in the portfolio is expected to be greater than one year. For this reason the Directors have classified the portfolio as non-current. It is not possible to identify with certainty where any investments may be sold within one year.

The fair value of loans and receivables approximates to the carrying value. All debt investments are held at fair value.

Other movements include foreign exchange movements.

8 Interests in Group entities

	Company As at 31 March 2009		
	Equity investments £m	**Loans and receivables £m**	**Total £m**
Opening carrying value	1.0	455.4	**456.4**
Additions	-	141.7	**141.7**
Proceeds received	(0.2)	(146.8)	**(147.0)**
Other movements	-	34.1	**34.1**
Closing carrying value	0.8.	484.4	**485.2**

	Company As at 31 March 2008		
	Equity investments £m	Loans and receivables £m	Total £m
Opening carrying value	-	-	-
Additions	1.0	472.4	473.4
Proceeds received	-	(32.1)	(32.1)
Other movements	-	15.1	15.1
Closing carrying value	1.0	455.4	456.4

Details of principal subsidiaries are given in note 21.

Other movements include foreign exchange movements.9

9 Other current assets

	As at 31 March 2009		As at 31 March 2008	
	Group £m	**Company £m**	Group £m	Company £m
Prepayments and accrued income	**8.3**	**0.2**	8.2	0.6
Other debtors	**1.2**	**1.0**	2.3	1.7
Cash in transit	**-**	**-**	31.9	-
Amounts due from subsidiaries	**-**	**9.6**	-	18.6
	9.5	**10.8**	42.4	20.9

10. Financial risk management

A full review of the Group's objectives, policies and processes for managing and monitoring risk is set out in the Risks and uncertainties section. This note provides further detail on financial risk management, cross-referring to the Risks and uncertainties section where applicable, and providing further quantitative data on specific financial risks.

Each investment made by the Group is subject to a full risk assessment through a standardised investment approval process. The Board's investment committee and Investment Adviser's investment process is part of the overall risk management framework.

The funding objective of the Group and Company is that each category of investment is broadly matched with liabilities and shareholders' funds according to the risk and maturity characteristics of the assets and that funding needs are met ahead of planned investment.

Capital structure

The Group has a continuing commitment to capital efficiency. The capital structure of the Group consists of cash held on deposit, borrowings and shareholders' equity. The type and maturity of the Group's borrowings are analysed in note 12 and the Group's and the Company's equity is analysed into its various components in the Reconciliation of movements in equity. Capital is managed so as to maximise the return to shareholders while maintaining a strong capital base that ensures that the Group can operate effectively in the marketplace and sustain future development of the business. The Board is responsible for regularly monitoring capital requirements to ensure that the Company is maintaining

sufficient capital to meet its future investment needs. The Company is regulated by the Jersey Financial Services Commission, as a closed ended collective investment fund and is not required as a result of such regulation to maintain a minimum level of capital, therefore the Directors consider that the Company has met all of its external capital requirements throughout the period.

Capital is allocated for investment in Utilities, Transportation and Social Infrastructure across the UK, Continental Europe, Asia and the US. As set out in the Group's investment policy, the maximum exposure to any one investment is 20% of gross assets (including cash holdings).

Credit risk

The Group is subject to credit risk on its loans, receivables, cash and deposits. The Group's cash and deposits are held with a variety of counterparties with a credit rating AA or better. The credit quality of loans and receivables within the investment portfolio is based on the financial performance of the individual portfolio companies. For those assets that are not past due, it is believed that the risk of default is small and capital repayments and interest payments will be made in accordance with the agreed terms and conditions of the investment. If the portfolio company has failed or is expected to fail in the next 12 months, the Group's policy is to record a fair value adjustment for the full amount of the loan. Fair value adjustments, or "loan impairments", are made when the net present value of the future cash flows predicted to arise from the asset, discounted using the effective interest rate method, implies non-recovery of all or part of the Group's loan investment. In these cases a loan impairment is recorded equal to the valuation shortfall.

At 31 March 2009 there were no loans and receivables considered past due or impaired (2008: nil) for the Group and Company.

3i Infrastructure actively manages counterparty risk in line. Counterparty limits are set and closely monitored by the Board and a regular review of counterparties is undertaken by the Investment Adviser and the Board. As at 31 March 2009 the Group does not consider itself to have exposure to one large counterparty.

Liquidity risk

Further information on how liquidity risk is managed is provided in the Risks and uncertainties section. The table below analyses the maturity of the Group's contractual liabilities.

					Group
2009	**Due within 1 year £m**	**Due between 1 and 2 years £m**	**Due between 2 and 5 years £m**	**Due greater than 5 years £m**	**Total £m**
Gross commitments					
Floating loan	(8.4)	(8.4)	(25.3)	(179.8)	**(221.9)**
Derivative financial instruments	(52.3)	(23.0)	(69.5)	(3.0)	**(147.8)**
	(60.7)	(31.4)	(94.8)	(182.8)	**(369.7)**

					Company
2009	**Due within 1 year £m**	**Due between 1 and 2 years £m**	**Due between 2 and 5 years £m**	**Due greater than 5 years £m**	**Total £m**
Gross commitments					
Floating loan	-	-	-	-	**-**
Derivative financial instruments	(46.5)	(17.7)	(56.7)	-	**(120.9)**
	(46.5)	(17.7)	(56.7)	-	**(120.9)**

					Group
2008	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due greater than 5 years £m	Total £m
Gross commitments					
Floating loan	(7.2)	(7.2)	(21.5)	(160.7)	(196.6)
Derivative financial instruments	(4.5)	(5.0)	(18.2)	(13.1)	(40.8)
	(11.7)	(12.2)	(39.7)	(173.8)	(237.4)

					Company
2008	Due within 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due greater than 5 years £m	Total £m
Gross commitments					
Floating loan	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-
	-	-	-	-	-

Market risk

The valuation of the Group's investment portfolio is largely dependent on the underlying trading performance of the companies within the portfolio, but the valuation of the portfolio and the carrying value of other items in the financial statements can also be affected by interest rate, currency and quoted market fluctuations. The Group's and the Company's sensitivities to these are set out below.

(i) Interest rate risk

Further information on how interest rate risk is managed is provided in the Risks and uncertainties section.

The direct impact of a movement in interest rates is relatively small. An increase of 250 basis points over 12 months would lead to an approximate exposure on net assets and to the income statement of £12.7 million for the Group (2008: increase of 100 basis points £2.6 million). This exposure relates principally to changes in interest payable and receivable on floating rate and short-term debt instruments and changes in the fair value of interest rate derivatives and floating rate debt instruments held at year end. In addition, the Group has indirect exposure to interest rates through changes to the financial performance of portfolio companies caused by interest rate fluctuations. The Company does not hold variable rate loans as assets or liabilities and is therefore only exposed to interest rate risk on its cash holdings. An increase of 250 basis points over 12 months would lead to an approximate exposure on net assets and to the income statement of £9.8 million for the Company (2008: increase of 100 basis points £2.6 million).

(ii) Currency risk

Further information on how currency risk is managed is provided in the Risks and uncertainties section. The currency denomination of the Group's net assets in euros and US dollars are shown in the table below. The sensitivity analysis demonstrates the exposure of the Group and Company's net assets to movement in foreign currency exchange rates.

Group 31 March 2009	**Sterling** **£m**	**Euro** **£m**	**US dollar** **£m**	**Total** **£m**
Net assets	802.9	159.8	90.3	**1,053.0**
Sensitivity analysis				
Assuming a 10% movement in exchange rates against sterling:				
Impact of exchange movements in the income statement	1.0	(1.2)	-	**(0.2)**
Impact of the translation of foreign operations in the translation reserve	-	(11.5)	(8.0)	**(19.5)**
	1.0	(12.7)	(8.0)	**(19.7)**

Company 31 March 2009	**Sterling** **£m**	**Euro** **£m**	**US dollar** **£m**	**Total** **£m**
Net assets	676.5	108.7	73.7	**858.9**
Sensitivity analysis				
Assuming a 10% movement in exchange rates against sterling:				
Impact of exchange movements in the income statement	1.0	(10.1)	(7.4)	**(16.5)**
	1.0	(10.1)	(7.4)	**(16.5)**

Group 31 March 2008	Sterling £m	Euro £m	US dollar £m	Total £m
Net assets	747.7	110.6	37.7	896.0
Sensitivity analysis				
Assuming a 5% movement in exchange rates against sterling:				
Impact of exchange movements in the income statement	-	(0.3)	-	(0.3)
Impact of the translation of foreign operations in the translation reserve	-	(4.3)	(1.8)	(6.1)
Total	-	(4.6)	(1.8)	(6.4)

Company 31 March 2008	Sterling £m	Euro £m	US dollar £m	Total £m
Net assets	581.3	98.9	37.7	717.9
Sensitivity analysis				
Assuming a 5% movement in exchange rates against sterling:				
Impact of exchange movements in the income statement	-	(4.9)	(1.9)	(6.8)
Total	-	(4.9)	(1.9)	(6.8)

(iii) Market price risk

Further information about the management of price risk, which arises principally from quoted and unquoted equity investments, is provided in the investment risk section of the Risks and uncertainties section. A 10% change in the fair value of those investments (2008: 5% change in the fair value) would have the following direct impact on the income statement:

	As at 31 March 2009				As at 31 March 2008			
	Quoted equity £m	**Unquoted investments £m**	**Debt investments £m**	**Total £m**	Quoted equity £m	Unquoted investments £m	Debt investments £m	Total £m
Group	0.4	64.0	9.2	**73.6**	0.6	27.5	-	28.1

The Company had no direct exposure to market price risk as at 31 March 2009.

By the nature of the Group's activities, it has large exposures to individual assets that are susceptible to movement in price. However, the Directors have a set investment policy that sets predefined limits for the exposure of the Group to an individual asset. These limits have not been exceeded at 31 March 2009, and hence, the Directors do not consider that any of these investments represent a large exposure.

(iv) Fair values

The fair value of the investment portfolio is described in detail in the Portfolio valuation methodology. The fair values of the remaining financial assets and liabilities approximate to their carrying values. The Portfolio section describes assets held at fair value through profit and loss.

11 Derivative financial instruments

	As at 31 March 2009		As at 31 March 2008	
	Group	**Company**	Group	Company
	£m	**£m**	£m	£m
Current assets				
Forward foreign exchange contracts	**-**	**-**	0.3	-
	-	**-**	0.3	-
Non-current liabilities				
Forward foreign exchange contracts	**(9.6)**	**(9.4)**	-	-
Interest rate swaps	**(17.7)**	**-**	(5.0)	-
	(27.3)	**(9.4)**	(5.0)	-
Current liabilities				
Forward foreign exchange contracts	**(4.0)**	**(4.0)**	(0.1)	-
	(4.0)	**(4.0)**	(0.1)	-

Forward foreign exchange contracts

The Group uses forward foreign exchange contracts to minimise the effect of fluctuations in the investment portfolio from movement in exchange rates and also to fix the value of expected future cashflows arising from distributions made by investee companies.

The contracts entered into by the Group are principally denominated in the currencies of the geographic areas in which the Group operates. The fair value of these contracts is recorded in the balance sheet and is determined by discounting future cash flows at the prevailing market rates at the balance sheet date. No contracts are designated as hedging instruments and consequently all changes in fair value are taken to the income statement.

At the balance sheet date the notional amount of forward foreign exchange contracts was £120.9 million (2008: £40.8 million).

Interest rate swaps

The Group uses variable to fixed interest rate swaps to manage its exposure to interest rate movements on its floating-rate interest-bearing borrowings. The fair value of these contracts is recorded in the balance sheet and is determined by discounting future cash flows at the prevailing market rates at the balance sheet date. No contracts are designated as hedging instruments and consequently all changes in fair value are taken through the income statement.

At the balance sheet date the notional amount of interest rate swaps was £176.7 million (2008: £151.0 million).

12 Loans and borrowings

	As at 31 March 2009		As at 31 March 2008	
	Group	**Company**	Group	Company
	£m	**£m**	£m	£m
Loans and borrowings are repayable as follows:				
After five years	**(176.7)**	**-**	(151.0)	-
	(176.7)	**-**	(151.0)	-

The fair value of the loans and borrowings equates to the carrying value disclosed.

Oystercatcher Luxco 2 S.àr.l., a subsidiary of the Company, has borrowings from Royal Bank of Canada of €190.0 million (£176.7 million, 2008: £151.0 million). This facility has

been drawn down in full and is repayable in 2014 in full. The facility has an interest rate at EURIBOR plus a margin of 1.75%.

Oystercatcher Luxco 2 has an arrangement with Royal Bank of Canada for an additional facility of €60 million. As at 31 March 2009, Oystercatcher Luxco 2 had not drawn down against this facility.

In March 2008, the Company entered into a three year £225 million revolving credit facility and as at 31 March 2009, the Company had not drawn down against this facility.

13 Trade and other payables

	As at 31 March 2009		As at 31 March 2008	
	Group £m	**Company £m**	Group £m	Company £m
Trade payables	**(0.6)**	**(0.1)**	(0.1)	-
Advisory, performance and management fees	**(0.6)**	**(0.6)**	(10.6)	(9.7)
Accruals	**(3.4)**	**(0.6)**	(4.6)	(2.7)
	(4.6)	**(1.3)**	(15.3)	(12.4)

14 Issued capital

The Company is authorised to issue an unlimited number of shares with no par value.

	As at 31 March 2009		As at 31 March 2008	
	Number	**£m**	Number	£m
Issued and fully paid				
Opening balance	**702,859,804**	**702.9**	-	-
Issued on incorporation	**-**	**-**	2	-
Issued on IPO	**-**	**-**	700,000,000	700.0
Issued as part of over-allotment arrangement	**-**	**-**	2,859,802	2.9
Issued as part of Placing and Open Offer	**108,132,277**	**114.6**		
Conversion of warrants	**90,000**	**0.1**		
Closing balance	**811,082,081**	**817.6**	702,859,804	702.9

Under the Initial Public Offering in March 2007, ordinary shares were issued for £1.00, resulting in proceeds of £702.9 million being received. For every ten shares issued as part of the IPO, one warrant was issued, resulting in 70 million warrants being issued. A further 640,980 warrants were issued as part of the over-allotment arrangement. Each warrant entitles the holder to subscribe for one ordinary share at £1.00 at any time from 13 September 2007 to 13 March 2012. As at 31 March 2009, there were 70,550,980 warrants in issue (2008: 70,640,980), with 90,000 warrants converted in the year (2008: nil).

On 9 July 2008 a further 108.1 million ordinary shares were issued as part of the Placing and Open Offer for a price of £1.06, resulting in proceeds of £114.6 million being received. No warrants were attached to these shares.

15 Equity

Group for the year to 31 March 2009	**Stated capital Account[(1)] £m**	**Retained reserves £m**	**Translation reserve £m**	**Total shareholders' equity £m**	**Minority interest £m**	**Total equity £m**
Opening balance	-	750.8	17.5	768.3	127.7	**896.0**
Total recognised income and expense	-	42.6	36.5	79.1	9.8	**88.9**
Issue of ordinary shares	114.6	-	-	114.6	-	**114.6**
Costs of share issue	(3.2)	-	-	(3.2)	-	**(3.2)**
Net capital returned to minority interests	-	-	-	-	(5.2)	**(5.2)**
Dividends paid to Company shareholders during the year	-	(38.1)	-	(38.1)	-	**(38.1)**
Closing balance	111.4	755.3	54.0	920.7	132.3	**1,053.0**

Group for the period from 16 January 2007 to 31 March 2008	Stated capital account[1] £m	Retained reserves £m	Translation reserve £m	Total shareholders' equity £m	Minority interest £m	Total equity £m
Opening balance	-	-	-	-	-	-
Total recognised income and expense	-	71.8	17.5	89.3	20.7	110.0
Issue of ordinary shares	702.9	-	-	702.9	-	702.9
Costs of share issue	(9.8)	-	-	(9.8)	-	(9.8)
Transfer [1]	(693.1)	693.1	-	-	-	-
Net capital draw down from minority interests	-	-	-	-	107.0	107.0
Dividend paid to Company shareholders during the period	-	(14.1)	-	(14.1)	-	(14.1)
Closing balance	-	750.8	17.5	768.3	127.7	896.0

[1] The stated capital account was reduced by Court order on 20 December 2007 with an amount of £693.1 million transferred to a new, distributable reserve which has been combined with retained reserves in these accounts. Following this transfer, at 31 March 2008 the amount remaining to the credit of the Company's stated capital account was £2.

Company for the year to 31 March 2009	**Stated capital account[1]** **£m**	**Retained reserves** **£m**	**Total equity** **£m**
Opening balance	-	717.9	**717.9**
Total recognised income and expense	-	67.7	**67.7**
Issue of ordinary shares	114.6	-	**114.6**
Costs of share issue	(3.2)	-	**(3.2)**
Dividends paid to Company shareholders during the year	-	(38.1)	**(38.1)**
Closing balance	111.4	747.5	**858.9**

Company for the period from 16 January 2007 to 31 March 2008	Stated capital account[1] £m	Retained reserves £m	Total equity £m
Opening balance	-	-	-
Total recognised income and expense	-	38.9	38.9
Issue of ordinary shares	702.9	-	702.9
Costs of share issue	(9.8)	-	(9.8)
Transfer[1]	(693.1)	693.1	-
Dividend paid to Company shareholders during the period	-	(14.1)	(14.1)
Closing balance	-	717.9	717.9

[1] The stated capital account was reduced by Court order on 20 December 2007 with an amount of £693.1 million transferred to a new, distributable reserve which has been combined with retained reserves in these accounts. Following this transfer, at 31 March 2008 the amount remaining to the credit of the Company's stated capital account was £2.

16 Per share information

	Year to 31 March 2009	Period from 16 January 2007 to 31 March 2008
Earnings per share (pence)		
Basic	**5.4**	10.2
Diluted	**5.4**	10.2
Earnings (£ million)		
Profit for the period attributable to equity holders of the parent	**42.6**	71.8

Number of shares (million)		
Weighted average number of shares in issue	**784.0**	702.9
Effect of dilutive potential ordinary shares – warrants	**2.2**	2.4
Diluted shares	**786.2**	705.3

Net assets per share (pence)		
Basic	**113.5**	109.3
Diluted	**112.4**	108.5
Net assets (£ million)		
Net assets attributable to equity holders of the parent	**920.7**	768.3

17 Dividends

	Year to 31 March 2009		Period from 16 January 2007 to 31 March 2008	
Declared and paid during the period	**Pence per share**	**£m**	Pence per share	£m
Interim dividend paid on ordinary shares	**2.1**	**17.0**	2.0	14.1
Final dividend paid on ordinary shares	**3.0**	**21.1**	-	-
	5.1	**38.1**	2.0	14.1
Proposed final dividend	**3.2**	**26.0**	3.0	21.1

18 Commitments

	Year to 31 March 2009		As at 31 March 2008	
	Group £m	**Company £m**	Group £m	Company £m
Equity and loan investments	**102.7**	**102.7**	171.0	171.0

As at 31 March 2009, the Group and the Company were committed to subscribing a further £102.7 million (2008: £171.0 million) to investments. The capital is available for drawdown on demand by the investee companies.

19 Contingent liabilities

At 31 March 2009 there was no material litigation or contingent liabilities outstanding against the Company or any of its subsidiary undertakings (2008: nil).

20 Related parties

The Group has various related parties stemming from relationships with limited partnerships managed by the Group, its investments and its Investment Adviser. In addition, the Company has related party relationships in respect of its subsidiaries.

Investments

The Group principally takes minority holdings in the equity of unquoted companies. This normally allows the Group to participate in the financial and operating policies of that company. It is presumed that it is possible to exert significant influence when the equity holding is greater than 20%. These investments are not equity accounted for (as permitted by IAS 28) but are related parties. The total amounts recognised in the income statement for these investments are as follows:

Group Income statement	**Year to 31 March 2009 £m**	Period from 16 January 2007 to 31 March 2008 £m
Unrealised profit on the revaluation of investments	**45.0**	28.9
Portfolio income	**20.1**	12.8

Balance sheet	**As at 31 March 2009 £m**	As at 31 March 2008 £m
Transactions during the year	**35.2**	290.0

The Company does not hold any direct investments in underlying investment portfolio assets held at fair value through profit or loss.

Subsidiaries
Transactions between the Company and its subsidiaries, which are related parties of the Company, are eliminated on consolidation. Details of related party transactions between the Company and its subsidiaries are detailed below:

Company Income statement	**Year to 31 March 2009 £m**	Period from 16 January 2007 to 31 March 2008 £m
Income from subsidiary undertakings	**26.3**	16.0

Balance sheet	**As at 31 March 2009 £m**	As at 31 March 2008 £m
Investments made in subsidiary undertakings	**141.7**	473.4
Proceeds received from sale of interests in subsidiary undertakings	**(147.0)**	(32.1)

The Company makes investments through a number of subsidiaries by providing funding in the form of capital contributions or loans, depending on the legal form of the entity making the investment. The legal form of these subsidiaries may be limited partnerships or limited companies or equivalent, depending on the jurisdiction of the investment.

Transactions between 3i Infrastructure and 3i Group
3i Group plc ("3i Group") holds 33.3% of the ordinary shares of the Company and also holds warrants which give it rights to acquire a further 32.5 million ordinary shares. This classifies 3i Group as a "substantial shareholder" of the Company as defined by the Listing Rules.

3i Infrastructure has committed US$250 million into 3i India Infrastructure Holdings Limited to invest in the Indian infrastructure market. 3i Group has also committed US$250 million into this fund. In total, commitments of US$103.0 million (2008: US$69.2 million) had been drawn down at 31 March 2009 by 3i Infrastructure.

3i Investments, a subsidiary of 3i Group, acts as the exclusive Investment Adviser to the Company. It also acts as the manager for the 3i India Infrastructure Fund. 3i plc, another subsidiary of 3i Group, together with 3i Investments, provides support services to the Company.

Under the Investment Advisory Agreement, an annual advisory fee is payable to 3i plc based on the Gross Investment Value of 3i Infrastructure at the end of each financial period. Gross Investment Value can be defined as the total aggregate value (including any subscription obligations) of the investments of the Company as at the start of a financial period plus any investment (excluding cash) made during the period valued at cost (including any subscription obligations). The applicable annual rate is 1.5%, dropping to an annual rate of 1.25% for investments that have been held by the Group for longer than five years. The advisory fee accrues throughout a financial period and quarterly instalments are payable on account of the advisory fee for that period. The advisory fee is not payable in respect of cash or cash equivalent liquid temporary investments held by the Group. For the year to 31 March 2009, £10.0 million was paid and £nil remains due to 3i plc. In the period from 16 January 2007 to 31 March 2008, £7.0 million was paid and £1.0 million remained due to 3i plc.

The Investment Advisory Agreement entitles an annual performance fee to be payable to 3i plc. This becomes payable when the Adjusted Total Return per ordinary share (being mainly closing net asset value per share aggregated with any distributions made in the course of the financial period and any accrued performance fees relating to the financial period) for the period exceeds the Target Total Return per share, being the Net Asset Value per ordinary share equal to the opening Net Asset Value per ordinary share increased at a rate of 8% per annum ("the performance hurdle"). If the performance hurdle is exceeded, the performance fee will be equal to 20% of the Adjusted Total Return per share in excess of the performance hurdle for the relevant financial period, multiplied by the weighted average of the total number of shares in issue over the relevant financial period. For the year to 31 March 2009, £0.5 million remains due to 3i plc. In the period from 16 January 2007 to 31 March 2008, £9.2 million remained due to 3i plc.

Under the Investment Advisory Agreement, the Investment Adviser's appointment may be terminated by either the Company or the Investment Adviser giving the other not less than 12 months' notice in writing (provided however that neither party may give such notice during the first four years of the Investment Adviser's appointment, save that such 12 months' notice may be given at any time if the Investment Adviser has ceased to be part of 3i Group), or with immediate effect by either party giving the other written notice in the event of insolvency or material or persistent breach by the other party. The Investment Adviser may also terminate the agreement on two months' notice given within two months of a change of control of the Company.

Pursuant to the UK Support Services Agreement, the Company also pays 3i plc an annual fee for the provision of support services. Such remuneration is payable quarterly in arrears. The cost incurred in the year to 31 March 2009 was £0.5 million (2008: £0.5 million).

21 Principal subsidiaries

Name	Country of incorporation	Ownership interest
3i Infrastructure (Luxembourg) S.àr.l.	Luxembourg	100%
3i Infrastructure (Luxembourg) Holdings S.àr.l.	Luxembourg	100%
Oystercatcher Luxco 1 S.àr.l.	Luxembourg	100%
Oystercatcher Luxco 2 S.àr.l.	Luxembourg	100%
3i Osprey LP	UK	56%
3i Infrastructure Seed Assets LP	UK	100%

The list above comprises the principal subsidiary undertakings as at 31 March 2009. Each of the subsidiary undertakings is included in the consolidated accounts of the Group.

Investments

The table below provides information on the investment portfolio presented on the investment basis as at 31 March 2009.

Investment and description	Sector	Geography	Cost £m	Directors' valuation £m
Anglian Water Group Limited Water supply and waste water services	Utilities	UK		
			150.3	**162.9**
Oystercatcher Luxco 2 S.àr.l. Oil, petroleum products and chemical storage	Transportation	Continental Europe (1)		
			84.5	**114.3**
Junior debt portfolio Debt instruments of utilities and telecoms infrastructure companies	Utilities and Telecoms	UK		
			114.7	**91.9**
3i India Infrastructure Holdings Limited Power & Transport Fund	Transport (2)	Asia		
			56.3	**90.3**
I^2 loan notes Debt investment of the I^2 fund	Social Infrastructure	UK		
			28.2	**28.2**
Octagon Healthcare Limited Norfolk & Norwich University Hospital	Social Infrastructure	UK		
			20.2	**26.0**
Alpha Schools (Highland) Limited PFI schools in Scotland	Social Infrastructure	UK		
			7.6	**12.0**
Thermal Conversion Compound Industriepark Höchst Waste-to-energy power plant	Utilities	Continental Europe		
			6.5	**7.3**
Novera Energy plc Renewable energy generation	Utilities	UK		
			11.2	**3.8**
			475.0	**536.7**

(1) Operations in the Netherlands, Malta and Singapore
(2) The fund held three investments as at 31 March 2009 in the Transport, Power and Infrastructure construction sectors.

Investment policy

Summary
3i Infrastructure's primary objective is to build a diversified portfolio of investments in entities owning infrastructure businesses and assets. The Company aims to invest globally, with an initial focus on Europe, North America and India.

The Company intends to achieve this objective by making equity investments in quoted or unquoted companies (share capital and related shareholder loans), as well as junior or mezzanine debt investments in infrastructure assets. The Company may also invest in infrastructure funds managed or advised by the Investment Adviser or by third parties.

The objective of building a diversified portfolio means that no single investment will represent more than 20% of gross assets (including cash holdings) at the time of commitment. Should the total amount required for an individual transaction exceed 20% of gross assets, the Company may co-invest with other investors (including 3i Group, subject to related party transaction provisions).

Most investments will be of a size sufficient to obtain board representation, which is an important means of influencing and actively managing the portfolio businesses. In cases where the Company acquires a majority equity interest in a business, that interest may also be a controlling interest.

The Company aims to build a diversified portfolio of equity investments in entities owning infrastructure businesses and assets. The Company seeks investment opportunities globally, but with a focus on Europe, North America and Asia.

The Company's equity investments will often comprise share capital and related shareholder loans (or other financial instruments that are not shares but that, in combination with shares, are similar in substance). The Company may also invest in junior or mezzanine debt in infrastructure businesses or assets.

Most of the Company's investments are in unquoted companies. However, the Company may also invest in entities owning infrastructure businesses and assets whose shares or other instruments are listed on any stock exchange, irrespective of whether they cease to be listed after completion of the investment, if the Directors judge that such an investment is consistent with the Company's investment objectives. The Company will, in any case, invest no more than 15% of its total gross assets in other investment companies or investment trusts which are listed on the Official List.

The Company may also consider investing in other fund structures (in the event that it considers, on receipt of advice from the Investment Adviser, that is the most appropriate and effective means of investing), which may be advised or managed either by the Investment Adviser or a third party. If the Company invests in another fund advised or managed by 3i Group, the relevant proportion of any advisory or management fees payable by the investee fund to 3i plc will be deducted from the annual advisory fee payable under the Investment Advisory Agreement and the relevant proportion of any performance fee will be deducted from the annual performance fee, if payable, under the Investment Advisory Agreement. For the avoidance of doubt, there will be no similar set-off arrangement where any such fund is advised or managed by a third party.

For most investments, the Company seeks to obtain representation on the board of directors of the investee company (or equivalent governing body) and in cases where it acquires a majority equity interest in a business, that interest may also be a controlling interest.

No investment made by the Company will represent more than 20% of the Company's gross assets, including cash holdings, at the time of the making of the investment. It is expected that most individual investments will exceed £50 million. In some cases, the total amount required for an individual transaction may exceed the maximum amount that the Company is permitted to commit to a single investment. In such circumstances, the Company may consider entering into co-investment arrangements with 3i Group (or other investors who may also be significant shareholders), pursuant to which 3i Group and its subsidiaries (or such other investors) may co-invest on the same financial and economic terms as the Company. The suitability of any such co-investment arrangements will be assessed on a transaction-by-transaction basis and would be subject to both Board and, where applicable, 3i Group and its subsidiaries approval. Depending on the size of the relevant investment and the identity of the relevant co-investor, such a co-investment arrangement may be subject to the related party transaction provisions contained in the Listing Rules and may therefore require shareholder consent.

The Company's Articles require its outstanding borrowings, including any financial guarantees to support subsequent obligations, to be limited to 50% of the gross assets of the Group (valuing investments on the basis included in the Group's accounts).

In accordance with Listing Rules requirements, the Company will only make a material change to its investment policy with the approval of shareholders.

Portfolio valuation methodology

Summary
Most assets in the portfolio are valued using the Discounted Cash Flow ("DCF") methodology, which derives the present value of an investment's expected future cash flows. Cash flow projections are based on reasonable macroeconomic, industry-specific and company-specific financing and operating estimates or assumptions. An appropriate discount rate is then applied.

The discount rate for each investment will vary according to the investment's underlying risks and is derived from a risk premium, applied for each individual asset, in excess of the risk-free rate. Other market information, both specific to the Company's investment or to the market sector, may also be incorporated into the discount rate.

There are cases in which the DCF methodology will not be used:

– investments in other infrastructure funds where the Company will value its limited partnership share of the net asset value of the fund. It can generally be assumed, however, that most infrastructure funds will value their underlying assets on a DCF basis. The underlying fund valuation may be adjusted to reflect the Company's assessment of the most appropriate discount rate for the nature of the assets held in the fund;

– quoted assets which will be valued at closing bid price;

– assets close to sale, which will be valued on the basis of expected sale proceeds from offers received as part of a sale process, less an appropriate marketability discount; and

– debt instruments, which will be valued using quoted bid prices provided by third-party broker information, where available, or will be held at cost less any appropriate fair value adjustment.

A fair value adjustment will be made against any investment in a company that has failed or is expected to fail within the next 12 months.

A description of the methodology used to value the portfolio of 3i Infrastructure and its subsidiaries ("the Group") is set out below in order to provide more detailed information than is included within the accounting policies and the Investment Adviser's report for the valuation of the portfolio. The methodology complies in all material aspects with the "International Private Equity and Venture Capital valuation guidelines" which are endorsed by the British Private Equity and Venture Capital Association and the European Private Equity and Venture Capital Association.

Basis of valuation
Investments are reported at the Directors' estimate of fair value at the reporting date. Fair value represents the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

General
In estimating fair value, the Directors seek to use a methodology that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the overall portfolio. The methodology that is the most appropriate may consequently include adjustments based on informed and experience-based judgments, and will also consider the nature of the industry and market practice. Methodologies are applied consistently from period to period except where a change would result in a better estimation of fair value.

Given the uncertainties inherent in estimating fair value, a degree of caution is applied in exercising judgments and making necessary estimates.

Quoted investments
Quoted equity investments are valued at closing bid price at the reporting date. In accordance with International Financial Reporting Standards, no discount is applied for liquidity of the stock or any dealing restrictions.

Quoted debt investments are valued using quoted prices provided by third-party broker information where reliable or will be held at cost less fair value adjustments.

Unquoted investments
Unquoted investments are valued using one of the following methodologies:

– Discounted Cash Flow ("DCF")

– Limited Partnership share of fund net assets

– Sales basis: expected sales proceeds

– Cost less any fair value adjustments required

DCF
DCF is the primary basis for valuation. In using the DCF basis, fair value is estimated by deriving the present value of the investment using reasonable assumptions and estimation of expected future cash flows and the terminal value and date, and the appropriate risk-adjusted discount rate that quantifies the risk inherent to the investment. The discount rate will be estimated for each investment derived from the market risk-free rate, a risk-adjusted premium and information specific to the investment or market sector.

LP share of fund net assets
Where the Group has made investments into other infrastructure funds, the value of the investment will be derived from the Group's share of net assets of the fund based on the most recent reliable financial information available from the fund. Where the underlying investments within a fund are valued on a DCF basis, the discount rate applied may be adjusted by the Company to reflect its assessment of the most appropriate discount rate for the nature of assets held in the fund.

Sales basis
The expected sales proceeds methodology will be used in cases where offers have been received as part of an investment sales process. This may either support the value derived from another methodology or may be used as the valuation. A marketability discount is applied to the expected sale proceeds to derive the valuation where appropriate.

Cost less fair value adjustment
Any investment in a company that has failed or, in the view of the Board, is expected to fail within the next 12 months, has the equity shares valued at nil and the fixed income shares and loan instruments valued at the lower of cost and net recoverable amount.