3i Infrastructure plc

Half-yearly report 2010

Performance highlights

Our performance for the six months to 30 September 2010

Steady increase in net asset value
Total return of £31.1 million, or 3.4% on shareholders' equity

3.4%

Strong portfolio income generation
More than double the portfolio income generated in the six months to 30 September 2009

£30.5m

Stable underlying asset performance
Growth in EBITDA of underlying equity investments over the prior corresponding six-month period

1.8%

Significant cash balances
At 30 September 2010

£307.8m

Attractive pipeline of investment opportunities
Investments for up to £191 million announced since the period end

£191m

The numbers above are presented according to the investment basis of preparation.

Contents

The Half-yearly report for 3i Infrastructure plc for the six months to 30 September 2010 has been drawn up in reliance upon applicable English and Jersey law and the liabilities of the Company in connection with that report shall be subject to the limitations and restrictions provided by such law. This report may contain certain statements about the future outlook for 3i Infrastructure plc. Although we believe our 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.

Our business

Our investment strategy

Our strategy is to invest in infrastructure businesses, making equity and junior or mezzanine debt investments. We invest only in companies that deliver stable underlying performance: asset-intensive businesses, providing essential services over the long term, often on a regulated basis, or with significant contracted revenues.

Our return objectives

Our objective is to provide shareholders with a total return of 12% per annum, to be achieved over the long term. Within this overall objective we target an annual distribution yield of 5% of opening net asset value.

12%
total return

5%
distribution yield

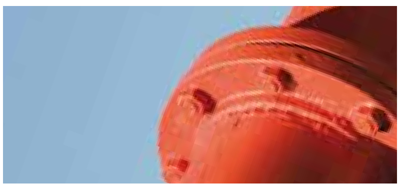
Our markets

Our market focus is on three sectors: Social Infrastructure, Utilities and Transport. We aim to invest mainly in Europe, North America and Asia, focusing on the developing world through our commitment to the 3i India Infrastructure Fund.

For more information

Market and opportunities
Page 6

For more information



Key performance indicators
Page 20

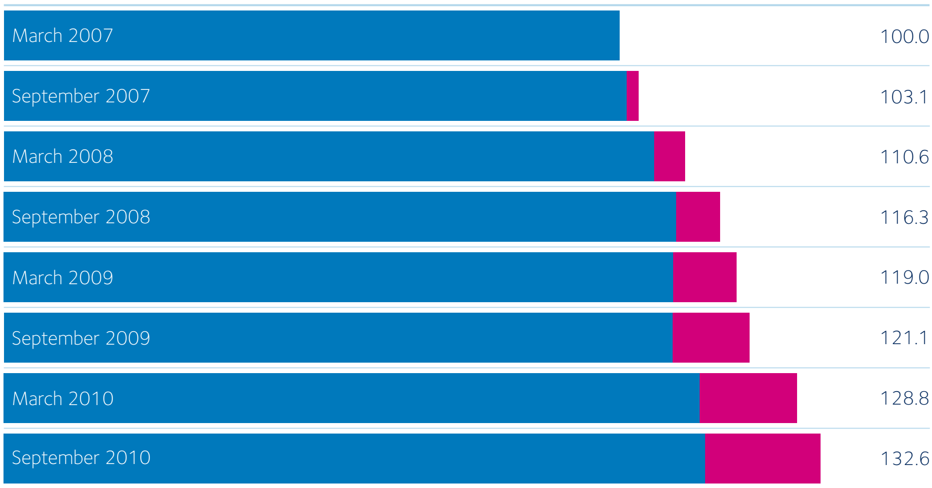
A closer look at our business

Financial highlights for the six months to 30 September 2010

	Investment basis[1]		Consolidated IFRS basis	
	30 September 2010	30 September 2009	**30 September 2010**	30 September 2009
Total return	**£31.1m**	£16.3m	**£31.4m[2]**	£15.2m
Total return on shareholders' equity	**3.4%**	1.8%	**3.4%**	1.7%
Interim dividend per share	**2.86p**	2.20p	**2.86p**	2.20p
Diluted net asset value ("NAV") per share	**116.8p**	110.8p	**117.2p**	111.2p
Diluted NAV after deducting interim dividend	**113.9p**	108.6p	**114.3p**	109.0p
Portfolio value	**£651.1m**	£573.5m	**£927.2m**	£847.0m

(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) The total return under the consolidated IFRS basis is the total comprehensive income attributable to equity holders of the parent and does not include minority interests. The gross consolidated total return for the six-month period was £38.3 million (September 2009: £16.8 million).

Growth in shareholder returns



Diluted NAV (post dividend) – pence per share
Cumulative dividend (including interim 2010 dividend) – pence per share

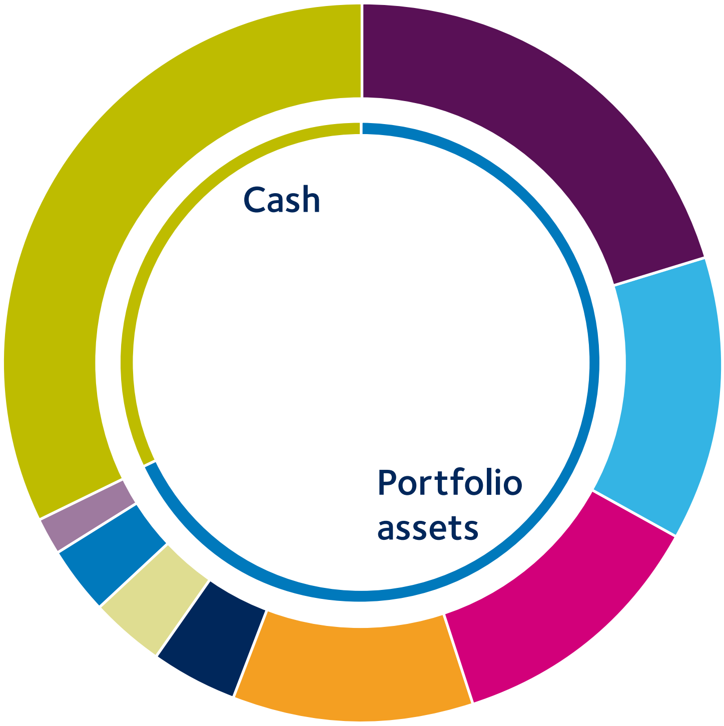
9.5%
annualised return to shareholders

For more information

Review of investments
Pages 12 to 18

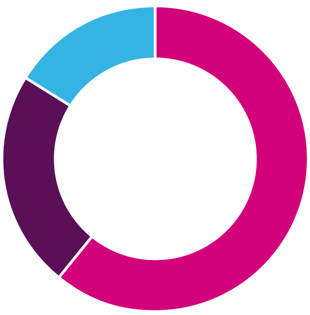
Our portfolio at 30 September 2010

Invested in 14 assets
Portfolio value of £651 million
Cash balances of £308 million



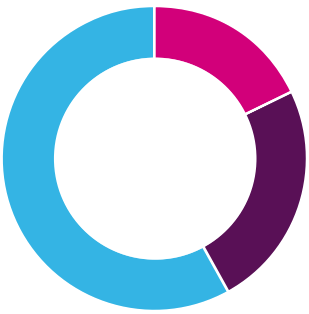
Asset valuation on an investment basis	As at 30 September 2010
AWG	£195.7m
Junior debt portfolio (four underlying assets)	£123.1m
Oystercatcher	£113.8m
3i India Infrastructure Fund (three underlying assets)	£104.7m
Elgin	£37.1m
I² Loan Notes	£31.0m
Octagon	£29.3m
Alpha Schools	£16.4m
T2C	£nil
Total portfolio asset value	**£651.1m**
Cash	£307.8m

Asset portfolio by geography



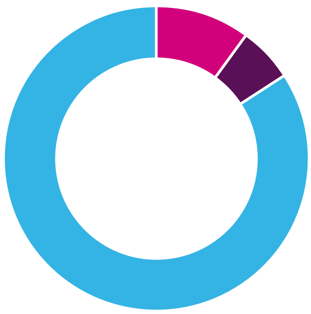
as at 30 September 2010	
UK	61%
Continental Europe	23%
Asia	16%

Asset portfolio by sector



as at 30 September 2010	
Social Infrastructure	18%
Transportation	24%
Utilities	58%

Asset portfolio by maturity



as at 30 September 2010	
Early stage	10%
Operational growth	6%
Mature	84%

Chairman's statement

"The Company has made significant progress, which has resulted, since the period end, in the addition of two new assets to its portfolio. Our assets continue to perform well operationally and financially, generating strong income. The Board intends to build on this positive momentum, working with the Investment Adviser on the investment pipeline."

Peter Sedgwick
Chairman
8 November 2010

3i Infrastructure plc ("3i Infrastructure" or "the Company") delivered steady growth in net asset value during the first half of the financial year. In the six months to 30 September 2010, the Company achieved total comprehensive income attributable to equity holders of the parent, on a consolidated IFRS basis, of £31.4 million, a return of 3.4% of opening shareholders' equity.

On the investment basis, which the Board also uses to monitor investment performance, the return was £31.1 million. The return was underpinned chiefly by strong income generation from the portfolio, which totalled £30.5 million during the period, up from £13.9 million in the six months to 30 September 2009, demonstrating the health of the Company's assets. Average earnings (before interest, tax, depreciation and amortisation) in the portfolio remained stable in the six months compared to the prior corresponding six-month period (showing a small increase of 1.8%), following two years of high earnings growth.

On the basis of these results, the Board is pleased to propose an interim dividend payment of 2.86p, which represents half of the dividend objective for this year. The Company has historically distributed two fifths of its dividend objective at the half year, with the balance paid as a final dividend. For this period, due to the strong portfolio income generation, the Board thought that it was appropriate to distribute a greater proportion of the dividend objective at the interim dividend stage.

The Investment Adviser has been focused on converting its investment pipeline during the first half of the year, which has resulted in the announcement of two new investments since the period end, in Eversholt Rail Group and in GVK Energy Limited. The Company has also sold a portion of its junior debt portfolio.

The investment of up to £176 million in Eversholt Rail Group, announced on 4 November 2010, is a very important development for the Company. Eversholt Rail Group, one of the three leading rail rolling stock companies in the UK, gives the Company additional exposure to the transportation sector. This investment in a "core" infrastructure asset is immediately accretive to NAV and income, and will contribute to the delivery of the Company's total return and yield objectives in the year to come.

India remains a very attractive geography for infrastructure investment, and the Board is pleased with the performance of the 3i India Infrastructure Fund to date. Post period end, the Fund issued the Company with a drawdown notice of £15 million to finance the investment in GVK Energy Limited, providing exposure to the high growth power generation sector in India.

The Company's cash balances following the funding of the two new investments will be substantially reduced. This will be viewed positively by most of our shareholders, as the dilution of shareholder returns deriving from the high cash balances will be much lower as a consequence. The Investment Adviser continues to progress an attractive pipeline of investment opportunities. The market for infrastructure investment remains supportive, and the Board intends to continue to add to the Company's portfolio.

The Company aims to uphold the highest standards of corporate governance. Florence Pierre was appointed as a non-executive Director in September 2010, bringing with her a wealth of experience in financial services.

In summary, the Company has made significant progress, which has resulted, since the period end, in the addition of two new assets to its portfolio. The pipeline of investment opportunities is attractive, and the Board intends to build on this positive momentum.

Investment Adviser's review

"The Investment Adviser has built an exciting pipeline of investment opportunities in 2010, some of which have converted into investments since the period end. Against a backdrop of greater market activity, however, investment and pricing discipline will remain key."

Cressida Hogg
Managing Partner,
Infrastructure, 3i Investments plc

About the Investment Adviser

3i Investments plc ("3i Investments"), a wholly-owned subsidiary of 3i Group plc ("3i Group"), acts as the investment adviser (the "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 managed as a separate business line within 3i Group and operates from hubs in London, Mumbai and New York. All investment professionals have significant experience in investing in, or advising on, infrastructure or private equity assets. The investment advisory team can also draw on 3i Group's network of investment professionals, based in 12 countries, to originate infrastructure investment opportunities.

3i Group was among the subscribers to 3i Infrastructure's Initial Public Offering and subsequent Placing and Open Offer and currently owns 33.1% of the equity in the Company.

Market and opportunities

Conditions for investment

Despite the persistence of volatility in the equity markets, global mergers and acquisitions volumes increased during the course of the second and third quarter of the calendar year.

Transaction volumes improved across the market, including in the infrastructure asset class. This was due in part to a narrowing of the gap between public market valuations and private market pricing expectations, but also to an improvement in the availability and terms of debt finance, in particular for "core" infrastructure assets.

Having adopted a cautious investment strategy throughout the downturn, the Investment Adviser has built an exciting pipeline of investment opportunities through 2010, which has resulted in the announcement of two new investments in November: a direct investment in Eversholt Rail Group and a new investment in the Indian power generation sector through the 3i India Infrastructure Fund.

The opportunity

Looking forward, the market opportunity for infrastructure investment remains positive and the Investment Adviser continues to work on an attractive pipeline of investment opportunities. While the macroeconomic outlook remains uncertain, there are attractive investment opportunities coming to market as a result of disposal decisions by corporates, governments and financial institutions. The Company's acquisition of Eversholt Rail Group from HSBC, announced in November, is a good example of this and will provide shareholders with exposure to a mature, highly cash-generative asset.

In Europe and North America, the market opportunity will continue to be driven principally by:

- **Public sector budget constraints.** The trend towards a reduction of public sector deficits will drive an increased flow of government disposals and, potentially, opportunities for private investment in government-led projects (PFI / PPP).
- **Non-core disposals.** Financial institutions, as well as corporates, are under increasing pressure to dispose of non-core assets. In the case of financial institutions, this is driven in large part by emerging regulations on capital adequacy.
- **The prospect for a more sustained cyclical recovery.** This may contribute to reducing volume risk for those assets with GDP-correlated performance, such as some transportation assets, making them more attractive for infrastructure investors.
- **Policy drivers.** The requirement for new and replacement infrastructure, as well as the shift to the "green economy" may drive government incentives for new infrastructure projects (for example, through a UK "green investment bank" announced in the Comprehensive Spending Review). Infrastructure may also be used in some countries as a tool for economic stimulus, as has happened in the US and as recently announced in the UK's Comprehensive Spending Review.

The opportunity in India will continue to be driven by the growing infrastructure deficit. Strong GDP growth, coupled with an increasingly urbanised population, are driving demand for new-build infrastructure. There is political momentum for new infrastructure build in India, and the Indian government is emphasising private sector participation.

The competitive environment

Many investors are increasingly attracted to investing in assets with infrastructure characteristics. However, the importance of operational understanding of the infrastructure asset class continues to pose high barriers to entry, and we see few new players entering the market. Significant funds available for investment in infrastructure may contribute to higher levels of transaction activity in the asset class, and to increased pricing pressure.

Outlook

Investment activity in the market as a whole and for the Company in particular has intensified over the past few months. The Investment Adviser has built an exciting pipeline of investment opportunities in 2010, some of which have converted into investments since the period end. Against a backdrop of greater market activity, however, investment and pricing discipline will remain key.

Portfolio

Table 1 below summarises the valuation changes in the portfolio for the period, as well as the total return per asset.

Table 1
Portfolio summary on an investment basis (£m)

Portfolio assets	Directors' valuation 31 March 2010	Investment in the six months	Value movement	Foreign exchange translation	Directors' valuation 30 September 2010	Income in the six months	Asset total return in the six months
AWG	193.6	–	2.1	–	**195.7**	13.7	**15.8**
Junior debt portfolio	123.7	–	0.4	(1.0)	**123.1**	3.6	**3.0**
Oystercatcher	118.8	–	(1.8)	(3.2)	**113.8**	9.3	**4.3**
3i India Infrastructure Fund	97.9	–	10.7	(3.9)	**104.7**	–	**6.8**
Elgin	38.7	–	(1.6)	–	**37.1**	2.1	**0.5**
I^2	30.4	0.6[(1)]	–	–	**31.0**	1.2	**1.2**
Octagon	28.8	–	0.5	–	**29.3**	1.3	**1.8**
Alpha Schools	16.2	–	0.2	–	**16.4**	0.5	**0.7**
T2C	–	–	–	–	**–**	–	**–**
	648.1	0.6	10.5	(8.1)	**651.1**	31.7	**34.1**

(1) Capitalised loan note interest.

Movements in portfolio value

The value of 3i Infrastructure's portfolio increased from £648.1 million at 31 March 2010 to £651.1 million at 30 September 2010. Chart 1 summarises the key drivers of the changes in portfolio value during the six-month period. In the absence of any material investment or divestment activity in the six months, the value movement was almost entirely driven by an unrealised value growth of £10.5 million, which was offset in large part by foreign exchange losses of £8.1 million. The small investment of £0.6 million relates to capitalised interest arising from the Company's residual holding in the I^2 loan notes.

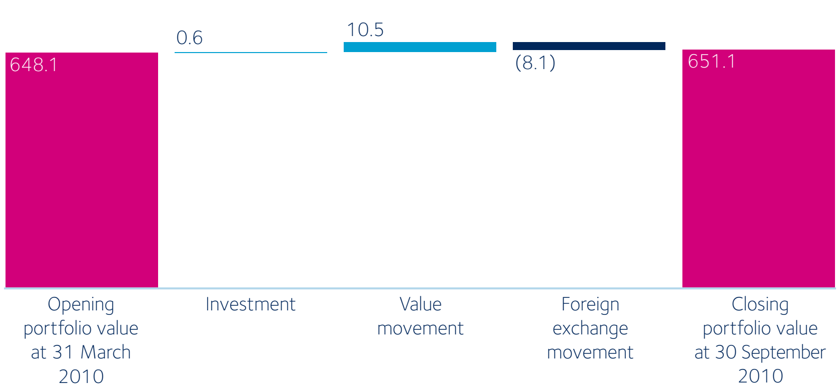
Unrealised value movement

The portfolio generated an unrealised value gain of £10.5 million (September 2009: £18.1 million), driven by the continued stable operational performance of the portfolio assets.

The valuation of the 3i India Infrastructure Fund increased by £6.8 million (net of total exchange losses of £4.0 million). This increase in value was driven principally by the continued progress in the development of Adani Power, which was listed in August 2009 and whose share price increased by 15.5% in the period, from 116 rupees on 31 March 2010 to 134 rupees at 30 September 2010.

The other valuations remained relatively stable during the period. The valuation of assets valued on a DCF basis was impacted in most cases by income received during the period. The junior debt portfolio traded in a narrow range in the six months to 30 September 2010.

Chart 1
Reconciliation of the movements in portfolio value on an investment basis (£m)



Foreign exchange impact

Foreign exchange rates were volatile throughout the period. As detailed in Table 2, movements in foreign exchange generated overall losses of £4.3 million on non-sterling assets.

A £4.2 million loss on the euro exposure was largely offset by the impact of the hedging programme currently in place (£3.9 million), resulting in a net exchange loss on euro denominated assets of £0.3 million.

The Company's exposure to the US dollar and Indian rupee through its investment in the 3i India Infrastructure Fund generated losses of £4.0 million, of which £3.9 million derived from the translation from sterling to US dollar, and £0.1 million derived from the translation from US dollar to Indian rupee. The Company's exposure to the Indian rupee remains unhedged.

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 ("IPEV") valuation guidelines, generally using a discounted cash flow ("DCF") methodology, which the Board considers to be the most appropriate valuation methodology for unquoted infrastructure equity investments.

Where the DCF methodology is used, the resulting valuation is checked against a valuation derived from other valuation benchmarks relevant to the particular investment, including for example:

- earnings multiples
- recent transactions
- quoted market comparables
- regulated asset base multiples

Discounted cash flow and discount rates

Around two thirds of the portfolio was valued on a DCF basis. The weighted average discount rate applied at 30 September 2010 was 12.5% (30 September 2009: 12.8%), deriving from a range of 8.2% (an operational PFI asset) to 18.0% (a project within the 3i India Infrastructure Fund). Chart 2 shows the movement in the weighted average discount rate applied to the portfolio in each six-month period since inception.

The discount rate applied to each investment is reviewed at each valuation date. The rate selected reflects the risk inherent in the business, taking into account sustained movements in "risk-free" rates of return in the relevant country and in relevant risk premia. There were no changes to discount rates used to value any of the assets since the last valuation at 31 March 2010, and there were no material changes to the risk profile of the assets in the Company's portfolio.

Table 2
Impact of foreign exchange movements on portfolio value
for the six months to 30 September 2010 (£m)

Translation of assets £/€	(4.2)
Translation of assets £/$	(3.9)
Foreign exchange losses on investments	**(8.1)**
Asset valuation $/rupee[(1)]	(0.1)
Movement in the fair value of derivative financial instruments (£/€ hedging)	3.9
Other foreign exchange movements	**3.8**
Net foreign exchange losses	**(4.3)**

(1) Contained within *Unrealised profits on revaluation of investments* in Table 3.

For more information

Underlying asset performance
Page 9

Portfolio valuation methodology
Page 38

Review of investments
Pages 12 to 18

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. Of the underlying investments of the Fund, Adani Power, which has been a listed asset since August 2009, is valued on a mark-to-market basis using closing bid prices, and the other two assets on a DCF basis. In addition, a portion of Soma's valuation is calculated on an earnings multiples basis, where comparable earnings multiples are derived from direct comparable companies.

Junior debt portfolio

The Company's investment in the junior debt portfolio was valued using bid prices at 30 September 2010 provided by third party brokers. The portfolio traded in a relatively narrow range during the period.

Underlying asset performance

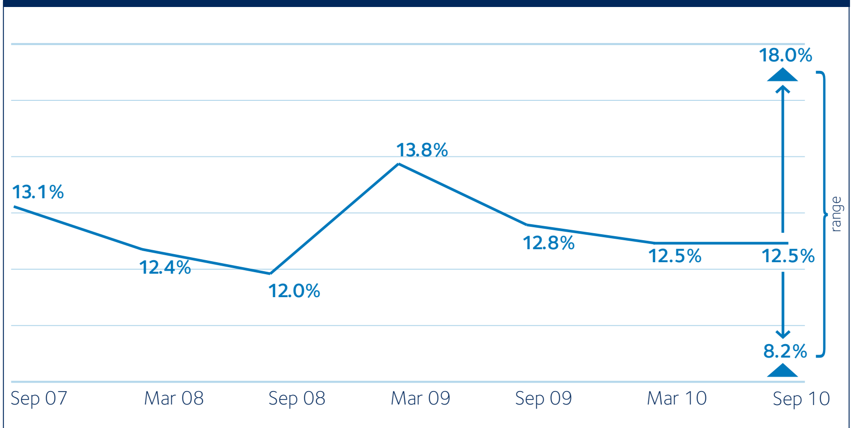
The fully operational assets in which the Company holds an equity stake delivered a stable performance in the period. Earnings before interest, tax, depreciation and amortisation ("EBITDA") for these assets increased by 1.8% on a like-for-like basis compared to the comparable six-month period last year.

The assets included in this analysis are those that have been largely operational for one year or more: AWG, Oystercatcher, Octagon, Alpha Schools and Elgin and, within the 3i India Infrastructure Fund, Soma Enterprise and Krishnapatnam Port. The two key drivers of the 1.8% period-on-period increase are a 1.5% decrease in EBITDA for AWG and a 9.2% increase for Oystercatcher.

In the case of AWG, the EBITDA reduction was fully anticipated following the rebasing of revenues on 1 April 2010 at the commencement of the new five-year regulatory period.

The stable returns from the portfolio assets, achieved after two years of substantial improvements in operational performance, are evidence of the robustness of infrastructure as an asset class. Improvements in the global macroeconomic environment should support continued robustness in the underlying performance of the Company's assets.

Chart 2
Portfolio weighted average discount rate



For more information

Portfolio income
Page 21

Portfolio valuation methodology
Page 38

Investment Adviser's review >

continued

Activity since the period end

Investment

Since 30 September 2010, the Company has announced investments for up to £191 million in two assets, Eversholt Rail Group, to be held directly, and GVK Energy Limited, through the 3i India Infrastructure Fund.

Eversholt Rail Group

On 4 November, the Company, in consortium with Morgan Stanley Infrastructure Partners and STAR Capital Partners, announced it had agreed to acquire Eversholt Rail Group ("Eversholt") from HSBC Asset Finance (UK) Limited, a wholly owned subsidiary of HSBC Holdings plc.

The transaction values Eversholt's gross assets at approximately £2.1 billion and the consortium will fund the acquisition through a combination of equity and debt. 3i Infrastructure will be contributing up to £176 million in equity instruments as part of the total consideration.

Eversholt is one of the three leading rail rolling stock companies in the UK, and owns approximately 29% of the total current British rail fleet.

The investment in Eversholt, a "core" infrastructure asset, is immediately accretive to NAV and income, and builds up the Company's exposure to the transportation sector, while at the same time minimising cyclical correlation, as returns from this asset are not reliant on growth in passenger numbers.

Eversholt is a very attractive asset with clear infrastructure characteristics:

- **Strong market fundamentals**, with existing rail fleets likely to remain valuable due to low investment in new stock
- **High quality cash flows**, contracted for the medium term through lease agreements with the Train Operating Companies
- **Robust profitability**, with a low cost base maintained through sub-contracting maintenance arrangements and limited direct overheads
- **A defensive fleet portfolio** with a good operational history, leased to a diversified customer base

A full description of the Company's new investment in Eversholt, as well as of the investment rationale, can be found in the Review of Investments section, on page 18.

3i India Infrastructure Fund

On 8 November the 3i India Infrastructure Fund announced it was investing US$182 million (£114 million) for a substantial minority stake in GVK Energy Limited ("GVK Energy"), a subsidiary of GVK Power and Infrastructure ("GVKPIL"), a Hyderabad-based infrastructure company. 3i Infrastructure's share of this investment is US$38 million (£24 million). The Fund has issued a drawdown notice to finance the first tranche of this investment, of which the Company's share is US$24 million (£15 million). The remainder should be drawn next year.

GVK Energy is developing a power portfolio, comprising an operational capacity of 901MW, with a further 4,200MW under various stages of development.

This investment provides the Company with additional exposure to the rapidly growing Indian power generation market, an attractive area given the continuing imbalances between power demand and supply in India, which are expected to continue over the next decade.

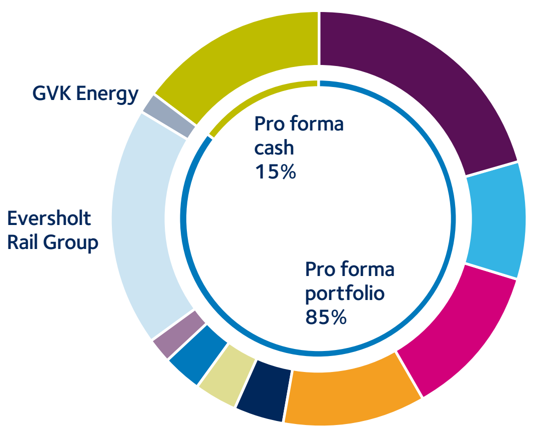
Realisations

In October, the Company made a partial sale from its junior debt portfolio.

Updated pro forma cash position and portfolio

The pro forma cash balance of the Company, which incorporates the transactions outlined above, as well as other actual cash movements since the period end, and after the deduction of the interim dividend, amounts to £138.4 million. Of this amount, £75.1 million remains committed to the 3i India Infrastructure Fund. Chart 3 below also sets out the pro forma portfolio, updated for realisations and the cost of new investments announced since the period end.

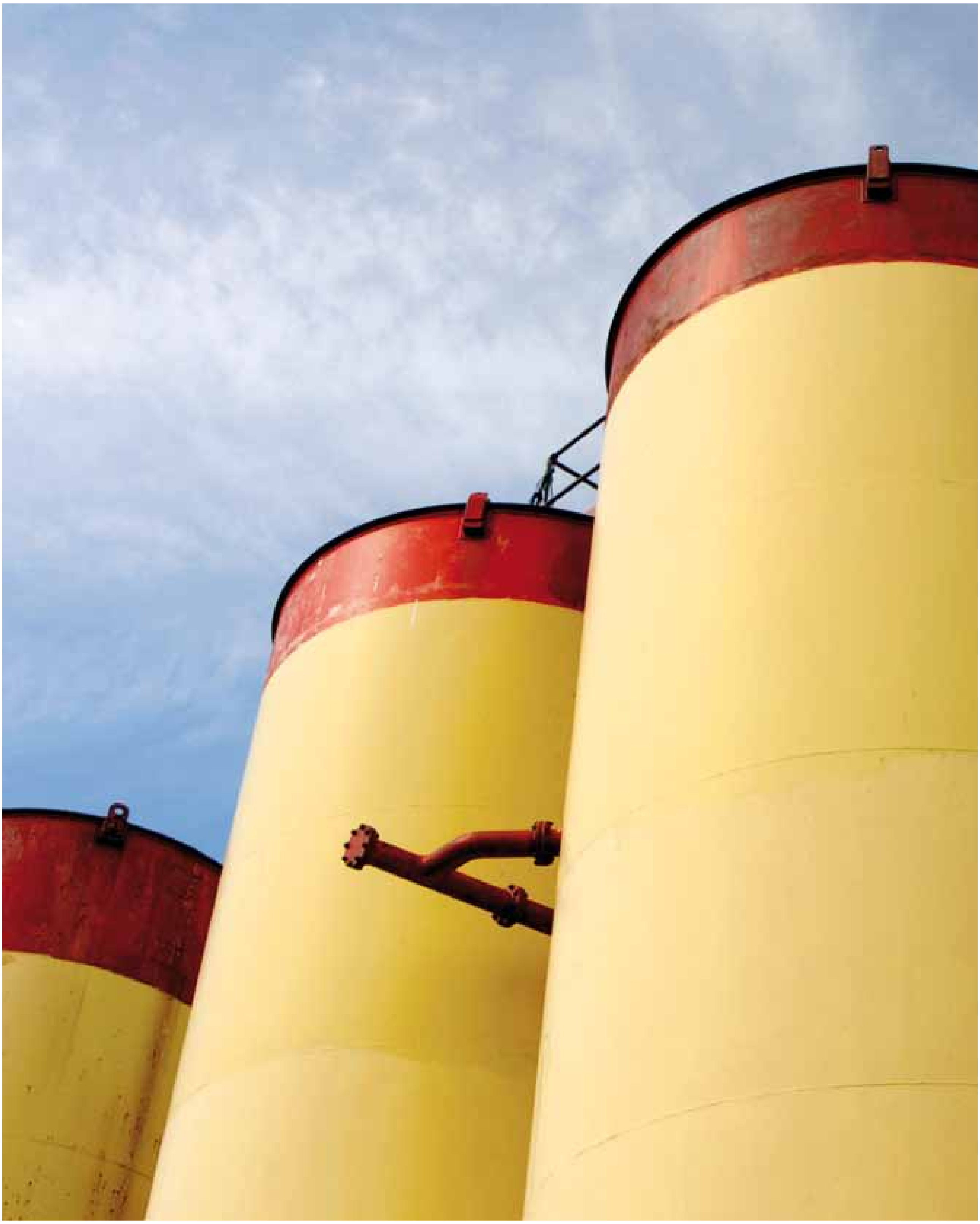
Chart 3
Pro forma portfolio and pro forma cash position



	£m	%
Pro forma portfolio	803.1	85
Pro forma cash	138.4	15

For more information

Case study:
Eversholt Rail Group
Page 18



Review of investments

AWG

Investment analysis

£161.9m
Cost

£195.7m
Value

Equity interest	10.3%
Income in the period	£13.7m
Asset total return in the period	£15.8m
Valuation basis	DCF

The value on an IFRS basis is £285.7 million.

Description

Anglian Water Group Limited ("AWG") is the parent company of Anglian Water, the fourth largest water supply and wastewater 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 the local authority and social housing sectors, and a small property development business.

The investment is held through 3i Osprey LP, an intermediary limited partnership that is managed separately by 3i Investments and owned with other third parties, and in which 3i Group also has a small interest.

Investment rationale

AWG has strong infrastructure characteristics, with a regulated near-monopoly position in its geographical area for the provision of water supply and sewerage treatment, stable and predictable earnings through RPI-linked tariffs and largely predictable operating costs.

Developments in the period

AWG continues to perform in line with expectations. Following the publication of Ofwat's Final Determination in November 2009, Anglian Water has been implementing a wide-ranging operational improvements programme, which is currently on target to achieve its objectives over the five-year regulatory period.

The new government has indicated that a white paper on the water sector is scheduled for summer 2011. Ofwat has launched a range of consultations on future regulation. In response to these developments, AWG has formed a strategy working group to develop positions on a range of issues, with a view to proactively engage in a dialogue with the government, Ofwat and the wider industry.

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

Junior debt portfolio

Investment analysis

£117.5m
Cost

£123.1m
Value

Income in the period	£3.6m
Asset total return in the period[1]	£3.0m
Valuation basis	Quoted debt

(1) Includes a £1.0 million exchange loss.

Description

3i Infrastructure invested in a portfolio of junior debt positions in core infrastructure businesses, with leading positions in the markets in which they operate.

Viridian operates both regulated and unregulated businesses within the Irish energy market, managing power transmission, distribution and supply infrastructure, as well as a power generation business and a business offering power-related services to the power industry.

NGW Arqiva is the leading owner and operator of national broadcast infrastructure supporting television, radio and wireless communication in the UK.

TDF is the leading provider of broadcast transmission infrastructure and services and telecommunications infrastructure in France, Germany, Finland and Hungary.

Thames Water is the UK's largest water and wastewater services company, operating across London and the Thames Valley.

Investment rationale

3i Infrastructure'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 to maturity and strong levels of cash yield.

Developments in the period

Market prices were stable during the period, and the portfolio valuation at 30 September 2010 was broadly in line with the valuation six months ago. Income from the portfolio was in line with the second half of last year, as LIBOR has stabilised. Based on the valuation at 30 September 2010, the annualised yield on the portfolio averaged 5.9%, while the expected yield to maturity was 13.8% based on the asset valuation. The average remaining maturity of the portfolio at 30 September 2010 was 4.0 years. The reported financial performance of each of the investments within the debt portfolio is monitored by the Investment Adviser and has been in line with expectations.

Developments since the period end

In October, the Company sold a portion of its junior debt portfolio. The mark-to-market valuation of the remaining junior debt portfolio at the end of October 2010 was £84.2 million, reflecting a small uplift in value since the period end for the remaining holdings.

Oystercatcher

Investment analysis

£84.5m
Cost

£113.8m
Value

Equity interest	45.0%
Income in the period	£9.3m
Asset total return in the period(1)	£4.3m
Valuation basis	DCF

(1) Includes a £3.2 million exchange loss.

Description

Oystercatcher Luxco 2 S.àr.l. ("Oystercatcher") is the holding company through which 3i Infrastructure invested in 45% stakes in three subsidiaries of Oiltanking GmbH ("Oiltanking"), located in the Netherlands, Malta and Singapore. These businesses provide over 3.6 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.

Oiltanking is one of the world's leading independent storage partners for oils, chemicals and gases, operating 69 terminals in 21 countries with a total storage capacity of 17.5 million cubic metres.

Investment rationale

This business meets the Company's infrastructure investment criteria through long-term demand for oil storage capacity, coupled with the shortage of competing supply and low customer turnover. Each of the three operating companies enjoys a strong market position in key oil and oil product trading hubs, and has a defensive position and reliable cash flows. 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.

Developments in the period

All three terminals have performed in line with or ahead of expectations in the period. Although market conditions for traders have not been as favourable as in recent years, all three terminals have experienced high throughput levels and full capacity utilisation. At all three terminals, operating costs were well managed, contributing to an improvement in EBITDA of 9.2% for the first six months of Oystercatcher's financial year, compared to the prior corresponding period.

3i India Infrastructure Fund

Investment analysis

£58.3m
Cost

£104.7m
Value

Partnership interest	20.9%
Asset total return in the period[1]	£6.8m
Valuation basis	LP share of funds

(1) Includes a £4.0 million exchange loss.

Description

The 3i India Infrastructure Fund (the "Fund") is a US$1.2 billion fund closed in 2007 to invest in a diversified portfolio of equity (or equivalent) infrastructure investments in India, focusing on the port, airport, road and power sectors. 3i Infrastructure has committed US$250 million to the Fund. As at 30 September 2010, the Fund was 42% invested, having completed three investments, totalling US$506 million, and 3i Infrastructure had an outstanding commitment of US$143.8 million, or £91.3 million.

Investment rationale

The macroeconomic outlook in India is favourable, with strong projected growth, and the fundamentals for infrastructure investment remain attractive, with the current infrastructure deficit in the country providing much opportunity for private investment. The investment in the Fund offers 3i Infrastructure exposure to a diversified pool of assets and larger investments than the Company could access on its own account, at no additional cost to the Company.

The Fund remains well positioned, with an established presence in its market and the investment team's broad network of contacts.

Developments in the period

Adani Power Limited is building a portfolio of power generation projects in India. The asset continues to make significant progress. The first two 330MW units of the Mundra project are now fully operational, while a third one was synchronised during the period. The company raised US$610 million through an IPO in August 2009, sufficient to finance the 6,600MW currently under construction. The shares closed at 134 rupees on 30 September 2010, up from 116 rupees at 31 March 2010.

Soma Enterprise Limited is an infrastructure engineering and construction company, with an order book comprising projects diversified across sectors such as hydro power, irrigation, railways, power transmission and urban infrastructure, and BOT road projects aggregating to approximately 800 km. Soma is performing well, and is continuing to add projects to its order book.

Krishnapatnam Port Company Limited has a concession to develop, operate and maintain the port of Krishnapatnam in the state of Andhra Pradesh. Growth in cargo volumes continues to match expectations, as the management team progresses the build out of the infrastructure to ensure the provision of best-in-class facilities to customers.

Developments since the period end

As described on page 10, in November the 3i India Infrastructure Fund completed a new investment in GVK Energy Limited.

Elgin

Investment analysis

£38.5m
Cost

£37.1m
Value

Equity interest	49.9%
Income in the period	£2.1m
Asset total return in the period	£0.5m
Valuation basis	DCF

Description

Elgin Infrastructure Limited ("Elgin") holds a portfolio of PFI project investments, in which Robertson Capital Projects Limited ("Robertson") retains a 50.1% holding. Robertson is a private company with activities covering construction, PFI projects, facilities management services and timber products. The Elgin portfolio comprises five schools projects and 11 community healthcare schemes, all of which are now fully operational.

Investment rationale

The investment in Elgin delivered on the Company's expressed intention of increasing its investment in social infrastructure assets following the sale of I^2. Exposure to social infrastructure is helpful in providing the Company's portfolio with lower risk, index-linked cash flows, which are counterweights to some of 3i Infrastructure's higher risk investments, for example those in the 3i India Infrastructure Fund. The Elgin portfolio is fully operational, and is delivering a robust yield. In Robertson, the Company is partnering with a well-established player in the PFI market.

Developments in the period

Midlothian Hospital, Elgin's only project still in construction at the time of the acquisition, was completed and handed over to the procuring authority in August 2010, six weeks ahead of schedule. All 16 projects in the portfolio are performing in line with the investment case. Strong income generation in the period led to a lower value than original cost.

Octagon

Investment analysis

£20.2m
Cost

£29.3m
Value

Equity interest	36.8%
Income in the period	£1.3m
Asset total return in the period	£1.8m
Valuation basis	DCF

Description

Octagon Healthcare Limited ("Octagon") is a 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 subcontracts the provision of facilities services to Serco.

Investment rationale

Octagon is a social infrastructure investment in a mature asset providing the Company with a stable, long-term income stream with RPI linkage.

Developments in the period

Octagon continues to perform well financially and operationally and has maintained its very good working relationship with the NHS Trust and with Serco. There have been no performance deductions by the NHS Trust in the period.

In July, the National Patient Safety Agency's Patient Environment Action Team awarded the hospital the top "excellent" rating in all three categories of assessment: catering, cleanliness, and privacy and dignity, for the third year running.

The hospital participated in a project to give young people with learning difficulties the skills to get paid employment, in partnership with City College Norwich, Serco, Remploy and Norfolk County Council. The project won the Anglian Water Most Innovative New Programme Award at the Business in the Community East of England Awards 2010.

I^2

Investment analysis

£31.0m
Cost

£31.0m
Value

Further investment in the period[1]	£0.6m
Income in the period	£1.2m
Asset total return in the period	£1.2m
Valuation basis	Cost

(1) Capitalised interest.

Infrastructure Investors LP ("I^2") owns a portfolio of equity and subordinated debt investments in over 80 PFI projects. In January 2009 3i Infrastructure sold its stake in I^2 to Barclays Integrated Infrastructure Fund LP ("BIIF LP"), receiving part of the consideration in the form of loan notes with a principal amount of £28.2 million.

The loan notes are unsecured, bear a fixed 8% annual interest rate (part cash pay) and are redeemable over the period to 2018. During the period, the Company accrued interest of £1.2 million from this investment, half of which was capitalised. The issuer of the loan notes is BIIF IssuerCo Limited, a holding company through which BIIF LP owns I^2.

The loan notes are serviced by cash flows upstreamed from I^2 after servicing existing senior debt. Under the terms of the loan notes, no equity dividends can be paid by BIIF IssuerCo Limited whilst payments of interest or principal are due and outstanding on the loan notes. 3i Infrastructure is accorded information rights similar to those of a senior lender, which allows the Company to monitor the performance of I^2 and the ongoing recoverability of the loan notes. I^2 continues to perform broadly in line with projections at the time of the sale in January 2009.

Alpha Schools

Investment analysis

£9.1m
Cost

£16.4m
Value

Equity interest	50.0%
Income in the period	£0.5m
Asset total return in the period	£0.7m
Valuation basis	DCF

Description

Alpha Schools (Highland) Limited ("Alpha Schools") is a 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 and all schools are operational. Alpha 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 subcontracts the provision of facilities services to Morrison Facilities Services.

Investment rationale

Alpha Schools is a social infrastructure investment in a portfolio of operational assets providing the Company with a stable, long-term income stream with RPIX linkage.

Developments in the period

All schools are operating successfully and performance has been good throughout the period. The remaining external works are nearing completion as planned.

T2C

Investment analysis

£6.5m
Cost

£nil
Value

Equity interest	16.7%
Asset total return in the period	£nil

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 ("RDF"). Construction is subcontracted to Ebara, a Japanese environmental technology developer and provider, using proven technology. T2C has subcontracted project management, operation and maintenance services 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.

Developments in the period

A provision was taken against the value of T2C in March 2010, due principally to further delays in the completion of construction. During the period significant progress was made both in construction and cold commissioning of the plant. All three lines have achieved first fire in the period, and the plant is expected to commence production by the end of the calendar year. Discussions over the necessary restructuring of T2C's financing arrangements have made progress, but are continuing.

Case study: Eversholt Rail Group – new investment since the period end

On 4 November, the Company announced it had agreed to acquire Eversholt Rail Group ("Eversholt"), in consortium with Morgan Stanley Infrastructure Partners and STAR Capital Partners.

The transaction values Eversholt's gross assets at approximately £2.1 billion and the consortium will fund the acquisition through a combination of equity and debt. 3i Infrastructure will be contributing up to £176 million in equity instruments as part of the total consideration.

Eversholt is one of the three leading rail rolling stock companies in the UK, and owns approximately 29% of the total current British rail fleet.

It owns 19 fleets, leased to seven Train Operating Companies ("TOCs"), predominantly weighted towards electric trains. Its primary revenue stream consists of lease payments from TOCs. It also owns a freight fleet. All of Eversholt's assets are fully operational, with the exception of one fleet, which is in the process of being delivered.

The rolling stock companies are not directly regulated, and have instead entered into a code of practice agreement with the Office of Rail Regulation under which they agree to work independently of each other.

This is an attractive, profitable asset with robust infrastructure characteristics:

1

Strong market fundamentals

- The rolling stock fleets are an **integral part** of the UK's transportation infrastructure
- Fleets are **fully utilised**, following a decade of high passenger growth and low investment in new rolling stock
- Rail fleets are likely to **retain value** through the refurbishment and life extension of existing stock, as budget constraints restrict procurement of new rolling stock by the government
- Eversholt has a **substantial market share**, and there are high barriers to entry for potential new competitors

2

High quality cash flows, contracted for the medium term

- Eversholt has medium-term contracted revenues with TOCs, with **payments made irrespective of availability or usage**
- Amounts due under the leases to the TOCs are **secured** by the government's obligation to act as train operator of last resort under The Railways Act (1993)

3

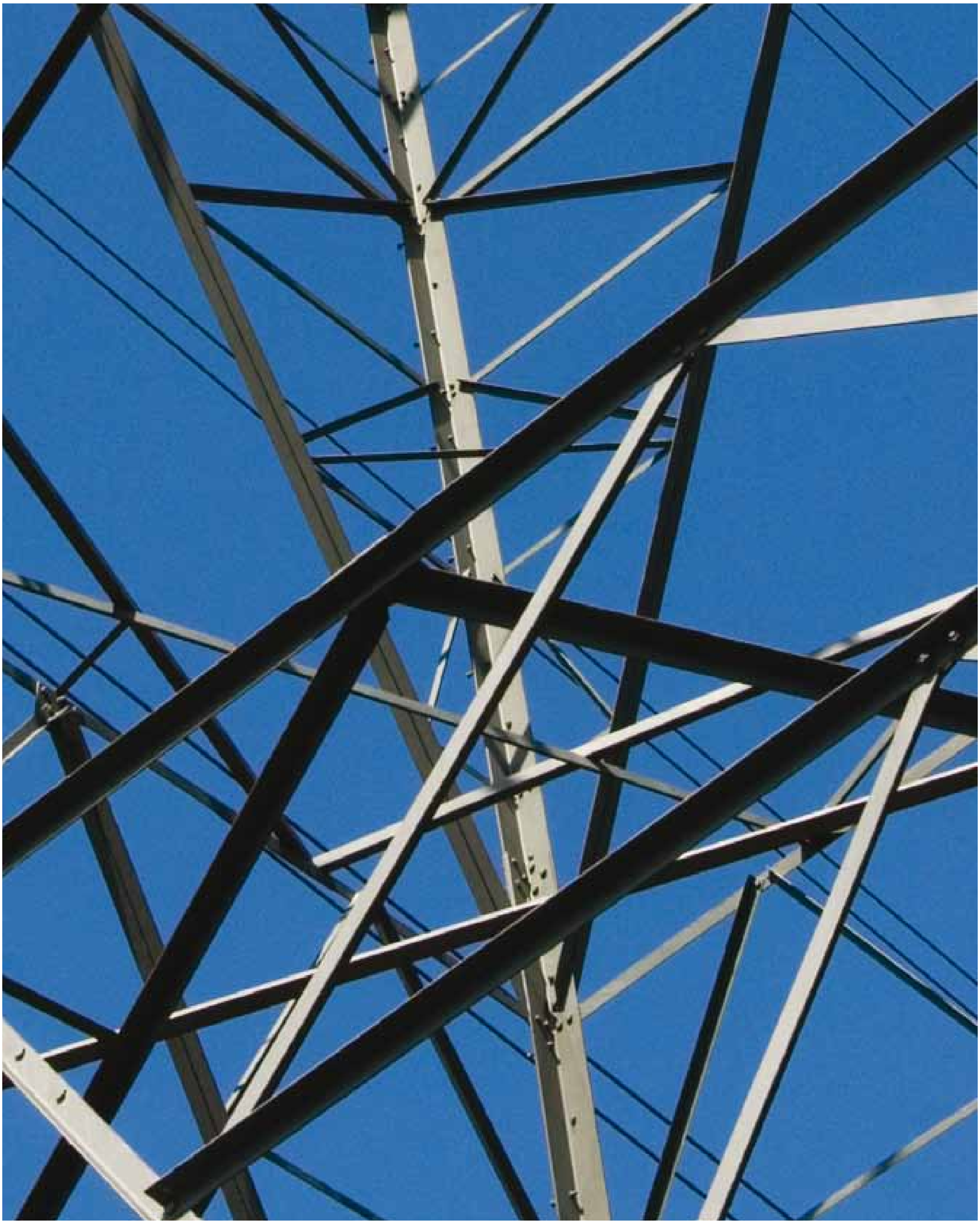
Profitable, with a low cost base

- Eversholt has **predictable costs**, controlled via sub-contracting maintenance arrangements
- In addition, Eversholt has **limited direct overheads**

4

Defensive, diversified fleet portfolio

- Eversholt has **physical ownership** of assets with an **impressive operational history**, let to a diversified TOC base
- The weighting of the fleet towards electric trains **mitigates risks** arising from further track electrification



Returns and Risk

Key performance indicators

Total return		Dividend	
Objective	To provide shareholders with a total return of 12% per annum, to be achieved over the long term.	Objective	To target an annual distribution yield of 5% of the opening NAV(1).
Measurement	Total return for the period expressed as a percentage of opening shareholders' equity(1).	Measurement	Dividend for the financial year, expressed as a percentage of opening shareholders' equity(1).
Status	3.4% total return for the six months to 30 September 2010.	Status	Interim dividend of 2.86p equates to a 2.5% distribution on opening shareholders' equity.

(1) Opening NAV and opening shareholders' equity are net of the prior-year final dividend paid.

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

	Six months to 30 September 2010	Six months to 30 September 2009	Year to 31 March 2010	Consolidated IFRS basis Six months to 30 September 2010
Realised profits over fair value on the disposal of investments	–	0.9	7.1	–
Unrealised profits on the revaluation of investments	10.5	18.1	66.8	13.9
Foreign exchange losses on investments	(8.1)	(13.4)	(10.4)	(1.1)
Capital return	2.4	5.6	63.5	12.8
Portfolio income				
Dividends	22.3	5.9	10.9	33.4
Income from loans and receivables	5.8	6.0	12.2	6.9
Income from quoted debt investments	3.6	3.6	7.2	3.6
Fees payable on investment activities	(1.2)	(1.6)	(3.0)	(1.2)
Interest receivable	0.8	1.5	2.4	0.8
Investment return	33.7	21.0	93.2	56.3
Advisory, performance and management fees payable	(5.0)	(4.3)	(11.7)	(5.4)
Operating expenses	(1.0)	(0.9)	(2.1)	(1.0)
Finance costs	(0.7)	(0.7)	(1.4)	(6.3)
Movements in the fair value of derivative financial instruments	3.9	1.5	4.5	1.3
Other income/(costs)	0.2	(0.3)	–	0.2
Profit for the period	31.1	16.3	82.5	45.1
Exchange difference on translation of foreign operations	–	–	–	(6.8)
Profit attributable to minority interests for the period	–	–	–	(6.9)
Total comprehensive income "Total return"	31.1	16.3	82.5	31.4

For more information

Basis of preparation
Page 24

Returns

The commentary in this section analyses the key drivers of the Company's returns according to the investment basis of preparation, as shown in Table 3. The basis of preparation for the investment basis is shown on page 24, along with an analysis of the key differences in accounting treatment to information prepared in accordance with IFRS.

3i Infrastructure generated a total return for the six months to 30 September 2010 of £31.1 million, representing a 3.4% return on opening shareholders' equity (September 2009: £16.3 million, 1.8%).

The return for the period was driven principally by strong income generation from the portfolio, as moderate unrealised gains were largely offset by net foreign exchange losses and costs.

Capital return

Unrealised capital return

The portfolio generated an unrealised value gain of £10.5 million (September 2009: £18.1 million), driven by the continued stable operational performance of the portfolio assets.

Foreign exchange impact

Movements in foreign exchange generated overall losses of £8.1 million on non-sterling assets, which were partly offset by the impact of the euro hedging programme, resulting in a net foreign exchange loss of £4.3 million. This is shown in more detail on Table 2 on page 8.

Investment return

Portfolio income

The portfolio generated strong income during the six-month period, totalling £30.5 million, net of fees payable on investment activity (September 2009: £13.9 million).

Dividends from portfolio assets totalled £22.3 million (September 2009: £5.9 million), driven in large part by substantial dividends received from AWG and Oystercatcher, as shown in more detail in Table 1.

Income from AWG was up significantly (£13.7 million in the period to September 2010 against £4.5 million in the prior corresponding period), as the business increased its dividend following two years of restraint due to uncertainties around the macroeconomic environment and the regulatory outcome for the 2010-2015 regulatory period.

Income received from Oystercatcher was also up significantly period on period (£9.3 million in the period to September 2010 against £5.9 million in the period to September 2009).

Interest income from the portfolio totalled £9.4 million (September 2009: £9.6 million). Persistently low LIBOR rates continue to affect interest receivable from the junior debt portfolio.

Fees payable totalled £1.2 million (September 2009: £1.6 million) and were attributable to transaction costs in relation to investments which did not complete, or had yet to reach final completion at 30 September 2010.

Interest receivable

Interest income from cash deposits totalled £0.8 million (September 2009: £1.5 million). The reduction in interest receivable relative to the comparable prior-year period is attributable to the decline in the average amount of the cash balances, combined with the lower interest rates payable on these balances. The Company's cash balances during the period to 30 September 2010 generated interest at an average rate of 0.5% (September 2009: 0.8%).

For more information

Unrealised value movement
Page 7

For more information

Foreign exchange impact
Page 8

Advisory fees, performance fees and other operating costs

During the first six months of the financial year, the Company incurred advisory and performance fees totalling £5.0 million (September 2009: £4.3 million). No performance fees were accrued relating to this period. The advisory fee, payable to 3i plc, is calculated as 1.5% of the Gross Investment Value, which is based on the opening portfolio value and the cost of any new investment made during the period. For a more detailed explanation of how fees are calculated, please refer to Note 8 on page 34.

Operating expenses, comprising Directors' fees, service provider costs and other professional fees, totalled £1.0 million for the six-month period (September 2009: £0.9 million).

Finance costs of £0.7 million comprise the commitment fees for the Company's £225 million revolving credit facility.

Movements in the fair value of derivatives of £3.9 million (September 2009: £1.5 million) represent the fair value movements of the hedging programme that was put in place to partially hedge the exchange rate exposure from the euro denominated assets, and included a £1.1 million gain on the settlement of derivatives.

Balance sheet and net asset value

At 30 September 2010 the Company's net assets totalled £959.7 million, or £936.5 million after the deduction of the proposed interim dividend (September 2009: £888.6 million), comprising the asset portfolio, valued at £651.1 million (September 2009: £573.5 million), cash and cash equivalents of £307.8 million (September 2009: £330.0 million) and other current assets of £7.7 million (September 2009: £14.7 million), primarily relating to accrued income from portfolio investments and prepayments.

There were no external borrowings on a recourse basis to the Company. A summary balance sheet is included in Table 4.

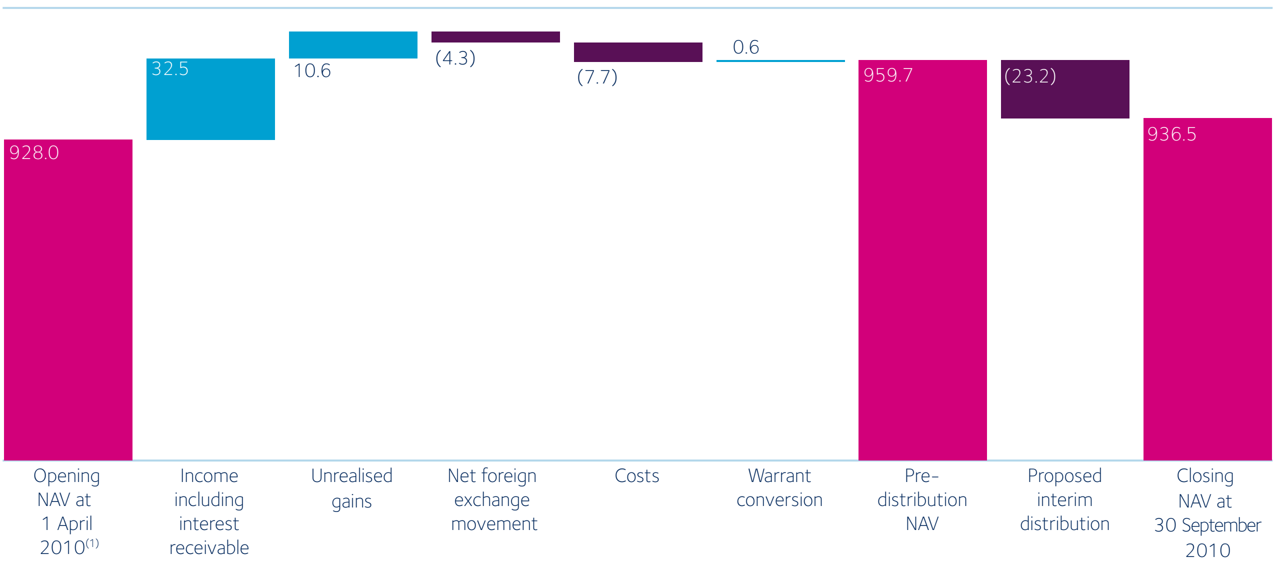
Cash on deposit was managed actively by the Investment Adviser, including regular reviews of counterparties and their limits, and is principally held in AAA rated money market funds, as well as in short-term bank deposits.

At 30 September 2010, and at the time of reporting, the £225 million revolving credit facility held by the Company had not been drawn.

The Company has historically paid two fifths of its dividend objective as an interim dividend, with the balance paid as a final dividend, depending on the results for the full year. Due to the strong portfolio income generated during the period, the Board is distributing 50% of the dividend objective as the 2010 interim dividend. The distribution of dividend payments will continue to be evaluated by the Board each year, according to the Company's performance and portfolio income generation. The amount of the final dividend will be dependent on the income and results for the year to 31 March 2011, and the acceleration of the 2010 interim dividend is not expected to impact the overall 5% dividend objective.

The total NAV per share at 30 September 2010 was 118.2p (September 2009: 111.7p). This reduces to 115.3p after the payment of the proposed interim dividend of 2.86p per share. The diluted net asset value per share, adjusted for the 70 million warrants outstanding, was 116.8p per share (September 2009: 110.8p), which reduces to 113.9p after the payment of the proposed interim dividend.

Chart 4
Reconciliation of movements in NAV on an investment basis (£m)



[1]Net of the £26.8 million prior-year final dividend paid.

Table 4
Summary balance sheet on an investment basis (£m)

	As at 30 September 2010	As at 30 September 2009	As at 31 March 2010	Consolidated IFRS basis As at 30 September 2010
Assets				
Non-current assets				
Investment portfolio	**651.1**	573.5	648.1	**927.2**
Current assets				
Other current assets	**7.7**	14.7	4.4	**13.2**
Cash and cash equivalents	**307.8**	330.0	313.7	**308.5**
Total current assets	**315.5**	344.7	318.1	**321.7**
Total assets	**966.6**	918.2	966.2	**1,248.9**
Borrowings	**–**	–	–	**(164.7)**
Derivative financial instruments	**(2.1)**	(8.5)	(5.6)	**(22.7)**
Total non-current liabilities	**(2.1)**	(8.5)	(5.6)	**(187.4)**
Current liabilities				
Trade and other payables	**(3.4)**	(2.7)	(5.2)	**(4.0)**
Derivative financial instruments	**(1.4)**	(0.6)	(0.6)	**(2.0)**
Total current liabilities	**(4.8)**	(3.3)	(5.8)	**(6.0)**
Total liabilities	**(6.9)**	(11.8)	(11.4)	**(193.4)**
Net assets	**959.7**	906.4	954.8	**1,055.5**
Equity				
Stated capital account	**112.0**	111.4	111.4	**112.0**
Retained reserves	**847.7**	794.6	843.4	**813.2**
Translation reserve	**–**	0.4	–	**38.1**
Total shareholders' equity	**959.7**	906.4	954.8	**963.3**
Minority interests	**–**	–	–	**92.2**
Total equity	**959.7**	906.4	954.8	**1,055.5**

Risks and uncertainties

The principal risks and uncertainties facing the Company are set out in the Returns and Risks section of the Company's Annual Report for the year to 31 March 2010. These are expected to remain relevant to the Company for the next six months of its financial year and comprise external risks, strategic risks, investment risks, treasury/funding risks and operational risks.

The principal external and strategic risks faced by the Company relate to the performance of underlying investment assets and market and transaction risks relating to the Company's ability to refinance its investments and to obtain debt financing for new investment, as well as to the time taken to deploy the Company's capital.

The Company is highly dependent on 3i Investments and its infrastructure investment advisory team.

Basis of preparation

Throughout the Investment Adviser's review, the Review of investments and Returns and Risk sections, the Investment Adviser has presented the Company's net asset value and financial results to show the return on a pro forma investment basis. This information is in addition to the consolidated financial statements as shown on pages 26 to 29, as required under International Financial Reporting Standards ("IFRS"). The pro forma investment basis presentation provides an alternative 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.

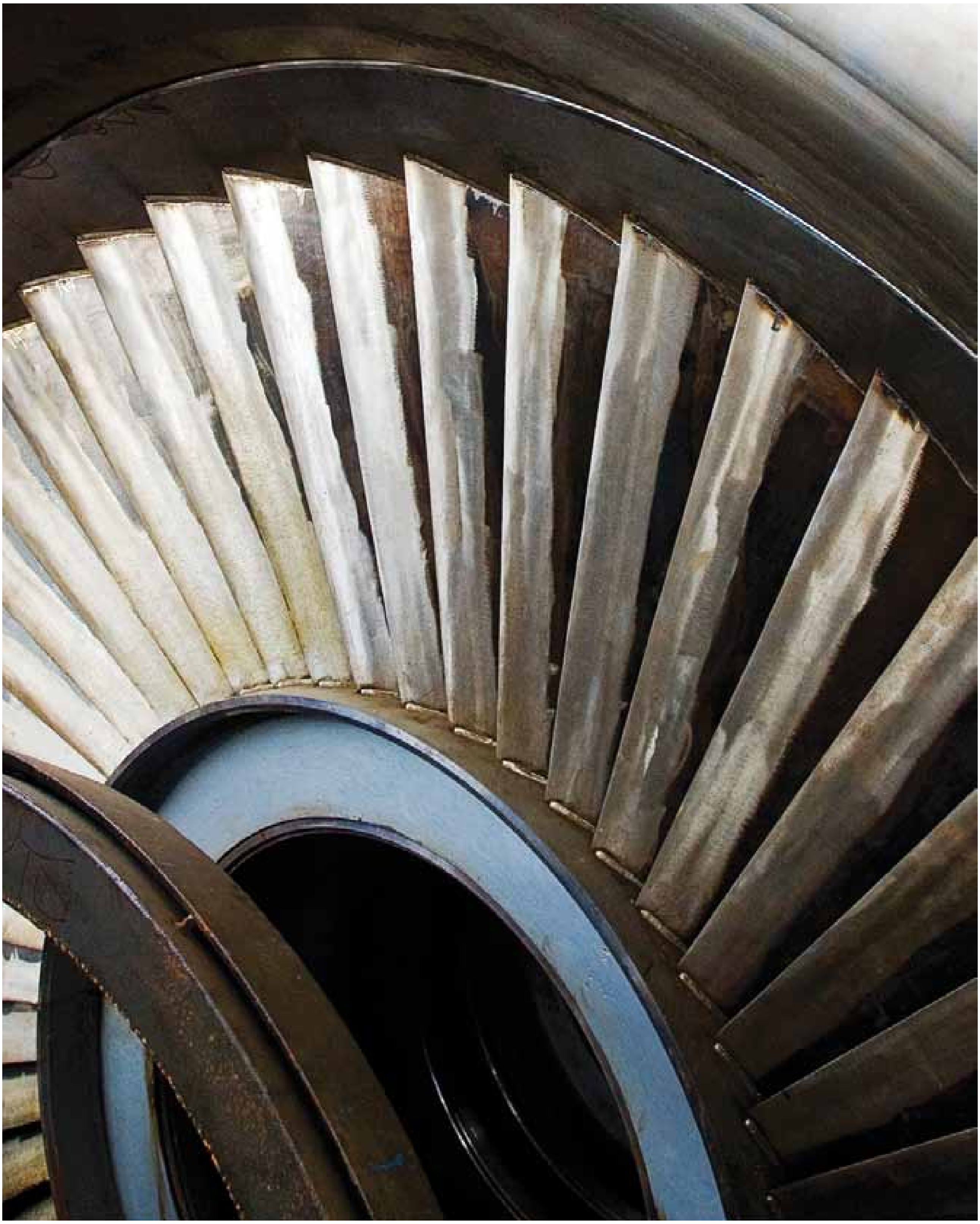
Several adjustments were made in order to show returns on an investment basis, the main adjustments being:

3i Infrastructure holds 68.5% of 3i Osprey LP, the vehicle through which it holds its investment in AWG. The remaining 31.5% of this entity is held by 3i Group and other third parties. 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. 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 statement of comprehensive income and the balance sheet on an IFRS basis.

One subsidiary of the Company, 3i Primary Infrastructure 2005-06 LP, which holds the investment in Alpha Schools, has investing partners which are entitled to a 3.75% share of profits, once certain cash hurdle criteria are met. Amounts due to this limited partnership are treated as a minority interest on a consolidated basis but are accrued as an expense in the investment basis.

3i Infrastructure holds two wholly-owned subsidiaries, Oystercatcher Luxco 1 S.àr.l. and Oystercatcher Luxco 2 S.àr.l., ("Oystercatcher Luxco 1" and "Oystercatcher") to fund the minority investment into three subsidiaries of Oiltanking GmbH. External borrowings were made by Oystercatcher to partly fund the investments. These borrowings are non-recourse to 3i Infrastructure. Under IFRS, the results and balance sheet of Oystercatcher Luxco 1 and Oystercatcher subsidiaries are required to be consolidated into 3i Infrastructure's financial statements on a line-by-line basis. In the investment basis presentation Oystercatcher 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 Fund A LP, a limited partnership in which the Company is the sole investor. This limited partnership has not been consolidated under the investment basis and is treated as an investment, and is fair valued accordingly.



Financials and other information

Consolidated statement of comprehensive income for the six months to 30 September 2010

	Notes	Six months to 30 September 2010 (unaudited) £m	Six months to 30 September 2009 (unaudited) £m	Year to 31 March 2010 (audited) £m
Realised gains over fair value on the disposal of investments		–	1.5	7.8
Unrealised gains on the revaluation of investments		13.9	13.9	76.8
Foreign exchange losses on investments		(1.1)	(0.4)	(1.1)
		12.8	15.0	83.5
Portfolio income				
Dividends receivable		33.4	11.8	23.4
Income from loans and receivables		6.9	8.4	16.1
Income from quoted debt investments		3.6	3.6	7.2
Fees payable on investment activities		(1.2)	(1.6)	(3.0)
Interest receivable		0.8	1.5	2.4
Investment return	1	56.3	38.7	129.6
Advisory, performance and management fees payable	2	(5.4)	(5.0)	(12.8)
Operating expenses		(1.0)	(0.9)	(2.2)
Finance costs		(6.3)	(7.0)	(13.6)
Unrealised movements in the fair value of derivative financial instruments		0.4	2.9	4.5
Realised gains/(losses) over fair value on the settlement of derivative financial instruments		0.9	–	(2.6)
Other income/(expenses)		0.2	(0.4)	0.3
Profit before tax		45.1	28.3	103.2
Income taxes	3	–	–	–
Profit after tax and profit for the period		45.1	28.3	103.2
Other comprehensive income				
Exchange losses on translation of foreign operations		(6.8)	(11.5)	(9.1)
Total comprehensive income for the period		38.3	16.8	94.1
Profit after tax and profit for the period attributable to:				
Equity holders of the parent		38.2	26.7	90.3
Minority interests		6.9	1.6	12.9
Total comprehensive income for the period attributable to:				
Equity holders of the parent		31.4	15.2	81.2
Minority interests		6.9	1.6	12.9
Earnings per share				
Basic earnings per share attributable to equity holders of the parent (pence)	5	4.7	3.3	11.1
Diluted earnings per share attributable to equity holders of the parent (pence)	5	4.7	3.3	11.1

Consolidated statement of changes in equity for the six months to 30 September 2010

for the six months to 30 September 2010 (unaudited)	Stated capital account £m	Retained reserves £m	Translation reserve £m	Total shareholders' equity £m	Minority interest £m	Total equity £m
Opening balance	111.4	801.8	44.9	958.1	90.2	1,048.3
Total comprehensive income for the period	–	38.2	(6.8)	31.4	6.9	38.3
Conversion of warrants into ordinary shares	0.6	–	–	0.6	–	0.6
Net capital returned to minority interests	–	–	–	–	(4.9)	(4.9)
Dividend paid to shareholders of the Company	–	(26.8)	–	(26.8)	–	(26.8)
Closing balance	112.0	813.2	38.1	963.3	92.2	1,055.5

for the six months to 30 September 2009 (unaudited)	Stated capital account £m	Retained reserves £m	Translation reserve £m	Total shareholders' equity £m	Minority interest £m	Total equity £m
Opening balance	111.4	755.3	54.0	920.7	132.3	1,053.0
Total comprehensive income for the period	–	26.7	(11.5)	15.2	1.6	16.8
Net capital returned to minority interests	–	–	–	–	(21.0)	(21.0)
Acquisition of interests held by minorities	–	–	–	–	(24.9)	(24.9)
Dividend paid to shareholders of the Company	–	(26.0)	–	(26.0)	–	(26.0)
Closing balance	111.4	756.0	42.5	909.9	88.0	997.9

for the year to 31 March 2010 (audited)	Stated capital account £m	Retained reserves £m	Translation reserve £m	Total shareholders' equity £m	Minority interest £m	Total equity £m
Opening balance	111.4	755.3	54.0	920.7	132.3	1,053.0
Total comprehensive income for the year	–	90.3	(9.1)	81.2	12.9	94.1
Net capital returned to minority interests	–	–	–	–	(30.1)	(30.1)
Acquisition of interests held by minorities	–	–	–	–	(24.9)	(24.9)
Dividend paid to shareholders of the Company	–	(43.8)	–	(43.8)	–	(43.8)
Closing balance	111.4	801.8	44.9	958.1	90.2	1,048.3

Consolidated balance sheet as at 30 September 2010

	Notes	As at 30 September 2010 (unaudited) £m	As at 30 September 2009 (unaudited) £m	As at 31 March 2010 (audited) £m
Assets				
Non-current assets				
Investments				
Quoted equity investments	4	**–**	5.6	–
Unquoted investments	4	**669.4**	604.2	668.7
Debt investments held at fair value through profit and loss	4	**123.1**	116.4	123.7
Loans and receivables	4	**134.7**	120.8	134.1
Investment portfolio		**927.2**	847.0	926.5
Total non-current assets		**927.2**	847.0	926.5
Current assets				
Trade and other receivables		**12.8**	15.3	8.6
Derivative financial instruments		**0.4**	0.4	–
Cash and cash equivalents		**308.5**	336.4	314.0
Total current assets		**321.7**	352.1	322.6
Total assets		**1,248.9**	1,199.1	1,249.1
Liabilities				
Non-current liabilities				
Loans and borrowings		**(164.7)**	(172.7)	(169.6)
Derivative financial instruments		**(22.7)**	(25.0)	(25.0)
Total non-current liabilities		**(187.4)**	(197.7)	(194.6)
Current liabilities				
Trade and other payables		**(4.0)**	(2.9)	(5.2)
Derivative financial instruments		**(2.0)**	(0.6)	(1.0)
Total current liabilities		**(6.0)**	(3.5)	(6.2)
Total liabilities		**(193.4)**	(201.2)	(200.8)
Net assets	1	**1,055.5**	997.9	1,048.3
Equity				
Stated capital account		**112.0**	111.4	111.4
Retained reserves		**813.2**	756.0	801.8
Translation reserve		**38.1**	42.5	44.9
Total equity attributable to equity holders of the parent		**963.3**	909.9	958.1
Minority interests		**92.2**	88.0	90.2
Total equity		**1,055.5**	997.9	1,048.3

Directors

8 November 2010

Consolidated statement of cash flows for the six months to 30 September 2010

	Six months to 30 September 2010 (unaudited) £m	Six months to 30 September 2009 (unaudited) £m	Year to 31 March 2010 (audited) £m
Cash flow from operating activities			
Purchase of investments	–	(7.2)	(46.3)
Proceeds from realisations of investments	–	22.4	52.2
Income received from loans and receivables	2.2	0.6	13.2
Income received from quoted debt investments	3.8	3.6	6.7
Dividends received	32.5	11.8	23.2
Fees paid on investment activities	–	(0.9)	(3.0)
Operating expenses paid	(0.7)	(1.2)	(1.8)
Interest received	0.8	1.5	2.2
Advisory, performance and management fees paid	(7.7)	(6.6)	(10.0)
Carried interest paid	–	–	(1.5)
Net cash flow from operations	30.9	24.0	34.9
Cash flow from financing activities			
Proceeds from the issue of share capital	0.6	–	–
Interest paid	(4.9)	(5.7)	(11.0)
Fees paid on financing activities and settlement of derivative contracts	(0.3)	(3.5)	(4.7)
Dividend paid	(26.8)	(26.0)	(43.8)
Acquisition of interests held by minorities	–	(24.9)	(24.9)
Net capital returned to minority interests	(4.9)	(21.0)	(30.1)
Net cash flow from financing activities	(36.3)	(81.1)	(114.5)
Change in cash and cash equivalents	(5.4)	(57.1)	(79.6)
Cash and cash equivalents at the beginning of the period	314.0	393.7	393.7
Effect of exchange rate movement	(0.1)	(0.2)	(0.1)
Cash and cash equivalents at the end of the period	308.5	336.4	314.0

Notes to the accounts

1 Segmental analysis

The Directors of the Company review the financial performance of the Group on the "investment basis" as defined on page 24. However, the Directors also review information on a regular basis that is analysed by Geography and is consistent with the consolidated accounting basis. In accordance with IFRS 8, the segmental information provided below uses this geographic analysis of results as it is the most closely aligned with IFRS reporting requirements. The Group only operates in one service line, being that of an investment holding company. Therefore no segmental analysis by service line has been produced. The Group is an investment holding company and does not consider itself to have any customers. The operations of the Group disclosed above are not considered to be exposed to the effects of cyclical variances.

for the six months to 30 September 2010 (unaudited)	UK(1) £m	Continental Europe(2) £m	Asia £m	Total £m
Investment return				
Unrealised profits/(losses) on the revaluation of investments	4.0	(0.9)	10.8	13.9
Foreign exchange losses on investments	–	(1.1)	–	(1.1)
Portfolio income	26.6	16.1	–	42.7
Interest receivable	0.8	–	–	0.8
Investment return	31.4	14.1	10.8	56.3
Interest expense	–	(5.0)	–	(5.0)
Net expenses	(2.9)	(3.3)	–	(6.2)
Profit before tax	28.5	5.8	10.8	45.1
Balance sheet				
Carrying value of investment portfolio	493.1	329.3	104.8	927.2
Cash and cash equivalents	298.1	10.4	–	308.5
Other assets	10.2	3.0	–	13.2
Assets	801.4	342.7	104.8	1,248.9
Loans and borrowings	–	(164.7)	–	(164.7)
Derivative financial instruments	(3.5)	(21.2)	–	(24.7)
Other liabilities	(4.0)	–	–	(4.0)
Liabilities	(7.5)	(185.9)	–	(193.4)
Net assets	793.9	156.8	104.8	1,055.5

(1) Including Channel Islands.
(2) Continental Europe includes all returns generated and investment portfolio value relating to Oystercatcher, including those amounts derived from its underlying business in Singapore.

1 Segmental analysis continued

for the six months to 30 September 2009 (unaudited)	UK[1] £m	Continental Europe[2] £m	Asia £m	Total £m
Investment return				
Realised gains over value on the disposal of investments	1.5	–	–	1.5
Unrealised profits/(losses) on the revaluation of investments	9.1	6.8	(2.0)	13.9
Foreign exchange losses on investments	–	(0.4)	–	(0.4)
Portfolio income	10.3	11.9	–	22.2
Interest receivable	1.5	–	–	1.5
Investment return	22.4	18.3	(2.0)	38.7
Interest expense	–	(5.7)	–	(5.7)
Net expenses	(4.0)	(0.7)	–	(4.7)
Profit/(loss) before tax	18.4	11.9	(2.0)	28.3
Balance sheet				
Carrying value of investment portfolio	428.1	338.6	80.3	847.0
Cash and cash equivalents	330.0	6.4	–	336.4
Other assets	11.7	4.0	–	15.7
Assets	769.8	349.0	80.3	1,199.1
Loans and borrowings	–	(172.7)	–	(172.7)
Derivative financial instruments	(9.1)	(16.5)	–	(25.6)
Other liabilities	(2.9)	–	–	(2.9)
Liabilities	(12.0)	(189.2)	–	(201.2)
Net assets	757.8	159.8	80.3	997.9

for the year to 31 March 2010 (audited)	UK[1] £m	Continental Europe[2] £m	Asia £m	Total £m
Investment return				
Realised gains over value on the disposal of investments	7.8	–	–	7.8
Unrealised profits on the revaluation of investments	50.0	16.4	10.4	76.8
Foreign exchange losses on investments	–	(1.1)	–	(1.1)
Portfolio income	24.1	19.6	–	43.7
Interest receivable	2.4	–	–	2.4
Investment return	84.3	34.9	10.4	129.6
Interest expense	–	(11.0)	–	(11.0)
Net expenses	(11.3)	(4.1)	–	(15.4)
Profit before tax	73.0	19.8	10.4	103.2
Balance sheet				
Carrying value of investment portfolio	487.0	341.6	97.9	926.5
Cash and cash equivalents	309.8	4.2	–	314.0
Other assets	5.1	3.5	–	8.6
Assets	801.9	349.3	97.9	1,249.1
Loans and borrowings	–	(169.6)	–	(169.6)
Derivative financial instruments	(6.2)	(19.8)	–	(26.0)
Other liabilities	(5.2)	–	–	(5.2)
Liabilities	(11.4)	(189.4)	–	(200.8)
Net assets	790.5	159.9	97.9	1,048.3

(1) Including Channel Islands.
(2) Continental Europe includes all returns generated and investment portfolio value relating to Oystercatcher, including those amounts derived from its underlying business in Singapore.

Notes to the accounts continued

2 Advisory, performance and management fees payable

	Six months to 30 September 2010 (unaudited) £m	Six months to 30 September 2009 (unaudited) £m	Year to 31 March 2010 (audited) £m
Advisory fee	**(4.9)**	(4.3)	(9.1)
Performance fee	**(0.1)**	–	(2.6)
Management fees	**(0.4)**	(0.7)	(1.1)
	(5.4)	(5.0)	(12.8)

The performance fee of £0.1 million in the period relates to the finalisation of the performance fee for the year ended 31 March 2010. Note 8 provides further details on the calculation of the advisory and performance fees.

3 Income taxes

With effect from 1 January 2009, Jersey abolished the exempt company regime for existing companies. Profits arising in the Company for the 2009 and 2010 year of assessment will be subject to tax at the standard rate of 0%.

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 these subsidiaries is minimal.

4 Investment portfolio

	As at 30 September 2010 (unaudited)			
	Unquoted investments £m	**Debt investments £m**	**Loans and receivables £m**	**Total £m**
Opening carrying value	**668.7**	**123.7**	**134.1**	**926.5**
Additions	**–**	**–**	**0.6**	**0.6**
Unrealised gains on investments	**13.4**	**0.5**	**–**	**13.9**
Foreign exchange losses	**(12.7)**	**(1.1)**	**–**	**(13.8)**
Closing carrying value	**669.4**	**123.1**	**134.7**	**927.2**

	As at 30 September 2009 (unaudited)				
	Quoted equity investments £m	Unquoted investments £m	Debt investments £m	Loans and receivables £m	Total £m
Opening carrying value	3.8	640.7	91.9	126.0	862.4
Additions	–	2.0	5.2	–	7.2
Disposals and repayments	–	(15.7)	–	(5.2)	(20.9)
Unrealised gains/(losses) on investments	1.8	(7.3)	19.4	–	13.9
Foreign exchange losses	–	(15.5)	(0.1)	–	(15.6)
Closing carrying value	5.6	604.2	116.4	120.8	847.0

	As at 31 March 2010 (audited)				
	Quoted equity investments £m	Unquoted investments £m	Debt investments £m	Loans and receivables £m	Total £m
Opening carrying value	3.8	640.7	91.9	126.0	862.4
Additions	–	25.5	5.2	17.8	48.5
Disposals and repayments	(3.8)	(32.5)	(2.3)	(5.8)	(44.4)
Unrealised gains/(losses) on investments	–	50.8	29.7	(3.7)	76.8
Foreign exchange losses	–	(15.8)	(0.8)	(0.2)	(16.8)
Closing carrying value	–	668.7	123.7	134.1	926.5

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 whether 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.

5 Share information

The Company is authorised, under its Articles of Association, to issue an unlimited number of ordinary shares with no par value, of one class, designated as ordinary shares.

	As at 30 September 2010 (unaudited)		As at 30 September 2009 (unaudited)		As at 31 March 2010 (audited)	
	Number	£m	Number	£m	Number	£m
Issued and fully paid						
Opening balance	811,082,581	817.6	811,082,081	817.6	811,082,081	817.6
Conversion of warrants	581,550	0.6	–	–	500	–
Closing balance	811,664,131	818.2	811,082,081	817.6	811,082,581	817.6

The warrants entitle the holder to subscribe for one ordinary share at £1.00 at any time from 13 September 2007 to 13 March 2012. At 30 September 2010, there were 69,968,930 warrants in issue (September 2009: 70,550,980).

The earnings and net assets per share attributable to the equity holders of the parent are based on the following data:

	Six months to 30 September 2010 (unaudited)	Six months to 30 September 2009 (unaudited)	Year to 31 March 2010 (audited)
Earnings per share (pence)			
Basic	4.7	3.3	11.1
Diluted	4.7	3.3	11.1
Earnings (£ million)			
Profit for the period attributable to equity holders of the parent	38.2	26.7	90.3
Number of shares (million)			
Weighted average number of shares in issue	811.1	811.1	811.1
Effect of dilutive potential ordinary shares – warrants	7.5	–	–
Diluted shares	818.6	811.1	811.1

	As at 30 September 2010 (unaudited)	As at 30 September 2009 (unaudited)	As at 31 March 2010 (audited)
Net assets per share (pence)			
Basic	118.7	112.2	118.1
Diluted	117.2	111.2	116.7
Net assets (£ million)			
Net assets attributable to equity holders of the parent	963.3	909.9	958.1

Notes to the accounts continued

6 Dividends

	Six months to 30 September 2010 (unaudited) pence per share	Six months to 30 September 2010 (unaudited) £m	Six months to 30 September 2009 (unaudited) pence per share	Six months to 30 September 2009 (unaudited) £m	Year to 31 March 2010 (audited) pence per share	Year to 31 March 2010 (audited) £m
Interim dividend paid on ordinary shares	–	–	–	–	2.20	17.8
Final dividend paid on ordinary shares	3.30	26.8	3.20	26.0	3.20	26.0
	3.30	26.8	3.20	26.0	5.40	43.8
Proposed/declared dividend on ordinary shares	2.86	23.2	2.20	17.8	3.30	26.8

7 Contingent liabilities

At 30 September 2010, there was no material litigation or contingent liabilities outstanding against the Company or any of its subsidiary undertakings (30 September 2009: nil).

8 Related parties

Transactions between 3i Infrastructure and 3i Group and its subsidiaries

3i Group plc ("3i Group") holds 33.1% 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 to the 3i India Infrastructure Fund to invest in the Indian infrastructure market. 3i Group has also committed US$250 million to this Fund. In total, commitments of US$106.2 million (£58.3 million) had been drawn down at 30 September 2010 by the 3i India Infrastructure Fund from 3i Infrastructure. At 30 September 2010, the Group's outstanding commitment to the Fund was US$143.8 million (£91.3 million).

3i Osprey LP, a subsidiary of the Company, incurs a management fee due to 3i Osprey GP Limited, a subsidiary of 3i Group. During the period, £1.4 million was incurred (September 2009: £1.5 million). As at 30 September 2010, £0.4 million remained outstanding (September 2009: £0.7 million).

3i Investments plc ("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 held by 3i Infrastructure 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 3i Infrastructure throughout a financial period. The cost incurred in the six months to 30 September 2010 was £4.9 million (September 2009: £4.3 million). There was £0.3 million outstanding at 30 September 2010 (September 2009: £nil).

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 for the period (being the movement in 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) 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. The performance hurdle has not been exceeded for the six months to 30 September 2010, hence no performance fee is payable (September 2009: £nil). £0.1 million has been incurred in the period in relation to the finalisation of the performance fee for the year to 31 March 2010.

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, or for certain regulatory reasons. The Investment Adviser may also give two months' notice if the Company is subject to a change of control, or six months' notice if the Company's Board changes its investment policy to a material extent, and that has a material adverse effect on the Investment Adviser's ability to perform its duties.

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 six months to 30 September 2010 was £0.3 million (September 2009: £0.3 million). There was £0.2 million outstanding at 30 September 2010 (September 2009: £nil).

Accounting policies

Basis of preparation

These financial statements are the unaudited half-yearly consolidated financial statements (the "Half-yearly Financial Statements") of 3i Infrastructure plc, a company incorporated and registered in Jersey, and its subsidiaries (together referred to as the "Group") for the six-month period ended 30 September 2010.

The Half-yearly Financial Statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") and should be read in conjunction with the consolidated financial statements for the period to 31 March 2010 ("Report and accounts 2010"), as they provide an update of previously reported information. These accounts have been prepared on the going concern basis.

The Half-yearly Financial Statements were authorised for issue by the Directors on 8 November 2010.

The Half-yearly Financial Statements have been prepared in accordance with the accounting policies set out in the Report and accounts 2010. The new and revised International Financial Reporting Standards ("IFRS") and interpretations becoming effective in the period have had no impact on the accounting policies of the Group. Where necessary, comparative information has been reclassified or expanded from the previously reported Half-yearly Financial Statements to take into account any presentational changes made in the Report and accounts 2010. The Half-yearly Financial Statements do not constitute statutory accounts. The statutory accounts for the year to 31 March 2010, prepared under IFRS, have been filed with the Jersey Financial Services Commission Companies Registry on which the auditors issued a report, which was unqualified.

The preparation of the Half-yearly Financial Statements 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 historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. All accounting policies used in the preparation of the Half-yearly Financial Statements are consistent with those stated in the Report and accounts 2010.

Statement of Directors' responsibilities

The Directors confirm to the best of their knowledge that:

a) the condensed set of financial statements has been prepared in accordance with IAS 34 and gives a true and fair view of the assets, liabilities, financial position and profit of the Group for the period ended 30 September 2010; and

b) the Half-yearly report includes a fair review of the information required by the FSA's Disclosure and Transparency Rules (4.2.7 R and 4.2.8 R).

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

By order of the Board

Peter Sedgwick
Chairman
8 November 2010

Board of Directors and their functions

Peter Sedgwick
Non-executive Chairman

Philip Austin
Non-executive Director and Senior Independent Director

Sir John Collins
Non-executive Director

Florence Pierre
Non-executive Director
Appointed 1 September 2010

Charlotte Valeur
Non-executive Director

Paul Waller
Non-executive Director

Steven Wilderspin
Non-executive Director and chairman of Audit Committee

Independent review report to the shareholders of 3i Infrastructure plc

We have been engaged by the Company to review the consolidated condensed set of financial statements in the Half-yearly Financial Statements for the six months to 30 September 2010 which comprise the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated balance sheet, consolidated statement of cash flows, notes 1 to 8 to the accounts and the accounting policies section. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed within the Basis of preparation section, the annual financial statements of the Company are prepared in accordance with IFRS. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half-yearly report and accounts for the six months to 30 September 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
Jersey

8 November 2010

Investment policy

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 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

A description of the methodology used to value the investment 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 review 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 will be 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 sale 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.

Information for shareholders

Financial calendar

Ex-dividend date for interim dividend	8 December 2010
Record date for interim dividend	10 December 2010
Interim dividend expected to be paid	10 January 2011

Registrars

For shareholder services, including changes of address, the registrar details are as follows:

Capita Registrars (Jersey) Limited
12 Castle Street, St. Helier
Jersey JE2 3RT
Channel Islands
e-mail: registrars@capita.je
Tel: +44 (0)1534 632310 or the
Shareholder helpline: +44 (0)871 664 0300

Website

For full up-to-date investor relations information including the latest share price, recent reports, results presentations and financial news, please visit our investor relations website www.3i-infrastructure.com

Frequently used Registrars' forms may be found on our website at **www.3i-infrastructure.com/e-comms**

3i Infrastructure plc
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Jersey JE4 8PX
Channel Islands
Tel: +44 (0)1534 711444
Fax: +44 (0)1534 609333

Registered in Jersey No. 95682

Warning to shareholders – boiler room scams

Over the last few years, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based "brokers" who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as "boiler rooms". These "brokers" can be very persistent and extremely persuasive and a 2006 survey by the Financial Services Authority (FSA) has reported that the average amount lost by investors is around £20,000.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:

– make sure you get the correct name of the person and organisation;

– check that they are properly authorised by the FSA before getting involved by visiting www.fsa.gov.uk/pages/register;

– report the matter to the FSA either by calling 0845 606 1234 or visiting www.moneymadeclear.org.uk; and

– if the calls persist, hang up.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. The FSA can be contacted by completing an online form at www.fsa.gov.uk/pages/doing/regulated/law/alerts/form.shtml

Details of any share dealing facilities that the Company endorses will be included in the Company mailings.

More detailed information on this or similar activity can be found on the FSA website www.moneymadeclear.org.uk

Electronic communications

If you would prefer to receive shareholder documents electronically in future, including your Annual reports and Notice of Meetings, please go to www.3i-infrastructure.com/e-comms for details of how to register. Alternatively, visit our Registrars' website at www.capitaregistrars.com/shareholders

When you register, you can tell us your preferred delivery format for shareholder communications (post or e-mail). You will also be able to make proxy appointments and give voting instructions electronically via the Registrars' website.

If you select 'e-mail' as your mailing preference, at the appropriate times each year you will be sent a link to the Report and accounts and Notice of Annual General Meeting by e-mail instead of post. If you do not register to receive electronic shareholder communications then you will continue to receive paper documents.

Half-yearly reports

In future years, the Half-yearly report will no longer be produced.

To register for updates please go to www.3i-infrastructure.com/services_alerts.php

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