

BIP Investment Partners

L U X E M B O U R G

Luxembourg, 20 July 2011

PRESS RELEASE

- **Steep rise in the result from ordinary activities before tax to EUR 24.4 million**
- **Global result depressed by market trends**

Meeting on 15 July 2011, the Board of Directors of BIP Investment Partners S.A. (hereafter “the Company” or “BIP”) adopted financial statements for the six months to 30 June 2011.

BIP first-half results for 2011 are shown in the table below:

EUR million	1st H 2011	1st H 2010
Result from ordinary activities, before tax	24.4	13.1
Deferred taxes on income	(6.9)	2.0
Net book result for the half-year	17.5	15.1
Gross variation in the revaluation reserve on available-for-sale financial assets	(28.0)	(3.1)
Deferred taxes on variation in the revaluation reserve	3.6	(1.4)
Net variation in the revaluation reserve on available-for-sale financial assets	(24.4)	(4.5)
Total comprehensive result for the half-year, net of tax	(6.9)	10.6

BIP’s **book result from ordinary activities before tax** for the first six months of 2011 was EUR 24.4 million, up 86% from the corresponding period of 2010 (EUR 13.1 million).

The charge for **deferred taxes on income** of EUR 6.9 million reflects the partial release of deferred tax assets, pursuant to the decrease of the estimated future taxable profits that can be used against tax loss carryforwards.

The **revaluation reserve on available-for-sale financial assets** records unrealised capital gains and losses on listed investments. Its **gross decline** of EUR 28.0 million reflects both the impact of the slump on stock markets from 31 December 2010 to 30 June 2011 on BIP's portfolio of listed investments, and the transfer of capital gains realised in the first half of 2011 to the result from ordinary activities.

Deferred taxes on the variation in the revaluation reserve (credit of EUR 3.6 million) reflect deferred taxation on unrealised capital gains and losses in the listed portfolio. Unrealised capital losses generate a deferred tax asset; unrealised capital gains may generate deferred tax liabilities if such a capital gain would become taxable on realisation.

The **total comprehensive result for the half-year, net of tax**, is a negative EUR 6.9 million, compared with a EUR 10.6 million profit for the same period of 2010.

Shareholders' equity totals EUR 398.8 million, down EUR 24.4 million from 31 December 2010 (31 December 2010: EUR 423.2 million), with dividend payments in an amount of EUR 16 million having been paid and treasury shares having been purchased for EUR 0.7 million.

BIP's **estimated value per share** declined EUR 5.17 in the first six months of 2011 to stand at EUR 87.49 on 30 June 2011, a dividend of EUR 3.50 per share having been paid on 28 March 2011.

At 30 June 2011, the **market price of BIP shares** stood at EUR 62.01, showing a rise of 8.03% from the beginning of the year. The market price thus represented a 29% discount on the estimated value per share compared with 38% at the beginning of the year.

BUSINESS AND HIGHLIGHTS OF THE YEAR

Financial assets at fair value through profit or loss (private equity)

Sale of Cargolux

On 9 June 2011, **Cargolux Airlines International S.A.** shareholders signed an agreement to sell a 35% interest to Qatar Airways Q.C.S.C. Under the terms of this agreement, BIP committed to sell its entire holding in Cargolux for USD 36.69 per share, representing a total USD 42.35 million. The transaction generated a total capital gain of USD 2.9 million for BIP. But due to an unfavourable trend in the EUR/USD exchange rate since the initial investment, this USD-denominated capital gain represents a EUR 8.9 million capital loss (based on exchange rates at 30 June 2011). The final result in EUR will depend on the exchange rate in effect on the day the sales price is effectively paid and received. Based on its USD value, the investment in Cargolux taken as a whole and including all dividends received throughout the entire investment period generated an annual internal rate of return of 3.5%.

While the value of our investment in this company suffered from the economic crisis, our financial support at a key stage in consolidating its share capital at year-end 2009 ultimately proved fruitful and generated an annual return of over 25% on capital invested that year.

The closing of the transaction is now contingent on formal approval by antitrust authorities and is expected to take place in the second half of the year.

Other developments in private equity

Driven by BIP, which now owns 26% of the new entity, **Key-Systems GmbH** and **NameDrive S.A.** shareholders agreed to merge their activities into a common holding company, **KeyDrive S.A.**, making it a European leader in internet domain-name services.

Assisteo Europe has run up against fall-out from sweeping changes in the regulatory context governing “home living services” in France, as well as budget pressures on the public authorities that finance the sector. Together these factors will lead to a marked deterioration in profitability at companies such as Assisteo France, a provider of home services for the aged and chronically ill in France that is also Assisteo Europe’s main asset. As a result, the investment’s value was downgraded significantly on 30 June.

In the first half of 2011, the management team pursued its strategy of withdrawing from private equity funds, as decided in 2009.

Available-for-sale financial assets (listed portfolio)

In an environment of slower economic growth, mounting inflationary pressures and dull markets, BIP began scaling back its portfolio of listed companies. Sales of available-for-sale financial assets came to EUR 61 million compared with investments of EUR 47 million.

Listed portfolio management performance was -3% in the first half. The strongest showings came from Nanogate, +35%; Kabel Deutschland, +22% (with our entire holding sold in June); Fresenius, +15%; and SES, +9%). Poor performances came from Aixtron, -15%, RTL, -12%, and investments in the metals and mining sector.

New investments

New investments included Dialog Semiconductor (EUR 11 million), Bekaert (EUR 10 million), Xstrata (EUR 6 million) and Melexis (EUR 5 million).

Dialog Semiconductor develops and supplies sensor integrated circuit solutions for power management in wireless phones, smart phones and tablet PCs. Annual growth in sales is over 30%, a trend expected to continue. This UK-based company is listed on the German stock exchange.

Bekaert is the global market leader in steel cord products used for tyre reinforcement. It has a strong presence in emerging markets, where it operates manufacturing plants and makes about half its total sales, including 38% in Asia Pacific alone. Bekaert also leads the market for sawing wire used to produce solar panels, with market share of over 50% and high operating margins.

Switzerland’s **Xstrata** is one of the world’s largest mining groups, operating mines in 19 countries around the globe. It focuses primarily on copper, thermal coal and coking coal. Demand for all three is expected to remain very strong in the next few years — and in any case will outpace supply, which should keep prices high.

Melexis is a Belgian company producing semi-conductors and sensor ICs, primarily for the automotive industry. These products contribute to increased energy-efficiency and more eco-friendly cars. Specialists project annual growth of around 13% in this market.

Divestments

BIP has totally divested its holdings in EVS Broadcast Equipment (2011 capital gain: EUR 7.9 million), Munich Re (capital gain: EUR 1.5 million), Companhia Siderurgica Nacional (capital loss: EUR 1.6 million) and Kabel Deutschland (capital gain: EUR 4.2 million). It also scaled back positions in Evertz Technologies, ArcelorMittal, SES and Vale in the first six months of the year.

BIP's first investment in **EVS** came in February 2002. Over the years, BIP has realized capital gains totalling EUR 34 million on this investment, corresponding to an annual internal rate of return of 50%. After accompanying EVS in its dynamic development phase, BIP now sees its mission as completed and opted to exit this sound company in the first half of 2011.

Media, telecommunications and technology-related investments

Listed investments in this sector represent 24% of BIP's net assets.

The main investment is **RTL**, which saw an 11.7% fall in share price linked to payment of a high EUR 5 dividend, setting return at 7.4% at 30 June. RTL has very little exposure to slowing economies in Europe's peripheral countries. It also has a large cash surplus that allows it to maintain a high dividend.

Aixtron, specialized in equipment to produce LEDs (light-emitting diodes), saw its share price fall 14.8% despite record results in 2010 and prospects of steady growth in 2011. Aixtron's medium-term prospects remain very promising.

SES published good first-quarter results and its share price is up 8.6%. BIP has reduced its investment in SES from 625,000 shares at year-end 2010 to 450,000 at 30 June 2011.

Investment in metals and mining

Listed investments in metals and mining represent 10% of BIP's net assets.

Sector companies have lagged the market, following fears of an economic downturn in China. BIP's main investments in the sector are Vale, down 3.7%, BHP Billiton, down 3.9% and ArcelorMittal, down 10.9%.

BIP is confident in future price trends for certain resources. Maintaining its focus on the sector, it has thus invested in **Xstrata** and **Bekaert** during the half-year under review.

Other developments in the listed portfolio

BIP's other main listed investments are Nanogate, Royal Dutch Shell and Fresenius.

In June 2011, **Nanogate** finalized its acquisition of a Dutch in a deal that will improve operating profitability. In July 2011, Nanogate announced a public offering in which BIP will take part. Funds raised will be used to refinance the company's latest acquisition and will enable it to consider other opportunities as they arise.

With oil prices up steeply, financial results at **Royal Dutch Shell** are expected to rise sharply from previous years. Over the first half of the year, BIP raised its investment in Royal Dutch Shell to EUR 15 million.

Fresenius saw its share price rise 14.7% in the first six months of the year.

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2011

In accordance with the Regulation of the European Parliament and Council of 19 July 2002, BIP publishes consolidated accounts on the basis of IFRS (International Financial Reporting Standards). Those presented at 30 June 2011 are the consolidated accounts, comprising the accounts of BIP and its subsidiary BIP Venture Partners S.A., SICAR. These accounts are prepared in accordance with IAS 34 on interim financial reporting and are not audited.

Subsidiary BIP Internet Holding GmbH was first consolidated in BIP's accounts upon acquisition in 2009. It was sold off in June 2011 and is thus no longer included in the scope of consolidation at 30 June 2011.

Consolidated statement of financial position

The Company's balance sheet totals EUR 403 million at 30 June 2011 (31.12.2010: EUR 428 million). The main item on the liabilities and shareholders' equity side is shareholders' equity in an amount of EUR 399 million (31.12.2010: EUR 423 million). At 30 June 2011, the Company had no financial debt (31.12.2010: EUR 3 million) and a bank credit line totalling EUR 25 million, undrawn at that date.

The Company continues to buy back own shares within the framework of the programme initiated in 2003. In the first half, 11,582 shares were purchased for a total of EUR 0.7 million, and the Company held 214,603 treasury shares at 30 June 2011.

Non-current assets are available-for-sale financial assets consisting of the bulk of investments in listed companies for an amount of EUR 178 million (31.12.2010: EUR 205 million), and financial assets at fair value through profit or loss in an amount of EUR 111 million (31.12.2010: EUR 114 million), made up of direct investment in private equity (EUR 77 million) and interests in private equity funds (EUR 34 million). Other non-current assets comprise loans to companies in which BIP has invested totalling EUR 13 million (31.12.2010: EUR 8 million), and deferred tax assets totalling EUR 11 million (31.12.2010: EUR 14 million), representing tax loss carryforwards that can be used in subsequent periods.

Current assets include financial assets held for trading in an amount of EUR 22 million (31.12.2010: EUR 20 million). These are mainly short-term holdings of listed shares. A total of EUR 65 million (31.12.2010: EUR 66 million) is on deposit with banks, and includes sight deposits in an amount of EUR 22 million and short-term bank deposits in an amount of EUR 43 million.

Consolidated statement of comprehensive result

In the first six months of 2011, the Company recorded a **result from ordinary activities before tax** of EUR 24.4 million, showing a strong increase compared to the first half of 2010 (EUR 13.1 million). After consideration of the theoretical deferred tax charge of EUR 6.9 million (theoretical tax credit of EUR 2 million in the first half of 2010), the **net book result for the year** came to EUR 17.5 million compared to EUR 15,1 million in the same period of 2010.

The **variation in the revaluation reserve on available-for-sale financial assets** is negative for a gross EUR 28.0 million (1st half-year 2010: negative gross variation of EUR 3.1 million). This variation is corrected by the deferred positive tax impact of EUR 3.6 million (1st half-year 2010: negative EUR 1.4 million) resulting in a net negative amount of variation of EUR 24.4 million (1st half-year 2010: negative EUR 4.5 million).

The **total comprehensive result for the period, net of tax**, is thus negative in an amount of EUR 6.9 million (1st half-year 2010: positive in an amount of EUR 10.6 million).

Dividends on available-for-sale financial assets totalled EUR 6.7 million, up from EUR 5.7 million in the first half of 2010. The bulk of this was from RTL.

The **net result on disposal of available-for-sale financial assets**, which is to say the net result on sales of listed investments, was EUR 14.8 million compared with EUR 8.2 million in the same period of 2010. The largest amounts concerned the sales of EVS, Kabel Deutschland and Munich Re shares.

The **net result on financial assets at fair value through profit or loss**, consisting of unlisted investments, was a gain of EUR 5.2 million compared with a gain of EUR 4.0 million in the same period of 2010. This amount includes dividends and other revenues totalling EUR 0.05 million (compared with EUR 0.4 million in the same period of 2010), a net loss of EUR 1.4 million on divestments (compared with a net gain of EUR 0.021 million), and a net gain of EUR 6.5 million for value adjustments (compared with a gain of EUR 3.6 million).

The net loss on sales of financial assets at fair value through profit or loss consists mainly of losses on sale of investments in private equity funds. The Company is continuing to wind down these investments.

The amount recognized for value adjustments on financial assets at fair value through profit or loss is the net balance of unrealised capital gains and losses on unlisted investments. It includes in particular a EUR 5.7 million estimated gain on Cargolux corresponding to the change in its carrying value at 31 December 2010 compared with the sales price agreed in June 2011, based on the EUR/USD exchange rate at 30 June 2011. Value adjustments also include a EUR 2.4 million evaluation loss on the investment in Assisteo, hit by external developments as well as an absence of profitability.

The **net result on financial assets held for trading**, representing short-term market placements, was a loss of EUR 0.8 million (compared with a loss of EUR 1.8 million in the first half of 2010).

Other interest and similar income came to EUR 1.3 million (EUR 3 million in the first half of 2010), and was made up of interest on loans to portfolio companies and interest on cash at banks.

Value adjustments on loans came to EUR 0.3 million, compared with EUR 0.2 million in the first half of 2010.

Interest and similar expenses amounting to EUR 0.4 million (EUR 0.5 million in the first half of 2010) include interest and other bank charges, foreign exchange losses and evaluation losses on derivative financial instruments at 30 June 2011.

Operating management expenses came to EUR 1.7 million (EUR 1.6 million in the first half of 2010), equal to 0.87% p.a. of assets under management. This amount includes EUR 0.8 million in other external costs and EUR 0.9 million in staff costs.

The **income tax charge** of EUR 6.9 million (credit of EUR 2 million in first half of 2010) reflects a decline in the estimated tax loss carryforward usable in future years.

The **revaluation reserve on available-for-sale financial assets** records unrealised capital gains and losses on listed investments. At 30 June 2011, it shows a gross decline of EUR 28.0 million. After a positive tax impact of EUR 3.6 million, the net decrease is EUR 24.4 million (compared with a net decrease of EUR 4.5 million in the first half of 2010). The revaluation reserve amounts to EUR 30.9 million at 30 June 2011 (31 December 2010: EUR 55.3 million).

RECENT EVENTS AND PROSPECTS

Following asset sales in the first half of 2011, the Company will have around EUR 100 million in financial resources at its disposal. This includes proceeds from the sale of Cargolux as well as from a sale on the secondary market of units in a private equity fund. Both were agreed in June and will settle in the second half of the year. These resources will enable the Company to seize new investment opportunities.

At the end of the first half, Greece's sovereign debt burden and related problems have taken a heavy toll on markets. Fears that the crisis might spread to other peripheral European countries, problems linked to US debt, and the risks of Chinese inflation have all combined to create a climate of uncertainty that is fueling serious volatility on financial markets. In response, and despite the fact that stock-markets may offer attractive valuations, BIP has adopted a prudent approach. Companies in its portfolio still offer sound fundamentals and are likely to outperform markets.

BIP's short-term results depend in large part on overall stock-market trends and on the operational performance of the companies in its portfolio. Most annual dividends were paid in the first half of the year, which means there will be no revenue from this source in the second half.

Management

Since 30 June 2011, BIP's Managing Director François Pauly has taken on new responsibilities in a different area. As a result he has opted to relinquish, as from 31 August 2011, the appointment he had previously accepted on an interim basis. He will continue to serve as a member of BIP's board of directors.

The appointment of a new general manager will be announced in September, as the search for a qualified manager has now been completed.

About BIP Investment Partners (BIP)

BIP is a Luxembourg investment company listed on the Luxembourg stock exchange investing in listed and unlisted entities operating mainly in Germany, in the Benelux and in France. BIP holds stakes in major businesses in the Luxembourg economy and neighbouring regions. The company is active in the private equity sector. As a part of its mission, BIP seeks to encourage entrepreneurship by supporting innovative, high-potential projects. BIP is a component stock of the LuxX, the index of the Luxembourg Bourse.

Interim report

The half-year report on operations to 30 June 2011 is available at the Company's registered office at 1 rue des Coquelicots L-1356 Luxembourg (tel.: +352 26 00 26 1) and on its website at www.bip.lu.

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Key figures

		In EUR	30.06.2011	30.06.2010		
Per share data	Estimated value		87.49	76.29		
	Market price		62.01	48.00		
	Dividend paid		3.50	1.50		
	Diluted net book result		3.83	3.29		
	Diluted comprehensive result		(1.51)	2.31		
		In EUR million	30.06.2011	30.06.2010		
Earnings	Book result		17.5	15.1		
	Variation of revaluation reserve on available-for-sale financial assets		(24.4)	(4.5)		
	Comprehensive result		(6.9)	10.6		
Balance sheet	Equity		398.8	349.0		
	Total assets		402.9	361.7		
		In EUR million	30.06.2011	%	30.06.2010	%
Investments	Listed investments		177.7	45	163.4	48
	Direct private equity investments		76.9	20	82.7	25
	Private equity funds		34.1	9	41.1	12
	Loans and other receivables		13.3	3	9.3	3
Total non-current investments			302.0	77	296.5	88
	Trading assets		22.4	6	21.1	6
	Derivative financial instruments		0.8	-	-	-
	Cash at banks		65.1	17	20.6	6
Total investments			390.3	100	338.2	100
			30.06.2011	30.06.2010		
Shares	Total shares issued		4,773,321	4,773,321		
	Shares held by the company		214,603	198,751		