

INTERNATIONAL PUBLIC PARTNERSHIPS

27 August 2009

International Public Partnerships 2009 Interim Results

Operational Highlights

- Outperformance of +13% and +31.3% relative to FTSE 250 and FTSE AllShare
- 1H 2009 distribution of 2.775 pence per share as anticipated
 - Distribution covered entirely by operating cash flow
- NAV movement of -3.4 pence per share
 - Ignoring impact of risk-free rates, underlying growth in the portfolio of +3.7 pence per share
- Solid financial position for future opportunities
 - £34.2m uncommitted cash & £41.7m of undrawn corporate debt facility
 - Conservative gearing of 6%¹
- Continued resilient asset performance
- Appointment of Mr. John Whittle as fourth independent director to INPP Board
- Transition of management and advisory arrangements to Amber Fund Management Limited (AFML), part of the Amber Infrastructure Group

Financial Highlights

	30 June 2009	30 June 2008	31 Dec 2008
Profit before tax for the period/year	£10.0 million	£6.3 million	£12.2 million
Uncommitted cash available for investment ¹	£34.2 million	£45 million	£32.8 million
Net Asset Value ²	£419.0 million	£410.5 million	£431.8 million
Net Asset Value (per Share) annual increase	2.1%	1.9%	4.6%
Net Asset Value per share	111.8 pence	109.5 pence	115.2 pence
IFRS net assets per Balance Sheet	£345.0 million	£407.2 million	£305.1 million

International Public Partnerships Limited
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Registered in Guernsey No. 45241

Giles Frost, on behalf of the Investment Advisor said:

"Performance across the portfolio remains good. In particular it has been pleasing to note the strong recovery in the Company's share price over the period to 30 June 2009 following the change of the management and advisory arrangements. We believe that the Company continues to offer an attractive proposition for those investors seeking opportunities that are to a substantial extent not correlated with general economic conditions.

"In addition, the Company continues to be aware of and receive high quality opportunities to invest in attractive public infrastructure investments in developed countries around the world. These are arising both as a result of the continued access provided to the Company to opportunities created through the development activities of the Amber Infrastructure team and through transactions sourced from third parties independently by the AFML management team. As well, financial events of the last 12 months have motivated some owners of assets in the class of assets in which the Company invests to seek to sell their assets at prices that appear attractive compared to historic pricing in the sector. The Investment Adviser believes that the Company is well placed to take advantage of such opportunities.

"Finally, as more investors come to appreciate the fact that performance of stocks like the Company are significantly de-linked from the factors that affect the general equity markets, the Investment Adviser believes that stocks like the Company's may become relatively more attractive – particularly for those investors looking for long term sustainable performance."

Keith Dorrian, Chairman of the Board said:

"I am pleased to be able to confirm that the appointment of AFML as Investment Advisor has been successfully concluded.

"I am also pleased to advise that a strong pipeline of new investment opportunities has been identified and is being researched. It is your Board's view that market conditions are now sufficiently clear to enable the identification of further investment opportunities for the Company. We believe that the supply of attractive opportunities is likely to provide an excellent opportunity to increase the size of the Company over the medium term with attractive internal rates of return and increasing economies of scale which will benefit our investors.

"The combination of current market conditions, the completion of the Amber transition and the opportunities we see indicate to me a very optimistic future."

A copy of the interim results presentation is available from the INPP website:
www.internationalpublicpartnerships.com

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1. Gearing calculated as the proportion of recourse debt, less uncommitted cash, to portfolio valuation.

International Public Partnerships Limited
(formerly Babcock & Brown Public Partnerships Limited)
Half yearly financial report for the
six months ended 30 June 2009

Registered number: 45241

International Public Partnerships Limited

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Cautionary Statement

The Chairman’s Statement and Investment Advisor’s Report (“IAR”) has been prepared solely to provide additional information to shareholders to assess the Group’s strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Chairman’s Statement and IAR may include statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Advisor concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company’s actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors and the Investment Advisor expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

This Half Yearly Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to International Public Partnerships Limited and its subsidiary undertakings when viewed as a whole.

International Public Partnerships Limited

Responsibility Statement

The Directors are responsible for preparing this half-yearly financial report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- a) the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board,



Keith Dorrian

Chairman

27 August 2009

International Public Partnerships Limited

Summary

History

International Public Partnerships Limited (LSE: INPP), formerly Babcock & Brown Public Partnerships Limited, is a limited liability, Guernsey incorporated, authorised closed-ended investment company. The Company offers shareholders an exposure to investments in international infrastructure assets, particularly those with a public or social character, including those developed in conjunction with public bodies under private finance initiative (PFI) or public private partnership (PPP) type procurements.

The Company floated on the main market of the London Stock Exchange on 9 November 2006 raising a total of £300 million and acquired a seed portfolio of 22 projects. Since then the company successfully completed a C Share capital listing, raising a total of £84 million. At 30 June 2009, the portfolio comprised economic interests in 50 projects across several OECD countries and PFI/PPP sectors.

Financial Highlights

	30 June 2009	30 June 2008	31 December 2008
<i>Profit before tax for the period/year</i>	<i>£10.0 million</i>	<i>£6.3 million</i>	<i>£12.2 million</i>
<i>Uncommitted cash available for investment¹</i>	<i>£34.2 million</i>	<i>£45 million</i>	<i>£32.8 million</i>
<i>Net Asset Value²</i>	<i>£419.0 million</i>	<i>£410.5 million</i>	<i>£431.8 million</i>
<i>Net Asset Value (per Share) annual increase</i>	<i>2.1%</i>	<i>1.9%</i>	<i>4.6%</i>
<i>Net Asset Value per share</i>	<i>111.8 pence</i>	<i>109.5 pence</i>	<i>115.2 pence</i>
<i>IFRS net assets per Balance Sheet</i>	<i>£345.0 million</i>	<i>£407.2 million</i>	<i>£305.1 million</i>

1 Uncommitted cash available for investment is the balance of cash that is unrestricted and is available to the Group for investment and excludes any undrawn amount available under the corporate debt facility.

2 The Net Asset Value ("NAV") referred to above and on pages 3, 10 and 11 differs from the basis of recording net assets as set out in the statement of financial position included in the condensed financial statements. Net Asset Value as shown above is a fair market valuation of the Group's economic interests (note 3), calculated utilising discounted cash flow methodology, adjusted for European Private Equity and Venture Capital Association (EVCA) guidelines, a methodology considered appropriate, given the special nature of infrastructure investments. Estimated future cash flows accruing to each economic interest have been discounted using discount rates that reflect the risks associated with that interest.

The only current exception to this methodology is with respect to the valuation of the following:

Stapled units in RiverCity Motorway project, valued using the closing share price at 30 June 2009 ('market value'),

The Net Asset Value also includes cash, cash equivalents and assets and liabilities attributable to the Company and intermediate holding companies at 30 June 2009.

3 The Group's economic interests at 30 June 2009 are set out in the Portfolio Interests section of this half yearly financial report.

International Public Partnerships Limited

Chairman's Statement

I am pleased to present the Company's Half Yearly report for the period 1 January to 30 June 2009, the first such report since the appointment of the new Investment Advisor.

The Company's Investment strategy is to invest in a portfolio of public infrastructure assets targeted to provide stable, sustainable and predictable returns for investors. Your Board, together with the Investment Advisor have worked diligently to ensure this objective is met. It is particularly pleasing following 12 months of exceptional stock market volatility to note that an investment in the Company made at the time of the Company's launch in November 2006 over the period to 30 June 2009 outperformed the FTSE All Share Index by 34%. A shareholder who has held the Company's stock since the time of the Company's launch had at 30 June 2009 seen a total return, before any tax, of 13.9%.

The attraction of public infrastructure as an asset class is that, by virtue of the long term, government backed contracts that underpin it and the Investment Advisor's ability to structure these assets on a matched funded basis, the portfolio performance is largely uncorrelated to some of the wider economic factors which have caused such volatility in other asset classes.

I am pleased to be able to confirm that the appointment of Amber Fund Management Limited (AFML) (part of the Amber Infrastructure Group) as Investment Advisor has been successfully concluded. Also I am pleased to advise that a strong pipeline of new investment opportunities has been identified and is being researched. You will already have seen an announcement of the increase in our holding of Brescia Hospital, which was made at an attractive internal rate of return.

Additionally, I am pleased to report that as noted in our previous reports we have been looking for the opportunity to recruit a new independent director. We have been fortunate to secure the services of Mr John Whittle to the Board. John is an FCA with substantial experience in both the corporate and investment fund sectors and his expertise and knowledge will complement and enhance your Board's existing skill base.

Following on from the announcement made by UBS at the year end that it was no longer able to provide Broking services to the Company we have reviewed all options open to us and I am pleased to report that we have appointed Numis Securities as our replacement Broker.

Financial results for the period

On a consolidated basis the Group reported a profit before tax of £10.0 million for the period and basic earnings per share of 3.12 pence. The Net Asset Value (NAV) of the Group's investments is valued at £419 million, which on a per share basis, represents a slight decrease of 2.95% since 31 December 2008. This was due mainly to a general increase in risk free rates in the countries where the Company has assets. It is worth noting that after stripping out items which are outside the control of the Company this shows underlying growth in the value of the portfolio of 3.2% was achieved.

The Company made no new investments in the six month period of this report. This was due in part to the desire to consolidate within the portfolio the £134 million of acquisitions made in 2008 and in part due to the need to see market conditions stabilise.

The Company retains a committed £100 million loan facility from the Royal Bank of Scotland plc and NAB Capital Limited. The Company had utilised £58 million of this facility as at 30 June 2009. The current intention of the Board is not to maintain long term corporate debt within the Company but to use debt at the corporate level to finance the acquisition of attractive investment opportunities for the Company at times when sufficient equity capital is unavailable. It is the intention of the Board to seek additional equity capital when appropriate opportunities are identified and the Board will use such funds to finance new acquisitions and repay current borrowings. The Board and Investment Advisor consider that the implementation of this policy will ensure that equity funds are invested in appropriately yielding assets. It will be the Board's intention to draw down the loan facility, when appropriate investment opportunities are identified, to bridge the period up until the next equity raising. All other borrowings of the Group relate to the underlying project vehicles and remain non-recourse to the Company.

International Public Partnerships Limited

Chairman's Statement (continued)

Distribution

Your Board's declared policy is to manage the Company in such a way so as to, as far as is possible, continue to provide a consistent growing dividend for our investors together with potential for capital growth reflecting increases in value in our portfolio derived from the management and investment opportunities identified and implemented by our Investment Advisor. Our target distribution for 2009 is 5.55 pence per share and the first payment of 2.775 pence per share in respect of this target will be made in October 2009. The second payment is expected to be made in May 2010.

Outlook

It is your Board's view that market conditions are now sufficiently clear to enable the identification of further substantial investment opportunities for the Company. We believe that our investment strategy coupled with the proven expertise of the individuals within the Investment Advisor will enable us to provide both new and existing investors the opportunity to increase their holdings thus benefiting from the sustainable income coupled with prospects for capital gain in the medium to long term available through investment in the Company. We believe that the supply of attractive investment opportunities for the Company is likely to provide an excellent opportunity to increase the size of the Company over the medium term with attractive internal rates of return and increasing economies of scale which will benefit our investors.

AFML continues to report a steady flow of investment opportunities and its associated company, Amber Infrastructure Limited has identified an attractive pipeline of potential development proposals on which it is currently undertaking appropriate due diligence. The Company has a right of first refusal on such Investments and as such, we are looking forward to a period of investing in attractive growth opportunities.

The six month period to 30 June also saw us put behind virtually all aspects of the Company's relationship with Babcock & Brown. On 1 April 2009, Babcock & Brown sold its 8.3% stake in the Company via a placement to both existing and new investors. On 26 June 2009, the Company changed its name to International Public Partnerships Limited and at the same time replaced its Investment Advisor with AFML. As previously reported, AFML provides the Company with full continuity in all aspects of its operations and we are very pleased with the smooth transition of responsibilities from the previous advisor Babcock & Brown Investment Management Limited.

The combination of current market conditions, the completion of this transition and the opportunities we see indicate to me a very optimistic future.



Keith Dorrian

Chairman

27 August 2009

International Partnerships Limited

Portfolio Interests

The Company held economic interests in the following projects at 30 June 2009 as set out below.

Project Name	% economic interest¹ held by the Group	Status (scheduled completion date)
Abingdon Police Station	100%	Operational
Bootle Government Offices	100%	Operational
Derbyshire Magistrates Courts	100%	Operational
Derbyshire Schools Phase 1	100%	Operational
Hereford & Worcester Magistrates Courts	100%	Operational
Norfolk Police HQ	100%	Operational
North Wales Police HQ	100%	Operational
Strathclyde Police Training Centre	100%	Operational
St Thomas More School	100%	Operational
Derbyshire Schools Phase 2	100%	Operational
Calderdale Schools	100%	Operational
Northamptonshire Schools	100%	Operational ²
Tower Hamlets Schools	100%	Operational
Long Bay Forensic and Prison Hospitals Project	50%	Operational
RiverCity Motorway Project	4.9%	Construction (completion due mid 2010)
Royal Melbourne Showgrounds Redevelopment Project	50%	Operational
Reliance Rail	12.75%	Construction (rolling stock completion starting in 2010 through 2013)
Durham (Canada) Courthouse Project	100%	Construction (completion due late 2009)
BeNEX	49%	Operational
Dublin Criminal Courts Project	100%	Construction (completion due 2010)
Amiens (France) Hospital Project	95%	Operational
NSW Schools	25%	Operational (part construction)
Diabolo Project	65%	Construction (completion due 2012)
Maesteg Schools	100%	Operational

International Public Partnerships Limited

Portfolio Interests (continued)

Project Name	% economic interest¹ held by the Group	Status (scheduled completion date)
Orange Hospital	100%	Construction (completion due June 2011)
Royal Childrens Hospital	100%	Construction (completion due December 2014)
Brescia Hospital	24%	Operational
Angel Trains UK	4.6%	Operational
Alberta Schools	75%	Construction (completion due September 2010)

The Company also owns subordinated debt provided to finance certain projects developed under the NHS LIFT initiative as set out below. The Company's interests in NHS LIFT subordinated debt are estimated to comprise approximately 5% by value of the portfolio.

Project Name	Issuer	Status (scheduled completion date)
Beckenham Hospital	BBG Lift Accommodation Services Limited	Operational
Garland Road Health Centre	BBG Lift Accommodation Services Limited	Operational
Alexandra Avenue Primary Care Centre	BHH Lift Accommodation Services Limited	Operational
Monks Park Health Centre	BHH Lift Accommodation Services Limited	Operational
Gem Centre Bentley Bridge	Wolverhampton City and Walsall Lift Accommodation Services Limited	Operational
Phoenix Centre	Wolverhampton City and Walsall Lift Accommodation Services Limited	Operational

International Public Partnerships Limited

Portfolio Interests (continued)

Project Name	Issuer	Status (scheduled completion date)
Lakeside	BBG Lift Accommodation Services Limited	Operational
Mt Vernon	BHH Lift Accommodation Services Limited	Operational
Sudbury Health Centre	BHH Lift Accommodation Services Limited	Operational
Fishponds & Hampton House	Bristol Infracare LIFT (1) Ltd	Operational
Shirehampton & Whitchurch	Bristol Infracare LIFT (2) Ltd	Operational
Dunnock Way & East Oxford	Oxford Infracare LIFT (1) Ltd	Operational
Ridge Hill & Stourbridge	Dudley Infracare LIFT (1) Ltd	Operational
Brierley Hill	Dudley Infracare LIFT (1) Ltd	Construction (completion due March 2010)
Church Road Health Centre	East London LIFT Company Ltd	Operational
Barking Road Health Centre	East London LIFT Company Ltd	Operational
Frail Elders Hospital	East London LIFT Company Ltd	Operational
Mile End Specialist Addition Unit	East London LIFT Company Ltd	Operational
Barkantine Health Centre	East London LIFT Company Ltd	Operational
Hackney Childrens Development Centre	East London LIFT Company Ltd	Operational
Vicarage Lane Health Centre	East London LIFT Company Ltd	Operational

¹ Economic interests reflect an investment in the capital of the underlying project.

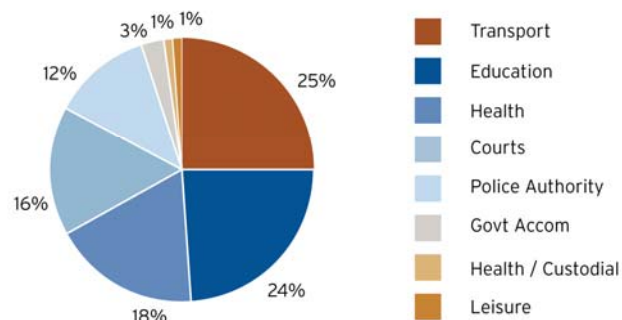
² One school remains in construction.

International Public Partnerships Limited

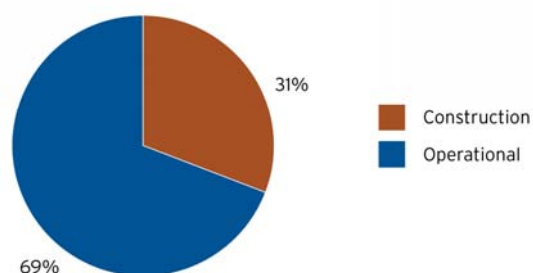
Portfolio Interests (continued)

Portfolio Breakdown at 30 June 2009

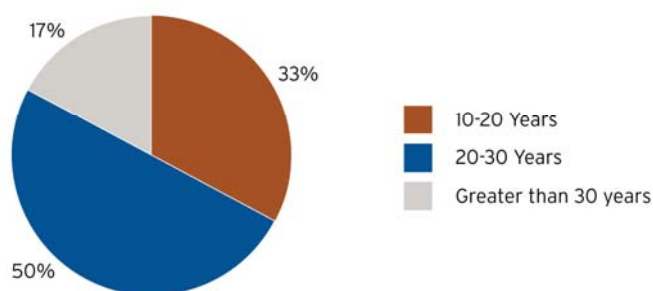
2009 SECTOR BREAKDOWN



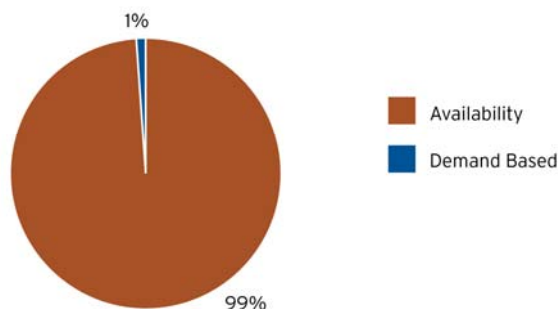
2009 ASSET STATUS



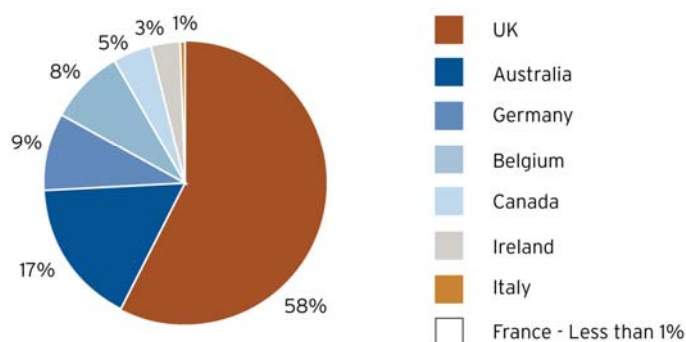
2009 CONCESSION LENGTH



2009 PAYMENT TYPE



2009 GEOGRAPHIC SPLIT



The pie charts above show a breakdown of the Group's portfolio at 30 June 2009. This breakdown is based on the fair market valuation of the Group's investments calculated utilising discounted cash flow methodology, as referred to on page 2. The discount rate used reflects the risks associated with the individual projects. The RiverCity Motorway project has been valued based on the project's closing share price ('market value') at 30 June 2009.

International Public Partnerships Limited

Investment Advisor's Report

Introduction

About the Investment Advisor

Amber Fund Management Limited (AFML) is a wholly owned subsidiary of Amber Infrastructure Group Limited. Amber Infrastructure Group acquired the business of Babcock & Brown which previously provided investment advisory services to the Company in June 2009 and at the same time, following approval at a meeting of the shareholders of the Company and regulatory approval, the management and advisory arrangements relating to the Company were transferred. Amber Infrastructure retains a global investment and advisory remit and AFML is authorised and regulated by the Financial Services Authority.

Portfolio Investment Performance

Performance across the portfolio remains good. In particular it has been pleasing to note the strong recovery in the Company's share price over the period to 30 June 2009 following the change of the management and advisory arrangements. We believe that the Company continues to offer an attractive proposition for those investors seeking opportunities that are to a substantial extent not correlated with general economic conditions.

It is noteworthy for instance that the performance of the Company since IPO in autumn 2006 has outperformed a number of key indices.

Index	Outperformance
FTSE All Share Index	34%
STOXX 600 price index (utilities)	36%
FTSE Global EPRA Development index (real estate)	45%
UK Investment Trust Private Equity index	62%
FTSE € Construction & Materials index	35%
FTSE Support Services index	31%
FTSE British Govt. Bond 15y index	15%

Source: Numis Securities - For the period 9 November 2006 to 30 June 2009.

Clearly some of this outperformance has come through falls in value suffered in other sectors but notwithstanding this an investor in the IPO of the Company had to 30 June 2009 received a positive total return (share price growth plus distributions) of 13.9%. It is to be hoped that more investors recognise over time the value of investing in an asset class that is less exposed to recessionary and other macro economic forces.

The assets within the Portfolio again performed in line with the Company's projections during the period. The Portfolio continues to be actively managed. While the focus of the advisor over the last six months has centred on resolution of the relationship with Babcock & Brown, there are a number of exciting developments for the Company scheduled to occur before the end of 2009. These include:

International Public Partnerships Limited

Investment Advisor's Report (continued)

- working with its construction partners to ensure delivery of Durham Courthouse on time in late 2009 and to deliver Dublin Courts in late 2009, ahead of programme;

- working with its public sector counterparties to deliver further investment to the projects including:

 - £12m of works proposed for Tower Hamlets Schools;

 - £25m investment in Orange Hospital;

 - £3m investment in Abingdon police station, along with numerous other smaller investments in the other schemes;

- awarding of additional rail and bus concessions within Benex (refer to previous announcement);

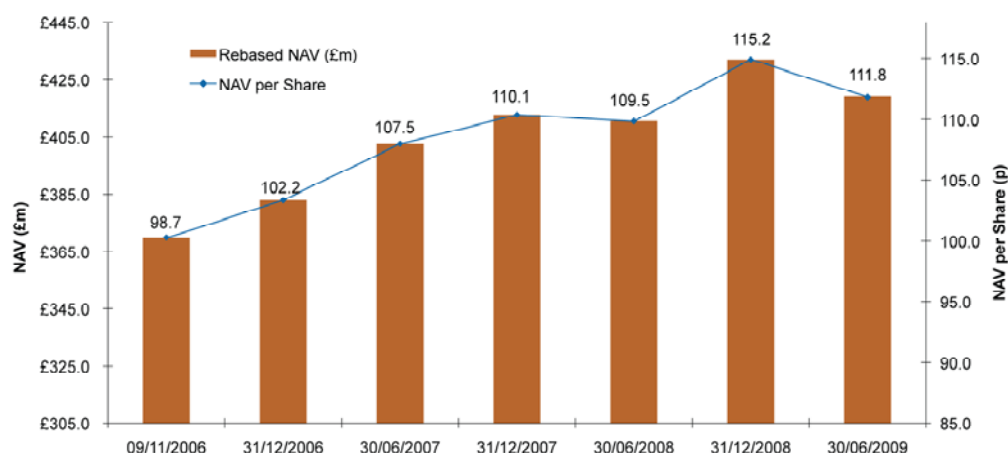
- effective mobilisation and delivery of the FM services at Long Bay and Maesteg projects, with minimal/no performance/availability deductions across the mature operational assets;

- working with its insurance advisor to ensure further premium savings to the portfolio can be delivered in the full year.

Currently 31% of the portfolio is in the construction or delivery phase and the remainder is operational. Progress on building out those assets that are in the construction or delivery phase remains good across the portfolio which is in line with our expectation and there are no significant problems. One investment (Reliance Rail in Australia) is receiving increased monitoring largely due to the financial issues outside the control of the company affecting the monoline insurers who guarantee the debt in the project. This project however represents less than 1.5% of the Company's portfolio.

Further statistics about the portfolio are set out below:

IPP NAV



Rebased NAV includes the effect of the additional shares issued following the C-Share capital raising in April 2008. The C Shares were converted to Ordinary shares in June 2008.

International Public Partnerships Limited

Investment Advisor's Report (continued)

Acquisitions

The Company made no acquisitions in the period. Since the end of the period the Company has announced the acquisition of a further investment in the Brescia Hospital project where it already had an ownership interest.

Valuation and Net Asset Valuation Calculation

The Administrator (Heritage International Fund Managers Limited) calculates the Net Asset Value (NAV) of an Ordinary Share with the assistance of AFML, and produces fair market valuations of the Group's investments on a six-monthly basis as at 30 June and 31 December.

Over the period the Company's Net Asset Value declined by 3.4p per share (2.95%). This was substantially the result of an increase in government bond rates impacting negatively on the NAV. The full impact of this was however mitigated by a degree of underlying organic growth in the value of the portfolio as assets matured. On a like for like comparison ignoring movements in the risk free rates in the countries within which the Company has investments, the portfolio would have showed an increase in value of 3.7p per share (3.2%).

The Company's NAV is calculated by valuing the projected cashflows from the Company's underlying assets utilising a discounted cashflow methodology. The discount rate utilised for each asset for this purpose is the aggregate of the risk free rate in the relevant country plus an appropriate additional risk premium applicable to that asset. The risk premium applied by the Directors of the Company in valuing the Company's economic interest is based on the advice of the Investment Advisor, market knowledge, advice from the Company's external advisors and information in the public domain from comparable transactions.

Over the period the average weighted risk free rate applicable across the portfolio increased by 0.68% while the average weighted additional risk premium of the portfolio on a net basis remained virtually constant over the period as might be anticipated given the absence of acquisitions and construction completions in the period.

The discount rates used for valuing each of the Group's economic interests in the Portfolio as at 30 June 2009 range from 6.35% to 15.0% and the weighted average discount rate was 8.61%. This compares to the position as at 31 December 2008 when the weighted average discount rate utilised for valuation purposes was 7.95%.

The Company's portfolio was valued at £419 million at 30 June 2009 (£431.8m as at 31 December 2008). As indicated this decline in value is attributable to the generally rising yields on government bonds over the period which is the most important factor in deriving the discount rate utilised to value the Company's portfolio.

Borrowing

As at 30 June 2009 the Company had in place a £100 million debt facility with Royal Bank of Scotland plc and NAB Capital. An amount of £58.3 million has been drawn under the facility but the Company also holds free cash balances of £34.2 million. The intention of the Company remains not to maintain long term corporate debt within the Company but to use debt at the corporate level to finance the acquisition of attractive investment opportunities for the Company at times when equity capital is less freely available. The Company has no further gearing and there are no outstanding commitments payable by the Company.

Borrowings of the Group referred to in the Condensed Consolidated Financial Statements also include the underlying project level debt which is non-recourse to Group entities except the project vehicle to which the borrowing applies.

Risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially

International Public Partnerships Limited

Investment Advisor's Report (continued)

from expected and historical results. Additional information on the principal long-term risks and uncertainties of the Group, which remain unchanged from the previous year end, are included in the 2008 annual report on pages 33 to 40.

The Company and its assets are managed in ways that are designed to mitigate risks and to provide high levels of confidence to investors as to the availability of project cashflows to enable payment of anticipated dividends. The Company's business model does not depend on growth or borrowing in order for anticipated dividends to be paid.

The Company currently enjoys projected excess cashflow from underlying investments over that anticipated to be required to pay costs and targeted levels of dividends. Such excess is available for re-investment.

As indicated above the Company's NAV is calculated half yearly and its calculation is dependent in part on movement in risk free rates (i.e. government bond yields) from time to time in the countries where the Company has investments. The Company is unable to influence changes in such rates.

Inflation also may affect the Company's projected returns either in a positive or negative manner: generally higher inflation should have a net positive effect on cashflows arising from a number of the Company's investments.

Finally while the operational performance of the Company's portfolio is currently good, the possibility of an unanticipated deterioration in performance in one or more projects can never be excluded with the possible consequence that cashflow from investments to the Company is adversely affected.

Outlook

The Investment Adviser believes that the outlook for investors remains positive, for the following reasons:

- Firstly, investment performance from the existing asset portfolio is good and the Company continues to achieve returns at levels consistent with projections and hopefully will achieve returns at levels ahead of these in the future.
- Secondly, Governments around the world are continuing to require new infrastructure projects to be delivered and are in most countries encouraging the use of private sector investment to fund these.
- Thirdly, the Company continues to be aware of and receive high quality opportunities to invest in attractive public infrastructure investments in developed countries around the world. These are arising both as a result of the continued access provided to the Company to opportunities created through the development activities of the Amber Infrastructure team and through transactions sourced from third parties independently by the AFML management team.
- Fourthly, the financial events of the last 12 months have motivated some owners of assets in the class of assets in which the Company invests to seek to sell their assets at prices that appear attractive compared to historic pricing in the sector. The Investment Adviser believes that the Company is well placed to take advantage of such opportunities
- Finally, as more investors come to appreciate the fact that performance of stocks like the Company are significantly de-linked from the factors that affect the general equity markets, the Investment Adviser believes that stocks like the Company's may become relatively more attractive – particularly for those investors looking for long term sustainable performance.

Amber Fund Management Limited
27 August 2009

International Public Partnerships Limited

Independent Review Report to the Members of International Public Partnerships Limited

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprise the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of financial position, the condensed consolidated cash flow statement and related notes 1 to 17. 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 financial information.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK & Ireland) 2410, '*Review of Interim Financial Information performed by the Independent Auditor of the Entity*' issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial 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 in note 2, the annual financial statements of the group are prepared in accordance with IFRSs. The condensed set of financial statements included in this half-yearly financial 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 financial 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 financial report for the six months ended 30 June 2009 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.

Deloitte LLP

Chartered Accountants

Guernsey, Channel Islands

27 August 2009

International Public Partnerships Limited

Condensed Consolidated Income Statement (unaudited) Six months ended 30 June 2009

	Notes	Six months ended 30 June 2009 £'000s	Six months ended 30 June 2008 £'000s
Continuing operations			
Revenue	3,4	253,235	59,731
Cost of sales		(246,705)	(54,230)
Gross profit		6,530	5,501
Investment income		58,226	26,332
Other gains and losses	3	(3,154)	2,949
Share of results from associates		952	563
Other operating income		84	569
Total other income		56,108	30,413
Finance costs	3	(40,975)	(19,881)
Operating expenses	3	(10,037)	(8,837)
Administrative expenses	3	(1,585)	(860)
Total other expenses	3	(52,597)	(29,578)
Profit before tax		10,041	6,336
Tax credit/(charge)	5	1,220	(1,343)
Profit for the period from continuing operations		11,261	4,993
Attributable to:			
Equity holders of the parent		11,709	5,102
Minority interest – share of losses ¹		(448)	(109)
Earnings per share		Pence	Pence
From continuing operations			
Basic	7	3.12	1.55
Diluted	7	3.12	1.55

1 The minority interest share of losses relates to the 35% holding in the Diabolo project, the 25% holding in the Alberta Schools project and the 5% holding in the Amiens (France) Hospital project that are not held by the Group.

International Public Partnerships Limited

Condensed Consolidated Statement of Comprehensive Income (unaudited) Six months ended 30 June 2009

	Six months ended 30 June 2009 £'000s	Six months ended 30 June 2008 £'000s
Profit for the period from continuing operations	11,261	4,993
Other comprehensive income, net of tax		
Net increase in foreign exchange translation reserves	4,464	2,540
Net decrease in fair value of available for sale financial assets	(4,121)	(5,891)
Net increase in fair value of hedging derivatives	38,330	13,424
Other comprehensive income for the six months, net of tax	38,673	10,073
Total comprehensive income	49,934	15,066
Total comprehensive income attributable to:		
Equity holders of the parent	45,373	15,175
Minority interest	4,561	(109)

International Public Partnerships Limited

Condensed Consolidated Statement of Changes in Equity (unaudited) Six months ended 30 June 2009

	Share capital Ordinary	Share premium account	Hedging and translation reserves	Revaluation reserves	Other distribut- able reserve	Retained earnings	Total	Minority Interests	Total Equity
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Balance at 31 December 2008	<u>37</u>	<u>81,758</u>	<u>(68,635)</u>	<u>(4,152)</u>	<u>293,506</u>	<u>(802)</u>	<u>301,712</u>	<u>3,451</u>	<u>305,163</u>
Distribution paid during the period	-	-	-	-	-	(10,117)	(10,117)	-	(10,117)
Total comprehensive income for the six months	<u>-</u>	<u>-</u>	<u>37,798</u>	<u>(4,134)</u>	<u>-</u>	<u>11,709</u>	<u>45,373</u>	<u>4,561</u>	<u>49,934</u>
Balance at 30 June 2009	<u><u>37</u></u>	<u><u>81,758</u></u>	<u><u>(30,837)</u></u>	<u><u>(8,286)</u></u>	<u><u>293,506</u></u>	<u><u>790</u></u>	<u><u>336,968</u></u>	<u><u>8,012</u></u>	<u><u>344,980</u></u>

International Public Partnerships Limited

Condensed Consolidated Statement of Changes in Equity (unaudited) Six months ended 30 June 2009 (continued)

	Share capital Ordinary £'000s	Share capital C Shares £'000s	Share premium account £'000s	Hedging and translation reserves £'000s	Revaluation reserves £'000s	Other distribut- able reserve £'000s	Retained earnings £'000s	Total £'000s	Minority Interests £'000s	Total Equity £'000s
Balance at 31 December 2007	30	-	-	1,322	2,215	293,506	7,175	304,248	18	304,266
Issue of C Shares	-	7	-	-	-	-	-	7	-	7
Share premium on issue of C Shares	-	-	83,678	-	-	-	-	83,678	-	83,678
Conversion of C Shares	7	(7)	-	-	-	-	-	-	-	-
Issue fees applied to share premium account	-	-	(1,920)	-	-	-	-	(1,920)	-	(1,920)
Minority share net assets acquired	-	-	-	-	-	-	-	-	13,981	13,981
Distribution paid during the period	-	-	-	-	-	-	(7,875)	(7,875)	-	(7,875)
Total comprehensive income for the six months	-	-	-	15,964	(5,891)	-	5,102	15,175	(109)	15,066
Balance at 30 June 2008	37	-	81,758	17,286	(3,676)	293,506	4,402	393,313	13,890	407,203

International Public Partnerships Limited

Condensed Consolidated Statement of Financial Position (unaudited) As at 30 June 2009

		30 June 2009 £'000s	31 December 2008 £'000s
	Notes		
Non-current assets			
Intangible assets	10	248,266	239,879
Property, plant and equipment		8,709	8,917
Interests in associates	9	45,011	50,985
Available for sale financial assets	11	515,336	323,389
Deferred tax asset		1,807	5,025
Financial asset loans and receivables		473,406	486,692
Total non-current assets		1,292,535	1,114,887
Current assets			
Available for sale financial assets	11	11,660	18,827
Financial asset loans and receivables		8,516	7,647
Trade and other receivables		14,244	13,061
Cash and cash equivalents		909,557	1,006,818
Total current assets		943,977	1,046,353
Total assets		2,236,512	2,161,240
Current liabilities			
Trade and other payables		77,870	66,476
Current tax liabilities		690	290
Bank loans	12	23,196	26,170
Short-term provisions		852	790
Total current liabilities		102,608	93,726
Non-current liabilities			
Bank loans	12	1,609,637	1,528,991
Derivative financial instruments		72,106	141,150
Deferred tax liabilities		107,181	92,210
Total non-current liabilities		1,788,924	1,762,351
Total liabilities		1,891,532	1,856,077
Net assets		344,980	305,163

International Public Partnerships Limited

Condensed Consolidated Statement of Financial Position (unaudited) As at 30 June 2009 (continued)

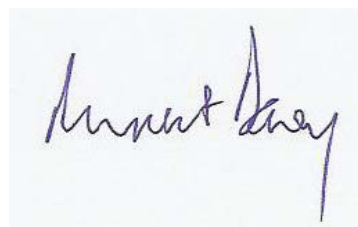
	Notes	30 June 2009 £'000s	31 December 2008 £'000s
Equity			
Share capital	13	37	37
Share premium account		81,758	81,758
Revaluation reserves		(8,286)	(4,152)
Hedging and translation reserves		(30,837)	(68,635)
Other distributable reserves		293,506	293,506
Retained earnings		790	(802)
Equity attributable to equity holders of the parent		336,968	301,712
Minority interests		8,012	3,451
Total equity		344,980	305,163

The half yearly financial report was approved by the Board of Directors on 27 August 2009.

They were signed on its behalf by:



Keith Dorrian
Chairman
27 August 2009



Rupert Dorey
Director
27 August 2009

International Public Partnerships Limited

Condensed Consolidated Cash Flow Statement (unaudited) Six months ended 30 June 2009

	Notes	Six months ended 30 June 2009 £'000s	Six months ended 30 June 2008 £'000s ²
Net cash (used)/generated in operating activities	14	(7,791)	3,918
Investing Activities			
Interest received		25,657	4,212
Dividends received from associates and investments		459	188
Acquisition of subsidiaries (net of cash acquired)		-	644,929
Investment in financial and intangible assets ¹		(209,950)	(68,458)
Acquisition of equity in associates & investments		-	(26,586)
Repayment of debt instruments		5,216	-
Net cash (used)/ generated in investing activities		(178,618)	554,285
Financing Activities			
Proceeds from issue of shares		-	83,685
Dividends paid		(10,117)	(7,875)
Share issue/flotation expenses paid		-	(1,920)
Proceeds from borrowings		96,930	38,909
Loan amendment fee	12	(500)	-
Net cash provided by financing activities		86,313	112,799
Net (decrease)/increase in cash and cash equivalents		(100,096)	671,002
Cash and cash equivalents at beginning of period		1,006,818	234,485
Exchange gains		2,835	-
Cash and cash equivalents at end of period		909,557	905,487

¹ Net cash used in investing activities represents the construction costs incurred on service concessions under development.

² The 30 June 2008 comparatives have been restated to reflect the presentation adopted in the 2008 Annual report.

Cash and cash equivalents of £909.6 million at 30 June 2009 (£905.5 million at 30 June 2008) includes £875.3 million held by non-recourse PFI project entities (£835.6 million at 30 June 2008), but excludes restricted cash held in trust for deferred equity contributions of £nil (2008 – £25.3 million).

International Public Partnerships Limited

Notes to the Condensed set of Financial Statements (unaudited) Six months ended 30 June 2009

1. General information

International Public Partnerships Limited (formerly Babcock & Brown Public Partnerships Limited) is an authorised closed ended investment company incorporated in Guernsey under The Companies (Guernsey) Law, 2008. The address of the registered office is given on page 29. The nature of the Group's operations and its principal activities are set out in the Investment Advisor's Report on pages 9 to 12.

These condensed financial statements are presented in pounds sterling as the currency of the primary economic environment in which the Group operates and represents the functional currency of the Group.

The financial information for the year ended 31 December 2008 is derived from the financial statements delivered to the UK Listing Authority. The financial information for the year ended 31 December 2008 included in this half-yearly report does not constitute statutory accounts as defined in The Companies (Guernsey) Law, 2008. The auditors reported on those accounts, their report was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under section 263 (2) and (3) of The Companies (Guernsey) Law, 2008.

2. Accounting policies

The annual financial statements of International Public Partnerships Limited are prepared in accordance with IFRS. The set of condensed financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standards 34 - '*Interim Financial Reporting*'.

The same accounting policies, presentation and methods of computation are followed in this set of condensed financial statements as applied in the Group's latest annual audited financial statements for the year ended 31 December 2008, with the exception of the amendments made to IAS 1 - '*Presentation of Financial Statements*' and the additional reporting requirements of IFRS 8 - '*Operating Segments*' which are effective for reporting periods commencing on or after 1 January 2009.

The Directors, in their consideration of going concern have reviewed comprehensive cash flow forecasts prepared by management, which are based on prudent market data and past experience and believe, based on those forecasts and an assessment of the Group's committed banking facilities and the available headroom, that it is appropriate to prepare the financial statements of the Group on the going concern basis.

In arriving at their conclusion that the Group has adequate financial resources, the Directors were mindful that the Group had unrestricted cash of £34 million as at 30 June 2009, banking facilities (available for investment in new or existing projects) which are committed until May 2011 and is forecast to continue in full compliance with the associated banking covenants.

Certain risks and uncertainties, as detailed in the 2008 Annual Report on pages 33 to 40, which arise as a result of the current economic environment, have been considered by the Board. The Board has concluded that these do not represent a significant threat to the Group as its income is generated from a portfolio of PFI concessions which are supported by government backed cash flows and are forecast to cover the Group's committed costs.

3. Profit before tax

Profit before tax for the period has been arrived at after charging:

International Public Partnerships Limited

Notes to the Condensed set of Financial Statements (unaudited) Six months ended 30 June 2009 (continued)

	Six months ended 30 June 2009 £'000s	Six months ended 30 June 2008 £'000s
Asset management fees	4,614	4,033
Amortisation of intangible assets	4,068	3,987
Other operating expenses	1,355	817
Operating expenses	10,037	8,837
Audit & accounting	391	335
Legal fees	772	274
Bank service charges	100	73
Other administrative expenses	322	178
Administrative expenses	1,585	860
Total finance costs	40,975	19,881
Total other expenses	52,597	29,578
Depreciation	208	205

Revenue and Cost of Sales has increased significantly as a result of an increase in construction activity during the current period for projects in construction, including Royal Childrens Hospital, Orange Hospital and the Diabolo Rail project, which were not owned by the Group for the full comparative 6 month period.

Other gains and losses includes £5.8 million unrealised foreign exchange losses (2008 - £2.3 million - gain). This loss is partly off set with a credit of £2.2 million (2008 - £0.6 million) originating from changes arising in the cash flows of financial assets in the construction phase.

4. Segment reporting

IFRS 8 - *Operating segments* was effective for reporting periods from 1 January 2009 and adopts a 'through the eyes of the management' approach to an entity's reporting of information relating to its operating segments and also requires an entity to report financial and descriptive information about its reportable segments.

Based on a review of information provided to the chief operating decision makers in IPP the Group has identified four reportable segments based on the geographical risk associated within the Group. The factors used to identify the Group's reportable segments are centred on the risk free rates and the maturity of the PFI/PPP industry within each country. Further, foreign exchange and political risk is identified, as these also determine where resources are allocated. Management has concluded that the Group is currently organised into four reportable segments being UK, Europe (non UK), Australia and North America. These reportable segments are the basis on which the Group reports information to the chief operating decision makers.

Segment information is presented below.

International Public Partnerships Limited

Notes to the Condensed set of Financial Statements (unaudited) Six months ended 30 June 2009 (continued)

	Six months ended 30 June 2009				
	UK segment	Europe (non UK)	Australia	North America	TOTAL
	£'000s	segment £'000s	segment £'000s	segment £'000s	£'000s
Revenues from external customers	25,684	52,342	73,785	101,424	253,235
Interest revenue	21,246	2,263	29,159	5,558	58,226
Interest expense	(15,869)	(1,121)	(15,649)	(8,336)	(40,975)
Net interest revenue	5,377	1,142	13,510	(2,778)	17,251
Depreciation and amortisation	2,526	1,070	678	2	4,276
Income from associates	(339)	1,284	7	-	952
Income tax (credit)/charge	(629)	(375)	346	(562)	(1,220)
Reportable segment profit/(loss)	2,863	(2,671)	12,454	(1,385)	11,261
Reportable segment assets	977,254	152,006	777,790	329,462	2,236,512
Reportable segment liabilities	602,296	174,874	781,407	332,955	1,891,532
Investments in associates	6,466	26,526	12,019	-	45,011

The UK and Europe segments were previously reported as a single geographical segment (Europe) in the 2008 Annual report. The amounts reported as at 30 June 2008 have been restated accordingly.

	Six months ended 30 June 2008				
	UK segment	Europe (non UK)	Australia	North America	TOTAL
	£'000s	segment £'000s	segment £'000s	segment £'000s	£'000s
Revenues from external customers	20,460	10,231	9,578	19,462	59,731
Interest revenue	24,245	1,235	189	663	26,332
Interest expense	(17,769)	(360)	(1,381)	(371)	(19,881)
Net interest revenue	6,476	875	(1,192)	292	6,451
Depreciation and amortisation	2,535	1,055	599	3	4,192
Income from associates	-	243	320	-	563

International Public Partnerships Limited

Notes to the Condensed set of Financial Statements (unaudited) Six months ended 30 June 2009 (continued)

Income tax credit/(charge)	2,301	(84)	(467)	(407)	(1,343)
Reportable segment profit/(loss)	5,863	(689)	1,035	(1,216)	4,993
Reportable segment assets at 31 December 2008	1,038,594	52,697	754,934	315,015	2,161,240
Reportable segment liabilities at 31 December 2008	679,797	90,952	766,622	318,706	1,856,077
Investments in associates at 31 December 2008	6,805	28,459	15,721	-	50,985

No inter-segment sales were made for the six months ended 30 June 2009 (none for the six months ended 30 June 2008).

5. Tax

Income tax for the six month period includes a current period tax charge of £1.1 million (2008 - £1.3 million) and a deferred tax credit of £2.3 million (2008 – £0.2 million charge). Tax is calculated at 28% (2008 - 28.5%) representing the best estimate of the average annual effective income tax rate expected for the full year, applied to the pre-tax income of the six month period.

6. Distributions

The Board has approved an interim distribution for the period 1 January 2009 to 30 June 2009 of 2.775 pence per share.

A summary of the distributions are as follows:

Period	No of Ordinary Shares	Amount per share	Record Date	Payment Date
Incorporation to 30 June 2007	300,000,000	3.35 pence per share	28 Sept '07	26 Oct '07
1 July to 31 December 2007	300,000,000	2.625 pence per share	14 Mar '08	2 May '08
1 January to 30 June 2008	374,714,645	2.70 pence per share	5 Sept '08	3 Oct '08
1 July to 31 December 2008	374,714,645	2.70 pence per share	27 Mar '09	13 May '09
1 January to 30 June 2009 ¹	374,714,645	2.775 pence per share	11 Sept '09	9 Oct '09

¹ This distribution was approved by the board of Directors on 27 August 2009 and has not been included as liabilities in the Condensed Statement of Financial Position at 30 June 2009.

7. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

International Public Partnerships Limited

Notes to the Condensed set of Financial Statements (unaudited) Six months ended 30 June 2009 (continued)

Earnings

	Six months ended 30 June 2009 £'000s	Six months ended 30 June 2008 £'000s
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	11,709	5,102
	Number	Number
Number of shares		
Weighted average number of Ordinary Shares for the purposes of basic and diluted earnings per share	374,714,645	328,325,882

The weighted average number of shares is based on the period from 1 January 2009 to 30 June 2009 and 1 January 2008 to 30 June 2008 for the comparatives.

The denominator for the purposes of calculating both basic and diluted earnings per share are the same for both periods as the Company had not issued any share options or other instruments that would cause dilution.

	Six months ended 30 June 2009 pence/share	Six months ended 30 June 2008 pence/share
Basic	3.12	1.55
Diluted	3.12	1.55

8. Acquisition of subsidiaries

There have been no acquisitions of subsidiary companies during the period.

9. Investments in associates

There have been no additional investments in associated companies during the period.

10. Intangible assets

The increase in the intangible asset balance during the period represents construction costs capitalised on the bifurcated IFRIC 12 intangible asset net of amortisation charges.

11. Financial assets

There has been an increase in the total financial asset available for sale balance from £342 million at 31 December 2008 to £527 million at 30 June 2009 due to construction activity during the period.

12. Bank loans

International Public Partnerships Limited

Notes to the Condensed set of Financial Statements (unaudited) Six months ended 30 June 2009 (continued)

There has been no change to the amount drawn under the £100 million corporate facility provided to the Company since 31 December 2008. The amount outstanding at 30 June 2009 was £58.3m. A change in the terms of the facility was effective from 23 June 2009 resulting in a revised interest rate margin of 175 basis points over Libor. In addition, a £500,000 consent fee was required to be paid to the providers of the corporate facility. The loan facility matures on 8 May 2011 and is secured over all of the assets of the Company.

13. Share Capital

The total number of Ordinary shares in issue at 30 June 2009 was 374,714,645 and has not changed during the period.

14. Notes to the cash flow statement

	Six months ended 30 June 2009 £'000s	Six months ended 30 June 2008 £'000s ¹
Profit for the period after taxation	11,261	4,993
Adjusted for:		
Investment revenue recognised in profit and loss	(25,517)	(4,034)
Share of profit from associates	(952)	(563)
Interest on bank loans (finance costs)	37,996	19,881
Depreciation of plant property and equipment	208	205
Amortisation of intangible assets	4,068	3,987
Amortisation of loan issue costs	1,892	1,105
Income tax expense recognised in profit & loss	(1,220)	1,343
Dividends received from available for sale financial assets	-	520
Other gains	3,155	(2,946)
Operating cash flows before movements in working capital	30,891	24,491
Decrease in receivables	7,091	2,642
Increase/(decrease) in payables	1,053	(4,796)
Cash generated by operations	39,035	22,337
Interest paid	(47,115)	(18,372)
Income taxes received/(paid)	289	(47)
Net cash (outflow)/inflow from operating activities	(7,791)	3,918

¹The 30 June 2008 comparatives have been restated to reflect the presentation adopted in the 2008 Annual report.

Cash and cash equivalents held by the Group are short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value.

International Public Partnerships Limited

Notes to the Condensed set of Financial Statements (unaudited) Six months ended 30 June 2009 (continued)

15. Contingent liabilities

The Directors have not identified any contingent liabilities at the date of this report other than those recorded on the balance sheet as short term provisions.

16. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the period, Group companies entered into certain transactions with related parties who are not members of the Group and who are related parties by reason of being in the same group as Amber Infrastructure Group Limited, which is the ultimate holding company of the Investment Advisor, Amber Fund Management Limited ("AFML").

Mr G Frost is a Director of the Company and also a Director of Amber Infrastructure Group Limited. Hence, transactions with Amber Infrastructure Group Limited are considered related party transactions under IAS 24 "Related Party Disclosures".

On 30 March 2009, the Company announced that Babcock & Brown Investment Management Limited ("BBIML") had agreed to transfer the business of providing investment advisory and management services for the Company to the Amber Infrastructure Group Limited ("Amber") group of companies, a newly formed investment management group led by Giles Frost, Hugh Blaney and Michael Gregory. The transfer of the business was conditional upon Amber obtaining the requisite regulatory approvals and also upon the Company agreeing to the transfer of the various management contracts from BBIML to Amber. This transfer was concluded on 23 June 2009.

Under the Investment Advisory Agreement ("IAA"), BBIML was appointed to provide investment advisory services to the Company including advising the Company as to the strategic management of its portfolio of investments. Following Shareholder approval, the Company, BBIML and AFML entered into the IAA Deed of Amendment and Novation to effect the novation of the rights and responsibilities of BBIML under the IAA to AFML.

Under the terms of the IAA Deed of Amendment and Novation, the Company agreed to release BBIML from its obligations under the IAA and AFML assumed those obligations in its place. Subject to the amendments set out in the Circular to Shareholders dated 23 April 2009, the terms of the IAA have not been varied as a consequence of the novation of the agreement from BBIML to AFML. In particular, the fees payable to AFML following the novation are calculated on the same basis as those payable to BBIML in respect of the period prior to the novation.

The Company was also party to a Financial Advisory Mandate with Babcock & Brown (UK) pursuant to which Babcock & Brown (UK) was granted the first and last right of refusal to provide financial advisory and investment banking services to the Company and its subsidiaries in respect of future acquisitions and disposals, financing, equity raisings, refinancing, restructuring and certain other related activities. As part of the novation of the IAA from BBIML to AFML the existing Financial Advisory Mandate was terminated and its provisions substantially incorporated into the IAA.

The Limited Partnership agreement between International Public Partnerships GP Limited (formerly Babcock & Brown Public Partnership GP Limited) and Babcock & Brown Public Partnerships 2 Sarl was amended to reflect the changes in the agreements described above.

Upon transfer of the management arrangements to Amber and following the disposal by Babcock & Brown International Pty Limited of its holding of shares in the Company, which was announced on 1 April 2009, and the conclusion of the Transitional Services Agreement, the Company will have no association with the Babcock & Brown group.

Related party transactions arose in the period or the prior period with the following entities all of whom have Amber Infrastructure Group Limited (or formerly Babcock & Brown Limited) as their ultimate holding company:

International Public Partnerships Limited

Notes to the Condensed set of Financial Statements (unaudited) Six months ended 30 June 2009 (continued)

- a. International Public Partnerships GP Limited (formerly Babcock & Brown Public Partnerships GP Limited) is the General Partner of the limited partnership through which the Company holds its investment and is entitled to a Base Priority Profit Share and an Incentive Priority Profit Share. The amount reflected in the income statement for the period and in the statement of financial position at 30 June 2009 is £2.9 million (2008 - £2.6 million).
- b. In addition, International Public Partnerships GP Limited has been appointed by International Public Partnerships Limited Partnership (the "Partnership") (formerly Babcock & Brown Public Partnerships Limited Partnership) to manage and operate the Partnership and its investments. The amount reflected in the income statement for the operator fee in the period and in the statement of financial position at 30 June 2009 is £250,000 (2008 – £200,000).
- c. Amber Asset Management Holdings Limited (registered in England and Wales) is a related party of the Group and its subsidiary companies have various asset management agreements with the underlying PFI concession companies of the Group to provide asset management services. The amount reflected in the income statement and in the statement of financial position at 30 June 2009 for the period is £1.4 million (2008 - £1.2 million).
- d. International Public Partnerships Limited has not provided any loans to any member of the Amber Infrastructure Group or the Babcock & Brown Limited group of companies.

17. Events after the balance sheet date

On 29 July 2009, Numis Securities Limited was appointed as broker to International Public Partnerships Limited.

On 30 July 2009, the Group acquired an additional 13% equity interest (plus an additional 13% interest in subordinated debt) in Catalyst Brescia S.r.l, a limited company incorporated in Italy that is involved in the refurbishment and enlargement of two wings of Brescia Hospital, for €1.0 million.

On 6 August 2009 Mr John Whittle was appointed as an Independent Non- Executive Director of International Public Partnerships Limited.

International Public Partnerships Limited

Directors and Advisors

Directors

Keith Dorrian	Independent Non- Executive Chairman
Rupert Dorey	Independent Non- Executive Director
Giles Frost	Non- Executive Director
Carol Goodwin	Independent Non- Executive Director
John Whittle	Independent Non- Executive Director (appointed 6 August 2009)

Registered Office	Heritage Hall PO Box 225, Le Marchant Street, St Peter Port, Guernsey, Channel Islands, GY1 4HY
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Administrator & Company Secretary	Heritage International Fund Managers Limited Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey, Channel Islands, GY1 4HY
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Investment Advisor	Amber Fund Management Limited 14th Floor 5 Aldermanbury Square London EC2V 7HR
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Auditors	Deloitte LLP P.O. Box 137, Regency Court, Gategny Esplanade, St Peter Port, Guernsey, Channel Islands, GY1 3HW
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Legal Advisor	Ozannes 1 Le Marchant Street St Peter Port, Guernsey, Channel Islands GY1 4HP
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Broker	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
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Bankers	Royal Bank of Scotland International 1 Gategny Esplanade, St Peter Port, Guernsey, Channel Islands GY1 4BQ
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Website	www.internationalpublicpartnerships.com
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