



GLOBAL INVESTMENTS LIMITED

GIL ANNUAL REPORT 2009



ANNUAL REPORT 2009

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Unless otherwise stated, all currency amounts in this report are denominated in Singapore Dollars. This report may include information forecasting or projecting future outcomes. Such outcomes may be affected by a wide range of influences outside of GIL's control. In respect of such forward-looking information, no representation or warranty is made by or on behalf of GIL, STAM or STAM's related corporations that any projection, forecast, forward-looking statement, assumption or estimate contained in this report should or will be achieved. Certain pictures used in this report are not of GIL's underlying assets and economic exposures and have been included for illustrative purposes only.

CHAIRMAN'S STATEMENT

Dear Shareholders

2009 has been a watershed year for Global Investments Limited ("GIL" or the "Company").

The continued global financial markets turmoil significantly affected the financial condition of Babcock & Brown Limited ("BBL"), the ultimate parent of the former Manager Babcock & Brown Global Investments Management Pty Limited ("BBGIM"), and BBL was placed under voluntary administration and subsequently liquidation. Recognising that Babcock & Brown Group was unlikely to continue to support the Company's investment objectives and growth strategy over the long term, the Directors decided to de-link GIL from the Babcock & Brown Group and appoint a new Manager to replace BBGIM.

The Board of Directors worked hard in moving the change and I would like to record my appreciation to each and every Board member for their effort and support culminating in the Shareholders' overwhelming support for the appointment of ST Asset Management Ltd ("STAM") as the new Manager. With STAM's appointment as Manager, I was appointed as Manager Nominated Director as well as Chairman of GIL.

In 2009, the global economy began to emerge from recession. Credit conditions improved and activities increased across global financial markets. However the pace of recovery remains slow. Global growth is expected to remain subdued in 2010 with the withdrawal of government stimulus policies to head off inflationary risks and the reduction of government debts, given the mounting concerns over sovereign credit risks. The outlook for the developed markets, where the Company's assets have economic exposure, is by no means uniformly buoyant.

The Company made further divestments in FY2009 in order to reduce leverage, and as a result, was able to resume dividend distributions. During the year, a total dividend of 3 Singapore cents per share was declared, of which 1.2 Singapore cents was out of FY2009 economic income, and the balance was out of economic income carried forward from prior year. The Company's net asset value has been reduced by 10 Singapore cents per share during the year to 30 Singapore cents per share as at 31 December 2009 after accounting for further impairment losses, which was partially offset by net foreign exchange gains.

During the year, three new Independent Directors were appointed to the Board. They were Mr Nicholas James Douglas Campbell, Mr Adrian Chan Pengee and Mr Sanjiv Misra. Mr Dilhan Sandrasegara and Mr Lee Soon Kie resigned at the conclusion of the Special General Meeting held on 25 November 2009. Both Mr Sandrasegara and Mr Lee have kindly waived their fees for FY2009. On behalf of the Board, I would like to record our appreciation for their contributions and kind gesture. Mr Joel Peter Schaefer is due to retire at the forthcoming annual general meeting and has decided not to seek re-election. The Board would also like to thank him for his contributions and wish him all the best.

As announced on 18 March 2010, the Monetary Authority of Singapore has approved the Company's application to be approved under the Enhanced-Tier Fund Tax Incentive Scheme ("Enhanced-Tier Fund"). As an Enhanced-Tier Fund, the Company will now enjoy tax exemption on its investment portfolio even if it were to be tax resident in Singapore. The Directors are recommending to Shareholders to change the Bye-laws of the Company to remove the current constraints of ensuring that the Company remains a tax resident of Bermuda at all times as provided under the Bye-laws. Going forward, the Company will not require a minimum number of directors resident in Bermuda or a limit on the number of directors to be resident in Singapore and will no longer be restricted in the selection of directors from any particular jurisdiction.

The Board can thus comprise members of more varied nationalities subject to and taking into account factors such as qualifications, the time zone of the director's place of residence, travelling costs and the ease of conducting meetings. With the added flexibility of a change in the tax resident status of the Company, the Company will be exploring other cost saving measures such as maintaining only a resident representative ordinarily resident in Bermuda. The Directors seek your support and vote for the Special Resolution as stated in the Notice of Annual General Meeting. Please refer to the Letter to Shareholders for further details on the Special Resolution.

Lastly, the Board would like to thank Shareholders for their continued support for the Company, especially during the period of transition. The Board together with the new manager STAM will work closely to bring forth enhanced value in Shareholders' return.



Boon Swan Foo
CHAIRMAN
GLOBAL INVESTMENTS LIMITED

2009 AT A GLANCE

- Net Asset Value of 30 Singapore cents per Share as at 31 December 2009
- Completion of Strategic Review
 - De-leverage by repaying the corporate debt facility
 - Resume distributing the majority of Cash Economic Income in line with the Company's current distribution policy
 - De-link from the Babcock & Brown Group
 - Change of Company name
 - Appoint ST Asset Management Ltd as the new Manager of the Company effective on 25 November 2009
 - Appoint Boon Swan Foo as the Manager Nominated Director and the new Chairman of the Company effective on 25 November 2009
- Divestments
 - Sale of Music Copyright Assets which resulted in a reduction in GIL group leverage
 - Disposal of Paramount Investments for a consideration of US\$75,000
- Declaration & Payment of Dividends
 - Declared and paid 2.0 Singapore cents per Share for the first half of 2009 on 20 August 2009
 - Declared and paid 1.0 Singapore cent per Share for the second half of 2009 on 25 February 2010
- Claim by Bank of Ireland ("BoI")
 - Amicable settlement with BoI by the payment of US\$0.9 million in respect of the claim made of approximately US\$2.3 million

INVESTMENT OBJECTIVE

The Company's key investment objective is to invest in a portfolio of assets which provides Shareholders with an attractive yield and a competitive rate of return by paying regular dividends and achieving capital growth. The Company intends to invest in assets in three target sectors:

- Operating Lease Assets;
- Loan Portfolio and Securitisation Assets; and
- Alternative Assets.

The Company seeks to create a portfolio with predictable cash flows, potential for long term capital growth and diversity across each target sector and across geographies and currencies.

STRATEGY

The Company seeks to achieve its investments objectives through adopting the following strategies:

- Active Portfolio Management Strategy;
- Financing and Risk Management Strategy; and
- Acquisition Growth Strategy.

ACTIVE PORTFOLIO MANAGEMENT STRATEGY

Active portfolio management strategy includes but is not limited to acquiring new assets, selling assets – whether by trade sale or to a newly formed fund – and considering the financial resources available to the Company, the capital structure of the Company's assets and looking into alternative methods of financing those assets to deliver Shareholder value. The Company expects to dispose of assets where it assesses that the Shareholder value has been optimised or where the economic cycle or market conditions may no longer justify a continued investment in the asset, asset class or industry.

FINANCING AND RISK MANAGEMENT STRATEGY

The Company aims to create value for Shareholders by establishing the optimal capital structures for assets and economic exposures on an individual asset basis and in terms of the financial resources available to and the overall capital structure of the Company. The Company seeks to create a portfolio with diversity across asset class, geography, industry, currency and investment maturity, both to manage risk in economic cycles and to manage reinvestment risk.

ACQUISITION GROWTH STRATEGY

Depending on market outlook and the financial resources available to the Company, if opportunities arise, the Company may prudently acquire new assets across the target asset sectors. In evaluating investment opportunities, it seeks assets that provide attractive returns adjusted for the risk associated with the investment and which enhance the overall portfolio owned by the Company.

MANAGEMENT

GIL is managed by STAM, a wholly-owned subsidiary of Temasek Holdings (Private) Limited, an Asia investment house headquartered in Singapore. STAM was incorporated in April 2002, and holds a capital markets services licence for fund management issued by the Monetary Authority of Singapore. For further information regarding the Manager, please refer to the section "The Manager".

BOARD OF DIRECTORS

The Board of Directors comprise six Directors including Boon Swan Foo who is the Manager Nominated Director and Chairman of the Board. Goh Mui Hong is Alternate Director to Mr Boon. Five of the Directors are independent and do not have a “material relationship” with the Company. The definition of “material relationship” follows guidelines set by the Singapore Code of Corporate Governance 2005. The Independent Directors are Tara Leonard Railton (Deputy Chairman), Joel Peter Schaefer, Nicholas James Douglas Campbell, Adrian Chan Pengee and Sanjiv Misra. GIL has no employees or executive officers. In 2009, the Board of Directors has met 29 times.



Boon Swan Foo Chairman, Manager Nominated Director

Boon Swan Foo was appointed to the Board of Directors on 25 November 2009. He is also a director of Neptune Orient Lines, a shipping company listed on SGX and Shin Corporation Plc, a telecommunications and satellite company listed on the Stock Exchange of Thailand. Mr Boon is a Senior Advisor to Temasek Holdings (Private) Limited, an Advisor to Singapore Technologies Engineering Ltd and a Consultant to ST Asset Management Ltd. He also serves on the board of China-Singapore Suzhou Industrial Park Devt Co Ltd, based in Shanghai and also on the board of Singbridge International Singapore Pte Ltd. Mr Boon was the Executive Chairman of Exploit Technologies Private Limited, the strategic marketing and commercialization arm of Singapore’s Agency for Science, Technology and Research (A*STAR). He is a registered Professional Engineer and a member of the Institute of Certified Public Accountants of Singapore (ICPAS). He is also a Fellow of the Chartered Association of Certified Accountant (UK)-ACCA. He holds an MBA from the National University of Singapore, and has completed the Harvard’s Advanced Management Program. Mr Boon was awarded the Singapore Business Award for Outstanding CEO in 2000, one of Singapore’s prestigious business awards.

Detailed information regarding the boards that Mr Boon currently serves on, and has served on, is set out in the Directorships section under “Additional SGX-ST Listing Manual Disclosure Requirements”.



Tara Leonard Railton Deputy Chairman, Independent Director

Tara Leonard Railton was appointed to the Board of Directors on 25 October 2006. She has 22 years of experience in the insurance market and extensive experience in corporate structuring and reorganisations which address changing regulatory environments.

Ms Railton is the Chief Financial and Chief Operating Officer of Juniperus Capital Limited, an insurance and investment manager based in Bermuda. Her prior roles included President and Chief Executive Officer and Senior Vice President and Chief Accounting Officer of Centre Group Holdings Limited and Chief Financial Officer of Arlington Tankers Limited, a NYSE listed shipping company. Ms Railton holds a Honours Bachelor of Business Administration degree from Wilfrid Laurier University, Canada. Ms Railton is a Chartered Accountant and a Canadian citizen residing in Bermuda.

Detailed information regarding the boards that Ms Railton currently serves on, and has served on, is set out in the Directorships section under “Additional SGX-ST Listing Manual Disclosure Requirements”.



Joel Peter Schaefer Independent Director

Joel Peter Schaefer was appointed to the Board of Directors on 25 October 2006. He is currently President and Chief Executive Officer of CAPITAL G Investments Ltd, a fund management entity based in Bermuda. He reports to the Chairman and Board of Directors of CAPITAL G Ltd. Concurrently, Mr Schaefer is the Chief Investment Officer of CAPITAL G Bank Ltd, based in Bermuda.

Besides Global Investments Limited, Mr Schaefer also sits on several boards including The Bermuda High School for Girls, Global Voyager Funds Ltd and serves as an Alternate Director for The Bermuda Stock Exchange. Mr Schaefer has more than 15 years of direct industry experience. Prior to joining the CAPITAL G Group, he spent 10 years in the banking industry, beginning his career at Manufacturers Hannover Trust Company Ltd (now part of JP Morgan Chase) and 14 years with the Bank of Bermuda Ltd. Mr Schaefer holds a Bachelor of Arts in Economics from Wesleyan University and is a Chartered Financial Analyst.

Detailed information regarding the boards that Mr Schaefer currently serves on, and has served on, is set out in the Directorships section under “Additional SGX-ST Listing Manual Disclosure Requirements”.



Nicholas James Douglas Campbell Independent Director

Nicholas James Douglas Campbell was appointed to the Board of Directors on 4 May 2009. He was recently appointed Senior Vice President and Head of Specialty Treaty Reinsurance for Endurance Specialty Insurance Ltd in Bermuda. Mr Campbell's prior 15 years of experience in the industry were predominantly focused on credit and structured finance. His roles over that period included: actuarial consultant to the Bermuda Monetary Authority; working for two hedge funds, primarily assisting with the development and implementation of the risk analytic framework for a highly leveraged portfolio of structured credit assets and developing the business plan and raising capital for a de novo financial guaranty / credit derivative products company; and Chief Actuary of ACE Capital Re (now Assured Guaranty) in Bermuda. Mr Campbell holds a Master of Arts degree in Mathematics from Cambridge University, is a Fellow of the Institute of Actuaries and a Member of the American Academy of Actuaries.

Detailed information regarding the boards that Mr Campbell currently serves on, and has served on, is set out in the Directorships section under "Additional SGX-ST Listing Manual Disclosure Requirements".



Adrian Chan Pengee Independent Director

Adrian Chan Pengee was appointed to the Board of Directors on 5 May 2009. He is the Head of the Corporate Department and a Senior Partner at the law firm, Lee & Lee. He serves on the Governing Council of the Singapore Institute of Directors, the Executive Council of the Association of Small and Medium Enterprises as its Honorary Secretary and sits on the Listed Companies Committee of the Singapore International Chamber of Commerce. He is also a director of Lovells Lee & Lee, the joint law venture with the international law firm, Lovells, and is an independent director on the boards of several publicly listed companies on the Singapore Stock Exchange. He serves on the Corporate Practice Committee of the Law Society of Singapore and was appointed to the Audit Committee Guidance Committee, established by the Monetary Authority of Singapore, the Accounting and Corporate Regulatory Authority and the Singapore Exchange.

Detailed information regarding the boards that Mr Chan currently serves on, and has served on, is set out in the Directorships section under "Additional SGX-ST Listing Manual Disclosure Requirements".



Sanjiv Misra Independent Director

Sanjiv Misra was appointed to the Board of Directors on 8 May 2009. He is currently Managing Director at Phoenix Advisers Pte Ltd, a boutique advisory and principal investing firm.

Prior to this, he spent over 20 years at Goldman Sachs, in New York, Hong Kong and Singapore, and Citigroup, where he headed Equity Capital Markets, Investment Banking and the Corporate Bank for Asia Pacific. Mr Misra is also a member of the Board of Trustees of Singapore Management University (SMU), the Board of Directors of National University Health System and the Investment Committee of the Ministry of Health Holdings (MOHH) of the Government of Singapore. He holds a Bachelor of Arts degree in economics from St. Stephen's College, Delhi University, a post-graduate diploma in management from the Indian Institute of Management in Ahmedabad and a Master of Management from the J.L. Kellogg Graduate School of Management at Northwestern University.

Detailed information regarding the boards that Mr Misra currently serves on, and has served on, is set out in the Directorships section under "Additional SGX-ST Listing Manual Disclosure Requirements".



Goh Mui Hong Alternate Director to Boon Swan Foo

Goh Mui Hong has been appointed as Alternate Director to Mr Boon on 15 December 2009. She is President and Chief Executive Officer of ST Asset Management Ltd ("STAM"), the Manager of the Company. She has over 25 years of extensive experience in managing fund management companies which invest in the full spectrum of financial instruments ranging from public equities, bonds, loans, asset backed securities, currencies to alternative investments such as private equities, hedge funds, derivatives and commodities. She currently serves as board member of Workforce Development Agency and Chairman of its Investment Committee; member of Singapore Corporation of Rehabilitative Enterprises, Chairman of its Investment & Finance Committee and member of its Tender Approving Committee; member of National Kidney Foundation's Investment Committee; and member of the Finance Committee of Singapore Chinese Chamber of Commerce & Industry. She holds a Bachelor of Accountancy (2nd Class Honours) from University of Singapore, Masters of Business Administration from National University of Singapore and Masters of Science (Business) from Nanyang Technological University of Singapore. She is also a member of CFA Institute.

Detailed information regarding the boards that Mrs Goh currently serves on, and has served on, is set out in the Directorships section under "Additional SGX-ST Listing Manual Disclosure Requirements".

MANAGER'S LETTER

GIL appointed STAM as its sole and exclusive Manager on 25 November 2009.

The Manager was incorporated in Singapore under the Singapore Companies Act on 2 April 2002. Its registered office and principal place of business is at 51 Cuppage Road, #10-03 StarHub Centre, Singapore 229469.

The Manager holds a capital markets services licence for fund management issued by the Monetary Authority of Singapore.

The Manager is wholly-owned by Temasek Holdings (Private) Limited.

Dear Shareholders

ST Asset Management Ltd ("STAM") would like to thank Shareholders for their overwhelming support in voting for STAM's appointment as replacement manager at the Special General Meeting on 25 November 2009. By year end, STAM had substantially completed the process of handover of management.

STAM's initial focus was to consolidate and resolve matters affecting the value of assets. In this regard, the claim by Bank of Ireland ("BoI") has been resolved. BoI had earlier made a claim of approximately US\$2.3 million against BBSFF Music Copyright Holdings Limited, a subsidiary of the Company, and asserted continuing security interest over a sum of US\$3.0 million from the sale of Music Copyright Assets. STAM has negotiated with BoI for an amicable settlement of its claim, resulting in the release of these monies by the payment to BoI of US\$900,000 in full and final settlement of all claims, with each party bearing their own costs of proceedings in England.

In April 2009, the Company had fully repaid the amended and restated multicurrency revolving facility with the Commonwealth Bank of Australia ("CBA") but certain assets remained either pledged or charged in favour of CBA. STAM has initiated arrangements for the encumbrances on such assets to be fully discharged.

The Monetary Authority of Singapore has approved GIL's application to be included under the Enhanced-Tier Fund Tax Incentive Scheme ("Enhanced-Tier Fund"). With the Enhanced-Tier Fund status, the Company can now enjoy tax exemption for its investment portfolio even if the Company is deemed to be a Singapore tax resident. Please refer to the Letter to Shareholders for further details on the Special Resolution.

The global recovery has been patchy, with varied performance across countries and sectors. In the structured finance sector, performance of mezzanine or lower tranches in highly leveraged transactions remain distressed, as the nascent recovery has not made up for the sharp losses incurred during the credit crisis. Some of the investments held by GIL could still be negatively impacted due to deteriorating performance of the underlying collateral. STAM will continue to actively manage the portfolio in a prudent manner. Moving ahead, we would seek investment opportunities in targeted asset classes that fit the investment objectives and risk profile of the Company.

I would like to thank the GIL Board for its support. STAM will work with the Board to grow Shareholder value.

Yours faithfully



Goh Mui Hong
President and CEO
ST Asset Management Ltd

THE MANAGER

The principal officers of STAM, together with the consultant, are responsible for the management of GIL. They are:



Boon Swan Foo Consultant

Boon Swan Foo was appointed as Chairman of Global Investments Limited on 25 November 2009. He is also a director of Neptune Orient Lines, a shipping company listed on SGX and Shin Corporation Plc, a telecommunications and satellite company listed on the Stock Exchange of Thailand. Mr Boon is a Senior Advisor to Temasek Holdings (Private) Limited, an Advisor to Singapore Technologies Engineering Ltd (ST Engineering) and a Consultant to STAM. He serves on the board of China-Singapore Suzhou Industrial Park Devt Co Ltd, based in Shanghai and also on the board of Singbridge International Singapore Pte Ltd.

Prior to these appointments, Mr Boon was involved in two major assignments in his career which spans across both public and private sectors. One, working for the Ministry of Trade and Industry, Singapore in the capacity of Managing Director of Agency for Science, Technology and Research (A*STAR) and concurrently Executive Chairman of Exploit Technologies Private Limited (ETPL); and the other, as Deputy Chairman and Chief Executive Officer of ST Engineering as well as concurrently the Chief Financial Officer, and board and ExCo member of Singapore Technologies Pte Ltd – the parent company of the Singapore Technologies group of companies. The Singapore Technologies group was a leading multinational conglomerate in Asia, which held some of the largest listed companies on SGX, for example, ST Engineering, StarHub Ltd, CapitaLand Limited and SembCorp Industries Ltd.

Mr Boon has been a pioneer in A*STAR, leading A*STAR in the early years as its Managing Director from 2002 to 2006. He played a critical role in transforming A*STAR into a R&D powerhouse, brought research focus of A*STAR to be more aligned with the needs of the economy, and encouraged the research community to work more closely with their industry partners. His innovative approach was imprinted in the development of the National Science and Technology Plan 2010, which included the formation of multi-agency Technology Scan Panels in physical science and engineering. During this period, he was concurrently the Executive Chairman of ETPL and from 2006, became ETPL's full time Executive Chairman. He concentrated on leading ETPL to become a world-class technology transfer organization, and initiated new programs to encourage the development of a stronger commercial and entrepreneurial mindset in the A*STAR community. Mr Boon is highly regarded for his extensive experience in managing technology businesses as a prominent technology leader in Singapore.

Under his previous leadership as Deputy Chairman and Chief Executive Officer, ST Engineering grew from an organization that predominantly supported the Singapore Armed Forces to an international company and the 7th largest company in the Singapore Stock Exchange, with a market capitalization of S\$8 billion when he left in 2001.

Mr Boon has also served on the boards of various companies - as Chairman of both Singapore Changi Airport Enterprise Pte Ltd and Changi Airport Managers & Partners (Singapore) Pte Ltd; Director of Vertex Venture Holdings Ltd, a venture capital company; Chairman of the Audit Committee of NTUC Income Insurance Cooperative Limited and Deputy Chairman and Chairman of the Executive Committee of Singapore Computer Systems Limited.

In addition, Mr Boon was advisor to the following institutions:- Member, Dean's Council of Harvard's Kennedy School of Government, U.S.A.; Member of Motorola Inc Research Visionary Board, U.S.A.; Member of Commercialisation of Imperial College (UK) Advisory Board, U.K. and Member of Advisory Panel of the Advanced Institute of Science & Technology, Japan.

Mr Boon is a registered Professional Engineer and also a member of the Institute of Certified Public Accountants of Singapore (ICPAS). He is also a Fellow of the Chartered Association of Certified Accountant (UK)-ACCA. He holds an MBA from the National University of Singapore, and has completed Harvard's Advanced Management Program. Mr Boon was awarded the Singapore Business Award for Outstanding CEO in 2000, one of Singapore's prestigious business awards.



Goh Mui Hong Director, President and Chief Executive Officer, Chairman of Investment Committee

Goh Mui Hong is President & Chief Executive Officer of STAM and Chairman of STAM's Investment Committee. She is concurrently a Director of ST Trustees Ltd.

Mrs Goh has more than 25 years of extensive experience in managing fund management companies which invest in the full spectrum of financial instruments ranging from public equities, bonds, loans, asset backed securities, currencies to alternative investments such as private equity, hedge funds, derivatives and commodities.

From February 2004 to August 2008, Mrs Goh also held the positions of Group President & Chief Executive Officer of Vertex Venture Holdings Ltd and President & Chief Executive Officer of Vertex Management (II) Pte Ltd. In the course of four years, she strengthened the Vertex group's balance sheet and the total equity of Vertex grew from US\$131 million as at December 2003 (audited) to US\$315 million as at August 2008 (unaudited) without any new injection of capital. She was also actively involved in advising and managing various investee companies, thus enhancing the overall value of the Vertex group.

Prior to joining STAM in 2002, Mrs Goh spent 11 years with the OUB Group¹. Under her leadership as Executive Director & Chief Executive Officer, OUB Asset Management Ltd (a wholly-owned subsidiary of OUB) grew to be the largest local bank-backed fund management firm in Singapore and won numerous investment awards locally and internationally for the retail unit trusts they managed. Before joining OUB Group, she was a director of an investment company and she had also worked six years in a Singapore government-related company in the Finance and Treasury departments. Mrs Goh started her career in an international audit firm before working in finance and accounting functions with a statutory board and an information technology company.

Mrs Goh currently serves as board member of Workforce Development Agency and Chairman of its Investment Committee; member of Singapore Corporation of Rehabilitative Enterprises, Chairman of its Investment & Finance Committee and member of its Tender Approving Committee; member of National Kidney Foundation's Investment Committee; and member of the Finance Committee of Singapore Chinese Chamber of Commerce & Industry. Previously she held directorship in Singapore Consortium Investment Management Ltd and was a member of the Executive Committee of Investment Management Association of Singapore and its Chairman of Education Sub-Committee as well as a member of the Investor Education Advisory Committee of Securities Investors Association (Singapore).

Mrs Goh holds a Bachelor of Accountancy (2nd Class Honours) from the former University of Singapore, Masters of Business Administration from National University of Singapore and Masters of Science (Business) from Nanyang Technological University of Singapore. She is also a member of CFA Institute.



John Lim Director, Managing Director & Chief Operating Officer, Member of Investment Committee

John Lim is Managing Director & Chief Operating Officer and a member of STAM's Investment Committee. He is concurrently a Director of ST Trustees Ltd and several other STAM affiliated companies.

Previously, Mr Lim was also appointed Executive Director of Vertex Venture Holdings Ltd from March 2005 to August 2008 and Executive Director of Vertex Management (II) Pte Ltd from August 2004 to August 2008. The Vertex group was involved in both investment and management of venture capital and private equity funds.

Prior to joining STAM in 2002, Mr Lim spent 21 years with the OUB Group¹. He joined OUB in 1980. Between 1981 and 1987, he was seconded to Asian American Merchant Bank Ltd, an associated company of OUB as Senior Manager-Operations with responsibility for investment banking operations. In 1987, he returned to OUB as Vice President and Head, Investment Banking department. He was appointed Executive Director of OUB Asset Management Ltd (a wholly-owned subsidiary of OUB) from October 1994 to April 2002. He also served as director of several other OUB Group companies. Prior to joining OUB, he spent seven years in the Singapore and London offices of Peat Marwick, Mitchell & Co.

Mr Lim is a Fellow of the Association of Chartered Certified Accountants, United Kingdom, a Fellow of CPA, Australia and a Fellow of the Institute of Certified Public Accountants of Singapore.

¹ OUB Group refers to Overseas Union Bank Limited ("OUB") and its subsidiaries.



Jason See Managing Director & Chief Investment Officer, Member of Investment Committee

Jason See is Managing Director & Chief Investment Officer of STAM and heads the company's portfolio management team. He is also a member of STAM's Investment Committee. Presently, he sits on the board of some Indian companies.

Mr See is involved in day-to-day portfolio management, which include public and private equities, investment grade and high yield credits, structured finance and asset backed securities. He has oversight responsibility for segregated portfolios, funds, several U.S. and Euro collateralised debt obligations in which STAM is acting in a management or an advisory capacity. He also handles business development and manages STAM's due diligence process with business partners. He has extensive investment management experience in global equities and high yield credits and fund management.

Prior to joining STAM in 2002, Mr See spent 13 years with the OUB Group¹. He joined OUB in 1989 as a Senior Officer in the Fund Management department. In 1993, he was promoted to Vice President and was involved in the management of portfolios for institutional clients, unit trusts and OUB Group companies. He was seconded to OUB-TA Asset Management Sdn Bhd in Malaysia for 1½ years to head fund management operations. On his return to Singapore, he was appointed Chief Investment Officer of OUB Asset Management Ltd (a wholly-owned subsidiary of OUB) where he had oversight responsibilities for a team of fund managers and market specialists. In addition to managing global market portfolios, he was also involved in managing European high yield, U.S. high yield and Asian emerging market debt. Mr See began his career with Kankaku Merchant Bank where he was responsible for equity sales of Japanese securities to local and regional clients.

Mr See holds a Bachelor of Business Administration (2nd Class Upper Honours) degree from the National University of Singapore.



Patrick Ng Managing Director (Risk Management & Operational Compliance), Member of Investment Committee

Patrick Ng heads the Risk Management & Operational Compliance unit of STAM. He is also a member of STAM's Investment Committee.

Previously, Mr Ng was also responsible for risk management and operational compliance of Vertex Management (II) Pte Ltd from April 2004 to August 2008.

Mr Ng has 24 years of experience in the banking industry. He was previously a Senior Director with United Overseas Bank group ("UOB"), where he headed its Asset-Liability Management Division in the Global Treasury Sector. He was responsible for the management of UOB's banking book and bank-wide cash flows/liquidity. Prior to joining UOB, he was Vice President in the Treasury Division of OUB. At OUB, he pioneered the setting up of the infrastructure and framework that paved the way for OUB's active involvement as a primary dealer in the Singapore Government Securities market since 1987. From 1991 to 1996, he headed the Treasury Marketing Unit and Liabilities Management Unit of OUB's Treasury Division. Subsequently, he was in charge of treasury risk monitoring and evaluation, market analysis, business planning and budgeting and treasury information technology and systems support. He spearheaded the development of OUB Treasury Division's market analysis and risk evaluation/management framework covering market, credit and liquidity risks.

Mr Ng holds a Bachelor of Social Sciences (First Class Honours) in Statistics degree from the former University of Singapore.

¹ OUB Group refers to Overseas Union Bank Limited ("OUB") and its subsidiaries.

MANAGEMENT AGREEMENT

On 12 December 2006, the Company entered into two Management Agreements with BBGIM, the former Manager. The two Management Agreements were terminated on 25 November 2009 upon the appointment of STAM as the new Manager pursuant to a Management Agreement dated 24 September 2009.

FEES PAID TO THE MANAGER AND ITS ASSOCIATES

In accordance with the respective Management Agreements executed between the Company and BBGIM and the Management Agreement between the Company and STAM, the Base Fee and the Fixed Fee are payable in arrears on a quarterly basis. The Incentive Fee (if any) is payable half yearly ending on 30 June and 31 December.

Any changes to the fee structure under the respective Management Agreement(s) will be subject to the approval of Shareholders by resolution in general meeting, and for the purposes of such approval, BBGIM and any member of the Babcock & Brown Group, and STAM and STAM associates (as defined in the Management Agreement), will abstain from voting on the relevant resolution.

The fee structure of BBGIM and STAM is summarised below.

	Fee Structure	
	BBGIM (till 25 November 2009)	STAM (25 November 2009 onwards)
Base Fee	<p>1.0% of net investment value up to S\$1.5 billion and 1.5% of net investment value in excess of S\$1.5 billion</p> <p>Net investment value is defined to include:</p> <ul style="list-style-type: none"> • Average market capitalisation; and • Debt (Company and wholly-owned subsidiaries) 	<p>1.0% of net investment value up to S\$1.5 billion and 1.5% of net investment value in excess of S\$1.5 billion</p> <p>Net investment value is defined as average market capitalisation</p>
Incentive Fee	<ul style="list-style-type: none"> • 20.0% of increase in market capitalisation over benchmark return • Benchmark return: 8% per annum on market capitalisation • Deficit, if any, carried forward for two years 	<ul style="list-style-type: none"> • 20.0% of increase in market capitalisation over benchmark return • Benchmark return: 8% per annum on market capitalisation • Initial threshold: Higher of (a) S\$0.25 or (b) S\$0.36 being the Company's unaudited net asset value on 30 September 2009 • Deficit, if any, carried forward for three years
Expense Recovery/ Fixed Fee	<ul style="list-style-type: none"> • Full costs recovery mechanism subject to the Board's approval • Third party expenses reimbursed by the Company 	<ul style="list-style-type: none"> • Fixed fee of S\$0.65 million per annum is payable which covers overheads and day-to-day expenses incidental to providing the services • Third party expenses reimbursed by the Company
Acquisition Fee	<ul style="list-style-type: none"> • 1.5% of: <ul style="list-style-type: none"> - Total risk capital invested by the Company in the investment; and - Percentage interest in the investment acquired by the Company multiplied by the quantum of debt facilities of the investment arranged by BBGIM in relation to the acquisition (but excluding debt provided by the Company). <p>Note: the fee payable is further subject to risk / complexity of the relevant transaction. The actual payment may range between 0.8x – 1.5x of fee.</p>	<ul style="list-style-type: none"> • 1.0% of: <ul style="list-style-type: none"> - Total risk capital invested by the Company in the investment; and - Percentage interest in the investment acquired by the Company multiplied by the quantum of debt facilities of the investment arranged by STAM in relation to the acquisition (but excluding debt provided by the Company).

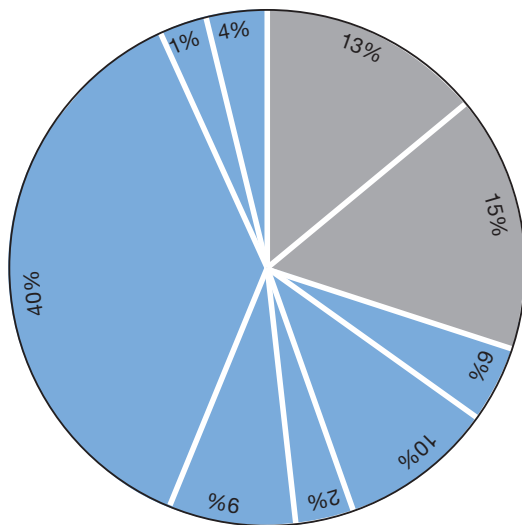
	Fee Structure	
	BBGIM (till 25 November 2009)	STAM (25 November 2009 onwards)
Divestment Fee	<ul style="list-style-type: none"> • 3.0% of net disposal proceeds <p>Note: the fee payable is further subject to risk/ complexity of the relevant transaction. The actual payment may range between 0.8x – 1.5x of fee.</p>	<ul style="list-style-type: none"> • Existing Asset Portfolio: Nil • New assets: 3.0% on net disposal proceeds, subject to profit after divestment being greater than zero. <p>If the Divestment Fee payable is greater than the Company's profit after divestment, the Divestment Fee shall equal the Company's profit after divestment.</p>
Equity Raising Fee	<ul style="list-style-type: none"> • 1.5% of amount raised <p>Note: the fee payable is further subject to risk/ complexity of the relevant transaction. The actual payment may range between 0.8x – 1.5x of fee.</p>	<ul style="list-style-type: none"> • Nil
Debt Raising	<ul style="list-style-type: none"> • 0.5% of senior debt raised • 0.7% of subordinated or mezzanine debt raised <p>Note: the fee payable is further subject to risk/ complexity of the relevant transaction. The actual payment may range between 0.8x – 1.5x of fee.</p>	<ul style="list-style-type: none"> • 0.5% of senior debt raised • 0.7% of subordinated or mezzanine debt raised <p>Note: the fee payable is only applicable to debt raised at the Company level and/or at any investee entities' level for which the relevant creditor has recourse to the Company.</p>
Payment of Fees	<ul style="list-style-type: none"> • A majority of the Independent Directors may require the Company to pay up to 50% of the Base Fee and the Incentive Fee in the form of shares rather than cash. 	<ul style="list-style-type: none"> • The Board has the sole discretion to pay up to 100% of STAM's fees in the form of shares rather than cash

- In addition to the above fees, for the year 2009 the Company has paid BBGIM for their services prior and after the Special General Meeting on 25 November 2009 pursuant to the Agreement for the Provision of Non-Designated Services and the Agreement for the Provision of Transitional Services both dated 14 October 2009.
- Fees that are paid and payable to the Manager and its associates are disclosed in Note 30 of the financial statements included within this report.

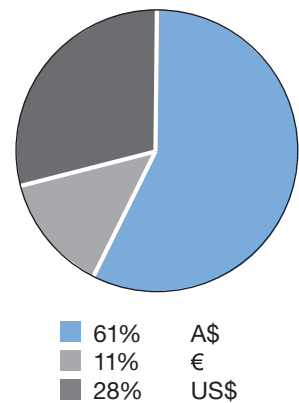
PORTFOLIO COMPOSITION

PORTFOLIO COMPOSITION

BREAKDOWN BY ASSET CLASS AND INVESTMENT¹

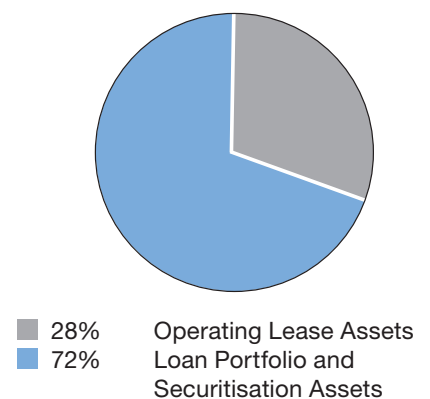


BREAKDOWN BY CURRENCY¹



■	OPERATING LEASE ASSETS
13%	Investment in Babcock & Brown Air Limited
15%	Babcock & Brown Aircraft Lessor No. 2 ²
0%	Investment in Babcock & Brown Rail North America LLC
0%	Investment in Babcock & Brown Rail Investment Limited
■	LOAN PORTFOLIO AND SECURITISATION ASSETS
6%	Pepper Residential Securities Trust No. 5
10%	Pepper Residential Securities Trust No. 6
0%	Mortgages plc Securitisation Investment
2%	Avoca CLO VI plc Investment
9%	Avoca CLO VII plc Investment
40%	Seiza Series 2006-1 Trust (Warehouse)
1%	Provident Cashflow Limited
4%	Seiza Augustus Series 2007-1 Trust

BREAKDOWN BY ASSET CLASS¹



Note:

1 As at 31 December 2009 by Carrying Value

2 Carrying Value less outstanding loan

PORTFOLIO COMPOSITION



Loan Portfolio and Securitisation Assets

Loan Portfolio Assets refer to groups of multi-obligor loans within various asset sectors. Typically, such loans are secured, with the amount of any individual loan small in the context of the overall loan portfolio. They are typically assets which the originators of such loans could securitise in the capital markets. Such assets are considered attractive by GIL because the multi-obligor nature of the loan diversifies risk and allows GIL to optimise the capital structure of the investment and enhance the returns from such assets, whilst remaining within the risk parameters for GIL's investments.

Securitisation Assets typically refer to groups of loans which have already been pooled and from which a capital structure consisting of different debt securities, with different risk profiles and hence different returns, has been created.



Alternative Assets

Alternative Assets are regarded as those which have not yet become mainstream, but which show relative value opportunities and where exposure can be managed. The assets comprising the Alternative Assets class will vary over time and to some extent will overlap with the Operating Lease Assets and Loan Portfolio and Securitisation Assets. Such assets are considered attractive by GIL because of the inherent potential for attractive returns and, in the medium term, the potential to broaden investor community acceptability of the assets and, in doing so, enabling GIL to realise value for its Shareholders from the ownership of the assets.



Operating Lease Assets

Operating Lease Assets are assets which are subject to a lease to a third party user, where the lessee has possession of the asset and pays rent to the lessor of the asset for the right to use the asset.

These assets are considered attractive by GIL because they have the potential for both predictable and stable cash flows and capital appreciation.

OPERATING LEASE ASSETS

INVESTMENT IN BABCOCK & BROWN AIR LIMITED

Investment Description

GIL acquired 1,051,010 shares in Babcock & Brown Air Limited ("B&B Air") which was listed on the New York Stock Exchange at an initial public offering ("IPO") on 27 September 2007. The shares in B&B Air were acquired when the portfolio of aircraft owned by JET-i Group, in which GIL was a foundation investor, was sold to B&B Air. The shares represent a 3.5% stake in B&B Air as at 31 December 2009.

B&B Air is an aircraft lessor whose main business is to acquire commercial jet aircraft and lease them under long term contracts to a diverse group of airlines throughout the world. B&B Air currently has a fleet of 62 aircraft which it leases under multi-year operating leases to 36 airlines in 19 countries. B&B Air's fleet of aircraft is relatively modern with an average age of approximately 7.2 years with a weighted average lease term of 4.9 years.

As at 31 December 2009, GIL's Carrying Value was US\$9.4 million. In the first quarter of 2009, an impairment loss of US\$2.6 million was recorded, but subsequently there was an increase in fair value of US\$4.9 million.

Cash Economic Income

GIL received Cash Economic Income of US\$0.67 million in respect of its investment in B&B Air relating to the year ended 31 December 2009.

Asset Overview

Since B&B Air's IPO, its portfolio of aircraft has expanded with the acquisition of 17 aircraft and the sale of 2 aircraft at premiums to book value resulting in a fleet of 62 aircraft. As at 31 December 2009, the details of B&B Air's portfolio were as follows:

Number of aircraft	62
Type of aircraft	56 narrow-body passenger aircraft; 4 wide-body passenger aircraft; and 2 freighter
Average Age	7.2 years
Aircraft by manufacturer	Boeing B737 (19) B747 (1) B757 (12) B767 (1) B777 (1)
	Airbus A320 (17) A319 (10) A330 (1)

B&B Air has adopted a policy of paying quarterly cash dividends. B&B Air declared its fourth quarter 2009 gross dividend of US\$0.20 per share in January 2010 (net dividend of US\$0.16 per share to be received in February 2010).

Outlook

While there are preliminary signs that the aircraft leasing industry is in the very early stages of a recovery, the outlook for the industry remains challenging. There has been more interest from lessees in renewing their existing leases, and lease rates have started to stabilize compared to their previous declines. However, airline profitability remains under pressure due to high fuel costs and weak yields. This may slow any increase in lease rates. B&B Air has stated that its fleet is entirely leased as of 1 December 2009 and that it is well positioned, with a popular and efficient modern aircraft fleet, and a strong revenue base from well-diversified portfolio of lessees. B&B Air would continue to increase shareholder value through further debt and share repurchases where opportunities arise.

BABCOCK & BROWN AIRCRAFT LESSOR NO. 2

Investment Description

GIL owns two Boeing 757-200 aircraft on lease to Thomson Airways Limited (formerly known as Thomsonfly Limited), a wholly-owned subsidiary of TUI Travel plc, which is listed on the London Stock Exchange.

The aircraft were purchased for US\$15.1 million each including all acquisition costs, and were financed through a combination of equity and debt.

As at 31 December 2009, GIL's Carrying Value was US\$26.6 million. There was no impairment charge during the year. Outstanding debt was US\$15.9 million.

Cash Economic Income

GIL received Cash Economic Income of US\$1.32 million in respect of its ownership in the aircraft relating to the year ended 31 December 2009.

Asset Overview

As at 31 December 2009, the details of the two aircraft were as follows:

Aircraft	757-200
Purchase price of aircraft	US\$14.7 million each*
Manufacturer	Boeing
Manufacturer date	1993
Lease maturity date	30 April 2013
Monthly rentals for each aircraft	US\$160,000

* Excluding acquisition costs of approximately US\$430,000 for each aircraft.

Outlook

The lease to Thomson Airways Limited continues to perform in line with expectations. Both aircraft are on fixed lease rentals with fixed debt costs through to April 2013. Availability of the Boeing 757-200 passenger aircraft has increased in recent times and the market conditions for this type of aircraft are likely to remain weak.

INVESTMENT IN BABCOCK & BROWN RAIL NORTH AMERICA LLC

Investment Description

Babcock & Brown Rail North America LLC ("BBRNA") is the owner and lessor of freight car rolling stock which is leased for use in the North American markets. GIL owns 41.5% of BBRNA.

As at 31 December 2009, GIL's Carrying Value was nil as a result of a further impairment charge of US\$15.4 million during the year.

Cash Economic Income

GIL did not receive any Cash Economic Income in respect of its ownership of BBRNA relating to the year ended 31 December 2009. GIL is not expecting to receive any income in respect of its ownership of BBRNA for the year ended 31 December 2010.

Asset Overview

As at 31 December 2009, BBRNA owned freight cars on lease in North America with 62 lessees and the details of BBRNA's portfolio were as follows:

Total number of freight cars	13,456
Average age	7.7 years
Lease utilisation rate	81.5%
Main commodities carried	Coal, grain, lumber, finished steel, paper, scrap steel and cement
Main railcar types	
- Open top hoppers	22%
- Flatcars	8%
- Gondolas	40%
- Boxcars	11%
- Covered hoppers	18%
- Intermodal	1%
Credit quality of lessees	
- Investment Grade	74.7%

Outlook

The current economic slowdown in the US economy is putting increased pressure on re-leasing activity and rates, and railcar valuation. The lease utilisation rate for the portfolio has declined from 96% a year ago to currently 81.5%. Approximately 38% of the portfolio is expected to come off lease through 2010, and with the re-lease rates well below the previous lease rates, this is likely to lead to materially less cash flow available to BBRNA to meet its scheduled payments. BBRNA is currently in negative equity. Some of its subsidiaries are unable to meet their debt obligations, most notably an interest rate swap obligation in September 2009. As a result of the aforementioned challenging railcar business conditions and refinancing issues, distribution income of BBRNA has been suspended indefinitely.

INVESTMENT IN BABCOCK & BROWN RAIL INVESTMENTS LIMITED

Investment Description

GIL owns 35.0% of Babcock & Brown Rail Investments Limited ("BBRIL"). BBRIL, through CBRail Leasing S.à.r.l. ("CBRLS"), is the owner and lessor of a portfolio of passenger train fleets, locomotives and freight wagons, operating in mainland Europe including Germany, Belgium, Holland and Denmark.

As at 31 December 2009, GIL's Carrying Value remained nil as BBRIL remains in negative equity.

Cash Economic Income

GIL received Cash Economic Income of €0.39 million in respect of its ownership of BBRIL relating to the year ended 31 December 2009.

Asset Overview

As at 31 December 2009, BBRIL owned a portfolio of railcars on lease in Europe with over 10 lessees. The broad characteristics of the railcar portfolio were as follows:

Total number of railcars	238
Average age	5.6 years
Lease utilisation rate	93%
Main rail equipment types (by value)	
- Passenger DMU	14%
- Passenger EMU	19%
- Passenger coach	35%
- Freight locomotive	29%
- Freight wagon	3%

Outlook

Starting in 2010, European rail operators are allowed to open international passenger rail routes in all EU countries. While the liberalisation of the European rail market is positive for the rail leasing industry, the slowdown in economic activity has led to a lower than expected demand for leasing of rail equipments. Progress in new service offers from operators is expected to continue to be slow and this will lead to later than expected award of tenders to the operators and a consequent deferment of any new lease commitments for passenger rail equipments. Demand for freight cars is likely to remain muted as freight volumes remain low and there is a large number of unutilised freight cars. Revenue of CBRLS is expected to decline as some of the rail equipments are coming off lease over 2010. Remarketing efforts will be stepped up to re-lease these rail equipments to avoid a sharp decline in lease rental income.

LOAN PORTFOLIO & SECURITISATION ASSETS

PEPPER RESIDENTIAL SECURITIES TRUST NO. 5

Investment Description

GIL has an investment of A\$5 million in Class E Note of Pepper Residential Securities Trust No. 5, which holds Australian non-conforming residential mortgage loans. The Class E note is not rated. The Class M1 Note which GIL had also invested in was fully repaid on 15 July 2009.

As at 31 December 2009, GIL's Carrying Value was A\$5.03 million. There was no impairment charge during the year.

Cash Economic Income

GIL received Cash Economic Income of A\$0.68 million in respect of its investment in Pepper Residential Securities Trust No. 5 relating to the year ended 31 December 2009.

Asset Overview

Pepper Residential Securities Trust No. 5 holds a portfolio of first registered non-conforming mortgages over Australian residential real estate. The underlying mortgage collateral was originated by Pepper Homeloans Pty Limited, and is serviced by Pepper Australia Pty Limited.

As at 31 December 2009, the mortgage pool of Pepper Residential Securities Trust No. 5 was as follows:

Number of loans	418
Average loan size	A\$226,856
Weighted average loan to value ratio	68.69%
Weighted average seasoning	45.82 months

Outlook

The Australian housing market which has been relatively strong in 2009 may moderate as interest rates are raised and government stimulus is withdrawn further. However, the under-supply of housing compared to strong demand and improving economic conditions, should provide support to property prices.

PEPPER RESIDENTIAL SECURITIES TRUST NO. 6

Investment Description

GIL has an investment of A\$8.1 million in Class E Note of Pepper Residential Securities Trust No. 6, which holds Australian non-conforming residential mortgage loans. The Class E note is not rated. The Class M1 Note which GIL had also invested in was fully repaid on 15 April 2009.

As at 31 December 2009, GIL's Carrying Value was A\$8.2 million. There was no impairment charge during the year.

Cash Economic Income

GIL received Cash Economic Income of A\$0.87 million in respect of its investment in Pepper Residential Securities Trust No. 6 relating to the year ended 31 December 2009.

Asset Overview

Pepper Residential Securities Trust No. 6 holds a portfolio of first registered non-conforming mortgages over Australian residential real estate. The underlying mortgage collateral was originated by Pepper Homeloans Pty Limited, and is serviced by Pepper Australia Pty Limited.

As at 31 December 2009, the mortgage pool of Pepper Residential Securities Trust No. 6 was as follows:

Number of loan obligors	945
Average loan size	A\$249,428
Weighted average loan to value ratio	68.56%
Weighted average seasoning	38.82 months

Outlook

The Australian housing market which has been relatively strong in 2009 may moderate as interest rates are raised and government stimulus is withdrawn further. However, the under-supply of housing compared to strong demand and improving economic conditions, should provide support to property prices.

SEIZA SERIES 2006-1 TRUST (WAREHOUSE)

Investment Description

GIL has an investment of A\$10.2 million in Class F Note, A\$20.9 million in Class G Note and A\$8.9 million in Senior NIM Note of Seiza Series 2006-1 Trust, which holds Australian non-conforming residential and commercial property mortgage loans.

As at 31 December 2009, GIL's Carrying Value was A\$31.38 million taking into account impairment of A\$8.90 million for FY2009.

Cash Economic Income

GIL received Cash Economic Income of A\$4.2 million in respect of its investment in Seiza Series 2006-1 Trust for the year ended 31 December 2009.

Asset Overview

Seiza Series 2006-1 Trust holds a portfolio of first registered non-conforming mortgages over Australian residential and commercial property. The underlying mortgage collateral was originated by Seiza Mortgage Company Pty Limited.

As at 31 December 2009, the mortgage pool of Seiza Series 2006-1 Trust was as follows:

Number of loan obligors	966
Average loan size	A\$464,590
Weighted average loan to value ratio	81.81%
Weighted average seasoning	29.19 months

Outlook

The Australian housing market which has been relatively strong in 2009 may moderate as interest rates are raised and government stimulus is withdrawn further. However, the under-supply of housing compared to strong demand and improving economic conditions, should provide support to property prices.

SEIZA AUGUSTUS SERIES 2007-1 TRUST

Investment Description

GIL has an investment of A\$10.3 million in Class G Note and A\$4.1 million in Class N Note of Seiza Augustus Series 2007-1 Trust, which holds Australian non-conforming residential and commercial property mortgage loans. The Class G and Class N Notes are not rated.

As at 31 December 2009, GIL's Carrying Value was A\$2.88 million taking into account impairment of A\$7.5 million for FY2009.

Cash Economic Income

GIL received Cash Economic Income of A\$0.43 million in respect of its investment in Seiza Augustus Series 2007-1 Trust for the year ended 31 December 2009.

Asset Overview

Seiza Augustus Series 2007-1 Trust holds a portfolio of first registered mortgages over Australian residential and commercial property. The underlying mortgage collateral was originated by Seiza Mortgage Company Pty Limited.

As at 20 December 2009, the mortgage pool of Seiza Augustus Series 2007-1 Trust was as follows:

Number of loan obligors	219
Average loan size	A\$563,258
Weighted average loan to value ratio	80.12%
Weighted average seasoning	39.14 months

Outlook

The Australian housing market which has been relatively strong in 2009 may moderate as interest rates are raised and government stimulus is withdrawn further. However, the under-supply of housing compared to strong demand and improving economic conditions, should provide support to property prices.

AVOCA CLO VI PLC INVESTMENT

Investment Description

GIL has an investment of €4.0 million in Class M Subordinated Notes issued by Avoca CLO VI plc. The Class M note is not rated.

As at 31 December 2009, GIL's Carrying Value was €0.8 million. An impairment loss of €0.17 million was recorded in the first quarter 2009, but subsequently there was an increase in fair value of €1.0 million.

Cash Economic Income

GIL did not receive any Cash Economic Income in respect of its investment in Avoca CLO VI plc relating to the year ended 31 December 2009.

Asset Overview

Avoca CLO VI plc is a European collateralised loan obligation vehicle which is managed by Avoca Capital Holdings. Avoca CLO VI plc holds European senior secured, second lien and mezzanine loans.

As at 31 December 2009, the assets held by Avoca CLO VI plc were as follows:

Number of obligors	70
Average loan size	€7.0 million
Loan type	Majority senior secured (86%)

Outlook

Market conditions for European leveraged loans have improved as secondary loan prices continued to increase this quarter. With the improvement in economic outlook and credit conditions, high yield issuers are increasingly able to refinance their debt. However, further rating downgrades and defaults on loan issuers are expected in the near term.

There is a heightened risk that interest payments to the Class M Subordinated Notes may be suspended in the short to mid term due to potential ratings downgrades in the underlying portfolio.

AVOCA CLO VII PLC INVESTMENT

Investment Description

GIL has an investment in two classes of notes issued by Avoca CLO VII plc with €7.0 million in Class F Notes and €8.0 million in Class G Notes. The Class F Note was originally rated B by both Fitch and Standard & Poor's ("S&P"). As at 31 December 2009, the Fitch rating is CCC whilst the S&P rating is B, but is on negative credit watch.

As at 31 December 2009, GIL's Carrying Value for Class F was €3.96 million, inclusive of an impairment charge of €3.04 million in 2009. The Carrying Value for Class G was €0.64 million as at 31 December 2009. For Class G, an impairment loss of €0.67 million was recorded in the first quarter 2009, but subsequently there was an increase in fair value of €0.66 million.

Cash Economic Income

GIL received Cash Economic Income of €0.51 million in respect of its investment in Avoca CLO VII plc relating to the year ended 31 December 2009.

Asset Overview

Avoca CLO VII plc is a European collateralised loan obligation vehicle which is managed by Avoca Capital Holdings. Avoca CLO VII plc holds European senior secured, second lien and mezzanine loans.

As at 31 December 2009, the assets held by Avoca CLO VII plc were as follows:

Number of obligors	70
Average loan size	€9.7 million
Loan type	Majority senior secured (86%)

Outlook

Market conditions for European leveraged loans have improved as secondary loan prices continued to increase this quarter. With the improvement in economic outlook and credit conditions, high yield issuers are increasingly able to refinance their debt. However, further rating downgrades on loan issuers in 2010 are expected. Defaults are expected to remain elevated in the short term but are expected to decline by the end of 2011.

There is a high risk that coupons to the Class G Subordinated Notes may be suspended in the short to mid term due to ratings downgrades in the underlying portfolio.

MORTGAGES PLC SECURITISATION INVESTMENT

Investment Description

GIL owns 50.0% of two classes of certificates issued by Newgate Funding 2006-3 Plc – Series MERCs and Series Residuals. Series MERCs entitle GIL to the prepayment penalties paid by borrowers when they repay loans early. Prepayment penalties are not passed through the payment waterfalls but are passed directly to Series MERCs noteholders. The Series Residuals entitle GIL to the residual amount remaining following payments on all higher rated notes in the securitisation.

As at 31 December 2009, GIL's Carrying Value was nil, inclusive of an impairment charge of £13,145 in 2009.

Cash Economic Income

GIL did not receive any Cash Economic Income in respect of its investment in Newgate Funding 2006-3 Plc relating to the year ended 31 December 2009.

Asset Overview

Newgate Funding 2006-3 Plc is a securitisation vehicle which holds non-conforming mortgages originated by Mortgages Plc, a wholly-owned subsidiary of Merrill Lynch International which is based in the United Kingdom. Newgate Funding 2006-3 Plc holds a portfolio of registered first mortgages over UK residential properties.

As at 31 December 2009, the assets held by Newgate Funding 2006-3 Plc were as follows:

Number of loan obligors	3,696
Average loan size	£106,674
Weighted average loan to value ratio	80.27%
Weighted average seasoning	39.12 months

Outlook

The residential property market in the UK is showing signs of stabilisation. Generally, the average house prices has stabilised in recent months and certain areas have even registered a rebound. However, further declines should not be ruled out although the general consensus anticipates flat housing price movements in 2010. Despite the low interest rate environment, borrowers are expected to remain pressured due to the tough overall economic conditions and consequently defaults are expected to remain high.

No cash flow is expected to be received for the Series Residuals in the foreseeable future and no further cash flows are expected for Series MERCs.

PROVIDENT CASHFLOW LIMITED

Investment Description

GIL, via its wholly-owned subsidiary – BBSFF Securitisation Limited, granted a revolving purchase facility to Provident Cashflow Limited (“PCL”) to enable PCL to fund loans to its customers, who are typically small to medium enterprises. PCL carries on a business of cashflow lending to its customers for the purpose of purchasing inventory under credit buyer agreements and trade credit insurance in respect of such receivables has been obtained by PCL from an insurance company.

As at 31 December 2009, Carrying Value of the investment in PCL was A\$0.7 million, inclusive of an impairment charge of A\$3.5 million.

Cash Economic Income

GIL received Cash Economic Income of A\$0.49 million in respect of its investment in PCL relating to the year ended 31 December 2009.

Asset Overview

- GIL’s current commitment amount is A\$7 million and is scheduled to be nil on 15 June 2010.
- The outstanding loan book is at A\$4.2 million.

As at 31 December 2009, the loan portfolio was as follows:

Number of loan obligors	15
Average loan size	A\$269,207

Outlook

The weak domestic economic growth in Australia over the past twelve months as a result of the global financial crisis had contributed to an increase in outstanding receivables in PCL. PCL had commenced legal proceedings against the insurer as the insurer allegedly failed to indemnify PCL in relation to certain outstanding receivables. The insurer is denying liability and claiming to be entitled to be reimbursed for amounts it had paid to PCL in respect of certain receivables. In addition, the insurer has also sought to terminate the insurance policies with PCL. In light of the uncertainty surrounding the insurance coverage for this investment, the deterioration of the performance of the loans, as well as limited recovery prospects from the fixed and floating charge over PCL’s assets and from the guarantors, it is expected that the invested principal will not be returned in full.

CORPORATE GOVERNANCE

This Corporate Governance Statement refers to the corporate governance principles and practices of GIL.

The Board of Directors is responsible for GIL's strategic aims and corporate governance and is required to perform its duties diligently and in the best interests of Shareholders. The Board of Directors makes all investment and divestment decisions for GIL, based on recommendations of the Manager. The Board of Directors determines the financial policies of GIL.

The corporate governance framework is guided by the best practices as outlined in the Singapore Code of Corporate Governance 2005 (the "Singapore Code") and the essential practices and laws of Bermuda, as described below.

Principle 1: Board of Directors' Conduct of Affairs. An effective Board to lead and control the Company.

Responsibility for corporate governance and oversight of the internal workings of GIL rests with the Board of Directors. The Board of Directors has adopted formal charters of Directors' functions and pursuant to the Management Agreement appointed the Manager to manage GIL's day-to-day business affairs and internal workings. The Board meets at least four times per year, or more frequently as required. GIL's Bye-laws also provide for Directors to participate in Board meetings by means of teleconference and videoconference. For the financial year ended 31 December 2009, a total of 29 board meetings were held.

Each Independent Director of the Board of Directors has received a letter of appointment, which details the key terms of their appointment considered necessary by the Board of Directors. The Board of Directors has adopted the GIL's Code of Conduct, which sets out principles and standards necessary to maintain confidence in GIL's integrity and the protection of individuals for reporting unethical behaviour. Directors participate in a formal induction program and have access to continuing education to update and enhance their skills and knowledge.

Principle 2: Composition and Guidance of the Board of Directors. A strong and independent element.

GIL has a Nominations and Governance Committee ("NGC") that, in summary, oversees the composition of the Board of Directors and its committees and advises the Board of Directors on good governance standards and appropriate corporate governance policies. The NGC annually reviews the independent status of directors to ensure a strong and independent element on the Board. Currently, the Board comprises six members, five of whom are Independent Directors.

Principle 3: Chairman and Chief Executive Officer. A balance of power and authority.

GIL does not have an independent Chairman of the Board. However, five out of the six Directors on the GIL Board are independent and the Chairman (being a Manager Nominated Director) abstains from voting in respect of any transaction where an entity within the Temasek Group¹ is a party. In accordance with the Bye-laws, Boon Swan Foo, who is nominated by the Manager, is the Chairman. Goh Mui Hong has been appointed as Alternate Director to the Chairman since 15 December 2009.

There is no Chief Executive Officer of GIL given that it has appointed the Manager to manage the Company.

Principle 4: Board of Directors Membership. Review of Board of Director appointments.

The NGC's responsibilities include overseeing a continual renewal and membership assessment process of the Board for good corporate governance purposes. This committee comprises four Directors, three of whom are Independent Directors. The Chairman of the committee is Boon Swan Foo, with the other current members being Tara Leonard Railton, Joel Peter Schaefer and Adrian Chan Pengee.

The NGC coordinates the assessment of the performance of the Board as a whole and its individual Directors, and determines annually if a Director should be considered independent. It also reviews the size and composition of the Board and recommends the number of Directors that shall comprise the Board. The NGC, with the assistance of the Manager, identifies and recommends to the Board nominees for election or re-election at each Annual General Meeting ("AGM"), and for any appointment that is expected or has arisen between AGMs.

Under the GIL Bye-laws, every Director (other than a Manager Nominated Director) shall be subject to retirement at least once every three years, and a retiring Director is eligible for re-election.

STAM was appointed as the sole and exclusive Manager of GIL on 25 November 2009 pursuant to the Management Agreement dated 24 September 2009. The Management Agreement provides up to two Manager Nominated Directors. Currently, Boon Swan Foo is the Manager Nominated Director and also Chairman of the Company.

¹ Temasek Group refers to Temasek Holdings (Private) Limited and its related corporations as defined under Section 6 of the Singapore Companies Act (Chapter 50).

Principle 5: Board Performance. Assessment of Board performance.

As part of the process of assessing the effectiveness of the Board as a whole and the contributions by each Director, the NGC coordinates formal assessment of the performance of individual Directors, the Board and its committees. The assessment includes:

- Board, individual Director and Board committee performance being evaluated by each Director in the form of an assessment survey covering performance criteria and competencies agreed by the NGC;
- The NGC will assess the results of the survey and report on key findings and recommendations to the Board; and
- Evaluation of Board committee performance will be supplemented with self-reviews conducted by each of the Board committees against the responsibilities set out in their respective charters, and any key findings and recommendations will be reported to the Board.

Principle 6: Access to Information.

The Manager provides Board members with complete, adequate and timely information in advance of Board meetings and on an ongoing basis. The Directors have independent access to the Manager and Company Secretary at all times.

The Company Secretary has defined responsibilities as set out in the administration agreement, and removal of the Company Secretary is a matter for the Board as a whole.

Each Director is entitled to seek independent professional advice (including, but not limited to, legal, accounting and financial advice) at GIL's expense on any matter concerned with the proper discharge of his or her responsibilities as a Director.

REMUNERATION MATTERS**Principle 7: Procedures for Developing Remuneration Policies.**

The Board of Directors does not believe that a remuneration committee is currently required as the Directors have agreed to limit any increase in the fees payable to the Independent Directors.

The Manager Nominated Directors and any of their alternates will not receive any fees, and GIL has no employees or executive officers.

Principle 8: Level and Mix of Remuneration.

The Board comprises six Directors, with one Manager Nominated Director and five Independent Directors. The remuneration of these Directors is disclosed under Principle 9 below.

GIL has no employees or executive officers and has appointed the Manager to manage the Company. The Manager is entitled to be paid a Base Fee, Fixed Fee, Incentive Fee and other fees. These fees are set out on page 10 under the section "The Manager".

Principle 9: Disclosure on Remuneration.

Manager Nominated Directors do not receive any fees for serving as a Director or a member of a committee of the Board of Directors.

For the financial year ended 31 December 2009, a retention payment of A\$160,000 (S\$211,539) was paid to Julian Blackley, a Director nominated by BBGIM and chief executive officer of BBGIM, in his capacity as the chief executive officer of BBGIM, as disclosed in Section 2.9 of the shareholder's circular dated 5 November 2009, to incentivise him to remain in his role as the chief executive officer of BBGIM.

Directors (including the Manager Nominated Directors) are reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of the Board of Directors or committees and for any expenses reasonably incurred in their capacity as Directors.

The Company has adopted the following fee structure for Independent Directors:

	Remuneration Per Annum
1. Base remuneration fee for Independent Directors	US\$50,000 per Director
2. Fees for chairmanship and membership in various Board committees (With effect from 1 July 2009)*:	
a) Chairman of the GIL Board (applicable only when the Chairman is an Independent Director)	US\$10,000
b) Deputy Chairman of the GIL Board (applicable only when the Deputy Chairman is an Independent Director)	US\$5,000
c) Membership of Audit and Risk Management Committee	US\$10,000 per member
d) Membership of Nominations and Governance Committee	US\$2,000 per member
3. Fee for Directorship of all Cayman Islands subsidiary companies (With effect from 1 July 2009)*	US\$5,000 per Director

* The Board approved the proposed changes to the remuneration of the Independent Directors to include fees for chairmanship, Board committee membership and directorship in the Cayman Islands subsidiary companies, with retroactive effect from 1 July 2009.

Subject to the right of the Board of Directors to review this amount should circumstances justify an increase, these fees can be altered without Shareholders' approval provided that the aggregate paid to all Directors does not exceed the maximum set by the GIL Bye-laws. Pursuant to the Bye-laws, the maximum aggregate amount of fees payable to the Directors in respect of one year is the number of Directors appointed at the relevant time multiplied by US\$70,000.

For the financial year ended 31 December 2009, Tara Leonard Railton, Joel Peter Schaefer, Nicholas James Douglas Campbell, Adrian Chan Pengee and Sanjiv Misra were each paid the full or pro-rated amount of these annual fees as Independent Directors. The fee, paid quarterly in arrears, was pro-rated if appointment was made during the financial year.

Dilhan Pillay Sandrasegara and Lee Soon Kie waived their Directors' remuneration for the financial year 2009.

The remuneration of Independent Directors for the financial year ended 31 December 2009:

	Directors' Fees ¹ (US\$)
Tara Leonard Railton	61,000.00
Joel Peter Schaefer	53,500.00
Nicholas James Douglas Campbell	37,967.03
Adrian Chan Pengee	33,692.31
Sanjiv Misra	37,417.58
Dilhan Pillay Sandrasegara	-
Lee Soon Kie	-

¹ Include fees for appointment to any other Board Committee and directorship of Cayman Islands subsidiary companies. Directors' fees are paid quarterly in arrears and are pro-rated if appointment is during the financial year.

GIL has no employee share schemes in place, and no immediate family members of the Directors are employed by GIL.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability of the Board of Directors and Management.

The Board of Directors seeks to provide GIL's Shareholders with a balanced and understandable assessment of GIL's performance position and prospects on a quarterly basis. The Manager provides the Board of Directors with balanced and understandable management accounts and reports for this purpose.

The Board of Directors has formal policies and procedures in place in relation to the reporting and review of financial information.

Principle 11: Audit and Risk Management Committee.

GIL established an Audit and Risk Management Committee ("ARMC") and has adopted a formal charter setting out its key responsibilities. The ARMC comprises a majority of Independent Directors and in other respects complies with the Singapore Code. The Chairman is Tara Leonard Railton, with the other committee members being Boon Swan Foo, Nicholas James Douglas Campbell and Sanjiv Misra. All members possess the requisite accounting and financial management expertise to discharge their responsibilities.

The committee has the authority to investigate matters within its terms of reference, full access to and cooperation of the Manager and full discretion to invite any Director or executive officer of the Manager to its meetings, and reasonable resources to discharge its functions properly.

It reviews and advises the Board on the external auditor's annual plan for GIL, as well as the auditor's proposed fees and independence.

The ARMC meets as required and normally at least four times a year. At least annually it reviews its effectiveness and performance against its Charter, and reports on this to the Board.

The ARMC meets with the external auditor at least semi-annually and more frequently if required. There is also the opportunity to discuss any matters in a private session between the ARMC and external auditors at least annually.

Principles 12 and 13: Internal Controls and Internal Audit.

GIL has a formal risk management framework as well as risk management policies in place that are reviewed and monitored by the ARMC.

While GIL does not have in place a stand alone internal audit function, the ARMC reviews and monitors significant findings and recommendations of reviews of internal controls performed by GIL's external auditors during the year and the Manager's response to them.

Principle 14: Communication with Shareholders.

GIL provides timely, open and accurate information to all Shareholders as well as investors, regulators and the wider investment community. The Board of Directors has adopted policies and procedures in relation to compliance with the disclosure requirements under the SGX-ST Listing Rules, having regard to the recommendations of the Singapore Code.

GIL has developed a Shareholder communications policy. This policy is designed to ensure the delivery of timely and relevant information to Shareholders.

Principle 15: Shareholders' Participation.

General meetings of Shareholders will be convened at least once each year (the Annual General Meeting), there will be distinct resolutions on each substantially separate issue, and Shareholders will be able to vote in person or by proxy. The Chairman of each of GIL's committees will be present in person or by phone, and the external auditors are also invited to address relevant queries from Shareholders.

DEALING IN SECURITIES

GIL operates securities trading policies and procedures that, when taken together, apply to dealings in securities and derivatives by Directors of GIL, and Directors, officers and employees of the Manager. The policies and procedures are designed to raise awareness and minimise any potential for trading in relevant securities:

- when in possession of relevant non-public price-sensitive information;
- during the period commencing two weeks before the announcement of GIL's financial results for each of the first three quarters and one month before the announcement of the Company's full year financial results and ending on the date of announcement of the relevant results.

BOARD AND COMMITTEE MEETINGS HELD DURING THE YEAR ENDED 31 DECEMBER 2009

Directors	Date of appointment	Date of resignation	Board Meetings ¹		Audit and Risk Management Committee Meetings ¹		Nominations and Governance Committee Meetings ¹	
			Number of meetings Held	Attended	Number of meetings Held	Attended	Number of meetings Held	Attended
Tara Leonard Railton	25 Oct 2006		29	28	6	5	3	3
Joel Peter Schaefer	25 Oct 2006		29	24	2	2	3	3
Dilhan Pillay Sandrasegara	25 Oct 2006	25 Nov 2009	28	13	n/a ²	n/a ²	n/a ²	n/a ²
Lee Soon Kie	25 Oct 2006	25 Nov 2009	28	27	6	4	n/a ²	n/a ²
Julian Blackley	25 Feb 2009	25 Nov 2009	27	25	n/a ²	n/a ²	n/a ²	n/a ²
Philip Mackey	6 Apr 2009	25 Nov 2009	24	23	4	4	2	2
Nicholas James Douglas Campbell	4 May 2009		23	20	4	4	n/a ²	n/a ²
Adrian Chan Pengee	5 May 2009		23	20	n/a ²	n/a ²	1	0
Sanjiv Misra	8 May 2009		22	19	4	3	n/a ²	n/a ²
Boon Swan Foo	25 Nov 2009		1	1	0	0	0	0

¹ For each individual Director, it refers to the number of meetings held/attended whilst he/she was a Director or since his/her appointment as a Director in 2009.

² Denotes where a Director is not a committee member and is not required to attend.

OPERATING AND FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group For the year ended 31 December 2009 S\$'000	Group For the year ended 31 December 2008 S\$'000
REVENUE		
Distribution income	795	-
Dividend income	1,221	2,962
Interest income	10,466	34,652
Rental income	5,518	5,354
Guarantee fee income	-	1,630
Net foreign exchange gains	23,601	-
Royalty income	1,357	7,108
Gain on sale of investment	2,141	-
Other operating income	-	3,955
Total Revenue	45,099	55,661
EXPENSES		
Management fees	(1,162)	(2,827)
Depreciation and amortisation	(2,050)	(3,605)
Finance costs	(5,202)	(16,355)
Net foreign exchange losses	-	(29,426)
Impairment expense	(58,425)	(136,718)
Other operating expenses	(8,912)	(6,156)
Total Expenses	(75,751)	(195,087)
Share of Loss in Equity Accounted Investment	-	(18,266)
Loss before Tax	(30,652)	(157,692)
Income Tax (Expense)/Benefit	(3,212)	1,137
Loss after Tax	(33,864)	(156,555)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Available for sale financial assets revaluation reserve	11,540	19,713
Equity accounting reserve	-	5,869
Foreign currency translation reserve	(2,895)	(5,037)
Other Comprehensive Income for the period	8,645	20,545
Total Comprehensive Loss for the period attributable to Shareholders	(25,219)	(136,010)
Basic Loss per Share (cents per Share)	(8.62)	(40.11)
Diluted Loss per Share (cents per Share)	(8.62)	(40.11)

Analysis of Loss After Tax

The Group's net loss after tax of S\$33.9 million for the year ended 31 December 2009 was mainly contributed by the impairment loss of S\$58.4 million which was partially offset by a net foreign exchange gain of S\$23.6 million due to the strengthening of Australian dollar in which the Group's assets are significantly denominated. An analysis of the contributing factors of the overall net loss position is as follows:

Revenue

The Group's total revenue dropped by S\$10.6 million from S\$55.7 million to S\$45.1 million for the year ended 31 December 2009. The drop was mainly attributed to lower interest and royalty income received which had declined by a total of S\$29.9 million. The lower interest income earned was attributed to both a reduced investment portfolio as well as under-performing investments whilst the decline in royalty income was due to the sale of Music Copyright Assets during the year.

The drop in Groups' revenue could have been higher if not for the net foreign exchange gain of S\$23.6 million as a result of the strengthening Australian dollar and a gain of S\$2.0 million from the sale of investment in the Music Copyright Assets before taking into account the settlement amount with Bank of Ireland of US\$0.9 million (S\$1.3 million) which is included in other operating expenses.

Expenses

Total expenses dropped from S\$195.1 million to S\$75.8 million for the year ended 31 December 2009. The drop was largely due to lower impairment expenses of S\$58.4 million (2008: S\$136.7 million) provided on investments in Babcock & Brown Rail North America LLC, Avoca CLO VII plc, Seiza Series 2006-1 Trust, Seiza Augustus Series 2007-1 Trust and Provident Cashflow Limited and lower finance costs of S\$5.2 million (2008: S\$16.4 million) following the full repayment of corporate debt facility, underlying debt facility relating to the Music Copyright Assets and the termination of the Ancora commercial paper program.

The Group also had a favourable exchange position in 2009 as compared to 2008 when a net loss in foreign exchange of S\$29.4 million was incurred.

STATEMENT OF FINANCIAL POSITION

	Group As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2009 S\$'000	Company As at 31 December 2008 S\$'000
ASSETS				
Cash and cash equivalents	27,499	80,224	19,511	64,788
Available for sale financial assets	16,096	13,604	-	-
Loans and receivables	68,373	94,572	-	-
Aircraft	37,294	39,699	-	-
Investments in subsidiaries	-	-	97,803	143,584
Equity accounted investments	-	22,081	-	-
Intangible assets – Music Copyright Assets	-	69,776	-	-
Deferred tax assets	-	2,477	-	-
Intercompany receivables	-	-	8,430	-
Other assets	268	972	67	709
Total Assets	149,530	323,405	125,811	209,081
LIABILITIES				
Interest bearing liabilities	22,317	157,978	-	-
Intercompany payables	-	-	-	46,185
Other liabilities	7,826	9,041	6,424	6,510
Total Liabilities	30,143	167,019	6,424	52,695
Net assets attributable to Shareholders	119,387	156,386	119,387	156,386
EQUITY				
Share capital	393,844	393,844	393,844	393,844
Available for sale financial assets revaluation reserve	10,496	(1,044)	-	-
Consolidation reserve	-	(57,745)	-	-
Equity accounting reserve	-	-	-	-
Translation reserve	(35,245)	(32,350)	(37,770)	(35,019)
Accumulated losses	(249,708)	(146,319)	(236,687)	(202,439)
Total Equity	119,387	156,386	119,387	156,386

Net Assets

The net asset value of the Group declined by 10 Singapore cents per Share during the year to 30 Singapore cents per Share as at 31 December 2009 after accounting for further impairment losses, which was partially offset by net foreign exchange gains.

Assets

Cash and cash equivalents decreased by S\$52.7 million to S\$27.5 million for the year 2009 as a result of repayment of borrowings.

Available for sale financial assets have increased by S\$2.5 million to S\$16.0 million for the year 2009 primarily due to the increase in B&B Air share price.

Loans and receivables have declined by S\$26.2 million to S\$68.4 million for the year 2009. This was largely attributable to impairment losses on several assets and the sale of Paramount Mezzanine Loan. The decline was however partially offset by foreign exchange gains arising from the appreciation of the Australian dollar.

During the year 2009, equity accounted investment in Babcock & Brown Rail North America LLC has been fully written down and Music Copyright Assets has been disposed of in April 2009.

Liabilities

Interest bearing liabilities have decreased by S\$135.7 million to S\$22.3 million for the year 2009 as a result of the full repayment and cancellation of the Bank of Ireland facility in connection with the sale of the Group's Music Copyright Assets and the repayment of the Company's corporate debt facility.

Equity

The consolidation reserve of S\$57.7 million has been transferred to be included as part of retained earnings. Refer to note 24 to the Financial Report for further information.

Cash Flows

The net decrease in cash and cash equivalents for the year 2009 was S\$52.7 million. This was as a result of the following factors:-

- There was a decrease in the cash from the operating activities in 2009 as compared to 2008 mainly due to a reduction of interest income received and an increase in operating costs.
- The increase in the cash from the investing activities was mainly due to the disposal of Music Copyright Assets.
- The net increase in the repayments of borrowings in 2009 has resulted in the decrease of cash and cash equivalents.

ECONOMIC OUTLOOK – GENERAL¹

Global growth is expected to remain subdued in 2010. Inflationary risks may return, driven by record low interest rates, excessive credit growth, and quantitative easing measures implemented during the financial crisis. Governments and central banks will gradually look to withdraw fiscal and monetary stimulus policies, and increased sovereign credit risks stemming from unsustainable debt levels in several economies will continue to induce market volatilities.

United States (“US”)

The US economy turned around in the second half of 2009. Key economic indicators including industrial production, durable good orders and retail spending came in ahead of expectations in the fourth quarter of 2009. However, the unemployment rate remain elevated after peaking in October 2009, with recent trends in average weekly jobless claims pointing to only marginal improvements in the labour market over the short term. Corporate earnings have surprised on the upside due to aggressive cost-cutting initiatives, but revenue growth has yet to recover. After several months of positive gains, housing indicators have become more uncertain towards year end, indicating the impact of the homebuyer tax credit may be waning and home prices may not see meaningful gains in the near-term. Significant economic slack persist, as capacity utilization remains at record lows. Looking ahead to 2010, the high unemployment rate, weak housing market and economic slack would continue to weigh on the fragile economy and keep growth sluggish. The Federal Reserve is expected to remain accommodative and maintain the Fed Funds rate at between 0% and 0.25%.

United Kingdom (“UK”)

The UK has remained a laggard in the global recovery, with household and public debt levels at record highs. Due to concerns over unemployment and home prices, much of the liquidity created from lower interest rates has been saved or used to repay debt, rather than stimulate consumer spending. Manufacturing data has remained weak in the fourth quarter of 2009, the sector having only reversed a small fraction of the decline experienced over the recession. Weakness in the British Pound has also yet to translate into any improvements in the UK’s net trade position. The Bank of England has maintained its quantitative easing programme which has kept bond yields low and encouraged gains in equity and bond markets. Political uncertainty remains high, with elections likely to take place by June 2010 and neither the Labour nor Conservative Party outlining a clear fiscal plan to reign in the deficit.

Europe

Growth in the Eurozone has come in ahead of expectations, underpinned by strong recoveries in Germany and France. The strong rise in orders since spring 2009, the still-low level of production, and the improvement in leading indicators suggest output in the Eurozone would continue to improve. Although Eurozone’s consumers are better positioned with relatively higher accumulated savings, high unemployment will likely continue to weigh on consumer spending, dampening the recovery and causing the Eurozone to lag behind the US and Asia. In spite of government policies to keep workers in their jobs, unemployment is still expected to climb. The growth differential among Eurozone countries will likely persist. Germany and France will lead the recovery, while countries plagued by worsening fiscal deficits - including Greece, Spain, Ireland and Portugal - are expected to lag. Measures taken by these countries to improve their fiscal position would limit the scope for policy stimulus to spur growth.

Australia

Australia has been one of the few countries that has avoided recession. Its exposure to fast-growing emerging economies, especially China, continues to drive its growth. Although the Reserve Bank of Australia (“RBA”) has withdrawn its accommodative monetary policy, economic growth is supported by a resilient labour market and buoyant home prices. The RBA has taken the lead among central banks in hiking rates, but may proceed more cautiously in 2010 as the rate hikes gradually dampen consumer spending and cause the Australian dollar to appreciate.

¹ Commentary sourced from independent financial institution economic reports.

BUSINESS OUTLOOK¹ – TARGETED ASSET CLASSES

Operating Lease Assets

The International Air Transport Association (“IATA”) believes that the worst is over but the global aviation industry is still facing tough times ahead. In 2009, passenger and cargo yields plummeted by 12% and 15% respectively. While IATA projects passenger traffic to increase by 4.5% and air cargo by 7% in 2010, it forecasts no improvement in passenger yields and cargo yields to improve marginally by 0.9%. Passenger and cargo yields are not expected to recover due to excess capacity and lower corporate activities. The outlook for aircraft lessors continues to be challenged as a result of tight credit markets, falling aircraft values and rise in airline failures.

The rail car leasing industry in the US is not expected to recover in the near future due to weak demand for electricity and coal. With an anticipated surplus of coal rail cars, renewal rates as well as residual values for coal rail cars are expected to continue to be weak.

Starting in 2010, European rail operators are allowed to open international passenger rail routes in all EU countries. While the liberalisation of the European rail market is positive for the rail leasing industry, the slowdown in economic activity has led to a lower than expected demand for leasing of rail equipments. Progress in new service offers from operators is expected to continue to be slow and this will lead to later than expected award of tenders to the operators and a consequent deferment of any new lease commitments for passenger rail equipment. Demand for freight cars is likely to remain muted as freight volumes remain low and there is a large number of unutilised freight cars.

Loan Portfolio and Securitisation Assets

The Australian housing market which has been relatively strong in 2009 may moderate as interest rates are raised and government stimulus is withdrawn. However, the strong demand of housing and robust labour market should provide support to property prices.

The residential market in the UK is showing signs of stabilisation. Generally, the average house prices have stabilised in recent months and certain areas have even registered a rebound. However further declines should not be ruled out although the general consensus anticipates for flat housing price movement in 2010. Despite the low interest rate environment, borrowers are expected to be further pressured due to the tough overall economic conditions and consequently defaults are expected to remain high.

Market conditions for European leveraged loans have improved as secondary loan prices continued to increase. With the improvement in economic outlook and credit conditions, high yield issuers are increasingly able to refinance their debt. However, further rating downgrades on loan issuers in 2010 are expected. Defaults are expected to remain elevated in the short term but are expected to decline by the end of 2011.

Alternative Assets

The Group currently does not hold any investments in the Alternative Assets class.

Summary

Against this economic and business backdrop, the Company will continue to actively manage its assets and the associated risks with the view to enhance returns to shareholders. The Company will also seek investment opportunities in targeted asset classes that fit the investment objectives and risk profile of the Company.

¹ Commentary sourced from various sources including independent financial institution economic reports.

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STATEMENT BY DIRECTORS

In the opinion of the Directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 40 to 85 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2009 and of the results of the business, changes in equity and cash flows of the Group for the financial year ended 31 December 2009; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors:



Boon Swan Foo
Chairman
Global Investments Limited



Tara Leonard Railton
Deputy Chairman
Global Investments Limited

17 March 2010

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GLOBAL INVESTMENTS LIMITED

We have audited the accompanying financial statements of Global Investments Limited (the "Company" or "GIL") and its subsidiaries, (the "Group") set out on pages 40 to 85, which comprise the statement of financial position of the Company and of the Group as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statement of financial position of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.



PricewaterhouseCoopers LLP

Public Accountants and Certified Public Accountants

17 March 2010

STATEMENT OF FINANCIAL POSITION

	Note	Group As at 31 December 2009 S\$'000	Company As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2008 S\$'000
ASSETS					
Cash and cash equivalents	10	27,499	19,511	80,224	64,788
Available for sale financial assets	11	16,096	-	13,604	-
Loans and receivables	12	68,373	-	94,572	-
Aircraft	14	37,294	-	39,699	-
Investments in subsidiaries	15	-	97,803	-	143,584
Equity accounted investments	16	-	-	22,081	-
Intangible assets – Music Copyright Assets	17	-	-	69,776	-
Deferred tax assets	18	-	-	2,477	-
Intercompany receivables		-	8,430	-	-
Other assets	19	268	67	972	709
Total Assets		149,530	125,811	323,405	209,081
LIABILITIES					
Interest bearing liabilities	20	22,317	-	157,978	-
Intercompany payables		-	-	-	46,185
Other liabilities	21	7,826	6,424	9,041	6,510
Total Liabilities		30,143	6,424	167,019	52,695
Net Assets attributable to Shareholders		119,387	119,387	156,386	156,386
EQUITY					
Share capital	22	393,844	393,844	393,844	393,844
Available for sale financial assets revaluation reserve	23	10,496	-	(1,044)	-
Consolidation reserve	24	-	-	(57,745)	-
Equity accounting reserve	25	-	-	-	-
Translation reserve	26	(35,245)	(37,770)	(32,350)	(35,019)
Accumulated losses	27	(249,708)	(236,687)	(146,319)	(202,439)
Total Equity		119,387	119,387	156,386	156,386

The above statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group For the year ended 31 December 2009 S\$'000	Group For the year ended 31 December 2008 S\$'000
REVENUE			
Distribution income		795	-
Dividend income		1,221	2,962
Interest income		10,466	34,652
Rental income		5,518	5,354
Guarantee fee income		-	1,630
Net foreign exchange gains		23,601	-
Royalty income		1,357	7,108
Gain on sale of investment	4	2,141	-
Other operating income	5	-	3,955
Total Revenue		45,099	55,661
EXPENSES			
Management fees		(1,162)	(2,827)
Depreciation and amortisation		(2,050)	(3,605)
Finance costs		(5,202)	(16,355)
Net foreign exchange losses		-	(29,426)
Impairment expense	6	(58,425)	(136,718)
Other operating expenses	7	(8,912)	(6,156)
Total Expenses		(75,751)	(195,087)
Share of Loss in Equity Accounted Investment		-	(18,266)
Loss before Tax		(30,652)	(157,692)
Income Tax (Expense)/Benefit	8	(3,212)	1,137
Loss after Tax		(33,864)	(156,555)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Available for sale financial assets revaluation reserve	23	11,540	19,713
Equity accounting reserve	25	-	5,869
Translation reserve	26	(2,895)	(5,037)
Other Comprehensive Income for the period		8,645	20,545
Total Comprehensive Loss for the period attributable to Shareholders		(25,219)	(136,010)
Basic Loss per Share (cents per Share)	35	(8.62)	(40.11)
Diluted Loss per Share (cents per Share)	35	(8.62)	(40.11)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in Equity of the Group for the year to 31 December 2009	Note	Share capital S\$'000	Available for sale financial assets revaluation reserve S\$'000	Con- solidation reserve S\$'000	Translation reserve S\$'000	(Accumulated losses)/ retained earnings S\$'000	Total S\$'000
Balance as at 1 January 2009		393,844	(1,044)	(57,745)	(32,350)	(146,319)	156,386
Total comprehensive income/(loss) for the year		-	11,540	-	(2,895)	(33,864)	(25,219)
Transfer of reserves to retained earnings	24	-	-	57,745	-	(57,745)	-
Transactions with equity holders in their capacity as equity holders:							
Dividend for the period	27	-	-	-	-	(11,780)	(11,780)
Balance as at 31 December 2009		393,844	10,496	-	(35,245)	(249,708)	119,387

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Changes in Equity of the Group for the year to 31 December 2008	Note	Share capital S\$'000	Available for sale financial assets revaluation reserve S\$'000	Con- solidation reserve S\$'000	Equity accounting reserve S\$'000	Translation reserve S\$'000	(Accumulated losses)/ retained earnings S\$'000	Total S\$'000
Balance as at 1 January 2008		390,503	(20,757)	(57,745)	(5,869)	(27,313)	30,563	309,382
Total comprehensive income/(loss) for the year		-	19,713	-	5,869	(5,037)	(156,555)	(136,010)
Transactions with equity holders in their capacity as equity holders:								
Dividend for the period	27	-	-	-	-	-	(20,327)	(20,327)
Issue of share capital – reinvestment of management fees	22	3,341	-	-	-	-	-	3,341
Balance as at 31 December 2008		393,844	(1,044)	(57,745)	-	(32,350)	(146,319)	156,386

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group For the year ended 31 December 2009 S\$'000	Group For the year ended 31 December 2008 S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating costs		(13,577)	(3,376)
Interest income		11,503	34,889
Guarantee fee income		-	1,840
Distribution income		795	5,519
Dividend income		1,221	2,962
Rental income		5,575	5,353
Royalty income		3,027	5,671
Income tax paid		(705)	(637)
Net Cash Inflow from Operating Activities	10(A)	7,839	52,221
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in equity accounted investments		-	(3,078)
Net sale/(purchase) of intangible assets		67,245	(2,368)
Purchase of financial assets		-	(25,974)
Loan repayments received		16,312	75,149
Disposal of loans and receivables assets		110	-
Net Cash Inflow from Investing Activities		83,667	43,729
CASH FLOWS FROM FINANCING ACTIVITIES			
Net repayments of borrowings		(143,240)	(60,163)
Borrowing costs paid		(4,103)	(16,867)
Dividends paid		(7,854)	(43,585)
Net Cash Outflow from Financing Activities		(155,197)	(120,615)
Net Decrease in Cash and Cash Equivalents		(63,691)	(24,665)
Unrestricted cash and cash equivalents at beginning of year		80,224	126,471
Effects of exchange rate changes on cash and cash equivalents		6,761	(21,582)
Unrestricted Cash and Cash Equivalents at End of Year		23,294	80,224
Restricted Cash and Cash Equivalents	10	4,205	-
Cash and Cash Equivalents at End of Year		27,499	80,224

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Global Investments Limited (“GIL” or the “Company”) was incorporated on 24 April 2006 as a mutual fund company limited by shares. The address of its registered office is Penboss Building, 2nd Floor, 50 Parliament Street, Hamilton HM 12 Bermuda. The year ended 31 December 2009 refers to the financial year from 1 January 2009 to 31 December 2009. The year ended 31 December 2008 refers to the period from 1 January 2008 to 31 December 2008.

The Company is incorporated and domiciled in Bermuda and is publicly traded on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

The principal activities of the Company and its subsidiaries collectively (the “Group”) consist of investing in a diversified portfolio of financial assets.

GIL was managed by Babcock & Brown Global Investments Management Pty Limited (“BBGIM”) from 1 January 2009 to 25 November 2009 and ST Asset Management Ltd (“STAM”) from 25 November 2009 to 31 December 2009 in the financial year ended 31 December 2009. As such, the managers are individually responsible for the preparation and maintenance of accounting and other records for the respective periods in which they have acted as managers of GIL. The term “Manager” refers to BBGIM or STAM, as the context requires.

Assets

The Company and its subsidiaries were parties to an amended and restated multicurrency revolving facility agreement with the Commonwealth Bank of Australia (“CBA”) in June 2008 and certain assets were either pledged or charged in relation thereto in favour of CBA. The pledge or charge was not reported in 2008 financial statements. The facility with CBA was fully repaid in April 2009 and arrangement has been made for the pledge/charge to be fully discharged. Refer to Note 20 on Interest Bearing Liabilities for further information.

These financial statements were authorised for issue in accordance with a Directors’ resolution dated 17 March 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of GIL, which have been consistently applied in preparing the financial statements, are as follows:

(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and its interpretations adopted by the International Accounting Standards Board (“IASB”).

The financial statements, expressed in Singapore dollars, and rounded to the nearest thousand, have been prepared using the historical cost basis, except that certain financial assets and financial liabilities are stated at fair value.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. The areas involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant to the consolidated financial statements are disclosed in Note 2 (V).

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interpretations and amendments to published standards effective in 2009

The Group has adopted the following new and amended IFRSs as of 1 January 2009:

IFRS 7 'Financial instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

IFRS 8 'Operating segments' – effective 1 January 2009. IFRS 8 replaces IAS 14 'Segment reporting', and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. Segment revenue, segment profits and segment assets are also measured on a basis that is consistent with internal reporting.

IAS 1 (revised), 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(B) FUNCTIONAL CURRENCY

Items included in the financial statements of GIL are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to GIL (the "functional currency"). The functional currency of GIL is the United States ("US") dollar.

(C) FOREIGN CURRENCIES

(i) Foreign Currency Transactions

Transactions in foreign currencies are translated at rates ruling on transaction dates. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into US dollars at the foreign exchange rates ruling at that date. Foreign exchange differences arising from the translation are recognised in the profit or loss. Non-monetary assets and liabilities measured at cost in a foreign currency are translated using exchange rates at the date of the transaction. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into US dollars at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Presentation Currency

The financial statements of GIL are presented in Singapore dollars because the Shares of GIL are listed on the Main Board of the SGX-ST. Assets and liabilities other than the profit or loss for the current year are translated from the functional currency of US dollars to Singapore dollars at rates of exchange ruling at the statement of financial position date. Income and expense items are translated at the average exchange rates for the year. All equity items other than the profit or loss for the current year are translated at historical rates. Resultant exchange differences are recognised directly in other comprehensive income.

(D) CONSOLIDATION

Subsidiaries are entities (including special purpose entities) controlled by GIL. Control exists when GIL has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Investments in subsidiaries are stated at cost less accumulated impairment losses.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations are accounted for under the purchase accounting method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss. GIL accounts for common control business transactions using the book value cost method whereby the accounting entries are based on the book values of the assets and economic exposures at the date of acquisition.

Associates are entities in which GIL has significant influence, but not control, over financial and operating policies.

They are accounted for using the equity method of accounting from the day that significant influence commences until the date that significant influence ceases.

Entities which are jointly controlled by GIL are accounted for using the equity method of accounting from the day that joint control commences until the date that joint control ceases. Joint control exists where there is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the entity require the unanimous consent of the parties sharing the control.

Under the equity method, the investment in the jointly controlled entity is initially recognised at cost and the carrying amount is increased or decreased to recognise GIL's share of the profit or loss of the jointly controlled entity as well as post acquisition movements in reserves. GIL's share of the profit or loss of the jointly controlled entity is recognised in the profit or loss. Distributions received from the jointly controlled entity reduce the carrying amount of the investment to the extent that the investment is carried at nil. Distributions received subsequent to the impaired investment in associate are recognised as income in the profit or loss. When GIL's share of losses exceeds the carrying amount of the jointly controlled entity, recognition of further losses is discontinued unless GIL has incurred obligations or made payments to satisfy obligations of the associate that GIL has guaranteed or otherwise committed on behalf of.

On disposal of investments in jointly controlled entities and associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

(E) AIRCRAFT

Aircraft are recognised at cost less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis so as to write down the aircraft to the estimated residual value over a period of approximately 6.5 years, which represents the shorter of the lease term and the estimated useful life of the aircraft.

(F) INTANGIBLE ASSETS

Music Copyright Assets

Acquired Music Copyright Assets are initially capitalised at an amount which includes the contracted purchase price and other directly attributed costs of preparing the asset for its intended use. Music Copyright Assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in the profit or loss using the straight-line method over the estimated useful lives of the catalogues which is expected to be no greater than 35 years. Costs associated with holding the Music Copyright Assets are recognised as an expense when incurred.

The amortisation period and amortisation method of intangible assets are reviewed at least quarterly. The effects of any revision of the amortisation period or amortisation method are included in the profit or loss for the financial period in which the change arises.

Gain on disposal of the Group's investment in Music Copyright Assets is determined as the difference between the disposal proceeds and the carrying amount and is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(G) FINANCIAL ASSETS

Regular way purchases and sales of financial assets are recognised on trade date which is the date on which the Company commits to purchase or sell the asset.

(i) Available for Sale Financial Assets

Available for sale financial assets are stated at fair value, with any resultant gain or loss being recognised directly in other comprehensive income. The exceptions are impairment losses and foreign exchange gains and losses on monetary items, which are recognised in the profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in other comprehensive income is recognised in the profit or loss. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the profit or loss.

The net gains or losses recognised are determined including the effects of all income and expenses related to that particular available for sale financial asset.

Available for sale financial assets are non-derivative financial assets that are not classified in any of the other categories of financial assets.

(ii) Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The net gains or losses recognised are determined including the effects of all interest income and expenses related to that particular loan and receivable financial asset.

(H) ACQUISITION COSTS

Costs which are directly attributable and incremental to the acquisition of an asset are capitalised into the asset balance.

(I) GUARANTEE FEES

Guarantee fees receivable are recognised at the present value of the discounted cash flows of the guarantee fee over the duration of the guarantee agreement. The asset is matched with a corresponding guarantee fee payable which reflects the deferred guarantee fee income. Guarantee fees payable are amortised to the profit or loss over the term of the guarantee on a straight-line basis.

(J) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and bank deposits. Restricted cash and cash equivalents are separately disclosed in the consolidated statement of cash flows.

(K) IMPAIRMENT

The carrying amounts of assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are determined. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is charged to the profit or loss.

(i) Calculation of Recoverable Amount

The recoverable amount of loans and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Loans and receivables with a short duration are not discounted.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

(ii) Reversal of Impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, or amortisation, if no impairment loss had been recognised.

An impairment loss on an equity investment classified as an available for sale financial asset cannot be reversed through the profit or loss.

(L) INTEREST BEARING LIABILITIES

Interest bearing liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the profit or loss over the term of the liabilities using the effective interest method.

(M) PROVISIONS

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(N) DERIVATIVE FINANCIAL INSTRUMENTS

The Group may use derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from operating, financing and investing activities. GIL does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially in the statement of financial position at fair value. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged. (See accounting policy 2(O).)

(O) HEDGING

(i) Fair Value Hedges

Where a derivative financial instrument hedges the change in fair value of a recognised asset or liability or an unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on the hedging instrument is recognised in the profit or loss. The hedged item is also stated in the statement of financial position at fair value in respect of the risk being hedged, with any gain or loss recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Cash Flow Hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. The ineffective part of any gain or loss is recognised immediately in the profit or loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated cumulative gain or loss is removed from other comprehensive income and included in the initial cost or other carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains and losses that were recognised directly in other comprehensive income are reclassified into the profit or loss in the same period or periods during which the asset acquired or liability assumed affects the profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised immediately in the profit or loss.

(P) SHARE ISSUE COSTS

Share issue costs represent expenses incurred in connection with the issuance of Shares on the SGX-ST. On Listing, except for listing fees which were deducted directly from Shareholders' equity, all share issue costs were borne by the Babcock & Brown Group. Subsequently, expenses directly attributable to the issuance of new Ordinary Shares are deducted against share capital.

(Q) REVENUE RECOGNITION

(i) Interest Income

Interest income is recognised in the profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial asset.

(ii) Rental Income

Rental income is recognised in the profit or loss on a straight-line basis over the lease term.

(iii) Dividend Income

Dividend income is recognised in the profit or loss when the right to receive payment is established.

(iv) Guarantee Fee Income

Guarantee fee income is recognised in the profit or loss over the period of the guarantee procurement service.

(v) Royalty Income

Royalty income is recognised in the profit or loss on an accrual basis in the period to which the income relates.

(R) EXPENSES

(i) Finance Costs

Interest expenses and similar charges are recognised in the profit or loss in the period in which they are incurred, using the effective interest method.

(ii) Manager's Fees

Management fees paid/payable to the managers, in their capacity as the managers of GIL, are recognised on an accrual basis.

(S) TAXATION

GIL is a resident for tax purposes solely in Bermuda. Under the current laws of Bermuda, there is no income, corporation, withholding tax, capital gains or other taxes payable by GIL. To the extent subsidiaries of GIL have tax-related balances these will be reflected in the GIL consolidated results.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill nor deductible for tax purposes and for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date; and
- (ii) based on the tax consequences that will follow from the manner in which the Group expects, at the statement of financial position date, to recover or settle the carrying amounts of its assets and liabilities.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

A deferred tax asset is recognised for all deductible temporary differences arising from investments in associates and jointly controlled entities to the extent that, it is probable that:

- (i) the temporary difference will reverse in the foreseeable future; and
- (ii) taxable profit will be available against which the temporary difference can be utilised.

(T) LEASE RECEIVABLES

Lease receivables relating to aircraft are non-derivative financial assets with fixed or determinable payments recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less allowance for impairment.

(U) SEGMENT REPORTING

The Group has applied IFRS 8 Operating Segments from 1 January 2009. IFRS 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented, as the previously reported geographical segments of United Kingdom and Europe, the United States and Australia are now by asset class; Operating Lease Assets, Loan Portfolio and Securitisation Assets and Alternative Assets.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker, which is the Board of Directors of the Company (the "Board").

Comparatives for 2008 have been restated.

(V) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

GIL makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are evaluated on an ongoing basis and take account of historical experience and expectations of future events.

(i) Fair Value of Available for Sale Financial Assets

The fair value of available for sale financial assets that are quoted in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used is the current bid price.

The fair value of available for sale financial assets that are not quoted in active markets is determined by using valuation techniques such as discounted cash flow analysis, valuation of similar investments and reference to recent sales transactions of the same or similar assets. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Where appropriate, quoted market prices, broker or dealer quotes for similar instruments are used.

(ii) Impairment of Assets

The Carrying Values of all assets are reviewed on a quarterly basis for indications of impairment. Indicators such as changes in interest rates, creditworthiness of borrowers in the case of loans, performance of the investment, assessment of the performance of the underlying collateral, where applicable, and other asset specific and industry and economic factors are considered as part of the assessment. To the extent that an indication of impairment is identified, a detailed assessment of the recoverable amount is performed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Special Purpose Entities

The Group has dealings with special purpose entities (“SPEs”) primarily for the purpose of holding investments, for asset securitisation transactions and for buying or selling credit protection. The Group does not consolidate SPEs that it does not control. As it can sometimes be difficult to determine whether the Group does control an SPE, management makes judgements about the Group’s exposure to the risk and rewards, as well as about the Group’s ability to make operational decisions for the SPE in question. In many instances, elements are present that, considered in isolation, indicate control or lack of control over an SPE but when considered together make it difficult to reach a clear conclusion. In such cases, management makes judgements as to whether the Group does indeed control an SPE.

3. FINANCIAL RISK MANAGEMENT

The Group’s activities are exposed to a number of financial risks, including:

- interest rate risk
- currency risk
- credit risk
- market price risk
- liquidity risk, and
- capital risk

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Audit and Risk Management Committee (“ARMC”) then establishes the policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies in accordance with the objectives and underlying principles approved by the Board of Directors.

In determining the significance of each financial risk, the Company focuses on the potential economic impact to its Shareholders rather than potential impact on the accounting results. The emphasis on potential economic impacts arises principally from the fact the Company pays dividends to Shareholders by reference to Cash Economic Income rather than accounting profits/retained earnings. Certain items which typically impact accounting retained earnings such as depreciation/amortisation, temporary valuation changes of investments, foreign exchange movements and capital-related expenses, have no direct impact on Cash Economic Income and therefore will not affect the Company’s ability to pay dividends to Shareholders.

Cash Economic Income is determined by the Company on the advice of the Manager. This determination involves an assessment as to whether distributions received on the investments constitute capital or income. This determination involves an element of judgement by the Manager. In this regard, the Company relies upon the experience of the Manager and its knowledge of the Group’s target asset classes to make the determination at the relevant time. In determining the Company’s Cash Economic Income, the Manager takes into account any changes to the expected returns on the investments over the time that the Group holds the investment. The expected returns on the investments are calculated based on a financial model specific to the investment and are determined on an asset by asset basis. This can result in an adjustment to the apportionment of distributions received between capital and economic income at various stages over the lifetime of an investment.

The Company does not intend to enter into capital hedges to protect the value of its investments and economic exposures, which are not denominated in Singapore dollars.

Importantly, to the extent an investment matures or a divestment is made, the Company will make a decision at that time about usage or redeployment of underlying capital.

The Company’s overall risk management strategy seeks to minimise adverse effects on the Company’s ability to pay dividends and the value of the underlying investments. The Company’s approach to management of financial risks is both top down and bottom up in the sense of analysing risks at a Group level as well as at an investment-specific level.

Financial risk management is carried out by the Manager in accordance with the policies set by the ARMC. The Manager identifies, evaluates and manages financial risks. This involves periodic sensitivity testing and various levels of reporting through the Group, including regular formal reporting to the ARMC and the Board of Directors.

At an investment level, the Company aims to reduce financial risks through structuring the manner in which the investment is acquired or funded. At a Group level, financial instruments such as interest rate swaps may be used to reduce interest rate risks together with other more traditional measures such as investing in a portfolio comprising various targeted asset classes, sectors, countries, maturities, and return profile.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(A) INTEREST RATE RISK

Interest rate risk can be cash flow related or fair value related. Cash flow risk impacts Cash Economic Income, while fair value risk affects the value of investments and capital returns.

The Company may hedge the interest rate exposure inherent in the underlying investments if possible and appropriate.

The portfolio is structured so as to reduce the likelihood that an adverse movement of interest rate in one jurisdiction would have a material impact on overall cash flow or fair value. This includes maintaining diversity in the nature of the returns from the underlying investments, ranging from contracted equity distributions, variable interest returns and fixed interest returns.

The Manager periodically performs various interest rate sensitivity analyses. The sensitivity measure that is reported to the ARMC and the Board is the impact that a 100 basis points ("bp") movement in interest rates across each of the relevant currencies applied to average annual balances would have on Cash Economic Income. This measure is illustrated below:

31 December 2009	US London interbank offered rate		Australian bank bill swap rate	
	Increase in interest rate by 100 bp S\$'000	Decrease in interest rate by 100 bp S\$'000	Increase in interest rate by 100 bp S\$'000	Decrease in interest rate by 100 bp S\$'000
Cash Economic Income	37	(1)¹	627	(627)

31 December 2009	European interbank offered rate		UK London interbank offered rate	
	Increase in interest rate by 100 bp S\$'000	Decrease in interest rate by 100 bp S\$'000	Increase in interest rate by 100 bp S\$'000	Decrease in interest rate by 100 bp S\$'000
Cash Economic Income	146	(141)¹	2	*¹

¹ The actual decrease in interest rate applied in the sensitivity analysis is less than 100 basis points as the interest rate for the cash account is less than 1%. As such, the effect would be opposite but not equal in absolute terms as a 100 basis points increase in interest rate.

* Less than S\$1,000 in absolute terms

31 December 2008	US London interbank offered rate		Australian bank bill swap rate	
	Increase in interest rate by 100 bp S\$'000	Decrease in interest rate by 100 bp S\$'000	Increase in interest rate by 100 bp S\$'000	Decrease in interest rate by 100 bp S\$'000
Cash Economic Income	233	(233)	233	(233)

31 December 2008	European interbank offered rate		UK London interbank offered rate	
	Increase in interest rate by 100 bp S\$'000	Decrease in interest rate by 100 bp S\$'000	Increase in interest rate by 100 bp S\$'000	Decrease in interest rate by 100 bp S\$'000
Cash Economic Income	70	(70)	7	(7)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Exposure to interest rate risks

The table below sets out the Group's and the Company's exposure to interest rate risks as of 31 December 2009 and 31 December 2008.

2009							
Group	Weighted average interest rate %	Floating interest rate S\$'000	Fixed interest rate maturing in:			Non-interest bearing S\$'000	Total S\$'000
			1 year or less S\$'000	1 to 5 years S\$'000	Over 5 years S\$'000		
ASSETS							
Cash and cash equivalents	0.07	27,499	-	-	-	-	27,499
Available for sale financial assets	11.40	-	-	-	2,910	13,186	16,096
Loans and receivables	11.61	68,373	-	-	-	-	68,373
Aircraft	-	-	-	-	-	37,294	37,294
Other assets	-	-	-	-	-	268	268
Total Assets	-	95,872	-	-	2,910	50,748	149,530
LIABILITIES							
Interest bearing liabilities	7.25	-	1,918	20,399	-	-	22,317
Other liabilities	-	-	-	-	-	7,826	7,826
Total Liabilities	-	-	1,918	20,399	-	7,826	30,143
2009							
Company	Weighted average interest rate %	Floating interest rate S\$'000	Fixed interest rate maturing in:			Non-interest bearing S\$'000	Total S\$'000
			1 year or less S\$'000	1 to 5 years S\$'000	Over 5 years S\$'000		
ASSETS							
Cash and cash equivalents	0.04	19,511	-	-	-	-	19,511
Investments in subsidiaries	-	-	-	-	-	97,803	97,803
Intercompany receivables	-	-	-	-	-	8,430	8,430
Other assets	-	-	-	-	-	67	67
Total Assets	-	19,511	-	-	-	106,300	125,811
LIABILITIES							
Other liabilities	-	-	-	-	-	6,424	6,424
Total Liabilities	-	-	-	-	-	6,424	6,424

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

2008								
Group	Weighted average interest rate %	Floating interest rate S\$'000	Fixed interest rate maturing in:			Non-interest bearing S\$'000	Total S\$'000	
			1 year or less S\$'000	1 to 5 years S\$'000	Over 5 years S\$'000			
ASSETS								
Cash and cash equivalents	5.13	19,330	60,894	-	-	-	80,224	
Available for sale financial assets	11.42 ¹	-	146	-	3,238	10,220	13,604	
Loans and receivables	12.93	85,467	9,105	-	-	-	94,572	
Aircraft	-	-	-	-	-	39,699	39,699	
Equity accounted investments	-	-	-	-	-	22,081	22,081	
Intangible assets – Music Copyright Assets	-	-	-	-	-	69,776	69,776	
Deferred tax assets	-	-	-	-	-	2,477	2,477	
Other assets	-	-	-	-	-	972	972	
Total Assets	-	104,797	70,145	-	3,238	145,225	323,405	
LIABILITIES								
Interest bearing liabilities	6.66	-	95,380	62,598	-	-	157,978	
Other liabilities	-	-	-	-	-	9,041	9,041	
Total Liabilities	-	-	95,380	62,598	-	9,041	167,019	
2008								
Company	Weighted average interest rate %	Floating interest rate S\$'000	Fixed interest rate maturing in:			Non-interest bearing S\$'000	Total S\$'000	
			1 year or less S\$'000	1 to 5 years S\$'000	Over 5 years S\$'000			
ASSETS								
Cash and cash equivalents	5.55	3,894	60,894	-	-	-	64,788	
Investments in subsidiaries	-	-	-	-	-	143,584	143,584	
Other assets	-	-	-	-	-	709	709	
Total Assets	-	3,894	60,894	-	-	144,293	209,081	
LIABILITIES								
Intercompany payables	-	-	-	-	-	46,185	46,185	
Other liabilities	-	-	-	-	-	6,510	6,510	
Total Liabilities	-	-	-	-	-	52,695	52,695	

¹ The weighted average interest rate in respect of available for sale financial assets for financial year 2008 has been amended from 2.84% to 11.42% to exclude the non-interest bearing assets in its computation.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CURRENCY RISK

The more significant currency risk to the Group is the risk that Cash Economic Income received in the base currencies (i.e. the currency of the underlying investment) loses value relative to the Singapore dollar, resulting in less Singapore dollars available to pay dividends to Shareholders.

This risk is mitigated through hedging (converting) the majority of expected Cash Economic Income available for distribution as dividends to Singapore dollars.

Sensitivity analysis around currency fluctuations is periodically performed by the Manager. The sensitivity which is reported throughout the organisation is the impact to projected Cash Economic Income from a 10% movement in relevant base currency rates, net of any foreign currency hedges. This is illustrated below.

31 December 2009	US Dollar		Australian Dollar	
	Increase in exchange rate by 10% S\$'000	Decrease in exchange rate by 10% S\$'000	Increase in exchange rate by 10% S\$'000	Decrease in exchange rate by 10% S\$'000
Cash Economic Income	536	(536)	397	(397)

31 December 2009	Euro		British Pound	
	Increase in exchange rate by 10% S\$'000	Decrease in exchange rate by 10% S\$'000	Increase in exchange rate by 10% S\$'000	Decrease in exchange rate by 10% S\$'000
Cash Economic Income	178	(178)	*	*

* Less than S\$1,000 in absolute terms

31 December 2008	US Dollar		Australian Dollar	
	Increase in exchange rate by 10% S\$'000	Decrease in exchange rate by 10% S\$'000	Increase in exchange rate by 10% S\$'000	Decrease in exchange rate by 10% S\$'000
Cash Economic Income	238	(238)	413	(413)

31 December 2008	Euro		British Pound	
	Increase in exchange rate by 10% S\$'000	Decrease in exchange rate by 10% S\$'000	Increase in exchange rate by 10% S\$'000	Decrease in exchange rate by 10% S\$'000
Cash Economic Income	325	(325)	98	(98)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

The tables below set out the Group's and the Company's currency exposure as at 31 December 2009 and 31 December 2008.

2009						
Group	Singapore Dollar S\$'000	British Pound S\$'000	Euro S\$'000	US Dollar S\$'000	Australian Dollar S\$'000	Total S\$'000
ASSETS						
Cash and cash equivalents	18,414	750	1,928	5,811	596	27,499
Available for sale financial assets	-	-	2,910	13,186	-	16,096
Loans and receivables	-	-	8,003	-	60,370	68,373
Aircraft	-	-	-	37,294	-	37,294
Other assets	-	-	-	268	-	268
Total Assets	18,414	750	12,841	56,559	60,966	149,530
LIABILITIES						
Interest bearing liabilities	-	-	-	(22,317)	-	(22,317)
Other liabilities	(5,353)	(32)	(24)	(1,760)	(657)	(7,826)
Total Liabilities	(5,353)	(32)	(24)	(24,077)	(657)	(30,143)
Net Exposure	13,061	718	12,817	32,482	60,309	119,387

2009						
Company	Singapore Dollar S\$'000	British Pound S\$'000	Euro S\$'000	US Dollar S\$'000	Australian Dollar S\$'000	Total S\$'000
ASSETS						
Cash and cash equivalents	18,414	388	335	95	279	19,511
Investments in subsidiaries	-	-	-	97,803	-	97,803
Intercompany receivables	(144)	1,289	42,466	(60,502)	25,321	8,430
Other assets	-	-	-	67	-	67
Total Assets	18,270	1,677	42,801	37,463	25,600	125,811
LIABILITIES						
Other liabilities	(5,353)	-	-	(414)	(657)	(6,424)
Total Liabilities	(5,353)	-	-	(414)	(657)	(6,424)
Net Exposure	12,917	1,677	42,801	37,049	24,943	119,387

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

2008						
Group	Singapore Dollar S\$'000	British Pound S\$'000	Euro S\$'000	US Dollar S\$'000	Australian Dollar S\$'000	Total S\$'000
ASSETS						
Cash and cash equivalents	648	234	2,319	1,104	75,919	80,224
Available for sale financial assets	-	146	3,238	10,220	-	13,604
Loans and receivables	-	-	14,331	3,052	77,189	94,572
Aircraft	-	-	-	39,699	-	39,699
Equity accounted investments	-	-	-	22,081	-	22,081
Intangible assets – Music Copyright Assets	-	34,888	-	34,888	-	69,776
Deferred tax assets	-	-	-	2,477	-	2,477
Other assets	-	-	-	263	709	972
Total Assets	648	35,268	19,888	113,784	153,817	323,405
LIABILITIES						
Interest bearing liabilities	-	-	(20,956)	(45,256)	(91,766)	(157,978)
Other liabilities	(3,664)	(730)	-	(4,436)	(211)	(9,041)
Total Liabilities	(3,664)	(730)	(20,956)	(49,692)	(91,977)	(167,019)
Net Exposure	(3,016)	34,538	(1,068)	64,092	61,840	156,386

2008						
Company	Singapore Dollar S\$'000	British Pound S\$'000	Euro S\$'000	US Dollar S\$'000	Australian Dollar S\$'000	Total S\$'000
ASSETS						
Cash and cash equivalents	648	24	5	5	64,106	64,788
Investments in subsidiaries	-	-	-	143,584	-	143,584
Other assets	-	-	-	-	709	709
Total Assets	648	24	5	143,589	64,815	209,081
LIABILITIES						
Intercompany payables	(151)	676	43,893	(38,817)	(51,786)	(46,185)
Other liabilities	(3,664)	-	-	(108)	(2,738)	(6,510)
Total Liabilities	(3,815)	676	43,893	(38,925)	(54,524)	(52,695)
Net Exposure	(3,167)	700	43,898	104,664	10,291	156,386

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) CREDIT RISK

The investments of the Group are subject to credit risk, which is the risk of financial loss as a result of the failure by a counterparty (including lessee) to settle its contractual obligations, as and when they are due.

The Manager seeks to mitigate this risk through the asset selection process, the structuring of investments to minimise credit risk where possible, active ongoing monitoring of the Group's investments and the overall investment policy which is designed for targeted asset classes, sectors, maturities, obligors, countries, currencies and return profile. Credit limits have been established to ensure that GIL deals with creditworthy counterparties for investments and hedging transactions and that counterparty concentration risk is addressed and the risk of loss is mitigated.

A significant element of the monitoring involves conducting due diligence in respect of servicers, originators and managers of the Group's investments including regular meetings with senior management.

The Manager also conducts ongoing monitoring of the Group's investments through the following procedures:

- reviews of investment reports in respect of each investment (for example trustee reports);
- monitoring and analysing performance metrics such as Cash Economic Income received, credit enhancement levels, arrears and default data, performance triggers and prepayment rates in relation to our investments;
- monitoring of servicer and manager performance as measured by rating agency reports and performance in similar transactions where possible;
- surveillance of rating changes and reports and relevant research reports;
- analysing macroeconomic factors to gauge possible effects on the performance of our investments; and
- regular contact with industry participants including rating agencies, trustees, originators, arrangers and servicers.

The maximum exposure to credit risk for the Group at 31 December 2009 is the total Carrying Value of the assets in the portfolio.

The tables below set out the Group's concentrations of its assets, liabilities and credit commitments by asset class and geographical location as of 31 December 2009 and 31 December 2008.

Group As at 31 December 2009	Total Assets S\$'000	Total Liabilities S\$'000	Credit Commitments S\$'000	Revenues S\$'000
Operating Lease Assets				
United Kingdom and Mainland Europe	-	-	-	750
United States	50,681	(22,362)	-	6,739
Australia	-	-	-	-
Loan Portfolio & Securitisation Assets				
United Kingdom and Mainland Europe	10,914	(24)	-	1,001
United States	-	-	-	-
Australia	60,370	-	(3,497)	26,854
Alternative Assets				
United Kingdom and Mainland Europe	-	(32)	-	3,801
United States	-	(1,301)	-	1,931
Australia	-	-	-	3
Other	27,565	(6,424)	-	4,020
Total	149,530	(30,143)	(3,497)	45,099

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Group As at 31 December 2008	Total Assets S\$'000	Total Liabilities S\$'000	Credit Commitments S\$'000	Revenues S\$'000
Operating Lease Assets				
United Kingdom and Mainland Europe	-	-	-	-
United States	74,740	(28,326)	-	12,270
Australia	-	-	-	-
Loan Portfolio & Securitisation Assets				
United Kingdom and Mainland Europe	17,715	-	-	6,109
United States	-	-	-	1,169
Australia	150,593	(91,922)	(2,845)	17,579
Alternative Assets				
United Kingdom and Mainland Europe	34,888	(21,472)	-	3,554
United States	37,941	(21,472)	-	8,013
Australia	-	-	-	2,773
Other	7,528	(3,827)	-	4,194
Total	323,405	(167,019)	(2,845)	55,661

(D) MARKET PRICE RISK

Market price risk in the context of the Group and its underlying investments is the risk that the market determined price of an investment (both listed and unlisted) declines, resulting in an unrealised loss in the value of an investment.

The Group does not actively hedge its exposure to the risk of a general decline in equity market values. To manage market price risk at a Group level, the Company would maintain a portfolio across various targeted markets, industries, originators and segments so as to reduce the risk that a fall in the market price of one investment, and consequently the value of the investment, would be extended across a large proportion of the portfolio.

The investment management policy whereby each individual investment is closely monitored on an ongoing basis ensures that the Manager is in the best possible position to identify any potential concerns early and act quickly.

Any temporary market price fall would only be realised in an economic sense when an investment was disposed of. The Company is intending to hold the majority of the investments in the portfolio until maturity therefore reducing the risk of any temporary declines in value of such investments being realised. Additionally and importantly, the Group has no market value clauses in its lending facilities, ensuring that the Group cannot be forced to dispose of an investment (and thus realise a loss) in a falling market.

The Group has one investment in listed securities as at 31 December 2009, being the investment in Babcock & Brown Air Limited ("B&B Air"). B&B Air is a Bermudan limited liability company which is listed on the New York Stock Exchange and tax resident in Ireland. It has a portfolio of commercial aircraft which are leased to commercial airlines. As at 31 December 2009, the Group held 1,051,010 B&B Air shares. This investment could be adversely affected if general equity market values were to decline.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis around market price fluctuations has been performed by the Manager. The sensitivity analysis assesses the net asset value movement from a 10% movement in the share price of B&B Air and is illustrated below.

31 December 2009	Share price of B&B Air	
	Increase by 10% S\$'000	Decrease by 10% S\$'000
Net asset value	1,319	(1,319)

31 December 2008	Share price of B&B Air	
	Increase by 10% S\$'000	Decrease by 10% S\$'000
Net asset value	1,022	(1,022)

The Company does not have any other investments in listed securities as at 31 December 2009 and 31 December 2008.

(E) LIQUIDITY RISK

The Group seeks to manage liquidity risk by maintaining sufficient cash flows and having an adequate amount of committed credit facilities, whenever necessary. The tables below set out the Group's liabilities as of 31 December 2009 and 31 December 2008 into relevant maturity groupings based on the remaining period at statement of financial position date to the contractual maturity date.

2009 ¹ Group	Up to 1 month S\$'000	Up to 12 months S\$'000	1 to 5 years S\$'000	Over 5 years S\$'000	Total S\$'000
LIABILITIES					
Interest bearing liabilities	294	3,232	23,647	-	27,173
Other liabilities	-	7,801	-	-	7,801
Total Liabilities	294	11,033	23,647	-	34,974

2009 ¹ Company	Up to 1 month S\$'000	Up to 12 months S\$'000	1 to 5 years S\$'000	Over 5 years S\$'000	Total S\$'000
LIABILITIES					
Other liabilities	-	6,424	-	-	6,424
Total Liabilities	-	6,424	-	-	6,424

2008 ¹ Group	Up to 1 month S\$'000	Up to 12 months S\$'000	1 to 5 years S\$'000	Over 5 years S\$'000	Total S\$'000
LIABILITIES					
Interest bearing liabilities	288	98,833	73,615	-	172,736
Other liabilities	-	7,906	-	1,135	9,041
Total Liabilities	288	106,739	73,615	1,135	181,777

2008 ¹ Company	Up to 1 month S\$'000	Up to 12 months S\$'000	1 to 5 years S\$'000	Over 5 years S\$'000	Total S\$'000
LIABILITIES					
Intercompany payables	-	46,185	-	-	46,185
Other liabilities	-	6,510	-	-	6,510
Total Liabilities	-	52,695	-	-	52,695

¹ The above contractual cash flows are undiscounted.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(F) CAPITAL RISK

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise Shareholder value.

With the repayment and cancellation of the corporate debt facility in April 2009, the Group is no longer required to maintain capital based on a gearing ratio under the facility.

In 2008, BBGIM monitors capital based on a gearing ratio. The Group has committed to maintain a gearing ratio of no more than 25%.

The gearing ratio is calculated as the aggregate of Total Debt and Contingent Liabilities as at the determination date divided by the Gross Investment Value as at that date.

The definitions of each of the key terms as at 31 December 2008 are as follows:

Gross Investment Value is:

- (a) the aggregate of:
 - (i) the total costs (without double counting and including, without limitation, acquisition costs) of the Obligors in acquiring (including indirectly through other members of the Entire Group) assets and Economic Exposures including, without limitation, the contingent value of Economic Exposures so incurred. For the avoidance of doubt, total costs for the purpose of this paragraph (a)(i) does not include any Third Party Debt that would otherwise constitute total costs;
 - (ii) Cash and Cash Equivalents of the Obligors as at that date; but excluding any Cash or Cash Equivalents held with or in the name of or for the benefit of the issuer of any Cash-backed Letter of Credit or its agent; and
 - (iii) interest or other income which has been capitalised by the Obligors in respect of any of the assets or Economic Exposures referred to in paragraph (a)(i) of this definition as at that date;

less

- (b) the aggregate of (in each case, determined as at that date):
 - (i) any amount received by any member of the Entire Group which represents a return of capital in respect of any of the assets or Economic Exposures referred to in paragraph (a)(i) of this definition excluding any such amount which is applied, to repay or prepay principal amounts of Third Party Debt;
 - (ii) any realised capital loss incurred by any member of the Entire Group; and
 - (iii) any unrealised capital loss incurred by any member of the Entire Group in respect of which the Borrower determines, in accordance with the Dividend Policy, it will be necessary to retain an amount which would otherwise be available for distribution to shareholders of the Borrower to ensure that the aggregate capital of the Borrower is not reduced as a result of that loss.

For the purposes of paragraph (a):

- (i) the total costs of BBSFF Alternative Assets Limited in acquiring its assets and Economic Exposures with respect to "Paramount Mezzanine Loan"(as detailed in the "Industry" section of the Prospectus);
- (ii) the total costs of BBSFF Loan Portfolio & Securitisation Limited, or any Subsidiary of BBSFF Loan Portfolio & Securitisation Limited, in acquiring its assets and Economic Exposures with respect to:
 - (A) "Avoca VI CLO Investment", "Avoca VII CLO Investment", "Ancora – Pepper Securitisation No. 2 Investment", "Ancora – Pepper Securitisation No. 3 Investment", "Ancora – Seiza Augustus Series 2007-1 Trust", "Ancora – Seiza Warehouse Note Investment" and "Mortgages plc Securitisation Investment" (as detailed in the "Industry" section of the Prospectus); and

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) all securitisation assets and Economic Exposures acquired on or after the date of the Amendment Agreement; and

(iii) where, at any time, the aggregate total costs of BBSFF Loan Portfolio & Securitisation Limited and its Subsidiaries in acquiring loan portfolio assets and Economic Exposures exceeds 7.5% of the Gross Investment Value, the amount of that excess, will be discounted by 50%. Any asset or Economic Exposure discounted in paragraph (a) shall be similarly discounted to the extent it is represented in paragraph (b).

Contingent Liabilities are the lesser of:

- (a) the sum of the limits of liabilities of the Finance Parties (or any one or more of them) expressed in each letter of credit which is outstanding as at that time (other than, in respect of any Letter of Credit, to the extent cash cover has been provided for that Letter of Credit); and
- (b) the sum of any outstanding underlying obligations (including accrued and unpaid interest) as at that time which is subject to any letter of credit which is outstanding as at that time (other than, in respect of any letter of credit, to the extent cash cover has been provided for that letter of credit).

Financial Indebtedness is any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance or capital lease (other than capital lease obligations with respect to office furnishings, fixtures and office equipment);
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the Mark-to-Market value shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument in each case issued by a bank or financial institution;
- (h) any amount of any liability under an advance or deferred purchase agreement if: (i) one of the primary reasons behind entering into the agreement is to raise finance; or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 90 days after the date of supply; or
- (i) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing or the raising of financial accommodation, but excluding obligations to clearing banks in connection with automated clearing transactions; and
- (j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above, but, for the avoidance of doubt, shall exclude the amount of any liability in respect of any guarantee for the performance of undertakings or non-payment obligations for bona fide commercial purposes in the ordinary course of trading and other than in respect of Financial Indebtedness.

	Group As at 31 December 2008 S\$'000
Total debt and contingent liabilities	32,413
Gross investment value	191,716
Gearing Ratio	16.91%

The Group is in compliance with its debt covenants for the financial year ended 31 December 2008.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(G) FAIR VALUE MEASUREMENTS

Effective 1 January 2009, the Group adopted the amendment to IFRS 7 which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Group As at 31 December 2009	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Available for sale financial assets	13,186	-	2,910	16,096

The fair value of financial instruments quoted in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1 and comprise listed equity securities.

The fair value of financial instruments other than the listed equity securities as mentioned above is estimated based on broker or dealer quotes, valuation models or discounted cash flow techniques. These instruments are included in Level 3.

The following table presents the changes in Level 3 instruments for the financial year ended 31 December 2009.

Available for sale financial assets	Level 3 S\$'000
At 1 January 2009	3,384
Total gains or losses	
- profit or loss	(1,700)
- other comprehensive income	3,387
Purchases	-
Issues	-
Settlements	(2,161)
Transfers into or out of Level 3	-
At 31 December 2009	2,910
Total losses for the year included in profit or loss for assets held at the end of the year	(1,700)

The following table shows the sensitivity of Level 3 measurements to reasonably possible alternative assumptions:

31 December 2009	Reflected in equity	
	Favourable changes S\$'000	Unfavourable changes S\$'000
Available for sale financial assets	269	(294)

The above favourable and unfavourable changes are determined by varying the levels of the unobservable input using valuation models or discounted cash flow techniques.

4. GAIN ON SALE OF INVESTMENT

	Group For the year ended 31 December 2009 S\$'000	Group For the year ended 31 December 2008 S\$'000
Gain on sale of Music Copyright Assets ¹	2,031	-
Gain on disposal of Paramount Mezzanine Loan Investment ²	110	-
Total Gain on Sale of Investment	2,141	-

¹ On 7 April 2009, BBSFF Music Copyright Holdings Limited ("BMCH"), a wholly-owned subsidiary of the Company, sold its portfolio of Music Copyright Assets. The gross sale price for the Music Copyright Assets was US\$48.1 million which resulted in a net accounting gain of S\$2.0 million in profit or loss.

² On 15 July 2009, the Company disposed of the Group's investment in Paramount Mezzanine Loan for consideration of US\$75,000. The proceeds from the disposal resulted in an accounting gain of S\$0.1 million in profit or loss.

5. OTHER OPERATING INCOME

	Group For the year ended 31 December 2009 S\$'000	Group For the year ended 31 December 2008 S\$'000
Gain from monetisation of Class B Membership Interest in JET-i Holdings LLC	-	3,955
Total Other Operating Income	-	3,955

6. IMPAIRMENT EXPENSE

	Group For the year ended 31 December 2009 S\$'000	Group For the year ended 31 December 2008 S\$'000
IMPAIRMENT EXPENSE		
Class A Membership Interest in BBRNA	22,328	39,051
Mortgages plc Securitisation Investment	31	24,087
Investment in Babcock & Brown Air Limited	3,832	24,038
Paramount Mezzanine Loan	-	22,199
Avoca CLO VII plc Investment – F Note	6,242	-
Avoca CLO VII plc Investment – G Note	1,334	14,031
Avoca CLO VI plc Investment – M Note	335	7,356
Seiza Augustus Series 2007-1 Trust - NIM Note	-	5,956
Seiza Augustus Series 2007-1 Trust - G Note	8,279	-
Seiza Series 2006-1 Trust (Warehouse) - NIM Note	11,496	-
Provident Cashflow Limited	4,548	-
Total Impairment Expense	58,425	136,718

7. OTHER OPERATING EXPENSES

	Group For the year ended 31 December 2009 S\$'000	Group For the year ended 31 December 2008 S\$'000
OPERATING EXPENSES		
Professional fees	6,290	4,240
Investor relations expenses	260	158
Director fees	288	247
Music copyright performance-based expenses	263	1,013
Settlement amount due to Bank of Ireland	1,307	-
Other expenses	504	498
Total Other Operating Expenses	8,912	6,156

8. INCOME TAX EXPENSE

	Group For the year ended 31 December 2009 S\$'000	Group For the year ended 31 December 2008 S\$'000
INCOME TAX EXPENSE		
Current tax	(707)	(1,392)
Deferred tax	(2,505)	2,529
Total Income Tax (Expense)/Benefit	(3,212)	1,137
Tax expense on profit differs from the amount that would arise using the Bermuda standard rate of income tax due to the following:		
Loss from continuing operations before income tax (expense)/benefit	(30,652)	(148,249)
Tax at the Bermuda tax rate of 0%	-	-
Withholding tax	(707)	(1,392)
Deferred tax	(2,505)	2,529
Income Tax (Expense)/Benefit	(3,212)	1,137

The income tax expense arises on withholding tax relating to Global Investments Limited and Babcock & Brown Aircraft Lessor No.1 Limited and temporary differences relating to Babcock & Brown Aircraft Lessor No. 2 Limited and BBRNA. The tax rate used is the applicable US tax rate of 35%.

9. DIVIDENDS PAID AND PROPOSED

A final dividend of 1.00 Singapore cent per Share declared for the period 1 July 2009 to 31 December 2009 amounting to S\$3.93 million has been paid on 25 February 2010.

The 2009 interim dividend of 2.00 cents per Share in respect of the period from 1 January 2009 to 30 June 2009 was paid on 20 August 2009 and amounted to S\$7.85 million.

The Company did not pay a final dividend in respect of the half year ended 31 December 2008.

	Group For the year ended 31 December 2009	Group For the year ended 31 December 2008
Ordinary Shares		
Interim Dividend		
Dividends per Share (cents)	2.00	5.20
Dividends paid/declared (S\$'000)	7,854	20,327
Final Dividend		
Dividends per Share (cents)	1.00	-
Dividends paid/declared (S\$'000)	3,926	-

As the Company was incorporated in Bermuda and is a tax resident in Bermuda, dividends paid by the Company should generally be regarded as foreign-sourced dividend from Singapore income tax perspective. In this regard, dividends paid by the Company would be subject to Singapore income tax when received or deemed received in Singapore by corporate shareholders.

Dividends from the Company received by investors who are not tax resident in Singapore, with no permanent establishment in Singapore, are generally not subject to Singapore income tax.

Similarly, dividends from the Company received by individuals in Singapore (whether tax resident in Singapore or otherwise) are exempted from Singapore income tax unless these dividends are received via partnerships.

Bermuda currently does not impose withholding tax on dividends paid by the Company to non-Bermudian tax resident shareholders.

10. CASH AND CASH EQUIVALENTS

	Group As at 31 December 2009 S\$'000	Company As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2008 S\$'000
Cash at bank	23,214	19,431	19,883	4,447
Short-term deposits	80	80	60,278	60,278
Long-term deposits	-	-	63	63
Restricted cash and cash equivalents	4,205	-	-	-
Total Cash and Cash Equivalents	27,499	19,511	80,224	64,788

Cash and cash equivalents of the Group as at 31 December 2009 includes US\$3.0 million (S\$4.2 million) of restricted cash. Subsequent to the year end, the cash of US\$3.0 million (S\$4.2 million) is no longer restricted. Refer to Note 37 on Contingencies for further information. Cash and cash equivalents for the Group as at 31 December 2008 includes S\$60.3 million of short-term deposits used to support cash-backed letters of credit in connection with the Ancora commercial paper program. There were no short-term deposits used to support cash-backed letters of credit in connection with the program at 31 December 2009 as the program was terminated in February 2009.

(A) RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Group For the year ended 31 December 2009 S\$'000	Group For the year ended 31 December 2008 S\$'000
Loss after tax	(33,864)	(156,555)
Adjustments for:		
Depreciation and amortisation	2,050	3,605
Net foreign exchange (gains)/losses	(23,601)	29,426
Impairment expense	58,425	136,718
Reinvestment of management fees	-	1,906
Share of loss in equity accounted investment	-	18,266
Gain on sale of investment	(2,141)	-
Finance costs	5,202	16,355
Changes in operating assets and liabilities:		
Decrease in assets	4,457	9,919
Decrease in deferred tax assets	2,477	432
Decrease in liabilities	(5,166)	(7,851)
Net Cash Inflow from Operating Activities	7,839	52,221

(B) ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There were no acquisitions or disposals of subsidiaries during the years ended 31 December 2009 and 31 December 2008.

11. AVAILABLE FOR SALE FINANCIAL ASSETS

	Group As at 31 December 2009 S\$'000	Company As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2008 S\$'000
Mortgages plc Securitisation Investment	-	-	146	-
Avoca CLO VI plc Investment	1,617	-	971	-
Avoca CLO VII plc Investment	1,293	-	2,267	-
Investment in Babcock & Brown Air Limited	13,186	-	10,220	-
Total Available for Sale Financial Assets	16,096	-	13,604	-

For the year ended 31 December 2009, income of S\$1.4 million (2008: S\$7.6 million) in relation to the available for sale financial assets was recognised in the profit or loss. This gain includes interest income and dividend income and is before impairment charges of S\$5.5 million (2008: S\$69.5 million).

Other than the investment in Babcock & Brown Air Limited, which is valued by reference to the listed price of the securities, all available for sale financial assets are valued using valuation techniques, in line with the accounting policy per Note 2(V)(i).

12. LOANS AND RECEIVABLES

	Group As at 31 December 2009 S\$'000	Company As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2008 S\$'000
Paramount Mezzanine Loan	-	-	3,053	-
Avoca CLO VII plc Investment	8,003	-	14,331	-
Pepper Residential Securities Trust No. 5 ¹	6,297	-	7,155	-
Pepper Residential Securities Trust No. 6 ¹	10,252	-	12,042	-
Seiza Series 2006-1 Trust (Warehouse) ¹	39,285	-	41,437	-
Seiza Augustus Series 2007-1 Trust ¹	3,605	-	10,378	-
Provident Cashflow Limited	931	-	6,176	-
Total Loans and Receivables	68,373	-	94,572	-

¹ In 2008, the Group reclassified certain financial assets from the Available for Sale category to the Loans and Receivables category. The Group had the intention and ability to hold these financial assets for the foreseeable future or until maturity at the reclassification date.

The total fair value of the financial assets which were reclassified as at the date of reclassification was S\$33.9 million.

As at 31 December 2009, the reclassified financial assets had been fully repaid or impaired. As at 31 December 2008, the fair values and carrying values of the reclassified financial assets were S\$11.0 million and S\$16.3 million respectively. If the Group had not reclassified the financial assets in 2008, fair value losses recognised in the prior year in the profit or loss and the available for sale financial assets revaluation reserve would have been S\$0 million and S\$5.5 million respectively. In addition, the Group's impairment charges and interest income recorded in the prior year would remain unchanged at S\$136.7 million and S\$34.7 million respectively.

In the current year, the Group recognised interest income in the profit or loss in respect of the reclassified financial assets of S\$1.2 million (2008: S\$2.5 million pre-reclassification and S\$1.7 million post-reclassification). The impairment charges in respect of the reclassified financial assets was S\$11.5 million (2008: S\$2.8 million pre-reclassification and S\$3.2 million post-reclassification).

In the current year, the fair value loss recorded in the available for sale financial assets revaluation reserve of S\$1.0 million had been fully amortised as the reclassified financial assets had been fully repaid or impaired. In 2008, the Group recognised a fair value loss in the available for sale financial assets revaluation reserve of S\$0.7 million (pre-reclassification) and a fair value gain of S\$0.4 million in the available for sale financial assets revaluation reserve (post-reclassification).

12. LOANS AND RECEIVABLES (CONTINUED)

The effective interest rates on financial assets reclassified from the Available for Sale category to the Loans and Receivables category as at the date of reclassification was between 14% and 17%.

As at the date of reclassification, the Group expected to recover S\$46.6 million of undiscounted cash flows from the financial assets reclassified from the Available for Sale category to the Loans and Receivables category.

For the year ended 31 December 2009, income of S\$9.6 million (2008: S\$17.2 million) in relation to the loans and receivables was recognised as interest income in the profit or loss before impairment charges of S\$30.6 million (2008: S\$28.2 million).

There is currently no active market for these financial instruments and accordingly, there is no immediately realisable value for these financial assets. Based on the current market inputs to the valuation models for the respective assets and management's intention to hold the assets for the longer term, the carrying value of the investments appears to approximate their fair value.

13. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2009, the Group had an embedded derivative in underlying investments which has an option to allow the borrower to extend the term of the debt secured on the two Boeing 757-200 aircraft.

At 31 December 2008, the Group had a number of embedded derivatives in underlying investments including:

- early prepayment options granted to the borrower in connection with the Paramount Mezzanine Loan;
- an option to allow the borrower to extend the term of the Paramount Mezzanine Loan; and
- an option to allow the borrower to extend the term of the debt secured on the two Boeing 757-200 aircraft.

The embedded derivatives as outlined above have nil fair values as at 31 December 2009 and 31 December 2008.

14. AIRCRAFT

	Group As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000
COST		
Beginning of financial year	42,710	42,794
Exchange differences	(1,028)	(84)
Closing Balance	41,682	42,710
ACCUMULATED DEPRECIATION		
Beginning of financial year	3,011	1,528
Depreciation charge	1,502	1,457
Exchange differences	(125)	26
Closing Balance	4,388	3,011
Net Book Value	37,294	39,699

The Group owns two Boeing 757-200 aircraft leased to Thomson Airways Limited (formerly known as Thomsonfly Limited). During the year ended 31 December 2008 the leases were novated from First Choice Airways Ltd to Thomson Airways Limited. The lease is an operating lease and matures on 30 April 2013. No contingent rents have been recognised as income during the years ended 31 December 2009 and 31 December 2008.

Debt amounting to US\$15.9 million (2008: US\$17.2 million) has been secured on the aircraft. The Carrying Value of the two leased aircraft which are held for use is US\$26.6 million (2008: US\$27.6 million).

The Company does not have any aircraft, therefore no data is presented.

15. INVESTMENTS IN SUBSIDIARIES

	Company As at 31 December 2009 S\$'000	Company As at 31 December 2008 S\$'000
EQUITY INVESTMENTS AT COST		
Beginning of financial year	143,584	333,291
Impairment expense	(46,686)	(189,051)
Exchange differences	905	(656)
Closing Balance	97,803	143,584

16. EQUITY ACCOUNTED INVESTMENTS

	Group As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000
Babcock & Brown Rail North America LLC ("BBRNA")	-	22,081
Babcock & Brown Rail Investments Limited ("BBRIL")	-	-
Total Equity Accounted Investments	-	22,081

The Group has a 41.5% equity interest (2008: 41.5%) at a cost of US\$54.6 million (2008: US\$54.6 million) in BBRNA, which currently owns a portfolio of railcars on lease in North America.

The Group has a 35.0% equity interest (2008: 35.0%) at a cost of €4.4 million (2008: €4.4 million) in BBRIL, which is a Guernsey company that owns CBRail Leasing S.à.r.l. ("CBRail Group"), an operating lessor based in Luxembourg and owner of a portfolio of passenger train fleets, locomotives and freight wagons.

The summarised financial information of the Group's equity accounted investments, all of which are unlisted, are as follows:

Investment	Country of Incorporation	Assets S\$'000	Liabilities S\$'000	Revenues S\$'000	Net Loss S\$'000	% Interest Held
2009						
BBRNA ³	United States	1,264,354 ¹	1,338,846 ¹	104,162	(170,471) ⁴	41.5
BBRIL ³	Guernsey	614,714 ²	596,587 ²	64,586	(4,772) ⁵	35.0
		1,879,068	1,935,433	168,748	(175,243)	
2008						
BBRNA	United States	1,444,342	1,391,135	116,701	(17,414)	41.5
BBRIL	Guernsey	645,223 ²	659,214 ²	59,871	(31,540)	35.0
		2,089,565	2,050,349	176,572	(48,954)	

¹ At 31 December 2009, the Group's equity interest in BBRNA is carried at nil.

² At 31 December 2009 and 31 December 2008, the Group's equity interest in BBRIL is carried at nil.

³ The information is based on the latest available consolidated management accounts as at 31 December 2009.

⁴ In the current year, the Group has not recognised losses relating to its equity interest in BBRNA as it has been fully impaired in the first quarter of 2009. The cumulative unrecognised share of losses amounted to S\$70.7 million (2008: nil).

⁵ In the current year, the Group has not recognised losses relating to its equity interest in BBRIL as the Group's share of losses exceeds the carrying amount of the investment. The cumulative unrecognised share of losses amounted to S\$1.7 million (2008: nil).

Further details of the equity accounted investments are included in Note 31.

17. INTANGIBLE ASSETS – MUSIC COPYRIGHT ASSETS

	Group As at 31 December 2009 S\$'000	Company As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2008 S\$'000
COST				
Beginning of financial year	69,504	-	79,312	-
Other	-	-	(347)	-
Disposals during the year	(69,913)	-	-	-
Exchange differences	409	-	(9,461)	-
Closing Balance	-	-	69,504	-
ACCUMULATED AMORTISATION				
Beginning of financial year	2,980	-	982	-
Amortisation charge	548	-	2,148	-
Disposals during the year	(3,537)	-	-	-
Exchange differences	9	-	(150)	-
Closing Balance	-	-	2,980	-
Net Book Value	-	-	66,524	-
Royalty income receivable	-	-	3,252	-
Closing Balance	-	-	69,776	-

In the current year, a gain on sale of Music Copyright Assets is recorded in the profit of loss. Refer to Note 4 on Gain on Sale of Investment for further information.

18. DEFERRED TAX ASSETS

	Group As at 31 December 2009 S\$'000	Company As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2008 S\$'000
Opening balance	2,477	-	2,909	-
Tax credited/(debited) to:				
Profit or loss	(2,505)	-	2,529	-
Equity accounting reserve	-	-	(3,160)	-
Exchange differences	28	-	199	-
Closing Balance	-	-	2,477	-

19. OTHER ASSETS

	Group As at 31 December 2009 S\$'000	Company As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2008 S\$'000
Prepayment	67	67	-	-
Other receivables	201	-	972	709
Total Other Assets	268	67	972	709

20. INTEREST BEARING LIABILITIES

	Group As at 31 December 2009 S\$'000	Company As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2008 S\$'000
Term loans ¹	22,317	-	66,212	-
Commercial paper notes ²	-	-	91,766	-
Total Interest Bearing Liabilities³	22,317	-	157,978	-
Amount repayable in one year or less, or on demand	1,918	-	95,380	-
Amount repayable after one year	20,399	-	62,598	-
Total Interest Bearing Liabilities	22,317	-	157,978	-
Amount secured	22,317	-	157,978	-
Total Interest Bearing Liabilities	22,317	-	157,978	-

¹ The term loans are secured against the two Boeing 757-200 aircraft leased to Thomson Airways Limited (formerly known as Thomsonfly Limited), the shares in Babcock & Brown Air Limited and the music copyright catalogues held by the Group. As at 31 December 2009, the balance of the term loans has decreased due to the full repayment and cancellation of the Bank of Ireland facility in connection with the sale of the Group's Music Copyright Assets on 7 April 2009 and the Company's corporate debt facility on 30 April 2009.

² Under the LC Procurement Agreement dated 27 October 2006, between GIL and Ancora Group, GIL has agreed to procure letters of credit from a bank rated A1+ by Standard & Poor's to support the commercial paper program which Ancora Group has established. There was no commercial paper on issue at 31 December 2009 as a result of the termination of the commercial paper program in February 2009 in line with the acquisition of the Ancora securitisation assets by a wholly-owned subsidiary of GIL. The Company and its subsidiaries were parties to an amended and restated multicurrency revolving facility agreement with the Commonwealth Bank of Australia ("CBA") in June 2008 and certain assets were either pledged or charged in relation thereto in favour of CBA. The facility with CBA was fully repaid in April 2009 and arrangement has been made for the pledge/charge to be fully discharged.

³ Interest bearing liabilities of the Group as at 31 December 2008 includes accrued interest of S\$0.7 million.

The Carrying Values of the interest bearing liabilities at 31 December 2009 and 31 December 2008 approximate their fair value.

21. OTHER LIABILITIES

	Group As at 31 December 2009 S\$'000	Company As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2008 S\$'000
Base management fees payable to STAM	94	94	-	-
Base management fees payable to BBGIM	-	-	336	336
Fees payable on monetisation of the Class B Membership Interest in JET-i Holdings LLC	-	-	3,583	-
Dividend payable	3,926	3,926	-	-
Other payables	2,544	2,404	5,122	6,174
Provision of settlement amount due to Bank of Ireland ¹	1,262	-	-	-
Total Other Liabilities	7,826	6,424	9,041	6,510

¹ Refer to Note 37 on Contingencies for further information.

The Carrying Values of the other liabilities at 31 December 2009 and 31 December 2008 approximate their fair value.

22. SHARE CAPITAL

	Company As at 31 December 2009 number of Shares '000	Par Value S\$	Company As at 31 December 2009 Share capital S\$'000
AUTHORISED SHARE CAPITAL			
Total Available Authorised Share Capital for Issue as at 1 January 2008	69,612,371	0.01	696,124
Movements in year to 31 December 2008	(5,009)	0.01	(50)
Movements in year to 31 December 2009	-	-	-
Total Available Authorised Share Capital for Issue as at 31 December 2009	69,607,362		696,074

	Company As at 31 December 2009 number of Shares '000	Share Capital at par Value S\$'000	Share Premium Reserve S\$'000	Company As at 31 December 2009 Share capital S\$'000
ISSUED AND FULLY PAID SHARES				
Total Share Capital as at 1 January 2008	387,629	3,876	386,627	390,503
Issue of Ordinary Shares – reinvestment of management fees	5,009	50	3,291	3,341
Total Share Capital as at 31 December 2008	392,638	3,926	389,918	393,844
Movements in year to 31 December 2009	-	-	-	-
Total Share Capital as at 31 December 2009	392,638	3,926	389,918	393,844

Ordinary Shares entitle the holder to participate in dividends and the proceeds on winding up the Company in proportion to the number of the Shares held. Each Shareholder is entitled to one vote for each Share held on all matters submitted to a vote of Shareholders.

All Shares issued rank pari passu with previously issued Shares. Details of the dividends can be found in Note 9.

23. AVAILABLE FOR SALE FINANCIAL ASSETS REVALUATION RESERVE

	Group As at 31 December 2009 S\$'000	Company As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2008 S\$'000
Beginning of financial year	(1,044)	-	(20,757)	-
Fair value gains/(losses)	10,496	-	(666)	-
Loss amortised against carrying value of asset ¹	1,044	-	360	-
Impairment expense charged to profit or loss	-	-	20,019	-
At 31 December 2009	10,496	-	(1,044)	-

¹ The Group reclassified certain financial assets from the Available for Sale category to the Loans and Receivables category in 2008. The unrealised losses previously recognised in equity is amortised against the carrying value of the assets in line with the amortisation of the underlying principal.

24. CONSOLIDATION RESERVE

	Group As at 31 December 2009 S\$'000	Company As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2008 S\$'000
Beginning of financial year	(57,745)	-	(57,745)	-
Transfer to retained earnings	57,745	-	-	-
At 31 December 2009	-	-	(57,745)	-

The consolidation reserve represents the difference between the carrying value of the investments in subsidiaries in the Company accounts and the book values of the underlying net assets of the subsidiaries at the date the commonly controlled subsidiaries were acquired. The difference is included in equity and can be presented either as part of retained earnings or in a separate reserve account. Prior to 2009, this was presented as a separate reserve. In 2009, this was transferred to be included as part of retained earnings. This transfer does not have an impact to the net assets attributable to Shareholders.

25. EQUITY ACCOUNTING RESERVE

	Group As at 31 December 2009 S\$'000	Company As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2008 S\$'000
Beginning of financial year	-	-	(5,869)	-
Share of changes recognised directly in equity of jointly controlled entity	-	-	9,029 ¹	-
Tax effect of share of changes recognised directly in equity of jointly controlled entity	-	-	(3,160) ¹	-
At 31 December 2009	-	-	-	-

¹ This balance was reversed to the profit or loss on impairment of the investment in BBRNA.

26. TRANSLATION RESERVE

	Group As at 31 December 2009 S\$'000	Company As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2008 S\$'000
Beginning of financial year	(32,350)	(35,019)	(27,313)	(30,184)
Movement	(2,895)	(2,751)	(5,037)	(4,835)
At 31 December 2009	(35,245)	(37,770)	(32,350)	(35,019)

The above relates to the exchange differences from translating the functional currency in US dollars to the presentation currency in Singapore dollars as described in Note 2(C).

27. ACCUMULATED LOSSES

	Group As at 31 December 2009 S\$'000	Company As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2008 S\$'000
Beginning of financial year	(146,319)	(202,439)	30,563	(21,730)
Net loss for the year	(33,864)	(22,468)	(156,555)	(160,382)
Transfer from consolidation reserve ¹	(57,745)	-	-	-
Dividends declared / paid	(11,780)	(11,780)	(20,327)	(20,327)
At 31 December 2009	(249,708)	(236,687)²	(146,319)	(202,439)²

¹ Refer to Note 24 on Consolidation Reserve for further information.

² As a mutual fund company incorporated in Bermuda the Company is able to declare and pay dividends by reference to the cash flow solvency test in section 54(i)(a) of the Bermuda Companies Act.

28. NON-CURRENT ASSETS AND LIABILITIES

Assets and liabilities other than those disclosed below are current:

	Group As at 31 December 2009 S\$'000	Company As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2008 S\$'000
ASSETS				
Available for sale financial assets	16,070	-	12,865	-
Loans and receivables	67,786	-	84,739	-
Aircraft	37,294	-	39,699	-
Investments in subsidiaries	-	97,803	-	143,584
Equity accounted investments	-	-	22,081	-
Intangible assets – Music Copyright Assets	-	-	66,524	-
Deferred tax assets	-	-	2,477	-
	121,150	97,803	228,385	143,584
LIABILITIES				
Interest bearing liabilities	20,399	-	62,598	-
Other liabilities	-	-	1,135	-
	20,399	-	63,733	-

29. NET ASSET VALUE

	Group As at 31 December 2009 S\$'000	Company As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2008 S\$'000
NET ASSET VALUE				
Total net asset value (S\$'000)	119,387	119,387	156,386	156,386
Total number of Ordinary Shares on issue used in calculation of net asset value per Share ('000)	392,638	392,638	392,638	392,638
Net Asset Value per Ordinary Share (S\$ per Share)	0.30	0.30	0.40	0.40

Net asset value per Ordinary Share is derived by dividing the net assets as disclosed in the statement of financial position of the Company and the Group by the number of Ordinary Shares on issue as at the end of the accounting period.

30. RELATED PARTY TRANSACTIONS

Directors' Remuneration

Manager Nominated Directors do not receive any fees for serving as a Director or a member of a committee of the Board of Directors.

For the financial year ended 31 December 2009, a retention payment of A\$160,000 (S\$211,539) was paid to Julian Blackley, a Director nominated by BBGIM and chief executive officer of BBGIM, in his capacity as the chief executive officer of BBGIM, as disclosed in section 2.9 of the shareholders' circular dated 5 November 2009, to incentivise him to remain in his role as the chief executive officer of BBGIM.

Directors (including the Manager Nominated Directors) are reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of the Board of Directors or committees and for any expenses reasonably incurred in their capacity as Directors.

The Company has adopted the following fee structure for Independent Directors:

	Remuneration Per Annum
1. Base remuneration fee for Independent Directors	US\$50,000 per Director
2. Fees for chairmanship and membership in various Board committees (With effect from 1 July 2009)*:	
a) Chairman of the GIL Board (applicable only when the Chairman is an Independent Director)	US\$10,000
b) Deputy Chairman of the GIL Board (applicable only when the Deputy Chairman is an Independent Director)	US\$5,000
c) Membership of Audit and Risk Management Committee	US\$10,000 per member
d) Membership of Nominations and Governance Committee	US\$2,000 per member
3. Fee for Directorship of all Cayman Islands subsidiary companies (With effect from 1 July 2009)*	US\$5,000 per Director

* The Board approved the proposed changes to the remuneration of the Independent Directors to include fees for chairmanship, Board committee membership and directorship in the Cayman Islands subsidiary companies, with retroactive effect from 1 July 2009.

The maximum aggregate amount of fees payable to the Directors in respect of one year is the number of directors appointed at the relevant time multiplied by US\$70,000. A total of US\$148,327 has been paid (2008: US\$150,000) and US\$75,250 (2008: US\$25,000) is payable by GIL in respect of the year ended 31 December 2009.

Dilhan Pillay Sandrasegara and Lee Soon Kie waived their Directors' remuneration for the financial year 2009.

Intercompany Receivables/Payables

The intercompany receivables/payables from/to the subsidiaries are unsecured, non-interest bearing, subject to a legally enforceable right of set-off and repayable in full on demand.

The Manager

STAM was appointed by the Company as the sole and exclusive manager pursuant to the management agreement dated 24 September 2009.

Prior to STAM's appointment on 25 November 2009, BBGIM was appointed by the Company as the sole and exclusive manager pursuant to two management agreements dated 12 December 2006.

30. RELATED PARTY TRANSACTIONS (CONTINUED)

Other than those disclosed elsewhere in the financial statements, the transactions with related parties are disclosed below.

The following relationships and transactions with STAM and BBGIM exist:

	Group 2009 S\$'000	Group 2008 S\$'000
Transactions with STAM:-		
Base fees	94	-
Fixed fees	66	-
Expense reimbursement ¹	120	-
Transactions with BBGIM:-		
Base fees	997	2,756
Expense reimbursement ²	1,219	2,000
Non-designated services fees	84	-
Transitional services fees	63	-
Acquisition fee	-	39
Divestment fee ³	596	-
Debt raising fee	-	245
Dividends	185	643

	Group As at 31 December 2009 S\$'000	Company As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000	Company As at 31 December 2008 S\$'000
Balances with STAM:-				
Accrued base fees	94	94	-	-
Accrued fixed fees	66	66	-	-
Expense reimbursement ¹	120	120	-	-
Balances with BBGIM:-				
Accrued base fees	-	-	335	335
Expense reimbursement ²	-	-	2,000	2,000
Total liabilities payable to the Manager	280	280	2,335	2,335

¹ The expense reimbursement relates to those costs which have been paid or are payable by STAM on behalf of the Company and are required to be reimbursed by the Company pursuant to the management agreement between the Company and STAM.

² The expense reimbursement relates to those costs which have been paid or are payable by BBGIM on behalf of the Company and are required to be reimbursed by the Company pursuant to the management agreements between the Company and BBGIM.

³ The divestment fee relates to the disposal of Music Copyright Assets.

Prior to 2009, the Company has issued 9,230,308 Ordinary Shares to BBGIM through its nominee, AGSO Property Pty Limited as trustee for Babcock & Brown Prime Broking Trust. No Shares have been issued to BBGIM during the period 1 January 2009 to 25 November 2009.

30. RELATED PARTY TRANSACTIONS (CONTINUED)

Temasek Group 25 November 2009 to 31 December 2009

Temasek Holdings (Private) Limited (“Temasek”) is the ultimate parent of STAM. There were no transactions between the Company and its subsidiaries and Temasek and its subsidiaries (“the Temasek Group”) from 25 November 2009 (STAM’s appointment date) to 31 December 2009. STAM being a subsidiary of Temasek has entered into a management agreement with the Company on 24 September 2009 and which became effective on 25 November 2009.

Babcock & Brown Group 1 January 2009 to 25 November 2009

Babcock & Brown Limited (in Liquidation) (“BBL”) is the ultimate parent of BBGIM. The following transactions between the Company and its subsidiaries and BBL and its subsidiaries (“the B&B Group”) took place during the period from 1 January 2009 to 25 November 2009.

Dividends

The Company paid a total of S\$0.9 million to the B&B Group (excluding BBGIM) in dividends during the period from 1 January 2009 to 25 November 2009, in the B&B Group’s capacity as a Shareholder in the Company.

Babcock & Brown Group 2008

Investment in Babcock & Brown Rail Investments Limited

On 29 April 2008, BBSFF EU Rail Lessor Limited invested a further €1.2 million in Babcock & Brown Rail Investments Limited (“CBRail”). The additional investment was in satisfaction of a funding commitment previously made to CBRail. The Group’s beneficial interest in CBRail has remained unchanged at 35%.

The acquisition base fee in relation to the investment in CBRail Group is disclosed in the previous section dealing with transactions with BBGIM.

Dividends

The Company paid a total of S\$5.6 million to the B&B Group (excluding BBGIM) in dividends during the year ended 31 December 2008, in the B&B Group’s capacity as a Shareholder in the Company.

31. CONTROLLED ENTITIES

The following entities were controlled entities by the Group as at 31 December 2009:

Name of Entity	Principal Activities	Country of Incorporation	% of effective equity held by the Group ³
BBSFF Asset Holdings Ltd.	Holding company	Cayman Islands	100
BBSFF Operating Lease Limited	Holding company	Cayman Islands	100
BBSFF Loan Portfolio & Securitisation Limited	Holding company	Cayman Islands	100
BBSFF Alternative Assets Limited	Holding company	Cayman Islands	100
BBSFF EU Rail Lessor Limited	Investments in operating lease assets	Cayman Islands	100
BBSFF Rail Fund No. 1 Limited	Investments in operating lease assets	Cayman Islands	100
Babcock & Brown Aircraft Lessor No. 1 Ltd.	Holding company	Cayman Islands	100
Babcock & Brown Aircraft Lessor No. 2 Limited	Holding company	Cayman Islands	100
Babcock & Brown Aircraft Lessor No. 2 FCA Limited	Investments in operating lease assets	Cayman Islands	100
Babcock & Brown Aircraft Lessor No. 2 FCB Limited	Investments in operating lease assets	Cayman Islands	100
BBSFF Securitisation Limited	Investments in loan portfolio and securitisation assets	Cayman Islands	100
BBSFF IP Holdings Limited	Holding company	Cayman Islands	100
BBSFF Music Copyright Holdings Limited	Investments in alternative assets	Cayman Islands	100
GIL Management Services Pty Limited ¹	Management services company	Australia	100
Babcock & Brown Rail North America LLC ²	Railcar leasing	United States	41.5
Babcock & Brown Rail Investments Limited ²	Railcar leasing	Guernsey	35

¹ GIL Management Services Pty Limited was incorporated on 28 November 2008.

² Not consolidated as the entity is not controlled by the Group.

³ The effective equity stake remains unchanged between 31 December 2008 and 31 December 2009.

The following entities ceased to be controlled entities of the Group during the year 2009:

Name of Entity	Principal Activities	Country of Incorporation	% of effective equity held by the Group ³
Single Obligor Structured Financing Limited ¹	Investments in alternative assets	Cayman Islands	100
Ancora Securitisation (SF) Pty Ltd. ²	Financing	Australia	-
Ancora Securitisation (SF) Trust ²	Investments in loan portfolio and securitisation assets	Australia	-

¹ Single Obligor Structured Financing Limited has ceased to carry on business activities and has been struck off on 31 December 2009.

² Despite not having a legal ownership, the above Ancora entities are controlled by the Group, which is exposed to the risks and rewards of those entities through a guarantee arrangement. With the acquisition of the securitisation assets by the Company's subsidiary, BBSFF Securitisation Limited from Ancora Securitisation (SF) Trust, the above Ancora entities ceased to be controlled by the Group. Application for voluntary deregistration has been lodged and the entities are expected to be deregistered in 2010.

³ The effective equity stake remains unchanged between 31 December 2008 and up to the date the entities ceased to be controlled by the Group.

31. CONTROLLED ENTITIES (CONTINUED)

The following table sets out the names of the auditors and reporting date of the controlled entities as at 31 December 2009:

Name of Entity	Reporting Date	Auditor
BBSFF Asset Holdings Ltd. ¹	31 December	–
BBSFF Operating Lease Limited ¹	31 December	–
BBSFF Loan Portfolio & Securitisation Limited ¹	31 December	–
BBSFF Alternative Assets Limited ¹	31 December	–
BBSFF EU Rail Lessor Limited ¹	31 December	–
BBSFF Rail Fund No. 1 Limited ¹	31 December	–
Babcock & Brown Aircraft Lessor No. 1 Ltd. ¹	31 December	–
Babcock & Brown Aircraft Lessor No. 2 Limited ¹	31 December	–
Babcock & Brown Aircraft Lessor No. 2 FCA Limited ¹	31 December	–
Babcock & Brown Aircraft Lessor No. 2 FCB Limited ¹	31 December	–
BBSFF Securitisation Limited ¹	31 December	–
BBSFF IP Holdings Limited ¹	31 December	–
BBSFF Music Copyright Holdings Limited ¹	31 December	–
GIL Management Services Pty Limited ¹	31 December	–
Babcock & Brown Rail North America LLC ²	31 December	Ernst & Young US
Babcock & Brown Rail Investments Limited	31 December	Ernst & Young UK

¹ Not required to be audited under the laws of the country of incorporation.

² The shareholders of BBRNA have waived the requirement to have the 2009 financial statements audited.

32. SEGMENT REPORTING

The principal activity of the Group during the year was the investment in diversified assets and economic exposures around the world.

Description of segments

The Board considers the Group from both an asset class and geographic perspective and has identified nine reportable segments. The asset classes consist of Operating Lease Assets, Loan Portfolio and Securitisation Assets and Alternative Assets. These asset classes are disaggregated into the geographical segments of the United Kingdom (“UK”) and Europe, the United States and Australia. Geographical segment is assessed by reference to currency.

Although the Alternative Assets segment does not meet the quantitative thresholds required by IFRS 8 at 31 December 2009, the Group has concluded that this segment should be reported, as financial information on this segment continues to be reported to the Board.

32. SEGMENT REPORTING (CONTINUED)

	Operating Lease Assets			Loan Portfolio and Securitisation Assets			Alternative Assets			Total S\$'000	
	UK and Mainland Europe S\$'000	United States S\$'000	Australia S\$'000	UK and Mainland Europe S\$'000	United States S\$'000	Australia S\$'000	UK and Mainland Europe S\$'000	United States S\$'000	Australia S\$'000		Other ¹ S\$'000
For the year ended 31 December 2009											
Total segment revenue from continuing activities	750	6,739	-	1,001	-	26,854	3,801	1,931	3	4,020	45,099
Segment profit/(loss) from continuing activities before tax	726	(22,818)	(117)	(6,965)	-	983	2,466	(1,079)	3	(3,851)	(30,652)
Other segment items											
Interest income	-	-	-	1,128	-	8,510	-	256	-	572	10,466
Finance cost	-	(1,798)	-	-	-	(1,386)	(592)	(592)	-	(834)	(5,202)
Depreciation and amortisation	-	(1,502)	-	-	-	-	(274)	(274)	-	-	(2,050)
Impairment expense	-	(26,160)	-	(7,942)	-	(24,323)	-	-	-	-	(58,425)
Other non-cash (expenses)/ revenue	-	(46)	-	(150)	-	18,343	2,204	(1,301)	3	648	19,701
As at 31 December 2009											
Total segment assets	-	50,681	-	10,914	-	60,370	-	-	-	27,565	149,530
Total segment liabilities	-	22,362	-	24	-	-	32	1,301	-	6,424	30,143

The Board assesses the performance of the operating segments based on the measure of segment profit/(loss) from continuing activities before income tax. This measure is currently the same as profit/(loss) before income tax from continuing operations.

¹ Relates to corporate function and the assets comprise mainly uninvested cash and cash equivalents.

32. SEGMENT REPORTING (CONTINUED)

Group	Operating Lease Assets			Loan Portfolio and Securitisation Assets			Alternative Assets				
	UK and Mainland Europe S\$'000	United States S\$'000	Australia S\$'000	UK and Mainland Europe S\$'000	United States S\$'000	Australia S\$'000	UK and Mainland Europe S\$'000	United States S\$'000	Australia S\$'000	Other ¹ S\$'000	Total S\$'000
For the year ended 31 December 2008											
Total segment revenue from continuing activities	-	12,270	-	6,109	1,169	17,579	3,554	8,013	2,773	4,194	55,661
Segment (loss)/profit from continuing activities before tax	(12,654)	(61,451)	-	(45,724)	1,160	(15,217)	(7,490)	(17,278)	2,773	(1,811)	(157,692)
Other segment items											
Interest income	-	-	-	6,109	1,169	17,579	-	4,459	1,244	4,092	34,652
Finance cost	(124)	(1,872)	-	(464)	-	(10,649)	(1,413)	(1,413)	-	(420)	(16,355)
Depreciation and amortisation	-	(1,457)	-	-	-	-	(1,074)	(1,074)	-	-	(3,605)
Impairment expense	-	(63,089)	-	(45,474)	-	(5,956)	-	(22,199)	-	-	(136,718)
Other non-cash expenses	(1,491)	(36)	-	(5,895)	-	(16,097)	(8,646)	(498)	-	(3,374)	(36,037)
As at 31 December 2008											
Total segment assets	-	74,740	-	17,715	-	150,593	34,888	37,941	-	7,528	323,405
Total segment liabilities	-	28,326	-	-	-	91,922	21,472	21,472	-	3,827	167,019

33. COMMITMENTS

	Group As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000
Capital and Credit Commitments		
Commitments for the acquisition of assets and economic exposure at the reporting date but not recognised as liabilities		
Within one year	3,497	783
Later than one year but not later than five years	-	-
Later than five years	-	-
Total Capital and Credit Commitments	3,497	783

	Group As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000
Lease Commitments – Operating leases where a group company is a lessor		
Commitments for minimum lease payments in relation to non-cancellable operating leases are receivable as follows:		
Within one year	5,382	5,515
Later than one year but not later than five years	12,560	18,385
Later than five years	-	-
Total Lease Commitments – operating leases where a group company is a lessor	17,942	23,900

	Group As at 31 December 2009 S\$'000	Group As at 31 December 2008 S\$'000
Lease Commitments – Operating leases where a group company is a lessee		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	105	-
Later than one year but not later than five years	110	-
Later than five years	-	-
Total Lease Commitments – operating leases where a group company is a lessee¹	215	-

¹ Refer to Note 38 on Events Occuring After Balance Sheet Date for further information.

34. NON-CASH FINANCING AND INVESTING ACTIVITIES

2008

Not included in the consolidated statement of cash flows is the settlement of the base management fees (S\$3.3 million) to BGGIM during 2008 via the issue of new Shares.

35. EARNINGS PER SHARE

	Group For the year ended 31 December 2009	Group For the year ended 31 December 2008
BASIC LOSS PER SHARE		
Loss used in calculation of basic loss per Share (S\$'000)	(33,864)	(156,555)
Weighted average number of Ordinary Shares on issue used in calculation of basic loss per Share ('000)	392,638	390,282
Basic Loss per Share (cents per Share)	(8.62)	(40.11)
DILUTED LOSS PER SHARE		
Diluted loss used in calculation of diluted loss per Share (S\$'000)	(33,864)	(156,555)
Weighted average number of Ordinary Shares on issue used in calculation of diluted loss per Share ('000)	392,638	390,999
Diluted Loss per Share (cents per Share)¹	(8.62)	(40.11)

¹ Diluted loss per Share is capped at the value of basic loss per Share each period.

For the purpose of calculating diluted earnings per Share, profit attributable to equity holders of the Company and the weighted average number of Ordinary Shares outstanding are adjusted for the effects of all dilutive potential Ordinary Shares. The dilutive effect arises from the pending issuance of Ordinary Shares in relation to reinvestment of the Base Management Fee. The Ordinary Shares in relation to the reinvestment of the Base Management Fee are assumed to have been converted into Ordinary Shares when the liability arises. No adjustment is made to the net loss.

For the financial years ended 31 December 2009 and 31 December 2008, the diluted loss per Share is the same as the basic loss per Share. The potential Shares that may be issued to the Manager in lieu of the Base Management Fee have not been included in the calculation of diluted loss per Share because they are non-dilutive for the financial year ended 31 December 2008 and there are no dilutive Shares for the current financial year.

	Group For the year ended 31 December 2009	Group For the year ended 31 December 2008
Weighted average number of Shares on issue for basic loss per Share ('000)	392,638	390,282
Adjustment for reinvestment of Manager fees ('000)	-	717
Weighted average number of Shares on issue for diluted loss per Share ('000)	392,638	390,999

36. REMUNERATION OF AUDITORS

	Group For the year ended 31 December 2009 \$'000	Group For the year ended 31 December 2008 \$'000
Amounts paid or payable to PricewaterhouseCoopers LLP for:		
Audit services	577	745
	577	745
Amounts paid or payable to related practices of PricewaterhouseCoopers LLP for:		
Other assurance services	-	18
	-	18

37. CONTINGENCIES

No provision was previously recognised in relation to the Bank of Ireland (“BoI”) claim on the break costs of approximately US\$2.3 million (S\$3.4 million) which is in connection with the sale of the Music Copyright Assets in April 2009 by the Company’s subsidiary, BBSFF Music Copyright Holdings Limited (“BMCH”).

Subsequent to the year end, BMCH has entered into an amicable settlement with BoI. The agreed full and final settlement amount of US\$0.9 million (S\$1.3 million) has been recorded in the profit or loss for 2009. Refer to Note 38 for further information.

38. EVENTS OCCURRING AFTER BALANCE SHEET DATE

BoI had asserted a continuing security interest over the sum of US\$3.0 million from the sale proceeds of the Music Copyright Assets by the Company’s subsidiary, BMCH. Following the amicable settlement with BoI by the payment of US\$0.9 million by BMCH and representing a full and final settlement of all claims, BoI has released all their rights to the balance of US\$2.1 million.

The deed of surrender for the lease in respect of Suite 1805, Level 18 at Australia Square has been executed by the existing lessee, GIL Management Services Pty Limited. The surrender of the premises is conditional upon the lessor entering into a new lease agreement with the new lessee.

39. NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing accounting standards have been published and are mandatory for GIL’s accounting period beginning on or after 1 January 2010 or later periods and which GIL has not early adopted. GIL’s assessment of the impact of adopting those standards, amendments and interpretations that are relevant to GIL is set out below:

IFRIC 17, ‘Distribution of non-cash assets to owners’ (effective on or after 1 July 2009). The interpretation is part of the IASB’s annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group and Company will apply IFRIC 17 from 1 January 2010. It is not expected to have a material impact on the Group or Company’s financial statements.

IFRS 3 (revised), ‘Business combinations’ (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

IAS 27 (revised), ‘Consolidated and separate financial statements’, (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.

40. COMPARATIVE FIGURES

Other than those disclosed elsewhere in the financial statements, certain prior year's comparative figures have been reclassified or amended to conform with the current year's presentation.

In the consolidated statement of cash flows, S\$3.5 million has been reclassified from the operating activities category to the financing activities category for the prior year. Rental income included in cash flows from operating activities was previously presented net of repayment of loan and interest. The effect of the reclassification is to report gross rental income under the operating activities category and repayment of loan and interest separately under the financing activities category. Dividend income included in cash flows from operating activities was previously presented net of withholding tax. Income tax paid has been reclassified and separately disclosed under the operating activities category. In Note 10(A) on Reconciliation of Profit after Income Tax to Net Cash Inflow/(Outflow) from Operating Activities, certain prior year's comparative figures have also been reclassified. Impairment expense which was previously presented under change in assets is now separately disclosed.

In Note 3(A) on Financial Risk Management under Interest Rate Risk, the weighted average interest rate in respect of available for sale financial assets for the prior year has been amended from 2.84% to 11.42% to exclude the non-interest bearing assets in its computation.

In Note 16 on Equity Accounted Investments, the summarised financial information of the equity accounted investments for the prior year has been presented on gross basis instead of showing the Group's share of the equity accounted investments' assets, liabilities, revenues and profit or loss.

In Note 22 on Share Capital under the Authorised Share Capital category, the movements in the number of Shares for the prior year have been amended from 5,008,000 to 5,009,000. This is to be consistent with the issuance of Ordinary Shares of 5,009,000 for the prior year under the Issued and Fully Paid Shares category.

In Note 23 on Available for Sale Financial Assets Revaluation Reserve, the fair value gains/(losses) for the prior year included the amortised unrealised losses previously recognised in equity that relates to the reclassified financial assets. These unrealised losses which was amortised against the carrying value of the assets have been reclassified and disclosed separately. There is no net impact on the reserve.

In Note 30 on Related Party Transactions under the Manager section, for the prior year, the expense reimbursement of S\$2.0 million has been included as a transaction with BBGIM in addition to the balance sheet disclosure made.

ADDITIONAL SGX-ST LISTING MANUAL DISCLOSURES

1) DIRECTORS

(A) DIRECTORS

The following persons are Directors of GIL as at the date of the report:

		Date of Appointment
Boon Swan Foo ¹	Chairman	25 November 2009
Tara Leonard Railton ²	Deputy Chairman	25 October 2006
Joel Peter Schaefer ²	Director	25 October 2006
Nicholas James Douglas Campbell ²	Director	4 May 2009
Adrian Chan Pengee ²	Director	5 May 2009
Sanjiv Misra ²	Director	8 May 2009
Goh Mui Hong ¹	Alternate Director to Boon Swan Foo	15 December 2009

¹ Upon the appointment of STAM as the Manager for the Company on 25 November 2009, Boon Swan Foo was appointed to the Board of Directors as Manager Nominated Director and Chairman of the Board. Goh Mui Hong was appointed Alternate Director to Boon Swan Foo on 15 December 2009.

² The Directors are regarded as independent in accordance with the Singapore Code of Corporate Governance 2005.

The following persons are no longer Directors of GIL as at the date of the report:

		Date of Appointment	Date of Resignation
Dilhan Pillay Sandrasegara ¹	Director	25 October 2006	25 November 2009
Lee Soon Kie ¹	Director	25 October 2006	25 November 2009
Sylvia Wiggins ²	Director	12 March 2007	5 January 2009
Daniel J Brickman ²	Director	9 September 2008	5 January 2009
Julian Blackley ²	Director	25 February 2009	25 November 2009
Philip Mackey ²	Director	6 April 2009	25 November 2009

¹ The Directors are regarded as independent in accordance with the Singapore Code of Corporate Governance 2005.

² Sylvia Wiggins, Daniel J Brickman, Julian Blackley and Philip Mackey were Manager Appointed Directors. From 12 March 2007 to 20 May 2008, Sylvia Wiggins was on the Board of Directors as an Alternate Director to James Fantaci and from 21 May 2008 to 24 November 2008, Ms Wiggins held the position of Chairman. Philip Mackey was appointed as Manager Appointed Director and Chairman from 6 April 2009 to 25 November 2009.

(B) DIRECTORS' REMUNERATION

Remuneration bands	Number of Directors for the year ended 31 December 2009	Number of Directors for the year ended 31 December 2008
Below S\$250,000	5 ¹	4 ²
Total	5	4

¹ Sylvia Wiggins, Daniel J Brickman, Philip Mackey and Julian Blackley were not remunerated because they were executives of the Babcock & Brown Group. For the financial year ended 31 December 2009, a retention payment of A\$160,000 (S\$211,539) was paid to Julian Blackley, a Director nominated by BBGIM and chief executive officer of BBGIM, in his capacity as chief executive officer of BBGIM, as disclosed in section 2.9 of the shareholders' circular dated 5 November 2009, to incentivise him to remain in his role as the chief executive officer of BBGIM.

Dihan Pillay Sandrasegara and Lee Soon Kie waived their Directors' remuneration for the financial year 2009.

Boon Swan Foo as Manager Nominated Director and Goh Mui Hong as Alternate Director to Boon Swan Foo are not entitled to any Directors' fee.

² For the year 2008, Richard Umbrecht, James Fantaci, Sylvia Wiggins, Robert Topfer and Daniel Brickman were not remunerated because they were executives of Babcock & Brown Group.

Further information in relation to Directors' Remuneration is set out under Note 30 (Related Party Transactions).

(C) DIRECTORS' INTERESTS IN SHARES OF GIL AS AT 21 JANUARY 2010

Director	Direct Interests Number of Shares held	Deemed Interests Number of Shares held	Total
Joel Peter Schaefer	-	145,000	145,000
Adrian Chan Pengee	-	5,000	5,000
Total	-	150,000	150,000

2) SHARE OPTION SCHEME

GIL does not have a share option scheme.

3) REMUNERATION OF AUDITORS

In accordance with Listing Rule 1207(6)(b), the ARMC has undertaken a review of non-audit services provided by the auditors and in the opinion of the ARMC these services do not affect the independence of the auditors.

4) INTERESTED PERSON TRANSACTIONS

	Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Listing Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Listing Rule 920 (excluding transactions less than S\$100,000) S\$'000
Transactions with STAM:-		
Base fees	94	-
Fixed fees	66	-
Expense reimbursement ¹	120	-
Transactions with BBGIM:-		
Base fees	997	-
Expense reimbursement ²	1,219	-
Non-designated services fees	84	-
Transitional services fees	63	-
Divestment fee	596	-
Retention payments to BBGIM Directors ³	344	-

¹ The expense reimbursement relates to those costs which have been paid or are payable by STAM on behalf of the Company and are required to be reimbursed by the Company pursuant to the management agreement between the Company and STAM.

² The expense reimbursement relates to those costs which have been paid or are payable by BBGIM on behalf of the Company and are required to be reimbursed by the Company pursuant to the management agreements between the Company and BBGIM.

³ Retention payments were made to Julian Blackley, Director and chief executive officer of BBGIM and Adrian Kidd, Director of BBGIM in their capacity as chief executive officer and chief investment officer of BBGIM respectively.

5) INVESTMENTS

Additional disclosure in accordance with Listing Rule 748(3)(a)(ii) and (3)(a)(vi).

	31 December 2009		31 December 2008	
	Percentage shareholding	Share of underlying earnings S\$'000	Percentage shareholding	Share of underlying earnings S\$'000
Interest in investments ¹				
Investment in Babcock & Brown Air Limited	3.5	1,221	3.1	2,962
Babcock & Brown Aircraft Lessor No. 2 Limited	100.0	5,518 ³	100.0	5,354 ³
Investment in Babcock & Brown Rail North America LLC	41.5	- ⁴	41.5	(7,227)
Investment in Babcock & Brown Rail Investments Limited	35.0	- ⁴	35.0	(11,039)
Pepper Residential Securities Trust No. 5*	Nil	N/A ⁵	Nil	N/A ⁵
Pepper Residential Securities Trust No. 6*	Nil	N/A ⁵	Nil	N/A ⁵
Seiza Series 2006-1 Trust*	Nil	N/A ⁵	Nil	N/A ⁵
Seiza Augustus Series 2007-1 Trust*	Nil	N/A ⁵	Nil	N/A ⁵
Avoca CLO VI Investment	Nil	N/A ⁵	Nil	N/A ⁵
Avoca CLO VII Investment	Nil	N/A ⁵	Nil	N/A ⁵
Mortgages Plc Securitisation Investment	Nil	N/A ⁵	Nil	N/A ⁵
Provident Cashflow Limited*	Nil	N/A ⁵	Nil	N/A ⁵
Intangible Assets – Music Copyright Assets ²	-	N/A ⁵	Nil	N/A ⁵
Paramount Mezzanine Loan ²	-	N/A ⁵	Nil	N/A ⁵

¹ As at 31 December 2009, the investment in the portfolio with asset-specific debt was Babcock & Brown Aircraft Lessor No. 2 Limited. As at 31 December 2008, the investments in the portfolio with asset-specific debt were Babcock & Brown Aircraft Lessor No. 2 Limited, the investment in the Music Copyright Assets and the Ancora assets* which were fully funded by the Ancora Commercial Paper. Details of these liabilities are included in the Interest Bearing Liabilities note in the Financial Report.

² This investment was disposed of in financial year 2009.

³ The amount relates to rental income from leasing of the two Boeing 757-200 aircraft.

⁴ As the investment is fully written down, no share of loss is recognised in the current financial year. Please refer to Note 16 on Equity Accounted Investments for the share of unrecognised losses.

⁵ This investment does not share in the underlying earnings of the Trust / Company given the nature of the investment.

* As at 31 December 2008, these assets were held by Ancora Securitisation (SF) Trust.

6) MATERIAL CONTRACTS

GIL and its subsidiaries did not enter into any material contracts as per Listing Rule 1207 (8) of the SGX-ST Listing Manual.

7) LAND AND BUILDINGS

GIL does not own any land or buildings.

8) DIRECTORSHIPS

The present directorships other than those held in GIL and the past directorships for a period of at least three years prior, of each of GIL's Directors are as follows:

Name	Present directorships	Past directorships
Boon Swan Foo	Aspen Holdings Ltd	Agency for Science, Technology and
	China-Singapore Suzhou Industrial Park Devt. Co Ltd	Research (A*STAR)
	Cypress Holdings Ltd	- BMRC, A*STAR
	Neptune Orient Lines Limited	- SERC, A*STAR
	Shin Corporation Plc	Agis Pte Ltd
	Singbridge International Singapore Pte Ltd	Aksaas Pte Ltd
	Veredus Laboratories Pte Ltd	Biomedical Sciences Institutes
		Changi Airports International Pte Ltd
		D-SIMLAB Technologies Pte Ltd
		Exploit Technologies Pte Ltd
		Info-Communications Development Board Authority of Singapore
		Keppel Amfels Inc
		Merlion Pharmaceuticals Pte Ltd
		NTUC Income Insurance Cooperative Limited
		Orangestar Investment Holdings Pte Ltd
	PUB Consultants Private Limited	
	SCS Computer Systems Pte Ltd	
	Singapore Changi Airport Enterprise Pte Ltd	
Tara Leonard Railton	Babcock & Brown Aircraft Lessor No. 1 Ltd	Single Obligor Structured Financing Limited
	Babcock & Brown Aircraft Lessor No. 2 Limited	
	Babcock & Brown Aircraft Lessor No. 2 FCA Limited	
	Babcock & Brown Aircraft Lessor No. 2 FCB Limited	
	BBSFF Alternative Assets Limited	
	BBSFF Asset Holdings Ltd	
	BBSFF EU Rail Lessor Limited	
	BBSFF IP Holdings Limited	
	BBSFF Loan Portfolio & Securitisation Limited	
	BBSFF Music Copyright Holdings Limited	
	BBSFF Operating Lease Limited	
	BBSFF Rail Fund No. 1 Limited	
	BBSFF Securitisation Limited	
	TAM Absolute Return Fund Limited	
Joel Peter Schaefer	Babcock & Brown Aircraft Lessor No. 1 Ltd	Invesdex Ltd
	Babcock & Brown Aircraft Lessor No. 2 Limited	Single Obligor Structured Financing Limited
	Babcock & Brown Aircraft Lessor No. 2 FCA Limited	The Bermuda Sloop Foundation
	Babcock & Brown Aircraft Lessor No. 2 FCB Limited	The GAIN Fund Ltd
	BBSFF Alternative Assets Limited	
	BBSFF Asset Holdings Ltd	
	BBSFF EU Rail Lessor Limited	
	BBSFF IP Holdings Limited	
	BBSFF Loan Portfolio & Securitisation Limited	
	BBSFF Music Copyright Holdings Limited	
	BBSFF Operating Lease Limited	
	BBSFF Rail Fund No. 1 Limited	
	BBSFF Securitisation Limited	
	CAPITAL G BSX Services Ltd	
	CAPITAL G Investments Ltd	
	Capital G Investment Advisory Ltd	
	EFI Ltd	
	The Bermuda High School for Girls	
The Bermuda Stock Exchange		
The Global Voyager Funds Ltd		

8) DIRECTORSHIPS (CONTINUED)

Name	Present directorships	Past directorships
Nicholas James	None	None
Douglas Campbell		
Adrian Chan Pengee	AEM Holdings Ltd	AMB Jiaying Distribution Center Pte Ltd
	Al Mirage Leisure Holding Pte Ltd	Amanahraya Gapuraprima Reit Pte Ltd
	Al Mirage Property Holding Pte Ltd	ASM Technology R&D Center Singapore Pte Ltd
	Franklin Offshore Holdings Pte Ltd	Asia Pacific Hospitality Venture Private Limited
	International Stream Investments Pte Ltd	Asia Pacific TRS Venture Private Limited
	Isetan (Singapore) Limited	AWT Singapore Pte Ltd
	Lovells Lee & Lee	Cristal Investments Private Limited
	Oniontech Limited	Forma (Singapore) Therapeutics Pte Ltd
	Singapore Institute of Directors	Kinbley Realty Pte Ltd
	United Pulp & Paper Company Limited	Mermaid Marine Offshore Pte Ltd
	Yoma Strategic Holdings Ltd	Metalplast Asia Pte Ltd
		Nefful Singapore Logistics Pte Ltd
		Omdevi Private Limited
		Pacifica Partners Private Limited (f.k.a Asia Pacific Sub Asset Manager Private Limited)
		Phillip Ventures Enterprise Fund 3 Pte Ltd
		Redbird Partners Pte Ltd
		S.V. Metals Cavagna Pte Ltd
		Singapore Guoyin Investments Co Pte Ltd
		Strainstall Singapore Pte Ltd
		Tango Mining Pte Ltd
		United Paper Board (M) Sdn Bhd
		Want Want China Holdings Limited
Sanjiv Misra	National University Health System	None
	Phoenix Advisers Pte Ltd	
	Singapore Management University (SMU) Board of Trustees	
	SMU Venture Enterprise Board	
Goh Mui Hong	Alliance Investment Management Berhad	Cageford Pte Ltd
	Babcock & Brown Aircraft Lessor No. 1 Ltd	Cresciendo Investments Limited
	Babcock & Brown Aircraft Lessor No. 2 Limited	Hongxin Chemicals Investment Pte Ltd
	Babcock & Brown Aircraft Lessor No. 2 FCA Limited	Single Obligor Structured Financing Ltd
	Babcock & Brown Aircraft Lessor No. 2 FCB Limited	Vertex Asia Limited
	BBSFF Alternative Assets Ltd	Vertex China Food Investment Pte Ltd
	BBSFF Asset Holdings Ltd	Vertex China Technology Ltd
	BBSFF EU Rail Lessor Limited	Vertex III Management (C.I.) Ltd
	BBSFF IP Holdings Limited	Vertex Investment (II) Ltd
	BBSFF Loan Portfolio & Securitisation Ltd	Vertex Investment (III) Ltd
	BBSFF Music Copyright Holdings Ltd	Vertex Management (D) (C.I.) Ltd
	BBSFF Operating Lease Ltd	Vertex Management (II) Pte Ltd
	BBSFF Rail Fund No. 1 Limited	Vertex Management (III) Pte Ltd
	BBSFF Securitisation Limited	Vertex Management Pte Ltd
	Corridor II Limited	Vertex Technology Fund (II) Ltd
	GIL Management Services Pty Limited	Vertex Technology Fund (III) Ltd
	Industrial & Economic Advisory Pte Ltd	Vertex Technology Fund Ltd
	Singapore Technologies Capital Services Pte Ltd	Vertex Venture Holdings Ltd
	Singapore Corporation of Rehabilitative Enterprises	Vickers Capital Limited
	Singapore Workforce Development Agency	
	ST Asset Management Ltd	
	ST Capital Services (Philippines) Pte Ltd	
	ST Trustees Ltd	
	Teracott Pte Ltd	

SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION AS AT 16 MARCH 2010

ORDINARY SHARES

Number of Ordinary Shares - 392,638,086

Number of Ordinary Shareholders - 6,390

VOTING RIGHTS

On a show of hands, each Shareholder present shall have one vote.

On a poll, each Shareholder present or by proxy shall have one vote for every Share they hold or represent.

The Shares of GIL are listed on the Main Board of the SGX-ST.

Under the Bermuda Companies Act, only those persons who agree to become Shareholders of a Bermuda company and whose names are entered on the register of members of such a company are considered members, with rights to attend and vote at general meetings. Accordingly, depositors holding Shares through The Central Depository (Pte) Limited ("CDP") would not be recognised as members of GIL and would not have a right to attend and to vote at general meetings of GIL. In the event that depositors wish to attend and vote at general meetings of GIL, CDP will have to appoint them as proxies, pursuant to the Bye-laws of GIL and the Bermuda Companies Act.

In accordance with Bye-law 53, unless CDP specifies otherwise in a written notice to GIL, CDP will be deemed to have appointed as CDP's proxies each of the depositors who are individuals and whose names are shown in the records of CDP as at a time not earlier than 48 hours prior to the time of the relevant general meeting supplied by CDP to GIL. Therefore, depositors who are individuals can attend and vote at the general meetings of GIL without the lodgement of any proxy form. Depositors who cannot attend a meeting personally may enable their nominees to attend as CDP's proxies. Depositors who are not individuals can only be represented at a general meeting of GIL if their nominees are appointed by CDP as CDP's proxies. Proxy forms appointing nominees of depositors as proxies of CDP would need to be executed by CDP as member and must be deposited at the specified place and within the specified time frame to enable the nominees to attend and vote at the relevant general meeting of GIL.

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	Deemed Interest
AGSO Property Pty Limited	49,893,086	
Babcock & Brown Limited (in Liquidation) ¹		49,893,086
Babcock & Brown International Pty Limited ¹		49,893,086
Babcock & Brown Australia Group Pty Ltd ¹		49,893,086
Babcock & Brown Australia Pty Ltd ¹		49,893,086
Babcock & Brown Transaction Holdings Pty Ltd ¹		49,893,086
Babcock & Brown Transactions Pty Ltd ¹		49,893,086

¹ Babcock & Brown Limited (in Liquidation), Babcock & Brown International Pty Limited, Babcock & Brown Australia Group Pty Ltd, Babcock & Brown Australia Pty Ltd, Babcock & Brown Transaction Holdings Pty Ltd and Babcock & Brown Transactions Pty Ltd are each deemed to have an interest in 49,893,086 shares of GIL held by AGSO Property Pty Limited (as trustee for Babcock & Brown Prime Broking Trust).

TOP 20 SHAREHOLDER LIST AS AT 16 MARCH 2010

Number	Name	Number of Shares held	Percentage of issued share capital
1	AGSO Property Pty Limited	49,893,086	12.71
2	Citibank Nominees Singapore Pte Ltd	31,020,265	7.90
3	DBS Vickers Securities (S) Pte Ltd	13,089,305	3.33
4	Phillip Securities Pte Ltd	12,478,429	3.18
5	DBS Nominees Pte Ltd	8,894,216	2.27
6	OCBC Securities Private Ltd	7,307,000	1.86
7	Merrill Lynch (Singapore) Pte Ltd	5,528,113	1.41
8	Ang Kong Meng	4,908,000	1.25
9	Universal Procurement Systems Pte Ltd	4,716,980	1.20
10	United Overseas Bank Nominees Pte Ltd	4,440,591	1.13
11	Jen Shek Chuen	4,000,000	1.02
12	Kim Eng Securities Pte Ltd	2,889,000	0.74
13	UOB Kay Hian Pte Ltd	2,365,000	0.60
14	HSBC (Singapore) Nominees Pte Ltd	2,351,000	0.60
15	Estate of Phay Seng Whatt Deceased	2,288,000	0.58
16	Mohamed Salleh SO Kadir Mohideen Saibu Maricar	1,847,000	0.47
17	Lee Seng Wee	1,730,000	0.44
18	Citibank Consumer Nominees Pte Ltd	1,658,000	0.42
19	Bank of East Asia Nominees Pte Ltd	1,500,000	0.38
20	Hong Leong Finance Nominees Pte Ltd	1,457,000	0.37
Total		164,360,985	41.86

ANALYSIS OF SHAREHOLDERS

Range of Holdings	Number of Shareholders	Percentage of Shareholders	Number of Shares
1-999	6	0.09	1,022
1,000 - 10,000	3,337	52.22	16,509,067
10,001 - 1,000,000	3,017	47.22	200,063,012
1,000,001 and above	30	0.47	176,064,985
Total	6,390	100	392,638,086

Based on information available as at 16 March 2010, the substantial shareholders held 12.71% of the issued Ordinary Shares of GIL and as the balance is held by the public, Listing Rule 723 is complied with.

GLOSSARY

Term	Meaning
Ancora Group	Ancora (SF) Securitisation Pty Ltd and its wholly-owned subsidiaries
Babcock & Brown Group	Babcock & Brown Limited (in Liquidation) and Babcock & Brown International Pty Ltd and its wholly-owned subsidiaries
BBGIM	Babcock & Brown Global Investments Management Pty Ltd
Carrying Value	The value determined pursuant to the accounting measurement and recognition requirements outlined in International Financial Reporting Standards (“IFRS”)
Cash Economic Income	Income received in cash on investments which is referable to the period, and received prior to dividend payment date, after capital amortisation
GIL or Company	Global Investments Limited and, where the context requires, its wholly-owned subsidiaries
Independent Director	The Independent Director(s) of the Company from time to time and at the date of this annual report being Tara Leonard Railton, Joel Peter Schaefer, Nicholas James Douglas Campbell, Adrian Chan Pengee and Sanjiv Misra
JET-i Group	JET-i Holdings LLC and its wholly-owned subsidiaries
Listing	The admission of GIL to the Official List of the SGX-ST and the listing and quotation of Shares on the Main Board of the SGX-ST on 20 December 2006
Manager	BBGIM or STAM, as the context requires
Net Investment Value (pursuant to the Management Agreements between GIL and BBGIM)	<p>Net Investment Value (“NIV”) calculated in Singapore dollars in respect of a quarter means:</p> <p>$NIV = AMC + D$ where: AMC is the Average Market Capitalisation in respect of the relevant quarter calculated as follows: $AMC = ATP \times AN$ where: ATP is, in respect of those Shares that are officially quoted on the SGX-ST, the volume weighted average price (“VWAP”) per Share on the SGX-ST over the last 20 days of trading of Shares in the relevant quarter (excluding the additional market capitalisation represented by the issuance of Shares during the last 20 SGX-ST trading days of the relevant quarter); and</p> <p>AN is the average closing number of Shares that are officially quoted by the SGX-ST over the last 20 days of trading of Shares in the relevant quarter (excluding Shares issued during the last 20 SGX-ST trading days of the relevant quarter).</p> <p>D is the aggregate sum of any of GIL’s external debt that has been drawn (including, without limitation, hybrids and letters of credit and bank guarantees that are not cash collateralised but not including limited recourse debt) of GIL and its wholly-owned entities as at the last trading date of the relevant quarter (but not including undrawn debt facilities of operating or project entities wholly-owned by GIL).</p> <p>VWAP is, in respect of any trading day on the SGX-ST, the volume weighted average price per Share for sales in those securities on the SGX-ST on that trading day, where each price is weighted by the number of Shares sold at various prices that day. Special crossings, crossings outside of normal trading hours and option-related transactions on the SGX-ST are to be excluded from the VWAP calculation.</p>

Term	Meaning
Net Investment Value (pursuant to the Management Agreement between GIL and STAM)	<p>Net Investment Value (“NIV”) calculated in Singapore dollars in respect of a quarter means AMC where:</p> <p>AMC is the Average Market Capitalisation in respect of the relevant quarter calculated as follows: $AMC = (ATP \times AN)$ where: ATP is, in relation to a quarter, the average of the daily Volume Weighted Average Price (“VWAP”) over the last 20 SGX-ST trading days of Shares in the relevant quarter (excluding the additional market capitalisation represented by the issuance of Shares during the last 20 SGX-ST trading days of the relevant quarter); and</p> <p>AN is the average closing number of Shares that are issued and to be issued as fully paid for scrip dividend, bonus shares and subdivision of existing Shares (whether or not officially quoted by the SGX-ST) but excluding Shares issued that represent additional paid-up share capital during the last 20 SGX-ST trading days of Shares during the relevant quarter.</p> <p>VWAP is, in respect of any trading day on the SGX-ST, the volume weighted average price per Share for sales in those securities on the SGX-ST on that trading day, where each price is weighted by the number of Shares sold at various prices that day. Special crossings, crossings outside of normal trading hours and option-related transactions on the SGX-ST are to be excluded from the VWAP calculation.</p>
SGX-ST	Singapore Exchange Securities Trading Limited
Shares	Ordinary shares of par value \$0.01 per share in the capital of the Company
Shareholder	A holder of Ordinary Shares in GIL
STAM	ST Asset Management Ltd

CORPORATE INFORMATION

BOARD OF DIRECTORS

Boon Swan Foo (Chairman)
Tara Leonard Railton
Joel Peter Schaefer
Nicholas James Douglas Campbell
Adrian Chan Pengee
Sanjiv Misra
Goh Mui Hong (Alternate Director to Chairman)

NOMINATIONS AND GOVERNANCE COMMITTEE

Boon Swan Foo (Chairman)
Tara Leonard Railton
Joel Peter Schaefer
Adrian Chan Pengee
Goh Mui Hong (alternate to Boon Swan Foo)

AUDIT & RISK MANAGEMENT COMMITTEE

Tara Leonard Railton (Chairman)
Boon Swan Foo
Nicholas James Douglas Campbell
Sanjiv Misra
Goh Mui Hong (alternate to Boon Swan Foo)

COMPANY SECRETARY

Anne Bennett-Smith

ASSISTANT SECRETARY & FUND ADMINISTRATOR

ISIS Fund Services Ltd

REGISTERED OFFICE

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DISCLAIMER

Investments in GIL are not deposits with or other liabilities of STAM, Temasek Holdings (Private) Limited (“Temasek”) or any of STAM’s related corporations¹ and are subject to investment risk, including the possible loss of income and capital invested. Neither STAM (manager of GIL), Temasek nor STAM’s related corporations guarantee the performance of GIL or the payment of a particular rate of return on the shares of GIL.

This financial report is not an offer or invitation for subscription or purchase or recommendation of GIL shares. It does not take into account the investment objectives, financial situation and particular needs of an investor. Before making an investment in GIL, an investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

STAM, as manager of GIL is entitled to fees for so acting. STAM and its related corporations, together with their respective officers and directors, may hold shares in GIL from time to time.

This financial report has been prepared to enable the directors to comply with their obligations under the Singapore Exchange Securities Trading Limited Listing Rules and where relevant, to satisfy the requirements of the International Financial Reporting Standards. The responsibility for the preparation of the financial report and any financial information contained in this financial report rests solely with the directors of GIL.

¹ Related corporations as defined under Section 6 of the Singapore Companies Act (Chapter 50).

BERMUDA COMPANY REGISTRATION NUMBER

EC 38267

REGISTER OF SECURITIES

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Facsimile: +65 6536 1360

AUDITORS

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Certified Public Accountants
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Republic of Singapore

Telephone: +65 6236 3388
Facsimile: +65 6236 3300

Audit Partner: Sam Kok Weng
Date of appointment: 9 October 2006

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