



**BABCOCK & BROWN
GLOBAL INVESTMENTS LIMITED¹**

**Condensed consolidated interim financial information
30 June 2008**

¹ On 1 May 2008, Babcock & Brown Global Investments Limited changed its name from Babcock & Brown Structured Finance Fund Limited to Babcock & Brown Global Investments Limited.

Contents

| | |
|---|----|
| STATEMENT BY DIRECTORS | 3 |
| CONDENSED INTERIM BALANCE SHEETS | 4 |
| CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT | 5 |
| CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY | 6 |
| CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY OF THE COMPANY | 8 |
| CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT | 9 |
| SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION | 10 |
| REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2008 | 21 |

30 June 2008

STATEMENT BY DIRECTORS

In the opinion of the Directors, the accompanying condensed balance sheet of the Company as of 30 June 2008 and the related condensed statements of changes in equity of the Company for the three-month and the six-month period then ended, the condensed consolidated balance sheet of the Group as of 30 June 2008 and the related condensed consolidated statements of income, changes in equity and cash flows of the Group for the three-month and the six-month period then ended and other explanatory notes, are prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

On behalf of the Board of Directors



Sylvia Wiggins

Director

13 August 2008



Tara Railton

Director

13 August 2008

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2008

CONDENSED BALANCE SHEETS

| | Note | Group As at 30 Jun 08 S\$'000 | Company As at 30 Jun 08 S\$'000 | Group As at 31 Dec 07 S\$'000 | Company As at 31 Dec 07 S\$'000 |
|--|------|--|--|--|--|
| Assets | | | | | |
| Cash and cash equivalents | | 95,852 | 84,405 | 126,471 | 27,015 |
| Available for sale financial assets | | 80,347 | - | 116,082 | - |
| Loans and receivables | | 132,194 | - | 148,439 | - |
| Guarantee fees receivable | | - | - | 4,971 | - |
| Aircraft | | 38,306 | - | 41,266 | - |
| Investments in subsidiaries | | - | 307,005 | - | 333,291 |
| Equity accounted investments | | 69,800 | - | 74,989 | - |
| Intangible assets – music copyright assets | | 75,683 | - | 80,522 | - |
| Deferred tax assets | | 3,191 | - | 2,909 | - |
| Other assets | | 2,342 | 3,004 | 1,107 | 5,151 |
| Total assets | | 497,715 | 394,414 | 596,756 | 365,457 |
| Liabilities | | | | | |
| Guarantee fees payable | | - | - | 4,774 | - |
| Interest bearing liabilities | 5 | 196,505 | - | 245,788 | 13 |
| Intercompany payable | | - | 57,551 | - | 2,161 |
| Other liabilities | 6 | 28,959 | 22,072 | 36,812 | 24,694 |
| Total liabilities | | 225,464 | 79,623 | 287,374 | 26,868 |
| Net assets attributable to shareholders | | 272,251 | 314,791 | 309,382 | 338,589 |
| Equity | | | | | |
| Share capital | 4 | 392,952 | 392,952 | 390,503 | 390,503 |
| Available for sale financial asset revaluation reserve | | (10,221) | - | (20,757) | - |
| Consolidation reserve | | (57,745) | - | (57,745) | - |
| Equity accounting reserve | | (5,445) | - | (5,869) | - |
| Translation reserves | | (45,065) | (48,925) | (27,313) | (30,184) |
| Retained earnings | | (2,225) | (29,236) | 30,563 | (21,730) |
| Total equity | | 272,251 | 314,791 | 309,382 | 338,589 |

The above balance sheets should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2008

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

| | Note | Group Quarter ended 30 Jun 08 S\$'000 | Group Half year ended 30 Jun 08 S\$'000 | Group Quarter ended 30 Jun 07 S\$'000 | Group Half year ended 30 Jun 07 S\$'000 |
|--|------|--|--|--|--|
| Revenue | | | | | |
| Distribution income | | - | - | 504 | 1,141 |
| Dividend income | | 715 | 1,449 | - | - |
| Interest income | | 9,463 | 19,800 | 12,099 | 21,350 |
| Rental income | | 1,292 | 2,619 | 1,469 | 2,919 |
| Guarantee fee income | | - | 1,630 | 1,099 | 2,322 |
| Net foreign exchange gains | | 3,287 | 5,593 | 5,377 | 7,182 |
| Royalty income | | 1,737 | 3,522 | 851 | 1,107 |
| Other operating income | | 2,210 | 2,872 | - | - |
| Total revenue | | 18,704 | 37,485 | 21,399 | 36,021 |
| Expenses | | | | | |
| Management fees | | (909) | (1,940) | (1,576) | (2,917) |
| Depreciation and amortisation | | (883) | (1,790) | (726) | (1,156) |
| Finance costs | | (3,949) | (9,128) | (4,687) | (7,429) |
| Other operating expenses | 7 | (23,711) | (34,592) | (994) | (1,605) |
| Total expenses | | (29,452) | (47,450) | (7,983) | (13,107) |
| Share of loss in equity accounted investments | | | | | |
| | | (1,477) | (2,223) | (1,666) | (1,666) |
| (Loss) / Profit before tax | | (12,225) | (12,188) | 11,750 | 21,248 |
| Income tax (expense) / benefit | 8 | (311) | (273) | 548 | 503 |
| (Loss) / Profit after tax | | (12,536) | (12,461) | 12,298 | 21,751 |
| Basic earnings per share (cents per share) | | | | | |
| | | (3.22) | (3.20) | 3.21 | 5.71 |
| Diluted earnings per share (cents per share) | | | | | |
| | | (3.21) | (3.19) | 3.20 | 5.70 |

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2008

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

| Changes in shareholders' equity of the Group for the quarter ended 30 June 2008 | Share capital S\$'000 | Available for sale financial assets revaluation reserve S\$'000 | Con- solidation reserve S\$'000 | Equity accounting reserve S\$'000 | Translation reserves S\$'000 | Retained earnings S\$'000 | Total S\$'000 | Group Quarter ended 30 Jun 07 S\$'000 |
|---|--------------------------|--|--|--|------------------------------------|---------------------------------|------------------|---|
| Total equity at the beginning of the period | 391,939 | (18,399) | (57,745) | (15,757) | (40,338) | 30,638 | 290,338 | 333,430 |
| Loss for the period | - | - | - | - | - | (12,536) | (12,536) | 12,298 |
| Available for sale financial assets revaluation reserve | - | 8,178 | - | - | - | - | 8,178 | - |
| Equity accounting reserve | - | - | - | 10,312 | - | - | 10,312 | - |
| Foreign currency translation reserve | - | - | - | - | (4,727) | - | (4,727) | 3,466 |
| Total recognised gain / (loss) for the period | - | 8,178 | - | 10,312 | (4,727) | (12,536) | 1,227 | 15,764 |
| Transactions with equity holders in their capacity as equity holders: | | | | | | | | |
| Issue of share capital – reinvestment of management fees | 1,013 | - | - | - | - | - | 1,013 | - |
| Dividend for the period | - | - | - | - | - | (20,327) | (20,327) | (20,060) |
| Total equity at the end of the period | 392,952 | (10,221) | (57,745) | (5,445) | (45,065) | (2,225) | 272,251 | 329,134 |

30 June 2008

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

| Changes in shareholders' equity of the Group for the half year ended 30 June 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 reserves S\$'000 | Retained earnings S\$'000 | Total S\$'000 | Group Half year ended 30 Jun 07 S\$'000 |
|---|------|--------------------------|--|-----------------------------------|--------------------------------------|---------------------------------|------------------------------|------------------|--|
| Total equity at the beginning of the year / period | | 390,503 | (20,757) | (57,745) | (5,869) | (27,313) | 30,563 | 309,382 | 303,810 |
| Loss for the period | | - | - | - | - | - | (12,461) | (12,461) | 21,751 |
| Available for sale financial assets revaluation reserve | | - | 10,536 | - | - | - | - | 10,536 | - |
| Equity accounting reserve | | - | - | - | 424 | - | - | 424 | - |
| Foreign currency translation reserve | | - | - | - | - | (17,752) | - | (17,752) | (246) |
| Total recognised gain / (loss) for the period | | - | 10,536 | - | 424 | (17,752) | (12,461) | (19,253) | 21,505 |
| Transactions with equity holders in their capacity as equity holders: | | | | | | | | | |
| Issue of share capital | 4 | - | - | - | - | - | - | - | 25,447 |
| Issue of share capital – reinvestment of management fees | 4 | 2,449 | - | - | - | - | - | 2,449 | 157 |
| Dividend for the period | 10 | - | - | - | - | - | (20,327) | (20,327) | (20,060) |
| Transaction costs | 4 | - | - | - | - | - | - | - | (1,725) |
| Total equity at the end of the period | | 392,952 | (10,221) | (57,745) | (5,445) | (45,065) | (2,225) | 272,251 | 329,134 |

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

30 June 2008

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

| Changes in shareholders' equity of the Company for the quarter ended 30 June 2008 | Share capital S\$'000 | Retained earnings S\$'000 | Translation reserves S\$'000 | Total S\$'000 | Company Quarter ended 30 Jun 07 S\$'000 |
|---|--------------------------|---------------------------------|------------------------------------|------------------|--|
| Total equity at the beginning of the period | 391,939 | 2,385 | (44,344) | 349,980 | 376,211 |
| Loss for the period | - | (11,294) | - | (11,294) | 7,755 |
| Foreign currency translation reserve | - | - | (4,581) | (4,581) | 3,894 |
| Total recognised (loss) / gain for the period | - | (11,294) | (4,581) | (15,875) | 11,649 |
| Transactions with equity holders in their capacity as equity holders: | | | | | |
| Issue of share capital – reinvestment of management fees | 1,013 | - | - | 1,013 | - |
| Dividend for the period | - | (20,327) | - | (20,327) | (20,060) |
| Total equity at the end of the period | 392,952 | (29,236) | (48,925) | 314,791 | 367,800 |

| Changes in shareholders' equity of the Company for the half year ended 30 June 2008 | Note | Share capital S\$'000 | Retained earnings S\$'000 | Translation reserves S\$'000 | Total S\$'000 | Company Half year ended 30 Jun 07 S\$'000 |
|---|------|--------------------------|---------------------------------|------------------------------------|------------------|---|
| Total equity at the beginning of the year / period | | 390,503 | (21,730) | (30,184) | 338,589 | 356,440 |
| Profit for the period | | - | 12,821 | - | 12,821 | 7,866 |
| Foreign currency translation reserve | | - | - | (18,741) | (18,741) | (325) |
| Total recognised gain / (loss) for the period | | - | 12,821 | (18,741) | (5,920) | 7,541 |
| Transactions with equity holders in their capacity as equity holders: | | | | | | |
| Issue of share capital | 4 | - | - | - | - | 25,447 |
| Issue of share capital – reinvestment of management fees | 4 | 2,449 | - | - | 2,449 | 157 |
| Dividend for the period | 10 | - | (20,327) | - | (20,327) | (20,060) |
| Transaction costs | 4 | - | - | - | - | (1,725) |
| Total equity at the end of the period | | 392,952 | (29,236) | (48,925) | 314,791 | 367,800 |

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2008

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

| | Group Quarter ended 30 Jun 08 S\$'000 | Group Half year ended 30 Jun 08 S\$'000 | Group Quarter ended 30 Jun 07 S\$'000 | Group Half year ended 30 Jun 07 S\$'000 |
|---|--|--|--|--|
| Cash flows from operating activities | | | | |
| Operating costs | (588) | (1,424) | (1,576) | (3,689) |
| Interest income | 8,750 | 19,091 | 10,579 | 18,092 |
| Guarantee fee income | 818 | 1,840 | 1,521 | 3,059 |
| Distribution income | 1,860 | 3,251 | 1,549 | 2,382 |
| Dividend income | 572 | 1,159 | - | - |
| Rental income | 438 | 858 | 460 | 898 |
| Royalty income | - | 2,678 | - | - |
| Net cash inflow from operating activities | 11,850 | 27,453 | 12,533 | 20,742 |
| Cash flows from investing activities | | | | |
| Investment in equity accounted investments | (2,748) | (3,062) | (10,248) | (10,248) |
| Purchase of intangible assets | (9) | (2,155) | (3,003) | (46,504) |
| Purchase of financial assets | (12,732) | (25,003) | (76,002) | (127,505) |
| Loan repayments received | 35,218 | 54,469 | 62,025 | 85,640 |
| Net cash inflow / (outflow) from investing activities | 19,729 | 24,249 | (27,228) | (98,617) |
| Cash flows from financing activities | | | | |
| Proceeds from issue of ordinary shares | - | - | - | 25,268 |
| Net (repayments of) / proceeds from borrowings | (3,687) | (49,394) | 32,714 | 114,115 |
| Capital raising costs | - | - | - | (1,713) |
| Borrowing costs paid | (6,180) | (10,478) | (2,641) | (4,312) |
| Dividends paid | - | (23,258) | - | - |
| Net cash (outflow) / inflow from financing activities | (9,867) | (83,130) | 30,073 | 133,358 |
| Net increase / (decrease) in cash and cash equivalents | 21,712 | (31,428) | 15,378 | 55,483 |
| Cash and cash equivalents at beginning of period | 72,036 | 126,471 | 105,759 | 64,953 |
| Effects of exchange rate changes on cash and cash equivalents | 2,104 | 809 | 6,447 | 7,148 |
| Cash and cash equivalents at end of period | 95,852 | 95,852 | 127,584 | 127,584 |

30 June 2008

SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**1. General Information**

Babcock & Brown Global Investments Limited (“BBGI” or the “Company”), formerly Babcock & Brown Structured Finance Fund Limited, was incorporated on 24 April 2006 as a mutual fund company limited by shares. The address of its registered office is Washington Mall I, 3rd Floor Reid Street, Hamilton HM 11 Bermuda. The Company and its subsidiaries together are referred to in this condensed consolidated interim financial information (“this report”) as “the Group”.

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 Group consist of investing in a diversified portfolio of assets.

The activities of the Company and its subsidiaries are managed by Babcock & Brown Global Investments Management Pty Ltd (“the Manager”), formerly Babcock & Brown Structured Finance Management Pty Ltd, pursuant to two management agreements dated 12 December 2006.

The condensed consolidated interim financial statements were authorised for issue in accordance with a directors’ resolution dated 13 August 2008.

2. Accounting Policies Application

This condensed consolidated interim financial information for the half-year ended 30 June 2008 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and should be read in conjunction with the annual financial statements for the financial year ended 31 December 2007.

Accounting policies and methods of computation applied in preparation of these figures that are not stated in this report are the same as those used in the most recently audited annual financial statements of the Company and the Group. There have been no changes in accounting policies during the half year.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2008

3. Segment Reporting

The principal activity of the Group during the period was the investment in diversified financial assets around the world. The primary basis of segment reporting is geographical. The Group had investments in the following geographical segments:

| Group as at 30 June 2008 | UK and Europe S\$'000 | United States S\$'000 | Australia S\$'000 | Total S\$'000 |
|---|-----------------------------|-----------------------------|----------------------|------------------|
| Geographical segments | | | | |
| Half year to 30 June 2008 | | | | |
| Revenue from continuing activities | 3,775 | 11,884 | 21,791 | 37,450 |
| Segment profit / (loss) from continuing activities before tax | (8,979) | (13,518) | 12,810 | (9,687) |
| Unallocated revenue | | | | 35 |
| Unallocated expenses | | | | 2,536 |
| Net loss from continuing activities before income tax | | | | (12,188) |
| Other segment items | | | | |
| Depreciation and amortisation | 539 | 1,251 | - | 1,790 |
| Other non-cash expenses | 11,387 | 19,190 | 3,079 | 33,656 |
| As at 30 June 2008 | | | | |
| Segment assets | 99,125 | 180,102 | 216,746 | 495,973 |
| Unallocated assets | | | | 1,742 |
| Consolidated total assets | | | | 497,715 |
| Segment liabilities | 21,466 | 50,621 | 130,721 | 202,808 |
| Unallocated liabilities | | | | 22,656 |
| Consolidated total liabilities | | | | 225,464 |

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2008

3. Segment Reporting (continued)

| Group as at 30 June 2007 | UK and Europe S\$'000 | United States S\$'000 | Australia S\$'000 | Total S\$'000 |
|---|-----------------------------|-----------------------------|----------------------|------------------|
| Geographical segments | | | | |
| Half year period to 30 June 2007 | | | | |
| Revenue from continuing activities | 4,122 | 12,548 | 19,299 | 35,969 |
| Segment profit from continuing activities before tax | 2,684 | 7,325 | 15,546 | 25,555 |
| Unallocated revenue | | | | 52 |
| Unallocated expenses | | | | 4,359 |
| Net profit from continuing activities before income tax | | | | 21,248 |
| Other segment items | | | | |
| Depreciation and amortisation | 183 | 973 | - | 1,156 |
| Other non-cash expenses | 727 | 1,898 | 3,051 | 5,676 |
| As at 30 June 2007 | | | | |
| Segment assets | 97,603 | 277,457 | 237,257 | 612,317 |
| Unallocated assets | | | | 17 |
| Consolidated total assets | | | | 612,334 |
| Segment liabilities | 43,759 | 79,024 | 136,031 | 258,814 |
| Unallocated liabilities | | | | 24,386 |
| Consolidated total liabilities | | | | 283,200 |

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2008

4. Share Capital

| | Company As at 30 Jun 08 Number of shares '000 | Par value S\$ | Company As at 30 Jun 08 Share capital S\$'000 | |
|--|--|--|---|---|
| Authorised share capital | | | | |
| 70,000,000,000 ordinary shares of \$0.01 each | 70,000,000 | 0.01 | 700,000 | |
| Opening balance as at 1 January 2007 | 69,640,599 | 0.01 | 696,406 | |
| Movements in period to 30 June 2007 | (24,161) | 0.01 | (242) | |
| Movements in period 1 July 2007 to 31 December 2007 | (4,067) | 0.01 | (40) | |
| Movements in year to 31 December 2007 | (28,228) | 0.01 | (282) | |
| Balance as at 31 December 2007 | 69,612,371 | 0.01 | 696,124 | |
| Movements in period to 30 June 2008 | (3,277) | 0.01 | (33) | |
| Total Available Authorised Share Capital for Issue | 69,609,094 | 0.01 | 696,091 | |
| | Company As at 30 Jun 08 Number of shares '000 | Share capital at par value S\$'000 | Share premium reserve S\$'000 | Company As at 30 Jun 08 Share capital S\$'000 |
| Issued and fully paid shares | | | | |
| Opening balance as at 1 January 2007 | 359,401 | 3,594 | 358,723 | 362,317 |
| Issue of ordinary shares on 22 January 2007 | 24,007 | 240 | 25,207 | 25,447 |
| Issue of ordinary shares – reinvestment of management fees | 154 | 2 | 155 | 157 |
| Transaction costs | - | - | (1,725) | (1,725) |
| Movements in period to 30 June 2007 | 24,161 | 242 | 23,637 | 23,879 |
| Issue of ordinary shares – reinvestment of management fees | 4,067 | 40 | 4,267 | 4,307 |
| Movements in period 1 July 2007 to 31 December 2007 | 4,067 | 40 | 4,267 | 4,307 |
| Movements in year to 31 December 2007 | 28,228 | 282 | 27,904 | 28,186 |
| Total share capital as at 31 December 2007 | 387,629 | 3,876 | 386,627 | 390,503 |
| Issue of ordinary shares – reinvestment of management fees | 3,277 | 33 | 2,416 | 2,449 |
| Movements in period to 30 June 2008 | 3,277 | 33 | 2,416 | 2,449 |
| Total share capital as at 30 June 2008 | 390,906 | 3,909 | 389,043 | 392,952 |

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 ordinary share held on all matters submitted to a vote of shareholders.

All shares issued rank parri passu with previously issued Shares. Details of the dividends can be found in Note 10.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2008

5. Interest bearing liabilities

| | Group as at 30 Jun 08 S\$'000 | Company as at 30 Jun 08 S\$'000 | Group as at 31 Dec 07 S\$'000 | Company as at 31 Dec 07 S\$'000 |
|--|--|--|--|--|
| Term loans ¹ | 65,853 | - | 110,520 | 13 |
| Commercial paper notes ² | 130,652 | - | 135,268 | - |
| Total interest bearing liabilities | 196,505 | - | 245,788 | 13 |
| Amount repayable in one year or less, or on demand | 133,266 | - | 177,248 | 13 |
| Amount repayable after one year | 63,239 | - | 68,540 | - |
| Total interest bearing liabilities | 196,505 | - | 245,788 | 13 |
| Amount secured | 196,505 | - | 245,788 | 13 |
| Amount unsecured | - | - | - | - |
| Total interest bearing liabilities | 196,505 | - | 245,788 | 13 |

¹ The term loans are secured against the two Boeing 757-200 aircraft leased to First Choice Airways Ltd and the music copyright assets held by the Group.

² Under the LC Procurement Agreement dated 27 October 2006 between BBGI and the Ancora Group, BBGI has agreed to procure letters of credit from a bank rated A1+ by Standard & Poor's to support the commercial paper program which the Ancora group has established.

6. Other liabilities

| | Group as at 30 Jun 08 S\$'000 | Company as at 30 Jun 08 S\$'000 | Group as at 31 Dec 07 S\$'000 | Company as at 31 Dec 07 S\$'000 |
|---|--|--|--|--|
| Base management fees payable to the Manager | 892 | 892 | 1,436 | 1,436 |
| Fees payable on monetisation of the Class B membership interest in JET-i Holdings LLC | 4,754 | - | 7,872 | - |
| Dividend payable | 20,327 | 20,327 | 23,258 | 23,258 |
| Other payables | 2,986 | 853 | 4,246 | - |
| Total other liabilities | 28,959 | 22,072 | 36,812 | 24,694 |

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2008

7. Other operating expenses

| | Group Quarter ended 30 Jun 08 S\$'000 | Group Half year ended 30 Jun 08 S\$'000 | Group Quarter ended 30 Jun 07 S\$'000 | Group Half year ended 30 Jun 07 S\$'000 |
|--|--|--|--|--|
| Professional fees | 361 | 666 | 333 | 736 |
| Investor relations expenses | 155 | 282 | 219 | 219 |
| Directors fees | 49 | 138 | 76 | 210 |
| Music copyright performance-based expenses | 252 | 511 | 179 | 196 |
| Impairment expense | 22,772 | 32,683 | - | - |
| Other expenses | 122 | 312 | 187 | 244 |
| Total other operating expenses | 23,711 | 34,592 | 994 | 1,605 |

8. Income tax expense

| | Group Quarter ended 30 Jun 08 S\$'000 | Group Half year ended 30 Jun 08 S\$'000 | Group Quarter ended 30 Jun 07 S\$'000 | Group Half year ended 30 Jun 07 S\$'000 |
|---|--|--|--|--|
| Income tax (expense) / benefit | | | | |
| Current tax | (882) | (1,029) | - | - |
| Deferred tax | 571 | 756 | 548 | 503 |
| Total income tax (expense) / benefit | (311) | (273) | 548 | 503 |
| Tax expense on profit differs from the amount that would arise using the Bermuda standard rate of income tax due to the following: | | | | |
| (Loss) / Profit from continuing operations before income tax expense | (12,225) | (12,188) | 11,750 | 21,248 |
| Tax at the Bermuda tax rate of 0% | - | - | - | - |
| Difference in overseas tax rates | (311) | (273) | 548 | 503 |
| Income tax (expense) / benefit | (311) | (273) | 548 | 503 |

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2008

9. Earnings per share

| | Group Quarter ended 30 Jun 08 S\$'000 | Group Half year ended 30 Jun 08 S\$'000 | Group Quarter ended 30 Jun 07 S\$'000 | Group Half year ended 30 Jun 07 S\$'000 |
|---|--|--|--|--|
| Basic earnings per share | | | | |
| Earnings used in calculation of basic earnings per share (S\$'000) | (12,536) | (12,461) | 12,298 | 21,751 |
| Weighted average number of shares on issue used in calculation of basic earnings per share ('000) | 389,498 | 388,966 | 383,562 | 380,708 |
| Basic earnings per share (cents per share) | (3.22) | (3.20) | 3.21 | 5.71 |
| Diluted earnings per share | | | | |
| Diluted earnings used in calculation of diluted earnings per share (\$'000) | (12,536) | (12,461) | 12,298 | 21,751 |
| Weighted average number of shares on issue used in calculation of diluted earnings per share ('000) | 390,907 | 390,200 | 384,785 | 381,395 |
| Diluted earnings per share (cents per share) | (3.21) | (3.19) | 3.20 | 5.70 |

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2008

10. Dividends

On 6 June 2008 the Company declared a 2008 interim dividend of 5.20 cents per Share in respect of the period from 1 January 2008 to 30 June 2008. The 2008 interim dividend is expected to be paid on 5 September 2008. The 2007 final dividend of 6.00 Singapore cents per Share in respect of the period from 1 July 2007 to 31 December 2007 was paid on 14 March 2008. The 2007 interim dividend of 5.23 Singapore cents per share in respect of the period from listing to 30 June 2007 was paid on 14 September 2007.

| | Interim dividend 2008 | Final dividend 2007 |
|----------------------------------|--------------------------|------------------------|
| Ordinary shares | | |
| Dividends per Share (cents) | 5.20 | 6.00 |
| Dividends paid/declared (\$'000) | 20,327 | 23,258 |

As the Company was incorporated in Bermuda and is not resident in Singapore for tax purposes, dividends paid by the Company will be regarded as foreign-source income for Singaporean tax resident recipients.

Foreign dividends are subject to Singapore income tax when received in Singapore by corporate shareholders.

Foreign dividends received by foreign investors with no permanent establishment in Singapore are generally not subject to Singapore income tax.

Foreign-sourced dividends received by individuals in Singapore (whether resident or otherwise) are exempt from Singapore income tax unless these dividends are received via partnerships.

Neither Singapore nor Bermuda currently imposes withholding tax on dividends paid to non-Singapore or non-Bermudan tax resident shareholders.

11. Net asset value

| | Group as at 30 Jun 08 S\$'000 | Company as at 30 Jun 08 S\$'000 | Group as at 31 Dec 07 S\$'000 | Company as at 31 Dec 07 S\$'000 |
|--|--|--|--|--|
| Net asset value | | | | |
| Total net asset value (\$'000) | 272,251 | 314,791 | 309,382 | 338,589 |
| Total number of ordinary shares on issue used in calculation of net asset value per share ('000) | 390,906 | 390,906 | 387,630 | 387,630 |
| Net asset value per ordinary share (\$ per share) | 0.70 | 0.81 | 0.79 | 0.87 |

Net asset value per ordinary share is derived by dividing the net assets as disclosed in the balance sheet of the Group by the number of ordinary shares on issue as at the end of the accounting period.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2008

12. Commitments

| | Group as at 30 Jun 08 S\$'000 | Group as at 31 Dec 07 S\$'000 |
|--|--|--|
| Capital and credit commitments | | |
| Commitments for the acquisition of assets and economic exposure for at the reporting date but not recognised as liabilities payable | | |
| Within one year | 11,712 | 15,934 |
| Later than one year but not later than five years | - | - |
| Later than five years | - | - |
| Total capital and credit commitments | 11,712 | 15,934 |

| | As at 30 Jun 08 S\$'000 | As at 31 Dec 07 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 | 5,224 | 5,469 |
| Later than one year but not later than five years | 20,026 | 22,105 |
| Later than five years | - | 1,842 |
| Total lease commitments – operating leases where a group company is a lessor | 25,250 | 29,416 |

13. Non-cash financing and investing activities
Group half year ended 30 June 2008

Not included in the Consolidated Statement of Cash Flows is the settlement of the base management fees (S\$2.4 million) to the Manager via the issuance of new shares.

Group half year ended 30 June 2007

Not included in the Consolidated Statement of Cash Flows is the settlement of the base management fees (S\$0.2 million) to the Manager via the issuance of new shares.

14. Related-party transactions
Director's remuneration

Sylvia Wiggins and Robert Topfer are executive directors of BBGI, and are not entitled to any remuneration from BBGI, other than reimbursement of expenses incurred on behalf of BBGI, such as travel costs and accommodation.

Tara Leonard Railton, Joel Peter Schaefer, Dilhan Pillay Sandrasegara and Lee Soon Kie are each entitled to an annual directorship fee of US\$50,000 per annum, paid quarterly in arrears. 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\$50,000 in directorship fees has been paid by BBGI in respect of the period from 1 January 2008 to 30 June 2008 (Half year ended 30 June 2007: US\$50,000).

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2008

The Manager

The Manager of BBGI was appointed by the Company as the sole and exclusive manager pursuant to two management agreements dated 12 December 2006.

The following transactions with the Manager occurred during the period:

| | | | Half year ended 30 Jun 08 S\$'000 | Half year ended 30 Jun 07 S\$'000 |
|--|--|--|--|--|
| Transactions | | | | |
| Base management fees | | | 1,906 | 2,876 |
| Acquisition base fee | | | 39 | 1,430 |
| Equity raising fee | | | - | 763 |
| Debt raising fee | | | 245 | 153 |
| Dividends | | | 253 | - |
| | Group as at 30 Jun 08 S\$'000 | Company as at 30 Jun 08 S\$'000 | Group as at 31 Dec 07 S\$'000 | Company as at 31 Dec 07 S\$'000 |
| Balances | | | | |
| Accrued base management fees | 892 | 892 | 1,436 | 1,436 |
| Accrued acquisition fee | 39 | - | 835 | - |
| Accrued divestment fee | 1,316 | - | 1,439 | - |
| Accrued debt raising fee | 249 | 249 | - | - |
| Dividend payable | 390 | 390 | 253 | 253 |
| Total liabilities payable to the Manager | 2,886 | 1,531 | 3,963 | 1,689 |

Contractual arrangement

At the time of the acquisition of the initial music copyright assets the Company entered into a Music Catalogue Introduction Agreement with the Spirit Music Group ("Spirit"). The Babcock & Brown Group has a majority interest in Spirit resulting in transactions between Spirit and the Company being deemed related party transactions. Under the terms of the Music Catalogue Introduction Agreement, Spirit may be entitled to certain fees and profits on music copyright assets introduced to the Company by Spirit.

30 June 2008

15. Critical accounting estimates and judgments in applying accounting policies

BBGI 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 values of Available for Sale financial assets that are quoted in active markets are determined directly by reference to published price quotations in an active market.

The fair values of Available for Sale financial assets that are not quoted in active markets are 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. A variety of assumptions such as prepayment rates, delinquency rates, credit spreads and loss rates are made which are based on historical data as well as current market conditions.

(ii) Impairment of assets

The carrying values of all assets are reviewed on a quarterly or semi-annual basis for indications of impairment. Indicators such as changes in interest rates, creditworthiness of borrowers in the case of loans, performance of the asset, 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.

(iii) Derivatives (including embedded derivatives)

The fair values of derivatives that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel. All models are certified (internally or by external experts) before they are used and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data however areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of the derivatives in the balance sheet and their related gains or losses in the income statement.

(iv) Special purpose entities

The Group has dealings with special purpose entities ("SPE's") primarily for the purpose of holding investments, for asset securitisation transactions and for buying or selling credit protection. The Group does not consolidate SPE's 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.

**To the Shareholders and Board of Directors of
Babcock & Brown Global Investments Limited (“Company”) and its subsidiaries (“Group”)**

**Report on Review of Interim Financial Information
For the second quarter and half year ended 30 June 2008**

Introduction

We have reviewed the accompanying condensed balance sheet of the Company as of 30 June 2008 and the related condensed statements of changes in equity of the Company for the three-month period and six-month period then ended, the consolidated condensed balance sheet of the Group as of 30 June 2008 and the related consolidated condensed statements of income, changes in equity and cash flows of the Group for the three-month period and six-month period then ended, and other explanatory notes (“interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standard on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.



PricewaterhouseCoopers
Public Accountants and
Certified Public Accountants

Singapore
13 August 2008