GLOBAL INVESTMENTS LIMITED

DELIVERING RETURNS CONSISTENTLY

2012 ANNUAL REPORT

CORPORATE INFORMATION

BOARD OF DIRECTORS
Boon Swan Foo (Chairman)
Tan Mui Hong (Deputy Chairman)
Adrian Chan Pengee
Ronald Seah Lim Siang
Tan Kok Wee

NOMINATION AND GOVERNANCE COMMITTEE
Adrian Chan Pengee (Chairman)
Boon Swan Foo
Ronald Seah Lim Siang

AUDIT AND RISK MANAGEMENT COMMITTEE
Tan Kok Wee (Chairman)
Adrian Chan Pengee
Ronald Seah Lim Siang

REMUNERATION COMMITTEE
Ronald Seah Lim Siang (Chairman)
Adrian Chan Pengee
Tan Kok Wee

COMPANY SECRETARY
Anne Bennett-Smith

ASSISTANT SECRETARY
ISIS Fund Services Ltd
Rohana Saharom
Kamaliah Mohamed Kamari

FUND ADMINISTRATOR
ISIS Fund Services Ltd

REGISTERED OFFICE
Penboss Building, 2nd Floor
50 Parliament Street
Hamilton, HM12, Bermuda

Telephone:+1 441 295 8282
Facsimile: +1 441 279 2090

BERMUDA COMPANY REGISTRATION NUMBER
EC 38267

SHARE TRANSFER AGENT
Boardroom Corporate & Advisory Services Pte Ltd
(formerly known as Lim Associates (Pte) Ltd)
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Republic of Singapore

Telephone:+65 6536 5355
Facsimile: +65 6536 1360

AUDITORS
PricewaterhouseCoopers LLP
Certified Public Accountants
8 Cross Street #17-00
PWC Building
Singapore 048424
Republic of Singapore

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

Audit Partner: Paul Pak
Date of Appointment: 21 April 2011

THE MANAGER
ST Asset Management Ltd.
60B Orchard Road #06-18 Tower 2
The Atrium@Orchard
Singapore 238891
Republic of Singapore

Telephone:+65 6828 8133
Facsimile: +65 6720 2990
Email: contact@stassetmgt.com
Website: www.stassetmgt.com

INVESTOR RELATIONS
Telephone: +65 6828 8105 / +65 6828 8178
Facsimile: +65 6720 2882
Email: ir@globalinvestmentslimited.com
Website: www.globalinvestmentslimited.com

DISCLAIMER

Investments in GIL are not deposits with or other liabilities of STAM, Temasek or any of STAM's related corporations[1] and are subject to investment risk, including the possible loss of income and capital invested. Neither STAM, 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 investments 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] As defined under Section 6 of the Singapore Companies Act (Chapter 50).

CORPORATE PROFILE

Global Investments Limited ("GIL" or the "Company") is a mutual fund company incorporated in Bermuda and listed on the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company's investment policy is to make investments in a portfolio of assets in different sectors through different means which include but not limited to direct asset ownership, swaps, credit default swaps, debts, warrants, options, convertibles, preference shares, equity, guarantees of assets and performance, securities lending and participating loan agreements provided that it will not make any direct investments in real estate and commodities.

The Company's strategy is to actively manage and grow its assets with the focus to protect and grow value. It aims to grow its assets and seek investment in assets that will generate steady income and potential appreciation in capital to deliver regular dividends and achieve capital growth.

The board of directors ("Board") is responsible for the Company's strategic goals and corporate governance, and making investment and divestment decisions based on recommendation of ST Asset Management Ltd. ("STAM" or the "Manager"). The majority of the Board comprises independent directors.

The Company is managed by STAM, a Singapore incorporated company which holds a capital markets services licence for fund management issued by the Monetary Authority of Singapore ("MAS").

Contents

CHAIRMAN'S STATEMENT

Boon Swan Foo
Chairman
Global Investments Limited

Dear Shareholders,

The year 2012 had been challenging for global economies and financial markets. Amid the uncertain macroeconomic environment, I am pleased that the Company was able to ride out the volatility of the market to deliver a stellar set of financial results with another year of strong profit growth.

Strong Financial Performance Despite Volatility

For the financial year ("FY") 2012, the Company's net profit attributable to Shareholders surged 56.1% to S$19.1 million from S$12.2 million in FY2011. The Company continued to achieve strong profit growth for the year, following a 84.8% jump in profit in FY2011 and a turnaround in FY2010. The Company also recorded a higher return on equity ("ROE"), which rose to 11.2% in FY2012 from 9.0% in FY2011[1]. Earnings per share ("EPS") increased by 10.5% to 2.53 Singapore cents in FY2012 from 2.29 Singapore cents in FY2011. To reward Shareholders for your unwavering support and confidence, the Board was delighted to maintain the dividend distribution per share for the year at 1.50 Singapore cents despite the Company's enlarged share capital due to the completion of a rights issue in April 2012 ("Rights Issue"), which translated to a 49.4% increase in the total dividend distribution for the year over the previous year. Based on the closing share price on 31 December 2012 of 16.0 Singapore cents, the full year distribution represented an annual dividend yield of 9.4%. The Net Asset Value ("NAV") per share also increased 8.6% in FY2012 to 23.0 Singapore cents from 22.4 Singapore cents in FY2011[2].

This performance was made possible by the full involvement and engagement of the Board, active management by the Manager and support of our Shareholders.

[1] ROE is computed based on net profit after tax over the average total equity for the relevant year.

[2] If the rights issue had been completed before 31 December 2011, the NAV per share as at 31 December 2011 would have been 22.4 Singapore cents and the increase in NAV per share would be 8.6% for the year ended 31 December 2012 after adjusting for the final 2011 dividend of S$4.1 million and interim 2012 dividend of S$6.2 million paid during the year.

CHAIRMAN'S STATEMENT

Challenging Environment

2012 saw a year of uncertainty and volatility in the global financial markets. Fear gripped the markets in the first half of 2012 due to the ensuing European debt crisis and the bleak prospects of the United States ("US") economic recovery. Concerns over the sharp slowdown in the Chinese economy also weighed on investors' sentiment, driving the global equity markets downward. Developing countries experienced economic slowdown due to weaker demand for their exports as well as increased volatility in capital flows and commodity prices. Against a backdrop of heightened uncertainty and a threatened world economy, governments in the US and euro area intervened with strong measures which spared the world economy from a recurrence of the 2008 financial crisis. The coordinated actions and commitment by the major central banks to maintain monetary easing and the perception that tail risks had diminished led to a strong rise in the bond and equity markets globally in the second half of 2012.

Despite the challenging environment, I am pleased that the Company's portfolio of investments had not been adversely impacted and the Company was able to take advantage of market opportunities to secure new investments, which enabled the Company to continue generating income and grow its NAV.

Rights Issue and New Investments

In April 2012, the Company carried out another successful Rights Issue exercise, which saw a subscription rate of 1.3 times and raised S$35.0 million in net proceeds. This again demonstrates Shareholders' confidence in us and we thank you for your strong support of our rights issues over two consecutive years.

The Company fully invested its Rights Issue proceeds in listed equities of selected Asian markets in mid-2012 to take advantage of weak prices amid market uncertainty and volatility. The equity portfolio has since generated total gains of S$3.6 million which comprised S$2.8 million of unrealised profits and S$0.8 million of realised profits and dividend income as at end-December 2012. The flexibility of investing in listed equities was made possible by the expansion of the Company's investment objectives approved by Shareholders in December 2011. The approval of the broader investment scope was timely as the Company was able to seize suitable opportunities for the benefit of all Shareholders.

During the year, the Company also secured new investments in securitisation assets and bonds. It has invested A$5.0 million in the mezzanine notes of Resimac Bastille Trust Series 2012-1NC, whose underlying pool comprises Australian non-conforming and prime residential property mortgage loans originated by Resimac Limited. The Company also invested US$10.1 million in a credit-linked note ("CLN") issued by START VIII CLO Limited. In addition, the Company invested S$13.31 million in a portfolio of corporate bonds denominated in Singapore Dollar ("SGD") and United States Dollar ("USD").

Divestments

The Company seized the opportunity of improved market conditions to divest some assets. In November 2012, the Company sold the remaining portfolio of four US Residential Mortgage-Backed Securities ("RMBS") with net sale proceeds of US$8.77 million. Including the cash flows received from the four RMBS prior to the sale, the total cash flow received in excess of the Company's initial investment was US$2.33 million. The Company gradually sold some of its FLY Leasing Limited ("FLY Leasing") shares on market strength, reducing its holdings to 876,261 shares as at end-December 2012, yielding a net realised gain of S$2.03 million. The Company also exited some positions in the Asian equity portfolio totaling S$6.53 million with a net realised gain of S$0.41 million. With regard to the aircraft sale agreement entered into with Federal Express Corporation ("FedEx") in 2011, STAM has been in discussion with the manager of the two aircraft to ensure successful completion of the sale in April 2013.

CHAIRMAN'S STATEMENT

My Deputy Chairman, Ms Tan Mui Hong, and I have been actively participating in the board meetings of Ascendos Rail Leasing S.à.r.l. ("Ascendos Rail") and Ascendos Investments Limited ("Ascendos") respectively, and we are delighted that the Ascendos Group (Ascendos Rail and Ascendos) continued to register profits and reported a net profit of €2.54 million for the nine months of 2012 and paid distribution income of approximately S$1.8 million in FY2012 to the Company.

Scrip Dividend Scheme

We have announced on 7 February 2013 that the Scrip Dividend Scheme be applied to the final dividend for FY2012 so as to provide Shareholders who wish to participate in the long term value of the Company with the opportunity to elect to receive dividends in the form of shares instead of cash. This will enable you to increase your investments in the Company at a discount to market value. The Scheme will also benefit the Company as the cash which would otherwise be payable by way of dividends will be retained to fund the continuing growth and expansion of the Company.

Maintain Good Corporate Governance

The Board recognises the importance of good corporate governance for the effective management of the Company and for the protection of its Shareholders. During FY2012, the Board made further changes to the corporate governance structure. The Company is generally in compliance with the best practices as outlined in the revised Singapore Code of Corporate Governance 2012 issued in May 2012, which will take effect with respect to annual reports with financial years commencing from 1 November 2012.

In November 2012, the Company established a Remuneration Committee ("RC") which comprises entirely of independent non-executive directors, to provide an objective basis for the determination of directors' remuneration, and to review the fees and expenses in relation to the Company's business. The RC is chaired by Mr Ronald Seah Lim Siang and the other members are Mr Adrian Chan Pengee and Mr Tan Kok Wee.

In the 2012 Governance and Transparency Index ("GTI") jointly organised by the Business Times and the National University of Singapore's Centre for Governance, Institutions and Organisations, which the Company participated in, the Company improved its GTI score from 34 points in 2011 to 47 points in 2012. Our ranking jumped from 230 in 2011 to 82 in 2012 and was ranked top 15% out of 647 listed companies which participated in 2012. Our ranking reflects the Board's commitment to continue maintaining high standards of corporate governance.

Outsourcing of Administrative Services

STAM has delegated part of the administrative services under the management agreement entered into between the Company and STAM ("Management Agreement") to Allgrace Investment Management Private Limited ("Allgrace") with effect from 16 July 2012[3]. Such delegation of non-investment related services which are purely administrative in nature will enable STAM to focus on investment related services. However, STAM will remain responsible to the Company for the performance of the administrative services under the Management Agreement.

Going Forward

Against the backdrop of increasing global liquidity created by major central bankers coupled with diminishing tail risk, the overall outlook for global financial markets is cautiously upbeat. Markets, however, will remain volatile as investors are wary of policy changes and sustainability of growth recovery in the major developed countries. Investors have been encouraged by the recent economic data indicating slow improvements in the US housing and employment markets as well as the resurgence

[3] Allgrace is 100% owned by Mr Boon Swan Foo. Mr Boon Swan Foo is also a consultant to STAM.

CHAIRMAN'S STATEMENT

of growth in the Chinese economy. In Japan, the newly elected LDP-led government is seeking broad support and consensus from the country's policy makers in an effort to stimulate the domestic economy which has been in the doldrums for the past decades. The recessionary economic condition in the eurozone countries, driven by austerity measures, deleveraging and anemic demand will, however, remain a drag on global economic growth. Given such a scenario, we are cautiously optimistic of the prospects of our investments and will continue to be selective when seeking new investments for the Company, while being mindful of major risks disrupting the markets.

With the broadened scope of investments approved by Shareholders in December 2011, we have a wider range of opportunities to evaluate. The challenge is to look for a good mix of investments with recurring income as well as capital growth potential within a market environment where credit and equity markets have already rallied strongly.

STAM sees opportunities in the following areas:

- High-yield bonds, hybrid investments and public equity investments;

- Loans, receivables or asset-backed securities that banks are looking to divest as they continue deleveraging to improve their capital base;

- Equity or debt in companies with exposure to operating leases, which pay attractive dividends and have significant potential upside.

Acknowledgement

On behalf of the Board, I would like to thank all Shareholders for your confidence and continued support of the Company. I also wish to express my sincere appreciation to fellow directors for their counsel, support and guidance through these challenging times.

Boon Swan Foo
Chairman
Global Investments Limited

FINANCIAL HIGHLIGHTS

S$19.1 M
NET PROFIT AFTER TAX
56.1%

Net profit after tax grew by 56.1% on a year-on-year basis to S$19.1 million from S$12.2 million. The increase was driven largely by the reversal of impairment of its investment in Ascendos of S$4.9 million registered for the year as well as the absence of impairment expenses of S$1.8 million recorded in 2011.

S$18.4 M
TOTAL REVENUE
10.2%

Drop in revenue was mainly due to lower interest income and distribution income received from Ascendos being taken against the carrying value of investment as a result of equity accounting its investment in 2012.

S$5.4 M
TOTAL EXPENSES
28.5%

Drop in total expenses was mainly due to the absence of impairment charges, lower finance costs and other operating expenses.

11.2%
RETURN ON EQUITY[1]
24.4%

ROE rose to 11.2% in FY2012 (based on average total equity of S$169.79 million) from 9.0% in FY2011 (based on average total equity of S$135.66 million).

[1] ROE is computed based on net profit after tax over the average total equity for the relevant year.

S$190.1M

27.1%

NET ASSET VALUE

NAV increased by 27.1% to S$190.1 million in FY2012. If the Rights Issue had been completed before 31 December 2011, the increase in NAV would be 8.6% for the year ended 31 December 2012, taking into account the final 2011 dividend of S$4.1 million and interim 2012 dividend of S$6.2 million paid during the year.

S$0.0253

10.5%

EARNINGS PER SHARE

EPS rose by 10.5% to 2.53 Singapore cents in FY2012 (after adjusting for the enlarged share capital resulting from the Rights Issue in April 2012) from 2.29 Singapore cents in FY2011.

S$12.4 M

49.4%

DIVIDEND DISTRIBUTION

Interim and final dividend distribution per share totalled 1.5 Singapore cents (based on larger 825.31 million shares) in FY2012. The total amount of dividend to be paid increased by 49.4% to S$12.4 million in FY2012 from S$8.3 million in FY2011.

2012 AT A GLANCE

Financial Performance

- Net profit after tax surged 56.1% to S$19.1 million for FY2012.
- ROE rose to 11.2% in FY2012 from 9.0% in FY2011.
- EPS grew by 10.5% to 2.53 Singapore cents in FY2012.

Divestments

- Sale of US RMBS portfolio comprising four securities for US$8.77 million. Total cash flow received in excess of GIL's initial investment was US$2.33 million.
- Net realised gain of S$2.03 million from the partial divestment of FLY Leasing shares.
- Exited some positions in the Asia listed equity portfolio for a net realised gain of S$0.41 million.
- Entered into a forward sale agreement with FedEx on the sale of GIL's two Boeing 757-200 aircraft in December 2011. The expected completion date of sale of both aircraft will be on or about 30 April 2013.

Acquisitions

- Invested in a portfolio of Asia listed equities traded on various exchanges with carrying value of S$39.96 million as at 31 December 2012.
- Invested A$5.0 million in newly issued Resimac Bastille Trust Series 2012-1NC Class D and E Notes.
- Invested US$10.1 million in START VIII CLO Limited, a newly issued synthetic CLN.
- Invested in a portfolio of corporate bonds denominated in SGD and USD with a carrying value of S$13.5 million.

Declaration and Payment of Dividends

- Declared and paid a total dividend of 1.5 Singapore cents per share on the enlarged share capital of 825.31 million shares in FY2012.
- Overall annual dividend yield based on closing share price of 16.0 Singapore cents on 31 December 2012 was 9.4%.

Tax Resident of Singapore for 2012

- Dividends paid by the Company in 2012 are exempt from tax when received by Shareholders.

Scrip Dividend Scheme

- Scrip Dividend Scheme will be applied to the final dividend of 0.75 Singapore cents per share for FY2012.

Renounceable Non-underwritten Rights Issue

- A 1 for 2 rights issue announced on 7 February 2012 was completed in April 2012. Total rights subscribed and excess shares application was 129.8%, and new rights shares were listed on 13 April 2012.
- The net proceeds from the Rights Issue have been fully utilised by investing in Asia listed equities.

Corporate Governance

- In November 2012, the Company established a RC, which comprises entirely of independent non-executive directors to provide an objective basis for the determination of directors' remuneration, and to review the fees and expenses in relation to the Company's business.
- The Company improved its GTI score from 34 points in 2011 to 47 points in 2012 and was ranked in the top 15% out of 647 listed companies in the 2012 GTI.

Outsourcing of Administrative Services

- The Manager has delegated part of the administrative services which are non-investment related to Allgrace with effect from 16 July 2012.

2012 Annual General Meeting

- All resolutions set out in the Notice of Annual General Meeting dated 27 March 2012, including those in relation to the adoption of the Preference Share Issue Mandate, were duly approved and passed by the Company's Shareholders on 19 April 2012.

BOARD OF DIRECTORS

Upper left to right: Boon Swan Foo, Tan Mui Hong, Adrian Chan Pengee
Lower left to right: Ronald Seah Lim Siang, Tan Kok Wee

The Board comprises five directors including Boon Swan Foo who is a non-executive and non-independent Chairman of the Board and Tan Mui Hong who is a Manager Nominated Director and Deputy Chairman of the Board. The other three directors are independent and have no relationship with the Company, its related corporations, or its substantial shareholders. They are Adrian Chan Pengee, Ronald Seah Lim Siang and Tan Kok Wee. GIL has no employees or executive officers. In 2012, the Board met eight times.

BOARD OF DIRECTORS

Boon Swan Foo
Chairman, Non-Executive Director

Boon Swan Foo was appointed as Manager Nominated Director and Chairman on 25 November 2009 and subsequently became non-executive director and non-independent Chairman of the Company from 20 December 2011. Mr Boon is the Chairman and CEO of Allgrace Investment Management Private Limited. He is also a Senior Advisor to Temasek Holdings (Private) Limited, Advisor to Singapore Technologies Engineering Ltd and Consultant to ST Asset Management Ltd. He is a board member of the following Temasek-related corporations - Singbridge Holdings Pte Ltd, Singbridge International Singapore Pte Ltd and its subsidiary, Sino-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.

He serves on the board of Shin Corporation Plc, a telecommunications and satellite company listed on the Stock Exchange of Thailand, MIH Holdings Limited (South Africa), a 100% owned subsidiary of Naspers Ltd, a media and internet company listed on Johannesburg Stock Exchange and is the Chairman and Director of Perennial China Retail Trust Management Pte Ltd, a real estate company listed on Singapore Stock Exchange. Mr Boon also holds directorship in Ascendos Investments Limited (Guernsey), Dongfeng Motor Corporation (China) and China National Offshore Oil Corporation. He is a member of Advisory Council of Chartis Singapore Insurance Pte. Ltd.

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. Presently, he holds an Adjunct Professorship at the Nanyang Technological University. Mr Boon was awarded the Singapore Business Award for Outstanding CEO in 2000, one of Singapore's prestigious business awards.

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".

Tan Mui Hong
Deputy Chairman, Manager Nominated Director

Tan Mui Hong was appointed as Deputy Chairman on 30 April 2010. She is the President and CEO of 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 Singapore Workforce Development Agency and Chairman of its Investment Committee. She is also a member of the Investment & Finance Committee of Singapore Corporation of Rehabilitative Enterprises.

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 and has completed the Advanced Management Program at Harvard Business School. She is also a member of CFA Institute.

Information regarding the boards that Ms Tan 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 was appointed to the Board on 5 May 2009. Mr Chan is Head of the Corporate Department and a Senior Partner at Lee & Lee. He is the Vice-

BOARD OF DIRECTORS

Chairman of the Singapore Institute of Directors, serves on the Executive Council of the Association of Small and Medium Enterprises as its Honorary Secretary and sits on the Corporate Governance and Regulations Committee of the Singapore International Chamber of Commerce. Mr Chan is a director of Hogan Lovells Lee & Lee, the joint law venture between Lee & Lee and the international law firm, Hogan Lovells, and is an independent director on the Boards of several publicly listed companies on the Singapore Stock Exchange. Mr Chan also serves on the Corporate Practice Committee and the Finance Committee of the Law Society of Singapore and was appointed to the Audit Committee Guidance Committee, established by the MAS, the Accounting and Corporate Regulatory Authority and the Singapore Exchange.

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".

Ronald Seah Lim Siang
Independent Director

Ronald Seah was appointed to the Board on 30 April 2010. Over a 25 year period between 1980 and 2005, he had held various senior positions within the AIG Group in Singapore, initially as AIA Singapore's Vice-President and Chief Investment Officer managing the investment portfolio of AIA Singapore and later as AIG Global Investment Corporation (Singapore) Ltd's Vice President of Direct Investments. Between 2001 and 2005, Mr Seah was also the Chairman of the board of AIG Global Investment Corporation (Singapore) Ltd. From 1978 to 1980, Mr Seah managed the investment portfolio of Post Office Savings Bank as Deputy Head of the Investment and Credit Department. Prior to that, he worked at Singapore Nomura Merchant Bank as an Assistant Manager with responsibilities covering the sale of bonds and securities and offshore (ACU) loan administration for the bank. Between 2002 and 2003, Mr Seah served on the panel of experts of the Commercial Affairs Department of Singapore. Mr Seah graduated with a Bachelor of Arts and Social Sciences (Second Class Honours (Upper)) in Economics from University of Singapore in 1975.

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

Tan Kok Wee
Independent Director

Tan Kok Wee was appointed to the Board on 30 April 2010. He has served in senior executive positions for more than 25 years in fixed income, foreign exchange and derivative markets. Mr Tan is currently Managing Director and Head of Fixed Income and Currency (FIC) sales for Asia at Commerzbank AG. From 1994 to 2008, Mr Tan was Senior Managing Director and a member of the board of directors of Bear Stearns Singapore Pte Ltd, a global investment bank and securities trading and brokerage, where he was responsible for its Singapore's operation. He was also a member of Bear Stearns Asia Management Committee which dealt with major business initiatives and administrative matters in Asia. From 1994 to 1998, Mr Tan headed the Securities Business Development Sub-Committee of the Singapore Foreign Exchange Market Committee. Prior to that, Mr Tan was with CS First Boston from 1982 to 1994 working in both the Singapore and Hong Kong offices. Mr Tan graduated with a Bachelor of Business Administration from University of Singapore in 1979.

INVESTMENT POLICY AND STRATEGIES

Investment Policy

The investment policy of the Company is to make investments in a portfolio of assets in different sectors through different means which include but not limited to direct asset ownership, swaps, credit default swaps, debts, warrants, options, convertibles, preference shares, equity, guarantees of assets and performance, securities lending and participating loan agreements provided that the Company will not make any direct investments in real estate and commodities.

Strategy

The Company seeks to achieve its investment 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 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.

Aquisition 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

The Company is managed by STAM, 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 MAS.

MANAGEMENT AGREEMENT

In accordance with the Management Agreement executed between the Company and STAM and which came into effect on 25 November 2009, 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 Management Agreement will be subject to the approval of Shareholders by resolution in general meeting, and for the purposes of such approval, STAM and STAM Associates (as defined in the Management Agreement), will abstain from voting on the relevant resolution.

The fee structure of STAM is summarised below.

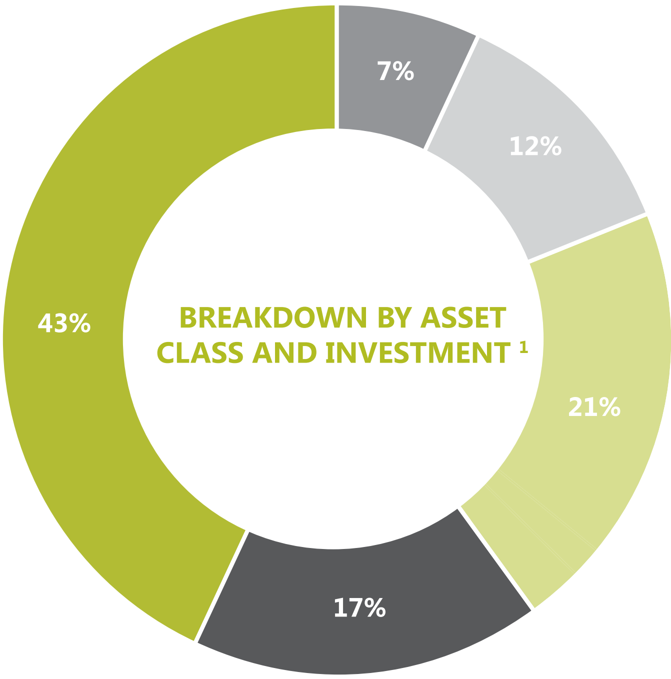
	FEE STRUCTURE
Base Fee	1.0% of Net Investment Value up to S$1.5 billion and 1.5% of Net Investment Value in excess of S$1.5 billion
Incentive Fee	• 20.0% of increase in market capitalisation over benchmark return • Benchmark return: 8% per annum on market capitalisation • Initial threshold: Higher of (a) S$0.25 or (b) S$0.36 being the Company's unaudited net asset value on 30 September 2009. This threshold will be adjusted for the changes in share capital pursuant to the Management Agreement. • Deficit, if any, carried forward for three years
Fixed Fee	• 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	• 1.0% of:
	  • 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).

Divestment Fee	• Only for assets acquired after 25 November 2009. 3.0% on net disposal proceeds, subject to profit after divestment being greater than zero. 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.
Debt raising Fee	• 0.5% of senior debt raised • 0.7% of subordinated or mezzanine debt raised 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.
Payment of Fees	• The Board has the sole discretion to pay up to 100% of STAM's fees in the form of shares rather than cash.

- Fees that are paid and payable to the Manager and its associates are disclosed in Note 28 of the financial statements included within this report.

PORTFOLIO COMPOSITION



OPERATING LEASE ASSETS

7%	FLY Leasing Limited
8%	GIL Aircraft Lessor No. 2 Limited
2%	Ascendos Investments Limited

LOAN PORTFOLIO AND SECURITISATION ASSETS

20%	Residential Mortgage-Backed Securities
23%	Collateralised Loan Obligation Securities

ASIA LISTED EQUITIES

21%	Asia Listed Equities

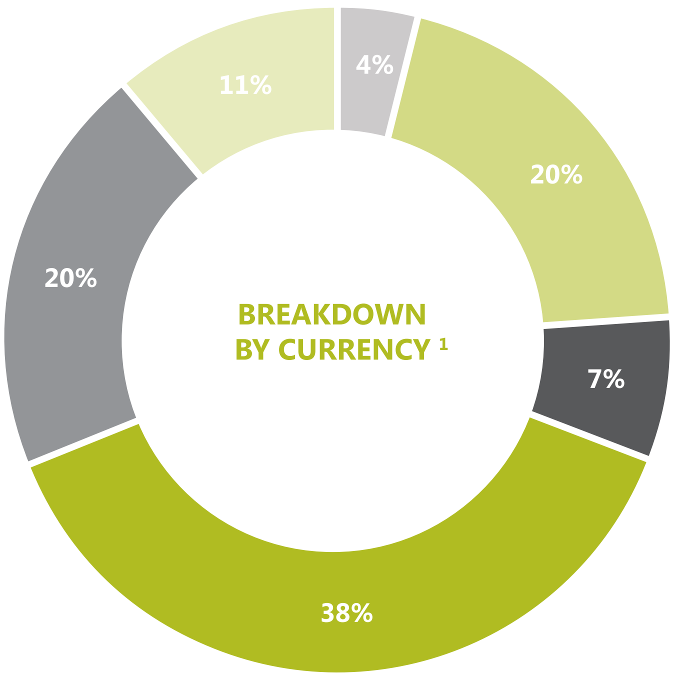
BONDS

7%	Bonds

CASH AND OTHER ASSETS

12%	Cash and Other Assets

Note:
[1] As at 31 December 2012 by Carrying Value



Australian Dollar (A$)	(20%)
Euro (€)	(7%)
US Dollar (US$)	(38%)
Singapore Dollar (S$)	(20%)
HongKong Dollar (HK$)	(11%)
Others	(4%)

Note:
[1] As at 31 December 2012 by Carrying Value

OPERATING LEASE ASSETS

FLY LEASING LIMITED

Investment Description

GIL is invested in shares of FLY Leasing which is listed on the New York Stock Exchange. During the year, the Company partially sold down its portfolio holdings of FLY Leasing shares. Net profit of S$2.03 million were realised from the sale of the shares. As at 31 December 2012, the Company holds 876,261 shares after cumulative sale of 174,749 shares during the year.

FLY Leasing was formerly known as Babcock & Brown Air Limited. The FLY Leasing shares were acquired when the portfolio of aircraft owned by JET-i Group, in which GIL was a foundation investor, was sold to FLY Leasing.

FLY Leasing owns and leases commercial jet aircraft. It owns a fleet of 110 aircraft that are leased under long term contracts to 53 airlines in 29 countries. As of 30 September 2012, the average age of the fleet was approximately 9.2 years with 3.1 years average remaining lease term.

Asset Overview

As at 31 December 2012, the Company's carrying value was US$10.80 million.

As at 30 September 2012, the details of FLY Leasing's portfolio were as follows:

Number of aircraft	110	
Average Age	9.2 years	
Aircraft by manufacturer	Boeing	Airbus
	B717 (6)	A320 (27)
	B737 (40)	A319 (20)
	B747 (1)	A330 (1)
	B757 (11)	A340 (3)
	B767 (1)	

FLY Leasing declared its 4Q2012 gross dividend of US$0.22 per share on 15 January 2013 and the dividend was paid on 20 February 2013.

Outlook

Despite continued high fuel prices and a slowing world economy, the financial performance of airlines have improved in the second and third quarters of 2012 as airlines adjusted to this difficult environment through improving efficiency and managing capacity. As such, the International Air Transport Association ("IATA") revised its 2012 profit forecast for the industry from US$4.1 billion to US$6.7 billion. Following the better performance of 2012, IATA also raised the 2013 industry profit forecast to US$8.4 billion from the previous forecast of US$7.5 billion. Overall, the outlook for 2013 has been lifted for airlines but they still face a difficult business environment amidst persistently high fuel costs and sluggish economic growth concerns.

The demand for leased aircraft has remained healthy with good growth from emerging economies. Leasing has grown to become the preferred means by which global airlines fund their fleet as they have realised the benefits of leasing in order to maintain a competitive fleet while minimising capital expenditures. Furthermore, the revival

OPERATING LEASE ASSETS

in lease rates for A319 and A320, firming aircraft values and availability of funding access through the capital markets continue to point to a stabilising outlook for aircraft lessors.

FLY Leasing's portfolio has performed well as its net income increased by 62% year-on-year to US$16.7 million for the nine months ended 30 September 2012. The increase was primarily due to income from the additional aircraft in the portfolio following the strategic acquisition of 49 aircraft completed in late 2011, demonstrating the true value of the strategic acquisition. FLY Leasing also demonstrated its access to funding in the capital markets by successfully refinancing its outstanding 2012 debt maturities as well as a facility maturing in 2013.

OPERATING LEASE ASSETS

GIL AIRCRAFT LESSOR NO. 2 LIMITED

Investment Description

GIL owns 100% equity of GIL Aircraft Lessor No. 2 Limited ("GILAL2") which owns two Boeing 757-200 aircraft leased to Thomson Airways Limited. The two leases mature on 30 April 2013 and have fixed monthly rentals over the remaining term of the leases.

Asset Overview

As at 31 December 2012, the Company's carrying value was US$23.50 million. Outstanding debt is US$11.49 million.

As at 31 December 2012, the details of the two aircraft are 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

Both aircraft are on fixed lease rentals with fixed debt costs through to April 2013. In December 2011, the Company announced that it has entered into an aircraft sale agreement with FedEx for the forward sale of the two aircraft. The expected completion date of the sale of both aircraft will be on or about 30 April 2013, the scheduled maturity date of the leases.

OPERATING LEASE ASSETS

ASCENDOS INVESTMENTS LIMITED

Investment Description

GIL owns 40.56% of Ascendos. Ascendos, through Ascendos Rail, is an operating lessor with a portfolio of 238 rail equipment consisting of 3 passenger train fleets, over 30 locomotives and 100 freight wagons operating in mainland Europe.

Asset Overview

As at 31 December 2012, the Company's carrying value was €2.83 million.

As at 31 December 2012, Ascendos 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
Main rail equipment types (by value)	
- Passenger DMU	14.2%
- Passenger EMU	20.3%
- Passenger coach	34.2%
- Freight locomotive	28.2%
- Freight wagon	3.0%

Outlook

The European rail transport industry was affected by the uncertainty surrounding the eurozone and the difficult economic conditions prevalent in Europe. While passenger traffic grew, rail freight traffic appeared to have declined in 2012 and the demand for freight equipment may continue to remain soft. Lease rates for locomotives have been relatively stable although the duration of lease terms remain short-dated. Going forward, improvements in trans-European rail transport network infrastructure coupled with the increase in road congestion and the cost of road haulage will support the growth in rail transport. The outlook for rolling stock lessors may improve if the recent improvements in financial markets were to continue and foster a pick-up in consumer sentiment and business investment. The resultant increase in the industrial production output will boost the end demand for manufactured goods which will drive freight transport demand.

LOAN PORTFOLIO & SECURITISATION ASSETS

RESIDENTIAL MORTGAGE-BACKED SECURITIES

Investment Description

GIL has invested in a portfolio of Australian RMBS, which are securitisation vehicles that hold Australian residential mortgage loans. The Company divested its US RMBS portfolio during the year.

Portfolio Overview

The four remaining US RMBS were sold in November 2012 for US$8.77 million. Together with the cash flows received from the four securities prior to the sale of US$3.86 million, the total cash flow received in excess of the Company's initial investment of US$10.30 million was US$2.33 million.

In October 2012, the Company invested A$5.0 million in a new issue Australian RMBS, acquiring the Class D Notes and Class E Notes of Resimac Bastille Trust Series 2012-1NC. The underlying pool comprises Australian non-conforming and prime residential property mortgage loans originated by Resimac Limited.

As at 31 December 2012, the carrying value of the RMBS portfolio was A$29.11 million.

Outlook

In Australia, housing prices softened in 2012. The RP Data-Rismark Home Value Index for capital city declined by approximately 0.4% over the year. However, the relatively stable unemployment rate and the rate cuts by the Reserve Bank of Australia as well as improved housing affordability are likely to support the housing market.

LOAN PORTFOLIO & SECURITISATION ASSETS

COLLATERALISED LOAN OBLIGATION ("CLO") SECURITIES

Investment Description

GIL has invested US$27.87 million and €19.12 million in a portfolio of USD and Euro denominated CLO and CLN. The CLO investments are in mezzanine and subordinated notes which are issued by securitisation vehicles that hold collateral consisting of mainly senior secured corporate loans, while the CLN investments reference portfolios of trade finance obligations and corporate loans, with obligors mainly domiciled in Asia.

Portfolio Overview

In November 2012, the Company invested US$10.1 million in a new issue CLN, START VIII CLO Limited.

As at 31 December 2012, the Company's carrying value was US$28.51 million for the USD denominated CLO/CLN portfolio and €5.65 million for the Euro denominated CLO portfolio.

Outlook

Prices of corporate loans rose in 2012 as a result of a benign credit environment and strong demand from CLOs as well as other loan funds. Although the Moody's Global Speculative-Grade Corporate default rate increased from 1.9% in 2011 to 2.6%, it is well below the historical average default rate of 4.8%. Moody's base outlook is that the global default rate will rise modestly to 3.0% by the end of 2013 as the weak economic recovery and sovereign debt issues continue to put upward pressure on corporate default rates. However, given most loans have been refinanced to mature beyond 2015 and supportive policy actions by central banks have moderated systemic risks, the overall default rate in 2013 is expected to remain low.

ASIA LISTED EQUITIES

Investment Description

During the year, GIL purchased a total of S$43.72 million in Asia listed equities, of which S$6.53 million was subsequently sold. The net realised gain on the sale of shares amounted to S$0.41 million. In addition, the total dividends received from the equity portfolio were approximately S$0.38 million.

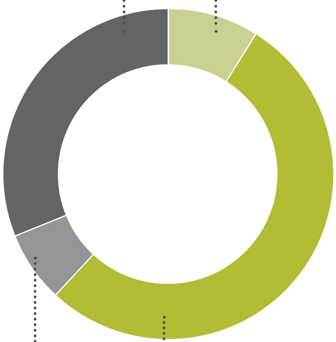
Asset Overview

As at 31 December 2012, the Company's carrying value was S$39.96 million.

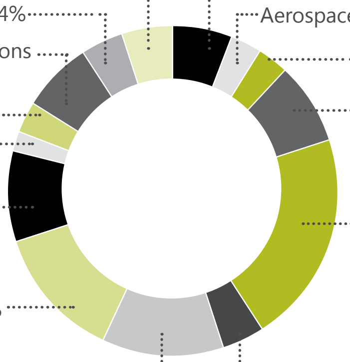
As at 31 December 2012, the listed equity portfolio was invested in 38 securities on various Asian exchanges. About 52.7% of the portfolio was invested in companies listed in Hong Kong, 31.0% in Singapore, 8.7% in Japan, and 7.6% in South Korea. In terms of sector distribution, the highest weighting was in finance related (21.2%), followed by real estate (13.0%), oil and gas (11.5%), and retail & business products (8.7%).

The weighted annual dividend yield of the portfolio was about 3.4%[1].

Portfolio Distribution by Stock Exchange (as at 31 December 2012)



Portfolio Distribution by Sector (as at 31 December 2012)



Outlook

The MSCI AC Asia ex-Japan Index ("MSCI AxJ"), which tracks Asian equity markets, rose 12.54% (in SGD terms) in 2012. The MSCI AxJ hit an intra-year high during the fourth quarter, fuelled by positive sentiment that economic growth in Asia would be spurred on by supportive new Chinese and Japanese leaderships. China, in particular, has announced plans to provide fiscal stimulus measures to encourage urbanisation, foreign investment, and domestic consumption. Japanese stocks also gained on the Liberal Democratic Party's return to power, and on the Party's pledge to weaken the yen and to introduce stimulus measures to revive the economy. Although uncertainty over the US debt ceiling and Europe's sovereign debt problems are likely to persist, the outlook for Asian equities is positive, supported by continued global monetary easing and fiscal stimuli, as well as improving economic data.

[1] Based on Bloomberg's 12-month gross dividend yield as of 31 December 2012 for each security.

BOND PORTFOLIO

Investment Description

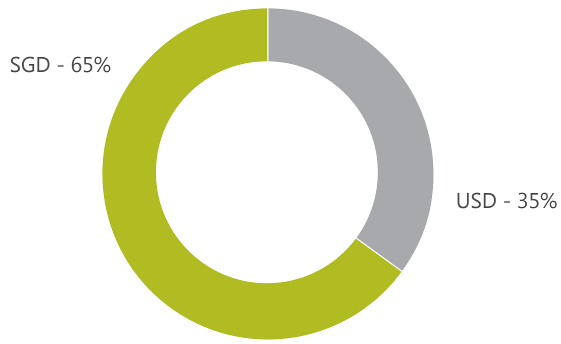
GIL has invested a total of S$13.31 million in various USD and SGD denominated bonds with a carrying value of S$13.50 million as at 31 December 2012.

Asset Overview

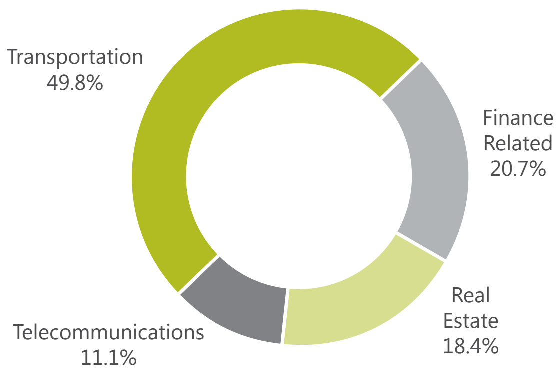
As at 31 December 2012, the bond portfolio was invested in five different bond issues.

In terms of sector distribution, the highest weighting was in transportation (49.8%), followed by finance related (20.7%), real estate (18.4%), and telecommunications (11.1%). As of 31 December 2012, the approximate weighted average annual coupon was 5.64%, and the weighted average maturity was 9.17 years.

Portfolio Distribution by Currency (as at 31 December 2012)



Portfolio Distribution by Sector (as at 31 December 2012)



Outlook

The JPMorgan Asia Credit Index ("JACI"), which tracks Asian bond markets, rose 7.69% (in SGD terms) in 2012. The index has rallied strongly since the middle of the year, buoyed by better economic data out of Asia and measures taken by Western central banks to support their economies. Asian credit spreads have continued to tighten, and demand has remained strong despite heavy new issuance. High yields bonds have outperformed on resurging Chinese economic growth, while high grade spreads ground tighter from already low levels. The outlook for Asian credits remains positive, supported by continued fund inflows and the improving macroeconomic backdrop.

DIVESTMENTS IN 2012

GILAL2

GIL owns 100% equity of GILAL2 which owns two Boeing 757-200 aircraft. In December 2011, the Company entered into a forward sale agreement with FedEx on the sale of the Company's two Boeing 757-200 aircraft. The expected completion date of sale of both aircraft will be on or about 30 April 2013.

US RMBS

GIL had an investment of US$10.30 million in a portfolio of US RMBS comprising four securities which hold US residential mortgage loans. The four securities were sold in November 2012 for US$8.77 million. In addition, cash flows received from the four securities prior to the sale was US$3.86 million. Therefore, total cash flow received in excess of the Company's initial investment was US$2.33 million.

FLY LEASING

GIL acquired the shares in FLY Leasing which was listed on the New York Stock Exchange at an initial public offering on 27 September 2007. FLY Leasing was formerly known as Babcock & Brown Air Limited. The FLY Leasing shares were acquired when the portfolio of aircraft owned by JET-i Group, in which the Company was a foundation investor, was sold to FLY Leasing. The Company partially sold down its portfolio holdings of the shares during the year. Profits of S$2.03 million were realised from the partial divestment of the shares. As at 31 December 2012, the Company owns 876,261 shares of FLY Leasing after cumulative sale of 174,749 shares during the year.

ASIA LISTED EQUITIES

GIL purchased a total of S$43.72 million in Asia listed equities during the year. The Company exited some positions in the equity portfolio totalling S$6.53 million with a net realised gain of S$0.41 million. In addition, the Company received dividends of S$0.38 million. As at 31 December 2012, the carrying value of the Asian equity portfolio was S$39.96 million.

CORPORATE GOVERNANCE

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

The Board is responsible for the Company's strategic aims and corporate governance and is required to perform its duties diligently and in the best interests of Shareholders. The Board makes investment and divestment decisions for the Company, based on recommendations of the Manager. The Board determines the financial policies of the Company and is responsible for ensuring that the Manager is performing its duties under the Management Agreement.

The Board seeks to comply with the best practices as outlined in the Singapore Code of Corporate Governance 2012 (the "Singapore Code") and with the essential practices and laws of Bermuda, as described below.

BOARD MATTERS

As part of the Corporate Governance Framework, the following principles apply on Board Matters:

Principle 1: Board of Directors' Conduct of Affairs

Responsibility for corporate governance and oversight of the business and internal affairs of the Company rests with the Board. The Board has adopted formal charters of directors' functions and pursuant to the Management Agreement has appointed the Manager to manage the Company's day-to-day business and internal affairs. The Board meets at least four times per year, or more frequently if required. The Company's Bye-laws also provide for directors to participate in Board meetings by means of teleconference and videoconference.

Board and Board Committees

In discharging its oversight functions, the Board is supported by three Board Committees to which specific areas of responsibilities are delegated. Each Board Committee makes decisions on matters within its terms of reference. The terms of reference and the structure of each Board Committee are reviewed as and when required.

The Board comprises the following Committees:

(i)	Audit and Risk Management Committee	("ARMC")
(ii)	Nomination and Governance Committee	("NGC")
(iii)	Remuneration Committee	("RC")

CORPORATE GOVERNANCE

For the financial year ended 31 December 2012, a total of eight Board meetings, five ARMC meetings and one NGC meeting were held. The RC was formed on 14 November 2012. There was no RC meeting in FY2012. The number of Board and Board Committee meetings held during the year is tabulated below:

		Board Meetings[1]		ARMC Meetings[1]		NGC Meetings[1]	
Number of Meetings		8		5		1	
		Number of meetings		Number of meetings		Number of meetings	
Directors	Date of appointment	Eligible	Attended	Eligible	Attended	Eligible	Attended
Adrian Chan Pengee	5 May 2009	8	8	5	5	1	1
Boon Swan Foo	25 November 2009	8	8	n/a[2]	n/a[2]	1	1
Tan Mui Hong	30 April 2010	8	8	5	5	n/a[2]	n/a[2]
Ronald Seah Lim Siang	30 April 2010	8	8	5	5	1	1
Tan Kok Wee	30 April 2010	8	8	5	5	n/a[2]	n/a[2]

[1] For each individual director, it refers to the number of meetings that such director is eligible to attend.

[2] Denotes where a director is not a Committee Member and is not required to attend.

Matters for Board Approval

The Board's approval is required for decisions involving areas such as alterations of any provisions of the Bye-laws or the Management Agreement, changes in the nature of the business, winding up and cessation of business, acquisitions, disposal or restructuring of authorised investments that exceed the discretionary limits approved for the Manager, capital raising and borrowing, changes in share capital, distributions, related corporation or interested person transactions, delegation of the Manager's services, and other material decisions. The end of this corporate governance section contains a full list of matters requiring Board's approval.

Induction, Orientation and Training

In line with best practices in corporate governance and the Singapore Code, each independent director of the Board receives a letter of appointment, which provides details on the key terms of their appointment.

Directors participate in a formal induction program which sets out principles and standards necessary to maintain confidence in the Company's integrity and the protection of individuals for reporting unethical behavior. In-house training sessions will be conducted regularly for directors to ensure that they are kept updated on the latest developments in business and governance practices.

The Manager provides directors with continuing updates on legislative developments. Also, directors have access to continuing education to update and enhance their skills and knowledge.

Training sessions were conducted in 2012 covering in particular the areas of risk governance, directors' duties and nominating committee best practices.

CORPORATE GOVERNANCE

Principle 2: Composition and Guidance of the Board of Directors

GIL has a NGC that, in summary, oversees the size and composition of the Board and its Committees and advises the Board on good governance standards and appropriate corporate governance policies. The NGC annually reviews the independent status of directors in accordance with the definitions and guidelines set out in the Singapore Code to ensure an effective and independent Board. The NGC has applied a stricter 5% substantial shareholder test for director independence. A director serving on the Board for more than nine years from the date of his or her first election ceases to be independent. The Board has re-examined its size and considered the appropriate size for the Board to facilitate effective decision making is five. The NGC conducts evaluations to maintain an appropriate balance of expertise and skills sets amongst the directors, consisting of their competencies and knowledge in the areas of legal, accounting or finance, investment and risk management experience, business or management experience, strategic planning experience and customer-based experience. Non-executive directors meet regularly without the presence of the Manager, to review the Manager's and the Company's performance.

Currently, the Board comprises five members, three of whom are independent directors. They are Mr Adrian Chan Pengee, Mr Ronald Seah Lim Siang and Mr Tan Kok Wee who have contributed their deep knowledge in legal components, strong expertise in corporate governance and extensive experience in structured finance respectively to the Board. Mr Boon Swan Foo is considered non-independent because he is a substantial shareholder of the Company. In relation to STAM's management of GIL, Mr Boon Swan Foo is a consultant to STAM and Chairman of Allgrace. STAM has delegated part of the administrative services to be performed under the Management Agreement between itself and the Company to Allgrace which is wholly owned by Mr Boon Swan Foo. Both Mr Boon Swan Foo's fees as a consultant of STAM and Allgrace's service fees under the service agreement with STAM are paid by STAM.

Assessment of Independence of Individual Directors

Directors	Date of appointment	Independence status under the Code	[1]Less than 5% interest (direct/deemed)	[2]Independent relationship	[3]Served on the Board for less than 9 years	[4]Immediate family relationship
Adrian Chan Pengee	5 May 2009	Yes	Yes	Yes	Yes	No
Boon Swan Foo	25 November 2009	No	No	No	Yes	No
Tan Mui Hong	30 April 2010	No	N/A	No	Yes	No
Ronald Seah Lim Siang	30 April 2010	Yes	N/A	Yes	Yes	No
Tan Kok Wee	30 April 2010	Yes	N/A	Yes	Yes	No

[1] GIL applies a stricter 5% shareholder test for its directors.

[2] Relationship with the Company, its related corporations, its 10% shareholders or its officers (in line with Principle 2.3 of the Singapore Code).

[3] The independence of any director who has served on the Board beyond 9 years from the date of his first appointment will be rigorously reviewed (Principle 2.4 of the Singapore Code).

[4] Immediate family relationships between the candidate and the directors, the Company or its 10% shareholders (Principle 4.7 of the Singapore Code).

CORPORATE GOVERNANCE

Principle 3: Chairman and Chief Executive Officer

GIL has a non-executive, non-independent Chairman of the Board. However, three out of the five directors on the Board are independent. There are no immediate family member relationships among the Board members, and specifically between the Chairman and Manager Nominated Director. The Deputy Chairman (being the only Manager Nominated Director) would abstain from voting in respect of any transaction where an entity within the Temasek Group[1] is a party. In addition, there are no special or additional voting powers conveyed to the Chairman of the Board.

There is no Chief Executive Officer given that the Company has appointed the Manager.

Principle 4: Board Membership

The NGC's responsibilities include overseeing a continual renewal and membership assessment process of the Board for good corporate governance purposes. The key terms of reference of the NGC are:

1. To review and advise the Board on the composition of the Board and its committees;

2. To review the performance of the Board, the Chairman, the Deputy Chairman and other directors of the Board;

3. To ensure that proper succession plans are in place for consideration by the Board;

4. To advise the Board on appropriate governance standards and appropriate corporate governance policies for the Company; and

5. To critically review the Company's performance against its corporate governance policies on an annual basis or as otherwise deemed appropriate.

This Committee comprises three directors, two of whom are independent directors. The Chairman of the Committee is independent.

The NGC comprises the following directors:

Directors	Appointment
Mr. Adrian Chan Pengee	Chairman
Mr. Boon Swan Foo	Member
Mr. Ronald Seah Lim Siang	Member

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

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. A director serving on the Board for more than nine years from the date of his or her first election ceases to be independent. The NGC shall provide its views to the Board when the NGC considers that a director:

1. Can be independent despite the existence of relationships and circumstances enumerated in guidelines 2.3 and 2.4 of the Singapore Code

2. Is not independent even in the absence of relationships and circumstances enumerated in guidelines 2.3 and 2.4 of the Singapore Code

For FY2012, the NGC has ascertained that the majority of the Board are independent according to the criteria set out in the Singapore Code in addition to the stricter 5% substantial shareholder test for director independence.

Process for Selection, Appointment and Re-Election of Directors

When an existing director chooses to retire or is required to retire from office by rotation, or the need for a new director arises, the NGC reviews the range of expertise, skills and attributes on the Board and the composition of the Board. The Committee then identifies the Company's needs and prepares a shortlist of candidates with the appropriate profile for nomination or re-nomination. Where necessary, the Committee may seek advice from external consultants. The Company would actively search for new directors within three years prior to the expiry of the term of any directors where necessary. The Manager has its own succession planning for its senior management and its performance in managing GIL would be reviewed annually by the Board.

When a director has multiple board representations, he or she must ensure that sufficient time and attention is given to the affairs of each company. The Board has determined the maximum number of listed company board representations which any director may hold concurrently at seven. Policy and procedures have been implemented to review and ensure performance/commitment for directors holding multiple appointments. The NGC is satisfied that all directors have devoted sufficient time and attention to the matters under their remit for FY2012.

The NGC 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 the relevant directors who are due for retirement, election or re-election at each Annual General Meeting ("AGM"), and for any appointment that is expected or has arisen between AGMs.

Under the Company's Bye-laws, the directors (other than a Manager Nominated Director) to retire by rotation in each subsequent AGM shall be those who have been longest in office since their last re-election or appointment, and a retiring director (other than a Manager Nominated Director) is eligible for re-election. The Manager Nominated Director will remain in office for a fixed term of three years after appointment, and their term of office is renewable for a further term of three years at the option of the Manager.

The key information regarding the directors, such as academic and professional background, shareholdings and directorships can be found under the "Board of Directors" section and the "Additional SGX-ST Listing Manual Disclosures" section in the Annual Report. The information on the independence of the directors is stated under Principle 2.

CORPORATE GOVERNANCE

Principle 5: 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 a formal assessment of the performance of individual directors, the Board and the Board Committees on an annual basis. The Board, individual director and Board Committee performance evaluation by each director are completed in the form of an assessment survey covering performance criteria and competencies agreed by the NGC.

Board and Board Committee Performance Evaluation

Each Board member is invited to complete a Board and Board Committee Performance Questionnaire and submit it directly to the NGC for evaluation. The questionnaire assesses the areas such as the Board's size and composition, corporate integrity, strategic review, the appropriateness of knowledge and skills sets within the Board and Board Committee to maximise performance, the working relationship between the Board and its Committees and the working relationship between the Board Members.

Individual Director Evaluation

Each director is invited to complete an Individual Director Questionnaire to appraise the performance and contribution of each individual director sitting on the Board. The questionnaire allows each director to assess his fellow directors in the areas of their respective performance, contribution, knowledge on key drivers, risks and opportunities, and special expertise beneficial to the Board, and also to give suggestions on what the respective directors should improve on or do differently. The completed questionnaires are submitted to the Manager for compilation. The names of directors are omitted from the summary report to encourage more open and frank discussion.

Upon completion of the abovementioned process by the Manager, the NGC will assess the results of the questionnaire and report on key findings and recommendations to the Board. The NGC will supplement the evaluation of the Board Committee performance with self-reviews conducted by each of the Board Committees against the responsibilities set out in their respective charters, and report any key findings and recommendations to the Board. For individual director evaluations, the NGC will identify areas for improvement and suggest them to the Board and the directors for consideration. The open discussion between the NGC and the Board Members will allow each individual director to discharge his duties more effectively.

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, so as to enable the Board to make informed decisions.

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 services agreement entered into with the Manager of GIL, 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 the Company's expense on any matter concerned with the proper discharge of his or her responsibilities as a director.

Having considered the adequacy and timeliness of the information made available by the Manager, the directors are satisfied with the access to the information provided by the Manager during FY2012.

CORPORATE GOVERNANCE

REMUNERATION

As part of the Corporate Governance Framework, the following principles apply on remuneration matters:

Principle 7: Procedures for Developing Remuneration Policies

Remuneration Committee

GIL has a RC comprising entirely of three independent directors. The responsibilities of the RC include overseeing a framework for remuneration, recommending policies and guidelines for directors' remuneration, and reviewing the fees payable to the Manager. The key terms of reference of the RC are:

1. To recommend specific remuneration packages for each director as well as for the key management personnel;

2. To cover all aspects of the remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

3. To review the fees payable to the Manager, as and when necessary;

4. To recommend any long-term incentive schemes;

5. To recommend the incentive scheme framework and policies together with the amounts awarded; and

6. To review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC comprises the following directors:

Directors	Appointment
Mr. Ronald Seah Lim Siang	Chairman
Mr. Adrian Chan Pengee	Member
Mr. Tan Kok Wee	Member

Currently, the Company does not engage any remuneration consultants as the fees payable to its non–Manager Nominated Directors are stipulated in its Bye-laws. The Manager Nominated Director does not receive any director fees.

Principle 8: Level and Mix of Remuneration

The Board comprises five directors, with a non-executive, non-independent Chairman, one Manager Nominated Director and three independent directors. The remuneration of these directors is disclosed under Principle 9 below. The remuneration of non-executive directors will be reviewed and recommended by the RC, taking into account factors such as effort and time spent, and responsibilities of the directors.

CORPORATE GOVERNANCE

GIL has no employees or executive officers and has appointed the Manager to manage the Company. GIL compensates the Manager for its services in accordance with the terms of the Management Agreement. Any changes in the fee structure will be subject to the approval of Shareholders by Ordinary Resolution in general meeting, and for the purposes of such approval, the Manager and its Associates, if they hold any shares at the time of such meeting, will abstain from voting the relevant resolution. The Manager has its own remuneration committee which separately assesses the performance of the Manager's Chief Executive Officer and its Chief Operating Officer independently from the Company.

The Manager is entitled to a Base Fee calculated upon 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. Net Investment Value is defined as average market capitalisation.

The Incentive Fee shall only first become payable when the share value exceeds a certain threshold, in accordance with the Management Agreement. This performance-related fee is designed to be aligned with the interests of the Shareholders and promotes the long-term success of the Company. The Incentive Fee is calculated as an amount equal to 20.0% of the amount by which the share value exceeds the threshold amount. Thereafter, the Manager is entitled to collect the Incentive Fee which represents 20.0% of any excess return of the shares over the benchmark return of 8.0% per annum for the half-year after recovering any deficit from the prior three years which has been carried forward, calculated in accordance with the Management Agreement.

The Manager is entitled to the Fixed Fee, Aquisition Fee, Divestment Fee and Debt Raising Fee. Third party expenses would be reimbursed by the Company. For more details on the Manager Fee structure, kindly refer to page 14.

The Board has the sole discretion to pay up to 100% of the Manager's fees in the form of shares rather than cash.

Principle 9: Disclosure on Remuneration

The Manager Nominated Director does not receive any director's fees or other compensation from the Company for serving as a director or a member of a Board Committee of the Company or any of its subsidiaries.

Directors (including the Manager Nominated Director) are reimbursed for reasonable out-of-pocket expenses incurred in the course of attending meetings of the Board or Board Committees and for any expenses reasonably incurred in their capacity as directors of the Company or any of its subsidiaries. There are no termination, retirement and post-employment benefits which may be granted to the directors and the Manager Nominated Director. There are no variable or performance-related bonuses, benefit-in-kind, stock options grants, share-based incentives and awards, and other long-term incentives received by the directors.

The Company has adopted the following fee structure for non–Manager Nominated Directors:

CORPORATE GOVERNANCE

Directors' Fee Structure

			Remuneration Per Annum
1.	Base remuneration fee for non–Manager Nominated Directors		US$50,000 per director
2.	Fees for chairmanship and membership in various Board Committees		
	a)	Chairman of the Board (applicable only when the Chairman is a non–Manager Nominated Director)	US$10,000
	b)	Deputy Chairman of the Board (applicable only when the Deputy Chairman is a non–Manager Nominated Director)	US$5,000
	c)	Membership of ARMC	US$10,000 per Member
	d)	Membership of NGC	US$2,000 per Member
	e)	Membership of RC	US$2,000 per Member
3.	Fees for directorship of all Cayman Islands subsidiary companies		US$5,000 per director

Subject to the right of the Board 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 the Company's 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. All fees are paid quarterly in arrears, and pro-rated if an appointment was made during the financial year.

For the financial year ended 31 December 2012, Tan Mui Hong being the Manager Nominated Director did not receive any director's fees. Boon Swan Foo, Adrian Chan Pengee, Ronald Seah Lim Siang and Tan Kok Wee were paid the full amount of annual fees. Adrian Chan Pengee, Ronald Seah Lim Siang and Tan Kok Wee were paid pro-rated fees with respect to their membership in the RC as the RC was formed on 14 November 2012.

The remuneration of non-Manager Nominated Directors for the financial year ended 31 December 2012 is as follows:

Remuneration of non-Manager Nominated Directors

Directors	Base Remuneration Fees (US$)	Fees for Chairmanship and Membership in Various Board Committees (US$)	Total Directors' Fees[1] (US$)
Mr. Boon Swan Foo	50,000	12,000	62,000
Mr. Adrian Chan Pengee	50,000	12,262	62,262
Mr. Tan Kok Wee	50,000	10,262	60,262
Mr. Ronald Seah Lim Siang	50,000	12,262	62,262

[1] Directors' fees are paid quarterly in arrears and are pro-rated if appointment is during the financial year.

CORPORATE GOVERNANCE

Remuneration of top 5 Key Management Personnel / top 5 Key Employees / Employees Immediately Related to a Director or CEO

GIL has no employees of its own, and relies on the appointed fund manager to manage the Company and its investments and perform certain functions such as finance, fund administration, risk management and compliance. Hence, there is no employee share scheme in place.

The Company will compensate the Manager for providing the above services set out in the terms of the Management Agreement through the Manager Fee structure such as the Base Fee, Incentive Fee, Fixed Fee, Acquisition Fee, Divestment Fee and Debt Raising Fee. The fee structure is disclosed under Principle 8.

No immediate family members of the directors are employed by the Company or the Manager.

ACCOUNTABILITY AND AUDIT

As part of the Corporate Governance Framework, the following principles apply on accountability and audit:

Principle 10: Accountability of the Board of Directors and Management

The Board seeks to provide the Shareholders with a balanced and understandable assessment of the Company's performance, position and prospects on a quarterly basis. The Manager provides the Board with balanced and comprehensible information for this purpose.

The Board has formal policies and procedures on reporting and review of financial information. There are also policies and procedures established to ensure compliance with legislative and regulatory requirements such as risk management policy, whistleblowing policy and Code of Conduct.

Principles 11 and 12: Audit and Risk Management Committee and Internal Controls

For the financial year ended 31 December 2012, the Manager has provided written assurance to the Board confirming that the Company's financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations. This certification also confirms the adequacy of the Company's risk management, compliance and internal control systems.

Audit & Risk Management Committee

GIL has established an ARMC and has adopted a formal charter setting out its key responsibilities. The ARMC comprises three independent directors who possess the requisite accounting and financial management expertise to discharge their responsibilities.

The ARMC comprises the following directors:

Directors	Appointment
Mr. Tan Kok Wee	Chairman
Mr. Adrian Chan Pengee	Member
Mr. Ronald Seah Lim Siang	Member

CORPORATE GOVERNANCE

The ARMC has the authority to investigate matters within its terms of reference. It has full access to and cooperation of the Manager, full discretion to invite any executive officer of the Manager to its meetings, and reasonable resources to discharge its functions properly. It is empowered to:

1. Retain external counsel, accountants, or others to advise the Committee or to assist in the conduct of an investigation;

2. Seek any information it requires from external parties; and

3. Meet with the officers of GIL and its subsidiaries (collectively the "Group"), external auditors, or external counsel, as necessary.

The ARMC assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal controls, the audit process, the compliance monitoring process and risk management.

Specific Responsibilities

1. Financial Statements: The ARMC reviews the significant financial reporting issues and judgments to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance. The Manager would make representations to the Board in connection with the Company's financial statements on the proper accounting record and transaction.

2. Internal Control: The ARMC reviews and reports to the Board the adequacy and effectiveness of the Company's internal control systems, including financial, operational compliance and information technology controls and risk management systems. It reviews the scope of the external auditors' review of internal controls and reviews reports on significant findings and recommendations.

3. External Audit: The ARMC reviews and advises the Board on the external auditors' annual plan for the Company, as well as the auditors' proposed fees and their independence. It establishes policies as appropriate with regards to the independence of the external auditor.

4. Compliance: The ARMC considers the workplan for compliance activities and reviews the updates and effectiveness of the system for monitoring compliance with laws and regulations.

5. Risk Management: The ARMC considers the overall Risk Management Framework and reviews its effectiveness in meeting sound corporate governance principles. It keeps the Board informed of all significant risks and reviews the status report from the Manager.

The ARMC meets as required and normally at least four times a year. It reviews its effectiveness and performance against its charter, and reports its findings to the Board at least annually. The ARMC meets with the external auditors at least semi-annually and more frequently if required. The ARMC has the opportunity to discuss any matters in private session with the Company's external auditors at least annually. The ARMC also meets with the Manager's internal auditor annually. There was no fee paid to the auditors for non-audit services during the financial year ended 31 December 2012.

CORPORATE GOVERNANCE

During the year under review, the ARMC:

- Reviewed and recommended to the Board the release of the quarterly and full year financial statements;
- Reviewed and recommended to the Board the Compliance Workplan prepared by the Manager; and
- Reviewed and recommended to the Board the Company's Risk Management Framework and Internal Control practices vis-à-vis the enhanced SGX-ST Listing Rules, and the Singapore Code.

To ensure ARMC members keep abreast of changes to accounting standards and important accounting issues, continuing education is provided to update and enhance their skills and knowledge. Information on training and updates can be found in the Induction, Orientation and Training section under Principle 1.

External Audit

The ARMC recommends to the Board the appointment, re-appointment and removal of the external auditors, the remuneration and terms of engagement of the external auditors. The re-appointment of the external auditors is subject to approval of the Shareholders at the Company's AGM.

During the financial year, the external auditors held a meeting with the ARMC without the presence of the Manager. The ARMC reviewed the independence and objectivity of the external auditors through discussions with them as well as a review of their findings. Based on its assessment of the external auditor, the ARMC has recommended the re-appointment of the external auditors at the next AGM.

External Auditors' Fees

The aggregate amount of fees paid to the external auditors for the financial year and the breakdown of the fees paid in total for audit and non-audit services can be found under Note 33 of the financial statements included within this report.

Risk Management

The Company has a formal Risk Management Framework for the identification of key risks within the business. This Framework defines five major classifications of risks - Strategic, Investment, Regulatory, Financial/Economic and Operational. The Company adopts the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") Model and the International Organization for Standardization on Risk Management (ISO 31000:2009(E)) as the best practices benchmarks for assessing the soundness of its financial reporting, and the efficiency and effectiveness of its risk management, internal control and compliance systems.

The ARMC assists the Board in the oversight of risk management in the Company. It reviews the effectiveness of the overall risk management system in meeting sound corporate governance principles. The Company's risk management process is an ongoing process and requires the continuous identification, assessment, monitoring and management of significant risks. The ARMC will report any material matters, including findings and recommendations pertaining to risk management to the Board.

The Manager is responsible for reporting the status of any key risk exposures or incidents to the ARMC. Key risks at the process level will be identified via risk self-assessment exercises. Risk awareness and ownership of risk treatments are also continuously fostered across the Manager's organisation.

CORPORATE GOVERNANCE

Internal Controls

The Company does not have any employees and in this externally managed model, it relies on the Manager to establish, implement and maintain a sound system of internal controls to safeguard Shareholders' investments and the Company's assets and to report to the ARMC on the adequacy and effectiveness of these systems of internal controls and risk management on a regular basis. The ARMC reviews the effectiveness of the system of internal controls at least annually. In its letter of representation to the Company, the Manager has confirmed that it has established an adequate system of internal controls, addressing financial, operational, compliance and information technology controls of the Company.

Based on the above and on the work done and review undertaken by the external auditors, the Board (with the concurrence of the ARMC) is of the opinion that there are adequate internal controls in place to help to mitigate critical and significant risks relating to financial, operational and compliance matters. The system of internal controls and risk management established by the Manager provides reasonable, but not absolute, assurance that the Company's assets and investments are safeguarded. The likelihood of achieving the objectives of the COSO Model is affected by limitations inherent in all internal control and risk management systems. The Board notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Whistleblowing Policy

A whistleblowing policy is instituted by the Company, and it sets out the arrangements through which interested parties ("whistleblowers") can raise their concerns of any suspected improper conduct in confidence. A whistleblower could raise his concern or complaint by email to: chairman@globalinvestmentslimited.com, or chairmanARMC@globalinvestmentslimited.com. Alternatively, he could also raise his concern independently to any director of the Company. The whistleblowing policy does not disregard anonymous complaints and every effort will be made to protect the whistleblower's identity.

All concerns raised will be objectively investigated and appropriate follow-up actions will be taken. The Manager also keeps a register of queries to handle investors' queries and complaints. In any case, if any of the concerns raised is related to any improprieties or misconduct of the Company, an independent investigation shall be conducted. The ARMC is responsible for the review of any concerns raised through the whistleblowing arrangements at its quarterly meetings. The ARMC will have the jurisdiction to appoint investigating officers and effect disciplinary follow-up action.

Reprisal or retaliation against any person for making a report, or intending to raise a complaint, or against anyone participating in the investigation of reported violations of this policy is strictly prohibited. Any acts of obstruction of reporting or investigation of a violation will not be condoned.

Principle 13: Internal Audit

The Manager has an internal audit unit which conducts audit on certain areas of the Manager's scope of work under the Management Agreement. The Manager's internal auditor is a member of the Singapore Chapter of the Institute of Internal Auditors and adopts the International Standards for the Professional Practice of Internal Auditing. The internal auditor has access to the Company's documents, records, properties and personnel. In addition, the ARMC has access to the Manager's internal auditor. The ARMC meets annually with the Manager's internal auditor and reviews the adequacy and effectiveness of the internal audit function annually.

CORPORATE GOVERNANCE

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principles 14, 15 and 16 : Shareholder Rights, Communication with Shareholders, and Conduct of Shareholders Meetings

GIL is committed to maintaining high standards of disclosure and corporate transparency with members of the investment community and investing public. The Board has adopted policies and procedures that complies with the disclosure requirements under the SGX-ST Listing Rules, having regard to the recommendations of the Singapore Code. The Company has developed a Shareholder communication policy which is designed to ensure the delivery of timely and relevant information to Shareholders. The Manager facilitates regular and effective communication in an open and non-discriminatory approach on the Company's performance and business developments.

The Company reports quarterly financial results on a regular and timely basis, within 45 days after the end of each quarter via SGXNET and the Company's website. The financial statements for the full financial year will be reported within 60 days after the end of each financial year. The corporate website provides Shareholders and the investment community with key information, including annual reports, quarterly results, presentations and announcements to SGX, information on shares and dividends, Shareholders' meetings and research reports.

The Company will conduct a briefing session for media and analysts when announcing the full-year results.

GIL supports active Shareholder participation at AGMs. At least 21 days before the AGM, notice of the meeting, meeting agenda and related information will be sent out to provide Shareholders with sufficient time to receive, review the Notice, and indicate their attendance. The Company holds its AGM at a central location which is easily accessible by public transportation. A registered Shareholder who is unable to attend may appoint proxies, beyond the 2-proxy rule, to attend, speak and vote at the AGM on behalf of the Shareholder, subject to the Chairman's approval.

There will be distinct resolutions at general meetings on each substantially separate issue. All resolutions will be conducted by poll voting. Shareholders attending the general meeting would have the opportunity to ask questions on proposed resolutions and the voting procedure would be communicated to the Shareholders at the meeting. An announcement of the detailed results of voting from the AGM showing the number of votes cast for and against each resolution and the respective percentage will be published.

The Chairman of each of the Board Committees will be present in person or by phone, and the external auditors are also invited to address relevant queries from Shareholders. The minutes of Shareholder general meetings are available on request.

CORPORATE GOVERNANCE

DIVIDEND POLICY

The Company's dividend policy is to pay out the majority of the economic income received from its investments, after payment or provision for operating and financing expenses.

DEALING IN SECURITIES

GIL's Share Trading Policy states that directors and officers of the Group are prohibited from dealings in the Company's shares during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of the financial year, and one month before the announcement of the Company's full year financial results and ending on the date of the announcement of the relevant results. Directors are required to seek the Board's approval before trading in the Company's shares.

Non-executive directors are encouraged to purchase shares in the Company and hold them till they leave the Board. There will be no limit imposed on the number of shares purchased.

Directors and employees of the Manager are to refrain from dealing in the Company's securities on considerations of a short-term nature, and at any time when he is in possession of unpublished price sensitive information in relation to those securities.

CODE OF CONDUCT

GIL has a Code of Conduct that applies to all executive and non-executive directors, officers, employees and contractors (collectively "employees") of the Group. The Code of Conduct sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards when dealing with employees, shareholders, suppliers, clients or competitors.

The Code of Conduct covers areas such as conflict of interest, protection of the Company's assets, confidentiality of information, and dishonest conduct. Staff are required to act honestly and in good faith at all times, as well as being in compliance with applicable laws and regulations.

The Company currently does not employ any staff internally and has appointed the Manager to manage the Company. The Manager will adhere to the Company's Code of Conduct in addition to its own.

CORPORATE GOVERNANCE

MATTERS THAT REQUIRE THE BOARD'S APPROVAL UNDER THE SINGAPORE CODE, PRINCIPLE 1, GUIDELINE 1.5

1. Alteration of the Bye-laws or any amendment to the Management Agreement

2. Changes in share capital
   – allotment or issue of any shares
   – grant of any option or rights to subscribe for the shares

3. Change in nature of business

4. Change of name

5. Acquisition, disposal or restructuring of authorised investments

   The Board has allowed STAM to have the discretion to invest or divest without having to seek prior approval from the Board, subject to the following limits:

   (a) the investment cost of, or proceeds from, each single transaction could not exceed 10% of the Group's NAV which would be based on the latest quarterly results before the transaction;

   (b) the transactions in aggregate over a 12 month rolling period could not exceed 20% of the Group's NAV which would be based on the most recent quarter's results prior to the 12 month rolling period.

6. Winding up
   – any proposal to wind up the Company or its subsidiaries or other voluntary proceeding seeking liquidation, administration, reorganisation or other relief under any bankruptcy, insolvency or similar law.

7. Accounting policies
   – any change to the accounting policies of the Company and its subsidiaries or any change of the auditors.

8. Joint ventures
   – entry by the Company into any joint venture, partnership, consortium or other similar arrangements.

9. Cessation of business
   – cessation of any business operation by the Company or any subsidiary.

10. Sale of group company
    – sale of any member of the Group or any consolidation or amalgamation with any other company.

11. Reorganisation
    – action which effects a merger, amalgamation, re-organisation, re-capitalisation or sale of any member of the Group.

12. Borrowing
    – borrowing of amounts by the Company or creation by the Company or its subsidiaries of any charge or other security over any assets or property of any member of the Group.

13. Acquisition of share capital
    – incorporation of a new subsidiary by any subsidiary or the acquisition by any subsidiary of any share capital or other securities of any body corporate.

14. Distributions
    – payment or declaration by the Company of any dividend or other distribution on account of shares in its capital.

15. Litigation
    – commencement or settlement by the Company or any of its subsidiaries of any litigation or arbitration or other proceedings.

16. Capital raising

17. Delegation of Manager's services

18. Transaction with related corporation or an interested person

19. Holding of cash or assets of the Company under the Manager's name
    – the Manager may cause the cash and assets of the Company to be held in the name of the Company or any custodian nominated or approved by the Company.

OPERATING AND
FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group for the year ended 31 December 2012 S$'000	Group for the year ended 31 December 2011 S$'000
REVENUE		
Distribution income	–	1,162
Dividend income	1,435	1,054
Interest income	8,772	9,866
Rental income	4,724	4,765
Net foreign exchange gains	100	–
Gain on sale of investments	3,307	3,608
Gain on financial assets designated as fair value through profit or loss	27	–
Total revenue	18,365	20,455
EXPENSES		
Management fees	(1,065)	(760)
Net foreign exchange losses	–	(382)
Depreciation and amortisation	(1,286)	(1,297)
Finance costs	(1,165)	(1,325)
Impairment expense	–	(1,772)
Other operating expenses	(1,887)	(2,017)
Total expenses	(5,403)	(7,553)
Reversal of impairment in associate	4,936	–
Share of profit of associate (net of tax)	1,654	–
	6,590	–
Profit before tax	19,552	12,902
Income tax expense	(495)	(690)
Profit after tax	19,057	12,212
Other Comprehensive Income		
Available-for-sale financial assets – fair value gains/(losses)	4,329	(4,082)
Available-for-sale financial assets – reclassifications to profit or loss on disposal (net of income tax)	(2,105)	–
Translation (losses)/gains	(5,400)	2,186
Other comprehensive loss for the year after tax	(3,176)	(1,896)
Total comprehensive income for the year attributable to shareholders	15,881	10,316
Basic earnings per share (cents per share)	2.53	2.29
Diluted earnings per share (cents per share)	2.53	2.29

OPERATING AND FINANCIAL REVIEW

REVENUE

The Group reported lower total revenue of S$18.4 million in 2012 compared to S$20.5 million in 2011, mainly due to lower interest income of S$1.1 million and distribution income received from Ascendos of S$1.8 million which was no longer reflected as revenue; instead it was taken against the carrying value of the investment as a result of equity accounting its investment in 2012. The Group's dividend income of S$1.4 million for the full year of 2012 was S$0.4 million (36.1%) higher than the previous year due to dividend distribution from the listed equities. Rental income for the year remained stable at S$4.7 million, but the interest income dropped by S$1.1 million (11.1%) to S$8.8 million, reflecting an overall decline in interest rates globally. Gain on sale of investment of S$3.3 million achieved for the year, resulting from the divestment of FLY Leasing shares, US RMBS and Asia listed equities, was S$0.3 million (8.3%) lower from the previous year.

EXPENSES

Total expenses for the year reduced to S$5.4 million from S$7.6 million in 2011 due largely to the absence of impairment expenses, the lower finance cost and other operating expenses.

SHARE OF PROFIT OF ASSOCIATE

The Group recorded its share of profit in an associate of S$1.6 million for the year due to equity accounting its investment in Ascendos Group in 2012.

OTHER COMPREHENSIVE INCOME

The fair value gains arising from the available-for-sale financial assets was S$4.3 million and S$2.1 million was reclassified to the profit or loss on disposal of certain financial assets. Due to the strengthening of SGD against USD, the Group recorded a translation loss of S$5.4 million, resulting in a net loss of S$3.2 million in other comprehensive income.

EARNINGS PER SHARE

Earnings per share has increased by 10.5% to 2.53 Singapore cents (after adjusting for the enlarged share capital resulting from the Rights Issue in April 2012) for the year ended 31 December 2012 from 2.29 Singapore cents recorded for the year 2011.

OPERATING AND FINANCIAL REVIEW

STATEMENT OF FINANCIAL POSITION

	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
ASSETS				
Non-current assets				
Aircraft	–	–	31,825	–
Investment in associate	4,555	–	–	–
Investments in subsidiaries	–	101,411	–	97,625
Loans and receivables	79,925	–	71,712	–
	84,480	101,411	103,537	97,625
Current assets				
Cash and cash equivalents	24,508	18,270	42,166	3,628
Aircraft	28,707	–	–	–
Financial assets at fair value through profit or loss	8,777	8,777	–	–
Available-for-sale financial assets	58,753	39,961	21,201	–
Intercompany receivables	–	22,316	–	49,081
Other assets	257	164	531	106
	121,002	89,488	63,898	52,815
Total Assets	205,482	190,899	167,435	150,440
LIABILITIES				
Interest bearing liabilities	14,037	–	16,964	–
Other liabilities	1,361	815	966	935
Total Liabilities	15,398	815	17,930	935
Net Assets attributable to shareholders	190,084	190,084	149,505	149,505
EQUITY				
Share capital	450,433	450,433	415,418	415,418
Capital reserve	(65,846)	(65,846)	–	–
Available-for-sale financial assets revaluation reserve	19,301	2,773	17,077	–
Translation reserve	(2,546)	–	(44,015)	(46,869)
Accumulated losses	(211,258)	(197,276)	(238,975)	(219,044)
Total Equity	190,084	190,084	149,505	149,505

OPERATING AND FINANCIAL REVIEW

AIRCRAFT

On 9 December 2011, two of GIL's subsidiaries, namely GIL Aircraft Lessor No. 2 FCA Limited and GIL Aircraft Lessor No. 2 FCB Limited, had each entered into an aircraft sale agreement with FedEx for the forward sale of their respective Boeing 757-200 aircraft. The expected completion date of the sale of both aircraft will be on or about 30 April 2013, which will coincide with the expiry date of the lease of the aircraft to Thomson Airways Limited.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

During the year, the Group invested in a portfolio of corporate bonds which are fairly liquid assets which can be divested easily to fund investments in other asset classes when the opportunities arise.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

The available-for-sale financial assets increased to S$58.8 million as at end December 2012 from S$21.2 million as at 31 December 2011 owing to investments in listed equities traded on various exchanges.

LOANS AND RECEIVABLES

As at 31 December 2012, loan and receivables increased to S$79.9 million compared to S$71.7 million in 2011 as a result of the investments in Australian RMBS and CLOs. In 4Q 2012, the Group sold the remaining four US RMBS for US$8.77 million.

CASH AND CASH EQUIVALENTS

The lower cash and cash equivalents of S$24.5 million at end 2012 as compared to S$42.2 million at end 2011 was due to the deployment of funds to invest in Australian RMBS, CLOs and listed equities.

NET ASSET VALUE PER SHARE

The NAV per share of the Group as at 31 December 2012 was 23.0 Singapore cents after the payment of 0.75 Singapore cents per share for each final 2011 dividend and interim 2012 dividend. If the Rights Issue had been completed before 31 December 2011, the NAV per share as at 31 December 2011 would have been 22.4 Singapore cents instead of 27.2 Singapore cents per share and the increase in NAV per share would be 8.6% for the year ended 31 December 2012 after adjusting for the final 2011 dividend of S$4.1 million and interim 2012 dividend of S$6.2 million paid during the year.

OPERATING AND FINANCIAL REVIEW

RETURN ON EQUITY

The Group achieved a ROE* of 11.2% in 2012 compared to 9.0% in 2011.

USE OF PROCEEDS FROM 2012 RIGHTS ISSUE

The Company had invested the full amount of the net proceeds of S$35.01 million from the Rights Issue in Asia listed equities.

* ROE is computed based on net profit after tax over the average total equity for the relevant year.

BUSINESS OUTLOOK[1]

TARGETED ASSET CLASSES

Operating Lease Assets

Despite continued high fuel prices and a slowing world economy, the financial performance of airlines have improved in the second and third quarters of 2012 as airlines adjusted to this difficult environment through improving efficiency and managing capacity. As such, the IATA revised its 2012 profit forecast for the industry from US$4.1 billion to US$6.7 billion. Following the better performance of 2012, IATA also raised the 2013 industry profit forecast to US$8.4 billion from the previous forecast of US$7.5 billion. Overall, the outlook for 2013 has been lifted for airlines but they still face a difficult business environment amidst persistently high fuel costs and sluggish economic growth concerns.

The demand for leased aircraft has remained healthy with good growth from emerging economies. Leasing has grown to become the preferred means by which global airlines fund their fleet as they have realised the benefits of leasing in order to maintain a competitive fleet while minimising capital expenditures. Furthermore, the revival in lease rates for A319 and A320, firming aircraft values and availability of funding access through the capital markets continue to point to a stabilising outlook for aircraft lessors.

The European rail transport industry was affected by the uncertainty surrounding the eurozone and the difficult economic conditions prevalent in Europe. While passenger traffic grew, rail freight traffic appeared to have declined in 2012 and the demand for freight equipment may continue to remain soft. Lease rates for locomotives have been relatively stable although the duration of lease terms remain short-dated. Going forward, improvements in trans-European rail transport network infrastructure coupled with the increase in road congestion and the cost of road haulage will support the growth in rail transport. The outlook for rolling stock lessors may improve if the recent improvements in financial markets were to continue and foster a pick-up in consumer sentiment and business investment. The resultant increase in the industrial production output will boost the end demand for manufactured goods which will drive freight transport demand.

Loan Portfolio and Securitisation Assets

In Australia, housing prices softened in 2012. The RP Data-Rismark Home Value Index for capital city declined by approximately 0.4% over the year. However, the relatively stable unemployment rate and the rate cuts by the Reserve Bank of Australia as well as improved housing affordability are likely to support the housing market.

Prices of global corporate loans rose in 2012 as a result of a benign credit environment and strong demand from CLOs as well as other loan funds. Although the Moody's Global Speculative-Grade Corporate default rate increased from 1.9% in 2011 to 2.6%, it is well below the historical average default rate of 4.8%. Moody's base outlook is that the global default rate will rise modestly to 3.0% by the end of 2013 as the weak economic recovery and sovereign debt issues continue to put upward pressure on corporate default rates. However, given most loans have been refinanced to mature beyond 2015 and supportive policy actions by central banks have moderated systemic risks, the overall default rate in 2013 is expected to remain low.

BUSINESS OUTLOOK[1]

Asia Listed Equities

The MSCI AxJ, which tracks Asian equity markets, rose 12.54% (in SGD terms) in 2012. The MSCI AxJ hit an intra-year high during the fourth quarter, fuelled by positive sentiment that economic growth in Asia would be spurred on by supportive new Chinese and Japanese leaderships. China, in particular, has announced plans to provide fiscal stimulus measures to encourage urbanisation, foreign investment, and domestic consumption. Japanese stocks also gained on the Liberal Democratic Party's return to power, and on the Party's pledge to weaken the yen and to introduce stimulus measures to revive the economy. Although uncertainty over the US debt ceiling and Europe's sovereign debt problems are likely to persist, the outlook for Asian equities is positive, supported by continued global monetary easing and fiscal stimuli, as well as improving economic data.

Bonds

The JACI, which tracks Asian bond markets, rose 7.69% (in SGD terms) in 2012. The index has rallied strongly since the middle of the year, buoyed by better economic data out of Asia and measures taken by Western central banks to support their economies. Asian credit spreads have continued to tighten, and demand has remained strong despite heavy new issuance. High yields bonds have outperformed on resurging Chinese economic growth, while high grade spreads ground tighter from already low levels. The outlook for Asian credits remains positive, supported by continued fund inflows and the improving macroeconomic backdrop.

Summary

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 that fit the investment objectives of the Company.

[1] Sources include research publications by brokerage house, banks, information service providers, associations and media.

2012 FINANCIAL REPORT

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 52 to 102 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2012 and of the financial performance and cash flows of the Group for the financial year ended 31 December 2012; 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

Tan Mui Hong
Deputy Chairman
Global Investments Limited

18 March 2013

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 52 to 102, which comprise the statements of financial position of the Company and of the Group as at 31 December 2012, 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 information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRS") and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 of the financial statements that give a true and fair view 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 accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2012 and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 18 March 2013

STATEMENT
OF FINANCIAL POSITION

	Note	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
ASSETS					
Non-current assets					
Aircraft	10	–	–	31,825	–
Investment in associate	11	4,555	–	–	–
Investments in subsidiaries	12	–	101,411	–	97,625
Loans and receivables	13	79,925	–	71,712	–
		84,480	101,411	103,537	97,625
Current assets					
Cash and cash equivalents	15	24,508	18,270	42,166	3,628
Aircraft	10	28,707	–	–	–
Financial assets at fair value through profit or loss	16	8,777	8,777	–	–
Available-for-sale financial assets	17	58,753	39,961	21,201	–
Intercompany receivables		–	22,316	–	49,081
Other assets	18	257	164	531	106
		121,002	89,488	63,898	52,815
Total Assets		205,482	190,899	167,435	150,440
LIABILITIES					
Interest bearing liabilities	19	14,037	–	16,964	–
Other liabilities	20	1,361	815	966	935
Total Liabilities		15,398	815	17,930	935
Net Assets attributable to shareholders		190,084	190,084	149,505	149,505
EQUITY					
Share capital	21	450,433	450,433	415,418	415,418
Capital reserve	23	(65,846)	(65,846)	–	–
Available-for-sale financial assets revaluation reserve	24	19,301	2,773	17,077	–
Translation reserve	25	(2,546)	–	(44,015)	(46,869)
Accumulated losses	26	(211,258)	(197,276)	(238,975)	(219,044)
Total Equity		190,084	190,084	149,505	149,505

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 2012 S$'000	Group for the year ended 31 December 2011 S$'000
REVENUE			
Distribution income		–	1,162
Dividend income		1,435	1,054
Interest income		8,772	9,866
Rental income		4,724	4,765
Net foreign exchange gains		100	–
Gain on sale of investments	5	3,307	3,608
Gain on financial assets designated as fair value through profit or loss		27	–
Total revenue		18,365	20,455
EXPENSES			
Management fees		(1,065)	(760)
Net foreign exchange losses		–	(382)
Depreciation and amortisation	10	(1,286)	(1,297)
Finance costs		(1,165)	(1,325)
Impairment expense	6	–	(1,772)
Other operating expenses	7	(1,887)	(2,017)
Total expenses		(5,403)	(7,553)
Reversal of impairment in associate	11	4,936	–
Share of profit of associate (net of tax)	11	1,654	–
		6,590	–
Profit before tax		19,552	12,902
Income tax expense	8	(495)	(690)
Profit after tax		19,057	12,212
Other comprehensive income			
Available-for-sale financial assets – fair value gains/(losses)	24	4,329	(4,082)
Available-for-sale financial assets – reclassifications to profit or loss on disposal (net of income tax)	24	(2,105)	–
Translation (losses)/gains	25	(5,400)	2,186
Other comprehensive loss for the year after tax		(3,176)	(1,896)
Total comprehensive income for the year attributable to shareholders		15,881	10,316
Basic earnings per share (cents per share)	32	2.53	2.29
Diluted earnings per share (cents per share)	32	2.53	2.29

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

CONSOLIDATED STATEMENT
OF CHANGES IN SHAREHOLDERS' EQUITY

Changes in Equity of the Group for the year ended 31 December 2012	Note	Share capital S$'000	Capital reserve S$'000	Available-for-sale financial assets revaluation reserve S$'000	Translation reserve S$'000	Accumulated Losses S$'000	Total S$'000
As at 1 January 2012		415,418	–	17,077	(44,015)	(238,975)	149,505
Effects of change in functional currency	22	–	(65,846)	–	46,869	18,977	–
		415,418	(65,846)	17,077	2,854	(219,998)	149,505
Total comprehensive income for the year							
Profit for the year		–	–	–	–	19,057	19,057
Other comprehensive income/(loss)		–	–	2,224	(5,400)	–	(3,176)
		–	–	2,224	(5,400)	19,057	15,881
Transactions with equity holders in their capacity as equity holders:							
Issuance of new shares, net of share issuance expenses		35,015	–	–	–	–	35,015
Dividends	9	–	–	–	–	(10,317)	(10,317)
Total transactions with equity holders		35,015	–	–	–	(10,317)	24,698
As at 31 December 2012		450,433	(65,846)	19,301	(2,546)	(211,258)	190,084

Changes in Equity of the Group for the year ended 31 December 2011	Note	Share capital S$'000	Available-for-sale financial assets revaluation reserve S$'000	Translation reserve S$'000	Accumulated Losses S$'000	Total S$'000
As at 1 January 2011		393,922	21,159	(46,201)	(247,060)	121,820
Total comprehensive income for the year						
Profit for the year		–	–	–	12,212	12,212
Other comprehensive (loss)/income		–	(4,082)	2,186	–	(1,896)
		–	(4,082)	2,186	12,212	10,316
Transactions with equity holders in their capacity as equity holders:						
Issuance of new shares, net of share issuance expenses		21,496	–	–	–	21,496
Dividends	9	–	–	–	(4,127)	(4,127)
Total transactions with equity holders		21,496	–	–	(4,127)	17,369
As at 31 December 2011		415,418	17,077	(44,015)	(238,975)	149,505

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group for the year ended 31 December 2012 S$'000	Group for the year ended 31 December 2011 S$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating costs		(3,071)	(3,151)
Interest income		7,845	8,846
Distribution income		2,094	1,779
Dividend income		1,381	999
Rental income		4,745	4,777
Income tax paid		(492)	(690)
Net cash flow from operating activities		12,502	12,560
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets		(76,041)	(22,027)
Loan repayments received		3,241	14,847
Disposal of financial assets		20,945	4,067
Net cash used in investing activities		(51,855)	(3,113)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net repayments of borrowings		(1,973)	(1,826)
Proceeds from rights issue		35,213	21,694
Payment of rights issue expenses		(198)	(198)
Borrowing costs paid		(1,155)	(1,302)
Dividends paid		(10,317)	(6,092)
Net cash from financing activities		21,570	12,276
Net (decrease)/ increase in cash and cash equivalents		(17,783)	21,723
Cash and cash equivalents at beginning of year		42,166	20,149
Effects of exchange rate changes on cash and cash equivalents		125	294
Cash and cash equivalents at end of year	15	24,508	42,166

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 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 address of its registered office is Penboss Building, 2nd Floor, 50 Parliament Street, Hamilton HM 12 Bermuda.

The principal activities of the Company and its subsidiaries (together, the "Group") consist of investing in a diversified portfolio of financial assets.

GIL was managed by ST Asset Management Ltd. ("STAM" or the "Manager") in the financial year ended 31 December 2012.

These financial statements were authorised for issue in accordance with a Directors' resolution dated 18 March 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of GIL have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss. The financial statements are expressed in Singapore dollar ("SGD") and rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2012

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) FOREIGN CURRENCY TRANSLATION

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in SGD, which is the Company's functional currency.

(ii) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Non-monetary items denominated in foreign currencies that are measured at fair values are translated to the functional currency using the exchange rates at the date when the fair values are determined.

(iii) *Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) CONSOLIDATION

(i) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) CONSOLIDATION (CONTINUED)

(ii) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

As the Group only has significant influence, it may be unable to obtain reliable information at year-end on a timely basis. Accordingly, the results of associates are equity accounted from their most recent audited annual financial statement or unaudited interim financial statements, all within three months of the year-end of the Group. Adjustments are made to the associates' financial results for material transactions and events in the intervening period.

The Group's share of post-acquisition profit or loss is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. These post acquisition movements and distributions received from associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) of associate' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in profit or loss.

Investments in associates are derecognised when the Group loses significant influence. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associates in which significant influence is retained are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

Investment in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Dividends received from subsidiaries are recognised in profit or loss in the separate financial statements of the Company.

(E) AIRCRAFT

(i) *Measurement*

Aircraft are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Depreciation*

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives of approximately 6.5 years, which represents the shorter of the lease term and the estimated useful lives of the aircraft.

The residual values, estimated useful lives and depreciation method are reviewed, and adjusted as appropriate at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(iii) *Disposal*

On disposal of the aircraft, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

(F) FINANCIAL ASSETS

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the nature of the asset and purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risk and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sales proceed is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(i) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories of financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(F) FINANCIAL ASSETS (CONTINUED)

(i) *Available-for-sale financial assets (continued)*

As the Manager may realise these investments through sale or disposal as and when it is in favourable position, the available-for-sale financial assets have been classified as current assets in the statement of financial position.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs and subsequently carried at fair value. Changes in fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with related currency translation differences.

The fair value of available-for-sale financial assets that are quoted in active markets is based on quoted market prices at the balance sheet 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. Valuation techniques include the use of discounted cash flow analysis, valuation of similar investments and reference to recent sales transactions of the same or similar assets. Where appropriate, quoted market prices, broker or dealer quotes for similar instruments are used. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date.

Interest and dividend income on available-for-sale financial assets are recognised separately in income.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. They are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method.

(iii) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date, otherwise they are classified as non-current.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(F) FINANCIAL ASSETS (CONTINUED)

(iii) *Financial assets at fair value through profit or loss (continued)*

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss. Changes in the fair values of financial assets through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

The fair value of financial assets carried at fair value through profit or loss that are quoted in active markets is based on quoted market price at the statement of financial position date. The quoted market price used is the current bid price.

The fair value of financial assets carried at fair value through profit or loss that are not quoted in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented within 'Gain on financial assets designated as fair value through profit or loss' in the period in which they arise. Interest on debt securities at fair value through profit or loss is recognised in profit or loss separately.

(G) IMPAIRMENT OF FINANCIAL ASSETS

(i) *Assets carried at amortised cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(G) IMPAIRMENT OF FINANCIAL ASSETS (CONTINUED)

(i) *Assets carried at amortised cost (continued)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

(ii) *Assets classified as available-for-sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (i) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss. Any subsequent increase in fair value of such assets is recognised in other comprehensive income and presented in the available-for-sale reserve recognised in equity. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

(H) IMPAIRMENT OF NON-FINANCIAL ASSETS

Aircraft, investment in subsidiaries and investment in associate are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and deposits with financial institutions which are subject to an insignificant risk of change in value.

(J) INTEREST BEARING LIABILITIES

Interest bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Interest bearing liabilities are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(K) PROVISIONS

Provisions are recognised when the Group has a present 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.

(L) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

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.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

i. hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge)

ii. hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or

iii. hedges of a net investment in a foreign operation (net investment hedge).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (CONTINUED)

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 14. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) *Fair value hedges*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(ii) *Cash flow hedges*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

(iii) *Net investment hedges*

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (CONTINUED)

(iii) *Net investment hedges (continued)*

Gains and losses accumulated in equity are included in profit or loss when the foreign operation is partially disposed of or sold.

(M) REVENUE RECOGNITION

(i) *Interest income*

Interest income is recognised using the effective interest method. The effective interest rate is the rate that 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 on a straight-line basis over the lease term.

(iii) *Dividend and distribution income*

Dividend and distribution income are recognised when the right to receive payment is established.

(N) 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 Manager, in its capacity as the manager of GIL, are recognised on an accrual basis.

(O) TAXATION

GIL is domiciled in Bermuda. Under the current laws of Bermuda, there are no income, estate, corporation, capital gains or other taxes payable by GIL.

GIL currently incurs withholding taxes imposed by certain countries on its investment income. Such income or gains are recorded gross of withholding taxes in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(P) LEASES

(i) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(ii) Lessor – Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

(Q) SEGMENT REPORTING

Operating segments are to be reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors of the Company (“the Board”) who makes strategic decisions.

(R) DIVIDEND PAYMENTS

Interim and final dividends are recorded during the financial year in which they are approved by the Board and declared payable.

(S) SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) *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. Judgement has been applied in concluding whether there is an indication of impairment. To the extent that an indication of impairment is identified, a detailed assessment of the recoverable amount is performed.

(ii) *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.

(iii) *Estimate of cashflows and effective interest rates of investments*

The Group has invested in instruments which are at a discount to the issuance price. Such investments include certain positions in the Residential Mortgage-Backed Securities Portfolio and Collateralised Loan Obligation. In determining the effective interest rate of such investments, the projected cashflows are initially estimated. As the projected cashflows are inherently estimates, so is the effective interest rates computed for these investments. Over the life of the investments, the actual cashflows may differ from the projected cashflows that were initially estimated. Judgement is exercised by the Group to form a conclusion as to whether the projected cashflows initially estimated would need to be re-estimated in light of actual cashflows. This would have a corresponding impact on either the effective interest rate or the impairment allowance. Judgement has been applied in concluding that the estimate of effective interest rates remains appropriate.

(iv) *Access to the underlying data of investments managed by Third Party Managers*

The Group invests in certain notes which are managed by Third Party Managers. To assess the value of its investments, the Manager relies on information such as collateral performance and cashflows of the underlying portfolio against which the notes have been issued. Such information is usually provided by Third Party Managers on a laggard basis. Whilst the Manager will consider all information obtained as part of the assessment of the valuation of the investments, there may also be instances where the Manager will make best estimates as required, particularly in situations where there are developments that may impact the underlying portfolio but which may not have been included in the Third Party Managers' reports.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(v) *Fair value of securities not quoted in an active market*

The fair value of securities not quoted in an active market may be determined by the Group using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Group exercises judgement and estimates on the quantity and quality of pricing sources used.

4. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: interest rate risk, currency risk, credit risk, market price risk, liquidity risk and capital risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board 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.

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

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

The Group's overall risk management strategy seeks to minimise adverse effects on the Group's ability to pay dividends and the value of the underlying investments. The Group'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 regular sensitivity testing and various levels of reporting through the Group, including regular formal reporting to the ARMC and the Board.

At an investment level, the Group 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 additional measures such as investing in a portfolio comprising various targeted asset classes, sectors, countries, maturities, and return profile.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(A) INTEREST RATE RISK

Interest rate risk can be cash flow related or fair value related. Cashflow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risk arises from its bank borrowings, loan portfolio and securitisation assets and cash deposits placed with financial institutions.

The Group seeks to minimise interest rate risk by structuring the portfolio in a manner 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 Company may hedge the interest rate exposure inherent in the underlying investments if possible and appropriate.

Exposure to interest rate risks

The table below sets out the Group and the Company's exposure to interest rate risks as at 31 December 2012 and 31 December 2011. Included in the table are the interest bearing financial assets and liabilities of the Group and the Company at their carrying amount.

	Group 2012 S$'000	Group 2011 S$'000	Company 2012 S$'000	Company 2011 S$'000
ASSETS				
Fixed deposits				
- Fixed rate instruments	23,865	41,327	17,911	3,298
Financial assets at fair value through profit or loss				
- Fixed rate instruments[1]	8,777	–	8,777	–
Available-for-sale financial assets				
- Variable rate instruments	5,607	4,162	–	–
Loans and receivables				
- Fixed rate instruments[1]	4,724	–	–	–
- Variable rate instruments	75,201	71,712	–	–
	118,174	117,201	26,688	3,298

[1] The weighted average maturity of the fixed rate instruments as at 31 December 2012 was 9.17 years.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(A) INTEREST RATE RISK (CONTINUED)

Exposure to interest rate risks (continued)

	Group 2012 S$'000	Group 2011 S$'000	Company 2012 S$'000	Company 2011 S$'000
LIABILITIES				
Interest bearing liabilities				
-Fixed rate instruments	14,037	16,964	–	–
	14,037	16,964	–	–

Sensitivity analysis – interest rate risk

A 100 basis points increase in interest rate at the reporting date would increase/(decrease) equity and profit before tax by the amounts shown below. This analysis assumes that all variables remain constant.

	Group		Company	
	Equity S$'000	Profit before income tax S$'000	Equity S$'000	Profit before income tax S$'000
31 December 2012				
ASSETS				
Financial assets at fair value through profit or loss	–	(88)	–	(88)
Available-for-sale financial assets	56	–	–	–
Loans and receivables	–	752	–	–
31 December 2011				
Available-for-sale financial assets	42	–	–	–
Loans and receivables	–	717	–	–

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CURRENCY RISK

The Group receives distribution and investment income substantially denominated in currencies other than SGD. Movements in currency exchange rates between the relevant foreign currencies and the SGD may therefore have a material effect on the Group's financial results to the extent that they are not hedged, and the amount available for distribution as dividends to the Shareholders.

This risk is mitigated through hedging the majority of the expected distribution and investment income.

Sensitivity analysis around currency fluctuations is periodically performed by the Manager and reported to the Board.

On 1 January 2012, the Company changed its functional currency from United States dollar ("USD") to SGD. As at 31 December 2012, the Company does not have any material foreign currency risk exposure.

The tables below set out the Group's key currency exposure arising from monetary items as at 31 December 2012 and the Group's and Company's key currency exposure arising from monetary items as at 31 December 2011.

GROUP

31 December 2012	Euro S$'000	Australian Dollar S$'000	Total S$'000
ASSETS			
Cash and cash equivalents	3	410	413
Available-for-sale financial assets	5,607	–	5,607
Loans and receivables	3,502	36,880	40,382
Total Assets	9,112	37,290	46,402
LIABILITIES			
Other liabilities	–	(63)	(63)
Total Liabilities	–	(63)	(63)
Net Exposure	9,112	37,227	46,339

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CURRENCY RISK (CONTINUED)

GROUP

31 December 2011	Singapore Dollar S$'000	Euro S$'000	Australian Dollar S$'000	Total S$'000
ASSETS				
Cash and cash equivalents	39,259	174	1,064	40,497
Available-for-sale financial assets	–	4,162	–	4,162
Loans and receivables	–	4,133	32,725	36,858
Other assets	113	272	5	390
Total Assets	39,372	8,741	33,794	81,907
LIABILITIES				
Other liabilities	(817)	–	–	(817)
Total Liabilities	(817)	–	–	(817)
Net Exposure	38,555	8,741	33,794	81,090

COMPANY

31 December 2011	Singapore Dollar S$'000	Euro S$'000	Australian Dollar S$'000	Total S$'000
ASSETS				
Cash and cash equivalents	3,383	123	29	3,535
Intercompany receivables	22,523	33,125	88,330	143,978
Other assets	106	–	–	106
Total Assets	26,012	33,248	88,359	147,619
LIABILITIES				
Other liabilities	(817)	–	–	(817)
Total Liabilities	(817)	–	–	(817)
Net Exposure	25,195	33,248	88,359	146,802

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CURRENCY RISK (CONTINUED)

Sensitivity analysis – currency risk

A 5% strengthening of the following currencies against the functional currencies of the Company and its subsidiaries at the balance sheet date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	31 December 2012 Profit before income tax S$'000	31 December 2011 Profit before income tax S$'000
Group		
Euro	(456)	(437)
Australian Dollar	(1,861)	(1,690)
Singapore Dollar	–	(1,928)
Company		
Euro	–[1]	(1,662)
Australian Dollar	–[1]	(4,418)
Singapore Dollar	–[1]	(1,260)

A 5% weakening of the above currencies against the functional currencies of the Company and its subsidiaries at the balance sheet date would have equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables, in particular interest rates, remain constant.

[1] The Company does not have any material foreign currency risk exposure as at 31 December 2012.

(C) CREDIT RISK

The Group is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Group is exposed arises from the Group's loan portfolio and securitisation assets comprising mainly mortgage-backed securities, collateralised loan obligations and investment in quoted debt securities. The Group is also exposed to counterparty credit risk on cash and cash equivalents and other assets.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) CREDIT RISK (CONTINUED)

The Manager seeks to mitigate this risk through asset selection process, the structuring of investments to minimise credit risk where possible, active ongoing monitoring of the Group's investments and 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 the Group 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 distribution 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 at year end is the carrying amount of the financial assets as set out below:

	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
Cash and cash equivalents	24,508	18,270	42,166	3,628
Loans and receivables	79,925	–	71,712	–
Financial assets at fair value through profit or loss	8,777	8,777	–	–
Available-for-sale financial assets[1]	5,607	–	4,162	–
Other assets	180	87	445	20
Total	118,997	27,134	118,485	3,648

1 Relates only to investment in collateralised loan obligations.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) CREDIT RISK (CONTINUED)

The credit risk exposure of the financial assets based on geographical location and presented to the Board is as follows:

	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
Europe	11,971	2,817	8,652	–
Australia	36,880	–	32,725	–
United States	12,388	–	24,200	–
Asia	35,280	24,317	42,254	3,648
Others	22,478	–	10,654	–
Total	118,997	27,134	118,485	3,648

There are no other class of financial assets that are impaired nor past due as at 31 December 2012 except for certain of the Group's investment in Australian Residential Mortgage-Backed Securities Portfolio and Euro-denominated Collateralised Loan Obligation Securities with a carrying value of S$21.0 million (2011: S$23.4 million). No impairment expense was recognised in the current year (2011: S$1.8 million).

At 31 December 2012, substantially all cash and cash equivalents and investments are placed in custody with well-established financial institutions of high-quality credit standing. It is expected that all assets deposited with these financial institutions will be clearly identified as being the assets of the Group; the Group should not therefore be exposed to a credit risk with respect to such parties. However, it may not always be possible to achieve segregation, so the portfolio of the Group may experience increased exposure to credit risk associated with the applicable financial institutions.

(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 Group 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.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(D) MARKET PRICE RISK (CONTINUED)

Any temporary market price fall would only be realised in an economic sense when an investment was disposed of. The Group is intending to hold the majority of the investments in the portfolio for long term 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.

As at 31 December 2012, the Group's and Company's investment in listed equity securities amounted to S$53,146,000 and S$39,961,000 (2011: S$17,039,000 and nil), respectively.

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 price of the listed equities as illustrated below.

	Group Net Asset Value S$'000	Company Net Asset Value S$'000
31 December 2012		
Listed equities		
- Increase by 10%	5,315	3,996
- Decrease by 10%	(5,315)	(3,996)

	Group Net Asset Value S$'000	Company Net Asset Value S$'000
31 December 2011		
Listed equities		
- Increase by 10%	1,704	–
- Decrease by 10%	(1,704)	–

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 and Company's financial liabilities as at 31 December 2012 and 31 December 2011 into relevant maturity groupings based on the contractual non-discounted cash flows.

2012 Group	Within 1 month S$'000	Within 2 to 12 months S$'000	1 to 5 years S$'000	Total S$'000
LIABILITIES				
Interest bearing liabilities	253	14,190	–	14,443
Other liabilities	1,361	–	–	1,361
Total Liabilities	1,614	14,190	–	15,804

2012 Company	Within 1 month S$'000	Within 2 to 12 months S$'000	1 to 5 years S$'000	Total S$'000
LIABILITIES				
Other liabilities	815	–	–	815
Total Liabilities	815	–	–	815

2011 Group	Within 1 month S$'000	Within 2 to 12 months S$'000	1 to 5 years S$'000	Total S$'000
LIABILITIES				
Interest bearing liabilities	269	2,953	15,338	18,560
Other liabilities	492	474	–	966
Total Liabilities	761	3,427	15,338	19,526

2011 Company	Within 1 month S$'000	Within 2 to 12 months S$'000	1 to 5 years S$'000	Total S$'000
LIABILITIES				
Other liabilities	483	452	–	935
Total Liabilities	483	452	–	935

4. 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.

The Group actively and regularly reviews and manages its capital structure, taking into consideration the future capital requirements of the Group, capital efficiency, prevailing and projected profitability, projected cash flows and potential investment opportunities.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group will need to observe the total borrowing limits set out in the Bye-laws but these limits do not include limited recourse debt incurred at the investment or asset level.

(G) FAIR VALUE MEASUREMENTS

The table analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

(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 2012	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Assets				
Financial assets at fair value through profit or loss	8,777	–	–	8,777
Available-for-sale financial assets	53,146	–	5,607	58,753

Company As at 31 December 2012	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Assets				
Financial assets at fair value through profit or loss	8,777	–	–	8,777
Available-for-sale financial assets	39,961	–	–	39,961

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(G) FAIR VALUE MEASUREMENTS (CONTINUED)

Group As at 31 December 2011	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Assets				
Available-for-sale financial assets	17,039	–	4,162	21,201

Company As at 31 December 2011	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Assets				
Available-for-sale financial assets	–	–	–	–

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 and quoted bonds.

The fair value of financial instruments other than the listed equity securities and quoted bonds as mentioned above is estimated based on broker or dealer quotes, which may be indicative and not executable or binding. These instruments are included in Level 3.

The following table presents the changes in Level 3 instruments for the financial year ended 31 December 2012.

Group Available-for-sale financial assets	Level 3 S$'000
At 1 January 2012	4,162
Total gains or losses	
- other comprehensive income	1,445
At 31 December 2012	5,607
Total gains for the year included in profit or loss for assets held at the end of the year	–

The following table presents the changes in Level 3 instruments for the financial year ended 31 December 2011.

Group Available-for-sale financial assets	Level 3 S$'000
At 1 January 2011	6,516
Total gains or losses	
- other comprehensive income	(2,354)
At 31 December 2011	4,162
Total gains for the year included in profit or loss for assets held at the end of the year	–

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(G) FAIR VALUE MEASUREMENTS (CONTINUED)

The following table shows the sensitivity of Level 3 measurements to a 5% (2011:10%) change in the broker quotes used:

31 December 2012	Reflected in equity Increase by 5% S$'000	Reflected in equity Decrease by 5% S$'000
Available-for-sale financial assets	280	(280)

31 December 2011	Reflected in equity Increase by 10% S$'000	Reflected in equity Decrease by 10% S$'000
Available-for-sale financial assets	416	(416)

5. GAIN ON SALE OF INVESTMENTS

	Group For the year ended 31 December 2012 S$'000	Group For the year ended 31 December 2011 S$'000
LOANS AND RECEIVABLES		
Gain on sale of Series Residuals of Newgate Funding 2006-3 Plc	–	2,503
Gain on sale of AHM 2005-4 1A3 RMBS	–	1,105
Gain on sale of US RMBS	866	–
AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Gain on sale of listed equities	2,441	–
Total Gain on Sale of Investments	3,307	3,608

6. IMPAIRMENT EXPENSE

	Group For the year ended 31 December 2012 S$'000	Group For the year ended 31 December 2011 S$'000
IMPAIRMENT EXPENSE		
Avoca VII CLO plc - F Note	–	1,772
Total Impairment Expense	–	1,772

7. OTHER OPERATING EXPENSES

	Group For the year ended 31 December 2012 S$'000	Group For the year ended 31 December 2011 S$'000
OPERATING EXPENSES		
Professional fees	1,214	1,363
Investor relations expenses	146	179
Directors' fees	307	233
Other expenses	220	242
Total Other Operating Expenses	1,887	2,017

8. INCOME TAX EXPENSE

	Group For the year ended 31 December 2012 S$'000	Group For the year ended 31 December 2011 S$'000
INCOME TAX EXPENSE		
Current tax	495	690
Total Income Tax Expense	495	690
Tax expense on profit differs from the amount that would arise using the Bermuda standard rate of income tax due to the following:		
Profit from continuing operations before income tax expense	19,552	12,902
Tax at the Bermuda tax rate of 0%	–	–
Withholding tax	495	690
Income Tax Expense	495	690

8. INCOME TAX EXPENSE (CONTINUED)

The income tax expense arises from withholding tax relating to interest income from the Australian RMBS portfolio and listed equities.

The Company is a tax resident in Singapore. No tax expense was provided in relation to Singapore Income Tax as the Company is under the Enhanced-Tier Fund Tax Incentive Scheme ("Enhanced-Tier Fund"), which allows the Company to enjoy tax exemption on the income from its investment portfolio.

9. DIVIDENDS PAID AND DECLARED

In February 2013, the Company declared a final dividend of 0.75 cents per share for the year ended 31 December 2012 amounting to S$6.19 million. This dividend will be paid on or about 12 April 2013.

The 2012 interim dividend of 0.75 cents per share amounting to S$6.19 million was paid on 10 September 2012.

	Group For the year ended 31 December 2012	Group For the year ended 31 December 2011
Ordinary Shares		
Interim Dividend		
Dividends per share (cents)	0.75	0.75
Dividends paid (S$'000)	6,190	4,127
Final Dividend		
Dividends per share (cents)	0.75	0.75
Dividends declared (S$'000)	6,190	4,127[1]

[1] The final dividend for the financial year ended 31 December 2011 was paid on 8 March 2012.

For the financial year ended 31 December 2012, the Company has obtained the Inland Revenue Authority of Singapore's confirmation that it is a tax resident of Singapore.

The Company has also received confirmation from Inland Revenue Authority of Singapore that it is a tax resident of Singapore for financial year 2013.

Dividends paid in 2012 and 2013 are exempt from tax (one-tier) when received in the hands of Shareholders.

10. AIRCRAFT

	Group As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000
COST		
Beginning of financial year	38,568	38,134
Exchange differences	(2,248)	434
Closing Balance	36,320	38,568
ACCUMULATED DEPRECIATION		
Beginning of financial year	6,743	5,341
Depreciation charge	1,286	1,297
Exchange differences	(416)	105
Closing Balance	7,613	6,743
Net Book Value	28,707	31,825

Term loan amounting to S$14.0 million (2011: S$17.0 million) has been secured on the aircraft.

On 9 December 2011, the owners of the two aircraft, namely GIL Aircraft Lessor No. 2 FCA Limited and GIL Aircraft Lessor No. 2 FCB Limited, had each entered into an Aircraft Sale Agreement with Federal Express Corporation for the forward sale of their respective Boeing 757-200 aircraft. The expected completion date of the sale of both aircraft will be on or about 30 April 2013, which will coincide with the expiry date of the lease of the aircraft to Thomson Airways Limited.

The aircraft have been classified as “current assets” on the Statement of Financial Position accordingly.

The forward sale of the aircraft does not have an impact to the accounting profit nor an impact to the net asset value of the Group for the financial year ended 31 December 2012.

11. INVESTMENT IN ASSOCIATE

	Group As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000
Beginning of financial year	–	–
Reversal of impairment	4,936	–
Share of profit (net of tax)	1,654	–
Distribution income received	(1,828)	–
Currency translation differences	(207)	–
Closing Balance	4,555	–

11. INVESTMENT IN ASSOCIATE (CONTINUED)

The Group has a 40.56% equity interest (2011: 40.56%) at a cost of €5.8 million (2011: €5.8 million) in Ascendos Investments Limited, which is a Guernsey company that owns Ascendos Rail Leasing S.à.r.l. ("Ascendos Group"), an operating lessor based in Luxembourg and owner of a portfolio of passenger train fleets, locomotives and freight wagons.

Equity accounting is based on the unaudited consolidated management accounts as at 31 October 2012, adjusted for material transactions.

The summarised financial information of the Ascendos Group is as follows:

Investment	Country of Incorporation	Assets S$'000	Liabilities S$'000	Revenue S$'000	Net Profit S$'000	% Interest Held
2012						
Ascendos Investments Limited[2]	Guernsey	441,124[1]	427,895[1]	38,643[1]	4,079[1]	40.56[1]
2011						
Ascendos Investments Limited[2]	Guernsey	478,698[1]	466,589[1]	56,586[1]	5,379[1]	40.56[1]

[1] The information is based on the latest available unaudited consolidated management accounts as at 31 October 2012 and 31 December 2011 respectively.

[2] Ascendos Investments Limited has a financial year end of 31 January, and it is audited by Ernst & Young UK.

12. INVESTMENTS IN SUBSIDIARIES

	Company As at 31 December 2012 S$'000	Company As at 31 December 2011 S$'000
EQUITY INVESTMENTS AT COST		
Beginning of financial year	97,625	89,862
Impairment reversal	3,786	6,739
Exchange differences	–	1,024
Closing Balance	101,411	97,625

Further details of the subsidiaries are included in Note 29.

13. LOANS AND RECEIVABLES

	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
Australian Residential Mortgage-Backed Securities	36,880	–	32,725	–
Corporate Bonds	4,724	–	–	–
Euro-denominated Collateralised Loan Obligations ("CLO")	3,502	–	4,133	–
USD-denominated Collateralised Loan Obligations ("CLO")	34,819	–	23,504	–
US Residential Mortgage-Backed Securities	–	–	11,350	–
Total Loans and Receivables	79,925	–	71,712	–

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.

14. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2012, there are no outstanding currency forward contracts.

During the year ended 31 December 2011, the Company entered into two currency forward contracts with notional amounts of US$900,000 and A$900,000, respectively. The mark to market position of these contracts as at 31 December 2011 shows a fair value loss of S$19,069. The corresponding fair value mark to market liability position has been recorded within "Other Payables" in Note 20.

15. CASH AND CASH EQUIVALENTS

	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
Cash at bank	643	359	839	330
Short-term deposits	23,865	17,911	41,327	3,298
Total Cash and Cash Equivalents	24,508	18,270	42,166	3,628

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
DESIGNATED AT FAIR VALUE ON INITIAL RECOGNITION				
Bonds (Quoted)	8,777	8,777	–	–
Total Financial Assets at Fair Value through Profit or Loss	8,777	8,777	–	–

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
Beginning of financial year	21,201	–	24,900	–
Exchange differences	(1,132)	–	383	–
Additions	43,718	43,718	–	–
Disposals	(9,363)	(6,530)	–	–
Fair value gains/(losses) (Note 24)	4,329	2,773	(4,082)	–
Closing Balance	58,753	39,961	21,201	–

Available-for-sale financial assets are analysed as follows:

	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
Euro-denominated Collateralised Loan Obligations ("CLO")	5,607	–	4,162	–
Listed Equities	53,146	39,961	17,039	–
Total Available-for-Sale Financial Assets	58,753	39,961	21,201	–

18. OTHER ASSETS

	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
Trade receivables	44	–	430	–
Interest receivables	79	78	14	1
Prepayment	48	48	86	86
Deposit	29	29	–	–
Other receivables	57	9	1	19
Total Other Assets	257	164	531	106

19. INTEREST BEARING LIABILITIES

	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
Term loans[1]	14,037	–	16,964	–
Total Interest Bearing Liabilities	14,037	–	16,964	–
Amount repayable in one year or less, or on demand	14,037	–	2,057	–
Amount repayable after one year	–	–	14,907	–
Total Interest Bearing Liabilities	14,037	–	16,964	–
Amount secured	14,037	–	16,964	–
Total Interest Bearing Liabilities	14,037	–	16,964	–

[1] The term loans are secured against the two Boeing 757-200 aircraft leased to Thomson Airways Limited and the shares in FLY Leasing Limited held by the Group.

The carrying values of interest bearing liabilities as at 31 December 2012 and 31 December 2011 approximate their fair value.

20. OTHER LIABILITIES

	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
Base management fees payable to STAM	322	322	201	201
Other payables	1,039	493	765	734
Total Other Liabilities	1,361	815	966	935

The carrying values of other liabilities as at 31 December 2012 and 31 December 2011 approximate their fair value.

21. SHARE CAPITAL

Company	Number of Shares '000	Par Value S$	Share capital S$'000
AUTHORISED SHARE CAPITAL			
Total available authorised share capital for issue as at 1 January 2011	69,606,994	0.01	696,070
Movements in year to 31 December 2011	(157,203)	0.01	(1,572)
Total Available Authorised Share Capital for Issue as at 31 December 2011	69,449,791		694,498
Movements in year to 31 December 2012	(275,104)	0.01	(2,751)
Total Available Authorised Share Capital for Issue as at 31 December 2012	69,174,687		691,747

Company	Number of Shares '000	Share Capital at Par Value S$'000	Share Premium Reserve S$'000	Share capital S$'000
ISSUED AND FULLY PAID SHARES				
Total Share Capital as at 1 January 2011	393,006	3,930	389,992	393,922
Movements in year to 31 December 2011	157,203	1,572	19,924	21,496
Total Share Capital as at 31 December 2011	550,209	5,502	409,916	415,418
Movements in year to 31 December 2012	275,104	2,751	32,264	35,015
Total Share Capital as at 31 December 2012	825,313	8,253	442,180	450,433

21. SHARE CAPITAL (CONTINUED)

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.

On 7 February 2012, the Company announced a renounceable non-underwritten rights issue on the basis of one rights share for every two ordinary shares in the capital of the Company. Pursuant to the rights issue, on 12 April 2012, the Company issued and allotted 275,104,260 new ordinary shares in the capital of the Company. The rights shares were offered at S$0.128 per share. Total rights issue costs of S$198,531 have been capitalised in the current year.

On 30 December 2010, the Company announced a renounceable non-underwritten rights issue on the basis of two rights shares for every five ordinary shares in the capital of the Company. Pursuant to the rights issue, on 24 March 2011, the Company issued and allotted 157,202,434 new shares in the capital of the Company. The rights shares were offered at S$0.138 per share. Total rights issue costs of S$197,602 have been capitalised in 2011.

22. EFFECTS OF CHANGE IN FUNCTIONAL CURRENCY

On 1 January 2012, the Company changed its functional currency from USD to SGD. This is to reflect the currency of the primary economic environment in which the Company operates, having regard to its financing, investing and operating activities. As the change in functional currency is applied prospectively from 1 January 2012, all assets, liabilities and components of equity denominated in USD as at 1 January 2012 were translated into SGD at the exchange rate on that date. As a result, the cumulative foreign currency translation differences which had arisen up to the date of the change of functional currency were reallocated to other components within equity as disclosed below.

Share capital denominated in SGD reflects the registered currency amount; cumulative foreign currency translation differences are taken to capital reserve directly.

The effects of the change in functional currency to accumulated losses and translation reserve as at 1 January 2012, presented in SGD, are as follows:

	Company S$'000
Accumulated losses	
Accumulated losses denominated in USD translated at USD/SGD average exchange rates	(219,044)
Translation difference on accumulated losses between average exchange rates and exchange rate at 1 January 2012	18,977
Accumulated losses denominated in USD translated at USD/SGD exchange rate at 1 January 2012	(200,067)

22. EFFECTS OF CHANGE IN FUNCTIONAL CURRENCY (CONTINUED)

	Company S$'000
Translation reserve	
Translation difference at 1 January 2012 on	
- accumulated losses	18,977
- share capital	(65,846)
	(46,869)
Transfer to capital reserve on change in functional currency	65,846
Transfer to accumulated losses on change in functional currency	(18,977)
Closing Balance	–

23. CAPITAL RESERVE

	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
Beginning of financial year	–	–	–	–
Transfer from translation reserve (see Note 22)	(65,846)	(65,846)	–	–
Closing Balance	(65,846)	(65,846)	–	–

24. AVAILABLE-FOR-SALE FINANCIAL ASSETS REVALUATION RESERVE

	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
Beginning of financial year	17,077	–	21,159	–
Transfer to profit or loss for assets disposed	(2,105)	–	–	–
Fair value gains/(losses)	4,329	2,773	(4,082)	–
Closing Balance	19,301	2,773	17,077	–

25. TRANSLATION RESERVE

	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
Beginning of financial year	(44,015)	(46,869)	(46,201)	(48,835)
Transfer to capital reserve (see Note 23)	65,846	65,846	–	–
Transfer to accumulated losses (see Note 26)	(18,977)	(18,977)	–	–
	2,854	–	(46,201)	(48,835)
Translation (losses)/gains	(5,400)	–	2,186	1,966
Closing Balance	(2,546)	–	(44,015)	(46,869)

Exchange differences have arisen from translating the functional currency of all the subsidiaries from their functional currency of USD to the Group's presentation currency of SGD.

26. ACCUMULATED LOSSES

	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
Beginning of financial year	(238,975)	(219,044)	(247,060)	(223,267)
Effects of change in functional currency (see Note 22)	18,977	18,977	–	–
	(219,998)	(200,067)	(247,060)	(223,267)
Net profit for the year	19,057	13,108	12,212	8,350
Dividends paid	(10,317)	(10,317)	(4,127)	(4,127)
Closing Balance	(211,258)	(197,276)[1]	(238,975)	(219,044)[1]

[1] 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.

27. NET ASSET VALUE

	Group As at 31 December 2012	Company As at 31 December 2012	Group As at 31 December 2011	Company As at 31 December 2011
NET ASSET VALUE				
Total net asset value (S$'000)	190,084	190,084	149,505	149,505
Total number of ordinary shares on issue used in calculation of net asset value per ordinary share ('000)	825,313	825,313	550,209	550,209
Net Asset Value per Ordinary Share (S$ per Share)	0.230	0.230	0.272	0.272

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.

28. 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.

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

The Company has adopted the following fee structure for non-Manager Nominated Directors:

		Remuneration Per Annum
1.	Base remuneration fee for non-Manager Nominated Directors	US$50,000 per director
2.	Fees for chairmanship and membership in various Board Committees:	
	a) Chairman of the Board (applicable only when the Chairman is a non-Manager Nominated Director)	US$10,000
	b) Deputy Chairman of the Board (applicable only when the Deputy Chairman is a non-Manager Nominated Director)	US$5,000
	c) Membership of Audit and Risk Management Committee	US$10,000 per Member
	d) Membership of Nomination and Governance Committee	US$2,000 per Member
	e) Membership of Remuneration Committee	US$2,000 per Member (from 14 November 2012)
3.	Fees for directorship of all Cayman Islands subsidiary companies	US$5,000 per director

28. RELATED PARTY TRANSACTIONS (CONTINUED)

Directors' Remuneration (continued)

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. The total directors' fee for year ended 31 December 2012 amounted to S$307,560 (US$246,786) (2011: S$233,329 (US$186,038)).

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

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

The following transactions were carried out with STAM:

	Group 2012 S$'000	Group 2011 S$'000
Transactions with STAM		
Base management fees	1,065	760
Fixed management fees	650	650
Other fees and reimbursement of expenses	334	392
Divestment fee	348	48
Acquisition fee	185	216
Dividends	10	6

	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
Balances with STAM:				
Accrued base management fees	322	322	201	201
Accrued fixed management fees	163	163	164	164
Accrual of other fees and reimbursement of expenses	49	46	92	92
Accrual of divestment fees	297	8	–	–
Accrual of acquisition fees	185	–	–	–
Total Payable to the Manager	1,016	539	457	457

28. RELATED PARTY TRANSACTIONS (CONTINUED)

The Manager (continued)

During the year 2012, STAM subscribed 257,600 rights shares in participating of the 2012 rights issue in the year. As of 31 December 2012, STAM held 772,800 shares in the Company.

During the year 2011, STAM subscribed 147,200 rights shares in participating of the 2011 rights issue in the year. As of 31 December 2011, STAM held 515,200 shares in the Company.

Transactions with other related parties

During the financial year, the Group obtained legal and professional services from an entity in which a director has an interest in. The legal and professional fees are paid in relation to consulting services for the issuance of shares.

	Group As at 31 December 2012 S$'000	Company As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000	Company As at 31 December 2011 S$'000
Legal and Professional Fees	35	35	37	37

Temasek Group

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 1 January 2012 to 31 December 2012.

29. CONTROLLED ENTITIES

The following table sets out the entities that were controlled by the Group as at 31 December 2012.

Name of Entity	Principal Activities	Country of Incorporation	% of equity held by the Group 2012	% of equity held by the Group 2011	Reporting Date	Auditor
BBSFF Asset Holdings Ltd. [1]	Holding company	Cayman Islands	100%	100%	31 December	–
BBSFF Operating Lease Limited[1]	Holding company	Cayman Islands	100%	100%	31 December	–
BBSFF Loan Portfolio & Securitisation Limited[1]	Holding company	Cayman Islands	100%	100%	31 December	–
BBSFF Alternative Assets Limited[1]	Holding company	Cayman Islands	100%	100%	31 December	–
BBSFF EU Rail Lessor Limited[1]	Investments in operating lease assets	Cayman Islands	100%	100%	31 December	–
BBSFF Rail Fund No. 1 Limited[1]	Investments in operating lease assets	Cayman Islands	100%	100%	31 December	–
GIL Aircraft Lessor No. 1 Ltd.[1]	Holding company	Cayman Islands	100%	100%	31 December	–
GIL Aircraft Lessor No. 2 Limited[1]	Holding company	Cayman Islands	100%	100%	31 December	–
GIL Aircraft Lessor No. 2 FCA Limited[1]	Investments in operating lease assets	Cayman Islands	100%	100%	31 December	–
GIL Aircraft Lessor No. 2 FCB Limited[1]	Investments in operating lease assets	Cayman Islands	100%	100%	31 December	–
BBSFF Securitisation Limited[1]	Investments in loan portfolio and securitisation assets	Cayman Islands	100%	100%	31 December	–
BBSFF IP Holdings Limited[1]	Holding company	Cayman Islands	100%	100%	31 December	–
BBSFF Music Copyright Holdings Limited[1]	Investments in alternative assets	Cayman Islands	100%	100%	31 December	–
GIL (Labuan) Company Limited[1]	Investment in operating lease assets	Malaysia	100%	100%	31 December	–

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

30. SEGMENT REPORTING

The Board has determined the operating segments of the Group from an asset class perspective namely operating lease assets, loan portfolio and securitisation assets, Asia listed equities and bonds. The operating segment for Asia listed equities and bonds are two new segments identified during the year.

For the financial year ended 31 December 2012, geographical classification is assessed by reference to the country of exposure instead of the currency exposure of the assets. The comparative figures for the year ended 31 December 2011 have been reclassified to conform with the current classification.

30. SEGMENT REPORTING (CONTINUED)

Group	Operating Lease Assets		Loan Portfolio and Securitisation Assets				Asia Listed Equities	Bonds		Others[1]	Total
	Europe S$'000	United States S$'000	Europe S$'000	United States S$'000	Australia S$'000	Others S$'000	Asia S$'000	Europe S$'000	Singapore S$'000	(Mainly Singapore) S$'000	S$'000
For the year ended 31 December 2012											
Total segment revenue from continuing activities	4,722	3,070	1,662	2,242	4,651	1,574	800	67	97	(520)	18,365
Segment profit/(loss) from continuing activities before tax	8,789	3,057	1,662	2,242	4,649	1,574	800	67	97	(3,385)	19,552
Other segment items											
Interest income	–	–	1,623	1,376	3,775	1,574	–	24	113	287	8,772
Finance cost	(1,150)	–	–	–	–	–	–	–	–	(15)	(1,165)
Reversal of impairment in associate	4,936	–	–	–	–	–	–	–	–	–	4,936
Depreciation and amortisation	(1,286)	–	–	–	–	–	–	–	–	–	(1,286)
Share of profit of associate (net of tax)	1,654	–	–	–	–	–	–	–	–	–	1,654
Other non-cash revenue/(expenses)	–	(5)	40	–	876	–	(3)	–	–	(808)	100
As at 31 December 2012											
Total segment assets	33,307	13,232	9,109	12,341	36,880	22,478	39,963	2,793	10,773	24,606	205,482
Total segment liabilities	14,064	–	–	–	–	–	–	–	–	1,334	15,398

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

30. SEGMENT REPORTING (CONTINUED)

Group	Operating Lease Assets		Loan Portfolio and Securitisation Assets				Others[1]	Total
	Europe S$'000	United States S$'000	Europe S$'000	United States S$'000	Australia S$'000	Others S$'000	(Mainly Singapore) S$'000	S$'000
For the year ended 31 December 2011								
Total segment revenue from continuing activities	5,926	1,055	4,249	2,363	6,251	544	67	20,455
Segment profit/(loss) from continuing activities before tax	3,249	1,050	2,298	2,363	5,980	544	(2,582)	12,902
Other segment items								
Interest income	–	–	1,734	1,271	6,251	544	66	9,866
Finance cost	(1,300)	–	–	–	–	–	(25)	(1,325)
Impairment	–	–	(1,772)	–	–	–	–	(1,772)
Depreciation and amortisation	(1,297)	–	–	–	–	–	–	(1,297)
Other non-cash revenue/ (expenses)	–	–	(169)	–	(269)	–	56	(382)
As at 31 December 2011								
Total segment assets	31,910	17,039	8,295	24,200	32,725	10,654	42,612	167,435
Total segment liabilities	16,989	–	–	19	–	–	922	17,930

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

31. COMMITMENTS

(a) *Operating lease commitments - Group company as a lessor*

The Group leases out its aircraft to a non-related party under a non-cancellable operating lease. The lessee is required to pay fixed annual lease payments. The future minimum lease receivables under non-cancellable operating lease contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are receivable as follows:		
Within one year	1,563	4,980
Later than one year but not later than five years	–	1,660
Total	1,563	6,640

(b) *Operating lease commitments - Company as a lessee*

The Company entered into a non-cancellable operating lease agreement during the financial year that has taken effect from February 2013. The future aggregate minimum lease payments under non-cancellable operating lease is as follows:

	Group As at 31 December 2012 S$'000	Group As at 31 December 2011 S$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	86	–
Later than one year but not later than five years	207	–
Total	293	–

32. EARNINGS PER SHARE

(a) *Basic*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2012	2011
Earnings used in calculation of basic earnings per share (S$'000)	19,057	12,212
Weighted average number of ordinary shares in issue used in calculation of basic earnings per share ('000)	752,052	534,070
Basic earnings per share (cents per share)	2.53	2.29

(b) *Diluted*

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has no dilutive potential ordinary shares for the year.

	2012	2011
Earnings used in calculation of diluted earnings per share (S$'000)	19,057	12,212
Weighted average number of ordinary shares in issue used in calculation of diluted earnings per share ('000)	752,052	534,070
Diluted earnings per share (cents per share)	2.53	2.29

On 7 February 2012, the Company announced a renounceable non-underwritten rights issue of 275,104,260 new ordinary shares in the capital of the Company at an issue price of S$0.128 for each rights share, on the basis of one rights share for every two existing ordinary shares in the capital of the Company held by Shareholders of the Company. The number of shares used for prior period calculation of earnings per share was adjusted for discounted rights issue in order to provide a comparable basis for the current year. The related transaction costs amounting to S$198,531 (2011: S$197,602) have been netted off with the proceeds received.

33. REMUNERATION OF AUDITORS

	Group For the year ended 31 December 2012 S$'000	Group For the year ended 31 December 2011 S$'000
Amounts paid to PricewaterhouseCoopers LLP for:		
Audit services	140	140

There was no fee paid to the auditors for non-audit services for 2012 and 2011.

34. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 19 February 2013, STAM disposed of 772,800 shares in the Company.

35. NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning after 1 January 2012 or later periods and which the Group has not early adopted:

(i) Amendment to IAS 1, 'Financial statement presentation'

The amendments are in relation to other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

(ii) IFRS 9, 'Financial instruments', issued in November 2009 and October 2010

This standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

(iii) IFRS 10, 'Consolidated financial statement'

This standard builds on existing principles by identifying the concept of the control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 from 1 January 2013.

(iv) IFRS 12, 'Disclosures of interests in other entities'

This standard includes the disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 from 1 January 2013.

35. NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS (CONTINUED)

(v) IFRS 13, 'Fair value measurement'

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 from 1 January 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

36. COMPARATIVE INFORMATION

Change in reclassification

Comparative figures in the consolidated statement of comprehensive income were reclassified for consistency, which resulted in S$53,000 being reclassified from "Management fees" to "Other operating expenses". The revised presentation did not result in a change in the Group's profit before and after tax. This reclassification did not have any effect on the statement of financial position and consolidated statement of cash flows.

ADDITIONAL SGX-ST LISTING MANUAL DISCLOSURES

1. DIRECTORS

(A) DIRECTORS

The following persons are directors of the Company as at the date of the report:

		Date of Appointment
Boon Swan Foo	Chairman	25 November 2009
Tan Mui Hong	Deputy Chairman	30 April 2010
Adrian Chan Pengee[1]	Director	5 May 2009
Ronald Seah Lim Siang[1]	Director	30 April 2010
Tan Kok Wee[1]	Director	30 April 2010

[1] The directors are regarded as independent in accordance with the Singapore Code of Corporate Governance 2012.

(B) DIRECTORS' REMUNERATION

Remuneration bands	Number of directors for the year ended 31 December 2012	Number of directors for the year ended 31 December 2011
Below S$250,000	4[1]	4[1]
Total	4	4

[1] Tan Mui Hong, as Manager Nominated Director, was not entitled to any directors' fee.

Further information in relation to Directors' Remuneration is set out under Note 28 (Related Party Transactions).

(C) DIRECTORS' INTERESTS IN SHARES OF GIL AS AT 21 JANUARY 2013

Director	Direct Interests Number of Shares held	Deemed Interests Number of Shares held	Total
Boon Swan Foo	72,238,377	–	72,238,377
Adrian Chan Pengee	–	15,000	15,000
Total	72,238,377	15,000	72,253,377

2. SHARE OPTION SCHEME

GIL does not have a share option scheme.

3. 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
Transactions with STAM:	
Base management fees	1,065
Fixed management fees	650
Other fees and reimbursement of expenses	334
Divestment fee	348
Acquisition fee	185
Dividends	10

The Company does not have a general mandate from Shareholders for interested person transaction.

4. INVESTMENTS

Additional disclosure in accordance with Listing Rule 748(3).

31 December 2012

Interest in investments	Asset Class	Percentage Shareholding %	Cost $' million	Impairment/ Depreciation $' million	Net Book Value $' million	Carrying Value S$' million	Income/ Underlying Earning S$' million	Unrealised Gain S$' million
Seiza Series 2006-1 Trust (Warehouse) Class G note	RMBS	Nil	A$19.0	A$5.3	A$13.7	17.5	2.4	–
GIL Aircraft Lessor No. 2 FCA Limited	–	100.0	US$14.9	US$3.1	US$11.8	14.4	2.4[1]	–
GIL Aircraft Lessor No. 2 FCB Limited	–	100.0	US$14.9	US$3.1	US$11.8	14.4	2.4[1]	–
FLY Leasing	Listed equity	3.1	US$20.2	US$16.4	US$3.8	13.2	1.0[2]	8.6
Seiza Series 2006-1 Trust (Warehouse) Class F note	RMBS	Nil	A$10.2	–	A$10.2	13.0	1.2	–
START VIII CLO Limited	CLO	Nil	US$10.1	–	US$10.1	12.5	0.2	–
Sealane II (Trade Finance) Limited	CLO	Nil	US$8.1	–	US$8.1	9.9	1.4	–
American Presidents Companies, Ltd.	Corporate bond	Nil	US$3.7	–	US$3.7	4.7	0.1	–
Ascendos Investments Limited	–	40.56	€5.8	€2.9	€2.9	4.6	1.7[3]	–
Golden Tree Loan Opportunities IV, Limited Class D	CLO	Nil	US$3.1	–	US$3.1	4.0	0.3	–

[1] The amount relates to the gross rental income from leasing of the Boeing 757-200 aircraft.

[2] The amount relates to the dividend received from FLY Leasing shares. In addition, a profit of S$2.03 million was realised from the partial divestment of the shares during the year ended 31 December 2012.

[3] The amount relates to share of profit from Ascendos Investments Limited. In addition, a total of S$4.9 million was recorded due to the reversal of impairment in Ascendos.

4. INVESTMENTS (CONTINUED)

31 December 2011

Interest in investments	Asset Class	Percentage shareholding %	Cost $' million	Impairment/ Depreciation $' million	Net Book Value $' million	Carrying Value S$' million	Income/ Underlying Earning S$' million	Unrealised Gain S$' million
Seiza Series 2006-1 Trust (Warehouse) Class G note	RMBS	Nil	A$19.9	A$5.3	A$14.6	19.3	2.8	–
FLY Leasing	Listed equity	4.1	US$24.2	US$19.7	US$4.5	17.0	1.1[1]	11.2
GIL Aircraft Lessor No. 2 FCA Limited	–	100.0	US$14.9	US$2.6	US$12.3	15.9	2.4[2]	–
GIL Aircraft Lessor No. 2 FCB Limited	–	100.0	US$14.9	US$2.6	US$12.3	15.9	2.4[2]	–
Seiza Series 2006-1 Trust (Warehouse) Class F note	RMBS	Nil	A$10.2	–	A$10.2	13.5	1.4	–
Sealane II (Trade Finance) Limited	CLO	Nil	US$8.1	–	US$8.1	10.7	0.5	–
Golden Tree Loan Opportunities IV, Limited Class D	CLO	Nil	US$3.1	–	US$3.1	4.2	0.2	–
Avoca VII CLO PLC	CLO	Nil	€6.6	€4.1	€2.5	4.1	0.4	–
ALM IV, Ltd Class E	CLO	Nil	US$2.6	–	US$2.6	3.5	0.1	–
BSMF 2006-AR5 1A1	RMBS	Nil	US$2.4	–	US$2.4	3.5	0.2	–

[1] The amount relates to the dividend received from FLY Leasing shares.

[2] The amount relates to the gross rental income from leasing of the Boeing 757-200 aircraft.

5. MATERIAL CONTRACTS

The Group did not enter into any material contracts as per Listing Rule 1207(8) of the SGX-ST Listing Manual.

6. LAND AND BUILDINGS

GIL does not own any land or buildings.

7. APPOINTMENT OF AUDITORS

The Group has complied with Rules 712 and Rule 715 or 716 of the Listing Manual issued by SGX-ST in relation to its auditors.

8. INTERNAL CONTROLS

Please refer to the information disclosed under "Internal Controls" (Principles 11 and 12) of the Corporate Governance Statement.

ADDITIONAL SGX-ST LISTING MANUAL DISCLOSURES

9. DIRECTORSHIPS

The present directorships as at 18 March 2013 other than those held in the Company and the past directorships for a period of approximately three years prior, of each of the Company's directors are as follows:

Present Directorship	Past Directorship
Boon Swan Foo	
Allgrace Investment Management Private Limited	Aspen Holdings Ltd
Ascendos Investments Limited (Guernsey)	Ascendos Rail Leasing S.à.r.l.
China National Offshore Oil Corporation (China)	China-Singapore Suzhou Industrial Park Devt Co Ltd
Dongfeng Motor Corporation (China)	
MIH Holdings Limited (South Africa)	Cypress Holdings Ltd
Perennial China Retail Trust Management Pte Ltd	Horsburgh Maritime Pte Ltd
Shin Corporation Plc (Thailand)	Horsburgh Maritime International Pte Ltd
Singbridge Holdings Pte Ltd	Horsburgh Maritime Investments Pte Ltd
Singbridge International Singapore Pte Ltd	Myriad International Holdings (BV) Netherlands
Sino-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd	Myriad International Holdings (Mauritius)
	Neptune Orient Lines Limited
	ST Asset Management Ltd.
	Veredus Laboratories Pte Ltd
Tan Mui Hong	
AF-ST Trustees Pte. Ltd.	Alliance Investment Management Berhad
Ascendos Investments Limited (Guernsey)	BBSFF Rail Fund No. 1 Limited
Ascendos Rail Leasing S.à.r.l.	GIL Management Services Pty Limited
BBSFF Alternative Assets Limited	Industrial & Services Co-operative Society Ltd
BBSFF Asset Holdings Ltd.	Singapore Corporation of Rehabilitative Enterprises
BBSFF EU Rail Lessor Limited	Singapore Technologies Capital Services Pte Ltd
BBSFF IP Holdings Limited	ST Capital Services (Philippines) Pte Ltd
BBSFF Loan Portfolio & Securitisation Limited	Teracott Pte Ltd
BBSFF Music Copyright Holdings Limited	
BBSFF Operating Lease Limited	
BBSFF Securitisation Limited	
Corridor II Limited	
GIL Aircraft Lessor No. 1 Ltd.	
GIL Aircraft Lessor No. 2 Limited	
GIL Aircraft Lessor No. 2 FCA Limited	
GIL Aircraft Lessor No. 2 FCB Limited	
Industrial & Economic Advisory Pte. Ltd.	
Kellock Europe Fund Pte. Ltd.	
Kellock Fund Investments Pte. Ltd.	
Kellock Fund Investments II Pte. Ltd.	
Kellock Fund Investments III Pte. Ltd.	
Singapore Workforce Development Agency	
ST Asset Management Ltd.	
ST Trustees Ltd.	

9. DIRECTORSHIPS (CONTINUED)

Present Directorship	Past Directorship
Adrian Chan Pengee	
AEM Holdings Ltd	AMB Fund Holding Pte. Ltd.
Al Mirage Leisure Holding Pte. Ltd.	Anadarko Singapore Pte. Ltd.
Al Mirage Property Holding Pte. Ltd.	Epic Bio Pte. Limited
Biosensors International Group, Ltd.	Glogster Pte. Ltd.
Franklin Offshore Holdings Pte. Ltd.	Leprino Foods Singapore Pte. Limited
Hogan Lovells Lee & Lee	Oniontech Limited
International Stream Investments Pte. Ltd.	
Isetan (Singapore) Limited	
Singapore Institute of Directors	
Sports Toto Malaysia Management Pte Ltd	
UPP Holdings Limited (f.k.a. United Pulp & Paper Company Limited)	
Yoma Strategic Holdings Ltd	
Ronald Seah Lim Siang	
Invenio Holdings Pte. Ltd.	Asia Credit Services
PGG Wrightson Limited	Asia Securitisation Infrastructure Assurance (Pte) Ltd.
Telechoice International Limited	Living Ventures (Singapore) Pte Ltd
Yanlord Land Group	SNP Corp. Ltd
Tan Kok Wee	
None	None

SHAREHOLDER INFORMATION

As at 8 March 2013

SHARES

Number of Shares	-	825,312,780
Number of Shareholders	-	6,027

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 SHAREHOLDER

Name	Direct Interest	Deemed Interest
Boon Swan Foo	72,238,377	–

SHAREHOLDER INFORMATION

TOP 20 SHAREHOLDER LIST AS AT 8 MARCH 2013

No.	Name	Number of Shares held	Percentage of issued share capital
1	BOON SWAN FOO	72,238,377	8.75
2	HONG LEONG FINANCE NOMINEES PTE LTD	38,757,000	4.70
3	CITIBANK NOMINEES SINGAPORE PTE LTD	29,661,775	3.59
4	DBS NOMINEES PTE LTD	23,516,517	2.85
5	GOH SI HUI (WU SIHUI)	21,551,250	2.61
6	PHILLIP SECURITIES PTE LTD	20,067,600	2.43
7	GOH SI KAI (WU SIKAI)	18,540,750	2.25
8	OCBC SECURITIES PRIVATE LTD	16,341,500	1.98
9	HO JUAT KENG	14,628,600	1.77
10	DBS VICKERS SECURITIES (S) PTE LTD	11,918,323	1.44
11	SEE BENG LIAN JANICE	11,058,000	1.34
12	UOB KAY HIAN PTE LTD	8,470,000	1.03
13	ANG KONG MENG	8,239,000	1.00
14	HSBC (SINGAPORE) NOMINEES PTE LTD	7,865,500	0.95
15	UNIVERSAL PROCUREMENT SYSTEMS PTE LTD	6,603,772	0.80
16	UNITED OVERSEAS BANK NOMINEES PTE LTD	6,224,700	0.75
17	LIM CHIN CHOO ELIZABETH	6,212,550	0.75
18	DBSN SERVICES PTE LTD	6,177,948	0.75
19	TAN CHAY GEK	5,233,000	0.63
20	CHONG KIN WAI	5,000,000	0.61
Total		338,306,162	40.98

ANALYSIS OF SHAREHOLDERS

Range of Holdings	Number of Shareholders	Percentage of Shareholders	Number of Shares
1-999	102	1.69	8,341
1,000 - 10,000	2,311	38.35	10,709,014
10,001 - 1,000,000	3,530	58.57	348,477,244
1,000,001 and above	84	1.39	466,118,181
Total	6,027	100.00	825,312,780

Based on information available, as at 8 March 2013, the substantial shareholder holds 8.75% of the issued shares of GIL and the balance is held by the public and, therefore, Listing Rule 723 is complied with.

GLOSSARY

Term	Meaning
Allgrace	Allgrace Investment Management Private Limited
Ascendos	Ascendos Investments Limited
Ascendos Rail	Ascendos Rail Leasing S.à.r.l.
Board	GIL's Board of Directors
Carrying Value	The value determined pursuant to the accounting measurement and recognition requirements outlined in International Financial Reporting Standards ("IFRS")
CLN	Credit-linked Note
EPS	Earnings per share
GIL or Company	Global Investments Limited and, where the context requires, its wholly-owned subsidiaries
GILAL2	GIL Aircraft Lessor No. 2 Limited
GTI	Governance and Transparency Index is jointly launched by The Business Times and the Centre for Governance, Institutions and Organisations. Sponsored by CPA Australia and supported by the Investment Management Association of Singapore, it assesses the financial transparency of companies based on their annual announcements.
MAS	Monetary Authority of Singapore
NAV	Net Asset Value
Net Investment Value	Net Investment Value ("NIV") calculated in Singapore dollars in respect of a quarter means AMC where: AMC is the Average Market Capitalisation in respect of the relevant quarter calculated as follows: AMC = (ATP x 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 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 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. 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.
RMBS	Residential Mortgage-Backed Securities
ROE	Return on equity computed based on net profit after tax over the average total equity for the relevant year
SGX-ST	Singapore Exchange Securities Trading Limited
Shares	Ordinary shares of par value S$0.01 per share in the capital of the Company
Shareholder	Holder of the Shares in the Company
STAM	ST Asset Management Ltd. or the Manager

NOTICE OF
2013 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2013 Annual General Meeting of Global Investments Limited (the "Company") will be held at Holiday Inn Singapore Orchard City Centre, Crystal Suite, 11 Cavenagh Road, Singapore 229616, on 29 April 2013 at 10.00 am for the following purposes, including the purpose of considering and, if thought fit, passing with or without amendments, the following Resolutions 1 to 6 which are each proposed as an Ordinary Resolution:

Financial Statements and Reports

1. To receive and adopt the Financial Statements and the Reports of the Directors and Auditors for the financial year ended 31 December 2012. (Ordinary Resolution 1)

Re-election of Director

2. To re-elect Seah Lim Siang, Ronald, who will retire by rotation under Bye-law 56(e), as a director of the Company ("Director"). (Ordinary Resolution 2)

Re-appointment of Auditors

3. To re-appoint Messrs PricewaterhouseCoopers LLP as the Company's auditors and to authorise the Directors to fix their remuneration. (Ordinary Resolution 3)

Proposed Renewal of the Share Issue Mandate

4. That authority be and is hereby given to the Directors to:

(1) (a) issue ordinary shares of S$0.01 each in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or

(b) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit (the "Share Issue Mandate"); and

(2) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the total number of issued Shares (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to holders of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent. of the total number of issued Shares (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued Shares shall be based on the total number of issued Shares at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing manual of the SGX-ST (the "Listing Manual") for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws for the time being of the Company; and

(d) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Listing Manual whichever is the earliest. (Ordinary Resolution 4)

Proposed Renewal of the Share Purchase Mandate

5. That,

(1) pursuant to the Company's memorandum of association and Bye-laws, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) market purchase(s) on the SGX-ST; and/or

(b) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, Chapter 50 of Singapore (as amended, supplemented or modified from time to time),

and otherwise in accordance with the Companies Act 1981 of Bermuda (as amended, supplemented or modified from time to time) and all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(2) the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on:

(a) the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held;

(b) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by the Company in general meeting; or

(c) the date on which the purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

(3) in this Resolution:

"Average Closing Price" means the average of the last dealt prices of a Share for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of the market purchase by the Company or, as the case may be, the Date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

"Date of the making of the offer" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the basis set out below) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"Maximum Limit" means that number of issued Shares representing 10 per cent. of the issued Shares as at the date of the passing of this Resolution; and

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed, in the case of a market purchase of a Share, 105 per cent. of the Average Closing Price of the Shares and in the case of an off-market purchase of a Share, 120 per cent. of the Average Closing Price of the Shares; and

(4) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution. (Ordinary Resolution 5)

Proposed Authorisation of Directors to issue Shares pursuant to the Scrip Dividend Scheme

6. That authority be and is hereby given to the Directors to allot and issue from time to time such number of new fully-paid up Shares as may be required to be allotted and issued pursuant to the Global Investments Limited Scrip Dividend Scheme. (Ordinary Resolution 6)

7. To transact any other business that may be transacted at an Annual General Meeting.

By Order of the Board

GLOBAL INVESTMENTS LIMITED

Anne Bennett-Smith
Company Secretary
Bermuda, 2 April 2013

NOTICE OF
2013 ANNUAL GENERAL MEETING

NOTES:

1. A shareholder entitled to attend and vote at the Annual General Meeting who is a holder of two (2) or more Shares is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a shareholder.

2. The Depositor Proxy Form must be lodged at the registered office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than at least 48 hours before the time appointed for holding the Annual General Meeting.

EXPLANATORY NOTES:

ORDINARY RESOLUTION 2:

Seah Lim Siang, Ronald, if re-elected, will remain as a member of the Audit and Risk Management Committee and the Nomination and Governance Committee as well as Chairman of the Remuneration Committee. He is considered an independent director for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

ORDINARY RESOLUTION 4:

Ordinary Resolution 4 seeks to authorise the Directors to issue Shares and to make or grant Instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such Instruments, up to a number not exceeding in total 50 per cent. of the total number of issued Shares, with a sub-limit of 20 per cent. for issues other than on a pro rata basis to holders of Shares.

For the purpose of determining the aggregate number of Shares that may be issued pursuant to the Share Issue Mandate, the total number of issued Shares shall be based on the total number of issued Shares at the time that Ordinary Resolution 4 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 4 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of Shares.

If Ordinary Resolution 6 is passed, Shares issued pursuant to the Global Investments Limited Scrip Dividend Scheme will not be treated as Shares issued pursuant to the Share Issue Mandate.

ORDINARY RESOLUTION 5:

Pursuant to the Bye-laws of the Company and the Companies Act 1981 of Bermuda (as amended, supplemented or modified from time to time), the Company may repay the capital paid-up on purchased or acquired Shares out of paid-in capital, share premium or other reserves and pay the premium (if any) on purchased or acquired Shares out of the realised or unrealised profits of the Company, share premium or other reserves of the Company, so long as the Company is, and shall after the payment be, able to pay its liabilities as they become due.

Ordinary Resolution 5, if passed, will empower the Directors from the date of the 2013 Annual General Meeting to repurchase Shares of the Company by way of market purchases or off-market purchases of up to 10 per cent. of the total number of issued Shares at the Maximum Price. Information relating to this proposed Ordinary Resolution 5 is set out in the Letter to Shareholders in relation to, *inter alia*, the Proposed Renewal of the Share Purchase Mandate.

As at 19 March 2013 (the "Latest Practicable Date"), the issued capital of the Company comprised 825,312,780 Shares. No Shares are reserved for issue by the Company as at the Latest Practicable Date. Purely for illustrative purposes, on the basis of 825,312,780 Shares in issue as at the Latest Practicable Date, the purchase by the Company of 10 per cent. of its issued Shares will result in the purchase or acquisition of 82,531,278 Shares.

In the case of market purchases by the Company and assuming that the Company purchases or acquires 82,531,278 Shares at the Maximum Price of S$0.1764 for one Share (being the price equivalent to 105 per cent. of the Average Closing Price of the Shares for the five (5) consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 82,531,278 Shares is approximately S$14,558,517.

In the case of off-market purchases by the Company and assuming that the Company purchases or acquires 82,531,278 Shares at the Maximum Price of S$0.2016 for one Share (being the price equivalent to 120 per cent. of the Average Closing Price of the Shares for five (5) consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 82,531,278 Shares is approximately S$16,638,306.

The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 December 2012 are based on the assumptions set out in paragraphs 2.6.2 and 2.6.3 of the Letter to Shareholders.

ORDINARY RESOLUTION 6:

Ordinary Resolution 6, if passed, will empower the Directors from the date of the 2013 Annual General Meeting to issue Shares pursuant to the Global Investments Limited Scrip Dividend Scheme to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend. If Ordinary Resolution 6 is passed, Shares issued pursuant to the Global Investments Limited Scrip Dividend Scheme will not be subject to the limits on the aggregate number of Shares that may be issued pursuant to the Share Issue Mandate.

GLOBAL INVESTMENTS LIMITED

(A mutual fund company incorporated in Bermuda with limited liability)

ANNUAL GENERAL MEETING – DEPOSITOR PROXY FORM

We, The Central Depository (Pte) Limited, of 4 Shenton Way #02-01, SGX Centre 2, Singapore 068807, ("**CDP**") being a shareholder of Global Investments Limited ("**Company**"), have appointed, or will be appointing the person or person(s) ("**Depositor(s)**"), whose name(s) and particulars are set out in Part I below, in respect of such number of shares ("**Depositor Shares**") set out against his/her/its name(s) in the Depository Register maintained by CDP as at 27 April 2013, as our proxy to vote for us on our behalf at the Annual General Meeting ("**AGM**") of the Company to be held at Holiday Inn Singapore Orchard City Centre, Crystal Suite, Level 2, 11 Cavenagh Road, Singapore 229616, on 29 April 2013 at 10.00 a.m. and at any adjournment thereof:

I.

OR, in the event the Company receives this Depositor Proxy Form which is:

(i) duly completed and signed/executed by the Depositor(s); and

(ii) submitted by the requisite time and date, and to the requisite office as indicated below,

we hereby appoint the person or persons ("**Appointee(s)**") whose details are given in Part II(a) and (b), provided that such details have been verified in Part V by the affixing of the seal or signature of or on behalf of the person named in Part I, and on the basis that such person or persons are authorised to vote in respect of the proportion of the shareholding of the Depositor(s) as shown in Part II or if no proportions are so reflected, in respect of the whole of the said shareholding:

II.

	Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)
(a)				

and/or (delete as appropriate)

(b)				

as our proxy/proxies to vote for us on our behalf at the AGM. The Appointee(s) is/are hereby directed to vote for or against the ordinary resolutions to be proposed at the AGM as indicated hereunder. If no direction as to voting is given, the Appointee(s) may vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the meeting.

We further hereby authorise and direct the Company to accept this Depositor Proxy Form in respect of the Depositor(s) Shares.

III.

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Financial Statements and the Reports of the Directors and Auditors for the financial year ended 31 December 2012.		
2.	To re-elect Seah Lim Siang, Ronald, who will retire by rotation under Bye-law 56(e), as a director of the Company.		
3.	To re-appoint Messrs PricewaterhouseCoopers LLP as the Company's auditors and to authorise the Directors to fix their remuneration.		
4.	To approve the proposed renewal of the Share Issue Mandate.		
5.	To approve the proposed renewal of the Share Purchase Mandate.		
6.	To approve the proposed authorisation of Directors to issue Shares pursuant to the Scrip Dividend Scheme.		

Dated this day of 2013

IV. The Central Depository (Pte) Limited

Signature of Director

V.

TO BE COMPLETED BY DEPOSITOR(S) IF HE/SHE/IT WISHES TO APPOINT AN APPOINTEE(S) UNDER PART II			
For Individuals:	For Corporations:		
Signature of Direct Account Holder	Signature of Director	Signature of Director/Secretary	Common Seal

IMPORTANT:- PLEASE READ NOTES OVERLEAF

Notes :

Part II 1. A Depositor(s) who is a natural person and whose name is shown in the records of the CDP as at a time not earlier than forty-eight (48) hours prior to the time of the AGM, need not submit this Depositor Proxy Form if he/she is attending the AGM in person. A Depositor(s) may nominate not more than two (2) Appointees, who shall be natural persons, to attend and vote in his/her/its place as proxy/proxies in respect of his/her/its shareholding by completing Part II (a) (and (b), if necessary).

Where a Depositor(s) is a corporation and wishes to be represented at the AGM, it must appoint an Appointee(s) to attend and vote at the meeting in respect of its Depositor Shares.

2. A Depositor(s) who wishes to appoint more than one Appointee must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each Appointee. If no proportion of shareholdings is specified, the Appointee whose name appears first shall be deemed to carry 100 per cent of the shareholding of his/her appointer and the Appointee whose name appears second shall be deemed to be appointed in the alternate.

Part III Please indicate with an "X" in the appropriate box against the resolution how you wish the Appointee(s) to vote. If this Depositor Proxy Form is deposited without any indication as to how the Appointee(s) shall vote, the Appointee(s) may vote or abstain from voting at his/her/their discretion.

Unless instructed otherwise, the Appointee(s) may also vote or abstain from voting as he or she thinks fit on any other business (including on a motion to amend a resolution, to propose a new resolution or to adjourn the meeting) which may properly come before the meeting.

Part V 1. This Depositor Proxy Form, duly completed, must be deposited by Depositor(s) at the office of the Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than at least forty-eight (48) hours before the time appointed for holding the AGM or the adjournment thereof, as applicable.

2. If a Depositor(s) wishes to appoint an Appointee(s), this Depositor Proxy Form must be signed by the Depositor(s) or his/her/its attorney duly authorised in writing. In the case of Joint Depositor(s), all Joint Depositor(s) must sign this Depositor Proxy Form. If the Depositor(s) is a corporation, this Depositor Proxy Form must be executed under its common seal or under the hand of its officer, attorney or other person duly authorised in writing. The power of attorney or other authority appointing the attorney or a notarially/duly certified copy thereof must be attached to this Depositor Proxy Form if it is signed by an attorney.

General: The Company shall be entitled to reject any Depositor Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the Depositor(s) are not ascertainable from the instructions of the Depositor(s) specified on any Depositor Proxy Form. It is the Depositor(s)' responsibility to ensure that this Depositor Proxy Form is properly completed. Any decision to reject this Depositor Proxy Form on the grounds that it is incomplete, improperly completed or illegible will be final and binding and neither the Company, CDP nor Boardroom Corporate & Advisory Services Pte. Ltd. accepts any responsibility for the consequences of such a decision.

Generally on a show of hands every Depositor(s) who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers or any other authorised person as its proxy shall have one vote. On a poll every Depositor(s) who is present in person or by proxy shall have one vote for every fully paid share of which he/she is the Depositor(s). A person entitled to more than one vote need not use all his/her/its votes or cast them in the same way. For more information on voting, reference should be made to the Company's Bye-laws.

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